

**STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE**

**COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2012**

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

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2012

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Agency Officials .....		1
Management Assertion Letter .....		3
Compliance Report:		
Summary .....		5
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes .....		9
Schedule of Findings		
Current Findings – State Compliance.....		12
Prior Findings Not Repeated .....		53
Supplementary Information for State Compliance Purposes		
Summary .....		55
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances		
Fiscal Year 2012.....	1	56
Fiscal Year 2011 .....	2	59
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds.....	3	61
Comparative Schedule of Expenditures by Youth Center – All Funds .....	4	62
Schedule of Locally Held Funds .....	5	63
Schedule of Changes in State Property .....	6	64
Comparative Schedule of Cash Receipts.....	7	65
Reconciliation Schedule of Cash Receipts to Deposits		
Remitted to the State Comptroller.....	8	66
Analysis of Significant Variations in Expenditures .....	9	67
Analysis of Significant Variations in Receipts.....	10	69
Analysis of Significant Lapse Period Spending .....	11	70
Analysis of Accounts Receivable.....	12	72

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2012

TABLE OF CONTENTS – Continued

	<u>Page</u>
Analysis of Operations	
Agency Functions and Planning Program (Not Examined) .....	73
Average Number of Employees (Not Examined) .....	78
Analysis of Employee Overtime (Not Examined).....	80
Annual Cost Statistics and Notes (Not Examined).....	82
Participating Educational Institutions – School District #428 (Not Examined).....	84
Emergency Purchases (Not Examined) .....	85
Youth Assaults on Staff at Illinois Youth Centers (Not Examined) .....	88
Service Efforts and Accomplishments (Not Examined) .....	89

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AGENCY OFFICIALS

Director	Kurt C. Friedenauer (9/24/08 through 7/15/10) Arthur D. Bishop (Acting 7/16/10 to 7/31/10) Arthur D. Bishop (effective 8/1/10)
Deputy Director of Operations	Ron K. Smith, Acting (8/17/06 through 6/30/11) Ron K. Smith (effective 7/1/11)
Deputy Director of Program Services	Janice Shallcross, Acting (through 8/1/10) Justin Slaughter (1/3/11 through 5/15/13) Jimmie Whitelaw (effective 6/10/13)
Deputy Director of Aftercare	Gailyn Thomas (effective 12/16/10)
Chief of Staff	Ashley Cross (2/1/11 through 5/3/13) Era Laudermilk (effective 6/10/13)
Superintendent of School District #428	Lanee Walls (8/1/10 through 4/15/11) Kye Gaffey (effective 8/16/11)
Chief of Training & Staff Development	Jeff Hooker, Acting
Chief Legal Counsel	Beth Compton
DJJ Intergovernmental Relations	Mary Reynolds (effective 3/18/13)
Pursuant to Enabling Legislation:	
Illinois Department of Corrections employees:	
Chief of Investigations and Intelligence	Luke Hartigan (through 8/31/11) Larry Beck (9/1/11 through 12/31/12) Michael Hood (effective 1/16/13)
Chief of Intergovernmental Relations	Jenni Scheck (through 4/30/12) Daryl Jones (5/1/12 through 3/4/13) Michael Lane (3/5/13 to 3/17/13)

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AGENCY OFFICIALS - Continued

Chief of Labor Relations	Amy McElroy (through 2/28/13)
Administrator of Affirmative Action and Minority Recruitment	Vicki Fair
Chief Fiscal Officer	Bryan Gleckler (through 5/19/13) Jared Brunk (effective 6/1/13)
Chief Internal Auditor	Brett A. Finley (8/1/10 through 11/15/12) Ron Faith, Acting (effective 11/16/12)

The Department's General Office is located at:

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



Pat Quinn  
Governor

Arthur D. Bishop  
Director

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

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

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

July 8, 2013

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Juvenile Justice (Department). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the year(s) ended June 30, 2011 and June 30, 2012, the Department has materially complied with the assertions below.

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

- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Department of Juvenile Justice



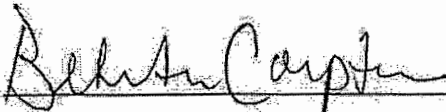
Arthur D. Bishop, Director



Jared Brunk, Chief Financial Officer

Pursuant to Enabling Legislation

Illinois Department of Corrections



Beth Compton, Chief Legal Counsel

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

**COMPLIANCE REPORT**

**SUMMARY**

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

**INTRODUCTION**

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

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

**ACCOUNTANTS' REPORT**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	18	16
Repeated findings	12	14
Prior recommendations implemented or not repeated	4	11



## SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<b>FINDINGS (STATE COMPLIANCE)</b>			
12-01	12	Administrative process not fully segregated	Significant Deficiency and Noncompliance
12-02	15	Inaccurate and inadequate equipment and capital asset recordkeeping	Significant Deficiency and Noncompliance
12-03	18	Operation and maintenance of "cash box" funds at Youth Centers	Significant Deficiency and Noncompliance
12-04	21	Failure to properly transfer unclaimed inmate cash account balances	Significant Deficiency and Noncompliance
12-05	23	Noncompliance with Uniform Disposition of Unclaimed Property Act	Significant Deficiency and Noncompliance
12-06	25	Weaknesses in administration of locally held funds at the General Office	Significant Deficiency and Noncompliance
12-07	28	Inadequate administration of locally held funds at Youth Centers	Significant Deficiency and Noncompliance
12-08	31	Weaknesses in contract administration	Significant Deficiency and Noncompliance
12-09	33	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
12-10	34	Payroll timekeeping system not automated	Significant Deficiency and Noncompliance
12-11	36	Performance evaluations not performed timely or at all	Significant Deficiency and Noncompliance
12-12	37	Inadequate documentation of employee training	Significant Deficiency and Noncompliance
12-13	39	Employees not removed from payroll during leave of absence and other exceptions	Significant Deficiency and Noncompliance

## FINDINGS (STATE COMPLIANCE) – Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-14	41	Inadequate controls over computer inventory	Significant Deficiency and Noncompliance
12-15	43	Failure to maintain control over telecommunication devices	Significant Deficiency and Noncompliance
12-16	45	Policies and procedures regarding operation of State vehicles not followed	Significant Deficiency and Noncompliance
12-17	49	Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State law	Significant Deficiency and Noncompliance
12-18	52	Failure to develop a formal fraud risk assessment program	Significant Deficiency and Noncompliance

### PRIOR FINDINGS NOT REPEATED

A	53	Postage and permanent improvements paid by the Department of Corrections
B	53	Noncompliance with statutory requirements in providing commissary/concession type services to residents of Youth Centers
C	53	Failure to maintain required personnel and payroll documentation
D	54	Failure to prepare and/or submit required reports to the Governor and the General Assembly

## EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 26, 2013. Those in attendance were:

### DEPARTMENT OF JUVENILE JUSTICE

Arthur D. Bishop	Director
Ron Smith	Deputy Director of Operations
Jimmie Whitelow	Deputy Director of Program Services
Era Laudermilk	Chief of Staff
Beth Compton	Chief Legal Counsel

Pursuant to Enabling Legislation - Illinois Department of Corrections employees:

Jared Brunk	Chief Fiscal Officer/Deputy Director of Fiscal, Public Safety Shared Services Center
Tara Kessler	Assistant Deputy Director Fiscal Accounting Compliance
Ron Faith	Acting Chief Internal Auditor

### OFFICE OF THE AUDITOR GENERAL

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

### SIKICH LLP

Amy Sherwood	Partner
Matt Maynerich	Senior Accountant

Responses to the recommendations were provided by Ron Faith in correspondence dated July 1, 2013.

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Juvenile Justice's (the Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2012. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

In our opinion, the Department complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 12-01 through 12-18.

### **Internal Control**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Department's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

*A deficiency in an entity's internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 12-01 to 12-18. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness in

internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 as listed in the table of contents as Supplementary Information for State Compliance Purposes and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 3, 4 and 7 and the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

*Sikich LLP*

Springfield, Illinois

July 8, 2013

**STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE**

**SCHEDULE OF FINDINGS**

**CURRENT FINDINGS  
(STATE COMPLIANCE)**

**12-01 FINDING:** (Administrative process not fully segregated)

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

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

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

- The Department's capital assets are maintained within the DOC Automated Property Control System (APCS) and the Department was unable to extract transaction reports specific to all of its activities. While it is permissible to utilize the APCS application for capital asset recordkeeping, the Department should ensure it can identify its activity as necessary so it can maintain books and records specific to its capital assets.
- During the previous examination period, the Department reviewed the DOC Administrative Directives and identified which DOC Administrative Directives it needed to title as Department of Juvenile Justice Administrative Directives and claim as its own. For those identified as Department of Juvenile Justice Administrative Directives (A.D.'s), the Department modified the title to reflect its Department name and included the name of its Director, but the body of the A.D.s remained relatively the same as the DOC A.D. Auditors were provided with a table of contents for the Department's A.D.s which included 85 of 263 (32%) A.D.s that were different from

that of the DOC A.D.s. Additionally, auditors noted that the Department's A.D.s have effective dates ranging from February 15, 1984 to March 1, 2012. Noted in the table below are the Department's 263 A.D.s listed by the decade the A.D.s were either effective, updated or amended:

Year	Number of A.D.'s	% of Total A.D.'s
1984 to 1989	12	5%
1990 to 1999	74	28%
2000 to 2009	139	53%
2010 to 2012	38	14%
TOTAL	263	100%

- The Department did not adequately monitor the administrative services provided by DOC. As stated earlier, the Department relies on DOC to provide several specific administrative services. However, services provided were not always adequate considering the issues noted in other findings presented within this report, including but not limited to payroll processing weaknesses, untimely report submissions, internal auditing, and inaccurate recordkeeping.

In response to this finding in the previous examination, the Department stated it would accelerate its efforts to segregate its books and records from DOC and more effectively monitor the administrative services provided it. Specific to the ongoing issues noted, Department management indicated the first bulleted exception noted was directly related to ongoing issues and inherent limitations of the DOC APCS application. The other exceptions were related to competing priorities and resource constraints for administration of the Department Administrative Directives. They further stated the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the agency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law;...(3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources... ." Failure to adequately segregate certain functions between the Department and DOC does not comply with the intent of the originating legislation and results in inadequate controls within the Department. (Finding Code No. 12-01, 10-01, 08-02)



**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

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

**12-02 FINDING:** (Inaccurate and inadequate equipment and capital asset recordkeeping)

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

Auditors tested a sample of 60 equipment invoice vouchers for fiscal years 2011 and 2012 to determine whether the equipment was in the correct location and/or was properly recorded in the Department's property and equipment system. The Department utilizes the Department of Corrections (DOC) Automated Property Control System (APCS). As a result of the testing the following exceptions were noted:

- The items purchased from 17 of 60 (28%) invoice vouchers tested totaling \$50,820 were not recorded in the APCS property listings and were not issued property control tags.
- The Department was unable to provide the authorizing requisition documentation for 2 of 60 (3%) invoice vouchers tested totaling \$1,002 and utilized the incorrect detail object code to record the purchases for 4 of 60 (7%) invoice vouchers tested totaling \$26,631.

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

- The Department utilizes a summary worksheet to prepare its quarterly Agency Report of State Property Form (C-15) for submission to the Comptroller's Office. This worksheet contains summarized activity by division and category (land, site improvements, buildings and improvements, equipment, and capital leases). The worksheet does not provide individual transaction detail to support the summarized division totals. Auditors tested a sample of 40 division totals from summary worksheets provided and recalculated them using monthly APCS transaction reports. As a result of the testing the following exceptions were noted:
  - Three of 40 (8%) transaction totals tested (two additions and one deletion) did not reconcile to the monthly APCS transaction records. Variances between the summary worksheet and APCS recalculations ranged from \$4,400 to \$35,538.
  - One of 40 (3%) transaction totals reported an addition total of \$11,915 that was comprised of an addition of \$20,215 and a transfer out of \$8,300.
- Auditors reconciled ending total property balances reported on quarterly C-15 reports to property balances according to APCS reports. As a result of the testing the following exceptions were noted:
  - Variances were noted between the C-15 reports and APCS reports for six of 8 (75%) quarters. Variances ranged from \$322 to \$19,790.

- Vehicles totaling \$142,056 were purchased in June 2012 but were not recorded as additions on the Department's C-15 reports until the first quarter of fiscal year 2013.
- Auditors tested 25 deletions or transfers from various APCS V110 Reports relating to months throughout fiscal years 2011 and 2012 and noted 1 of 25 (4%) did not include proper documentation to approve the deletion.

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

- At 2 of 8 Youth Centers (Chicago and Warrenville), auditors were unable to locate a total of nine items (projector, television, typewriter, meat slicer, desk, printer, camera, monitor, and printer data card) identified on the property control listing provided by the Department.
- At 1 of 8 Youth Centers (Harrisburg), a pressure washer was found to be at the correct location as noted on the property control listing; however, the item was found to not be tagged.
- At 2 of 8 Youth Centers (Pere Marquette and Warrenville), four items (desktop computer, office chair, and 2 projectors) identified at the facility were found to not be included in the property control listing nor had these items been tagged.
- At 1 of 8 Youth Centers (Chicago), auditors were able to locate three items (camera, television, and shredder) noted on the property control listing; however, the items were found to be at a location at the facility which did not agree with the property control listing.

During testing of 12 lease and installment purchase agreements, auditors noted 4 of 12 (33%) new lease agreements did not have a completed Accounting for Leases-Lessee Form (SCO-560) as required by the Comptroller's Statewide Accounting Management System (SAMS) Manual (Procedure 27.20.60) and 1 of 12 (8%) was improperly classified as an operating lease instead of a capital lease.

The State Property Control Act (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control... ." The Comptroller's Statewide Accounting Management System (SAMS) procedure 29.10.10 provides agencies with guidance on how to maintain such records and states, "...detail records are to be organized by major asset category and include the following information for each asset: (1) Cost (or other value); (2) function and activity; (3) reference to acquisition source document... (8) location... (13) date, method and authorization of disposition... This list is not exhaustive. An agency may include additional information for its own needs." SAMS (Procedure 27.20.60) also requires the completion of Accounting for Leases-Lessee Form (SCO-560) to provide information to the Illinois Office of the Comptroller for new lease agreements and for early termination of existing agreements to ensure the agreements are properly classified as either capital or operating and reported as such.

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

In response to this finding in the prior examination, the Department stated it would continue devoting the resources necessary within the limitations of the existing APCS to ensure property and equipment information is properly recorded and maintained. DOC would also reevaluate the capabilities of the existing APCS to determine whether it could produce the type of data necessary for DOC to ensure accurate recordkeeping and accountability for all State assets. If necessary, DOC would then research other property control systems and their availability. In addition, DOC had established a follow-up control mechanism to ensure adequate and appropriate implementation occurs. Related to the exceptions noted during the current examination period, Department management indicated the limitations inherent in the property control system in excess of 30 years old creates difficulties in the recordkeeping related to equipment and capital assets. This inherent problem causes the Department to maintain several manual spreadsheets and files. Management further indicated, at this time, there is no funding to purchase a new property control system for the Department. Management attributed the other exceptions noted to human error and oversight.

The Department had property and equipment totaling \$216,709,124 and \$218,657,915 at June 30, 2011 and 2012, respectively, decentralized throughout the State. Failure to maintain adequate fixed asset records is noncompliance with the State Property Control Act, FCIAA, and SAMS and increases the risk of equipment theft or loss occurring without detection, and has resulted in inaccurate property/fixed asset reporting. (Finding Code No. 12-02, 10-02, 08-03)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will continue devoting the resources necessary within the limitations of the existing IDOC Automated Property Control System (APCS) to ensure that property and equipment information is properly recorded and maintained.

**12-03 FINDING:** (Operation and maintenance of “cash box” funds at Youth Centers)

Seven of 8 Department of Juvenile Justice (Department) Youth Centers maintain a “cash box” which consists of cash from two sources. Cash is maintained in the cash box from the Juvenile Justice Inmates Trust Fund (Inmate Trust Fund) to pay either all or a portion of a youth’s trust account upon their parole or release. In addition, cash is provided through a General Revenue Fund appropriation to the Youth Center to provide gate money and to purchase the youth’s transportation upon parole or release from a Youth Center.

Auditors noted numerous exceptions with the operation of the Department “cash box” funds at the Youth Centers, specifically:

- The Youth Centers are inappropriately using the Inmate Trust Fund and Juvenile Justice Benefit Fund to supply the “cash box” funds pending reimbursement from the General Revenue Fund for gate and transportation money. In order for the Youth Centers to have cash to provide gate and transportation money, the Youth Centers write a check out of the locally held Inmate Trust Fund bank account and obtain cash to use in the “cash box”. The Juvenile Justice Benefit Fund central bank account periodically reimburses the Inmate Trust Fund via check for the amount “loaned” to the “cash box” funds. The Youth Centers forward the General Revenue Fund warrant of vouchered youth gate and travel money to reimburse the Juvenile Justice Benefit Fund. For fiscal years 2011 and 2012, the total appropriated amount expended from the General Revenue Fund at all Youth Centers for travel allowances for committed, paroled and discharged prisoners (reimbursements for “cash box” disbursements) was approximately \$17,906 and \$25,369, respectively.
- The Kewanee Youth Center has not requested reimbursement of their “cash box” fund since fiscal year 2005 and has paid out \$1,197 associated with youth gate money and transportation cost since then. When future reimbursement is requested by the Youth Center it will be for disbursements related to previous fiscal years.
- Auditors noted 1 of 8 (13%) Youth Centers (Warrenville) at which a lack of segregation of duties existed while reconciling the “cash box”.

Department of Corrections Administrative Directive (A.D.) 02.42.105, adopted by the Department, requires all payments from the Inmate Trust Fund other than payments to the Juvenile Justice Commissary Fund (Commissary Fund) and payments of restitution shall be authorized by the offender, or as the result of a court order. In addition, Department of Corrections Administrative Directive (A.D.) 02.40.108, adopted by the Department, states loans may only be made to the Travel and Allowance Revolving Fund, “cash box” fund, when an emergency exists from the Inmate Benefit Fund and Commissary Fund.

The Unified Code of Corrections (730 ILCS 5/3-14-1) states the Travel and Allowance Revolving Funds shall be used for advancing travel and expense allowances to committed, paroled and discharged prisoners. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal

fiscal and administrative controls which provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. This includes the establishment of proper segregation of duties so that “cash boxes” are reconciled by someone other than the individual who is assigned custody of that “cash box”.

In response to this finding from the previous examination, the Department stated it would work with the Comptroller regarding the establishment of the “cash box” funds and would remind facilities of the requirements of maintaining good internal controls over the “cash box” function. In addition, they would review the uses of the Inmate Trust Fund and the Juvenile Justice Benefit Fund. The Department reiterated in its prior year response that it was mandated by law to provide travel and allowance funds to youth at the time of their release. During the audit examination period, the Department inquired with the Comptroller to determine whether the “cash box” funds should be classified as “imprest funds.” The Comptroller provided an analysis of Section 21 of the State Comptroller Act (15 ILCS 405/21) and indicated the Department should not cite that section of the State Comptroller Act as the statutory authority for its Travel and Allowances Fund expenditures. Based upon this analysis, auditors determined that the portion of the prior finding stating the Department had never officially requested with the Comptroller to establish “cash box” imprest funds for the Youth Centers was not repeated.

Department management indicated the continued exceptions noted at the Youth Centers in the current finding were due to insufficient resources and conflicting priorities. The Department is mandated by law to provide funds to youth upon their release. In addition, Department management noted that the General Office was in the process of establishing the Travel and Allowance Revolving Fund during the engagement period. The Department officially requested to establish the Travel and Allowance Revolving Fund (Fund) with the Comptroller on December 8, 2011. However, the Fund was not operational at any of the Department’s Youth Centers as of June 30, 2012.

By using the Inmate Trust Fund to loan money to support the “cash box” until the General Revenue Fund reimbursement is received, the Youth Centers are using youths’ personal accounts to fund a Youth Center operation which is not a proper or authorized use of the Inmate Trust Fund and against Department Administrative Directives. It is imperative that good internal controls be maintained at all times when significant amounts of cash are maintained. (Finding Code No. 12-03, 10-05, 08-09)

**RECOMMENDATION:**

We recommend the Department discontinue using the Inmate Trust Fund or Juvenile Justice Benefit Fund as a means to provide cash to pay for travel allowances for committed, paroled and discharged youths while waiting for reimbursement from the General Revenue Fund. The Department should utilize its newly established Travel and Allowance Revolving Fund at the Youth Centers to pay for youth travel allowances and remind Youth Center staff of the need to maintain good internal controls over any cash function.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) has established the Travel and Allowance Revolving Fund and is working towards full implementation at each Youth Center.

**12-04 FINDING:** (Failure to properly transfer unclaimed inmate cash account balances)

The Department of Juvenile Justice (Department) improperly offset Juvenile Justice Inmate Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative balances prior to the transfer of unclaimed cash balances to the General Revenue Fund (GRF). As a result, dormant accounts totaling approximately \$2,392 were not transferred to the General Revenue Fund during the two years ended June 30, 2012. In addition, during the examination period, the Department transferred \$6,807 in dormant accounts that should have included \$2,287 due to offsetting, or netting, balances.

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

In addition to the improper offsets and incorrect transfers, at 1 of 8 (13%) Youth Centers (Warrenville) auditors were unable to determine the date the youths' account balances were added to the dormant account listing because the accounts had a status date of 1/1/1900. The State Records Act (5 ILCS 160/8) requires the Department preserve records containing adequate and proper documentation of the essential transactions of the Department to protect the legal and financial rights of the State. The Department is also required by the Code (730 ILCS 5/3-4-3(a)) to establish accounting records with individual accounts for each inmate.

In response to this finding from the previous examination, the Department stated it would review internal policy and statutory requirements to determine the appropriate process to follow regarding dormant accounts. Department management indicated that their internal policy for dormant accounts is to only transfer positive balances which exceed negative balances in total for all youth accounts.

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



However, there are instances where cash payments are made to youth in excess of their balance, which creates a negative balance. In these instances, offsetting negative account balances against other accounts in the Inmate Trust Fund effectively requires other youth's accounts to temporarily bear the costs of those deficits in violation of the Department's fiduciary responsibility and the Unified Code of Corrections. In addition, failure to ensure dormant cash balances are transferred to the General Revenue Fund is noncompliance with the Administrative Directive and State statute. (Finding Code No. 12-04, 10-06)

**RECOMMENDATION:**

We recommend the Department revise internal policy for dormant accounts and thereby ensure dormant cash accounts are timely transferred to the General Revenue Fund as required by statute. We also recommend the Department develop procedures to administer youth cash balances in accordance with State statute.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will review internal policy and statutory requirements to determine the appropriate process to follow regarding dormant accounts. The Assistant Deputy Director position responsible for Fiscal Accounting Compliance was filled effective February 1, 2012. Adequate resources have been added, striving to continue making improvements in the Department's centralized oversight function and to develop procedures to administer inmate cash balances in accordance with State statute and the Department's Administrative Directives.

**12-05 FINDING:** (Noncompliance with Uniform Disposition of Unclaimed Property Act)

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

Department of Corrections Administrative Directive (A.D.) 02.40.104, adopted by the Department, requires that after checks written from a locally held bank account have been open (outstanding) for a period of 14 months they be voided and the payable related to the check deleted.

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

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

In response to this finding from the previous examination, the Department stated it would consult with the Office of the Treasurer and Legal Counsel to determine the applicability of the Uniform Disposition of Unclaimed Property Act in this process and would revise the Administrative Directive and implement as appropriate. Due to competing priorities, the Department was unable to accomplish this corrective action during the examination period.

In addition to noncompliance with the Uniform Disposition of Unclaimed Property Act, the Department is not providing the opportunity for those that are owed money from the various locally held bank accounts to claim and collect those amounts. (Finding Code 12-05, 10-07, 08-25)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Corrections (IDOC) Legal Counsel along with IL Department of Juvenile Justice (IDJJ) Legal Counsel consulted with the Office of the Treasurer and it was the opinion of those in the Treasurer's Office that the IDJJ needs to be remitting the amounts of the outstanding checks to the Unclaimed Property Division, rather than adding them back to our accounts after a period of time. IDJJ will also revise the Administrative Directive and implement as appropriate.

**12-06 FINDING:** (Weaknesses in administration of locally held funds at the General Office)

Weaknesses were noted in the Department of Juvenile Justice's (Department) General Office administration of its locally held (bank accounts) funds during the examination period.

During the examination period, the Department's locally held funds were managed independently at each Youth Center with the exception of the resident's portion of the Juvenile Justice Benefit Fund. The resident's portion of the benefit fund is managed at the Department of Corrections' (DOC) General Office by the Public Safety Shared Services Center (PSSSC). The individual Youth Centers provided financial information related to each of their other individually managed locally held funds and bank accounts to the PSSSC for consolidation and financial reporting for the Department as a whole.

In response to the previous finding concerning weaknesses in administration of locally held funds, the Department stated it would separate the Department of Corrections' funds and the Department's funds, which had previously been comingled within the same account at a financial institution. The Department accomplished this during the examination period. The Department also stated it would implement controls to maintain adequate source documentation to support receipts deposited into the resident's portion of the Juvenile Justice Benefit Fund. This was sufficiently implemented during the examination period.

Despite the improvements described above, the auditors noted the following weaknesses during the testing of the Department's locally held funds administered at the General Office for the two years ended June 30, 2012:

- \$27,382 related to the statutory transfers of profits from 1 Youth Center (Kewanee) from the Juvenile Justice Commissary Fund (1394) that should have been deposited into the Department of Corrections Reimbursement Fund (0523) was deposited into the residents' portion of the Juvenile Justice Benefit Fund during all of fiscal year 2011 and for a portion of fiscal year 2012. The residents' portion of Juvenile Justice Benefit Fund contains one main operating account with subaccounts for each Youth Center. The \$27,382 was deposited into the subaccount for the Joliet Correctional Center of the Department of Corrections Resident's and Employee's Benefit Fund, which, as stated above, used to be comingled in the same account with the residents' portion of the Juvenile Justice Benefit Fund. The Joliet Correction Center was a division of the Department of Corrections and was closed in 2002. It had not been utilized for any Department of Corrections needs since that time.
- Auditors noted some Youth Centers utilize gift cards that were purchased through locally held funds to make purchases from vendors as opposed to the vendors billing the Youth Center. The Department has an informal process for handling gift cards but does not have a written administrative directive relating to the use, reporting, and safeguarding of purchasing (gift) cards.

- The Department could not provide requested copies of the Report of Receipts and Disbursements for Locally Held Funds (C-17) for the first three quarters of fiscal year 2011. As such, testing could not be performed to determine if those reports were filed on a timely basis. The C-17s tested for the remainder of the audit period were determined to be filed by the required deadlines. The State Records Act (5 ILCS 160/8) requires the Department preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State. The State Comptroller Act (15 ILCS 405/16) allows the Comptroller, by rule, to prescribe the form and require the filing of quarterly fiscal reports by State agency. The Comptroller's Statewide Accounting Management System (SAMS) procedures 33.13.10 and 33.13.20 sets forth the Agency requirements for locally held fund financial information.
- Auditors noted 1 of 60 (2%) Juvenile Justice Benefit Fund disbursement check numbers, according to the purchase order and request indicated the order was paid with a different check number than what was included in the FACTS Check History Report. This purchase did not receive a preapproval prior to purchase. Furthermore, auditors identified 3 of 60 (5%) expenditures of the Juvenile Justice Benefit Fund were not preapproved prior to payment and 2 of these 3 were for reimbursements to employees for their purchases of graduation and Christmas supplies for the youths, which is contrary to Department of Corrections Administrative Directive (A.D.) 02.43.102, adopted by the Department, which requires, "requests for expenditures from the benefit funds shall be submitted in writing to a member of the appropriate committee who shall present the requests at the next meeting. When possible, the request shall include the nature of the expenditure and the total approximate cost."
- As noted earlier, the Department substantially improved the supporting documentation maintained for the receipts processed for the Juvenile Justice Benefit Fund during the examination period. However, exceptions remained. Auditors noted 3 of 60 (5%) receipts lacking check copies to support receipts deposited in the resident's portion of the Juvenile Justice Benefit Fund. These exceptions pertained to fiscal year 2012. Additionally, 2 of 60 (3%) receipts (1 in fiscal year 2011 and 1 in fiscal year 2012) did not have an official receipt of deposit. Department of Corrections Administrative Directive 02.43.103, adopted by the Department, requires the cashier to prepare a pre-numbered receipt.

In addition to the specific Department administrative directives and statutes referenced in the exceptions, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

The Department attributed the above weaknesses to human error, conflicting priorities and employee oversight.

It is important to properly administer locally held funds as they are not subject to appropriation and are held outside the State Treasury. Failure to adequately administer locally held funds could lead to fraud, theft, or the use of unavailable monies in the funds causing overdraft charges. Furthermore, failure to deposit money into the statutorily required fund on a timely basis prevents management from making judicious decisions. Finally, inadequate administration also represents noncompliance with statute. (Finding Code No. 12-06, 10-08, 08-04)

**RECOMMENDATION:**

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

- The Department should comply with the statutory requirements of depositing receipts into the funds in which they belong.
- The Department should follow the guidelines explained in the adopted Administrative Directives for the uses of the Juvenile Justice Benefit Fund.
- If the Department wishes to allow the use of purchasing (gift) cards at its Youth Centers as a method of disbursement in its locally held funds, the Department should develop official procedures for their use and formalize those in the Administrative Directives.
- The Department should abide by the State Records Act and preserve the records necessary to document its financial activities. In addition, the Department should abide by the guidelines of the State Comptroller Act and SAMS regarding the completeness of the information included on the Report of Receipts and Disbursements for Locally Held Funds (C-17).

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will ensure the Administrative Directives shall be followed regarding the uses of locally held funds and also will preserve and maintain records necessary to document its financial activity. The Assistant Deputy Director position responsible for Fiscal Accounting Compliance was filled effective February 1, 2012. Adequate resources have been added to improve its administration of locally held funds at the General Office.

**12-07 FINDING:** (Inadequate administration of locally held funds at Youth Centers)

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

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

- Three of 8 (38%) Youth Centers (Chicago, Pere Marquette, and Warrenville) did not follow a Department adopted Administrative Directive regarding the administration of the Resident Benefit Fund or the Employee Benefit Fund. Auditors noted instances where committee meeting minutes could not be provided to determine committees officially met to discuss and approve expenditures, minutes of the committee meetings were not maintained, and approval of expenditures was not documented in the meeting minutes. Department of Corrections Administrative Directive (A.D) 02.43.102, adopted by the Department, requires benefit fund committees to meet and review requests for expenditures, as well as established written guidelines for expenditures from both of the benefit funds. The results of the committee meetings are to be documented in minutes.
- Two of 8 (25%) Youth Centers (Chicago and Warrenville) did not deposit locally held fund receipts timely. Auditors could not quantify the untimeliness because the receipts were missing the support needed to calculate the actual days late. Department of Corrections A.D. 02.40.110, adopted by the Department, requires the Youth Center to deposit cash accumulated in the amount of \$1,000 or more on any Business Office working day no later than 12:00 a.m. the next working day. The A.D. also requires deposits to be made at least once a week.
- One of 8 (13%) Youth Centers (Harrisburg) utilized store gift/purchase cards to make approximately \$500 worth of purchases during the examination. The Department does not have a written administrative directive relating to the use, reporting, and safeguarding of gift/purchase cards.
- Two of 8 (25%) Youth Centers (Chicago and Warrenville) were not properly maintaining bank statements for locally held funds. Auditors noted the Youth Centers were unable to provide bank statements for the Resident Trust Fund and Employee Benefit Fund to support testing of locally held funds receipts and disbursements.
- One of 8 (13%) Youth Centers (Chicago) did not maintain a Trust Fund Signature and Authorization Card in the resident's master file. Department of Corrections A.D. 02.42.110, adopted by the Department, requires upon admission for an offender to sign a Trust Fund Signature and Authorization Card, DOC0006, authorizing the Department officials to (a) endorse by stamp, checks or money orders; and (b) deposit such funds in the offender's trust fund account.

- At 3 of 8 (38%) Youth Centers (Chicago, St. Charles, and Warrenville), the Youth Center did not maintain adequate documentation of Employee Benefit Fund, Resident Benefit Fund, Resident Trust Fund receipts and/or disbursements. Auditors were provided with combinations of bank statements, committee minutes, FACTS print outs, mail room receipts and Inmate Statement transaction reports, but documentation to support the specific receipts and/or the expenditures were not available because they were not maintained by the Youth Center. The State Records Act (5 ILCS 160/8) requires the Department preserve records containing adequate and proper documentation of the essential transactions of the Department to protect the legal and financial rights of the State.
- One of 8 (13%) Youth Centers (Pere Marquette) did not obtain a signed Offender Authorization for Payment (DOC 0296) form as required by Department of Corrections A.D. 02.42.105, adopted by the Department. The Directive requires payments to be authorized by the offender through completion of a DOC 0296 form.
- One of 8 (13%) Youth Centers (Joliet) had two members on the Resident Benefit Fund Committee which is less than the required number of members to comply with the Department of Corrections A.D. 02.43.102, as adopted by the Department. The Directive states the committee for the Inmates' Benefit Fund is to consist of three members including the Leisure Time Activities Supervisor, an Assistant Chief Administrative Officer, and a representative of the Business Office.

In response to this finding from the previous examination, the Department stated it would make every effort to ensure Youth Center compliance with the requirements related to locally held fund administration and would make any changes or revisions to the Administrative Directives, as necessary. Department management indicated the exceptions noted in the current examination were due to Department staffing limitations, conflicting priorities and employee oversight.

The lack of following the prescribed formal administrative directive results in a breakdown of the authorization process and documentation of decisions and could lead to inappropriate expenditures not being prevented. The lack of an administrative directive outlining the proper use and control of gift / purchase cards increases the potential for unauthorized usage and unapproved spending of benefit funds. (Finding Code No. 12-07, 10-09, 08-08)

**RECOMMENDATION:**

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



**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will remind Youth Center staff of the requirements related to the operation and maintenance of locally held funds. The Assistant Deputy Director position responsible for Fiscal Accounting Compliance was filled effective February 1, 2012. Adequate resources have been added, striving to continue making improvements in the Department's centralized oversight function and by the training of facility staff.

**12-08 FINDING:** (Weaknesses in contract administration)

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

During testing of 60 contractual agreements, auditors noted the following exceptions:

- The Department could not demonstrate adequate contract monitoring for 7 of 60 (12%) contracts totaling \$789,950. Specifically, the auditors noted:
  - The Department could not provide the deliverables specified in the contract for 5 contracts totaling \$498,490 verifying the contractor performed in accordance with the contract terms.
  - The Department did not document its monitoring of 2 contracts totaling \$291,460.

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

- One of 60 (2%) contracts tested totaling \$229,070 was not reduced to writing and signed by all necessary parties prior to the services being performed. The contract for substance abuse treatment was not renewed timely due to the retirement of a facility administrator. The Department initiated a bridge contract in February 2011 for the period of October 2010 thru April 2011 and filed Late Execution Waivers and Late Filing Affidavits.

According to the Illinois Procurement Code (30 ILCS 500/20-80(d)), vendors shall not be paid for any goods that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties. In addition, Section 1-25 prescribes, "No person shall have any right to a specific contract with the State unless that person has a contract that has been signed by an appropriate signature authority. The State shall be under no obligation to issue an award or execute a contract."

- Auditors identified weaknesses in the Department's use of the emergency purchase provision of the Illinois Procurement Code (30 ILCS 500/20-30(b)). Specifically, auditors noted:
  - Six of 24 (25%) emergency purchases tested totaling \$382,928 were found to be extensions of existing contracts. Auditors noted the condition that gave rise to the necessity of the emergency purchases was the Department's failure to adequately monitor the existing contracts and did not allow for time to competitively bid a new contract or contract extension.

- Information regarding 2 of 24 (8%) emergency purchases tested totaling \$110,000 were posted to the Illinois Procurement Bulletin 2 and 41 business days later than required. 30 ILCS 500/20-30(b) requires notices of emergency procurements be published in the online electronic Bulletin no later than three business days after the contract is awarded and extensions of a current emergency contract to be posted at least 14 days before the public hearing.
- One of 24 (4%) emergency procurements tested totaling \$65,000 was noted to be necessitated due to an error made by the Department in which the Department purchased inappropriate items in a previous purchase. An emergency procurement was necessary to timely remedy the error.

In response to this finding in the prior examination, the Department stated it would implement the necessary controls to ensure contracts are properly administered and in compliance with applicable laws and regulations. For the exceptions noted during the current examination, Department management indicated the weaknesses were due to employee oversight, human error, lack of resources and inadequate communication within the Department.

Failure to properly administer contractual agreements to ensure compliance with all applicable statutes and procedures could potentially compromise public accountability and oversight and results in noncompliance with statutes and Department administrative directives. (Finding 12-08, 10-14, 08-18)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

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

**12-09 FINDING:** (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Department of Juvenile Justice (Department) did not comply with the Fiscal Control and Internal Auditing Act.

The Department of Corrections Office of Internal Audit was re-established effective July 1, 2010 by Public Act 96-0795. The Department has not established their own internal audit function. The Department of Corrections Office of Internal Audit provides internal auditing services to the Department. During fiscal years 2011 and 2012, the Office of Internal Audit did not complete audits of all the Department's major systems of internal accounting and administrative control. Additionally, an effective process to identify new major computer systems or major modifications of existing computer systems was not in place.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003) requires the internal auditing program include audits of major systems of internal accounting and administrative control be conducted on a periodic basis so that all major systems are reviewed at least once every two years.

Department officials acknowledge they did not comply fully with the Act. In addition, there was limited allocation of internal audit resources and considerable time was spent coordinating the external compliance examination. The Department did develop a comprehensive plan for the internal audits to provide adequate coverage under the Act, but failed to complete any of the planned internal audits.

Incomplete auditing of all major internal control systems increases the risk that significant internal control weaknesses will exist and errors and irregularities may go undetected. Further, lack of independent reviews of major new computer systems and major modifications to those systems could result in undetected security and integrity problems in new or modified systems. (Finding Code No. 12-09)

**RECOMMENDATION:**

We recommend the Department ensure that internal audits of all major systems of internal accounting and administrative control are conducted at least once every two years as required by the Fiscal Control and Internal Auditing Act. We further recommend the Department develop an effective process to identify new major computer systems or major modifications of existing computer systems.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will ensure that the necessary resources are put in place within the Department's Office of Internal Audit to comply with the Fiscal Control and Internal Auditing Act.

**12-10 FINDING:** (Payroll timekeeping system not automated)

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

During the 2008 examination period, the Department's human resources responsibilities were consolidated with a number of other State agencies as part of the Public Safety Shared Services Center (PSSSC). The PSSSC was scheduled to create / implement an automated timekeeping system, but it was not created. As noted in previous examinations, each Youth Center as well as other functions of the Department continued to maintain a manual timekeeping system for approximately 1,200 employees. Most Department employees sign in and out, and sign-in sheets are sent to the timekeeping clerk. Other information, including notification of absence and call-in reports, are also forwarded to timekeepers. No automation is involved except for processing of payroll warrants.

During testing of the Department's manual timekeeping system, timesheets for 60 employees were selected for testing. The Department did not provide the auditors with the attendance record for 1 of the 60 (2%) employees tested. As a result, the auditors could not determine if an attendance record was properly submitted for this employee. In addition, the Department could not provide supporting documentation for the Notification of Absence (DOC 0126) form for 2 of 60 (3%) employees tested. Consequently, the auditors could not determine if the employees' personal, sick, or vacation accrual was calculated accurately for the examination period.

In response to this finding from the previous examination, the Department stated it does not have the resources to purchase a new timekeeping system. The Department would, however, participate in a new statewide system should one be purchased. During the prior fiscal 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 expended \$1.6 million to the vendor for software licenses and hardware; however as of the end of this engagement fieldwork nothing else had been done towards implementation of the system at the Department.

Regarding the current examination, Department management indicated that lack of resources and conflicting priorities is the reason for the manual time keeping sheets.

Prudent business practices suggest that controls available through automated timekeeping systems can provide greater efficiency and reduce the potential for costly errors or employee abuse. The lack of an automated timekeeping system increases the risk of errors and reduces the control efficiencies for accurately tracking time. (Finding Code No. 12-10, 10-10, 08-11)

**RECOMMENDATION:**

We recommend the Department implement an automated timekeeping system.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) does not, at this time, have the resources to purchase a new timekeeping system. The Department would, however, participate in a new statewide system should one be purchased.

**12-11 FINDING:** (Performance evaluations not performed timely or at all)

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

Auditors tested 60 employee personnel files containing 120 evaluations performed during the examination period. Auditors noted 28 of the 120 (23%) evaluations were performed 1 to 189 days late. Three of the 120 (3%) evaluations did not contain the required date or signatures by the employee or supervisor/director. Auditors also noted 10 evaluations were not performed during the examination period for 10 employees tested.

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

In response to the finding in the prior engagement period, the Department stated that it would make every effort to ensure compliance with evaluation requirements. Department management indicated performance evaluations related to the current examination period were not conducted in a timely manner due to staffing constraints, vacancies, retirements, oversight and lack of adequate follow-up.

Good internal controls dictate the annual evaluation be performed in a timely manner as it is an important component of the communication between the employee and employer on the performance and future expectations of the employee in the workplace. Employee evaluations support administrative personnel decisions by documenting regular performance measures. Late evaluations can cause delays in communicating positive and negative qualities of the employee's work performance. (Finding Code No. 12-11, 10-11, 08-12)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

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

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

The Department of Juvenile Justice (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 fiscal years 2011 and 2012, the Department was unable to provide documentation that 23 of 60 (38%) employees selected had met the mandatory training hour requirements.

Two Years Ending	No. of Exceptions	Sample Size	% Exceptions
June 30, 2008	15	25	60%
June 30, 2010	35	60 *	58%
June 30, 2012	23	60 *	38%

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

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

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

Employees who have not received the minimum training may not be receiving important information and background preparation for their specific job duties. Training is crucial to Department employees, especially in the case of individuals who have direct contact with youths. (Finding Code No. 12-12, 10-12, 08-14)

**RECOMMENDATION:**

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



**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with training requirements and to properly record and maintain employee training documentation.

**12-13 FINDING:** (Employees not removed from payroll during leave of absence and other exceptions)

The Department of Juvenile Justice (Department) did not properly remove employees from payroll during leave of absence, and could not provide requested documentation for all employees tested.

During testing of employees on leave of absence, auditors noted:

- The Department did not maintain or could not provide proper documentation for 2 of 60 (3%) employees tested. The auditors noted 1 employee's personnel file did not contain updated documentation regarding the condition of the employee while on leave from the Department and the auditors were unable to verify whether or not the other employee was paid during his or her leave.
- The Department did not properly remove 7 of 60 (12%) employees from the payroll system during his or her leave of absence. As a result, the Department overpaid these employees by approximately \$5,659.

Employees are allowed to take leaves of absence from their employment with the Department, with or without pay depending on the circumstances, as authorized by the Personnel Code (20 ILCS 415/8c) and the Department of Central Management Services Personnel Rules (80 Ill. Adm. Code 303). The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance expenditures applicable to operations are properly recorded and accounted for to maintain accountability over the State's resources. Should an overpayment occur, the Comptroller's Statewide Accounting Management System (SAMS) procedure 23.20.65 states the "salary refund forms... should be processed within 60 days of the issue date on the erroneous salary warrant." The State Records Act (5 ILCS 160/8) requires the Department preserve records containing adequate and proper documentation of the essential transactions of the Department to protect the legal and financial rights of the State.

Department management indicated the exceptions were due to conflicting priorities and employee oversight. The Department is currently seeking employee reimbursement of the overpayments.

Inadequate controls over processing leaves of absences for employees resulted in overpayments to employees and noncompliance with State statute and SAMS. (Finding Code No. 12-13)

**RECOMMENDATION:**

We recommend the Department implement adequate controls over the processing leaves of absences for employees. The Department should promptly remove employees from payroll system during periods of a leave of absence. Reimbursement should be sought for the overpayments made. Documentation should be maintained and kept current for all payroll and personnel records.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with lump sum payment requirements. The Department has initiated efforts to seek employee reimbursement for the overpayments identified.

**12-14 FINDING:** (Inadequate controls over computer inventory)

The Department of Juvenile Justice (Department) was not able to locate 84 computers during fiscal years 2011 and 2012. 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 fiscal year 2011 Physical Inventory Report submitted to DCMS, the Department reported it was unable to locate 80 of 12,494 (1%) items totaling \$71,117. The discrepancy report indicated \$23,835 of that amount was related to 30 computers which could not be located during the inventory. In its fiscal year 2012 Physical Inventory Report, the Department identified 151 discrepancies of 21,230 (1%) items totaling \$145,160. The discrepancy report showed \$49,996 of that amount was for 54 computers which could not be located during the inventory.

The Department was unable to determine whether the missing computer equipment were desktop or laptop computers. The Department considers these computers to be lost. Department personnel were not able to provide property transfer forms or any other documentation showing what happened to the computers and had not performed an assessment, and was unsure how much, if any, confidential information was on the missing computers.

Department management indicated the exceptions noted could be attributable to human error, employee oversight, insufficient training and/or shortages of staff.

Although the Department has established procedures regarding the proper storage of electronic data, there is a possibility 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 confidential or personal information would be exposed.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Department be accountable for the supervision, control and inventory of all items under its jurisdiction and control. In addition, the Department had the responsibility to ensure confidential information is protected from disclosure and provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

Failure to follow up on missing computer equipment resulted in a lack of control over State property and the risks associated with the potential exposure of confidential information. (Finding Code No. 12-14)

**RECOMMENDATION:**

We recommend the Department:

- Immediately perform a detailed inventory of computer equipment.

- Contact DCMS in an effort to reconcile any missing items that may have been transferred to DCMS, but lacked appropriate paperwork.
- Perform a detailed assessment to determine if any of the missing computers contained confidential information.
- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.

We also recommend the Department establish procedures to immediately assess if a computer may have contained confidential information whenever it is reported lost or stolen, and document the results of the assessment.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) is investigating internally and will also work with the Department of Central Management Services in an effort to reconcile any missing items and make an assessment of those items reconciled to determine if computers contained confidential information.

**12-15 FINDING:** (Failure to maintain control over telecommunication devices)

The Department of Juvenile Justice (Department) did not maintain a separate, up-to-date inventory of wireless Internet air cards and failed to cancel cellular phones and pagers in a timely manner after employees ceased working for the Department.

The Department tracks outstanding pagers through the filing of Pager Service Request (PSR) forms and cellular phones and wireless Internet air cards through Telecommunication Service Request (TSR) forms, in date order. The forms document pager, wireless Internet air card and cellular phone issuances, replacements, cancellations, and other changes in service.

Based upon TSR forms, approximately 106 cellular phones and air cards were issued or replaced during the examination period. The Department maintains a listing of State cellular phones in the Expense Management System (EMS). The Department does not maintain a separate, up-to-date inventory of active wireless internet air cards. Based upon this information, the Department was unable to provide information as to whom the air cards were assigned. The Department is charged \$42 per month for service associated with each active wireless Internet card.

Auditor testing identified the following exceptions:

- Two of 8 (25%) cellular phones tested were not cancelled timely. The delinquencies ranged from 170 to 698 days after the employees separated from the Department. In addition, 8 of 40 (20%) devices selected for cellular phone testing were determined to be cancelled wireless Internet air cards. The Department was not able to determine to whom the air cards were originally assigned.
- Four of 8 (50%) pagers tested were not cancelled timely. The delinquencies ranged from 367 to 3,621 days after the employees separated from the Department.

The Department of Corrections Administrative Directive (A.D.) 02.15.115, adopted by the Department, requires the Manager of the Office of Telecommunications to retain an inventory of all Department pagers which identifies the pager number; type of pager, i.e. regional or statewide; and the status of the pager (assigned or unassigned). If the pager is assigned, the inventory shall also specify the name of the employee to whom the pager is assigned; the unit and division of the employee to whom the pager is assigned; and the date(s) the pager was issued to the employee and, if applicable, returned to the supervisor and Office of Telecommunications. Furthermore, A.D. 02.15.115 charges the employee's supervisor with the responsibility of ensuring the return of a pager upon the employee's transfer or termination. At that time, the supervisor is to notify the Office of Telecommunications of the facility's liaison in charge that the pager is unassigned. The pager is to be retained for reassignment within the unit for a period not to exceed 30 days. At that time, if the pager is not reassigned, the supervisor is to update the unit's pager list and return the pager to the Office of Telecommunications.

While A.D. 02.15.115 does not directly discuss cellular phones and wireless Internet air cards, prudent business practices and fiscal controls would suggest that guidelines similar to those described for pagers in this Administrative Directive should also be practiced for cellular phones and wireless Internet air cards.

Department management indicated the failure to maintain control over telecommunication devices was due to employee oversight, competing priorities and unresolved coordination issues with the Department of Central Management Services regarding cancelling cellular phones and pagers.

Failure to maintain up-to-date inventories of telecommunication devices, as well as not timely canceling them upon employee separation, risks Department resources as it impairs the Department's ability to have a complete record of active and assigned devices. Additionally, failure to maintain inventories and not timely cancelling the devices is non-compliance with the Department's Administrative Directive. (Finding Code No. 12-15)

**RECOMMENDATION:**

We recommend the Department maintain an up-to-date inventory of all telecommunication devices. The inventory should document the assignments and timely cancellations.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will properly maintain and update inventory of all telecommunication devices.

**12-16 FINDING:** (Policies and procedures regarding operation of State vehicles not followed)

The Department of Juvenile Justice (Department) did not follow State statute, Department administrative directives and State administrative rules regarding vehicle maintenance records, reporting of vehicle accidents, reporting the value of the “personal use” of State vehicles and annual certifications of license and vehicle liability coverage.

Auditors noted Department employees were not ensuring vehicles personally assigned to them were adequately maintained and that accidents involving State vehicles were not properly reported. 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. Specific exceptions noted were as follows:

- During testing of 11 reported accidents involving State/Department owned vehicles, auditors noted 4 (36%) instances in which accidents had not been reported to the Department of Central Management Services (DCMS) on a timely basis. The required accident reports were submitted from 4 to 124 days late. An analysis of this issue from the last three examinations is summarized in the following table:

<b>Two Years Ending</b>	<b>Number of Exceptions</b>	<b>Sample Size</b>	<b>% of Exceptions</b>	<b>Range of Days Late</b>
June 30, 2008	2	5	40%	1
June 30, 2010	2	5	40%	1 to 5
June 30, 2012	4	11	36%	4 to 124

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



- For fiscal years 2011 and 2012, auditors requested to examine 60 vehicle maintenance records and noted the Department could not provide any maintenance documentation for 6 (10%) of the selected vehicles. Of the 54 vehicles for which maintenance records were provided, the Department failed to have annual inspections performed on 5 (9%) vehicles during the fiscal year tested. Additionally, 31 (57%) did not receive either or both adequate tire rotations and oil changes for the year tested. Auditors also noted 2 (3%) vehicles that were transferred from the Department but were still listed on its property listing. An analysis of the inadequate oil change issue for the last 3 examinations is summarized in the following table:

Two Years Ending	Number of Exceptions	Sample Size	% of Exceptions	Range of Miles Oil Change Past Due
June 30, 2008	16	25	64%	Unavailable
June 30, 2010	19	57 *	33%	508 to 10,971
June 30, 2012	31	54 *	57%	996 to 8,524

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

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

- Auditors were unable to test 10 of 10 (100%) employees for fiscal year 2011 that were determined to be subject to fringe benefit taxation for "personal use" of a State vehicle because the Department failed to provide the Form DC 710-1241. This form is used to indicate whether the individual is tax-exempt for the personally assigned vehicles. This exception was not noted for those employees tested in fiscal year 2012.

The Department of Corrections Administrative Directive (A.D.) 01.02.106, adopted by the Department, states upon assignment of a vehicle, the employee is to receive the Personally Assigned Vehicle Usage Packet, including instructions. A listing of forms to be completed by the employee and submitted to the Division of Finance (DOF) Fiscal Support Unit Vehicle Coordinator is included in the A.D. Copies of the forms are to be retained in the facility Business Office. Within this listing of documentation in the A.D. is the Annual Personally Assigned Vehicle Tax Exemption Certification, DC 710-1241.

- The Department has adopted the U.S. Department of the Treasury Rule and developed Form DC 352, Determination of Value of Personal Use of State Vehicle, to report the value of “personal use” of a State vehicle as a fringe benefit. For 5 of 20 (25%) employees tested who were determined to be subject to fringe benefit taxation for “personal use” of a State vehicle, the incorrect value was included for taxable income. Four of the 5 employees tested had no value added to taxable income in relation to the fringe benefit derived from their vehicle assignment. Two of these individuals did not file Form DC 352 until after the pay period tested, resulting in no additional taxable benefits. However, the vehicle had been assigned prior to the pay period. Form DC 352 states all employees who are subject to vehicle usage income are required to complete Form DC 352 at the time the vehicle is released. For 1 employee tested, an amount was included in taxable income for the fringe benefit, but it was less than what was indicated on Form DC 352.

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

- Two of 20 (10%) employees tested did not file the license and insurance certifications by July 31<sup>st</sup>. The documentation was provided 72 and 63 business days late.

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

In response to this finding in the previous examination, the Department stated it would make every effort to ensure compliance with proper controls and procedures regarding State vehicles and will revise processes and procedures as needed. Regarding the exceptions noted during the current examination period, Department management indicated the deficiencies related to the operation of automotive equipment were due to conflicting priorities, human error and employee oversight. (Finding Code No. 12-16, 10-15, 08-19)

**RECOMMENDATION:**

We recommend the Department:

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

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with proper controls and procedures regarding State vehicles and will revise processes and procedures as needed; and also will communicate to Department personnel that are assigned vehicles to properly complete and maintain the documentation required for their assigned State-owned vehicles.

**12-17 FINDING:** (Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State law)

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

During receipts testing the auditors identified the following exceptions:

- The Department could not provide copies of the deposited check or any other date related information for 8 of 60 (13%) receipts tested. Additionally, 29 of 60 (48%) receipts were not date stamped when the checks were received. As a result, it was not possible to determine whether the receipt was deposited on a timely basis. The Public Safety Shared Services Center Accounts Receivable Unit began processing all checks for the Department on October 11, 2011. Prior to that date, the various divisions within the Department processed checks received and then forwarded them to the Accounts Receivable Unit to be sent in to the State Treasurer. Auditors noted the Department was able to provide adequate support for all receipts included in the testing sample with dates after October 11, 2011 except 1.
- Two of 60 (3%) receipts tested totaling \$1,399 were not deposited into the State Treasury within 15 days as allowed by an approved deposit extension. The receipts were deposited 10 and 46 days late.
- Seven of 60 (12%) Receipt Deposit Transmittal (RDT) forms totaling \$444,138 were not remitted to the Illinois Office of the Comptroller in a timely manner. The RDTs were submitted 33 to 275 days after being deposited within the State Treasury.

During testing of refunds the auditors noted the following exceptions:

- The Department could not provide copies of all the refunded checks or any other date related information for 31 of 40 (78%) refunds tested. Seventeen of 40 (43%) refunds tested could not be traced to the corresponding original payment to Department books via the Accounting Information System Reports. Four of 40 (10%) refunds could not be traced to the original expenditures and the reversals to the corresponding Monthly Appropriation Status Report (SB01) or the Monthly Revenue Status Report (SB04), if it was a prior year refund. Due to these exceptions, the auditors were unable to determine the amount received was correct or properly recorded.
- One of 40 (3%) refunds totaling \$1,341 was not deposited into the State Treasury within the 15 day deposit extension. The refund was deposited 7 days late. Additionally, the Department could not provide adequate support for 37 of 40 (93%) deposits into the State Treasury. As a result, it was not possible to determine whether the refund was deposited on a timely basis.

- Twenty-two of 40 (55%) refunds tested were salary refunds. Eight of 22 (36%) of the salary refunds tested totaling \$53,019 were processed 17 to 337 days after the 60 day period allotted by the SAMS manual to process the refunds. Eighteen of 40 (45%) refunds tested were for Expenditure Adjustment Transmittals. Ten of 18 (56%) Expenditure Adjustment Transmittals tested totaling \$25,958 were processed untimely ranging from 62 to 381 days after the original warrant date.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2a) states, “Every officer...unless a different time of payment is expressly provided by law or by rules or regulations promulgated under subsection (b) of this Section, shall pay into the State treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000...” The Act further allows the State Treasurer and State Comptroller to grant time extensions for the deposit of public funds. The most recent deposit extension approved for this purpose was a 15 day extension for the period December 6, 2011 through December 6, 2013. Even with the approved deposit extension, the Department did not deposit receipts and refunds in a timely manner.

Additionally, the Comptroller’s Statewide Accounting Management System (SAMS) procedures 23.20.65 states salary refunds are to be processed within 60 days of the original issue date. SAMS procedures 25.10.30 requires the Comptroller to order all deposits into funds held by the State Treasurer, once the State Treasurer issues a non-negotiable draft to the specific agency. The agencies are to remit to the Illinois Office of the Comptroller the draft so the Comptroller may order the moneys into the appropriate fund(s). As indicated in SAMS 25.20.10, when receipts are submitted to the Comptroller, the Receipts Deposit Transmittal is the form which must be utilized.

Department management indicated the failure to maintain adequate documentation, deposit receipts and refunds timely, and submit RDTs to the Illinois Office of the Comptroller in a timely manner was due to human error and employee oversight.

Failure to perform these activities in a timely manner or maintain the necessary source documentation results in noncompliance with the State Officers and Employees Money Disposition Act and SAMS and improperly withholds funds from the State Treasury. (Finding Code No. 12-17)

**RECOMMENDATION:**

We recommend the Department implement controls to ensure cash receipts and refunds are deposited in a timely manner in accordance with State law and SAMS. Additionally, we recommend the Department implement controls to ensure source documentation is maintained related to cash receipts and Receipt Deposit Transmittals are submitted to the Comptroller in a timely manner upon receipt of the completed draft from the Treasurer.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure receipts and refunds are processed timely and accurately and source documentation is properly maintained and submitted.

**12-18 FINDING:** (Failure to develop a formal fraud risk assessment program)

The Department of Juvenile Justice (Department) did not have a formal fraud risk assessment program in place during the examination period.

The Department relied on administrative directives and internal controls to minimize the risk of fraud occurring, but had not established a formal program to assess the specific risks associated with fraud.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) (Act) states, “All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs that are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation...” Additionally, it is management’s responsibility to prevent and detect fraud. Therefore, the Department should implement a formal policy regarding the evaluation of fraud risk and a system of controls to help prevent and detect potential fraudulent activity within its organization. Preparing a written policy will serve to document the Department’s awareness and responsibility for fraud prevention and detection, as well as specific activities necessary to identify and address specific fraud risk factors.

Department management stated it considered the Department’s presently established administrative directives and internal controls to be sufficient and was not aware of the need to create a formal fraud risk assessment program.

The Department managed the expenditure of \$128 million of State funds in fiscal year 2012. Without a formal program to identify and address the specific risks associated with fraud, fraudulent activities may go undetected and could result in misstatements in its financial reporting to the State or misappropriation of Department assets. (Finding Code No. 12-18)

**RECOMMENDATION:**

We recommend management 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 posting a higher risk of fraudulent activity, as well as controls over the financial reporting process. In addition, the Department’s executive staff should evaluate management’s identification of fraud risks and the implementation of anti-fraud measures.

**DEPARTMENT RESPONSE:**

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure a formal fraud risk policy and risk assessment is completed and appropriately acted upon.

**STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE**

**PRIOR FINDINGS NOT REPEATED  
(STATE COMPLIANCE)**

- A. Prior Finding (Postage and permanent improvements paid by the Department of Corrections)

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

During the current examination period, auditors selected a sample of vouchers for testing and noted the Department made improvements relating to controls over the payment of vouchers and the allocation of postage. Although there were still minor exceptions identified and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code No. 10-03)

- B. Prior Finding (Noncompliance with statutory requirements in providing commissary/concession type services to residents of Youth Centers)

The prior examination noted the Department did not have a formal written contract in place with a vendor providing commissary/concession type services at five Youth Centers. One Youth Center that did have a contract with the vendor did not comply with the requirements of the Illinois Procurement Code and Illinois Administrative Code with regard to selection of and contracting with the vendor.

During the current engagement, auditors noted the Department posted solicitation for commissary/concession services in the Illinois Procurement Bulletin and entered into a formal contract with the vendor to whom the contract was awarded. As a result, the finding is not repeated. (Finding Code No. 10-04, 08-07)

- C. Prior Finding (Failure to maintain required personnel and payroll documentation)

The prior examination noted the Department failed to maintain all required documentation in the employee's personnel and payroll files.

During the current examination period, auditors selected a sample of payroll and personnel transactions for testing and noted the Department made improvements concerning the maintenance of this documentation. Although there were still minor exceptions identified and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code Co. 10-13, 08-16)



D. Prior Finding (Failure to prepare and/or submit required reports to the Governor and the General Assembly)

The prior examination noted the Department failed to prepare and/or submit two reports to either the Office of the Governor and/or the General Assembly as required, specifically the 2008 "Agency Workforce Report" to the Office of the Governor and a formal report documenting the annual results of the Department's work by the Juvenile Advisory Board.

During the current engagement, the Department timely filed the fiscal year 2011 and 2012 Agency Workforce Reports. Additionally, the Department provided the Juvenile Justice Advisory Board annual report covering 2010 and 2011, which included a report of activities. The report was submitted to the Governor and General Assembly jointly by the Department and the Board. As a result, the finding is not repeated. (Finding Code No. 10-16, 08-17)

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2012
    - Fiscal Year 2011
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds
  - Comparative Schedule of Expenditures by Youth Center – All Funds
  - Schedule of Locally Held Funds
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
- Analysis of Operations:
  - Agency Functions and Planning Program (Not Examined)
  - Average Number of Employees (Not Examined)
  - Analysis of Employee Overtime (Not Examined)
  - Annual Cost Statistics and Notes (Not Examined)
  - Participating Educational Institutions – School District #428 (Not Examined)
  - Emergency Purchases (Not Examined)
  - Youth Assaults on Staff at Illinois Youth Centers (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the supplementary information for the years ended June 30, 2012 and June 30, 2011. Auditors have not applied procedures for the June 30, 2010 accompanying supplementary information in Schedules 3, 4 and 7 and on the Analysis of Operations Section. However, the accountants do not express an opinion on the supplementary information and the Analysis of Operations Section.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2012

For the Fourteen Months Ended August 31, 2012

<u>Public Acts 97-0065; 97-0053; 97-0642</u>	<u>Approximate Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2012</u>	<u>Approximate Lapse Period Expenditures July 1 to August 31, 2012</u>	<u>Approximate Total Expenditures</u>	<u>Approximate Balances Lapsed</u>
<b>GENERAL REVENUE FUND - 0001</b>					
General Office:					
Personal services	\$ 554,600	\$ 512,176	\$ 21,239	\$ 533,415	\$ 21,185
State contributions to social security	73,300	52,377	2,166	54,543	18,757
Contractual services	264,500	230,397	29,381	259,778	4,722
Travel	20,000	15,210	4,576	19,786	214
Commodities	2,900	2,093	57	2,150	750
Printing	100	19	18	37	63
Equipment	300	123	-	123	177
Electronic data processing	633,900	55,252	392,015	447,267	186,633
Telecommunications services	195,100	39,186	22,136	61,322	133,778
Operation of automotive equipment	73,600	58,716	13,457	72,173	1,427
Tort claims	200,000	4,000	-	4,000	196,000
Payment of statewide hospitalization	40,100	22,931	-	22,931	17,169
Repairs, maintenance, and other capital improvements	275,000	66,499	181,655	248,154	26,846
	<u>2,333,400</u>	<u>1,058,979</u>	<u>666,700</u>	<u>1,725,679</u>	<u>607,721</u>
School District:					
Personal services	8,227,800	6,967,344	379,443	7,346,787	881,013
State contributions to teachers' retirement system	500	381	19	400	100
State contributions to social security	576,300	511,021	28,122	539,143	37,157
Contractual services	575,800	300,633	250,762	551,395	24,405
Travel	6,900	4,958	1,484	6,442	458
Commodities	33,900	9,796	15,601	25,397	8,503
Printing	4,200	495	3,499	3,994	206
Telecommunications services	30,300	1,969	-	1,969	28,331
	<u>9,455,700</u>	<u>7,796,597</u>	<u>678,930</u>	<u>8,475,527</u>	<u>980,173</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2012

For the Fourteen Months Ended August 31, 2012

<u>Public Acts 97-0065; 97-0053; 97-0642</u>	<u>Approximate Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2012</u>	<u>Approximate Lapse Period Expenditures July 1 to August 31, 2012</u>	<u>Approximate Total Expenditures</u>	<u>Approximate Balances Lapsed</u>
<b>GENERAL REVENUE FUND - 0001 (continued)</b>					
After Care Services:					
Personal services	\$ 330,400	\$ 303,643	\$ 16,411	\$ 320,054	\$ 10,346
State contributions to social security	25,200	23,031	1,245	24,276	924
Contractual services	965,600	341,439	346,273	687,712	277,888
Travel	2,300	1,255	356	1,611	689
Commodities	9,400	164	1,181	1,345	8,055
Printing	1,000	131	1	132	868
Telecommunications services	25,000	30	-	30	24,970
Operation of automotive equipment	7,700	7,700	-	7,700	-
	<u>1,366,600</u>	<u>677,393</u>	<u>365,467</u>	<u>1,042,860</u>	<u>323,740</u>
Illinois Youth Centers - Consolidated:					
Personal services	81,558,100	74,400,786	3,735,849	78,136,635	3,421,465
Student, member, and youth compensation	132,800	110,452	9,331	119,783	13,017
State contributions to social security	6,223,500	5,526,765	279,104	5,805,869	417,631
Contractual services	18,193,100	14,552,947	2,877,955	17,430,902	762,198
Travel	51,800	35,124	7,027	42,151	9,649
Travel and allowance for youth	19,200	14,687	1,436	16,123	3,077
Commodities	3,357,600	2,825,189	281,201	3,106,390	251,210
Printing	50,900	45,111	1,155	46,266	4,634
Equipment	335,800	11,982	215,491	227,473	108,327
Telecommunications services	315,300	260,029	42,529	302,558	12,742
Operation of automotive equipment	425,900	362,548	35,825	398,373	27,527
	<u>110,664,000</u>	<u>98,145,620</u>	<u>7,486,903</u>	<u>105,632,523</u>	<u>5,031,477</u>
<b>Total General Revenue Fund</b>	<u>123,819,700</u>	<u>107,678,589</u>	<u>9,198,000</u>	<u>116,876,589</u>	<u>6,943,111</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2012

For the Fourteen Months Ended August 31, 2012

<u>Public Acts 97-0065; 97-0053; 97-0642</u>	<u>Approximate Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2012</u>	<u>Approximate Lapse Period Expenditures July 1 to August 31, 2012</u>	<u>Approximate Total Expenditures</u>	<u>Approximate Balances Lapsed</u>
<b>CAPITAL DEVELOPMENT FUND - 0141</b>					
General Office:					
Health and life safety improvement support	\$ 2,444,032	\$ 2,444,032	\$ -	\$ 2,444,032	\$ -
Total Capital Development Fund	<u>2,444,032</u>	<u>2,444,032</u>	<u>-</u>	<u>2,444,032</u>	<u>-</u>
<b>DEPARTMENT OF CORRECTIONS REIMBURSEMENT FUND - 0523</b>					
General Office:					
School district programs	5,000,000	1,700,748	436,263	2,137,011	2,862,989
Federal programs	3,000,000	908,803	427,135	1,335,938	1,664,062
Miscellaneous programs	5,000,000	2,394,132	343,119	2,737,251	2,262,749
ARRA:					
Federal recovery and programs	4,000,000	2,478,996	148,184	2,627,180	1,372,820
Total Department of Corrections Reimbursement Fund	<u>17,000,000</u>	<u>7,482,679</u>	<u>1,354,701</u>	<u>8,837,380</u>	<u>8,162,620</u>
<b>TOTAL APPROPRIATED FUNDS</b>	<u>\$ 143,263,732</u>	<u>\$ 117,605,300</u>	<u>\$ 10,552,701</u>	<u>\$ 128,158,001</u>	<u>\$ 15,105,731</u>

Notes: All data in this schedule has been obtained from Department records and reconciled to those of the State Comptroller. No balances were reappropriated as of July 1, 2012. Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Department and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2011

For the Eighteen Months Ended December 31, 2011

<u>Public Acts 96-0956</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31, 2011	Total Expenditures	Balances Reappropriated July 1, 2011	Balances Lapsed
GENERAL REVENUE FUND - 0001						
General Office:						
Operational expenses	\$ 109,126,700	\$ 94,557,549	\$ 9,526,962	\$ 104,084,511	\$ -	\$ 5,042,189
Operational expenses, awards, grants, and permanent improvements	293,100	149,048	107,947	256,995	-	36,105
	<u>109,419,800</u>	<u>94,706,597</u>	<u>9,634,909</u>	<u>104,341,506</u>	<u>-</u>	<u>5,078,294</u>
Governor's Discretionary Appropriation:						
Governor's Discretionary Appropriation	15,000,000	14,876,560	-	14,876,560	-	123,440
	<u>15,000,000</u>	<u>14,876,560</u>	<u>-</u>	<u>14,876,560</u>	<u>-</u>	<u>123,440</u>
59 Total General Revenue Fund	<u>124,419,800</u>	<u>109,583,157</u>	<u>9,634,909</u>	<u>119,218,066</u>	<u>-</u>	<u>5,201,734</u>
CAPITAL DEVELOPMENT FUND - 0141						
General Office:						
Health and life safety improvements at juvenile justice facilities	2,500,000	-	55,968	55,968	2,444,032	-
Total Capital Development Fund	<u>2,500,000</u>	<u>-</u>	<u>55,968</u>	<u>55,968</u>	<u>2,444,032</u>	<u>-</u>
DEPARTMENT OF CORRECTIONS REIMBURSEMENT FUND - 0523						
Statewide services and grants:						
School district programs expenses	5,000,000	2,348,230	341,815	2,690,045	-	2,309,955
Federal programs	3,000,000	1,110,213	135,317	1,245,530	-	1,754,470
Miscellaneous programs	5,000,000	1,538,464	317,386	1,855,850	-	3,144,150
	<u>13,000,000</u>	<u>4,996,907</u>	<u>794,518</u>	<u>5,791,425</u>	<u>-</u>	<u>7,208,575</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2011

For the Eighteen Months Ended December 31, 2011

<u>Public Acts 96-0956</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31, 2011	Total Expenditures	Balances Reappropriated July 1, 2011	Balances Lapsed
DEPARTMENT OF CORRECTIONS REIMBURSEMENT FUND - 0523 (continued)						
Federal Stimulus - ARRA:						
Federal recovery and programs	\$ 4,000,000	\$ 608,881	\$ 227,060	\$ 835,941	\$ -	\$ 3,164,059
	<u>4,000,000</u>	<u>608,881</u>	<u>227,060</u>	<u>835,941</u>	<u>-</u>	<u>3,164,059</u>
Total Department of Corrections Reimbursement Fund	<u>17,000,000</u>	<u>5,605,788</u>	<u>1,021,578</u>	<u>6,627,366</u>	<u>-</u>	<u>10,372,634</u>
<u>09</u> TOTAL APPROPRIATED FUNDS	<u>\$ 143,919,800</u>	<u>\$ 115,188,945</u>	<u>\$ 10,712,455</u>	<u>\$ 125,901,400</u>	<u>\$ 2,444,032</u>	<u>\$ 15,574,368</u>

Notes: All data in this schedule has been obtained from Department records and reconciled to those of the State Comptroller.  
Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 3

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

For the Fiscal Years Ended June 30, 2012, 2011 and 2010

	Fiscal Year		
	2012	2011	2010
	P.A. 97-0065, 97-0053 & 97-0642	P.A. 96-0956	P.A. 96-0042, 96-0046 & 96-0819
ALL FUNDS			
Appropriations (Net after Transfers)	\$ 143,263,732	\$ 143,919,800	\$ 137,164,300
Expenditures			
Personal services	89,180,632	88,513,304	84,387,709
Retirement	820,502	467,177	174,782
Social security	6,612,819	6,535,267	6,228,768
Group insurance	616,693	353,798	123,052
Contractual services	23,129,451	22,972,145	23,966,723
Travel	98,215	189,048	75,063
Travel and allowances for committed, paroled, and discharged youth	25,369	17,906	18,450
Commodities	3,242,651	3,152,958	3,290,181
Equipment	495,495	600,361	927,601
Electronic data processing	1,954	67,284	19,034
Telecommunications services	557,873	507,393	376,824
Operation of automotive equipment	477,741	406,663	392,872
Lump sums and other purposes	136,732	378,175	180,983
Awards and grants	26,931	1,631,530	18,155
Permanent improvements	2,572,308	70,123	-
Refunds	162,635	38,268	79,758
Total Expenditures	<u>128,158,001</u> <sup>(1)</sup>	<u>125,901,400</u>	<u>120,259,955</u> <sup>(1)</sup>
Reappropriated Balances	-	2,444,032	-
Lapsed Balances	<u>\$ 15,105,731</u> <sup>(1)</sup>	<u>\$ 15,574,368</u>	<u>\$ 16,904,345</u> <sup>(1)</sup>

<sup>(1)</sup> Approximate lapse period expenditures do not include interest payments by the Department and submitted to the Comptroller for payment after August.

Note: The comparative schedule of expenditures by object code does not include State Officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2012, 2011 and 2010, State Officers' salaries were as follows:

	2012	2011	2010
Director	\$ 120,325	\$ 114,793	\$ 120,325



STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

COMPARATIVE SCHEDULE OF EXPENDITURES BY YOUTH CENTER - ALL FUNDS

For the Fiscal Years Ended June 30, 2012, 2011, and 2010

	Fiscal Year		
	2012	2011	2010
	P.A. 97-0065, 97-0053 & 97-0642 <sup>(1)</sup>	P.A. 96-0956	P.A. 96-0042, 96-0046 & 96-0819 <sup>(1)</sup>
YOUTH CENTER:			
Chicago	\$ 9,038,988	\$ 8,589,658	\$ 8,239,437
Harrisburg	19,879,392	19,942,432	19,129,035
Joliet	18,870,442	18,745,497	17,247,067
Kewanee	17,816,986	17,642,309	17,391,078
Murphysboro	7,651,576	8,203,529	8,827,842
Pere Marquette	3,983,230	3,776,414	3,860,115
St. Charles	19,800,706	21,298,252	20,406,237
Warrenville	8,591,203	8,761,641	8,329,066
Total	<u>\$ 105,632,523</u>	<u>\$ 106,959,732</u>	<u>\$ 103,429,877</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 5

SCHEDULE OF LOCALLY HELD FUNDS

For the Years Ended June 30, 2011 and 2012

	2011	2012
<u>Juvenile Justice Commissary Fund - 1394</u>		
Beginning Balance	\$ 3,659	\$ 5,497
Receipts	67,493	84,119
Disbursements	(65,655)	(85,767)
Ending Balance	\$ 5,497	\$ 3,849
 <u>Juvenile Justice Benefit Fund - 1395</u>		
Beginning Balance	\$ 121,843	\$ 161,933
Receipts	444,678	334,536
Disbursements	(404,588)	(320,616)
Ending Balance	\$ 161,933	\$ 175,853
 <u>Juvenile Justice Inmate Trust Fund - 1396</u>		
Beginning Balance	\$ 40,085	\$ 34,852
Receipts	533,373	498,210
Disbursements	(538,606)	(498,607)
Ending Balance	\$ 34,852	\$ 34,455

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

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 6

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Fiscal Years Ended June 30, 2011 and 2012

	Equipment	Land and Land Improvements	Buildings	Site Improvements	Capital Lease Equipment	Total
Balance at July 1, 2010	\$ 11,799,904	\$ 1,910,375	\$ 181,632,648	\$ 8,649,497	\$ 50,180	\$ 204,042,604
Additions	3,323,513	-	363,625	-	8,975,690	12,662,828
Deletions	164,268	-	-	-	50,180	214,448
Net Transfers	161,172	-	56,968	-	-	218,140
Balance at June 30, 2011	<u>\$ 15,120,321</u>	<u>\$ 1,910,375</u>	<u>\$ 182,053,241</u>	<u>\$ 8,649,497</u>	<u>\$ 8,975,690</u>	<u>\$ 216,709,124</u>
Balance at July 1, 2011	\$ 15,120,321	\$ 1,910,375	\$ 182,053,241	\$ 8,649,497	\$ 8,975,690	\$ 216,709,124
Additions	382,218	-	69,625	-	-	451,843
Deletions	121,999	-	-	36,972	-	158,971
Net Transfers	(220,906)	-	1,876,825	-	-	1,655,919
Balance at June 30, 2012	<u>\$ 15,159,634</u>	<u>\$ 1,910,375</u>	<u>\$ 183,999,691</u>	<u>\$ 8,612,525</u>	<u>\$ 8,975,690</u>	<u>\$ 218,657,915</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 7

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For Fiscal Years Ended June 30, 2012, 2011 and 2010

	2012	2011	2010
<u>Fund 0001 - General Revenue Fund</u>			
Illinois Youth Centers:			
Jury duty	\$ 1,089	\$ 1,127	\$ 220
Dormant trust accounts	10,922	12,728	6,674
Park Vending Resident Fund	-	-	223
Contraband money	-	-	246
General Office	2,187	-	28
Employee purchase of coat	-	-	105
Subpoena fee	-	-	3,736
Chit replacement	-	-	74
Copy fees	-	1,192	-
Prior year refunds	3,243	3,217	863
	17,441	18,264	12,169
Total - Fund 0001			
<u>Fund 0523 - Department of Corrections Reimbursement Fund</u>			
General Office:			
Illinois Criminal Justice Information Authority	1,129,859	859,642	920,366
Illinois State Board of Education	3,898,759	3,784,946	3,854,216
General Revenue Fund	518,929	531,133	528,126
Illinois Department of Human Services	191,611	120,985	236,800
Private organizations	-	200,000	-
U.S. Department of Justice	-	-	346,149
Reimbursement - library card copies	-	-	1,511
Reimbursement - other youth cost recoveries	10,222	8,851	41,276
Profit - youth commissary sales	20,610	13,165	50,466
Federal Stimulus Package - ARRA	2,431,926	868,009	391,205
Prior year refunds	-	-	2,096
	8,201,916	6,386,731	6,372,211
Total - Fund 0523			
	\$ 8,219,357	\$ 6,404,995	\$ 6,384,380

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

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

For the Fiscal Years Ended June 30, 2012 and 2011

	Fund 0001 General Revenue Fund	Fund 0523 Department of Corrections Reimbursement Fund	Total
<u>Fiscal Year 2012</u>			
Receipts per Department records	\$ 17,441	\$ 8,201,916	\$ 8,219,357
Deposits in-transit to the State Comptroller:			
Beginning of year	-	108,715	108,715
End of year	26,287	-	26,287
Adjustments to be made to Department records - miscellaneous	-	(108,715)	(108,715)
Deposits recorded by the State Comptroller	<u>\$ 43,728</u>	<u>\$ 8,201,916</u>	<u>\$ 8,245,644</u>
<u>Fiscal Year 2011</u>			
Receipts per Department records	\$ 18,264	\$ 6,386,731	\$ 6,404,995
Deposits in-transit to the State Comptroller:			
Beginning of year	17	14,703	14,720
End of year	-	108,715	108,715
Adjustments to be made to Department records - miscellaneous	(17)	(14,703)	(14,720)
Deposits recorded by the State Comptroller	<u>\$ 18,264</u>	<u>\$ 6,495,446</u>	<u>\$ 6,513,710</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 9

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Fiscal Years Ended June 30, 2012 and 2011

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in expenditures greater than 20% of total expenditures for that category and \$100,000 as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds are detailed below. Other fluctuations were also included that fell outside of that threshold because they were thought to be qualitatively significant by the accountants.

*Personal Services*

Personal service expenditures increased in fiscal year 2011 from 2010 due to the addition of Aftercare agents and staff and as a result of required bargaining agreement raises.

*Retirement*

Retirement expenditures increased in fiscal year 2011 and fiscal year 2012 due to a combination of reasons. Additional staff were hired in fiscal year 2011 for the Aftercare program. In addition, the required bargaining unit raises impacted this fluctuation. Finally, the retirement rate increased from 30.253% in fiscal year 2011 to 34.190% in fiscal year 2012.

*Group Insurance*

Group insurance expenditures increased in both fiscal year 2011 and 2012. Both fiscal year increases were attributable to the addition of the Aftercare agents paid from the Department of Corrections Reimbursement Fund (0523) through grant programs.

*Travel*

Travel expenditures increased during fiscal year 2011 from 2010. The increase was a result of Illinois Youth Center – Chicago (IYC Chicago) incurring approximately \$99,000 of travel expense related to a memorandum of understanding (MOU) authorizing employees to be paid for their travel while temporarily assigned to work at different institutions while IYC Chicago was being repaired due to tornado damage. In fiscal year 2012 expenditures decreased as a result of the MOU no longer being in effect.

*Equipment*

Equipment expenditures decreased from fiscal year 2010 to fiscal year 2011 because, during fiscal year 2010, the majority of the vehicles for the Aftercare agents were purchased with ARRA funds. Additionally, computers and associated equipment were purchased with grant funds in fiscal year 2010. Such purchases did not occur during fiscal year 2011.

### *Telecommunications Services*

Telecommunications services expenditures increased from fiscal year 2010 to fiscal year 2011 as a result of Star-com radios being purchased for the Aftercare agents with ARRA funds.

### *Lump Sums and Other Purposes*

Lump sums and other purposes expenditures increased from fiscal year 2010 to fiscal year 2011 due to the Department incurring payments associated with a health care provider tort claim. Expenditures decreased from fiscal year 2011 to fiscal year 2012 due to a combination of reduced prompt payment expenditures and not having any payments related to the health care provider claim noted in fiscal year 2011.

### *Awards and Grants*

Awards and grants expenditures increased from fiscal year 2010 to fiscal year 2011 as a result of tort claim payments made during fiscal year 2011. Expenditures decreased from fiscal year 2011 to fiscal year 2012 due to the Department not having another tort claim payment in fiscal year 2012.

### *Permanent Improvements*

Permanent improvements expenditures increased from fiscal year 2011 to fiscal year 2012 as a result of a one-time purchase of suicide prevention furniture for Illinois Youth Center - St. Charles. Funding for this project started in fiscal year 2011 and the project was completed during fiscal year 2012.

### *Refunds*

Refunds expenditures increased from fiscal year 2011 to fiscal year 2012 due to an increase in federal grant refunds during the fiscal year. The majority of the refunds were for the unused portions of the Illinois Criminal Justice Information Authority grant and the Department of Human Services grant.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 10

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the Fiscal Years Ended June 30, 2012 and 2011

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in receipts greater than 20% of total receipts for that category and \$100,000 as presented in the Comparative Schedule of Cash Receipts are detailed below. Other fluctuations were also included that fell outside of that threshold because they were thought to be qualitatively significant by the accountants.

Department of Corrections Reimbursement Fund – 0523

Receipts for the Illinois Criminal Justice Information Authority (ICJIA) increased from fiscal year 2011 to fiscal year 2012 due to an annual fluctuation in the award amount for the Young Offender Re-entry Program.

Receipts for the Illinois Department of Human Services decreased from fiscal year 2010 to fiscal year 2011 due to the total award amount provided by the Department of Human Services (DHS) and the timing of the payment received from DHS.

Receipts from private organizations represented \$200,000 received from the MacArthur Foundation in fiscal year 2011. The Department did not receive such funds in fiscal years 2010 or 2012.

Receipts for the U.S. Department of Justice decreased from fiscal year 2010 to fiscal year 2011. The Department's Illinois Prisoner Reentry Program, which was funded through this source, ended in November 2009. Therefore, the Department did not receive any receipts from the U.S. Department of Justice subsequent to fiscal year 2010.

Receipts from the Federal Stimulus Package – ARRA increased from fiscal year 2010 to fiscal year 2011 as a result of a Federal grant received by the Department to hire additional staff for the Aftercare program. During fiscal year 2012, receipts from the Federal Stimulus Package increased again which allowed the Department to hire more staff.



ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The Department of Juvenile Justice's (Department) explanations for significant lapse period spending greater than 20% of total expenditures for that category and \$100,000 as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for fiscal years 2012 and 2011 are detailed below. Other fluctuations were also included that fell outside of that threshold because they were thought to be qualitatively significant by the accountants.

General Revenue Fund – 0001

*General Office – Operational Expenses, Awards, Grants and Permanent Improvements*

This was due to the majority of the invoices being received late in fiscal year 2011 or during the lapse period.

*General Office – Electronic Data Processing*

Expenditures were for the Department's portion of the Statistical Services Revolving Fund for services provided through the Department of Corrections. The Public Safety Shared Services Center notified the Department during the lapse period to pay its portion of this invoice for fiscal year 2012 expenditures.

*General Office – Repairs, Maintenance, and Other Capital Improvements*

This was due to invoices being received entirely during the lapse period.

*School District – Contractual Services*

This was due to over half of the invoices for these expenditures being received at the end of June 2012 or during lapse period.

*After Care Services – Contractual Services*

This was due to a majority of the invoices being received at the end June 2012 or during the lapse period.

*Illinois Youth Centers - Equipment*

The majority of the invoices for equipment were not received until the end of June 2012 or during the lapse period.

## Capital Development Fund

### *General Office – Health and Life Safety Improvements at Juvenile Justice Facilities*

This appropriation was to purchase suicide prevention furniture for some of the juvenile facilities. Work on this project was not completed until later in the fiscal year; therefore, the invoice was not vouchered until the lapse period of fiscal year 2011.

## Department of Corrections Reimbursement Fund

### *Federal Stimulus – ARRA – Federal Recovery and Programs*

Approximately half of the lapse period expenditures were for the purchase of Aftercare radios. There were also two June payrolls which were not vouchered until the lapse period, totaling \$56,328. The remainder was for equipment purchased for which invoices were not received until lapse period.

### *General Office – Federal Programs*

Approximately \$352,885 of the lapse period expenditures pertained to invoices received at the end of June 2012 or during the lapse period.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

Schedule 12

ANALYSIS OF ACCOUNTS RECEIVABLE

For the Fiscal Years Ended June 30, 2012 and 2011

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

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Fiscal Years Ended June 30, 2012 and 2011  
(Not Examined)

Mission Statement

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

Organization

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

Kurt Friedenauer was the Director through July 14, 2010. Arthur Bishop was appointed Acting Director on July 16, 2010 and was confirmed Director on August 1, 2010. The Director's office is at 707 N. 15<sup>th</sup> Street, Springfield, IL 62702.

As of the report date, the Department operates the following Illinois Youth Centers (IYC), which are listed by security level:

Security Level	Center Name
Maximum	IYC Warrenville
Medium	IYC Chicago, IYC Kewanee, IYC St. Charles
Multiple	IYC Harrisburg
Minimum	IYC Pere Marquette

During the examination period, the Department also operated IYC Murphysboro (minimum) and IYC Joliet (maximum). IYC Murphysboro closed on January 4, 2013 and IYC Joliet closed on February 12, 2013.

## Internal Organization and Programs

The function of the Administrative Office is to provide strategic planning and support services to all of the Department's facilities and divisions. The team is guiding the Department's transformation efforts from an adult-focused, punitive model to a therapeutic and rehabilitative model of care. The Administrative Office also interacts with other governmental agencies such as the Department of Corrections, Department of Children and Family Services, Department of Human Services and city and county governments to utilize the administrative services detailed in interagency agreements.

Programming services and activities provided to youth at the IYCs include:

### *Clinical Services*

- **Case Management:** A written program case plan/treatment plan is initiated to set realistic attainable goals for academics, behavior, mental health, substance abuse, and other necessary programming. All facilities document the program services that youth receive throughout their stay in the facilities; case plans facilitate the effective coordination of program activities and are developed through individual and multi-disciplinary counseling sessions with all youth.
- **Field Services:** All facilities coordinate plans for youth needing housing placement in the community.
- **Community Reintegration:** Youth are educated on the importance of rule compliance and expectations while on parole status. Parole school is provided to all youth prior to presentation to the Prisoner Review Board.
- **Grant Initiatives and Special Programs:** Each facility establishes and develops programs that address the special needs of youth (i.e. behavioral health, co-occurring disorders, and trauma) by providing evidence base or evidence informed practices.

### *Mental Health Services*

- **Reception Services:** The Department utilizes a variety of instruments to screen and assess all youth at intake. These diagnostic evaluations determine the basic service needs for youth.
- All facilities provide mental health services for youth, which includes psychological and psychiatric services. Youth can be assigned to individual or group therapy. The Department currently has two Special Treatment Programs at IYC St. Charles and Kewanee. IYC St. Charles treats youth with mental health issues that are chronic in nature. IYC Kewanee treats youth with mental health issues that are more acute in nature. IYC Kewanee also provides programming for youth that are dually diagnosed with mental health and substance abuse issues. Additionally, IYC Kewanee houses the treatment unit for youth adjudicated of sexual offenses.
- All facilities now provide Structured Psychotherapy for Adolescent Responding to Chronic Stress Groups (SPARCS). This group helps youth address their traumatic experiences. The SPARCS program is a strength-based approach that helps youth support skills they already possess and foster new ways of coping. The program also provides group members with freedom to address problems that are important to them and create

opportunities for change. This program provides youth with skills to help them to become productive citizens thereby reducing recidivism

- The Family Integrated Transitions (FIT) Program is a pilot at IYC Chicago. FIT provides integrated individual and family services to juvenile offenders with mental health and chemical dependency disorders during the period of the youth's transition from incarceration back to the community. The goals of the FIT program include lowering the risk for recidivism, connecting the family with appropriate community supports, achieving youth abstinence from alcohol and other drugs, improving the mental health status of the youth, and increasing pro-social behavior.
- The Phoenix Program is a pilot at IYC Harrisburg. The goal of the Phoenix program is to better manage, in an effective and proactive manner, youth who display consistently disruptive behaviors and who normally cannot be effectively managed in a regular housing unit. This program is designed to provide intensive structure using a multidisciplinary team and evidence based practices and programming that includes the Moral Reconciliation Therapy (MRT), *Positive Behavior Interventions and Supports* (PBIS), and concepts of *Balanced and Restorative Justice* (BARJ) models.
- MRT is a systematic treatment strategy that seeks to decrease recidivism among juvenile and adult criminal offenders by increasing moral reasoning. Its cognitive-behavioral approach combines elements from a variety of psychological traditions to progressively address ego, social, moral, and positive behavioral growth. MRT takes the form of group and individual counseling using structured group exercises and prescribed homework assignments.
- Dialectical Behavior Therapy (DBT) is a pilot conducted at IYC Warrenville. DBT was developed as a treatment for Borderline Personality Disorder (BPD). However, the core behavior patterns of BPD can be found in many mental health disorders, and they are prevalent in incarcerated youth and adults. DBT is a treatment that has been found to be effective in working with a wide variety of mental health disorders and highly disruptive behaviors, including clients with both mental illness and substance use disorders.

### *Substance Abuse*

- The Substance Abuse Programs at all facilities provide Illinois Department of Human Services, Division of Alcohol and Substance Abuse level I and II substance abuse treatment for youth.
- The Substance Abuse Program at all facilities will be providing the Forward Thinking Program Curriculum. The Forward Thinking series is a cognitive-behavior program that uses evidence-based strategies to assist youth involved in the criminal justice system in making positive changes to their thoughts, feelings and behaviors.
- The Treatment Retention and Induction Program (TRIP) is a pilot program occurring at IYC's Harrisburg and Pere Marquette. The primary goal of the current proposal is to examine the effectiveness of the TRIP, aimed at improving motivation and engagement in the first few weeks of treatment, with juvenile offenders receiving substance abuse treatment. TRIP utilizes evidence-based induction and retention tools that have been developed and effectively implemented with adult treatment samples and are currently being evaluated within community-based adolescent treatment settings.

### *Leisure Time Activities*

- Structured team sports (i.e. softball, basketball, flag football, volleyball, track and field) that encourage teamwork and sportsmanship.
- Facility Events: Youth engage in holiday program events and also participate in pro-social events such as spelling bee competitions, talent shows, and art contests.

### *Volunteer Services*

- Volunteer programs are provided to all youth to offer life skills development activities (i.e. mentoring, culinary arts, and performing arts).

### *Chaplaincy Services*

- Religious programs, services, and counseling are provided on a daily basis at all facilities.

### *School District 428*

- School District 428 provides all Department facilities with remedial, high school, secondary, and college level education courses.
- School programs also include: GED preparation classes, library services, and vocational and work training programs.

In addition, School District 428 offers a hands on technology based curriculum and vocational skills to help Department youth attain their high school diploma or work towards a GED. This process called *Online Educational Enhancement*, allows the student to work on high school curriculum which meets all State and national standards. This curriculum is individualized for each student. The key academic and vocational goals are:

- Earn high school diploma
- Offer appropriate curriculum to each youth
- Increase cognitive ability
- Improve technology skills
- Youth collaboration while working on project based assignments
- Assist with transition from the Department to a youths home school, by offering appropriate and transferable curriculum
- Increase self-esteem with individual success
- Offer vocational classes for youth experience and high school/college credit

### *Cook County Aftercare*

The Cook County Aftercare Program is a comprehensive model that moves the supervision of Department youth on parole from DOC parole officers to Department Aftercare specialists. It entails the modification of the supervision duties of the parole agent working with juveniles to include case management services for the youth and their families. The Aftercare program provides a seamless array of services for the youth from their commitment to the Department through intake and assignment to a youth host facility to reentry back into the community.

The key goals of the program include:

- Lower the risk of re-offending
- Improve the youth's educational level and vocational opportunities
- Connect youth with appropriate community-based services
- Achieve abstinence from use of controlled substances and alcohol
- Improve mental health and stability of youth
- Increase pro-social behavior
- Reduce criminal recidivism
- Improve and support successful family reintegration

At this point, the Department does not publish an annual report. The Department has administrative directives, which mirror those of the Department of Corrections. The Department has begun to systematically review and revise administrative directives to ensure they are specific to the Department of Juvenile Justice and ensure they are consistent with its youth-focused mission. The Department submits various reports to mandated parties and funding sources as required by statute and grant awards.



STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AVERAGE NUMBER OF EMPLOYEES

For the Fiscal Years Ended June 30, 2012 and 2011  
(Not Examined)

The following table, prepared from Department records, presents the average number of employees for the fiscal years ended June 30, 2012 and 2011.

<u>Division</u>	<u>Fiscal Year</u>	
	<u>2012</u>	<u>2011</u>
General Office	7	3
School District	137	129
After Care Services	5	2
 <u>Youth Centers</u>		
Chicago	76	75
Harrisburg	207	215
Joliet	206	207
Kewanee	185	192
Murphysboro	76	88
Pere Marquette	37	35
St. Charles	186	203
Warrenville	<u>86</u>	<u>90</u>
Total average full-time employees	<u>1,208</u>	<u>1,239</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AVERAGE NUMBER OF EMPLOYEES – Continued

For the Fiscal Years Ended June 30, 2012 and 2011  
(Not Examined)

The following table, prepared from Department records, presents the average number of Juvenile Justice Specialists for the fiscal years ended June 30, 2012 and 2011. These totals are included in the total average full-time employees on the previous page.

<u>Youth Centers</u>	<u>Fiscal Year</u>	
	<u>2012</u>	<u>2011</u>
Chicago	59	60
Harrisburg	149	159
Joliet	155	158
Kewanee	127	131
Murphysboro	52	58
Pere Marquette	24	22
St. Charles	127	136
Warrenville	<u>57</u>	<u>59</u>
Total average Juvenile Justice Specialists	<u><u>750</u></u>	<u><u>783</u></u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME

For the Fiscal Years Ended June 30, 2012 and 2011  
(Not Examined)

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

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

The following tables, prepared from Department records, present the paid overtime and used compensatory time incurred during fiscal years 2012 and 2011.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME  
(Not Examined)

For the Fiscal Years Ended June 30, 2011 and 2012

2012

Division	Overtime Hours Paid	\$ Value of Overtime Hours Paid	Compensatory Hours Used	\$ Value of Compensatory Hours Used	Total Overtime & Compensatory Hours	Total \$ Value of Overtime & Compensatory Hours
General Office	-	\$ -	1	\$ 43	1	\$ 43
School District	34	1,658	-	-	34	1,658
After Care Services	9	366	-	-	9	366
IYC Chicago	6,057	157,172	2,545	83,393	8,602	240,565
IYC Harrisburg	2,632	139,126	5,508	184,875	8,140	324,001
IYC Joliet	7,479	350,244	13,343	417,032	20,822	767,276
IYC Kewanee	2,061	100,976	5,986	196,264	8,047	297,240
IYC Murphysboro	1,686	87,665	2,746	100,699	4,432	188,364
IYC Pere Marquette	3,231	132,231	2,312	80,911	5,543	213,142
IYC St. Charles	11,356	521,680	2,097	68,781	13,453	590,461
IYC Warrenville	3,000	149,696	3,968	132,864	6,968	282,560
<b>TOTAL</b>	<b>37,545</b>	<b>\$ 1,640,814</b>	<b>38,506</b>	<b>\$ 1,264,862</b>	<b>76,051</b>	<b>\$ 2,905,676</b>

2011

Division	Overtime Hours Paid	\$ Value of Overtime Hours Paid	Compensatory Hours Used	\$ Value of Compensatory Hours Used	Total Overtime & Compensatory Hours	Total \$ Value of Overtime & Compensatory Hours
General Office	-	\$ -	-	\$ -	-	\$ -
School District	51	1,797	10	277	61	2,074
After Care Services	41	2,581	-	-	41	2,581
IYC Chicago	3,638	168,585	3,809	125,018	7,447	293,603
IYC Harrisburg	7,678	361,530	7,739	253,561	15,417	615,091
IYC Joliet	18,015	809,599	14,978	453,524	32,993	1,263,123
IYC Kewanee	2,783	131,060	5,087	174,051	7,870	305,111
IYC Murphysboro	2,052	103,703	3,595	130,588	5,647	234,291
IYC Pere Marquette	2,407	112,271	2,640	94,649	5,047	206,920
IYC St. Charles	29,976	1,249,729	1,065	34,332	31,041	1,284,061
IYC Warrenville	4,211	198,297	4,192	136,758	8,403	335,055
<b>TOTAL</b>	<b>70,852</b>	<b>\$ 3,139,152</b>	<b>43,115</b>	<b>\$ 1,402,758</b>	<b>113,967</b>	<b>\$ 4,541,910</b>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANNUAL COST STATISTICS  
(Not Examined)

For the Fiscal Years Ended June 30, 2012 and 2011

	2012			2011		
	Rated Capacity June 30, 2012	Average Daily Population	Average Yearly Cost per Resident <sup>(1)</sup>	Rated Capacity June 30, 2011	Average Daily Population	Average Yearly Cost per Resident <sup>(1)</sup>
Illinois Youth Center <sup>(2)</sup> :						
IYC Chicago	130	89	\$ 101,562	130	67	\$ 128,204
IYC Harrisburg	276	222	89,547	276	248	80,413
IYC Joliet	344	237	79,622	344	251	74,683
IYC Kewanee	354	221	80,620	354	213	82,828
IYC Murphysboro	156	43	177,944	156	56	146,492
IYC Pere Marquette	68	24	165,968	68	15	251,761
IYC St. Charles	318	183	108,201	318	272	78,302
IYC Warrenville	108	49	175,331	108	57	153,713
Total	<u>1,754</u>	<u>1,068</u>	<u>\$ 98,907</u>	<u>1,754</u>	<u>1,179</u>	<u>\$ 90,721</u>
(Under)/over capacity		<u>(686)</u>			<u>(575)</u>	

<sup>(1)</sup> 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.

<sup>(2)</sup> Source: Facility data provided by the Illinois Department of Juvenile Justice

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

NOTES TO ANNUAL COST STATISTICS  
(Not Examined)

For the Fiscal Years Ended June 30, 2012 and 2011

The average daily population of Illinois Youth Centers (IYC) has decreased from 1,179 residents for fiscal year 2011 to 1,068 residents for fiscal year 2012. This represents a 9% resident decrease for fiscal year 2012. The rated capacity of IYC at June 30, 2012 was 1,754 residents.

The average yearly cost per resident was \$90,721 and \$98,907 for fiscal years 2011 and 2012, respectively.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

PARTICIPATING EDUCATIONAL INSTITUTIONS  
SCHOOL DISTRICT #428  
(Not Examined)

For the Fiscal Years Ended June 30, 2012 and 2011

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

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

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

EMERGENCY PURCHASES  
(Not Examined)

For the Fiscal Years Ended June 30, 2011 and 2012

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2011 and 2012:

Description	Estimated Amount	Actual Amount
<b>Fiscal Year 2011</b>		
The current grant and vendor contract for IYC St. Charles' substance abuse treatment program will end on 9/30/10. There is insufficient time to publish the RFP for 30 days prior 10/1/10. This emergency purchase is for the substance abuse treatment program to be bid out during this 90-day extension period.	\$ 65,551	\$ 57,475
The current grant and vendor contract for IYC Joliet's substance abuse treatment program will end on 9/30/10. There is insufficient time to publish the RFP for 30 days prior 10/1/10. This emergency purchase is for the substance abuse treatment program to be bid out during the 90-day extension period.	38,887	38,656
The current grant and vendor contract for IYC Chicago's Juvenile Male Reentry Program ends on 9/30/10 with no renewals remaining. This emergency purchase was for an extension in order to prevent loss of direct services to incarcerated and paroled juvenile males.	98,000	77,481
At IYC St. Charles, the main dishwasher is not working properly. The facility houses approximately 275 youth who are served 3 meals a day, and the trays, plastic glasses and plastic forks must be washed after every meal. The dishwasher leaks water during the rinse phase, and it can no longer be repaired due to its age.	50,000	49,991
At IYC Pere Marquette, the boiler in the dorm/restrooms/shower area of the youth living area is completely inoperable and needs to be replaced. There is no heat in these areas.	50,000	69,684
This emergency purchase will give IYC Pere Marquette sufficient time to finish the bidding process for a full five year contract for the substance abuse program.	73,800	-



Description	Estimated Amount	Actual Amount
At IYC Chicago, the second floor is used for storage, but can no longer be used due to its deteriorated condition and damaged interior surfaces and mold growth making it unsanitary for use. The roof needs to be replaced.	\$ 170,000	\$ -
At IYC Harrisburg, the main sewer line from building C has collapsed. This is preventing water and waste from being removed from plumbing of units 6, 8 and central laundry. If not repaired, the sewers will back into the housing units and central laundry causing potential health risks and damage to State property.	44,470	23,463
Due to the retirement of the person who oversaw the substance abuse program at IYC Chicago, the business administrator was never notified to start the process to place the program out for bid. Therefore, this emergency purchase is for a 90 day extension until another bid is put in place.	60,000	-
The current purchase of care contract for IYC Chicago ends on 6/27/11. There is insufficient time to allow for this procurement process, which would include posting an RFP for 30 days. The extension will prevent loss of direct services to incarcerated and paroled juvenile males.	98,000	75,517
IYC Warrenville had a severe power surge on 12/12/10, causing a loss of power, heat and damaging numerous computers, kitchen appliances, and the main control board switch. The main generator was also damaged during the power surge.	-	37,561
<b>Total Fiscal Year 2011</b>	<b>\$ 748,708</b>	<b>\$ 429,828</b>

**Fiscal Year 2012**

This emergency purchase will give IYC Pere Marquette sufficient time to finish the bidding process for a full five year contract for the substance abuse program.	\$ 147,600	\$ 245,225
Due to the retirement of the Substance Abuse Program Manager and the facility Business Manager, the old contract was allowed to expire before a new contract could be bid out. This is an emergency purchase in order for IYC Chicago to continue services during the procurement process.	45,000	-
A youth at IYC St. Charles committed suicide, and as a result of a lawsuit and subsequent court order, the facility is making the rooms more suicide deterrent. The court mandated a time frame in which the rooms must be completed, and the regular bid process would not allow the facility to meet that deadline.	65,000	-

Description	Estimated Amount	Actual Amount
This emergency purchase will give IYC Pere Marquette sufficient time to finish the bidding process for a full five year contract for the substance abuse program.	\$ 73,800	\$ -
This emergency purchase will give IYC Chicago sufficient time to finish the bidding process and allow for continued substance abuse programs.	42,000	-
At IYC St. Charles, the control panel for the main generator is malfunctioning and needs to be replaced. The faulty control panel is causing the generator to start up while the facility still has power, and in the event of an actual power outage the generator would not start, leaving the facility without power.	71,575	-
This emergency purchase will give IYC Chicago sufficient time to finish the bidding process and allow for continued substance abuse programs.	42,882	-
This emergency purchase will give IYC Pere Marquette sufficient time to finish the bidding process and allow for continued substance abuse programs.	73,800	-
Reorder of shelving units for IYC St. Charles based upon the original order being the wrong size. The emergency purchase is needed in order to meet the court ordered deadline.	-	400,307
A youth at IYC St. Charles recently committed suicide. As a result of a lawsuit and court order, the facility is making the rooms more suicide deterrent. Supplies that were ordered were the wrong size. The emergency purchase is needed in order to meet the court ordered deadline.	65,000	-
At IYC St. Charles, an 8 inch flange on the supply line that feeds the water tower is leaking and needs to be repaired or replaced.	60,000	-
An emergency procurement is necessary to ensure that youth at the Youth Centers continue to have access to necessary medical, behavioral, and mental services while a new procurement is completed.	<u>2,815,665</u>	<u>-</u>
Total Fiscal Year 2012	<u>\$ 3,502,322</u>	<u>\$ 645,532</u>

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

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

For the Fiscal Years Ended June 30, 2012 and 2011

<b>Illinois Youth Center</b>	<b>Fiscal Year 2012</b>	<b>Fiscal Year 2011</b>
IYC Chicago	7	2
IYC Harrisburg	17	19
IYC Joliet	5	5
IYC Kewanee	13	18
IYC Murphysboro	0	0
IYC Pere Marquette	1	1
IYC St. Charles	10	21
IYC Warrenville	14	17
Total	67	83

Source: Department of Corrections Planning and Research

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Fiscal Years Ended June 30, 2011 and 2012  
(Not Examined)

**Mission and Organization**

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

***Improvements to Education*** – The Department will be focused on enhancing the quality of education for committed youth. School District 428 continues to work collaboratively with the State Board of Education to develop an enhanced educational curriculum and specialized programming and services for committed youth that ensures federal and state educational program compliance. To ensure that the school district retains qualified staff, recruitment efforts have been underway during this fiscal year to identify additional certified, bi-lingual, and physical education instructors. Special education instructors will be hired to help build a cohesive educational team.

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

## Department of Juvenile Justice

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

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

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

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

**Statutory Authority:** 730 ILCS 5

	<u>Fiscal Year 2010 Actual</u>	<u>Fiscal Year 2011 Actual</u>	<u>Fiscal Year 2012 Target /Projected</u>	<u>Fiscal Year 2012 Actual</u>	<u>Fiscal Year 2013 Target /Projected</u>
<b><u>Input Indicators</u></b>					
• Total expenditures – all sources (in thousands)	\$ 120,526.5	\$ 125,901.4	\$ 126,430.5	\$ 131,901.4	\$ 118,651.9
• Total expenditures – state appropriated funds (in thousands)	\$ 120,526.5	\$ 125,901.4	\$ 126,430.5	\$ 131,901.4	\$ 118,651.9
• Average monthly full-time equivalents	1,237.0	1,245.0	1,245.0	1,210.0	1,086.0
<b><u>Output Indicators</u></b>					
• Percentage of juveniles returned to youth centers within three years of release	48.6%	N/A	N/A	45.8%	43.8%
• Education spending per capita (in thousands)	\$ 7.6	\$ 8.0	\$ 10.4	\$ 9.2	\$ 11.1
• Aftercare services spending per capita (in thousands)	\$ 1.4	\$ 1.5	\$ 2.7	\$ 2.3	\$ 4.8