

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ELGIN MENTAL HEALTH CENTER

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois



STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
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CENTER OFFICIALS

Interim Network Executive Director (8/25/07 – present)	Mr. Raul Almazar, RN, MA
Network Executive Director (12/1/05 – 8/24/07) (7/1/05 – 11/30/05)	Mr. Charles Hoffman Dr. Bruce Bonecutter, Ph.D.
Hospital Administrator (9/1/05 – present)	Mr. Raul Almazar, RN, MA
Interim Hospital Administrator (7/1/05 – 8/31/05)	Mr. Raul Almazar, RN, MA
Medical Director, Forensic	Mr. Daniel Hardy, M.D., J.D.
Medical Director, Community Psychiatric Service	Ms. Malini Patel, M.D.
Business Office Administrator (4/2/07 – present) (1/1/07 – 4/1/07) - Acting (2/2/06 – 12/31/06) – Consultant (7/1/05 – 1/31/06)	Mr. Tajudeen Ibrahim Mr. Ben Newhouse Mr. Michael Gevers Mr. Divakaran Anbudaiyan

The Center is located at:

750 S. State Street
Elgin, IL 60123-7692

Rod R. Blagojevich, Governor



Carol L. Adams, Ph.D., Secretary

Division of Mental Health - Region 2
Elgin Mental Health Center - Singer Mental Health Center

RECOVERY IS OUR VISION
Recovery is a Personal Journey of Hope, Healing, Growth, Choice, and Change

April 22, 2008

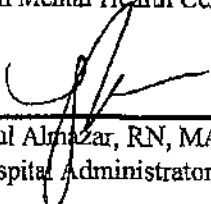
Prado & Renteria, CPAs Prof. Corp.
1837 S. Michigan Ave.
Chicago, Illinois 60616

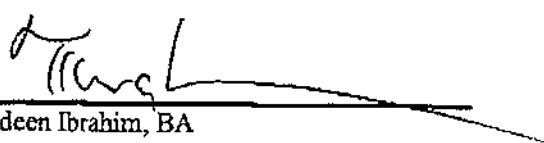
Ladies and Gentlemen:

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 Center. 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 Center's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2006 and June 30, 2007, the Center has materially complied with the assertions below.

- A. The agency 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 agency 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 agency 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 agency 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 agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,
Elgin Mental Health Center


Raul Almazar, RN, MA
Hospital Administrator


Tajudeen Ibrahim, BA
Fiscal Services Administrator

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes relates only to those chapters of the "Audit Guide for Performing Financial Audits and Compliance Attestation Examinations of Illinois State Agencies" (*Audit Guide*) which are identified in the report as having compliance testing performed.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	4	5
Repeated findings	3	1
Prior recommendations implemented or not repeated	2	2

Details of findings are presented in a separately tabbed report section of this report.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
CURRENT FINDINGS		
07-1	9-10	Inadequate controls over accounts receivable
07-2	11-12	Inadequate documentation of locally held fund expenditures
07-3	13-14	Perpetual inventory system not updated timely
07-4	15	Excess inventory levels
PRIOR FINDINGS NOT REPEATED		
07-5	16	Failure to complete employee performance evaluations in a timely manner
07-6	16	Special revenue funds not remitted on time

EXIT CONFERENCE

Center officials waived an exit conference in a letter dated March 18, 2008. Responses to the recommendations were provided by Carol L. Adams, Secretary, Illinois Department of Human Services, in a letter dated April 8, 2008.



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 performed a limited scope compliance examination of the State of Illinois Department of Human Services – Elgin Mental Health Center's (Center) compliance with the requirements listed below, as more fully described in the Audit Guide for Performing 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, 2007. The management of the State of Illinois Department of Human Services – Elgin Mental Health Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Human Services – Elgin Mental Health Center's compliance based on our examination.

- A. The State of Illinois Department of Human Services – Elgin Mental Health Center 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 State of Illinois Department of Human Services – Elgin Mental Health Center 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 State of Illinois Department of Human Services – Elgin Mental Health Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois Department of Human Services – Elgin Mental Health Center 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 State of Illinois Department of Human Services – Elgin Mental Health Center on behalf of the State or held in trust by the State of Illinois Department of Human Services – Elgin Mental Health Center have been properly and legally administered and the accounting and recordkeeping relating thereto, is proper, accurate, and in accordance with law.

Our limited scope compliance examination of the Center was limited to the following areas of the *Audit Guide*:

- Chapter 8 – Personal Services Expenditures
- Chapter 9 – Contractual Services Expenditures
- Chapter 11 – Commodities Expenditures
- Chapter 17 – Revenues, Refunds and Receivables
- Chapter 18 – Appropriations, Transfers and Expenditures
- Chapter 22 – Review of Agency Functions and Planning Program
- Chapter 30 – Auditing Compliance With Agency Specific Statutory Mandates

The areas of the *Audit Guide* not examined at the State of Illinois Department of Human Services – Elgin Mental Health Center have had procedures performed on a Department-wide basis through the compliance examination of the Department of Human Services - Central Office, and accordingly, any findings from the results of those procedures have been included in the Department of Human Services – Central Office compliance report. We have also performed certain procedures with respect to the accounting records of the State of Illinois Department of Human Services – Elgin Mental Health Center to assist in the performance of the Auditor General’s financial statement audit of the entire Department of Human Services for the year ended June 30, 2007. The results of these additional procedures have been communicated to the Department of Human Services – Central Office auditors.

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 State of Illinois Department of Human Services – Elgin Mental Health Center’s compliance with those requirements 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 State of Illinois Department of Human Services – Elgin Mental Health Center’s compliance with specified requirements.

In our opinion, the State of Illinois Department of Human Services – Elgin Mental Health Center complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2007. However, the results of our procedures disclosed instances of noncompliance with those 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 and Recommendations as findings 07-1 through 07-4.

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

Internal Control

The management of the State of Illinois Department of Human Services – Elgin Mental Health Center 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 limited scope compliance examination, we considered the State of Illinois Department of Human Services – Elgin Mental Health Center’s internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Audit Guide*, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois Department of Human Services – Elgin Mental Health Center’s internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois Department of Human Services – Elgin Mental Health Center’s internal control over compliance. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General’s financial statement audit of the entire Department of Human Services for the year ended June 30, 2007. The results of these additional procedures have been communicated to the Department of Human Services – Central Office auditors.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as items 07-1 through 07-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity’s internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Recommendations to be material weaknesses.

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

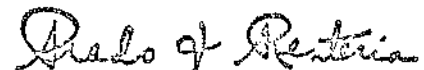
State of Illinois Department of Human Services – Elgin Mental Health Center’s response to the findings identified in our examination are described in the accompanying Schedule of Findings and Recommendations. We did not examine State of Illinois Department of Human Services – Elgin Mental Health Center’s response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General, to the 2007 and the 2006 Supplementary Information for State Compliance Purposes, except for information on Employee Overtime, Contractual Payroll Employees, Shared Resources, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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



Prado & Renteria, CPAs, Prof. Corp.

April 22, 2008

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-1 Finding -- INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE

The Center had inadequate controls over identifying a patient's ability to pay and following up on accounts receivable.

Notice of Determination

The Center did not complete the "Notice of Determination" within 60 days of admittance or did not complete it timely.

- 2 of 25 (8%) accounts receivable tested totaling \$23,892 did not have a "Notice of Determination" (DHS-612) on file.
- 6 of 25 (24%) accounts receivable tested totaling \$101,932, did not reflect timely completion of the "Notice of Determination"(DHS-612). These notices were completed 42 to 248 days after the 60-days period from date of admittance.

The Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual No. 01.04.02.03 provides that the debtor is to be notified of charges by form DMHDD-612, "Notice of Determination" prepared and mailed by Center staff. The Center's Recipient Resource Unit manual states that the Center is required to complete and issue to the recipient a "Notice of Determination" within 60 days of admittance.

Patient Financial Case Record

The Center did not maintain complete patient financial case record to support the initial setup of the patient's receivable in the billing system.

- 4 of 25 (16%) accounts receivable tested did not have a completed financial case record on file. These accounts receivable totaled \$78,424.

The Illinois Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedures Manual 01.04.02.03 states that when a recipient enters a facility, financial data is obtained from completed forms, questionnaires and interviews with recipient, relatives of recipients and other persons or organizations. Service charges are determined on the basis of financial data and documentation obtained. In addition, the Center's Recipient Resource Unit manual states that the Center is required to perform a patient financial background investigation. The investigation extends to every individual or entity that, under statute, may have an obligation or responsibility for the payment of services charged the patient.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

**07-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE
(Continued)**

Accounts Receivable Over 180 Days Old

The Center did not follow-up on accounts receivable up to 180 days old or report them as a collection problem to the Central Office.

- 12 of 25 (48%) accounts receivable tested were outstanding over 180 days and not reported as problem accounts to DHS Central Office. These accounts receivable totaled \$132,875 and ranged from \$3 to \$73,344.

According to the Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual No. 01.04.02.03, a regular recipient account is not due until end of 90-day period following the date of "Notice of Determination". The Statewide Accounting System Manual (SAMS) Policy and Procedure No. 26.40.20 states that agencies must place all debts over \$1,000 and more than 90 days past-due in the Comptroller's Offset System. Therefore at 180 days, DMHDD Policy and Procedure No. 01.04.02.03 states that Form DMHDD-681, "Notice to DMHDD Central Office of Account Collection Problem" should be completed and used to notify DMHDD Central Office of an account collection problem and to request assistance in collection.

Facility personnel believe that the notice of determinations and patient financial case records were completed, but misfiled. The facility focused on current receivables and did not clear up prior problem and unresolved accounts. As evidenced by the current billing findings, it is clear that aged receivables dated from 1988 to 2005 were not cleared up.

Inadequate identification of a patient's ability to pay, failure to follow up on accounts receivable and untimely billing could result in losses to the State. (Finding Codes No. 07-1, 05-1, 03-3)

Recommendation:

We recommend the Center comply with existing policies and procedures to process, bill and collect amounts owed.

Department Response:

Agreed. The Center will continue to allocate needed resources to the Recipient Resource Unit to process, closeout, bill, and collect all amounts owed. The Center hired a Business Manager and he is now fully trained in the areas of Medicare, Medicaid billing, and collections.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-2 Finding – INADEQUATE DOCUMENTATION OF LOCALLY HELD FUND EXPENDITURES

Checks written from the locally held funds are not supported by receipts or invoices.

Our review of 25 disbursements (totaling \$5,228) made from the locally held funds revealed the following discrepancies:

- 15 of 25 (60%) disbursements did not have invoices or receipts to support the expenditure. The total amount of disbursements without receipts was \$1,296.
 - Fourteen (14) of those disbursements totaling \$821 were made from Resident Trust Fund accounts to pay for expenses incurred on behalf of the residents. In some cases, checks written to restaurants were supported by a list of patient signatures, compiled by Center employees showing allocated amounts per patient, but not the actual receipt from the restaurant.
 - One disbursement in the amount of \$475 was from the Patient Travel Trust Fund.
- 6 of 25 (24%) disbursements did not have properly completed “Trust Fund Disbursement Authorization & Withdrawal” forms. Specifically the ‘purpose’ and ‘specify expenditure’ information was not properly completed. All of these related to the 14 disbursements noted above that did not have invoices or receipts to support the expenditure from the Resident Trust Fund and totaled \$244.

Sound business practices and the proper exercise of fiduciary responsibility would dictate that the handling of funds, which is the property of individuals in the care of the State, should be properly controlled and documented. In addition, the State Records Act 5 ILCS 160/8 states that the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency’s activities.

The Center required resident signatures to support disbursements made. The Center believed that this type of support documentation (which is currently included with the disbursement) constituted an approved source document and that invoices or receipts were not specifically required.

The failure to properly control and document the locally-held fund disbursements increases the risk of misuse of locally-held funds and represents inadequate accountability to residents, which have entrusted the State with their funds and to the State for appropriated funds. (Finding Code No. 07-2)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-2 Finding – INADEQUATE DOCUMENTATION OF LOCALLY HELD FUND EXPENDITURES (Continued)

Recommendation:

We recommend that the Center ensure that the transactions are adequately documented to support the validity of expenditures.

Department Response:

Agreed. The Center will implement a procedure to ensure all transactions are properly documented to support the validity of patients' expended funds. Trust fund authorization forms will be signed by patients with additional signatures authorizing funds release, with a note indicating check is mailed for approved transactions.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07- 3 Finding – PERPETUAL INVENTORY SYSTEM NOT UPDATED TIMELY

The Center did not process inventory adjustments on a timely basis and did not maintain adequate books of record.

A significant adjustment of \$610,995 for fiscal year 2007 for general stores was due to the non posting of adjustments during fiscal year 2006. In addition, a review of 25 vouchers and 10 commodity items revealed the following discrepancies:

- 6 of the 25 (24%) vouchers selected for testing totaling \$8,195 could not be traced to inventory system activity status reports, since the relevant pages were missing.
- 10 of the 10 (100%) commodity items sampled from the commodity control system status reports did not agree to the physical inventory counts. The un-reconciled amounts were not adjusted in the subsequent activity status reports because the perpetual inventory system was not updated timely. This was a result of not posting the inventory adjustments.
- A turnover report was not on file to calculate the turnover ratio and determine whether items of \$15,000 or more exceeded a year's supply on hand.

Department of Human Services Policy and Procedures Directive 01.06.65.02 states that the commodity control system must be maintained on a weekly basis. Prudent business practices require periodic reconciliations of physical inventories to master accounting records. In addition, the State Records Act 5 ILCS 160/8 states that the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities.

Center officials acknowledged that facility personnel were not performing necessary postings and periodic reconciliations of physical inventories to master accounting records. As a result, accurate books of record were not maintained

Account integrity is lost and there is a risk that procurement activities will be based on incorrect data when inventory systems are not maintained. (Finding Codes 07-3 and 05-3)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

**07- 3 Finding – PERPETUAL INVENTORY SYSTEM NOT UPDATED TIMELY
(Continued)**

Recommendation:

We recommend that the Center maintain and timely update its perpetual inventory system.

Department Response:

Agreed. The Center has made corrections and all necessary procedures are in place. Staff responsible for updating inventory is being closely supervised. Inventory has been reconciled and monthly reports are being reviewed for compliance.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07- 4 Finding --EXCESS INVENTORY LEVELS

The Center's records indicated that there was excess inventory on hand.

Four of 10 (40%) samples selected from the Monthly Commodity Status Report exceeded a year's supply. These items were:

<u>Item description</u>	<u>Per Monthly Commodity Status Report</u>	
	<u>Supply stock on hand</u>	<u>Total Value</u>
5 soap laundry ultrastar 10670	29 months	\$21,612.59
8 fruit juice ast flvr 4 oz can 48 cs	14 months	14,287.48
4 chicken diced cooked frozen no skin	22 months	4,782.41
Plastic garbage can liners 30 gl	20 months	8,054.46
	total	\$48,736.94

Department of Human Services Policy and Procedures Directive 01.06.65.02 states that the commodity control system must be maintained on a weekly basis. Prudent business practices require periodic reconciliations of physical inventories to master accounting records.

Center officials indicated that the Monthly Commodity Status Report erroneously reflected excess inventory on hand as a result of inventory adjustments not being posted.

Inadequate physical inventory procedures may result in excess levels of inventory which can tie up resources and result in spoilage and a risk that procurement activities will be based on incorrect data. (Finding Codes 07-4 and 05-4)

Recommendation:

We recommend the Center comply with existing policies and procedures to maintain and timely update the perpetual inventory system.

Department Response:

Agreed. The Center's Store Manager and Fiscal Director are closely monitoring inventory levels, and all existing Policies and Procedures are being followed. The Center continues to utilize existing excess inventory and monitoring purchases accordingly.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Prior Findings Not Repeated

07-5 Finding - FAILURE TO COMPLETE EMPLOYEE PERFORMANCE EVALUATIONS
IN A TIMELY MANNER

The Center did not complete employee performance evaluations in a timely manner.

Twelve personnel files out of fifty (24%) files tested did not include annual performance evaluations based on the employee's creditable service date. Performance evaluations ranged from three to eleven months late. (Finding Code No. 05-2)

Status – not repeated

Our sample testing of performance evaluations showed all were done timely.

07-6 Finding – SPECIAL REVENUE FUNDS NOT REMITTED ON TIME

The Center did not remit excess special revenue funds timely.

Excess Special Revenue Rehabilitation Fund funds totaling \$9,200 were remitted nine months after the required remittance day. (Finding Code 05-5)

Status – not repeated

Our sample testing did not disclose any untimely remittances.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Description of Locally Held Funds
- Schedule of Locally Held Funds -- Cash Basis
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Deposits
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending
- Schedule of Changes in Inventories
- Analysis of Accounts Receivable

Analysis of Operations

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Contractual Payroll Employees (not examined)
- Shared Resources (not examined)
- Center Utilization (not examined)
- Annual Center Statistics
 - Cost Per Year / Day Per Resident (not examined)
 - Ratio of Employees to Residents (not examined)
 - Reported Employee Job Injuries (not examined)
 - Food Service (not examined)
- Service Efforts and Accomplishments (not examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General, except for information on Employee Overtime, Contractual Payroll Employees, Shared Resources, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2007	LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2007	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2007	BALANCES LAPSED AUGUST 31, 2007
PUBLIC ACT 94-0798					
GENERAL REVENUE FUND - 001					
Personal Services	\$ 46,512,000	\$ 43,135,743	\$ 1,977,879	\$ 45,113,622	\$ 1,398,378
Employee retirement contributions paid by employer	-	-	-	-	-
State contributions to state employees' retirement system	5,324,500	4,961,494	227,514	5,189,008	135,492
State contributions to Social Security	3,216,100	3,069,885	145,975	3,215,860	240
Contractual Services	4,516,500	3,931,589	484,893	4,416,482	100,018
Travel	32,500	31,389	1,056	32,445	55
Commodities	1,200,800	1,108,302	41,046	1,149,348	51,452
Printing	24,200	24,118	-	24,118	82
Equipment	155,000	62,137	92,443	154,580	420
Telecommunications services	270,600	202,225	66,473	268,698	1,902
Operation of auto equipment	134,200	112,189	17,656	129,845	4,355
Expenses related to living skills program	31,200	16,940	-	16,940	14,260
Costs associated with behavioral health services	7,609,900	6,844,401	615,474	7,459,875	150,025
Total	\$ 69,027,500	\$ 63,500,412	\$ 3,670,409	\$ 67,170,821	\$ 1,856,679

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	EXPENDITURES THROUGH JUNE 30, 2006	LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2006	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2006	BALANCES LAPSED AUGUST 31, 2006
APPROPRIATIONS				
NET OF TRANSFERS				
\$ 44,109,100	\$ 42,077,890	\$ 1,947,970	\$ 44,025,860	\$ 83,240
498,600	498,311	195	498,506	94
3,440,000	3,272,621	151,495	3,424,116	15,884
3,153,000	2,999,837	144,091	3,143,928	9,072
4,674,100	3,221,742	1,398,898	4,620,640	53,460
42,500	37,339	4,719	42,058	442
1,351,800	1,190,729	88,009	1,278,738	73,062
31,100	22,213	7,454	29,667	1,433
126,800	73,536	53,105	126,641	159
225,500	186,207	36,989	223,196	2,304
123,500	107,306	15,865	123,171	329
31,200	16,912	4,099	21,011	10,189
7,609,900	7,109,155	498,348	7,607,503	2,397
\$ 65,417,100	\$ 60,813,798	\$ 4,351,237	\$ 65,165,035	\$ 252,065

PUBLIC ACTS 94-0015 & 94-0798

GENERAL REVENUE FUND - 001

Personal Services
Employee retirement contributions paid by employer
State contributions to state employees' retirement system
State contributions to Social Security
Contractual Services
Travel
Commodities
Printing
Equipment
Telecommunications services
Operation of auto equipment
Expenses related to living skills program
Costs associated with behavioral health services

Total

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
YEARS ENDED JUNE 30,

	FISCAL YEARS		
	2007	2006	2005
	P.A. 94-0798	P.A. 94-0015 & 94-0798	P.A. 93-0842
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	\$ 69,027,500	\$ 65,417,100	\$ 67,573,124
EXPENDITURES			
Personal services	45,113,622	44,025,860	44,039,938
Employee retirement contributions paid by employer	-	498,506	79,523
State contributions to state employees' retirement system	5,189,008	3,424,116	6,861,238
State contributions to Social Security	3,215,860	3,143,928	3,045,244
Contractual services	4,416,482	4,620,640	3,666,578
Travel	32,445	42,058	41,381
Commodities	1,149,348	1,278,738	998,472
Printing	24,118	29,667	18,283
Equipment	154,580	126,641	49,465
Telecommunications services	268,698	223,196	271,900
Operations of auto equipment	129,845	123,171	115,184
Expenses related to living skills program	16,940	21,011	21,187
Costs associated with behavioral health services	7,459,875	7,607,503	7,387,296
Total Expenditures	<u>67,170,821</u>	<u>65,165,035</u>	<u>66,595,689</u>
LAPSED BALANCES	<u>\$ 1,856,679</u>	<u>\$ 252,065</u>	<u>\$ 977,435</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2007

The locally held funds of the Center are grouped into two fund categories. These are nonappropriated funds with the exception of the Living Skills Fund and Patient Travel Trust Fund, which are appropriated funds. The funds are not held in the State Treasury and are described as follows:

1. Governmental Funds

General Funds

The General Funds consist of the Living Skills Fund, Patient Travel Trust Fund and Petty Cash account. These funds and account are used to record the activity of monies received from the State's General Revenue Fund for designated purposes.

The Living Skills Fund (SAMS fund number 1214) was established to provide behavioral modification programs for residents. The source of revenue is State appropriation. The revenue is expended by distributing reward payments that are earned by residents by achievement of desired behavioral modifications.

The Patient Travel Trust Fund (SAMS fund number 1247) was established to provide for transportation of residents without funds. The source of revenue is State appropriation. Expenditures are for travel costs incurred to transport indigent recipients to another facility or to their home upon discharge.

Special Revenue Funds

The Special Revenue Funds consists of the DHS Other Special Trusts Fund and the DHS Rehabilitation Fund. These funds are used to account for the proceeds of a specific revenue source that are legally restricted to expenditures for specific purposes.

The DHS Other Special Trust Fund (SAMS fund number 1139) was established to provide for the special comfort, pleasure and amusement of the residents. The primary sources of revenue for the fund is a percentage of vending machine commissions and monies donated for resident use. Also, any unclaimed Resident's Trust Fund balance of a resident separated from the Center for two years is transferred to this fund with the provision that the resident is entitled to the money upon application. These funds are then used for activities and materials to help fulfill the residents needs in these areas.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2007

The DHS Rehabilitation Fund (SAMS fund number 1144) was established to provide workshop services for individuals with the potential for gainful employment and independent living and for long-term employment of persons capable of working in a sheltered environment. The source of revenue is payments for contractual services provided by residents to outside enterprises for workshop production. Expenditures are for materials, supplies, and resident wages for work performed.

2. Fiduciary Fund Type

Agency Funds

The Agency Funds consist of the DHS Resident's Trust Fund and the Burr Bequest Fund. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The DHS Resident's Trust Fund (SAMS fund number 1143) is maintained as a depository for funds of residents while in residence at the Center. The fund also is used to receive Social Security monies obtained to pay for resident billings. Disbursements from the fund consist primarily of withdrawals of monies for recipients' personal use at the Center or when discharged as well as payments to the Department of Human Services Central Office for care and treatment charges billed to the recipient.

The Burr Bequest Fund (SAMS fund number 1272) was established through the bequest of Jonathan Burr. The fund consists of a permanently restricted principal investment, through which the income generated is used for the betterment of the patient care at Elgin Mental Health Center.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
JUNE 30, 2007

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1272 Burr Request Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund
Balance - July 1, 2006	\$ 18,271	\$ 82,374	\$ 73,663	\$ 1,011,858	\$ 5,733	\$ 3,831
Receipts						
Income from Sales	68,690	6,564	-	-	-	-
Investment Income	112	1,658	-	49,348	-	-
Resident deposits	-	-	330,675	-	-	-
Donations	-	4,441	-	-	-	-
Appropriations	-	-	-	-	21,039	7,527
Vending machine commissions	-	16,800	-	-	-	-
Other	-	1,118	-	-	-	-
Total Receipts	<u>\$ 68,802</u>	<u>\$ 30,581</u>	<u>\$ 330,675</u>	<u>\$ 49,348</u>	<u>\$ 21,039</u>	<u>\$ 7,527</u>
Disbursements						
Cost of sales	69,778	-	-	-	-	-
Operating expenses	-	-	-	-	-	-
Contractual services	-	5,016	-	8,811	-	-
Travel	-	-	-	106	-	3,846
Resident activities	-	24,513	-	6,312	-	-
Equipment	-	800	-	2,690	-	-
Resident withdrawals	-	-	290,270	-	-	-
Appropriations returned	-	-	-	-	10,555	3,525
Living skills program	-	-	-	-	9,244	-
Other	-	-	-	-	-	-
Total Disbursements	<u>\$ 69,778</u>	<u>\$ 30,329</u>	<u>\$ 290,270</u>	<u>\$ 17,919</u>	<u>\$ 19,799</u>	<u>\$ 7,371</u>
Balance - June 30, 2007	<u>\$ 17,295</u>	<u>\$ 82,626</u>	<u>\$ 114,068</u>	<u>\$ 1,043,287</u>	<u>\$ 6,973</u>	<u>\$ 3,987</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
JUNE 30, 2006

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1272 Burr Bequest Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund
Balance - July 1, 2005	\$ 28,956	\$ 78,338	\$ 142,105	\$ 980,699	\$ 7,594	\$ 4,746
Receipts						
Income from Sales	79,153	3,251	-	-	-	-
Investment Income	92	1,009	-	41,258	-	-
Resident deposits	-	-	303,793	-	-	-
Donations	-	16,866	-	-	-	-
Appropriations	-	-	-	-	17,308	8,358
Vending Machine Commissions	-	16,800	-	-	-	-
Other	-	654	10	-	-	-
Total Receipts	<u>\$ 79,245</u>	<u>\$ 38,580</u>	<u>\$ 303,803</u>	<u>\$ 41,258</u>	<u>\$ 17,308</u>	<u>\$ 8,358</u>
Disbursements						
Cost of sales	89,930	-	-	-	-	-
Operating expenses	-	-	-	-	-	-
Contractual services	-	5,075	-	6,571	-	-
Travel	-	-	-	667	-	4,273
Resident activities	-	26,879	-	1,832	-	-
Equipment	-	2,590	-	1,029	-	-
Resident withdrawals	-	-	372,245	-	-	-
Appropriations returned	-	-	-	-	8,158	5,000
Living skills program	-	-	-	-	11,011	-
Other	-	-	-	-	-	-
Total Disbursements	<u>\$ 89,930</u>	<u>\$ 34,544</u>	<u>\$ 372,245</u>	<u>\$ 10,099</u>	<u>\$ 19,169</u>	<u>\$ 9,273</u>
Balance - June 30, 2006	<u>\$ 18,271</u>	<u>\$ 82,374</u>	<u>\$ 73,663</u>	<u>\$ 1,011,858</u>	<u>\$ 5,733</u>	<u>\$ 3,831</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE TWO YEARS ENDED JUNE 30, 2007

	Land and land improvements	Buildings and building improvements	Site improvements	Equipment	Total
<u>Balance June 30, 2005</u>	<u>\$ 21,280</u>	<u>\$ 90,837,449</u>	<u>\$ 15,510,133</u>	<u>\$7,070,861</u>	<u>\$ 113,439,723</u>
Additions:					
Purchases				79,965	79,965
Transfers-in:					
Intra-agency				261,477	261,477
Inter-agency				19,599	19,599
Capital Development Board Surplus Property		7,580	95,085		102,665
DAVTE Fund					-
Adjustments				45,273	45,273
<u>Total Additions</u>	<u>\$ -</u>	<u>\$ 7,580</u>	<u>\$ 95,085</u>	<u>\$ 406,314</u>	<u>\$ 508,979</u>
Deductions:					
Transfers-out:					
Intra-agency (within DHS)				273,568	273,568
Inter-agency (outside DHS)				9,738	9,738
Surplus property				21,144	21,144
Scrap property				99,378	99,378
Adjustment				194,522	194,522
<u>Total Deductions</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,350</u>	<u>\$ 598,350</u>
<u>Balance June 30, 2006</u>	<u>\$ 21,280</u>	<u>\$ 90,845,029</u>	<u>\$ 15,605,218</u>	<u>\$6,878,825</u>	<u>\$ 113,350,352</u>
Additions:					
Purchases				169,173	169,173
Transfers-in:					-
Intra-agency				541,363	541,363
Inter-agency				10,000	10,000
Capital Development Board		2,039,058			2,039,058
Adjustments				20,089	20,089
<u>Total Additions</u>	<u>\$ -</u>	<u>\$ 2,039,058</u>	<u>\$ -</u>	<u>\$ 740,625</u>	<u>\$ 2,779,683</u>
Deductions:					
Transfers-out:					
Intra-agency (within DHS)				535,074	535,074
Inter-agency (outside DHS)				202,286	202,286
Surplus property				118,652	118,652
Scrap property				50,564	50,564
Condemned and lost property					-
Retirements					-
Adjustment		1,384,715		2,003,747	3,388,462
<u>Total Deductions</u>	<u>\$ -</u>	<u>\$ 1,384,715</u>	<u>\$ -</u>	<u>\$2,910,323</u>	<u>\$ 4,295,038</u>
<u>Balance June 30, 2007</u>	<u>\$ 21,280</u>	<u>\$ 91,499,372</u>	<u>\$ 15,605,218</u>	<u>\$4,709,127</u>	<u>\$ 111,834,997</u>

Note: The property balances at June 30, 2006 and 2007 have been reconciled to the property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS
YEARS ENDED JUNE 30,

	FISCAL YEARS		
	2007	2006	2005
<u>RECEIPTS</u>			
Jury duty	\$ 695	\$ 829	\$ 426
Refund	230	38	14,249
Copy charges	121	95	45
Subpoena fees	148	25	145
Lost supply reimbursements (keys & pagers)	110	88	171
Miscellaneous other (rebates)	762	15	45
TOTAL RECEIPTS	<u>\$ 2,066</u>	<u>\$ 1,090</u>	<u>\$ 15,081</u>
<u>DEPOSITS</u>			
Receipts recorded by Agency	\$ 2,066	\$ 1,090	\$ 15,081
Add: Deposits in transit - Beginning of year	11	50	56
Receipts incorrectly recorded by Comptroller for Center		22,358	-
Receipts recorded by Comptroller for Center		78	59
Deduct: Deposits in transit - End of year	(54)	(11)	(50)
Receipts not recorded by Comptroller for Center	(190)		(14,249)
DEPOSITS RECORDED BY COMPTROLLER	<u>\$ 1,833</u>	<u>\$ 23,565</u>	<u>\$ 897</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE TWO YEARS ENDED JUNE 30, 2007

Fiscal Year 2007

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2007 and June 30, 2006 are shown below:

	FISCAL YEAR ENDED		INCREASE	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2007</u>	<u>2006</u>	<u>AMOUNT</u>	<u>%</u>
State Contributions	\$0	\$498,506	\$(498,506)	(100)%
Employee Retirement	\$5,189,009	\$3,424,116	\$1,764,893	52%
Travel	\$32,446	\$42,058	\$(9,612)	(23)%
Equipment	\$154,580	\$126,641	\$27,939	22%
Telecommunication Services	\$268,699	\$223,196	\$45,503	20%

State Contributions

State contributions decreased as a result of the elimination of the Retirement pick up account per collective bargaining agreement.

Employee Retirement

Employee retirement increased due to rate increase of about 11.525% plus cost of COLA and step increases.

Travel

Travel decreased as a result of the facility not transferring additional funds in FY07 and instead utilizing the Network transition for the balance of the travel needs.

Equipment

Equipment increased due to the purchase of a food truck as well as other equipment that ended up costing more than the initially budgeted amount.

Telecommunication Services

Telecommunication Services increased due to the funding for special infrastructure projects for the facility.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE TWO YEARS ENDED JUNE 30, 2007

Fiscal Year 2006

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

	FISCAL YEAR ENDED		INCREASE	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2006</u>	<u>2005</u>	<u>AMOUNT</u>	<u>%</u>
State Contributions	\$498,506	\$79,523	\$418,983	527%
Employee Retirement	\$3,424,116	\$6,861,237	\$(3,437,121)	(50)%
Contractual Services	\$4,620,640	\$3,666,578	\$954,062	26%
Commodities	\$1,278,739	\$998,472	\$280,267	28%
Printing	\$29,667	\$18,283	\$11,384	62%
Equipment	\$126,641	\$49,465	\$77,176	156%

State Contributions

State contributions increased due to annualized cost distribution on collective bargaining employees, and pick up of the balance of contribution.

Employee Retirement

Employee retirement decreased due to FY04 legislation passed that suspended the contributions and allowed for the sale of bonds in FY05 to make the contribution to cover for the shortfall.

Contractual Services

Contractual Services increased as a result of sharp increases in energy costs, utilities, and response to facility emergencies.

Commodities

Commodities increased as the facility spent more to build up inventory due to low inventory levels.

Printing

Printing expenditures increased due to the facility spending more on paper and printing supplies to boost a depleted inventory.

Equipment

Equipment expenditures increased due to the facility not completely expending the fiscal year 2005 appropriations for the equipment line.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2007

We have reviewed lapse period spending for fiscal years ended June 30, 2007 and 2006 and have identified significant lapse period spending (20% or more). A schedule of significant lapse period spending for fiscal year 2007 is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2007</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Equipment	\$154,580	\$92,443	60%
Telecommunications	\$268,699	\$66,473	25%

Equipment

The facility purchased a food truck and a 12 passenger van totaling over \$77,000 along with other equipment items that were received during the lapse period and subsequently processed during that same period.

Telecommunications

There were various invoices received during the lapse period from Central Management Services (CMS).

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2007

A schedule of significant lapse period spending for the fiscal year ended June 30, 2006 is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2006</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Contractual Services	\$4,620,640	\$1,398,898	30%
Printing	\$29,667	\$7,454	25%
Equipment	\$126,641	\$53,105	42%
Living Skills	\$21,011	\$4,099	20%

Contractual Services

The facility continued to receive late invoices in the areas of electric, gas, utilities and medical bills. All these were processed during this period.

Printing

Copy paper and printed forms were purchased and processed during the lapse period.

Equipment

The significant lapse spending was for the processing of vehicles. The vehicles are delivered during the lapse period and processed accordingly.

Living Skills

The significant lapse spending was due to the quarterly processing of invoices.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN INVENTORIES
FOR THE TWO YEARS ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
General Stores:				
Medical lab	\$ 20,285	\$ 52,086	\$ 63,852	\$ 8,519
Food supplies	307,351	681,019	863,389	124,981
Household and laundry	134,844	188,856	270,734	52,966
Other general stores	131,632	206,528	277,139	61,021
Mechanical Stores:				
Repair and Maintenance	164	134,264	134,196	232
Other mechanical stores	90	38,704	38,623	171
Pharmacy	200,330	3,921,341	3,895,495	226,176
	<u>\$ 794,696</u>	<u>\$ 5,222,798</u>	<u>\$5,543,428</u>	<u>\$ 474,066</u>

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
General Stores:				
Medical lab	\$ 3,747	\$ 56,451	\$ 39,913	\$ 20,285
Food supplies	94,493	636,364	423,506	307,351
Household and laundry	45,929	199,655	110,740	134,844
Other general stores	31,774	262,476	162,618	131,632
Mechanical Stores:				
Repair and Maintenance	164	132,067	132,067	164
Other mechanical stores	90	70,421	70,421	90
Pharmacy	230,197	2,217,383	2,247,250	200,330
	<u>\$ 406,394</u>	<u>\$ 3,574,817</u>	<u>\$3,186,515</u>	<u>\$ 794,696</u>

Note: The inventories consist primarily of commodities and medications and are valued at weighted average cost.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2007

The Department has accounts receivable of \$4,876,948 and \$3,615,347 arising from operations of Elgin Mental Health Center at June 30, 2007 and 2006 respectively. This total includes amount due from private assets, private insurance, Social Security Administration, for resident care provided at Elgin Mental Health Center. The Department of Human Services Central Office prepares and mails the monthly billing statements, receives the payments and records the revenue and receivable in their general ledger. The Patient Resource Unit at the Center is responsible for determining billing amounts and is responsible for pursuing collection of delinquent accounts. The aging of outstanding accounts receivables and determination of an allowance for uncollectible accounts are the responsibility of the Department of Human Services Central Office.

An aging of accounts receivable as of June 30, 2007, 2006 and 2005 prepared by the Department of Human Services Central Office and forwarded to the Center is as follows:

	<u>June 30,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current (0-3 months)	\$1,098,011	\$388,121	\$35,791
Past due (4-6 months)	577,383	27,787	52,993
Past due (7-12 months)	307,143	84,265	97,074
Past due (over 12 months)	<u>1,674,986</u>	<u>1,950,088</u>	<u>2,135,625</u>
Subtotal	\$3,657,523	\$2,450,261	\$2,321,483
Court Cases	<u>1,219,424</u>	<u>1,165,086</u>	<u>1,255,694</u>
Total	<u>\$4,876,947</u>	<u>\$3,615,347</u>	<u>\$3,577,177</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF OPERATIONS
FOR THE TWO YEARS ENDED JUNE 30, 2007

CENTER FUNCTIONS AND PLANNING PROGRAM

The functions and planning program of the Center are as follows:

FUNCTIONS

Elgin Mental Health Center (Center) is an inpatient hospital of the Department of Human Services (DHS), and is one part of the larger Metro-Suburban Network that has inpatient (Center) and outpatient (GIA) components. The Center is responsible for the admission, detention, care, and treatment of persons who are in need of treatment for acute mental illness. The Mental Health and Developmental Disabilities Code, January 1, 1979 (PA 80-1414), updated with amendments and revisions through December 1, 1997, governs the procedures of a facility in regard to the treatment and care of the mentally ill. The Hospital Administrator, the Network Manager and the Director of the Department of Human Services administer the operations of the institution.

PLANNING PROGRAM

The Center has a formal planning program. The Governing Body based on broad guidelines established by DHS determines plans and objectives of the Center. In addition, each program at the Center develops goals and objectives in consideration of the goals of the Center as a whole.

Administrative issues including resolutions for audit findings and allocation of human resources are being addressed. As a result, the Center addressed and corrected material and immaterial findings from the prior examination. However, due to employee turnover, findings are expected in other areas for the two years ended June 30, 2007.

Per interview of the Hospital Administrator – Mr. Raul Almazar, there are various meetings that take place before the strategic plan is prepared and finalized. Input is obtained, at all levels, from all staff and from patients, as feasible. The purpose of the initial meetings is to brainstorm for issues that staff and patients have and determine which will be addressed during the fiscal year. Therefore the initial meetings may be by department and include staff and patients in that department. As the meetings are taken to a higher level, the departments will be represented in those meetings, the issues will be prioritized, issues will be segregated into programs and finally a plan will be developed with strategies and goals for the upcoming fiscal year.

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Per our review of the strategic plan, we noted that timeframes for the completion of various goals and objectives were not included in the strategic plan for fiscal year 2007. Most of the goals are on-going and in some cases there are target dates. In addition, a status is presented by quarter for the goals. Goals not accomplished are reviewed at the end of the year to determine why they were not accomplished. The importance and priority of those goals is re-evaluated. If it is determined that certain goals were not accomplished because they are no longer a priority, then they will not be included in the subsequent fiscal year's strategic plan. However, if it is determined that a goal was not accomplished although it is an important issue, then it will be included with those items determined to be issues during the brainstorming process. At that point all issues are re-assessed to determine priority and allocation of resources.

P&R reviewed the strategic plan for Fiscal Year 2007 – “DMH Metro Suburban Strategic Plan for FY 2007”. The Plan includes:

- Strategic Goal
- Objectives (of each goal)
- Individual Responsible/Target Completion
- Measure
- Quarterly Progress Report/Evidence of Resolution
- Training Needs

In addition, we noted that quarterly progress is documented indicating whether goal was met and if so, how it was accomplished.

The short-term plans for each program are to improve the quality of the treatment and provide improved environments for the patients including the following:

Organizational Strategies

1. Involve all stakeholders in the development of a recovery-oriented system.
2. Achieve a cultural shift to be a place of learning and growth for all who live and work at the facility.
3. Have a workforce that is empowered and satisfied that, in turn, can empower the consumers and are invested in consumer satisfaction.
4. Maintain fluid boundaries between the facility and the community to enhance continuity of care.

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Programmatic Strategies

1. Provide effective, efficient, best practice and/or evidence-based treatment.
2. Provide care consistent with the needs of the population served that is not solely focused on inpatient hospitalization.
3. Be a safe environment, restraint-free and follows principles of non-coercion.

Functional Strategies

1. Be fiscally responsible and operate consistent with effective community business practices.

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AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Center records, presents the average number of full time equivalent employees, by function, for the past three years.

	<u>Fiscal Year</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Rehabilitation services	17	16	90
Adult inpatient services	574	579	317
Central admissions	6	6	3
Medical, surgical and clinical services	19	26	179
Staff development	2	3	3
Administrative services	35	34	41
Engineering	38	35	26
Business management	21	21	22
Other support services	40	39	128
Dietary	<u>37</u>	<u>33</u>	<u>41</u>
Total Employees	<u>789</u>	<u>792</u>	<u>850</u>

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EMPLOYEE OVERTIME (not examined)

Certain employees are eligible for overtime if the hours worked during a week exceed the standard workweek hours. The standard workweek hours range from 37 ½ to 40 depending on an employee's job classification. In most cases employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. A supervisor must approve all overtime. Certain employees may receive compensatory time off in lieu of pay depending on the position classification of the employee's job title.

The following table, prepared from Department records, presents the paid overtime and earned compensatory time incurred during the last three fiscal years.

	<u>JUNE 30,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Paid overtime hours worked during fiscal year	<u>83,718</u>	<u>117,377</u>	<u>64,331</u>
Value of overtime hours worked during fiscal year	<u>\$2,748,181</u>	<u>\$3,559,200</u>	<u>\$1,940,915</u>
Compensatory hours earned during fiscal year	<u>15,522</u>	<u>22,933</u>	<u>14,252</u>
Value of compensatory hours earned during fiscal year	<u>\$379,143</u>	<u>\$526,322</u>	<u>\$322,260</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>99,240</u>	<u>140,310</u>	<u>78,583</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$3,127,324</u>	<u>\$4,085,522</u>	<u>\$2,263,175</u>

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CONTRACTUAL PAYROLL EMPLOYEES (not examined)

The Center hires some individuals to perform personal services pursuant to a contract where the individual is deemed an “employee” under IRS regulations. Some of the services provided by the contractual payroll employees were in the area of business management.

The following table prepared from Department records presents the number of contractual payroll employees and amount expended for the contractual payroll employees during fiscal year 2007, 2006 and 2005.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractual payroll employees paid during the fiscal year	1	1	-0-
Total amount expended for contractual payroll employees during the fiscal year	\$20,270	\$18,870	\$-0-

SHARED RESOURCES (not examined)

During fiscal year 2005, Elgin Mental Health Center’s Interim Hospital Administrator was on the payroll of Chicago-Read Mental Health Center. Chicago-Read Mental Health Center paid 100% of the payroll cost related to the salary of the Interim Hospital Administrator.

The payroll source for the Interim Hospital Administrator changed in September 2005, when he officially became Hospital Administrator. As of September 2005, Elgin Mental Health Center pays 100% of the payroll costs related to the salary of the Hospital Administrator.

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CENTER UTILIZATION (not examined)

Elgin Mental Health Center (Center) is situated on 104.73 acres in Elgin IL. The Center has 25 buildings on its grounds. Center management has provided the information below outlining their occupancy and/or utilization of the buildings on the grounds of the Center as of June 30, 2007.

<u>Building</u>	<u>Type/Use</u>	<u>Square Feet</u>	<u>Status</u>	<u>%</u>	
Jonathan Burr Assembly Hall	Day programs (gym)	14,954	Occupied	100%	
Jonathan Burr Unit	Vacant	18,024	Unoccupied	0%	A
Wines – Property Control	Storage (equipment & furniture)	18,028	Unoccupied	0%	A
Edwin A Kilbourne	Offices	31,417	Occupied	100%	
Pinel Unit	Residential	16,329	Occupied	100%	
William White Unit	Residential	14,363	Occupied	100%	
Old Forensic Treatment Building	Vending machines, credit union and labor union	111,315	Occupied	30%	
Central Stores/Dietary/Pharmacy	Kitchen, stores, duplicating	68,230	Occupied	100%	
Mendel Building	Non-EMHC	18,233	Occupied	50%	
Boiler Plant	power plant	35,019	Occupied	100%	
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	9,618	Occupied	100%	A
Machine & Pipe Shops	Trade shop	6,394	Occupied	100%	A
Grounds Maintenance	Garage, mechanics	10,096	Occupied	100%	A
Dorothea Dix Unit		14,879	Unoccupied	0%	B
Paint Shop	Storage	7,028	Occupied	100%	A
Medical Building	Switchboard	104,151	Occupied	5%	C
Rehabilitation Building	Day program and offices	53,566	Occupied	100%	
FPT 1 East	Residential	20,575	Occupied	100%	
FTP Psychosocial	Day programs	10,403	Occupied	100%	
Edwin Goldman Building	Residential	80,000	Occupied	100%	
FTP Main (New)	Residential	163,000	Occupied	100%	
Charles F. Read	Vacant	46,704	Unoccupied	0%	D

FOOTNOTES

- A: To be demolished within 5 years
- B: Abandoned and unusable /no future plans
- C: In process of relocating switchboard, no immediate plans
- D: No future plans

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COST PER YEAR/DAY PER RESIDENT (not examined)

The following schedule represents costs per resident based upon the Department of Human Services Management Cost System. This includes costs for depreciation and an allocation of costs incurred by the Department's Central Office and other State agencies.

	<u>2007</u>	<u>Fiscal Year</u> <u>2006</u>	<u>2005</u>
Cost per year per resident	<u>*</u>	<u>\$197,036</u>	<u>\$203,736</u>
Cost per day per resident	<u>*</u>	<u>\$540</u>	<u>\$558</u>

* - The Department had not calculated this statistic by the close of fieldwork.

RATIO OF EMPLOYEES TO RESIDENTS (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Certified Capacity of Center	<u>390</u>	<u>390</u>	<u>390</u>
Average number of residents	<u>368</u>	<u>368</u>	<u>366</u>
Average number of employees	<u>789</u>	<u>792</u>	<u>850</u>
Ratio of employees to residents	<u>2.14 to 1</u>	<u>2.15 to 1</u>	<u>2.32 to 1</u>

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REPORTED EMPLOYEE JOB INJURIES (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Number of reported employee injuries	<u>101</u>	<u>138</u>	<u>126</u>

FOOD SERVICES (not examined)

The following table, prepared from the Center records, summarizes the number of meals served and the average cost per meal.

	Fiscal Year		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Meals served	<u>423,960</u>	<u>420,675</u>	<u>425,014</u>
Total food costs	\$675,200	\$660,900	\$568,824
Total labor costs	<u>1,296,199</u>	<u>1,317,908</u>	<u>1,322,228</u>
Total costs	<u>\$1,971,399</u>	<u>\$1,978,808</u>	<u>\$1,891,052</u>
Average food costs / meal	\$1.59	\$1.57	\$1.34
Average labor costs / meal	<u>3.06</u>	<u>3.13</u>	<u>3.11</u>
Total average cost / meal	<u>\$4.65</u>	<u>\$4.70</u>	<u>\$4.45</u>

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The past two years have presented a number of challenges and opportunities. Despite these challenges, Elgin Mental Health Center is proud to present the following accomplishments:

- Ensure consumer input into hospital policies
 - Continued to submit draft of proposed new policy and soliciting input from Patient Council.
- Staff and consumer education on Recovery through Respect Training
 - Respect Training resolved - 75% of all staff were trained in Respect I and 81% of all direct-care staff in Respect II.
- Revise the Hospital's mission statement to reflect the recent cultural shift within the facility, adhering to our vision of Recovery
 - Revised Mission Statement has been posted facility-wide.
- Roll-out of Strengths Based Supervision or similar model
 - Art of Supervision Training for Managers occurred on January 24, 2007.
- Establishment of staff "soothing" areas
 - Established Kilbourne staff soothing area
 - Community Psychiatric Service (CPS) and the Forensic Treatment Program (FTP) - all staff break rooms evaluated for improvements. Proposal submitted along with budget. Next step is shopping and work requests for painting projects.
- Establish training programs based on competency scores in different departments
 - Training for Nurses on pain assessment and documentation resulted in 99% compliance with standards.
- Start Health Leisure Choices group to focus on strategies that can be used after discharge
 - All units have a Leisure Education group which addresses health choices and options to pursue after discharge.
- Community Meetings twice a day in all units
 - Finalized changes in the Community Meetings on all Community Psychiatric Service (CPS) units.
- Hold monthly Coffee Chats with Executive Director and Hospital Administrator
 - Coffee Chats began in August, 2006, and are held on the fourth Monday of each month. This is an informal opportunity for staff to relate to each other and the Executive Director and Hospital Administrator.

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- Establish a Staff Appreciation Committee (SAC)
 - Established in July, 2006. SAC activities began including fundraising for seed money - raised \$2,000. Also hosted the Staff Recognition Awards event.
- Explore implementation of supported employment
 - Number of consumers employed in both Workshops remains at 108. Increase in total number of paid skill training opportunities (21) as follows: Janitorial (5), Flower Shop (5), Culinary Corner Kitchen (1), Material Handling (3), and Data Input (7).
- Increased reporting and follow-up on medication variances and adverse drug reactions in order to improve processes using tools found effective in other systems
 - Implemented a new system on follow-up on medication errors.
- Approved for hiring two Recovery Specialists for Forensic Treatment Program (FTP).
- Continued periodic use of suggestion boxes and publicize suggestions that were acted upon.
- Continued compliance with 2007 National Patient Safety Goals.
- Evaluated patterns of usage of operational buildings in order to lower settings for improved energy consumption.