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# REPORT DIGEST

## ILLINOIS SCHOOL FOR THE DEAF

### LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended:  
June 30, 2009

#### Summary of Findings:

Total this report	3
Total last report	1
Repeated from last report	1

Release Date:  
June 29, 2010



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

To obtain a copy of the Report contact:  
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the worldwide web at  
<http://www.auditor.illinois.gov>

#### SYNOPSIS

- ◆ The School's controls over commodities inventory needs to be improved.
- ◆ The School's buildings on the campus have components which do not comply with fire safety standards.

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{Expenditures and Activity Measures are summarized on the reverse page.}

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**DEPARTMENT OF HUMAN SERVICES**  
**ILLINOIS SCHOOL FOR THE DEAF**  
**LIMITED SCOPE COMPLIANCE EXAMINATION**  
**For the Two Years Ended June 30, 2009**

<b>EXPENDITURE STATISTICS</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
<b>Total Expenditures (All Appropriated Funds) .....</b>	<b>\$18,278,306</b>	<b>\$17,548,930</b>	<b>\$15,882,549</b>
<b>OPERATIONS TOTAL.....</b>	<b>\$18,278,306</b>	<b>\$17,548,930</b>	<b>\$15,882,549</b>
% of <b>Total</b> Expenditures .....	100%	100%	100%
Personal Services.....	\$12,832,130	\$12,618,403	\$11,812,717
% of Operations Expenditures.....	70.20%	71.90%	74.38%
Average No. of Employees .....	243	242	234
Average Salary per Employee.....	\$52,807	\$52,142	\$50,482
Other Payroll Costs (FICA, Retirement) .....	\$2,483,481	\$2,102,844	\$1,535,311
% of Operations Expenditures.....	13.59%	11.98%	9.67%
Student Compensation.....	\$14,516	\$13,170	\$12,629
% of Operations Expenditures.....	0.08%	0.08%	0.08%
Contractual Services.....	\$1,999,825	\$1,779,972	\$1,730,323
% of Operations Expenditures.....	10.94%	10.14%	10.89%
Commodities .....	\$476,860	\$466,143	\$486,508
% of Operations Expenditures.....	2.61%	2.66%	3.06%
All Other Operations Items .....	\$471,494	\$568,398	\$305,061
% of Operations Expenditures .....	2.58%	3.24%	1.92%
<b>Cost of Property and Equipment.....</b>	<b>\$55,980,963</b>	<b>\$55,867,296</b>	<b>\$55,490,504</b>
<b>SELECTED ACTIVITY MEASURES (Not Examined)</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
Average Number of Students .....	285	252	238
Ratio of Employees to Students.....	.85 to 1	.96 to 1	.98 to 1
Paid Overtime Hours & Earned Compensatory Hours .....	45,740	48,412	47,574
Value of Paid Overtime Hours & Earned Compensatory Hours .....	\$1,067,804	\$1,105,550	\$1,058,795
Cost Per Year Per Student .....	\$73,414	\$84,146	\$79,585
<b>AGENCY DIRECTOR</b>			
During Audit Period: Ms. Marybeth Lauderdale, Superintendent			
Currently: Ms. Marybeth Lauderdale, Superintendent			

**FINDINGS, CONCLUSIONS AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER INVENTORY**

The Illinois School for the Deaf (School) does not have proper internal controls over their commodities inventory.

We noted the following conditions during our testing and inquiries concerning internal controls over commodities inventory:

- During the fiscal year 2009 physical inventory count, we noted 11 of 25 (44%) tested commodity counts did not agree to the School's perpetual records. We also noted after the entire physical inventory count was completed the School's inventory was overstated \$14,437. Total commodities inventory as of June 30, 2008 and 2009 as reported in the School's inventory records was \$116,324 and \$117,943, respectively.
- Requisitions were not prepared at the School when issuing goods from inventory for the dietary. Thirteen of 89 (15%) requisitions that the School should have prepared for the dietary for the period of January 2009 through May 2009 were not completed. The School does not have proper recordkeeping policies when inventory items are removed from the storage area and used.
- The School's inventory could be subject to theft. During our review of the controls over commodity items, we noted that several individuals had access to the freezer and the freezer was kept unlocked throughout the day. The freezer was kept locked at night, however there were individuals with a key to the freezer whose job description did not require them to need access to the freezer.
- The School did not have adequate controls to ensure the dietary manager's duties and functions were performed in the event of his or her absence.

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**June 30, 2009 inventory was overstated \$14,437**

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**15% of requisitions were not completed for a five month period**

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**No recordkeeping policies for the removal of inventory**

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**Inventory susceptible to theft**

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**Duties not performed when employee is absent**

(Finding 1, pages 10-11)

We recommended the School strengthen controls over its commodities inventory and ensure all purchases and requisitions are recorded and entered into the commodity system.

Officials agreed with our recommendation and stated the School will work to correct the deficiencies that relate to their commodity inventory. ISD also stated that they will implement new controls over the commodity inventory in the dietary and storeroom area. Staff involved in all areas of the commodity inventory will be instructed regarding the importance of the duties they perform. ISD is also working with the Department of Human Services' Central Office to have a new commodity system implemented in the storeroom.

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**Officials agree with Auditor recommendations**

**FIRE CODE VIOLATIONS**

The Illinois School for the Deaf (School) has buildings on campus which do not comply with fire safety standards. The School has not fully corrected fire safety standards which were noted in a December 2006 State Fire Marshal inspection report. The School has three dormitories and two classroom buildings that lack automatic or self-closing doors. (Finding 2, page 12)

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**Some buildings lack automatic or self-closing doors**

We recommended the School and the Department immediately rectify conditions noted by the inspections of the State Fire Marshal to ensure the safety of students.

Officials agreed with our recommendation and stated that the School is currently waiting for funding from the Capital Development Board (CDB) to finish the project. CDB has completed the initial survey and found the cost of the project to be currently estimated at \$3,600,000. The project is listed as the Department of Human Services' number one project for fiscal year 2010. The project is dependent on passage of the fiscal year 2010 Capital Funding Bill.

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**Officials agree with Auditor recommendation**

**OTHER FINDING**

The remaining finding is reportedly being given attention by the School.

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**Project dependent on the fiscal year 2010 Capital Funding Bill**

**AUDITORS' OPINION**

We conducted a limited scope compliance examination of the School as required by the Illinois State Auditing Act. Financial statements will be presented in the report for the Department of Human Services.

**STATE COMPLIANCE EXAMINATION –  
ACCOUNTANTS' REPORT**

The auditors qualified their report on State Compliance for finding 09-1. Except for the noncompliance described in this finding, the auditors state the School complied, in all material respects, with the requirements described in the report.

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WILLIAM G. HOLLAND, Auditor General

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**AUDITORS ASSIGNED**

This examination was performed by the Office of the Auditor General's staff.