LEGISLATIVE AUDIT COMMISSION

Review of
Department of Corrections
Two Years Ended June 30, 2018

622 Stratton Office Building
Springfield, Illinois 62706

REVIEW: 4504
DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2018

FINDINGS/RECOMMENDATIONS - 46

IMPLEMENTED - 7
ACCEPTED AND PARTIALLY IMPLEMENTED – 38
ACCEPTED - 1

REPEATED RECOMMENDATIONS - 36

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 43

This review summarizes the auditors' report on the Department of Corrections for the two years ended June 30, 2018. Auditors performed a department-wide financial audit for FY18 and a compliance examination for FY17 and FY18, filed with the Legislative Audit Commission on April 25, 2019 and September 18, 2019, respectively. The reports were conducted in accordance with *Government Auditing Standards* and State law. The auditors stated the Department's financial statements presented fairly.

The mission of the Department of Corrections (Department/DOC) is to serve justice in Illinois and increase public safety by promoting positive change in offender behavior, operating successful reentry programs, and reducing victimization.

Effective June 1, 2006, PA 94-0696 established the Department of Juvenile Justice (DJJ). DOC's School District was transferred to the Department of Juvenile Justice; however, the Department of Corrections retained the Adult Education and Vocational Services.

The function of the General Office is to provide support services to all the Department's facilities and divisions. This includes establishing and monitoring budget activities, capital planning, accounting services, and data processing. The General Office performs other functions necessary to meet the provisions of the Code; as well as provides administrative services to the Department of Juvenile Justice, Prisoner Review Board, Illinois State Police, Office of the State Fire Marshal, and Illinois Criminal Justice Information Authority as detailed in various interagency agreements that comprise Public Safety Shared Services.

The function of Adult Education is to provide academic and vocational training programs in the adult institutions, as well as other functions necessary to meet the provisions of the Code. The mission of the Adult Education Division is to enhance the quality and scope of education for inmates within the Department so that they will be better motivated and better equipped to restore themselves to constructive law-abiding citizens in the community.

The function of the Adult Transition Centers (Field Services) is to provide basic needs, custody, and program opportunities for adults sentenced by the Illinois courts. The Adult

Transition Centers provide academic and vocational programs, work experience, and participation in public service projects for residents who are making the transition from prison to free society.

The Department has four major programs: Bureau of Operations; Adult Institutions/Adult Transition Centers; Parole; and Program Services.

Correctional Industries operates as a productive enterprise employing offenders from institutions under the jurisdiction of the Department of Corrections. ICI programs are supported by revenues derived from the sale of its products and services. Tax-supported institutions and non-profit organizations comprise the majority of the market. The Procurement Code requires State agencies give the Department preference when procuring items manufactured by the ICI. Correctional Industries supports the Department's mission with its vision to operate respected Correctional Industry programs accountable to the citizens of Illinois and beneficial to incarcerated individuals and their customers.

During the audit period, John R. Baldwin was Acting Director serving from August 14, 2015 to May 19, 2019. Gladyse Taylor served as Acting Director from May 20, 2019 to May 31, 2019. Rob Jeffreys began serving as Acting Director effective June 1, 2019. Mr. Jeffreys is a nationally-recognized criminal justice expert with correctional experience spanning more than two decades. He spent 21 years in corrections management at the Ohio Department of Rehabilitation and Corrections.

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

	2018	2017	2016
General Office	252	243	249
Education Services	180	191	190
Statewide and Field Services	544	545	544
Correctional Centers (non-officers)	3,454	3,359	3,375
Correctional Centers (correctional officers)	8,531	8,302	8,014
Correctional Industries (non-inmate)	105	98	115
Total	**13,066**	**12,738**	**12,487**

Population and Average Cost Per Resident

Appendix A provides a summary of average populations and yearly cost per inmate for FY18 and FY17 at each of the 29 adult institutions and community correctional centers. According to statistics provided by the Department, the average daily population of adult institutions (maximum, medium, minimum security, and newly defined multi-security) decreased from 42,857 in FY17 to 41,018 in FY18. The rated capacity of adult institutions at June 30, 2018 was 32,237, or 8,781 over capacity.

The average daily population at the Adult Transition Centers was 311 in FY18 and 357 in FY17. According to the report, the rated capacity for all institutions at June 30, 2018 was 33,135 and the average number of residents was 41,704, which is 1,989 fewer residents than FY17.

The Department also maintains work camps and impact incarceration camps (boot camps) at the following locations:

Work Camps	**Boot Camps**
East Moline	Pinckneyville (DuQuoin)
Jacksonville (Greene County & Pittsfield)	Vienna (Dixon Springs)
Shawnee (Hardin County – closed 12/31/15)	
Southwestern Illinois	
Western Illinois (Clayton)	

The average weighted yearly cost per resident for adult institutions was approximately $27,843 in FY18 and $26,532 in FY17; and the average yearly cost per resident for Adult Transition Centers was $23,481 in FY18 and $20,198 in FY17. The total number of paid overtime hours in FY18 was 977,742 at a cost of $43.9 million. In FY17, paid overtime hours were 700,235 at a cost of almost $33.6 million. The total number of compensatory hours used in FY18 was 621,938 at a cost of $19 million. In FY17, compensatory hours used were 592,243 at a cost of $18.5 million. Inmate assaults on staff numbered 761 in FY18 and 763 in FY17. There were 234 inmate assaults on staff at Pontiac in FY18 and 214 in FY17.

Expenditures from Appropriations

The General Assembly appropriated a total of $2,005,037,220 to the Department of Corrections in FY18. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were $1,949,212,066 in FY18 compared to $1,275,485,772 in FY17, an increase of $673.7 million, or 52.8%. Expenditures by the Correctional Centers were approximately $1.1 billion in both FY18 and FY17. Lapse period expenditures totaled about $512.1 million for FY18, or 26.3% of total expenditures, whereas, lapse period expenditures totaled $96.8 million for FY17, or 7.6% of total expenditures. Approximately 90% of lapse period spending in FY18 was due to the timing of vouchers processed that were received close to the end of the fiscal year, and timing of payment of prompt payment interest. Over $41.1 million of lapse period spending in FY18 was for payment of backpay wages from FY11 and FY12.

The U.S. District Court (07CV1298) required the Department and by extension the Capital Development Board (CDB) to construct a new mental health hospital for the Department at the Stateville Correctional Center, as well as improve treatment for mentally ill offenders at the Department, which includes repurposing the closed Illinois Youth Center - Joliet as a treatment center for mentally ill offenders. CDB was able to submit vouchers to pay its costs in full without a maximum expenditure limit for permanent improvement costs related to these projects during FY16.

Due to the Budget Impasse, Public Act 100-021 and Public Act 100-0586 authorized the Department to pay for all costs incurred prior to July 1, 2018 using either the Department's FY17 or FY18 appropriations for non-payroll expenditures, and Public Act 99-0524 authorized the Department to pay FY16 costs using its FY17 appropriations for non-payroll expenditures. The Department lacked sufficient expenditure authority to cover its FY16 costs within its General Revenue Fund. As of the end of fieldwork, the Department was holding six FY18 invoices, totaling $6,890.

The following describes how the Department paid prior year costs using future appropriations:

- The Department paid 26,384 invoices totaling $151.1 million for FY16 expenditures using FY18 appropriations.
- The Department paid 44,243 invoices totaling $214 million for FY16 expenditures using FY17 appropriations.
- The Department paid 55,446 invoices totaling $345.3 million for FY17 expenditures using FY18 appropriations.

Other key highlights include:

- During FY18, the Department incurred $81.1 million in Prompt Payment Interest for 99,506 invoices from 5,673 vendors.
- During FY17, the Department incurred $12.9 million in Prompt Payment Interest for 27,026 invoices from 2,508 vendors.
- No vendors participated in the Vendor Payment Program in FY18 or FY17.
- No vendors participated in the Vendor Support Initiative Program (VSI) in FY18.
- Twenty-three vendors participated in the VSI accounting for 759 invoices totaling $60.3 million in FY17.
- The Department engaged with the Illinois Finance Authority to provide payment to a critical vendor who was threatening to cease services if the vendor was not paid the full amount due in absence of enacted appropriations or other legal expenditure authority. The amount paid was $3.9 million for food services during FY17 and FY18.

Appendix B compares expenditures by object for FY18 through FY16. For the second, third, and fourth quarters of FY17, the payroll expenses for Correctional Industries were shifted from the Working Capital Revolving Fund to the General Revenue Fund as the result of complications of the budget impasse. This temporary transition of the funding source helped save the cash balance in the Working Capital Revolving Fund due to CMS and SERS picking up the group insurance and retirement liabilities for the Department during the aforementioned three quarters in FY17. This accounts for the notable fluctuations in expenditures in the group insurance and retirement line items from FY17 to FY18. Moreover, the Department saw some large fluctuations in line items from FY17 to FY18 as the result of the budget impasse. The most notable variations were as follows:

- $506 million increase in contractual services was due to new computer software and increase in medical services provided to the newly-opened Murphysboro Treatment Center and Elgin Treatment Center;

- $81.1 million increase in lump sums and other purposed for late payment interest to vendors;
- $11 million in delayed payments for equipment and telecommunications; and
- $41 million increase in personal services for back wage payments.

Cash Receipts

Appendix C provides a summary of cash receipts for FY18-16 which totaled $50.8 million in FY18, a decrease of $19.7 million, or 28% from FY17. Significant changes in receipts between FY17 and FY18 were as follows:

- For the Working Capital Revolving Fund (Correctional Industries), receipts from sales of products increased by $9.2 million during FY17 due to State agency customers receiving appropriation authority to pay for invoices received late in FY16 and into FY17.
- The U.S. Department of Justice receipts decreased by $4.7 million during FY18 due to exhaustion of Federal grants funds provided by the Second Chance Act.
- Telephone commission receipts decreased by $2.9 million in FY18 due to the passage of Public Act 099-0878, which limited the amount vendors can charge per minute.
- General Revenue Fund receipts increased by $10 million in FY17 and decreased by $10 million in FY18 due to a one-time deposit made into the fund in FY17 from the Department of Central Management Services for State operations due to the budget impasse.

State Property

Appendix D provides a summary of State property in FY18-17. The balance at the end of FY18 for State property was $1.8 billion compared to $1.7 billion at the end of FY17. The increase in total property was due primarily to an increase in buildings. More than 83%, or $1.557 billion, of the Department's property is comprised of buildings.

Notably, net transfers increased $79.5 million, or 8,515%, from FY17 to FY18. Appendix D was derived from State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles. Adjustments to correct net transfers and errors in reporting classifications were made in the financial statement. See finding one and two for more information.

Correctional Industries

The Working Capital Revolving Fund accounts for the activities of the Correctional Industries program. Operating loss for the Fund for FY18 was $1,415,000. Asset and liability information for the Fund was as follows at June 30, 2018:

Assets	Liabilities	Net Position
$ 53,106,000	$ 19,813,000	$ 33,293,000

Appendix E presents a summary of Correctional Industries' net income for each industry in FY18 and FY17. During FY18, Correctional Industries operated 38 separate industries, of which 9 were found to be profitable and 27 experienced losses. The remaining two industries did not produce a profit or loss. Net loss was $2.19 million in FY18 compared to the net gain of $11.3 million in FY17. During FY18, the industries with the largest losses were Danville Silk Screening & Embroidery (-$532,826) and Shawnee Metal Furniture (-$553,959). The industries with the greatest profit were Western Illinois Meat/Food Processing ($581,368), Hill Milk/Juice Processing ($376,099), Dixon Optical ($343,231) and Menard Meat/Food Processing ($315,342). The average number of inmates working in FY18 was 756 (110 less than available positions) compared to 734 (228 less than available positions) in FY17.

Accounts receivable, which represents amounts due from sale of goods and services to State agencies, local governments, and others, amounted to $42.2 million at June 30, 2018. A receivable of $40.7 million is due from the Department of Corrections. Accounts over 180 days old totaled $25 million, and only $8,000 was considered uncollectible.

Accountants' Findings and Recommendations

Condensed below are the 46 findings and recommendations included in the audit report. Of these, 36 are repeated from the previous report. The following recommendations are classified on the basis of updated information provided by the Department of Corrections, in a memo received via electronic mail on September 23, 2020.

Accepted or Implemented

1. Maintain documentation of the calculation and basis of liability estimates. Also, outline and implement procedures to ensure GAAP Reporting Packages and financial statements are prepared in an accurate manner. Finally, include proper cut-off procedures and internal reviews as a method to identify and correct errors prior to the submission of financial information to the Illinois Office of the Comptroller and other external parties. (Repeated-2008)

Finding: The Department of Correction's (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller contained inaccuracies due to improper accounting. These problems, if not detected and corrected, could materially misstate the Department's financial statements and negatively impact the financial statements prepared by the Illinois Office of the Comptroller (Comptroller). Auditors noted the following:

- The Department did not have adequate documentation of its procedures for

development of material liability estimates. Estimated liabilities as of June 30, 2018 amounted to almost $223.2 million.

- The Department did not accrue liabilities totaling $17.8 million in the originally submitted GAAP Package.

- The Central Inventory System (CIS) was not updated timely and accurately. Therefore, the Department used manually compiled capital asset summaries and depreciation calculations to prepare GAAP Reporting forms related to capital assets and in determining the amounts reported in the financial statements. As a result, the following inaccuracies in the originally submitted GAAP Reporting forms and financial statements were noted:

    - Capital assets transferred-in valued at $27.1 million and related depreciation expense of about $860,000 related were not reported in the financial statements (See Finding 2).

    - The net value of the assets received and the capital transfers-in were overstated by $4.4 million due to not calculating the accumulated depreciation of these assets on the date of transfer (See Finding 2).

    - The Department's manually calculated depreciation schedules contained errors which understated depreciation expense by $12.5 million.

- The Department did not fully evaluate whether asset impairment occurred and did not record the loss on impairment totaling $200,000 for two buildings at Menard and did not disclose the carrying values of two closed facilities (Tamms and Dwight) totaling $60.2 million.

- The Department misclassified capital assets, compensated absences, and receivables in the financial statements.

The Department subsequently adjusted the financial statements to correct these errors and also revised the notes to the financial statements to properly disclose the idle facilities.

In response to the prior year finding, the Department stated it would continue devoting the resources necessary to complete the GAAP reporting as required by taking all possible steps to ensure the GAAP Reporting Packages and financial statements are prepared in an accurate manner. The Department initiated corrective actions during the review period to update records more timely and reduce the number of manual calculations. However, those actions were not fully implemented or sufficient to address all weaknesses identified.

Department management stated the liability estimate was unusual and complex in nature and was required to be calculated in a relatively short period of time. The additional liabilities were not initially identified due to delays in receipt and processing of vendor invoices.

Accepted or Implemented – continued

The Department attributed, as it did during the prior audit, the exceptions relating to capital assets and financial reporting classification errors to staff turnovers, staff limitations, competing priorities, human error, and employee oversight.

Because of the significance of the exceptions noted, auditors consider this to be a material weakness in the Department's internal control over financial and fiscal operations.

Response: Accepted. The Department will strengthen its controls and documentation related to liability estimates used in the financial statements. However, the Department does want to make mention that the audit cycle covered two years which presented unique and unprecedented challenges. Due to the lack of a comprehensive budget from starting July 1, 2015 and encapsulating the fiscal years 2016, 2017 and 2018, the Department was forced to manage its payables, both principal and interest, based on stopgap appropriations and within the fiscal year parameters. In addition, the State was able to pay down existing GRF liabilities by increased funding that resulted in unanticipated interest penalties, which were also able to be vouchered out of FY18 funds, as opposed to rolling over to subsequent fiscal years. Furthermore, during FY18 lapse period it was determined that the State owed AFSCME bargaining unit employees for step increases that had not been awarded since July 1, 2015. This resulted in the Department being tasked with estimating a total dollar impact for associated personnel moves of over 7,000 employees. The Department will also work with its contractual provider in ensuring depreciation and roll forward schedules are properly calculated and recorded.

Updated Response: Accepted and Partially Implemented. The Department continues devoting the resources necessary to complete the GAAP reporting as required by taking all possible steps to ensure the GAAP Reporting Packages and financial statements are prepared in an accurate manner. The Department will strive to update records timelier, reduce the number of manual calculations and utilize the SAP accounting system features to assist this effort.

2. Strengthen procedures over property and equipment to ensure accurate and timely recordkeeping and accountability for all State assets. Also, incorporate internal review procedures within the property reporting function that ensures the capital asset information is complete and properly recorded and accounted for to permit the preparation of reliable financial information and reports to the Illinois Office of the Comptroller. (Repeated-2008)

Finding: The Department did not maintain accurate and adequate property records and did not timely and accurately record all capital asset information in its financial records. Some of the many errors noted by auditors include:

- The Department started operations of the Joliet Treatment Center in October 2017 using the facility from the Department of Juvenile Justice (DJJ), but did

not record in the property records the land, buildings, and improvements or renovations for those facilities totaling $26 million.

- Property records were not timely updated for additions and capitalized transfers totaling $15.9 million.

- The Department did not include capitalized transfers from CDB in electronic or manual property records. As a result, $3.8 million was not reported in the proper fiscal years and the related depreciation and accumulated depreciations were understated.

- The Department did not consistently apply its capitalization policy.

- During testing of the C-15 reports, additions reported during FY17 and FY18 were not adequately reconciled with the total State property expenditures. The unreconciled difference totaled $9,107,063 in FY17 and $11,841,666 in FY18.

- During a review of property year-end inventory reports, auditors noted 3,568 equipment items, totaling $3,367,855, were missing or unlocated during FY18 and 2,751 property items, totaling $1,997,947, were missing or unlocated during FY17.

- During the detailed testing of State property at fifteen Correctional Centers and four Adult Transition Centers (ATC), a wide range of exceptions were noted.

- The completeness and accuracy of property totaling $191.7 million at Stateville Correctional Center could not be determined.

In response to the prior year finding, the Department stated it would continue devoting the resources necessary, within the limitations of the current technology and budget constraints, to ensure that capital asset information is properly recorded and maintained. Department officials previously stated they were working to update the Central Inventory System (CIS) to reflect accurate amounts. In response to the prior finding, management also stated fiscal would work with the Capital Development Board (CDB) to try to make sure all necessary information will be captured in the future. Although the Department initiated corrective actions during the review period and did reduce the number of errors and manual calculations, those actions were not fully implemented or sufficient to address all weaknesses identified.

The Department attributed, as it did in the prior audit, the exceptions to staff turnovers, staff limitations, competing priorities, human error, and employee oversight.

Because of the significance of the exceptions noted, auditors consider this to be a material weakness in the Department's internal control over financial and fiscal operations. The

Accepted or Implemented – continued

Department had property and equipment throughout the State totaling approximately $1.8 billion as reported on the Form C-15 at June 30, 2018.

Response: Accepted. The Department will work to improve its oversight over property record keeping and capital assets reporting. Staff will work to ensure that GAAP capital asset related detail is properly recorded by our contractual vendor and that the capitalization policy is properly applied. The Department will remind facility staff so that they know the proper procedures for obtaining, removing and documenting equipment and property related transactions. System access will be periodically reviewed by Central Office and revoked when appropriate. The Department stands in support of a capital bill addressing deferred maintenance and ensuring the State's assets can be adequately protected.

Updated Response: Accepted and Partially Implemented. The Department continues devoting the resources necessary to ensure Capital Asset Reporting is prepared in an accurate manner. The Department will strive to update records timelier, reduce the number of manual calculations and utilize SAP accounting system features to assist this effort.

3. Implement and document the controls over the computing environment and ensure the controls provide sufficient protection. (Repeated-2016)

Finding: The Department failed to implement or document the controls over its computing environment to ensure sufficient protection.

In the prior three audits, the auditors determined the Department had not implemented adequate controls over its computing environment. During the current audit, the auditors determined the Department still had not taken appropriate actions to correct these weaknesses.

During testing, the auditors noted:

- The Department had not developed a disaster recovery plan or conducted testing.
- The Department did not have controls in place to ensure only authorized individuals had access or had appropriate access to its applications.
- The Department had not implemented a formal change management process to control changes to its environment and applications.

Department management indicated the exceptions were due to the understaffing of support personnel to monitor and document the controls for the computer systems.

Updated Response: Implemented. Access to application/systems - security governance and change management protocols have been established to ensure proper management approvals are obtained prior to making changes to the current systems. Accepted and Partially Implemented. The Department of Innovation & Technology's (DoIT) Enterprise Program Management (EPM) portal update has been completed. However, the

information changes dynamically as new projects get added or information is revised, and we will strive hard to keep the information current in the EPM portal. IDOC's Business Impact Analysis (BIA) is in progress and working with DoIT for completion of that exercise. The Department will conduct the disaster recovery exercise in FY21 in collaboration with DoIT.

4. Remind Center staff of the requirements set forth within the Administrative Directives and statutes related to the operation and maintenance of the locally held funds. Further, devote adequate resources, ensure sufficient oversight, and implement sufficient internal controls to ensure adequate administration of locally held funds. (Repeated-2008)

Finding: The Department's Correctional Centers inadequately administered locally held funds (bank accounts) during the audit period.

Following were the year-end fund balances of the locally held funds at the Department:

	FY17	FY18
DOC Commissary Funds	$6,220,283	$ 8,755,227
DOC Resident's Trust Fund	$7,748,125	$12,265,400
DOC Resident's and Employee's Benefit Fund	$8,430,719	$ 8,979,377
Travel and Allowance Revolving Fund	$ 187,815	$ 255,008
Moms and Babies Fund	$ 1,238	$ 908

Some of the several exceptions and weaknesses related to the controls over the Correctional Centers' locally held funds were as follows:

- Big Muddy, Danville, Logan, Stateville, and Vienna Correctional Centers could not provide minutes from the committee meetings or committee meeting minutes did not include approval of the expenditures for the Employee Benefit Fund at five Correctional Centers.

- Big Muddy, Danville, Logan, Pontiac, Sheridan, and Stateville Correctional Centers did not properly perform or were missing the required signatures on the monthly reconciliations on some of their locally held funds. Outstanding checks were not voided or were not timely voided at Danville, Sheridan, and Stateville Correctional Centers. Furthermore, monthly statements of operations were not properly signed for 23 of 24 months within the examination period for Vienna Correctional Center.

- Auditors noted the following exceptions at the Correctional Centers related to the recording of financial transactions:

    - Accounts payables were not properly recorded.

Accepted or Implemented – continued

  - Accounts payables totaling $64,474 did not have appropriate supporting documentation at Big Muddy and Logan Correctional Centers for the following funds.

- Big Muddy, Danville, Logan, Pontiac, Sheridan, Stateville, Vienna, and Western Illinois Correctional Centers did not deposit locally held fund receipts timely.

- Weaknesses in segregation of duties were noted.

- Auditors noted exceptions related to disbursements and receipts.

- Danville, Dixon, Lincoln, and Logan Correctional Centers failed to make timely deposits from the Inmate Trust Fund to the Inmate Commissary Fund.

- Big Muddy Correctional Center's employee commissary operated at a loss for the majority of the examination period.

- The bank accounts of Shawnee Correctional Center and Vienna Correctional Center were held at the same bank with a combined bank balance of $615,635 as of June 30, 2018. The total balance was not adequately covered by Federal Deposit Insurance Coverage (FDIC).

Response: Accepted. The Department will continue working with Center staff on the requirements related to the operation and maintenance of locally held funds and reminding the staff of the various policies that apply to the locally held funds regarding receipts, disbursements, and record keeping. The Department has implemented a policy since January 2019 that Central Office keeps a track of pledged collateral quarterly if the Center's bank balance exceeds $250,000, which is not covered by Federal Deposit Insurance Coverage (FDIC). The Department will review and consider revising the A.D. (02.40.102) related to FDIC coverage balances and other Administrative Directives related to locally held funds. In addition, the Department will devote adequate resources, ensure sufficient oversight, and implement sufficient internal controls to ensure adequate administration of locally held funds.

Updated Response: Accepted and Partially Implemented. The Department has revised its policies and procedures related to the Employee Benefit Fund. Part of this revision is now a requirement that monthly minutes are posted to a SharePoint site as well as structured training session for all Employee Benefit Fund members. Staff have been reminded on the importance of timely action, proper segregation of duties and record keeping in response management of the locally held funds. Specifically, as it pertains to Big Muddy Correctional Center's commissary fund, an investigation was launched into the reported net loss.

5. Improve the centralized oversight function related to inventory to allow for improved controls, as well as provide guidance, reminders and assistance to the Centers to help facility staff improve compliance and internal controls. (Repeated-2008)

Finding: The Department failed to maintain adequate controls over its commodity and commissary inventory.

The inventory balance reported by the Department at June 30, 2018 totaled $14.4 million, excluding the inventory balance of the Department's Correctional Industries. Each Correctional Center maintained at least a portion of that inventory balance with commodity and/or commissary inventory.

Auditors identified the following exceptions and weaknesses related to the controls over commodity and commissary inventory records and accounting:

- The inventory counts completed by Center personnel did not agree to the accounting records in The Inventory Management System (TIMS) or the Fund Accounting and Commissary Trading System (FACTS) due to errors in unit of measure and quantity at Danville, Dixon, Graham, Hill, and Vienna Illinois Correctional Centers, resulting in a net difference of $27,861.

- Auditors noted errors in encoding in TIMS regarding cost and units per item based on supporting documents at Vienna Illinois Correctional Center.

- Auditor test counts did not agree or were unable to be reconciled to agency records at Danville, Decatur, Hill, Illinois River, Lawrence, Logan, Pontiac, Sheridan, Stateville, Vandalia, Vienna, and Western Illinois Correctional Centers. The total net overstatement amount was $4,440 and differences in total units ranged from 1 to 1,087. In addition, 2 of 20 (10%) items tested at Sheridan Correctional Center did not trace to the year-end count documents for Fiscal Year 2018 and TIMS inventory was overstated by $539.

- Shawnee and Vienna Correctional Centers failed to include commodity and commissary items, totaling $24,694, in inventory in the proper period.

- Auditors noted exceptions related to inventory counts.

- Auditors noted the final priced inventory balances for commodities and commissaries in the Trial Balance in FACTS as of June 30, 2018 at Stateville Correctional Center were overstated by $161,384 and understated by $774, respectively.

- Auditors noted exceptions related to inventory adjustments.

Accepted or Implemented – continued

- Auditors identified exceptions and weaknesses related to the controls over commodity and commissary inventory access, maintenance and procedures.

- Auditors noted weaknesses in segregation of duties for inventory procedures.

- Auditors identified exceptions and weaknesses related to the controls over commodity and commissary inventory recordkeeping:

- Auditors noted exceptions related to inventory receiving and sales documents.

- Auditors noted exceptions related to stockpiling of inventory.

- Auditors noted exceptions during inventory markup testing wherein 34% of employee and commissary goods tested at Centralia, Jacksonville, Lawrence, Logan, Pinckneyville, Shawnee, and Vienna Correctional Centers were priced over the allowed markup, ranging from an additional 3.68% to 23.75% markup.

Response: Accepted. The Department will strive to improve its centralized oversight on inventory controls and continue working with Center staff regarding maintaining and accounting for inventory in The Inventory Management System (TIMS) and Fund Accounting and Commissary Trading System (FACTS). In addition, the Department will continue providing guidance, reminders and assistance to the Centers to help facility staff improve compliance and internal controls.

Updated Response: Accepted and Partially Implemented. During the audit period, the Department sent out guidance and strengthened its controls over employee commissaries. With respect to commodity inventories, guidance was sent out regarding fiscal responsibility and oversight as it pertained to inventory levels and management.

6. Allocate sufficient resources, provide staff training and adequate supervisory review, and perform central level oversight over offender financials to ensure ATCs properly record financial transactions. (Repeated-1994)

Finding: The Department did not properly record, maintain required documentation, or ensure adequate internal controls, over financial transactions at the Adult Transition Centers (ATCs).

During testing of four ATCs (Crossroads, Fox Valley, North Lawndale, and Peoria), auditors noted the following weaknesses:

- Inadequate controls over the bank reconciliation process for the Resident Trust Fund at Crossroads, Fox Valley, and North Lawndale ATCs. For example, balances reported on the bank reconciliations and on the balance sheets compared with the Resident Trust Fund Trial Balances, as of June 30, 2017

and 2018, had unexplained differences totaling $24,962 and $75,610, respectively.

- During a review of the financial statements for the Resident Trust Fund of Crossroads ATC, auditors noted a misclassification of expenses to Resident Loans amounting to $314 and $1,558 in FY17 and FY18, respectively.

- At three ATCs, there were seven instances in which stop-payments were not issued for Resident Trust Fund checks that were outstanding for more than three months. The exceptions occurred at Crossroads (one instance), Peoria (three instances), and Fox Valley (three instances). In addition, Fox Valley ATC had four dormant checks that were not voided for three Resident Trust Fund checks and one Employee Benefit Fund check.

- During Resident Trust Fund resident folder testing, auditors noted the letter of dependent verification was not filed in the resident's folder for 3 of 10 (30%) resident folders at the Peoria ATC.

- During review of cancelled checks, auditors noted one check of Fox Valley ATC amounting to $350 did not have signatures but was still cleared by the bank.

- During resident personal property testing, auditors noted residents had more property items than what was allowed for 19 of 40 (48%) resident personal property folders tested at the Crossroads, Fox Valley, North Lawndale and Peoria ATCs.

- During IRS Form 1099-MISC (1099 forms) testing, auditors noted at Crossroads, North Lawndale and Fox Valley ATCs, 32 of 46 (70%) 1099 forms reported earnings greater than the Resident general ledger amounts by a total of $4,330.

During the current period, the accounting unit worked with ATC staff when new locally held fund issues arose and helped staff clear up and resolve prior period problems. Although the Department initiated corrective actions during the review period, those actions were not fully implemented or sufficient to address all weaknesses identified.

Department management indicated, as it did during the prior examination, the exceptions noted were due to inadequate staffing, lack of training, human error, and insufficient central level oversight over offender financials.

Updated Response: Accepted and Partially Implemented. The Department has added staffing at its Adult Transition Centers (ATCs), as applicable, to help address the segregation of duties finding. The Department also increased its oversight over the Employee Benefit Funds in order to help ensure proper accounting. With respect to contractual oversight at the two ATCs, the Department will work with the contractor's staff to ensure the proper oversight and handling of locally held fund transactions.

Accepted or Implemented – continued

7. Identify all third-party service providers and determine and document if a review of controls is required. Also:

- **Obtain SOC reports or perform independent reviews of internal controls associated with third-party service providers at least annually.**
- **Monitor and document the operation of the Complementary User Entity Controls relevant to the Department's operations.**
- **Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.**
- **Document the review of SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.**
- **Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.**

Finding: The Department did not obtain or conduct timely independent internal control reviews over its external service providers.

The Department was unable to provide a listing of all service providers utilized. During testing, auditors worked with the Department to identify their service providers to determine the services delivered. Even given the population limitations noted above, auditors performed testing of eleven service providers utilized.

The Department utilized various service providers for hosting the Department's Offender 360 application, maintaining residents' trust funds and medical records, as well as for the preparation of financial reports and statements.

During testing, the Department had not:

- Developed a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.
- Obtained System and Organization Control (SOC) reports or conduct independent internal control reviews for nine of the eleven external service providers tested.
- Conducted an analysis of the two SOC reports they did obtain to determine the impact of the modified opinion(s) or the noted deviations.
- Conducted an analysis of the complementary user entity controls documented in the two SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

Additionally, it was noted the contracts between the Department and the service providers did not contain a requirement for an independent review to be completed.

Department management stated contract managers were unaware of the need for SOC reports from certain types of service providers.

Updated Response: Accepted and Partially Implemented. During the current audit cycle, the Department furnished a listing of third-party service providers. The Department continues monitoring any changes in operational conditions for the Department or the third-party service providers, obtaining SOC reports if warranted for subservice providers and performing alternate procedures to ensure that service delivery will not impact the service provider's internal control environment. The Department received SOC 2 report from BI Incorporated, the vendor that maintains the Parole Management System (commonly known as AMS). It was reviewed by DoIT and extremely happy with the reports. No corrective actions or changes in operations are recommended by DoIT Security team.

8. Ensure that 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. Also, conduct a review of grants received and the design of new major computer systems or major modifications of existing computer systems. Further, appoint a chief internal auditor and ensure a full-time program of internal auditing is in place and functioning at the Department. (Repeated-2012)

Finding: The Department's Office of Internal Audit did not comply with the Fiscal Control and Internal Auditing Act.

During FY17 and FY18, the Office of Internal Audit performed only three of nine (33%) planned internal audits for the major systems of controls for the past two fiscal years. In addition, the Department failed to conduct a review of the design of the new major electronic data processing system, Offender 360, and testing of internal accounting and administrative controls over $9 million in grants received, including monitoring. Furthermore, the Chief Internal Auditor position was vacant from December 31, 2016 until the end of fieldwork.

Department management stated there was a personnel constraint within the Office of Internal Audit, resulting in the remaining staff not being able to perform all planned audits. Management stated the Chief Internal Auditor position was vacant during 2017 and 2018 due to a retirement and subsequent difficulties in finding a replacement.

Updated Response: Implemented. In November 2018, the Department and CMS entered into an Inter-Governmental Agreement whereby CMS would perform the Chief Internal Auditor duties of the Department. The Department hired its own Chief Internal Auditor, who began assuming the duties of such on July 16, 2020. The CMS agreement is remaining in effect until the duties are fully transitioned to the new Chief Internal Auditor.

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The Department is moving forward with its auditing plan and thus far conducted eighteen internal audits covering various fiscal and administrative controls.

9. Review the procedures for form DOC 0075 (Commissary Fund Cash Review) to ensure a consistent and accurate transfer calculation is utilized. Also, determine if the current statutory language is sufficient to allow for operations of the commissary funds, or seek legislative changes if needed. Further, develop a plan of action to begin decreasing the liability within the Commissary Funds. (Repeated-2016)

Finding: The Department did not comply with the required transfers of profits from Commissary Funds to the Inmate Benefit Fund and Employee Benefit Fund. A Commissary Fund Cash Review Form (DOC 0075) is used to calculate and effectuate the transfers.

Auditors noted the following exceptions related to accrual of profits and required transfers:

- Danville and Logan Correctional Centers completed the DOC 0075 but did not transfer funds during the audit period.
- Lincoln Correctional Center did not use the DOC 0075 and determined the transfer amount according to an alternative methodology.
- Joliet Treatment Center did not use the DOC 0075 and made no transfers during Fiscal Year 2018.
- Nine centers were unable to provide complete documentation of DOC 0075 for the Inmate Commissary Fund and Employee Commissary Fund for Fiscal Years 2017 and 2018. Auditors noted differences between the amounts indicated on the DOC 0075 forms and the General Ledger Trial Balance Reports for June 30, 2017 and June 30, 2018 at nine other Centers ranging from $6 to $324,217.
- The Inmate Benefit Fund's mandated 40% share of Inmate Commissary Fund's profits totaled $4,004,388 and $4,322,205 during FY17 and FY18, respectively. Auditors were not provided with all the documentation supporting the transfers made. However, based on the incomplete documentation, the total transfers were only $2,304,691 and $1,457,051 during FY17 and FY18, respectively.
- The Employee Benefit Fund's mandated 40% share of Employee Commissary Fund's profits totaled $54,371 and $71,891 during FY17 and FY18, respectively. Auditors were not provided with all the documentation supporting the transfers made. However, based on the incomplete documentation, the total transfers were only $37,592 and $52,837 during FY17 and FY18, respectively.

The amounts due to other Departmental funds from the DOC Commissary Funds totaled $14.1 million as of June 30, 2018 ($9.2 million to the Inmate Benefit Fund, $.1 million to the Employee Benefit Fund and $4.8 million to the Salary Reimbursement Fund). The amount due to other Department funds within the Commissary Funds totaled $7.6 million, $7.8 million and $9.7 million in Fiscal Years 2012, 2014, and 2016, respectively.

Department management stated the exceptions noted occurred because the DOC 0075 form needs to be updated. Currently, the calculation is set up to be conservative in nature to make sure there is sufficient cash flow for commissary operations. Because of this, the DOC 0075 rarely recommends making a payment to the benefit funds.

Updated Response: Accepted and Partially Implemented. The Department is currently reviewing its fiscal policies and forms. It recognizes the need to update policy 02.44.110 and DOC0075 as indicated by the auditors. While these documents have not yet been updated, the facilities have been reminded on the importance of transferring commissary funds and maintaining proper accounting records.

10. Implement controls to ensure expenditures are made in accordance with State statute, terms of the contract, and are properly documented. Also, ensure that costs related to internally developed software are adequately tracked by development stage and analyzed for accurate calculation of costs to be capitalized. (Repeated-2014)

Finding: The Department did not ensure fiscal requirements were controlled and documented. In June 2010, the Department embarked on the development of the Offender 360 system in order to meet the statutory requirements of Public Act 097-0697 to manage the awarding of sentence credits to eligible offenders. Over the last eight years, the Department has added additional functionality to Offender 360 in the areas of offender tracking, offense information, security levels, offender personal and medical information.

Since the FY14 examination, auditors reported the Department had not implemented controls over the fiscal requirements related to Offender 360. During the current examination, auditors continued to identify weaknesses regarding overall costs as well as the appropriateness of vendor payments.

During testing, auditors requested from the Department documentation supporting the cost of the Offender 360 project. The Department provided a spreadsheet that indicated more than $69 million had been paid for vendor services since FY11. The spreadsheet did not include the cost of Department staff and some additional hardware and software purchases.

Auditors also reviewed the contracts, statements of work, schedules and amendments related to the vendor's services, and noted the Department may have overpaid or may have made advance payments to the vendor totaling $1,235,686 based on the terms of the agreements. In addition, auditors reviewed 14 vendor invoices, totaling $42,970,792, and found sufficient detail was not provided to determine the accuracy of the payment. Further,

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the Department could not provide documentation to determine if all services were delivered prior to the expiration of the lapse period for the 14 invoices.

In addition, the auditors noted the Department had not capitalized the costs or maintained sufficient records to determine the development costs related to the Offender 360 project. Based on the vendor's records and the Department's estimate for staffing time, it was determined the Department had not capitalized approximately $19.4 million related to Offender 360 as of June 30, 2018.

Moreover, in March 2018, the Department embarked on a development to replace their locally held funds system with A360, a module of Offender 360. In June 2018, the Department discontinued this development. During the application development period, the Department expended $1.5 million. Costs incurred during the preliminary project stage of A360 could not be determined.

Department management stated that recent changes in staffing contributed to the lapse in monitoring and controlling expenditures for these projects.

Response: Accepted. The Department will work to strengthen its internal controls over the development and support of its Information Technology environment. A central repository of information will be established, deliverables and performance will be tracked and monitored, and an exhaustive review of all Information Technology expenditures will be completed with appropriate action being taken for billing irregularities.

Updated Response: Accepted and Partially Implemented. The Department worked to validate the overpayment cited in the audit report and has entered into an emergency contract that will allow for the spend down the full credit balance resulting from overpayment.

11. Strengthen controls to identify, ensure compliance, and monitor all applicable statutory mandates.

Finding: The Department was unable to provide a complete list of statutes with specific requirements for the Department during the examination period.

The Department identified 11 of the major statutes establishing mandates specific to their agency. However, the Department did not identify an additional 39 applicable laws with specific mandates significant to the Department.

Updated Response: Accepted and Partially Implemented. At the end of the previous audit engagement the Office of the Auditor General sent to the Department a file containing a list of statutory mandates that they had identified. The Department has kept that registry and continues to update as applicable bills pertaining to IDOC are passed into law.

12. Allocate adequate resources to adequately administer and monitor interagency agreements, including maintenance of complete records of contractual and interagency agreements.

Finding: The Department did not maintain adequate internal controls over contractual and interagency agreements.

Auditors requested the Department to provide the population of contractual and interagency agreements in effect during the examination period and noted the following:

- There were 79 contracts with total expenditures of $8.3 million and 391 contracts with total expenditures of $111.5 million not included in the Department's listing for Fiscal Years 2017 and 2018, respectively.

- Since a listing of interagency agreements was not provided to the accountants, the Department provided copies of all known interagency agreements, which became the population.

Even given the population limitations noted above which hindered the auditors' ability to conclude whether the selected samples were representative of the population as a whole, auditors selected samples from the documents provided by the Department and noted the following from testing:

- For 2 of 4 (50%) interagency agreements tested, the Department was unable to provide adequate documentation to support compliance with specific terms and clauses which required the Department to submit reports to the Illinois State Police and Office of the State Fire Marshal.

Department management stated the exceptions were due to conflicting priorities and lack of resources.

Updated Response: Accepted and Partially Implemented. The Department's contracts are all properly filed with the Comptroller's Office. In addition, contracts are entered into AIS/SAP in order to be obligated and/or payments processed. With respect to Inter-Governmental Agreements (IGAs), the Department is now keeping an active file for all IGAs. This file is maintained in the Director's Office. To increase contract monitoring and increased oversight over service provisions, the Department has established a new Contract Compliance Manager position within its organizational structure. Specifically, when it comes to Shared Services agreements, please note that the agreements have been filed with both the Office of the State Fire Marshall, Illinois State Police and Illinois Department of Juvenile Justice.

13. Properly document and manage attendance at addiction recovery services and comply with State mandates. (Repeated-2010)

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Finding: The Department did not properly manage the addiction recovery services as required by statute.

During on-site audits of Correctional Centers, auditors identified the following deficiencies in testing the addiction recovery services provided:

- At Sheridan Correctional Center, 5 of 10 (50%) addiction recovery meetings held exceeded the statutory limit of 40 attendees per meeting. Attendees exceeded the statutory limit by 1 to 15 attendees for the meetings tested.

- Pontiac, Shawnee and Stateville Correctional Centers did not maintain complete attendance records for all addiction recovery meetings held during the examination period.

Center management stated, as it did in the prior examination, the exceptions noted were due to oversight and staffing changes.

Updated Response: Accepted and Partially Implemented. Additional hiring protocols were implemented in early 2019, Addiction Recovery Management Services Unit (ARMSU) began working closely with vendors to begin their screening process prior to offers of employment, thus relieving additional pressures to IDOC's internal back ground process. ARMSU began working closer with back grounds unit developing additional systems to streamline screening process for vendors reducing attrition. In addition, ARMSU began working closer with DHS-SUPR division and began trainings targeted for certified staff on best-practices for group sizes for treatment, added additional staff, and additional groups on week-ends. Documentation was added for outside support groups run in the facility and that information added to the quarterly reporting. Moreover, ARMSU improved documentation by eliminating redundancies with the waitlist and deducing overall with time of clients prior to admission into Substance Use Disorders programs, bringing screeners into facilities monthly rather than quarterly.

14. Implement an Evidence-Based Programming System to fulfill mandated duties. (Repeated-2016)

Finding: The Department did not implement an Evidence-Based Programming System as required by State statute.

During mandates testing, auditors noted that the Department is still in the process of testing a risk assessment tool identified as Risk, Assets & Needs Assessment Tool (RANA).

As RANA is still in the process of review and testing, the Department has not adopted policies, rules, and regulations regarding the adoption, validation, and utilization of the statewide standardized risk assessment tool. As of June 30, 2018, 24,671 paroled individuals were subject to supervision by the Department.

Department management stated, as it did in the prior examination, the Department is still in the process of establishing policies, rules, and regulations regarding the risk assessment tool.

Updated Response: Accepted and Partially Implemented. During the current audit period, the Department transitioned from the previously developed Risk, Assessments and Needs Assessment Tool (RANA) to a new platform that better aligned with Illinois' criminal justice system. In order to uphold the statutory mandate provisions found in the Crime Reduction Act (730 ILCS 190/10(a) through (190/10(b)), the Department contracted with the University of Cincinnati in relation to the utilization and training on their ORAS Platform. The Department has completed trainings both in person and online for all direct users. Online implementation of the tool was started.

15. Implement internal controls to ensure compliance with the requirements of medical consent waivers and medical co-payments. (Repeated-2016)

Finding: The Department did not comply with requirements for statutory medical consent waivers and medical co-payments.

During on-site audits of Correctional Centers, auditors noted the following:

- Auditors tested a total of 8 waivers at 5 Correctional Centers and noted Western Illinois Correctional Center did not complete or maintain a copy of the Offender Medical Emergency Consent Waiver for 1 (13%) waiver tested.

- One of 15 (7%) Centers tested, Big Muddy Correctional Center, was not able to provide a listing or identify instances during the examination period when offenders were incapable of giving consent for medical treatment.

- Lawrence and Menard Correctional Centers did not charge a $5 co-payment for 5 of 10 (50%) inmates tested who were provided non-emergency medical services. Furthermore, at Lawrence Correctional Center, 2 of 5 (40%) inmates tested did not complete an Offender Authorization for Payment Form (DOC 296) to authorize the required $5 co-pay for going to the nurse and receiving medical care.

Department management stated, as it did in the prior examination, the exceptions were due to oversight at the cited Centers. A lack of adequate staff also contributed to the exceptions in the current period.

Updated Response: Accepted and Partially Implemented. Since the previous audit period, there have been several administrative changes in the Office of Health Services Executive Staff. Those changes include a new Agency Medical Coordinator, a new Quality Improvement Coordinator, a new Statewide Director of Nursing, two new Deputy Chiefs of Health Services, and a new Infection Control Coordinator. These staff members have reviewed the audit finding and are working with the facility staff on addressing the proper

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protocol for receiving medical consent waivers. With respect to the medical co-payment issue, the requirement of the Department to collect these funds was repealed pursuant to Public Act 101-0086.

16. Comply with the requirements of the Murderer and Violent Offender Against Youth Registration Act. Specifically, ensure timely notification, proper completion, and maintenance of the Murderer and Violent Offender Against Youth Registration Notification Form and review records in Offender 360 to ensure accuracy. (Repeated-2016)

Finding: The Department did not comply with the notification requirements of the Murderer and Violent Offender Against Youth Registration Act (Act).

The Act (730 ILCS 154/15) requires that any violent offender against youth who is discharged, paroled, or released from a Department of Correction's Facility or other applicable institution, prior to discharge, parole or release shall be informed of his or her duty to register in person within five days of release.

During testing at 15 Correctional Centers, auditors noted the following weaknesses in the Department's compliance with this Act at 6 (40%) Centers:

- Forms for 5 of 9 applicable offenders were incomplete at Big Muddy and Shawnee Correctional Center.

- Danville Correctional Center was unable to provide documentation of required notification forms for 1 of 5 applicable offenders tested.

- Auditors noted the computer system that tracks Violence Against Youth (VAY) Offenders, Offender 360, did not properly track inmates who were violent offenders against youth at Illinois River Correctional Center. Auditors noted 23 of 53 (43%) of the Offender 360 population of VAY offenders released from the Center during the examination period were not violent offenders against youth.

- Two inmates were incorrectly listed on the original Offender 360 report the auditor received and should not have been classified as violent offenders against youth. This exception was noted at Vienna Correctional Center.

- An offender was not labeled as a VAY offender upon release and therefore did not sign a form confirming he was notified of his duty to register with the police upon being released. This exception was noted at Pinckneyville Correctional Center.

In the prior examination, Department management stated the exceptions noted were due to employee oversight and staffing shortages. In the current period, management stated exceptions were due to human error and oversight.

Updated Response: Implemented. The Department has corrected these issues and working closely with the Illinois State Police Information Technology team. Active engagements are in progress on as needed basis to clarify any discrepancies in the transfer files.

17. Implement internal controls to report to the Illinois State Police the information on released arsonists as required by law and document such notification. (Repeated-2006)

Finding: The Department was unable to provide records substantiating the communication with the Illinois State Police (ISP) regarding the registration of released arsonists expecting to reside, work, or attend school upon discharge, parole or release within the City of Chicago.

Department management stated the Offender 360 did not include a feature to electronically track or share arsonist information with the ISP.

Updated Response: Implemented. The Department has corrected these issues and working closely with the Illinois State Police Information Technology team. Active engagements are in progress on as needed basis to clarify any discrepancies in the transfer files.

18. Transfer dormant accounts to GRF timely and properly without offsetting or netting DOC Resident's Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative cash balances. Further, transfer inmate accounts to the receiving centers and properly document the date of death, discharge, or unauthorized absence for dormant accounts. (Repeated-2010)

Finding: The Department improperly offset DOC Residents Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative cash balances prior to the transfer of unclaimed balances to the General Revenue Fund (GRF). In addition, the Department did not transfer all unclaimed dormant accounts to the GRF, nor did it transfer all inmates account balances to the Centers to which inmates were transferred.

During on-site audits of Correctional Centers, auditors noted the following:

- Centers transferred $12,893 in dormant accounts that should have totaled $16,713. The difference was due to offsetting or netting balances. This exception was noted at the following Centers: Danville, Hill, Logan, Menard, and Pontiac.

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- Centers did not transfer dormant accounts to the GRF totaling $17,777 during the two years ended June 30, 2018. This exception was noted at the following Centers: Big Muddy River and Logan.

- Inmate Trust Fund dormant positive and negative account balances for 9 inmates tested, totaling $424 and $3,143 respectively, were not transferred to the facilities to which the inmates were transferred. This exception was noted at the following Centers: Menard, Pontiac, and Sheridan.

Department management stated, as it did in the prior examination, the exceptions noted were due to Center staff shortages, staff turnover, human error, and employee oversight.

Updated Response: Accepted and Partially Implemented. The Department will make every effort to review internal policy and statutory requirement when determining the appropriate process to follow regarding dormant accounts. Department staff will also supply oversight as needed to the facilities and consistently review the Inmate Trial Balance and List Dormant Inmate Funds reports in an effort to ensure proper remittance of dormant accounts.

19. Establish procedures to timely investigate items not located during the annual physical inventory. Further, immediately assess if missing computers contained confidential information and take the necessary actions per the Department's policies and the Personal Information Protection Act. (Repeated-2012)

Finding: The Department was not able to locate 946 computer items during its annual physical inventories for FY17 and FY18. These computers may have contained confidential information.

The Department conducted an annual physical inventory of all equipment with an acquisition cost of $500 or more and annually reported its results to the Department of Central Management Services (DCMS). Upon review of the Annual Reports of Physical Inventory Discrepancies, auditors noted 417 computer inventory items not located in FY17 totaling $521,375 and 529 computer inventory items not located in FY18 totaling $596,617. Missing computer equipment ranged from 4 to 28 years old.

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

Department management stated, as it did in the prior examination, the computers not located during the annual physical inventory may not necessarily be lost or stolen. The

Department stated some of the computer items not located may have been transferred as surplus items and the related property transfer forms were not prepared, thus resulting in the discrepancy during the annual physical inventory.

Updated Response: Accepted and Partially Implemented. DoIT has taken over control of IDOC equipment inventory and will manage the inventory going forward. However, internal movements of computer inventory will still need to be properly tracked within IDOC.

20. Allocate adequate resources to ensure timely submission of Statements of Economic Interest.

Finding: The Department did not maintain adequate controls over the submission of Statements of Economic Interest.

During testing of 60 employees required to file a Statement of Economic Interest with the Illinois Secretary of State, auditors noted the following exceptions:

- Six Statements did not have a date stamp of the date filed; therefore, auditors were not able to test timeliness of submission.
- Three Statements were not dated by the employee.
- Two Statements were not found on the Secretary of State website as proof of filing.
- One Statement had a filed date that was before the employee signature date.

Department management stated the exceptions were due to conflicting priorities and lack of resources.

Updated Response: Accepted and Partially Implemented. During 2020, the Illinois Secretary of State transitioned to an online portal for submission of Statements of Economic Interest. Submission through the website auto generates the date stamp for filing with the Secretary of State, the signature of the employee. This automated system should eliminate errors noted in the previous audit for all electronically filed submissions. The Ethics Officer has administrative rights to the online portal and can review the submissions for completeness and check secondary employment notations to ensure compliance with Departmental directives. The acceptance of the filing by the Ethics Officer on the portal completes the submission. Further, the Department is allocating sufficient resources to ensure timely submission of the statements through hire of an employee strictly dedicated to the role of Ethics Officer.

21. Allocate adequate resources to ensure timely and accurate submission of required reports.

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Finding: The Department did not maintain adequate controls over the submission of required employment reports.

During testing of the State Hispanic, Asian American and African American Employment Plans (Plans) for both FY17 and FY18, auditors noted the following exceptions:

- Eighteen of 159 (11%) total survey questions in the FY17 Plans reported 5,340 less total staff as compared to supporting documentation.
- Forty-five of 159 (28%) total survey questions in the FY17 Plans involving 7,786 staff had no supporting documentation.
- Forty-four of 165 (27%) total survey questions in the FY18 Plans reported 634 less total staff, as compared to supporting documentation.
- Seven of 165 (4%) total survey questions in the FY18 Plans involving 5,676 staff had no supporting documentation.

Department management stated the exceptions were due to conflicting priorities and lack of resources.

Updated Response: Accepted and Partially Implemented. The affirmative action team is collaborating with our IT team to ensure the numbers reflect staff who are employed by the Department and not retired or on a leave of absence.

22. Continue efforts to review and update Administrative Directives to ensure they represent the most current, standardized practices of the Department. (Repeated-2008)

Finding: The Department has not completely updated its Administrative Directives (A.D.s) to reflect the operational changes that have occurred in previous years. Auditors noted at least four instances when major changes occurred in operations at DOC, but the Department had not updated its A.D.s

Department management stated, as they did in the prior examination, the exceptions noted were due to the level of involvement of all personnel in the review process and the time it takes before any change is taken into effect.

Updated Response: Accepted and Partially Implemented. During the Spring of 2020, the Department of Corrections instituted new procedures that allow for the rapid review of all existing policies and Administrative Directives. As a result of this procedural change, each policy is under review for updates/revisions.

23. Comply with the requirements to timely submit reports and maintain documentation as required by statute and Department Administrative Directives. (Repeated-2016)

Finding: The Department did not maintain documentation to support the timeliness of submission of required reports and maintenance of all educational records.

During on-site audits of 15 Correctional Centers at which the following requirements were tested, auditors noted the following weaknesses:

- Vienna Correctional Center and Stateville Correctional Center (13% centers tested) were unable to provide support for when the FY16 annual evaluation of programs was submitted by the Educational Facility Administrator (EFA) in the Center to the Administrator and Chief of Program and Support Services, which was due October 1, 2016.

- Shawnee Correctional Center was unable to locate the DOC 0362 - Educational Release of Information and DOC 0359 - Vocational Program Waiver of Liability and Hold Harmless Agreement forms for one of three (33%) vocational students tested. In addition, Big Muddy Correctional Center was unable to locate the completed Vocational Assessment Instrument form for two of two (100%) vocational students tested.

Department management stated, as it did in the prior examination, the exceptions noted were due to oversight.

Updated Response: Accepted and Partially Implemented. The Office of Adult Education and Vocational Services continues to conduct audits and collect random samples of educational files to verify the appropriate documentation. Incomplete education files are addressed with the Associate Dean and Regional Coordinator from the Community Colleges.

24. Properly conduct metal detector searches of inmates who are assigned to mechanical areas where tools and metals are present, in accordance with the Department's Administrative Directive. (Repeated-2014)

Finding: The Department failed to properly conduct metal detector searches of inmates.

During on-site audits of Correctional Centers, auditors noted at Danville, Dixon, Illinois River, Logan, Pontiac, and Stateville Correctional Centers that inmates assigned to mechanical and kitchen areas where tools and metal were present were not subjected to searches with metal detectors upon exiting the area.

Department management stated, as it did in the prior examination, the exceptions noted were due to oversight by some Centers, while other Centers did not have metal detectors due to budget constraints. At two Centers, management stated this exception was due to a misunderstanding of the A.D.

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Updated Response: Implemented. Per directions issued in July 2019, Danville, Dixon, Illinois River, Logan, Pontiac, and Stateville Correctional Centers put procedures in place to ensure all offenders working where tools and metal objects are present are searched with a metal detector upon exiting the area. Roll Call memos were distributed at each of these facilities and areas were checked by supervisory staff to ensure they had functioning metal detectors and they were being utilized per the AD. Hand held and walk through metal detectors were purchased for the facilities that were needed. Operations Bulletin 20-007 was issued on November 8, 2019 reiterating the importance of proper offender searches.

25. File reports on interagency accounts receivable written off within 60 days of being written off. (Repeated-2016)

Finding: The Department's Correctional Industries (Industries) failed to timely submit to the Office of the Comptroller a listing of interagency accounts receivable that had been written off.

Auditors noted Industries had not submitted timely to the Office of the Comptroller two of 17 (12%) interagency receivables that were written off during the audit period. Industries submitted two interagency receivables written off during FY17 and FY18, totaling $1,332, to the Office of the Comptroller three and 19 days, respectively, after the due date.

Department management stated, as it did in the prior examination, the exceptions noted were due to competing priorities.

Updated Response: Implemented. Instead of waiting until the end of a quarter, Illinois Correctional Industries (ICI) will file a report each time an interagency write-off occurs. Please note, ICI has not had any applicable write-off's since FY18.

26. Improve controls over the Inmate Benefit Fund to ensure committee meeting minutes are maintained to support approval of expenditures.

Finding: The Department did not have adequate controls over the Inmate Benefit Fund.

During testing of the Inmate Benefit Fund, auditors noted three of 60 (5%) disbursements lacked the corresponding committee meeting minutes to support approval of expenditures totaling $23,178 for tent rental, an inmate grievance, a washer, and a dryer.

Department management stated the exceptions noted were due to conflicting priorities and employee oversight.

Updated Response: Accepted. The Department will work to provide training to staff on the proper administration and procedures related to the Inmate Benefit Fund.

27. Document receipt date of vendor invoices and timely approve and process vouchers for payment. Also, retain all vouchers and supporting documentation. Finally, ensure employees timely submit travel reimbursement requests including adequate supporting documentation, accurately report their headquarters, and timely obtain pre-approvals for out-of-State and out- of-country travel. (Repeated-2014)

Finding: The Department did not maintain adequate controls over voucher processing. During sample testing of 309 vouchers, auditors noted the following exceptions:

- For 120 (39%) vouchers tested, totaling $11,581,196, payments were approved by the agency head more than 30 days after receipt by Fiscal Operations, ranging from 3 to 638 days late.
- For 75 (24%) vouchers tested, totaling $896,323, invoices were not paid timely, ranging from 5 to 645 days late, and late payment interest was not paid as required.
- For 10 (3%) vouchers tested, totaling $2,417,856, bills did not have a date received stamp; therefore, auditors were not able to test timeliness of receipt of the vendor invoice and payment to the vendor.
- Six (2%) vouchers selected for testing were not provided by the Department. Four of the vouchers totaling $297,028 were paid pursuant to contracts for utilities, food supplies, machinery, and officer uniforms. The other two payments, totaling $7,140 for food and medical supplies, were paid to vendors previously used and verified to be active businesses.

The Department distributed a memorandum to staff reminding them of the importance of timely travel voucher submission. However, during sample testing of 69 travel vouchers, auditors noted the following exceptions:

- For 16 (23%) vouchers tested, totaling $3,882, reimbursement requests were received by Fiscal Operations later than the 30th of the next month after the trip took place, ranging from 1 to 656 days late.
- For 1 (1%) voucher tested totaling $133, the employee's headquarters did not agree with the official headquarters on file with the Legislative Audit Commission.

Auditors tested an additional sample of 60 out-of-State travel vouchers. For 26 (43%) vouchers tested, totaling $4,823, vouchers did not have a supporting travel request (DOC 0277) documenting Department approval. Three of these vouchers, totaling $1,928, were for travel outside of Illinois and should have been approved 50 days in advance of the departure date. In addition, the required travel approval forms for these three vouchers were not submitted 30 days in advance of the departure date to the Governor's Office of Management and Budget (GOMB).

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Department management stated, as it did in the prior examination, exceptions noted were due to conflicting priorities and lack of resources. Oversight was an additional cause provided by management during the prior audit.

Updated Response: Accepted and Partially Implemented. The Department have sent emails to staff regarding voucher processing guidelines, updated training materials and hosted phone calls regarding proper voucher processing procedures. We are currently working to create job aids and training materials for the new SAP accounting system. Staff have also hosted WebEx presentations on various resources and processes to help aid staff.

28. Work with the Centers to identify staff shortages and take corrective actions to ensure an adequate separation of duties is maintained. (Repeated-2008)

Finding: The Department did not maintain an adequate separation of duties for handling locally held funds.

Each of the Department's Correctional Centers (Centers) maintains a cash box which is funded by the Travel and Allowance Fund checking account to provide gate money and to fund the inmates' transportation upon parole or release from a correctional center.

During on-site testing at 15 Centers, auditors noted the individual assigned custody of the travel and allowance fund cash box performed monthly counts of the cash box and completed monthly bank account reconciliations for the travel and allowance fund. This exception was noted at 3 Centers (20%) - Big Muddy, Dixon, and Pinckneyville with cash box authorized balances of up to $1,500.

Department management indicated, as it did in the prior examination, the exceptions noted were due to staffing limitations and oversight.

Updated Response: Accepted and Partially Implemented. The Department has authorized the appropriate number of personnel required to adequately administer its business office operations. In situations where authorized positions are not filled, facility staff are required to file the appropriate documentation with the CFO indicating the lack of appropriate separation of duties. To ensure mitigated fraud risk, General Office also oversees and conducts reconciliation of applicable cash boxes.

29. Establish a written fraud prevention, deterrence, and detection program to include evaluating whether appropriate internal controls have been implemented in any areas identified as posing a higher risk of fraudulent activity, as well as controls over the financial reporting process. (Repeated-2012)

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

The Department relied on administrative directives and internal controls to minimize the risk of fraud occurring, but had not completed its analysis of the process to ensure a written fraud risk assessment is in place.

In response to the prior year finding, the Department stated it would make every effort to ensure a formal fraud risk policy and risk assessment was completed and appropriately acted upon.

Management stated, due to limited resources, they had to prioritize corrective actions, thus, a formal fraud risk assessment program had not been established.

Updated Response: Accepted and Partially Implemented. The Department recognizes the need to establish a fraud risk program. Many of the safeguards found within the accounting system help mitigate this risk. To further reduce the risk of fraud and establish the proper protocols, staff are working on developing a formal program for implementation.

30. Implement controls to ensure all reporting requirements are adhered to and ensure grant agreements are documented, maintained, and signed prior to the effective date of the agreement.

Finding: The Department did not exercise adequate controls over and sufficiently monitor grant agreements under its purview during the examination period.

During testing of grant agreements for grants awarded to the Department, auditors noted the following exceptions:

- One of seven (14%) State grant agreements was not provided by the Department.
- For one of six (17%) grant agreements provided, the required periodic financial reports were submitted seven to 18 days after the due date; the close-out performance report was submitted 11 days after the due date; and the grant agreement was not signed by the grantor.
- For one of three (33%) grant agreements requiring submission of a status report, the status report was submitted 18 days after the due date.

Department management stated the exceptions noted were due to employee oversight.

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Updated Response: Implemented. IDOC signed agreements are maintained by the Manager of the Grants Unit or the Supervisor of Grants Accounting. When financial reports cannot be completed by the due date, the Supervisor of Grants Accounting obtains extensions from the grantor. The Manager of the Grants Unit and the Supervisor of Grants Accounting are monitoring to ensure status reports are completed on time. If status reports cannot be completed by the due date, the Supervisor of Grants Accounting obtains extensions from the grantor. Lastly, IDOC grant administration activities and report records are tracked and stored in the Grant Unit files.

31. Implement controls and maintain adequate supporting documentation to ensure cash receipts and refunds are deposited in a timely manner in accordance with State law.

Finding: The 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 sample testing of receipts and refunds, auditors noted the following:

- Twenty-five of 411 (6%) receipt checks tested, totaling $138,445, were not deposited within the 15-day extended due date. The checks were deposited from 1 to 104 days late.

- Seven of 60 (12%) refund checks tested, totaling $11,372, were not deposited within the 15-day extended due date. The checks were deposited from 2 to 24 days late.

- Four of 60 (7%) refunds tested lacked adequate supporting documentation, and therefore, auditors were not able to determine the timeliness of deposit. Two of the four exceptions did not have any supporting documentation, and therefore, auditors were also unable to trace to Department records.

Department management stated the exceptions noted were due to human error and employee oversight.

Updated Response: Accepted and Partially Implemented. Staff have sent emails as reminders to facility staff regarding the timely submission of checks to Central Office for processing and the importance of date stamping checks when received. The accounts receivable unit also compiled a list of facility contacts so they can address specific issues directly as they arise.

32. Implement an automated timekeeping system. (Repeated-1998)

Finding: The Department's payroll timekeeping system was not automated.

As has been reported since the FY98 examination, each correctional center in the Department continued to maintain a manual timekeeping system for several hundred employees. Correctional center employees signed in and out, and these sheets were sent to the timekeeping clerk. Other information, including notification of absences and call-in reports, were also forwarded to timekeepers. However, the Department had not implemented an automated timekeeping system.

Once again, for the current examination period, the Department still had not implemented an automated timekeeping system. As a result, testing of compensatory time noted significant exceptions. See Finding 2018-37 for details.

Department management stated it did not have sufficient resources to implement an automated timekeeping system.

Updated Response: Accepted and Partially Implemented. The Department continued to support capital and IT funding needed to automate the payroll and timekeeping system. During the audit period, the Department was notified that it would be joining the State's effort in launching a new SAP platform to perform these functions.

33. Improve controls over leave of absence requests to ensure forms are fully completed, timely approved, and maintained in the Department's files. (Repeated-2016)

Finding: The Department did not ensure employees' requests for leaves of absence were properly documented and approved timely. During testing of employees' requests for leave of absence (LOA), auditors noted the following exceptions:

- Thirty eight of 60 (63%) employees on LOA tested were approved by the Director 1 to 198 days after the LOA effective date.
- Twenty three of 54 (43%) employees on LOA tested who returned from LOA had no supporting Personnel Action Form for their return to work.
- Two of 60 (3%) return LOA forms tested were approved 110 and 212 days after the LOA effective return date.
- Two of 10 (20%) of the employees on military leave tested were approved 60 to 88 days after the start of leave.

Department management stated, as it did in the prior examination, competing priorities and employee oversight resulted in these exceptions.

Updated Response: Accepted and Partially Implemented. During the current audit period, the Department has addressed the timeliness with Statewide HR staff. The Department has established an additional Human Resource Specialist in this unit to

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oversee all military LOA's. The position has been filled, which is a tremendous help to the leaves unit to ensure all LOA's are handled appropriately.

34. Follow the Personnel Rules and Administrative Directive and hold management accountable for completing and documenting employee performance evaluations on a timely basis. (Repeated-2006)

Finding: The Department did not conduct performance evaluations.

During testing of performance evaluations, auditors noted 29 of 60 (48%) employees tested did not have an annual performance evaluation completed in FY17 and 22 of 60 (37%) employees tested did not have an annual performance evaluation completed in FY18.

Department management stated, as it did in the prior examination, the performance evaluations were not conducted in a timely manner due to staffing constraints, vacancies, retirements, oversight, and lack of adequate follow-up.

Updated Response: Accepted and Partially Implemented. During this current audit period, Human Resources has made an effort to ensure all supervisors are preparing annual evaluations by sending emails and reminders on due dates. This will ensure employees have a performance evaluation conducted annually.

35. Allocate sufficient resources to document and monitor training and to ensure employees receive the required training to enable them to perform their specific job duties. (Repeated-2000)

Finding: The Department did not properly document the completion of all employees' minimum required number of training hours.

During sample testing of training records, auditors noted 13 of 60 (22%) employees in FY17 and seven of 60 (12%) employees in FY18 tested did not meet the minimum number of hours needed to meet training requirements.

In addition, auditors noted the following during testing of personnel records:

- Four of 60 (7%) employees tested which were hired during the review period did not complete their initial ethics training within 30 days after their date of hire.

- Three of 60 (5%) newly hired Correctional Officers tested did not reach the minimum required employee orientation and pre-service hours.

During the current audit period, management stated competing priorities and employee oversight were contributing factors to these exceptions.

Updated Response: Accepted and Partially Implemented. Since the audit conclusion, the Illinois Department of Corrections has completed its conversion from Pathlore to the OneNet learning management system. In addition, the Department has been granted permission to open Sexual Harassment Training, Ethics Training, and Cyber Security Training in OneNet on a continual basis, versus a set training time period. It is hoped that by giving more time to complete training, it will allow more employees access to the training; for a greater length of time. This will greatly aid our facilities and staff that do not have as much open access to computers thus helping our ability to not only complete training but track employee training. Additionally, the Illinois Department of Corrections Training Academy is currently hiring a Staff Development Specialist within each facility. This will place a Training Academy staff member within each facility allowing for better daily supervision of such training and to ensure completion by the mandated dates and ensure that all documentation is completed and maintained appropriately.

36. Monitor the use of leave time being used on the same day as overtime is worked and comply with the training manual by not allowing employees to work overtime on the same day that a full day of leave time is also used. (Repeated-2014)

Finding: The Department allowed employees to use leave time (i.e., sick, vacation, personal leave, and accumulated holiday time) for their regular shift and then work another shift at an overtime rate on the same day. While there may be instances where this would be a needed solution to a difficult staff coverage scenario, it could be a sign of abuse of overtime and may be against Department policy.

In a review of 20 employee timesheets for FY18, four employees (20%) had used a full day of leave time at least once during the fiscal year on the same day they had worked an overtime shift. For these four employees, auditors identified a total of 15 instances during FY18 in which employees used a full day of leave time (7.5 hours) the same day that they also worked overtime. One employee at Logan Correctional Center used leave time the same day in which they worked an overtime shift on 12 different occasions during FY18. Only one employee of the 10 Stateville Correctional Center employees sampled used leave time the same day in which an overtime shift was worked.

The financial advantage of this practice from the employee's perspective is that the employee is paid for the leave time shift at the usual rate for that day and then also paid for the overtime shift at 1.5 times the usual rate of pay on the same day.

The Department's Overtime Equalization Training Manual requires the Department to not consider employees on benefit time for Master Overtime Equalization if the overtime is occurring during the time of the employee's absence.

Also, in December 2016, the Department's Chief of Operations issued an e-mail memorandum to facility wardens which stated, "employees who utilize a full shift of pre-approved benefit time off on their regularly assigned shift, shall not be eligible for an

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overtime offering for [n]either the preceding shift nor the following shift." The Department took no further corrective actions during the audit period.

Department management stated generally the reason for employees taking paid leave time and working overtime on the same day is due to competing priorities and employee oversight.

Updated Response: Accepted and Partially Implemented. The following direction that was sent out several years ago has been reiterated: Employees who utilize a full shift of pre-approved benefit time off on their regularly assigned shift, shall not be eligible for an overtime offering for either the preceding shift nor the following shift. In addition, situations in which employees who are unable to work their regularly assigned shift due to an illness or emergency personal business, but who work a previously offered overtime shift immediately before or after their regularly assigned shift, create reasonable grounds to suspect abuse of sick or personal business leave. Therefore, the employee will be required to provide proof of illness or be asked about the nature of the emergency. Failure to provide adequate proof of illness would result in the regular shift being treated as an unauthorized absence and the employee will be referred for disciplinary action in accordance with the Affirmative Attendance Policy. This direction is not intended as an absolute prohibition on the use of all benefit time on a day in which overtime is worked, as there are numerous circumstances under which an employee may request and be approved to use benefit time on days when employees work overtime. However, these occurrences will be the exception and not the rule. When considering approval of benefit time to be used in conjunction with overtime worked, please be guided accordingly.

37. Comply with the federal Fair Labor Standards Act of 1938 by not allowing employees to accrue more than 480 hours of compensatory time. Also, comply with the union master agreement and track and pay compensatory time at the rate it was earned/accrued; and comply with the union master agreement by not allowing employees to carry compensatory time from the end of one fiscal year to the next. (Repeated-2014)

Finding: The Department allowed excessive accruals and carry over of compensatory time in violation of federal law and the union agreement.

For 5 of 20 (25%) employees sampled, timesheets showed they were allowed to accrue 480 hours or more of compensatory time during at least one month of FY17 or FY18. Payroll payments for compensatory time showed that an employee at Dixon Correction Center was paid for 500.5 hours in June 2018 ($22,693).

One employee was allowed to carry 15 hours of compensatory time from the end of FY17 to FY18 in violation of the union agreement.

The Department did not have a centralized timekeeping system to track the hours of compensatory time that employees have accrued. The Department used a manual timekeeping system and did not track the rate at which compensatory time was accrued/earned for each employee.

The Department stated the excessive compensatory time accruals were due to oversight and insufficient resources.

Updated Response: Accepted and Partially Implemented. The Agency is currently in the testing phase of Human Capital Management, which will encompass payroll needs. This will allow for more accurate accounting of roster management.

38. Enhance processes to ensure all necessary personnel documentation is properly maintained.

Finding: The Department did not adequately maintain personnel files. During sample testing of personnel files for 60 employees, auditors noted the following:

- 30 of 60 (50%) employees' personnel files were missing the Employment Eligibility Verification forms (Form I-9).
- 15 of 60 (25%) employees' personnel files were missing the ethnic origin survey.
- 30 of 60 (50%) employees' personnel files were missing the Employee's Illinois Withholding Allowance Certificate (IL W-4).
- 29 of 60 (48%) employees' personnel files were missing the Employee's Withholding Allowance Certificate (W-4).
- 28 of 60 (47%) employees' personnel files were missing the employees' job descriptions.
- 7 of 60 (12%) employees' personnel files were missing the Employment Application.

Department management indicated the exceptions noted were due to improper filing, clerical oversight, and human error.

Updated Response: Accepted and Partially Implemented. During the current audit period, the Department has instructed all staff to maintain personnel files within Shared Services Center. The Department has hired a temporary, contractual employee to assist with the backlog of personnel documents filing.

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39. Review processes to ensure payroll is accurately computed and timesheets are adequately prepared and supported. Also, recoup overpayments from employees.

Finding: The Department did not maintain sufficient controls or sufficient supporting documentation over payroll and timesheets.

During sample testing of payroll files for 60 employees, auditors noted the following:

- For nine of 60 (15%) employees tested, their federal withholding did not agree to supporting documentation, resulting in total under-withholding of federal taxes of $71 per pay period.

- For six of 60 (10%) employees tested, their State withholding did not agree to supporting documentation, resulting in over-withholding of State taxes of $28 per pay period.

- For four of 60 (7%) employees tested, their gross pay did not agree to the gross pay recalculation, resulting in overpayment of $231 per pay period.

During testing of timesheets, auditors noted the following:

- Eight of 60 (13%) timesheets tested were missing supporting documentation for overtime, time off taken, or paid lunch.

- Two of 60 (3%) timesheets tested were not properly completed for the related pay period.

Department management indicated the exceptions noted were due to improper filing, clerical oversight, and human error.

Updated Response: Accepted and Partially Implemented. During this current audit period, the Department has added counters on timesheets. Security staff are allowed 480 hours and all other staff are allowed 240. Managers will be able to monitor compensatory time carry over according to the Federal Fair Labor Standards Act of 1938.

40. Develop and issue formal change management procedures to control all changes made to computer systems. Also, at a minimum, include the following:

- **The process for requesting a change,**
- **The approval process of the requested change,**
- **Testing and documentation requirements,**
- **User acceptance and documentation, and**
- **Post implementation reviews requirements.**

In addition, restrict programmer access to all production programs and data. If programmer access is necessary in some situations, establish and enforce compensating controls to ensure appropriate management oversight and approval of changes. (Repeated-2012)

Finding: The Department lacked a process to control and manage changes to computer systems.

As noted in prior examinations, the Department had not developed a formal change management process or an effective mechanism to control changes. During the current examination, the Department still had not taken corrective actions to ensure an adequate change management process was in place to control changes.

The Department had developed a change management process document. However, the document contained substantial deficiencies. Specifically, the following were not defined:

- The process for requesting a change,
- Requirements for the approval process of the requested change,
- Testing or documentation requirements,
- User acceptance or documentation requirements, and
- Post implementation reviews.

According to the Department, an Enterprise Service Request (ESR) was to be completed and entered into the Remedy tracking system. However, the change management process document did not document the ESR or the Remedy processes.

Auditors reviewed a sample of 45 application changes, noting 24 changes (53%) did not have an ESR completed. They also reviewed the 291 changes to Offender 360; however, due to the lack of procedures, auditors could not determine if the changes had been properly approved and tested.

In addition, auditors reviewed the access rights for the eight developers, noting two had access to the production environment, resulting in a segregation of duties weakness.

Department management indicated the lack of staffing resulted in the weaknesses.

Updated Response: Implemented. Change management protocols have been established to ensure proper management approvals are obtained prior to making changes to the current systems. Diligently driving towards following the formal project management methodologies which include preparing the business requirements documents, building efficient and cost-effective technical solutions that can be recyclable, preparing test plans, conducting user acceptance testing & documenting test results, following deployment protocols, and preparing & documenting pre & post implementation check lists and project related documentation. Once IS division gets additional technical staff then controlling permissions to the staff can be effectively implemented. Until then, management oversight will be continued to ensure no abuse or fraud occurs, audit logs are built in the systems. Production system changes are documented in the ticketing system.

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41. Perform a risk assessment to evaluate the computer environment and data maintained to ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard computer resources.

Develop policies and procedures to ensure timely compliance with the requirements outlined in the Personal Information Protection Act (815 ILCS 530), in the event of a breach of personal information.

Obtain documentation demonstrating computer equipment had been properly wiped in accordance with the Data Security on State Computers Act (20 ILCS 450/20).

Ensure all confidential information is adequately protected with methods such as encryption or redaction. (Repeated-2016)

Finding: The Department had weaknesses in the security and control of confidential information.

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

During the examination period, auditors noted the Department:

- Had not performed a risk assessment of its computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure.
- Had not developed policies and procedures regarding the Department's responsibilities, as stated in the Personal Information Protection Act (815 ILCS 530), in the event of a breach of personal information.
- Did not obtain certification from the Department of Central Management Services documenting whether hard drives were wiped during the transfer/disposal process.

Additionally, auditors tested a sample of 60 laptops to determine if encryption had been installed. Testing noted two laptops did not have encryption installed and 13 laptops could not be located.

During the examination of the Correctional Centers, auditors noted confidential information was shared with the auditors, via an unsecure file sharing service. The following was noted:

- Danville Correctional Center sent confidential information that included home addresses, inmate trust fund account detail, and travel and allowance fund detail.
- Dixon Correctional Center sent confidential information that included social

security numbers, home addresses, personal phone numbers, and addiction recovery waitlists.

Department management indicated the lack of resources resulted in the exceptions.

Response: Accepted. The Department accepts the finding and will work to ensure that its Information Technology environment has adequate safeguards implemented. These safeguards will include policies and procedures that are in compliance with the Personal Information Protection Act, procedures identifying the proper steps regarding wiping electronic data sources before relinquishing control, and ensuring any confidential information that is electronically transmitted is properly encrypted or redacted.

Updated Response: Accepted and Partially Implemented. Overall at each facility in the Department, physical access controls are already in place and very strictly enforced. Upon returning a computer device by the Department to the Department of Innovation and Technology, it will be DoIT's responsibility for wiping the hard drives. Those operations are done for the Department by DoIT and no documentation is required by the Department after it leaves the Department. DoIT maintains and adheres to the data security policies for managing the Department's computer devices.

Annual risk assessment has been completed and necessary policies and procedures will be established based on the outcome of that exercise. Information Services Division is in the process of establishing the security governance which covers the findings identified in 2018-41.

Currently, in all computer systems managed by the IS Division, security roles are established to protect the privacy of PII and HIPPA data. All Agency staff are required to take annual Cyber Security Awareness Training which reinforce the importance of confidential data and security policies. Periodically, IS Division alerts the staff of these essential policies.

Since December 2019, IS division has a dedicated staff who handle all systems security access related matters. Established tight controls and monitoring of issuing applications access permissions to the staff with proper authorization from his/her supervisor; proactive auditing has also been started and tightening the loose ends to better manage the security of the applications. All client-server and online applications are well secured with built in SQL encryptions.

42. Develop and implement disaster recovery and business continuity plans which reflect the Department's environments and align with management's intentions. Additionally, perform and document tests at least annually across all environments. (Repeated-2012)

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

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Department management indicated the exceptions were due to understaffing.

Updated Response: Accepted and Partially Implemented. Enterprise Program Management (EPM) portal update has been completed. However, the information changes dynamically as new projects get added or information is revised. The Department continues to strive to keep the information current in the EPM portal. DOC's Business Impact Analysis (BIA) is in progress and working with DoIT for completion of that exercise. The Department plans to conduct the disaster recovery exercise in FY21 in collaboration with DoIT.

43. Enhance computing resource controls as follows:

- **Develop and implement policies and procedures regarding the provisioning of access rights to all applications and environments.**
- **Ensure access rights are disabled upon an individual's separation from the Department or upon determination access is no longer required.**
- **Periodically review user access rights to ensure user accounts are appropriate based upon job responsibilities.**
- **Ensure documentation is obtained approving access to applications. (Repeated-2016)**

Finding: The Department failed to establish adequate controls over its computing environment.

The Department had established computer systems in order to meet its mission and mandate. The Department processed and maintained critical, medical, and confidential information on computer systems, such as Offender 360, and their medical records application (PEARL).

The Department had several policies and procedures related to computer security which had not been updated for several years and did not reflect the current environment. In addition, the Department had not developed policies and procedures to control the provisioning of access rights.

During testing of access rights, it was noted:

- 94 former Department employees still had access to the Department's computing environment. This included 49 accounts with access to Offender 360 and 25 accounts with access to PEARL.
- The Department could not determine the purpose of 30 Offender 360 accounts.

In addition, auditors tested a sample of 60 individuals to determine if their access to the Department's applications had been approved. The testing noted:

- 20 individuals (33%) did not have documentation of approval, and
- 16 individuals (27%) had different access than what was approved.

Furthermore, during testing at the Correctional Centers, auditors noted:

- The Department failed to remove access rights for individuals who no longer required access to various applications.
- An individual was noted as having access to the Central Inventory System (CIS); however, was not documented in the CIS user listing. The individual was utilizing another user's credentials.
- Department management indicated the lack of resources resulted in the exceptions.

Updated Response: Accepted and Partially Implemented. Access to applications/systems: Very aggressive security governance has been implemented to address the finding. Hired Executive II position staff member to solely monitor, control, and govern the application security matters. Robust application access request process has been in place for anyone getting access to any computer system. Department is being both reactive and proactive in maintaining the proper security controls. Formal documented data and security governance policies will be in place by December 31, 2020.

44. At least annually, assess each program accepting credit card payments, the methods in which payments can be made, and match these methods to the appropriate Self-Assessment Questionnaire (SAQ).

Complete the appropriate SAQ(s) for its environment and maintain documentation supporting validation efforts.

Obtain documentation demonstrating the vendors are Payment Card Industry Data Security Standards (PCI DSS) compliant.

Maintain contact with the Treasurer's Office to ensure sufficient knowledge and awareness of PCI Compliance status, issues, and guidance surrounding the E-Pay program. (Repeated-2016)

Finding: The Department had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS). The Department accepted credit card payments in order to allow families to provide funds to offenders. In addition, the Department has a gift shop where employees and guests make purchases.

Upon review of the Department's efforts to ensure compliance with PCI DSS auditors noted the Department had not:

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- Formally assessed each program accepting credit card payments, the methods in which payments could be made, matched these methods to the appropriate Self-Assessment Questionnaire (SAQ), and contacted service providers and obtained relevant information and guidance as deemed appropriate.
- Completed a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.
- Ensured vendors were PCI DSS compliant.

Department management stated lack of staffing and oversight contributed to the conditions noted.

Response: Accepted. The Department will ensure proper oversight over applicable payment card transactions. The Department's efforts will include an annual filing of a Self-Assessment Questionnaire (SAQ), verifying vendors are PCI DSS compliant and remaining up-to-date with the Illinois Treasurer's Office E-Pay program.

Updated Response: Accepted and Partially Implemented. The Department is in the process of collecting SAQs from third party providers who are used by outside parties to send money into IDOC's offenders' accounts. With respect to the gift shop referenced by the auditors, that was closed during the audit period and there are no such credit card transactions taking place.

45. Maintain and establish adequate controls over the issuance of telecommunication devices, including timely approval of issuance and maintenance of required documentation. (Repeated-2016)

Finding: The Department did not maintain adequate controls for the issuance of telecommunication devices.

During testing of controls over cell phones, auditors noted 10 of 60 (17%) issued cell phones tested were missing the corresponding Cell Phone Acquisition Request Forms (DOC 0014). For the remaining 50 DOC 0014 Forms provided, 48 of the forms (96%) were not completed or approved properly.

In the prior period, Department management stated the exceptions noted were due to conflicting priorities and inadequate staffing. Management stated the current exceptions were due to employee oversight.

Updated Response: Accepted and Partially Implemented. The Department continues to improve upon prior years where no controls were in place. Controls in place today address all inventory and assignment concerns. Findings are much lower than previous years, where no management oversight was employed. Some findings were out of retention scope and records may have been discarded. Other findings were corrected after proper

documentation was found. All transactions are documented in the DoIT provided accounting system which backs documentation recorded by IDOC. IDOC telecom staff need to ensure documentation is filled out completely to avoid further audit findings. IDOC is also working to revise redundant record keeping in the current A.D. to which many of these findings are related.

46. Implement internal controls and sufficient oversight to timely report vehicle accidents, properly maintain State vehicles, and ensure forms are fully completed, dated, submitted, and retained for those employees who are personally assigned State vehicles. Also, track and monitor personally assigned vehicles. (Repeated-2000)

Finding: The Department had several weaknesses regarding the reporting of vehicle accidents, vehicle maintenance records, and personal use of State vehicles.

During the testing of vehicle accident reports, auditors noted the following:

- 23 of 38 (61%) Motorist's Report of Illinois Motor Vehicle Accident forms (SR-1) and Cover Letters tested were submitted more than 7 days from the day of the accident.

- 3 of 38 (8%) Forms SR-1 tested were not properly completed.

During the testing of vehicle maintenance records, auditors noted the following:

- 17 of 60 (28%) vehicles tested did not undergo annual inspections.

- 38 of 60 (63%) vehicles tested did not receive oil changes timely within the allotted mileage and/or months requirement ranging from 3 to 11,012 days late.

- 27 of 60 (45%) vehicles tested did not have tire rotations performed every two oil changes.

- 20 of 60 (33%) vehicles tested were missing information on oil changes and tire rotations, and therefore auditors were unable to test compliance with maintenance requirements.

During the testing of personal use of State vehicles, the auditors requested the Department provide the population of employee-assigned State vehicles during the examination period to test compliance with State and Department policy. In response to the request, the Department was unable to provide a complete listing of all employee-assigned State vehicles.

The Annual Individually Assigned Vehicles Tax Exemption Certification (DOC 0348) form was missing for 16 of 60 (27%) employees tested. Seven of the 44 forms (16%) provided did not indicate the date the forms were received and auditors were not able to test the

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timeliness of submission. In addition, 3 of the 44 forms (7%) provided were not signed and approved by the supervisor.

The Annual Commute Mileage Certification (DOC 0349) for 17 of 60 (28%) employees sampled did not indicate the date the forms were received and, therefore, auditors were not able to test the timeliness of submission.

- The Annual Certification of License and Vehicle Liability Coverage (DOC 0068) for 17 of 60 (28%) samples did not indicate the date the forms were received and, therefore, auditors were unable to test the timeliness of submission. In addition, one form (2%) was missing the employee's signature.

- The Determination of Value for Individual Use of a State Vehicle (DOC 0346) for four of 60 (7%) samples did not indicate the dates the forms were received and auditors were not able to test the timeliness of submission. In addition, for 2 of 29 forms (7%) provided, the taxable benefit did not equal the employee's taxable benefit reported per pay period.

Department management stated, as it did in the prior examination, the exceptions were due to conflicting priorities, employee oversight, and lack of resources to replace the fleet management system.

Updated Response: Accepted and Partially Implemented. Staff have been reminded of proper vehicle monitoring and reporting requirements for maintenance and accidents. All vehicles are issued with a packet containing the Department's vehicle procedures and forms. Central Office staff have been instructed to date stamp forms as they are received from staff.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 5 calendar days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file affidavits or statements with the Procurement Policy Board and the Auditor General setting forth the amount expended (or an estimate of the total cost), the name of the contractor involved, and the conditions and circumstances requiring the emergency purchase. The Code also allows for quick purchases. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

Ten emergency purchase affidavits were filed during FY17 totaling $4,383,889.48 as follows:

- $ 72,750.00 for high voltage electrical cables and transformer;
- $2,427,979.43 for milk and juice due to Illinois Correctional Industries (ICI) not being able to produce these products;
- $ 50,617.47 for chiller coil repair;
- $ 69,752.50 for CPA services related to preparation of GAAP packages;
- $ 154,242.71 to purchase uniforms for security staff;
- $ 64,878.98 to purchase collagen casings for ICI;
- $ 171,495.39 for the purchase of cartons used to fill orders for ICI; and
- $1,372,173.00 to purchase collagen casings for ICI.

Nine emergency purchase affidavits were filed during FY18 totaling $415,066.92 as follows:

- $ 65,052.00 to purchase correctional officer uniforms;
- $ 212,115.00 to purchase eye glass frames for ICI; and
- $ 137,899.92 to replace a hot water pipe.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time. The Department of Corrections indicated as of July 11, 2018, the Department had 523 employees assigned to locations other than official headquarters.

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DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2018

APPENDIX A

Summary of Average Populations and Yearly Cost Per Inmate

	2018			2017		
	Rated Capacity	Avg. Daily Population	Avg. Yearly Cost Per Resident	Rated Capacity	Avg. Daily Population	Avg. Yearly Cost Per Resident
Adult Institutions						
Maximum Security						
Logan	1,106	1,767	34,106	1,106	1,830	31,895
Menard	3,098	3,165	27,364	3,098	3,485	25,334
Pontiac	1,800	1,420	53,012	1,800	1,582	48,019
Stateville	3,162	2,844	41,195	3,162	2,968	41,959
Maximum Security Total	9,166	9,196	$ 36,897	9,166	9,865	$ 35,191
Medium Security						
Big Muddy River	952	1,676	$ 21,890	952	1,775	$ 21,087
Centralia	950	1,464	25,204	950	1,524	24,870
Danville	896	1,749	18,165	896	1,789	18,030
Dixon	1,430	2,319	29,798	1,430	2,388	29,947
Graham	1,174	1,887	24,220	1,174	1,922	24,833
Hill	896	1,702	19,458	896	1,784	18,787
Illinois River	1,011	2,002	17,873	1,011	2,011	17,883
Lawrence	2,257	1,964	22,268	2,257	2,191	20,856
Pinckneyville	2,434	2,145	22,085	2,434	2,307	21,484
Shawnee	896	1,670	21,072	896	1,754	20,165
Sheridan	1,304	1,741	27,627	1,304	1,853	27,560
Western Illinois	1,102	1,824	20,629	1,102	1,943	19,940
Medium Security Total	15,302	22,143	$ 22,629	15,302	23,241	$ 22,234
Minimum Security						
Decatur	500	450	$ 44,516	500	627	$ 34,226
East Moline	588	1,285	24,046	588	1,308	23,011
Jacksonville	900	1,289	29,416	900	1,310	30,098
Lincoln	500	940	25,278	500	1,005	23,805
Murphysboro	246	18	170,181	-	-	-
Robinson	600	1,181	22,289	600	1,201	22,094
Southwestern Illinois	600	703	38,028	600	638	42,670
Taylorville	600	1,159	23,265	600	1,195	22,987
Vandalia	1,100	1,281	26,187	1,100	1,284	26,685
Vienna	925	1,156	32,333	925	1,103	34,618
Minimum Security Total	6,559	9,462	$ 28,178	6,313	9,671	$ 27,772

Appendix A - continued

	2018			2017		
	Rated Capacity	Avg. Daily Population	Avg. Yearly Cost Per Resident	Rated Capacity	Avg. Daily Population	Avg. Yearly Cost Per Resident
Multi Security						
Elgin	44	6	$ 530,246	-	-	$ -
Joliet	486	62	$ 281,612	-	-	$ -
Kewanee	680	149	$ 102,909	680	80	$ 62,008
Total Multi Security	1,210	217	$ 165,783	680	80	$ 62,008
Institution Total	32,237	41,018		31,461	42,857	
Adult Transition Centers						
Fox Valley	100	125	$ 24,849	100	129	$ 24,391
Peoria	248	186	$ 22,562	200	228	$ 17,825
Transition Center Total	348	311	$ 23,481	300	357	$ 20,198
Contractual						
Crossroads	350	281	$ 27,871	250	337	$ 23,133
North Lawndale	200	94	$ 51,969	200	142	$ 39,907
Contractual Total	550	375	$ 33,912	450	479	$ 28,106
Grand Total	33,135	41,704		32,211	43,693	
Under/Over Capacity		8,569			11,482	

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DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2018

APPENDIX B

Summary of Appropriations and Expenditures

	FY18	FY17	FY16
APPROPRIATIONS	**$ 2,005,037,220**	**$ 1,360,322,692**	**$ 1,035,125,365**
Expenditures			
Personal services	$ 897,223,436	$ 849,898,098	$ 840,499,365
Retirement	4,285,271	1,204,065	4,485,195
Social Security	65,328,100	61,460,414	61,064,726
Group insurance	1,996,635	711,016	2,782,213
Contractual services	732,939,917	227,049,697	19,228,826
Travel	1,452,502	884,668	133,077
Travel and allowances for prisoners	432,640	662,384	326,394
Commodities	112,253,105	90,670,770	24,909,075
Printing	692,439	1,057,241	2,068
Equipment	3,468,152	2,443,976	653,092
Electronic data processing	36,051	1,281	-
Telecommunications services	21,939,390	11,901,662	56,333
Operate automotive equipment	5,686,768	5,646,058	851,836
Lump sums and other purposes	83,845,955	795,041	567,063
Awards and grants	17,090,274	20,737,717	66,355
Permanent improvement	354,280	206,667	-
Refunds	187,151	155,017	4,251
Total Expenditures	**$ 1,949,212,066**	**$ 1,275,485,772**	**$ 955,629,869**

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DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2018

APPENDIX C

Cash Receipts

	FY18	FY17	FY16
General Revenue Fund			
General Office			
Jury duty	27,809	1,031	1,633
Prior year refunds	90,118	28,876	19,139
Miscellaneous	125,828	44,053	53,641
School District - Miscellaneous			
Prior year refunds	-	-	94
Adult Field Services			
Dormant trust accounts	-	-	644
Jury duty	-	-	315
Prior year refunds	-	1,542	3,186
Correctional Centers			
Jury duty	5,631	8,289	11,028
Dormant trust accounts	107,954	42,181	56,645
Copy fees, subpoena fees, and contraband	1,268	1,309	1,947
Rent, phone calls, pallets, and recycling	14,516	9,100	7,165
Witness fees	1,531	500	1,420
Replacement badges	1,496	748	1,614
Prior year refunds	-	1,711	8,643
Miscellaneous	690	434	3,292
Total	**$ 376,841**	**$ 139,774**	**$ 170,406**
Working Capital Revolving Fund			
Receipts from sales of products	30,154,220	32,489,276	22,581,903
Rent from farm leases	690,761	723,040	1,353,215
Proceeds from sales of equipment	43,692	-	11,318
Miscellaneous	25	1,765	-
Jury duty	33	16	50
Prior year refunds	146	88	66
Total	**30,888,877**	**33,214,185**	**23,946,552**
Reimbursement Fund			
Court ordered reimbursement	66,717	-	128,798
Inmate maintenance work release	1,157,842	1,208,731	1,287,650
Library reimbursement	122,223	96,388	119,736
Inmate reimbursement - miscellaneous	797,149	949,287	759,172

Appendix C - continued

	FY18	FY17	FY16
U.S. Department of Justice	1,058,050	5,801,705	4,316,809
Illinois Criminal Justice Information Authority	712,557	685,511	617,794
Electronic device monitoring	418	803	2,895
Illinois Department of Human Services	-	-	185,000
Private organizations	589,824	542,547	465,930
College tuition reimbursement	-	100	-
U.S. Social Security Administration	187,455	173,020	184,040
Illinois Community College Board	3,015,456	1,670,762	235,985
Telephone commissions	8,615,918	11,563,440	11,088,665
Inmate commissary sales profit	2,566,193	4,124,407	5,384,999
University of Illinois	-	5,807	-
Reimbursements	349,617	114,769	189,283
Miscellaneous	280,335	219,761	140,333
Repayment pursuant to law	-	1,115	678
Other Illinois State Agency-General Revenue Fund	-	10,000,000	-
Department of Commerce and Economic Opportunity	-	-	450,511
Prior year refunds	13,286	1,896	744
Total	**19,533,040**	**37,160,049**	**25,559,022**
Budget Stabilization Fund			
Prior year refunds	22,895	**-**	**-**
Total	**22,895**	**-**	**-**
Total all funds	**$ 50,821,653**	**$ 70,514,008**	**$ 49,675,980**

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DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2018

APPENDIX D

Summary of State Property

		FY18		FY17
Beginning Balance, July 1	**$**	**1,784,846,362**		**1,786,854,821**
Additions		1,950,592		3,513,754
Deletions		(2,073,684)		(4,588,058)
Net Tranfers		78,610,683		(934,155)
Ending Balance, June 30	**$**	**1,863,333,953**	**$**	**1,784,846,362**
*Comprised of:				
Equipment	$	148,629,542	$	149,416,876
Land and Land Improvements		60,852,834		60,675,168
Buildings		1,557,153,920		1,478,077,012
Site Improvements		92,530,205		92,513,854
Captial Lease Equipment		4,167,452		4,163,452
Total	**$**	**1,863,333,953**	**$**	**1,784,846,362**

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DEPARTMENT OF CORRECTIONS
CORRECTIONAL INDUSTRIES
TWO YEARS ENDED JUNE 30, 2018

APPENDIX E

Profit/Loss by Industry

Industry	FY18	FY17
Illinois River Bakery	$ 132,644	$ 1,319,414
Illinois River Recycling	(15,065)	2,943
Lincoln Furniture	(106,089)	(44,974)
Lincoln Sign Shop	(220,546)	(65,421)
Decatur Sewing/Garment	(364,196)	2,006
Decatur Dog Groomimg	(39,236)	(36,210)
Lincoln Warehouse & Trucking	-	-
Centralia Sewing/Garment	(345,952)	64,620
Centralia Recycling	(25,210)	(16,426)
Graham Furniture	(173,257)	(10,287)
Graham Mattress	18,423	146,201
Graham Vehicle	34,782	24,076
Logan Recycling	(62,240)	(8,469)
Menard Broom, Wax & Soap	(290,325)	61,976
Menard Knit	(246,416)	166,755
Menard Meat/Food Processing	315,342	947,531
Menard Waste Removal/Recycling	(68,817)	92,742
Logan Helping Paws	(191,774)	(90,946)
Sheridan Garment Cutting	-	-
Stateville Furniture	3,964	(26,704)
Stateville Soap	(151,808)	103,853
Stateville Recycling	(149,871)	(4)
Vandalia Milk/Juice Processing	(322,760)	(62,418)
Vandalia Meat/Food Processing	(331,714)	736,862
Vandalia Recycling	(42,073)	(3,315)
Vandalia Tails	(7,261)	-
East Moline Laundry	(31,058)	578,385
Danville Silk Screening & Embroidery	(532,826)	(67,026)
Danville Recycling	(23,823)	(4,001)
Dixon Optical	343,231	1,504,268
Hill Meat/Food Processing	(327,805)	1,343,409
Hill Milk/Juice Processing	376,099	1,055,868
Hill Recycling	568	-
Western Illinois Meat/Food Processing	581,368	2,782,532
Western Illinois/Jacksonville Recycling	(10,761)	(2,493)
Shawnee Metal Furniture	(553,959)	(54,082)
Shawnee Prison Pugs	(5,203)	-
Shawnee Recycling	(2,680)	7,848
Total	(2,836,304)	10,448,513
Adjustment to Allowance for Doubtful Accounts	-	170,223
Non-operating Expense, Included in Allocation	1,463,966	921,034
Gain on Sale of Asset Included in SG&A	(43,334)	-
Net Gain (Loss) from Operations	(1,415,672)	11,539,770
Other income (expenses), net	(778,201)	(230,675)
NET GAIN	**$ (2,193,873)**	**$ 11,309,095**