

REPORT DIGEST

**WILLIAM W. FOX
DEVELOPMENTAL
CENTER**

**LIMITED SCOPE
COMPLIANCE
EXAMINATION**

For the Two Years Ended:
June 30, 2009

Summary of Findings:

Total this audit	2
Total last audit	0
Repeated from last audit	0

Release Date:
June 29, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- The Center management circumvented the procurement process for several expenditures during Fiscal Year 2008.
- The Center did not maintain adequate documentation for certain expenditures made from appropriated funds.

{Financial Information is summarized on the reverse page.}

WILLIAM W. FOX DEVELOPMENTAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For The Two Years Ended June 30, 2009

EXPENDITURE STATISTICS	FY 2009	FY 2008	FY 2007
Total Expenditures.....	\$18,364,645	\$17,229,048	\$16,643,920
OPERATIONS TOTAL.....	\$18,364,645	\$17,229,048	\$16,643,920
% of Total Expenditures.....	100%	100%	100%
Personal Services	\$12,969,003	\$12,633,775	\$12,546,814
% of Operations Expenditures	70.6%	73.3%	75.4%
Average No. of Employees	236	259	252
Average Salary Per Employee.....	\$54,953	\$48,779	\$49,789
Other Payroll Costs.....	\$3,604,708	\$2,958,512	\$2,324,685
% of Operations Expenditures	19.6%	17.2%	13.9%
Commodities.....	\$788,288	\$800,493	\$817,316
% of Operations Expenditures.....	4.3%	4.6%	4.9%
Contractual Services.....	\$922,931	\$741,027	\$877,383
% of Operations Expenditures.....	5.0%	4.3%	5.3%
All Other Operations Items	\$79,715	\$95,241	\$77,722
% of Operations Expenditures	0.5%	0.6%	0.5%
GRANTS TOTAL.....	\$0	\$0	\$0
% of Total Expenditures.....	0%	0%	0%
Cost of Property and Equipment.....	\$22,695,906	\$22,699,037	\$22,160,075

SELECTED ACTIVITY MEASURES (Not Examined)	FY 2009	FY 2008	FY 2007
• Average Number of Residents	130	138	148
• Ratio of Employees to Residents.....	1.82/1	1.88/1	1.70/1
• Paid Overtime Hours & Earned Compensatory Hours.....	62,179	67,551	65,976
• Value of Paid Overtime Hours & Earned Compensatory Hours.....	\$1,686,731	\$1,695,509	\$1,659,492
• Cost Per Year Per Resident.....	*	\$181,288	\$157,089
* (Department had not calculated at close of fieldwork)			

FACILITY DIRECTOR
During the Examination Period: Mr. Joseph Turner (July 1, 2007 to April 8, 2008) Ms. Cheryl Winnicki (April 8, 2008 to current)
Currently: Ms. Cheryl Winnicki

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

CIRCUMVENTION OF THE PROCUREMENT PROCESS

The William W. Fox Developmental Center (Center) management circumvented the procurement process for several expenditures during Fiscal Year 2008. During our examination, we noted the following related to the Center's procurement of goods and services:

- The Center did not properly execute contracts or file them with the Comptroller during Fiscal Year 2008.
- We noted two instances in Fiscal Year 2008 where the Center did not comply with the competitive procurement requirements of the Illinois Procurement Code. Total payments to one vendor for laundry services totaled \$87,102. Another vendor received payments totaling \$106,883 for disposable briefs. The Center processed several invoices, just below the \$10,000 threshold, to each vendor in order to avoid the necessity of a written contract filed with the Comptroller. There was no evidence that either of these goods or services were competitively procured. Some of these invoices were charged to various incorrect detailed object appropriation codes both within and outside of the major appropriation line item code in order to evade detection. An additional \$48,398 was submitted to Court of Claims for these two vendors after the Center discovered what had happened and took corrective action.
- We compared the actual expenditures for disposable briefs to the CMS master contract for such commodities. The Center's decision to utilize a different vendor resulted in an excess cost to the Center and the State of approximately \$21,616.
- In early Fiscal Year 2009, while attempting to uncover the extent of the issues noted above, the Center entered into a small purchase contract with the laundry vendor noted above in order to continue its services to residents while the proper procurement of such services occurred.

**Contracts not properly
executed**

**Failure to follow the Illinois
Procurement Code**

**Excess cost to the State of
approximately \$21,616**

**Services provided by the
vendor exceeded the small
purchase threshold**

By the time the formal procurement was finished, services provided by the vendor exceeded the small purchase threshold. In addition, the vendor's services commenced prior to an actual contract that was signed by both parties was in place. (Finding 1, pages 10 & 11)

We recommended the Center strengthen controls to ensure proper procurement and contracting procedures are used in accordance with the Illinois Procurement Code, the Illinois Administrative Code and SAMS.

Center Officials agree with auditors

Center officials agreed with our recommendation and stated they are now fully compliant with all procedures in accordance with the Illinois Procurement Code, the Illinois Administrative Code and SAMS.

FAILURE TO MAINTAIN ADEQUATE DOCUMENTATION

The Center did not maintain adequate documentation for certain expenditures made from appropriated funds. During our examination, we reviewed 100 vouchers for contractual services and commodities totaling \$403,934 and noted the following:

- Three (3%) of 100 vouchers selected for testing totaling \$26,926 could not be located by the agency.
- One (1%) of 100 vouchers tested totaling \$4,800 did not contain adequate supporting documentation. The vendor's invoice could not be located. (Finding 2, page 12)

We recommended the Center comply with the Illinois State Records Act and SAMS to ensure it maintains an adequate system of recordkeeping.

Vouchers totaling \$31,726 could not be located or did not contain adequate supporting documentation

Center Officials agree with auditors

Center officials agreed with our recommendation and stated management will ensure that the Center complies with the Illinois State Records Act and the Statewide Accounting Management System (SAMS) and retain all required documentation.

AUDITORS' OPINION

We conducted a limited scope compliance examination of the Center as required by the Illinois State Auditing Act. The Center is not required to prepare financial statements. The financial statements are prepared on a Department wide basis.

WILLIAM G. HOLLAND, Auditor

General

WGH:CMB:pp

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Borschnack, Pelletier & Co.