STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022

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

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STATE OF ILLINOIS
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AGENCY OFFICIALS

Director – Acting (04/01/23 – Present)	Ms. Latoya Hughes
Director (07/01/20 – 03/31/23)	Mr. Rob Jeffreys
Assistant Director – Acting (07/08/22 – Present)	Ms. Alyssa Williams
Assistant Director (07/01/20 – 07/07/22)	Vacant
Chief of Staff (04/01/23 – Present)	Vacant
Chief of Staff (08/16/22 – 03/31/23)	Ms. Latoya Hughes
Chief of Staff (07/02/22 – 08/15/22)	Vacant
Chief of Staff (07/01/20 – 07/01/22)	Ms. Camile Lindsay
Chief Legal Counsel	Mr. Robert Fanning
Chief Administrative Officer	Mr. Jared Brunk
Chief Fiscal Officer	Mr. James Deen
Chief Internal Auditor (07/16/20 – Present)	Ms. Amy Jenkins
Chief Internal Auditor (07/01/20 – 07/15/20)	Vacant
Chief Information Officer (02/01/22 – Present)	Mr. Christopher McDaniel *
Chief Information Officer (11/15/21 – 01/31/22)	Vacant*
Chief Information Officer (09/01/21 – 11/14/21)	Mr. Krishna Brahmamdam * & **
Chief Information Officer (03/01/21 – 08/31/21)	Mr. Kelton Ingram *
Chief Information Officer (01/01/21 – 02/28/21)	Vacant*
Chief Information Officer (07/01/20 – 12/31/20)	Mr. Krishna Brahmamdam

*DoIT position since 02/01/21
** On a seventy-five-day appointment

DEPARTMENT OF CORRECTIONS – CORRECTIONAL INDUSTRIES

Chief Executive Officer (07/16/21 – Present)	Ms. Kim Larson
Chief Executive Officer (04/23/21 – 07/15/21)	Vacant
Chief Executive Officer (07/01/20 – 04/22/21)	Mr. Marvin Tucker

AGENCY OFFICE

The Department of Correction's primary administrative office is located at:

1301 Concordia Court
Springfield, Illinois 62794

MANAGEMENT ASSERTION LETTER

September 7, 2023

Adelfia LLC
Certified Public Accountants
400 East Randolph Street, Suite 700
Chicago, Illinois 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Corrections (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two-year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021, and June 30, 2022, the Department has materially complied with the specified requirements listed below.

A. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

In addition, we are aware of the following noncompliance matter, which occurred during the period subsequent to June 30, 2022, which requires disclosure by management under the attestation standards established by the American Institute of Certified Public Accountants (AT-C § 205.49). The Illinois Environmental Protection Agency (IEPA) has identified violations of the Clean Water Act at various facilities within the Department of Corrections (DOC). These violations may have a material cost to the operations of DOC, however, the amount cannot be determined at this time.

Yours truly,

State of Illinois, Department of Corrections

SIGNED ORIGINAL ON FILE

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Latoya Hughes, Acting Director

SIGNED ORIGINAL ON FILE

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James Deen, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

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Robert Fanning, Chief Legal Counsel

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide.*

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Reports
Findings	46	60
Repeated Findings	40	34
Prior Recommendations Implemented or Not Repeated	20	12

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2022-001	16	2020/2008	Weaknesses in preparation of GAAP reporting forms submitted to the Office of Comptroller and preparation of year-end Department financial statements and schedules	Material Weakness and Material Noncompliance
2022-002	19	2020/2008	Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of capital assets	Material Weakness and Material Noncompliance
2022-003	24	2020/2012	Lack of controls over computer systems	Material Weakness and Material Noncompliance

2022-004	27	2020/2014	Lack of proper financial reporting over Offender 360 project	Material Weakness and Material Noncompliance
2022-005	30	2020/2020	Inadequate internal controls over census data	Material Weakness and Material Noncompliance
2022-006	33	2020/2018	Lack of adequate controls over the review of internal control over service providers	Material Weakness and Material Noncompliance
2022-007	35	2020/2008	Inadequate administration of and controls over locally held funds	Significant Deficiency and Noncompliance
2022-008	43	2020/2008	Inadequate controls over commodity and commissary inventory	Significant Deficiency and Noncompliance
2022-009	48	2020/2014	Voucher processing weaknesses	Material Weakness and Material Noncompliance
2022-010	50	2020/2020	Inadequate controls over State property	Material Weakness and Material Noncompliance
2022-011	53	2020/2012	Weaknesses in intergovernmental agreement for internal audit function	Significant Deficiency and Noncompliance
2022-012	56	2020/2020	Noncompliance with extended supervision of sex offender requirements of the Unified Code of Corrections	Significant Deficiency and Noncompliance
2022-013	58	2020/2016	Failure to comply with Administrative Directives regarding submission and maintenance of required reports and educational records	Significant Deficiency and Noncompliance
2022-014	60	2020/2010	Failure to properly transfer inmate cash account balances	Significant Deficiency and Noncompliance
2022-015	62	New	Noncompliance with the Re-entering Citizen Civics Education Act	Significant Deficiency and Noncompliance
2022-016	63	2020/2016	Noncompliance with the required transfers of profits from the DOC Commissary Funds	Material Weakness and Material Noncompliance

2022-017	66	2020/2006	Noncompliance with applicable portions of the Arsonist Registration Act	Significant Deficiency and Noncompliance
2022-018	68	2020/2020	Failure to provide offender resident information to appropriate parties	Material Weakness and Material Noncompliance
2022-019	70	2020/2016	Noncompliance with the Murderer and Violent Offender Against Youth Registration Act	Significant Deficiency and Noncompliance
2022-020	72	2020/2016	Computer security weakness	Material Weakness and Material Noncompliance
2022-021	75	2020/2018	Inadequate controls over the submission of required employment reports	Significant Deficiency and Noncompliance
2022-022	77	New	Inadequate maintenance of Employment Eligibility Verification Forms	Significant Deficiency and Noncompliance
2022-023	78	2020/2016	Noncompliance with Evidence-Based Programming Requirements of the Illinois Crime Reduction Act of 2009	Significant Deficiency and Noncompliance
2022-024	79	2020/2012	Inadequate controls over computer inventory	Significant Deficiency and Noncompliance
2022-025	81	2020/2020	Failure to adopt a food donation policy	Significant Deficiency and Noncompliance
2022-026	82	New	Inadequate controls over the Public Accountability Report	Significant Deficiency and Noncompliance
2022-027	84	2020/2020	Untimely notification of settlement	Significant Deficiency and Noncompliance
2022-028	85	New	Failure to report data on the usage of electronic and GPS monitoring	Significant Deficiency and Noncompliance
2022-029	86	2020/2012	Failure to develop a formal fraud risk assessment program	Significant Deficiency and Noncompliance
2022-030	88	2020/2000	Policies and procedures regarding operation of State vehicles not followed	Significant Deficiency and Noncompliance
2022-031	92	2020/2020	Noncompliance with the Local Food, Farms, and Jobs Act	Significant Deficiency and Noncompliance

2022-032	94	2020/1998	Payroll timekeeping system not automated	Significant Deficiency and Noncompliance
2022-033	96	New	Incorrect calculation of final pay	Significant Deficiency and Noncompliance
2022-034	97	2020/2006	Employee performance evaluations not performed	Significant Deficiency and Noncompliance
2022-035	99	2020/2000	Failure to meet training requirements	Significant Deficiency and Noncompliance
2022-036	101	2020/2014	Taking paid leave time and working overtime on the same day	Significant Deficiency and Noncompliance
2022-037	103	2020/2014	Compensatory time accrual in violation of federal law	Significant Deficiency and Noncompliance
2022-038	105	New	Noncompliance with transitional housing licensing requirements	Significant Deficiency and Noncompliance
2022-039	106	2020/2020	Lack of external assessment of the internal audit function	Significant Deficiency and Noncompliance
2022-040	107	2020/2020	Incomplete reporting in financial impact statements	Significant Deficiency and Noncompliance
2022-041	108	2020/2016	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2022-042	111	2020/2012	Lack of disaster contingency planning or testing to ensure recovery of computer systems	Significant Deficiency and Noncompliance
2022-043	113	2020/2020	Failure to properly submit Annual Reports to the Governor	Significant Deficiency and Noncompliance
2022-044	115	2020/2020	Noncompliance with standards for safety and sanitation inspections and enforcement	Significant Deficiency and Noncompliance
2022-045	118	2020/2020	Incomplete quarterly reporting of violence and public safety data	Significant Deficiency and Noncompliance
2022-046	120	2020/2020	Failure to review reports of violence and public safety data	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	121	2020/2020	Failure to meet court-ordered mental health service requirements
B	121	2020/2020	Untimely and inaccurate reporting of census data events
C	121	2020/2016	Failure to document compliance with statutory medical consent waivers
D	121	2020/2008	Failure to update administrative directives
E	122	2020/2020	Failure to provide conditions of parole or mandatory supervised release
F	122	2020/2020	Tamms Minimum Security Task Force
G	122	2020/2008	Inadequate separation of duties for handling cash boxes at Correctional Centers
H	122	2020/2018	Noncompliance with grant agreements
I	122	2020/2018	Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State law
J	123	2020/2016	Inadequate controls over requests for leaves of absence
K	123	2020/2020	Inadequate Controls over Locally Held Fund Reporting
L	123	2020/2012	Weaknesses in change control management
M	123	2020/2020	Noncompliance with Procurement Code for emergency purchases
N	123	2020/2020	Untimely submission of Agency Fee Imposition Report

O	124	2020/2020	Failure to provide health coverage application assistance to offenders prior to release
P	124	2020/2020	Inadequate controls over monthly reconciliations
Q	124	2020/2020	Noncompliance with special education data reporting required by the School Code
R	124	2020/2020	Underenrollment and misreported participation in the high school equivalency testing program
S	124	2020/2020	Failure to provide requested engagement documentation in a timely manner
T	125	2020/2020	Failure to notify county boards and sheriffs of noncompliance of county jails

EXIT CONFERENCE

For Findings 2022-001 through 2022-008, the Department waived an exit conference in a correspondence from Amy Jenkins, Chief Internal Auditor, on May 15, 2023. The responses to the recommendations were provided by Amy Jenkins, Chief Internal Auditor, in a correspondence dated May 25, 2023.

The remaining findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on August 28, 2023.

Attending were:

DEPARTMENT OF CORRECTIONS

Alyssa Williams, Acting Assistant Director
Jared Brunk, Chief of Administration
Amy Jenkins, Chief Internal Auditor
Kim Larson, Chief Executive Officer – Illinois Correctional Industries
James Deen, Chief Fiscal Officer
Emily Glynn, Assistant Deputy Director, Fiscal Operations
Jason Hall, Chief Compliance Officer
Mandy Page, Deputy Director of Human Resources
Jennifer Parrack, Chief of Programs
Justin Hammers, Chief of Operations

OFFICE OF THE AUDITOR GENERAL

Lisa Warden, Senior Audit Manager

ADELFIA LLC

Stella Santos, Managing Partner
Jennifer Roan, Partner
Andrew Guerrero, Manager

The responses to these recommendations were provided by Amy Jenkins, Chief Internal Auditor, in a correspondence dated September 6, 2023.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Corrections (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies* (*Audit Guide*) as adopted by the Auditor General, during the two years ended June 30, 2022. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2022. As described in items 2022-001 through 2022-046 in the accompanying Schedule of Findings, the Department did not comply with the specified requirements. Items 2022-001 through 2022-006, 2022-009, 2022-010, 2022-016, 2022-018, and 2022-020 are each considered to represent material noncompliance with the specified requirements:

Specified Requirement A

As described in the accompanying Schedule of Findings as items 2022-009 and 2022-016, the Department had not obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

Specified Requirement B

As described in the accompanying Schedule of Findings as item 2022-016, the Department had not obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

Specified Requirement C

As described in the accompanying Schedule of Findings as items 2022-001 through 2022-006, 2022-009, 2022-010, 2022-016, 2022-018, and 2022-020, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Items 2022-011 through 2022-015, 2022-017, 2022-019, 2022-023, 2022-025 through 2022-028, 2022-031, 2022-038, 2022-040, and 2022-043 through 2022-046 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance with the specified requirement C.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2022, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2022-007, 2022-008, 2022-011 through 2022-015, 2022-017, 2022-019, and 2022-021 through 2022-046.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the

accompanying Schedule of Findings as items 2022-001 through 2022-006, 2022-009, 2022-010, 2022-016, 2022-018, and 2022-020 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-007, 2022-008, 2022-011 through 2022-015, 2022-017, 2022-019, and 2022-021 through 2022-046 to be significant deficiencies.

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

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
September 7, 2023

2022-001 **FINDING** (Weaknesses in preparation of GAAP reporting forms submitted to the Office of Comptroller and preparation of year-end Department financial statements and schedules)

The Department of Correction's (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) submitted to the Office of Comptroller (Comptroller) contained inaccuracies due to improper accounting and inadequate review. These problems, if not detected by the auditors and corrected by the Department, could have materially misstated the Department's financial statements, and negatively impacted the financial statements prepared by the Comptroller.

The following were noted during our audit of the Department's June 30, 2022 financial statements:

- The Department did not have adequate accounting and review procedures to ensure all liabilities at June 30, 2022 were recorded promptly and accurately. The Department did not accrue liabilities totaling $19 million in the originally submitted GAAP Package to the Comptroller. These additional liabilities were identified as part of the review process by the Comptroller and reflected in the Department's draft financial statements submitted for audit.

- The Department improperly eliminated interdepartmental transfers in and transfers out in the governmental fund financial statements amounting to $10.6 million. Accordingly, the notes to the financial statements did not disclose these significant interfund activities. The Department also failed to eliminate other revenues and other expense transactions between governmental funds amounting to $6 million in the government-wide Statement of Activities.

- Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of, capital assets as discussed in Finding 2022-002 and lack of proper financial reporting over Offender 360 project as discussed in Finding 2022-004 resulted in financial audit adjustments and additional disclosures in the notes to the financial statements.

The Department subsequently adjusted the financial statements to correct the significant errors in eliminating entries and in Finding 2022-002 misstatements and included the required disclosures in the notes to financial statements.

This finding regarding weaknesses in financial reporting was first noted during the Department's Fiscal Year 2008 financial audit. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are

properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequate management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

The Office of Comptroller Statewide Accounting Management System (SAMS) Manual Chapter 27 describes requirements for year-end GAAP reporting to the Comptroller and preparation of GAAP basis financial statements. The SAMS Manual (Procedure 02.50.20) states agencies should establish internal control objectives and techniques for payables, debt, and other liabilities to ensure all payables and other claims against the State are recorded promptly and accurately. The SAMS Manual (Procedure 27.20.49) provides instructions on preparing the GAAP form Summary of Liabilities and states that accounts payable and accrued liabilities can be determined by using a reasonable estimate. Each agency is encouraged to use internal records and procedures to develop an appropriate estimation approach.

Governmental Accounting Standards Board (GASB) provides detailed guidance to State government entities on the proper financial reporting for assets, liabilities, revenues and expenditures. GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting requires the recognition of expenses, assets, and liabilities in the accounting period they are incurred.

GASB Statement No. 34 also requires interfund services provided and used and interfund transfers be reported separately in the fund financial statements and to be eliminated in the aggregated government-wide financial statements. GASB Statement No. 38 requires disclosure in the notes to the financial statements for the amounts of transfers, general description of the principal purpose of the interfund transfers and the intended purpose and amounts of significant transfers that do not occur on a routine basis and/or are inconsistent with the activities of the fund making the transfer for the interfund transfers reported in the fund financial statements.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a financial audit.

Department management stated the additional liabilities in the current fiscal year were not identified due to delays in receipt and processing of vendor invoices. Department management further stated the improper and inadequate reporting of interfund transfers and activities was due to oversight. Management attributed financial reporting weaknesses over capital assets and software development to staff shortages, changes and errors.

This material weakness in the Department's internal control over financial and fiscal operations poses a reasonable possibility that a material misstatement of the Department's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis. Accurate preparation of the Department's financial information for GAAP and financial reporting purposes is important due to the impact

adjustments may have on the Statewide financial statements. (Finding Code No. 2022-001, 2020-001, 2018-001, 2016-001, 2014-001, 12-01, 10-01, 08-01)

RECOMMENDATION

We recommend the Department outline, document, and implement procedures to ensure GAAP Reporting Packages and financial statements and schedules are prepared accurately. We also recommend the Department prepare, maintain documentation, and annually re-evaluate a methodology for the calculation and basis of liability estimates when vendor invoices remain outstanding during preparation of financial statements. Lastly, we recommend proper internal reviews be included in financial reporting procedures to identify and correct errors prior to the submission of financial information to the Office of Comptroller and other external parties.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The Department has been working diligently to correct the weaknesses noted in this finding. To this end, the Department has hired a GAAP Coordinator to oversee the filing of the GAAP packages with the Office of the Comptroller and to coordinate the completion of the Department's financial statements. In addition, the Department has hired two Public Service Administrator 8Cs and is in the process of hiring two more. Furthermore, the Department is awaiting approval from the Department of Central Management Services to hire the chosen candidate for the position of Senior Public Service Administrator to oversee the Accounting and Compliance area.
- The Department would like to point out that although the topic sentence of the finding has been repeated since the Fiscal Year 2008 engagement, the issues noted in the current year finding are significantly different from those noted during the Fiscal Year 2008 and subsequent year's engagements. Over the years, various issues have been identified by the auditors and corrected by the Department. Therefore, the Department believes they have implemented an effective corrective action plan to address the individual items noted in the findings over the years since the Fiscal Year 2008 engagement.

ACCOUNTANT'S COMMENT

Since 2008, we have consistently continued to identify weaknesses in the Department's preparation of GAAP reporting forms and year-end Department financial statements and schedules. The financial reporting errors identified, if not detected by the auditors and corrected by the Department, could have materially misstated the Department's financial statements, and negatively impacted the State-wide financial statements. As a result, although the Department has resolved a number of specific financial reporting errors since 2008, the Department has not been successful in ensuring accurate financial reporting.

2022-002 **FINDING** (Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of capital assets)

The Department of Corrections (Department) did not maintain accurate and adequate property records and did not timely and accurately record all capital asset information in its financial records.

During the current examination, we continued to identify weaknesses regarding the Department's process for accounting for and reporting capital assets and noted management did not take all reasonable steps to implement appropriate corrective action to provide sufficient resources, prevent errors and oversight and ensure capital asset information was properly and accurately recorded and maintained. Similar issues have been reported since 2008.

The Enterprise Resource Planning (ERP) asset module used for property records was not updated timely and accurately for numerous assets capitalized by the Department. Therefore, the Department used manually compiled capital asset summaries and depreciation calculations to prepare financial reporting forms related to capital assets for submission to the Office of Comptroller and in determining the amounts reported in the financial statements. The auditors identified the following errors and inadequacies in the Department's property recordkeeping process, capital assets reporting to the Office of Comptroller and financial reporting:

- The Department did not update its property records accurately and timely. We noted additions totaling $935,757 and Capital Development Board (CDB) capitalized transfers from 116 projects totaling $116,817,154 dating back to Fiscal Year 2011 were reflected in the capital asset amounts in the financial statements but not entered in the ERP records. We also noted duplicate entries in the ERP system amounting to $294,822.

  The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires agencies to adjust property records within 90 days of acquisition, change, or deletion of equipment items.

- The Department did not record in the ERP system capital assets totaling $16,667,148, and related accumulated depreciation, totaling $250,007, for a CDB Project for the Joliet Treatment Center transferred from the Department of Juvenile Justice in Fiscal Year 2018.

  These capital assets were included in the manual capital asset schedule for capital assets reporting, but the following errors were noted for these assets:

  - The asset cost used in the schedule was understated by $91,062.
  - The start date of depreciation in the schedule was June 30, 2019 instead of the acquisition date of October 14, 2017.

- Fiscal Year 2022 depreciation and beginning accumulated depreciation adjustments were reported as Fiscal Year 2022 loss on disposal.

Accordingly, beginning accumulated depreciation was understated by $2,800,129, Fiscal Year 2022 depreciation expense was understated by $833,357, loss on disposal was overstated by $2,161,452 and the net book value as of June 30, 2022 was overstated by $1,380,972.

The Statewide Accounting Management System (SAMS) Manual (Procedure 03.30.30) on transferring ownership of capital assets states the receiving agency should record the asset's original cost and related accumulated depreciation at the time of the transfer and depreciate the asset over the useful life remaining when it is transferred.

- The Department did not use the default useful life in ERP for various asset classes and therefore did not utilize the depreciation calculation in ERP. There are approximately 176,690 asset items recorded in ERP for which the Department had to manually calculate the depreciation and accumulated depreciation amounts.

- The Department did not consistently apply its capitalization policy and did not accurately maintain its manual capital asset schedules supporting the financial statements. We noted the following errors:

  - The beginning values of capital asset costs and accumulated depreciation were inaccurately reflected in the current year calculations and capital asset transactions were inaccurately summarized, causing capital asset costs to be understated by $1,734,070, depreciation to be understated by $4,282,871, loss on disposal to be understated by $140,327, beginning accumulated depreciation to be understated by $1,353,723 and beginning net position to be understated by $4,803,545.
  - Depreciation was improperly and inaccurately calculated for various asset items causing Fiscal Year 2022 depreciation to be understated by $3,574,164.
  - The Department incorrectly calculated depreciation on capitalized CDB projects based on the last quarterly transfer date instead of the project's substantial completion date. We also noted multiple start dates of depreciation for the same CDB project. This caused the depreciation expense to be overstated by $295,208.
  - Site improvements totaling $86,797,097 with accumulated depreciation as of June 30, 2022 of $85,694,631 were inaccurately reported as Building Improvements.
  - Building improvements totaling $4,780,367 with accumulated depreciation as of June 30, 2022 of $4,374,060 were inaccurately reported as Site Improvements.
  - Assets transferred out or demolished in prior years totaling $1,279,793 were still included as capital assets and reported with a net book value of $174,941 as of June 30, 2022.
  - A CDB Project for demolition of buildings totaling $3,702,033 was erroneously capitalized rather than expensed.

- Impairment adjustments totaling $950,983 to reduce land costs by $926,857 and to reduce net book value of impaired buildings and building improvements to zero for assets determined to be impaired in prior years were not reflected in the capital asset balances.

The Department subsequently adjusted the financial statements to correct the significant errors and included the required disclosures in the notes to the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires capital assets to be reported in government-wide financial statements, depreciation expenses in the statement of activities and separate net assets category - invested in capital assets.

The State Property Control Act (Act) (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control..." The Act (30 ILCS 605/4) requires every responsible officer of state government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The SAMS Manual (Procedure 03.30.40) on capital asset and depreciation expense reporting states the net cost of capital assets should be depreciated over their estimated useful lives and indicates the date the asset was placed in service should be considered to calculate depreciation on the capital asset.

The SAMS Manual (Procedures 03.30.30 and 27.20.38) outlines the reporting process for capital assets, which is necessary for the Office of Comptroller to complete the Statewide financial statements in accordance with generally accepted accounting principles.

Department management attributed the exceptions relating to capital assets and financial reporting classification errors to staff limitations including lack of staffing in the property control area, competing priorities including the COVID-19 lockdowns and quarantines, data entry errors, learning the new ERP system, and employee oversight.

The exceptions noted represent a material weakness in the Department's internal control over financial and fiscal operations which poses a reasonable possibility that a material misstatement of the entity's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis.

The Department had capitalized property and equipment throughout the State totaling approximately $1.9 billion as of June 30, 2022. Failure to maintain complete and accurate

property records and inaccurate reporting of capital assets increases the risk of equipment theft or loss occurring without detection and resulted in financial misstatements. (Finding Code No. 2022-002, 2020-002, 2018-002, 2016-002, 2014-002, 12-02, 10-04, 08-07)

RECOMMENDATION

We recommend the Department:

- Identify and assign sufficient resources to perform the required tasks related to property record keeping and capital assets reporting.

- Strengthen its procedures over property and equipment to ensure complete, accurate and timely recording in the ERP property system.

- Develop and document procedures for tracking, monitoring and proper accounting of construction in progress from inception to completion.

- Incorporate internal review procedures within its property reporting function to ensure capital asset information is complete, properly recorded, and accounted for to permit the preparation of reliable financial information and reports to the Office of Comptroller.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The Department has been working diligently to maintain resources in the property control area to adequately update records. This is historically an area of high turnover for the Department. The manually tracked assets were included in the Department's GAAP packages when submitted to the Office of the Comptroller for inclusion in the State's Annual Comprehensive Financial Report. In addition, these amounts were also included in the Department's financial statements when prepared.
- The Department would like to point out that although the topic sentence of the finding has been repeated since the Fiscal Year 2008 engagement, the issues noted in the current year finding are significantly different from those noted during the Fiscal Year 2008 and subsequent year's engagements. Over the years, various issues have been identified by the auditors and corrected by the Department. In fact, the Department is currently utilizing an entirely different fixed asset recordkeeping system than what was utilized for this purpose in Fiscal Year 2008. Therefore, the Department believes they have implemented an effective corrective action plan to address the individual items noted in the findings over the years since the Fiscal Year 2008 engagement.

ACCOUNTANT'S COMMENT

Although the Department has implemented a different property system since 2008, the concerns reported 16 years ago continue to exist: improper recording of CDB transfers, depreciation misstatements, and insufficient support for reported capital asset amounts. Despite the Department's progress on some individual exceptions over the years, weaknesses persist in the Department's process for financial accounting for and reporting of capital assets.

2022-003 **FINDING:** (Lack of controls over computer systems)

The Department of Corrections (Department) failed to implement controls over its computing environment to ensure sufficient protection.

In order to meet its mission of "serving justice in Illinois and increase public safety," the Department utilizes computer systems such as Offender 360 and Fund Accounting and Commissary Trading Systems. The Department utilizes these systems to track offender's location, information, and maintain accounting of offender's finances and the Department's finances.

Since 2012, we have determined the Department had not implemented adequate controls over its computing environment. During the current audit, the Department still had not taken appropriate actions to document and implement the necessary controls.

As part of our audit, we requested the Department provide populations of users with access to the Department's application systems as of June 30, 2022, terminated users, and users transferred from one department to another during the fiscal year in order to determine if access was appropriate, properly approved and timely disabled. However, the Department did not provide the requested populations and provided only a user access report as of November 17, 2022.

Due to these conditions, we were unable to conclude the Department's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205.36). Even given the population limitations noted above, which hindered our ability to conclude whether the population was complete, we performed testing of the information provided.

During testing, we noted the Department:

- Did not have adequate and complete documentation of user access request and approval forms for 6 of 25 (24%) users to ensure appropriateness of access rights as well as timeliness of approvals and terminations of access.
- Had not performed a periodic review of user access to its applications.

In addition, the Department had not developed a disaster recovery plan or conducted testing.

Lastly, the Department had not developed a formal change management process or an effective mechanism to control changes to its environment and applications. In addition, it was noted programmers had access to the production environment.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control section, sanctions the appropriateness of access rights, including periodic access reviews.

The Framework for Improving Critical Infrastructure and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Configuration Management and System and Services Acquisition sections, requires entities to document the control over changes to applications and data to ensure changes are authorized and reviewed and ensure proper segregation of duties.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

Department management indicated the exceptions were due to the turnover in the Chief Information Officer role and lack of resources which hindered the development of a disaster recovery plan and also significantly hampered the ability of the Department to implement a change management process and maintain proper segregation of duties. In addition, Department management indicated the lack of resources and the sheer volume of users of the Department's applications severely hindered the ability to effectively review the access to applications for every individual employed or contracted with the Department on even an annual basis. Department management indicated the user access report is only available as of the date generated and they did not keep a file of the populations as of and for the period ended June 30, 2022.

Due to the severity of the deficiencies noted, the auditors were unable to rely upon the IT environment controls. The auditors consider the weakness to be a material weakness in the Department's internal control over financial and fiscal operations. (Finding Code No. 2022-003, 2020-003, 2018-003, 2016-003, 2014-005, 12-08)

RECOMMENDATION:

We recommend the Department implement and document the controls over its computing environment and ensure the controls provide sufficient protection.

DEPARTMENT RESPONSE:

- Recommendation accepted.
- The computer systems used by the Department were not designed to track a historical population of new users, terminated users, and users who were transferred from one facility or unit to another within the Department.

- The Department has refined and implemented processes, although not documented in a formal policy, for giving access to the systems and revoking access via an Electronic Service Request (ESR) Form.
- The employees whose forms were missing began employment with the Department prior to the implementation of the ESR system for provisioning, deprovisioning, and changing application access.
- The client server applications that are resident on the DoIT tenant have been part of the DoIT data center failover and failback tests. These tests have been initiated, monitored, and reported on by DoIT Enterprise Services.
- The Department is working with DoIT to add up to 30 additional staff to the Information Technology unit.

2022-004 **FINDING** (Lack of proper financial reporting over Offender 360 project)

The Department of Corrections (Department) did not ensure proper financial reporting was performed for the Offender 360 project.

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 twelve 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 Fiscal Year 2014 audit, we have reported the Department had not implemented controls over the fiscal requirements and vendor payments related to Offender 360 and failed to determine the capitalizable costs for the development of Offender 360. During the current audit, we continued to identify weaknesses in financial reporting of cumulative software application development costs incurred and noted management has been unsuccessful in implementing corrective action to remedy this deficiency.

The Department adjusted its books to record total internally generated software costs of $103,775,797 and accumulated amortization costs of $59,683,728 as a prior period adjustment in the Fiscal Year 2022 financial statements and amortization costs of $13,144,538 for the current fiscal year. We noted the following:

- The Department recorded and capitalized the full project costs as of June 30, 2021 of $103,775,797 provided by the Department, which included subscriptions for licenses totaling $28,285,839 and vendor support and Department staffing costs of $75,489,958.

    - The Department had not maintained sufficient records to determine the project development costs related to the Offender 360 project, including costs of the Youth 360 system for the Department of Juvenile Justice. The Department was not able to obtain sufficient details from internal records or the vendor to be able to separate the costs between capitalizable amounts and expenses.
    - The $75,489,958 of vendor support and Department staffing costs could not be broken down in any reliable manner to determine the proper amount of development costs to be capitalized. The Department also had not maintained detailed time records for staff involvement in development tasks.
    - The Department recorded and capitalized subscriptions for licenses that were not considered development costs and therefore should not have been capitalized.

- The Department calculated amortization on the capitalized costs based on the original date the costs were incurred and did not consider the development stages completed to start amortization from the time the system went live or when the

modifications were deployed. As a result, accumulated amortization, calculated by the Department totaling $72,828,266 as of June 30, 2022 was overstated by an unknown amount.

- The Department identified $7,359,021 overpayments to the vendor in Fiscal Year 2020 and entered into a spend-down agreement with the vendor to apply the credit balance to future infrastructure stabilization and maintenance services. The Department properly reduced the amount capitalized by this amount. However, in calculating the amortization adjustment, this amount was recorded by the Department as a full reduction of the accumulated amortization cost as of June 30, 2021 rather than the applicable year to which this credit applied. Accordingly, the Department calculated amortization based on the reduced costs, which caused the beginning accumulated amortization costs to be understated and current year amortization costs to be overstated by unknown amounts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

Governmental Accounting Standards Board (GASB) Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets* requires specific conditions to be met for the development cycle of computer software before the outlays can be capitalized. This Statement specifies outlays should be grouped into the preliminary project stage, application development stage and post-implementation/operation stage, but only outlays incurred for activities during the application development stage should be capitalized.

The SAMS Manual (Procedure 03.30.40) on capital asset and depreciation expense reporting states the net cost of capital assets should be depreciated over their estimated useful lives and the date the asset was placed in service should be considered to calculate depreciation on the capital asset.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the policies, decisions, procedures, and essential transactions of the agency.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a financial audit.

Department management stated staffing changes contributed to the lapse in monitoring expenditures for these projects. Department management also stated a substantial number of hours had been spent trying to determine whether the development costs could be identified, and management concluded there was no benefit in spending more time evaluating invoices and determining an unreliable estimate of capitalizable and non-

capitalizable costs. Thus, the Department capitalized the full project costs without consideration of non-development costs, calculated amortization costs based on the date the original costs were incurred and recorded the overpayment as a reduction of the accumulated amortization to avoid incurring additional time and effort and still recognize the transaction in the Department's financial statements.

This material weakness in the Department's internal control over financial and fiscal operations poses a reasonable possibility that future material misstatements of the Department's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis.

Failure to properly track and account for costs incurred related to application developments for internally developed software may result in a material misstatement of financial statements and is a departure from generally accepted accounting principles. Due to the absence of adequate information to calculate capitalizable development costs, the amount by which this departure would affect the assets, net position, and expenses of the governmental activities can not been determined. Accordingly, the auditor's opinion on the financial statements of governmental activities was qualified. This qualification will continue until the capitalized costs would have been fully depreciated or until the Department is able to provide adequate substantiation to determine the actual capitalizable costs. (Finding Code No. 2022-004, 2020-004, 2018-010, 2016-010, 2014-018)

RECOMMENDATION

We recommend the Department assign and train responsible staff and implement internal controls to ensure the costs related to future internally developed software are adequately tracked by development stage and project, analyzed for accurate calculation of costs to be capitalized and amortized, and accurately recorded in the financial statements.

DEPARTMENT RESPONSE

- Recommendation accepted.
- Responsible staff within the Department are ensuring development costs are adequately tracked by development stage and project, analyzed for accurate calculation of costs to be capitalized and amortized and accurately recorded in the financial statements.

2022-005 **FINDING** (Inadequate internal controls over census data)

The Department of Corrections (Department) did not properly reconcile and adequately document its reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, the Department provided the data file received from SERS and a listing of employees maintained by the Department, which indicated 12,556 and 12,626 employees, respectively. The Department was unable to provide adequate documentation to support the reconciliation between both data sets to isolate the details of employees not found in each of the data sets and the disposition of the differences to properly establish completeness.

As part of the reconciliation process, the Department indicated each employee received an email with a copy of the form sent via a secured email to verify accuracy of their data. However, the Department indicated they did not receive responses from all employees and no documentation was provided to the auditors on the details of the employees that did not respond and how the Department established accuracy of the data for these employees. As a result, we were unable to obtain assurance the Department had properly performed a complete initial reconciliation of its census data recorded by SERS to its internal records to establish a base year of complete and accurate census data.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and

accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department management indicated staff did not understand the census data reconciliation required the Department to verify the SERS file included all active employees. Management further stated some employees failed to return the forms verifying their census data information even after several attempts by the Human Resources Department staff to collect them.

Failure to ensure census data was complete and accurate could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Department's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2022-005, 2020-005)

RECOMMENDATION

We recommend the Department ensure complete reconciliation of its active members' census data from its underlying records to the SERS report of census data submitted to the plan's actuary to provide assurance census data submitted to the pension plan was complete and accurate. We further recommend the Department re-evaluate the data for the base year ended June 30, 2021 to identify any instances where data discrepancies may still exist and work with SERS to correct all such unresolved errors in the full reconciliation of Department and SERS records.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The difference in the number of employees identified by State Employee Retirement System (SERS) and the number identified by the Department for the Fiscal Year 2021 is a total of 70 (0.56%) employees, which represents less than 1% of the population provided by SERS. The census data reconciliation instructions

that were provided by SERS on July 1, 2021, instructed the Department to verify the census data contained within a file provided by SERS on August 1, 2021, against Department records to determine the accuracy of the information. There was no mention in the instructions that the Department should compare the file received from SERS to the Department's payroll records to determine the SERS file contained all the employees eligible for retirement.

- The Department will work to complete the base year reconciliation of the employee census data.

ACCOUNTANT'S COMMENT

The Department argues that SERS' "Annual Census Data Reconciliation Guidance" (Guidance) did not specifically state they should reconcile Department and SERS data. However, the requirement to agree Department and SERS records is implicit in the definition of reconciliation, which means ensuring two sets of records are in agreement. The Guidance also required Department staff to verify, for each employee in service on June 30, 2021, that the employee's personnel file contents matched the SERS census data extract provided and the Department's personnel and payroll systems. Further, reconciliation and documentation requirements were also communicated in the Finding 2020-005 and in meetings with the Department.

2022-006 **FINDING** (Lack of adequate controls over the review of internal control over service providers)

The Department of Corrections (Department) did not obtain or conduct timely independent internal control reviews over its service providers.

We requested the Department provide its population of service providers utilized by the Department in order to determine if they had reviewed the internal controls over the service providers. In response to our request, the Department identified fourteen service providers; however, they did not ensure the population was complete and accurate.

Due to these conditions, we were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205). Even given the population limitations noted above, we performed testing of five service providers.

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, we noted 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 conducted independent internal control reviews for 5 (100%) service providers.
- Conducted an analysis of the SOC reports to determine the impact of the modified opinion(s) or noted deviations.
- Conducted an analysis of the Complementary User Entity Controls (CUECs) documented in the SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

Additionally, we noted 2 of 4 (50%) contracts between the Department and the service providers did not contain a requirement for an independent review to be completed.

Department management stated the exceptions were due to staff turnover, competing staff priorities, and contract managers new to the Department who were unaware of the need for SOC reports from the service providers of the Department.

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, require entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the service providers' or subservice organizations' internal controls are adequate. (Finding Code No. 2022-006, 2020-007, 2018-007)

RECOMMENDATION

We recommend the Department:

- Develop a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.
- Obtain SOC reports or perform independent reviews of internal controls associated with service providers at least annually.
- Analyze the SOC reports obtained to determine the impact of the report's opinion or noted deviations.
- Monitor and document the operation of the CUECs relevant to the Department's operations.
- Document its review of the 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.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The Department is in the process of training Department management on the performance of SOC report reviews for service providers. In addition, the Department is working to develop a system for identifying providers of services to the Department.

2022-007 FINDING (Inadequate administration of and controls over locally held funds)

The Department of Corrections' (Department) did not adequately administer and maintain controls over locally held funds during the audit period.

As part of performing the financial audit of the Department, auditors performed tests of the locally held funds at the Department's 25 correctional centers, Joliet Treatment Center, and Kewanee Life Skills Re-entry Center (correctional centers or centers); the 4 Adult Transition Centers (ATCs) and the Central Office (Springfield). The specific locally held funds tested included the DOC Commissary Funds (Resident's Commissary Fund and Employee's Commissary Fund), DOC Resident's Trust Fund, DOC Resident's and Employee's Benefit Fund (Resident's Benefit Fund and Employee's Benefit Fund), Travel and Allowance Revolving Fund, and Moms and Babies Fund.

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

	Fiscal Year 2021	Fiscal Year 2022
DOC Commissary Funds	$ 10,092,595	$ 6,218,836
DOC Resident's Trust Fund	$ 30,813,682	$ 23,067,277
DOC Resident's and Employee's Benefit Fund	$ 18,466,520	$ 18,088,388
Travel and Allowance Revolving Fund	$ 269,336	$ 217,014
Moms and Babies Fund	$ 2,189	$ 2,189

During the current examination, we continued to identify weaknesses regarding the Department's administration and controls over locally held funds and noted management was unsuccessful in implementing corrective actions to remedy all deficiencies noted and to provide sufficient resources and oversight, prevent errors, and ensure locally held funds were properly administered and transactions were adequately maintained and recorded. These issues were first reported during the examination for the period ended June 30, 1994.

We identified several exceptions and weaknesses related to the controls over the Department's locally held funds as follows:

- Auditors tested all 27 correctional centers and noted the following exceptions related to the recording of financial transactions:

    - Three (11%) correctional centers (Danville, Graham and Pontiac) were not able to provide the Resident Trial Balance for the Resident Trust Fund as of June 30, 2021. As a result, we were unable to conclude whether the correctional center's population records were sufficiently precise and complete under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205.36) to test the correctional center's resident account balances and wire transfers.

- Two (7%) correctional centers (Decatur and Pontiac) were not able to provide a complete listing of outstanding invoices comprising the Resident Commissary Fund accounts payable balance of $6,103 and $5,408, for Fiscal Years 2021 and 2022, respectively. As a result, auditors were unable to conclude the correctional centers' population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205.36) to test the Resident Commissary Fund accounts payable. Also, the auditors were not able to determine if accounts payables for the Resident Commissary Fund were properly reported for Fiscal Years 2021 and 2022 for these correctional centers.

- Three (11%) correctional centers (Big Muddy, Shawnee, and Joliet Treatment Center) did not correct errors, totaling $9,694 and $5,167, in DOC Commissary Funds accounts payable during Fiscal Years 2021 and 2022, respectively.

- One (4%) correctional center (Western Illinois) improperly handled negative account balances for the Resident Trust Fund. Five of 11 (45%) negative account balances tested were due to inappropriately applied payroll adjustments. Additionally, for 2 of 11 (18%) negative account balances tested, the center failed to transfer to the receiving Facility the restricted account balances of individuals who were transferred during Fiscal Year 2022.

- Five (19%) correctional centers (Danville, Lincoln, Logan, Vandalia, and Vienna) understated DOC Commissary Funds accounts payable by a total of $37,429 and $559, as of the end of Fiscal Years 2021 and 2022, respectively.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires governmental fund financial statements to be prepared using the modified accrual basis of accounting and fiduciary fund financial statements to be prepared using the accrual basis of accounting. These bases of accounting require the recognition of expenses and liabilities in the accounting period they are incurred.

Administrative Directive (A.D.) (02.42.106) states when an individual in custody is transferred to another facility, the individual in custody's trust fund account balance shall also be transferred.

The Statewide Accounting Management System (SAMS) Manual (Procedure 02.50.20) states agencies should establish internal control objectives and techniques for payables, debt, and other liabilities to ensure all payables and other claims against the State are recorded promptly and accurately.

- Financial reports of ATCs did not agree to supporting documents. We noted the following unexplained differences:

	Financial Reports Over (Under)		
	Cash / Fund Balances	Revenues / Additions	Expenditures / Deletions
Fiscal Year 2021			
Crossroads	$ (12,528)	$ (3,696)	$ (4,726)
North Lawndale	18	(3,555)	(3,641)
	$ (12,510)	$ (7,251)	$ (8,367)
Fiscal Year 2022			
Crossroads	$ (12,467)	$ (9,510)	$ (9,571)
North Lawndale	880	(4,691)	(5,465)
	$ (11,587)	$ (14,201)	$ (15,036)

The SAMS Manual (Procedure 02.50.20) states agencies should establish control objectives and control techniques for fiduciary and trust funds to ensure detailed subsidiary records are maintained and are periodically reconciled to control accounts. In addition, A.D. (02.40.104) states that upon receipt of the bank statement for each checking account, the bank statement shall be reconciled with the general ledger. Furthermore, sound internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with statement of accounts on a regular basis and adjustments recorded timely and correctly in the books of accounts. Reconciling items should be investigated immediately and adjustments made to the general ledger.

- The auditors tested 650 receipts at 27 correctional centers, 40 receipts at the ATCs, and 85 receipts at Central Office and noted the following exceptions:

  - 30 of 775 (4%) locally held funds receipts tested, totaling $1,094,389, were deposited between 1 and 105 days late during Fiscal Years 2021 and 2022. This condition was noted at Dixon, Lincoln, Pontiac, Stateville, Taylorville, and Western Correctional Centers, Kewanee Life Skills Re-entry Center, Joliet Treatment Center, and at Central Office.

  - 26 of 775 (3%) locally held funds receipts tested, totaling $218,435, lacked documentation of receipt date at Danville, Hill, Lincoln, Logan, and Western Illinois Correctional Centers, while documentation of a deposit slip was missing at Graham Correctional Center. Therefore, these centers could not demonstrate receipts were timely deposited as required.

  A.D. (02.40.110) states cash accumulated in the amount of $1,000 or more on any business office working day shall be deposited no later than 12:00 a.m. the next working day.

A.D. (02.95.105) requires records be properly identified for ready access, stored, and safeguarded at the center.

- For 30 of 775 (4%) locally held funds receipts tested, totaling $107,460 and $184,218, during Fiscal Years 2021 and 2022, respectively, mailroom staff did not enter receipts directly into the Fund Accounting and Commissary Trading System (FACTS), nor did they prepare a money receipt list as required. Instead, incoming trust fund checks were handled by two to three staff prior to Trust Fund Officer entry into FACTS. This condition was noted at Dixon, Hill, and Illinois River Correctional Centers.

A.D. (02.42.102) states that the mailroom shall restrictively endorse all checks and shall record the amount received in each envelope in FACTS. Additionally, the mailroom shall create a money receipt list.

Sound internal controls require all funds received should be recorded upon initial receipt to limit the risk of loss or theft posed by multiple individuals having access to receipts prior to recording.

- We tested bank reconciliations at 27 correctional centers, 4 ATCs and Central Office and noted the following:

  - The auditors noted 20 of 316 (6%) bank reconciliations tested did not have all the required signatures of the preparer and/or the individuals responsible for approval and the dates of preparation and approval were not always indicated. These 20 bank reconciliations were missing 20 of 63 (32%) required signatures. These conditions were noted at Big Muddy, Centralia, and Lincoln Correctional Centers, Fox Valley ATC, Kewanee Life Skills Re-entry Center and at Central Office.

  - Three (11%) correctional centers failed to timely void checks that had been outstanding for more than three months for the Employee's Commissary Fund amounting to $4,131 during Fiscal Year 2021 and for the Resident Trust Fund amounting to $440 during Fiscal Year 2022. The checks were voided 189 to 645 days late. The exceptions occurred at Danville (one instance, totaling $1,893), Hill (four instances, totaling $440), and Pinckneyville (one instance, totaling $2,238).

Good internal controls require that monthly bank reconciliations be reviewed by the preparer's supervisor for accuracy and timely resolution of reconciling items. A.D. (02.40.104) states upon receipt of the bank statement for each checking account, the bank statement shall be reconciled with the General Ledger. The person completing the reconciliation and the Business Administrator shall sign the completed reconciliation documentation. The A.D. also states the Chief Administrative Officer shall ensure the funds and accounts are reconciled. Furthermore, A.D. (02.40.104) requires the Center to review checks outstanding for three months and issue a stop payment request.

- We reviewed segregation of duties at 27 correctional centers and the 4 ATCs. We noted 6 (19%) facilities lacked sufficient segregation of duties over commissary fund duties at Danville, Hill, Pontiac, Robinson, and Western Illinois Correctional Centers, over the trust fund duties at Hill and Pontiac Correctional Centers and Fox Valley ATC, and over the employee benefit fund duties at Pontiac Correctional Center. The centers and the ATC did not have the required statement in writing by the Chief Administrative Officer, approved by the Chief Financial Officer, for the exceptions to specified segregation of duties.

  Sound internal control requires adequate segregation of duties to ensure that effective checks and balances are in place to minimize the risk of loss. A.D. (02.40.101) states that individuals designated to write checks should not be responsible for mailing checks, and that individuals designated to reconcile the funds should not have the authority to sign checks. Any exceptions to the separation of duties as outlined in the directive are to be stated in writing by the Chief Administrative Officer and approved by the Chief Financial Officer.

- We tested signature authority at 27 correctional centers and the 4 ATCs and noted exceptions at 3 (10%) facilities as follows:

  - Western Illinois Correctional Center failed to provide a DOC Employee Commissary Fund signature card for one of the signatories in 1 of 5 (20%) disbursements tested, totaling $333 during Fiscal Year 2022.

  - Robinson Correctional Center was unable to provide support that signature cards were updated timely during the examination period. We noted two employees who left during Fiscal Year 2021 with no revocation forms provided, one who left during Fiscal Year 2022 with no revocation form provided, and two who remain at the Center, but no longer appear as authorized signers. As a result, we were unable to determine from the documentation provided when those individuals were removed from signature cards.

  - Taylorville Correctional Center did not update the bank signature cards of three employees in a timely manner, which is considered 30 days after the employee's departure.

  A.D. (02.40.102) states the Business Administrator shall ensure the bank is notified in writing of any changes to signature authority and maintain copies of the notification and current bank signature cards in the locally held fund file.

- The Department utilized a Commissary Fund Cash Review Form (DOC 0075) to calculate the available cash to effectuate the transfer of accrued profits in compliance with the Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(c)). We performed a review of the DOC 0075 completed during Fiscal Years 2021 and 2022 for 27 centers and noted the following:

- 12 (44%) centers were unable to provide complete documentation of DOC 0075 forms for the Resident's Commissary Fund and the Employee's Commissary Fund for Fiscal Years 2021 and 2022. This condition was noted at Danville, Decatur, East Moline, Graham, Lincoln, Logan, Pontiac, Robinson, Taylorville, Vandalia, and Vienna Correctional Centers and Joliet Treatment Center. Since the documentation was incomplete, we were unable to determine accurately how much money was available to be transferred to the Resident's and Employee's Benefit Funds.

- 39 of 108 (36%) required DOC 0075 forms submitted by Dixon, Lincoln, Logan, Pontiac, and Taylorville Correctional Centers were not reviewed or approved timely or at all by the center's Business Administrator during Fiscal Year 2021. Further, 19 of 84 (23%) required DOC 0075 forms submitted by Dixon, East Moline, Pontiac, and Taylorville Correctional Centers and Joliet Treatment Center were not reviewed or approved timely or at all by the center's Business Administrator during Fiscal Year 2022.

- Danville and Lincoln Correctional Centers did not complete the DOC 0075 timely for 17 of 36 (47%) forms tested during Fiscal Year 2021 and 12 of 36 (33%) forms tested during Fiscal Year 2022. The forms were completed between 1 and 118 days late.

Good internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with financial reports used in performing analysis of operations on a regular basis and adjustments recorded timely and correctly in the books of accounts. In addition, reconciling items should be investigated immediately and adjustments made to the general ledger.

The Code (730 ILCS 5/3-4-3(c)) states "Forty percent of the profits on sales from commissary stores shall be expended by the Department for the special benefit of committed persons which shall include but not be limited to the advancement of inmate payrolls, for the special benefit of employees, and for the advancement or reimbursement of employee travel, provided that amounts expended for employees shall not exceed the amounts of profits derived from sales made to employees by such commissaries, as determined by the Department. The remainder of the profits from sales from commissary stores must be used first to pay for wages and benefits of employees covered under a collective bargaining agreement who are employed at commissary facilities of the Department and then to pay the costs of dietary staff."

A.D. (02.44.110) states "The Business Office shall complete the reconciliation using the Commissary Fund Cash Review Form, DOC 0075, and submit the form to the Business Administrator. The Business Administrator shall review and approve the Commissary Fund Cash Review Form prior to any payments of excess cash from the commissary funds."

- Logan and Pontiac Correctional Centers did not provide adequate training to employees related to the Employee Benefit Fund during the examination period.

  A.D. (02.45.101) states that training shall be required for all staff serving as members of the Central Committee or any local Committee.

- During our IRS Form 1099-MISC (1099 forms) testing at the ATCs, we noted at Crossroads and North Lawndale ATCs, 7 of 23 (30%) 1099 forms reported earnings that did not agree to the Resident general ledger, noting a net difference of $500.

  A.D. (02.99.110) states that individual earnings of individuals in custody which equal or exceed $600 during one calendar year shall be reported to the IRS on IRS Form 1099-MISC.

The State Records Act (5 ILCS 160/8) requires the center to preserve records containing adequate and proper documentation of the essential transactions of the Agency to protect the legal and financial rights of the State.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds are safeguarded against loss.

Department management stated the exceptions related to controls over locally held funds were due to lack of management and employee oversight, employee shortages, turnover and insufficient training of new staff, failure to follow established policies and procedures, documents misplaced or not printed on a specific date, failure to date stamp receipts when received, data entry errors, software glitches, and competing priorities at the correctional center level. At the Central Office level, Department management stated a lack of staff to monitor correctional center issues, as well as competing priorities, compounded the problems.

It is important to properly administer locally held funds as they are not subject to appropriation and are held outside the State Treasury. Failure to adequately administer locally held funds could lead to a failure to prevent or detect fraud, theft, unauthorized use, or insufficient funds, causing overdrafts. Untimely deposits result in the loss of interest earnings and increased risk of inadvertent loss. Inadequate administration of locally held funds also deters sufficient oversight, monitoring, and management's ability to identify and take timely corrective action when locally held funds are not operating as intended. In addition, inadequate administration may result in a misstatement of the financial statements. (Finding Code No. 2022-007, 2020-006, 2018-004, 2016-004, 2014-004, 12-04, 10-07, 08-08)

RECOMMENDATION

We recommend the Department 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. We further recommend the Department devote adequate resources, provide sufficient training on locally held funds, ensure sufficient oversight, and implement sufficient internal controls to ensure adequate administration of locally held funds. The Department should also ensure records are timely updated and printed, perform reconciliations of financial reports with the general ledger balances and resolve differences to ensure accuracy of reports used in operational procedures and analysis. In addition, adequate supporting documentation for any forms or reports completed should be maintained on file to resolve differences that may be identified.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The Department would like to point out that although the topic sentence of the finding has been repeated since the Fiscal Year 2008 engagement, the issues noted in the current year finding are significantly different from those noted during the Fiscal Year 2008 and subsequent year's engagements. Over the years, various issues have been identified by the auditors and corrected by the Department. Therefore, the Department believes they have implemented an effective corrective action plan to address the individual items noted in the findings over the years since the Fiscal Year 2008 engagement.
- The Department is reviewing internal policies and will provide ongoing guidance to staff in an effort to remedy the issues noted during the audit. The Department would like to note that COVID-19 pandemic mandated quarantines heavily impacted the facilities during the audit period with staff out of the office or handling other facility duties.

ACCOUNTANT'S COMMENT

The Department has made progress in addressing a number of specific exceptions over locally held funds since the Department's Fiscal Year 2008 financial audit. However, internal control weaknesses continue to exist regarding the Department's administration and controls over locally held funds.

2022-008 **FINDING** (Inadequate controls over commodity and commissary inventory)

The Department of Corrections (Department) failed to maintain adequate controls over its commodity and commissary inventory.

The inventory balance reported by the Department at June 30, 2022 totaled $47.5 million. Each correctional center (center) maintained at least a portion of that inventory balance with commodity and/or commissary inventory totaling $42.5 million.

As part of performing the financial audit of the Department, auditors performed tests of commodity and/or commissary inventory at a sample of the Department's 27 centers. The determination of which centers to test by sampling for each step was made based upon an analysis of the centers' inventory, locally held fund balances, and other factors.

During the current examination, we continued to identify weaknesses regarding the Department's internal controls over commodity and commissary inventory. This finding was first noted during the examination for the period ended June 30, 2008. As such, Department management has been unsuccessful in implementing sufficient corrective action to resolve these inventory internal control weaknesses.

Auditors noted the following weaknesses in controls over commodity and commissary inventory:

- During the examination period, Stateville Correctional Center staff were not able to enter into the new accounting system commodity inventory items received or issued for extended periods of time during Fiscal Year 2021 and 2022. As a result, the center failed to provide a complete and accurate population of items held in inventory on June 30, 2021, and 2022. Additionally, the center failed to provide a complete and accurate population of items received and issued during the entire examination period. Due to these conditions, the center's population records for inventory of its commodity warehouse were not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C§ 530, AT-C § 205.36). The Center reported inventory totaling $1,078,286.

- Nonetheless, we tested a sample of 5 issuance reports prepared by the commodities warehouse prior to June 30, 2022 and noted 4 (80%) were not entered into inventory records prior to the fiscal year end at Stateville Correctional Center. Additionally, none of the 5 issuance reports included information as to the amount issued or the value of the goods issued; thus, the auditor was unable to calculate the inventory overstatement related to the issuance reports tested.

- At 7 of 27 (26%) centers tested, the inventory counts and/or balances did not agree with physical count and inventory records, and errors were noted in the total final inventory list resulting in a net inventory understatement of $7,606 and a net

overstatement of $3,067 at June 30, 2022 and 2021, respectively. These conditions were noted at Big Muddy River, East Moline, Graham, Pontiac, Shawnee, Stateville, and Western Correctional Centers.

- Supporting documentation did not properly trace to inventory reports for 6 of 78 (8%) items tested in Fiscal Year 2021 and for 7 of 244 (3%) items tested in Fiscal Year 2022. Furthermore, 6 of 244 (2%) items tested on the final inventory report did not properly trace to other inventory records. These conditions were noted at Pontiac, Stateville, and Western Correctional Centers.

- For 4 of 30 (13%) inventory items tested, documentation was not sufficient to support the value recorded on inventory reports at Centralia Correctional Center.

- Inventory records were unreliable at East Moline Correctional Center based on the information and supporting documentation provided. We noted seven of 265 (3%) commodity items and one of 257 (1%) inmate commissary items on the center's inventory records which did not have an assigned dollar value. The Center reported commodity and inmate commissary inventory totaling $492,550 and $180,678 at June 30, 2022, respectively.

  The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the procedures and essential transactions of the agency.

  The Department's Administrative Directive (A.D.) (02.82.101) requires a standardized inventory control system in order to account for all commodity items received, to maintain records that reflect commodity usage and consumption at each facility, and to ensure accurate accounting records are maintained. A.D. (02.82.114) requires the reconciliation of the inventory records to the accounting records to verify the accuracy and value on hand of commodity items.

  The Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C§ 530, AT-C § 205.36) state that when using information produced by the entity, practitioners should evaluate whether the information is sufficiently reliable for the practitioner's purposes, including, as necessary, obtaining evidence about the accuracy and completeness of the information and evaluating whether the information is sufficiently precise and detailed for the practitioner's purposes.

- We tested 146 and 74 inventory items with inventory balances exceeding $5,000 as of June 30, 2022 and June 30, 2021, respectively, at 11 centers for overstocking and noted Stateville Correctional Center was holding more than one year's supply of inventory for 12 (8%) items and 8 (11%) items, respectively, amounting to excess amounts of $463,247 and $576,061.

- East Moline Correctional Center did not properly document and enter commodity inventory information into the accounting system until May of 2022. As a result, the center was unable to verify whether commodity items were being held for more than one year's supply of inventory for 12 of 12 (100%) commodity items selected for testing, totaling $82,759, per the center's final commodity inventory records as of June 30, 2022.

  The Illinois Procurement Code (30 ILCS 500/50-55) requires every State agency to stock no more than a 12-month supply of inventory. A.D. (02.82.120) requires the Center to review inventory records at least once a year to determine if any items in stock are surplus to current needs.

- The complete selling price list for Fiscal Year 2021 for 2 of 21 (10%) employee commissaries (Hill and Lawrence Correctional Centers) and 1 of 27 (4%) resident commissaries (Logan Correctional Center) was not provided. In addition, the selling price list for Fiscal Year 2022 for 1 of 21 (5%) employee commissaries (Logan Correctional Center) was missing one item. As a result, we were not able to test these Centers' compliance with statutory requirements on mark-ups of commissary items.

  The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- We tested 198 Employee Commissary inventory items and noted 15 (8%) were priced 0.71% to 104% over the allowed markup at Centralia, Illinois River, Lawrence, Lincoln, and Western Illinois Correctional Centers.

- Two of 198 (1%) Employee Commissary items tested at centers were priced between 3% and 55% below the actual cost of the item at East Moline and Illinois River Correctional Centers during the audit period.

  The Unified Code of Corrections (730 ILCS 5/3-7-2a) states the selling price for goods sold in the inmate commissary and employee commissary shall be sufficient to cover the costs of the goods and an additional charge of up to 25% and 10%, respectively, for non-tobacco products.

- Sheridan Correctional Center did not maintain adequate segregation of duties by having two employees able to individually order, receive, record, and price the goods in the inmate commissary.

- During observation and touring of the facility, we noted the inventory areas were not properly maintained at Pontiac and Stateville Correctional Center to facilitate accurate inventory counts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets are safeguarded against loss and misappropriation and assets are properly recorded and accounted for to maintain accountability over the State's resources.

The Statewide Accounting Management System Manual (Procedure 03.60.20) outlines the reporting process for inventory, which is necessary for the Office of Comptroller to complete the Statewide financial statements in accordance with Generally Accepted Accounting Principles.

Department management indicated the conditions noted were caused by employee turnover and shortages, insufficient training of new staff, software glitches, miscommunications, delayed vendor completion of building repairs, delayed vendor replacement due to ineffective product, and oversight.

Strong internal controls require improved centralized oversight functions related to inventory. Failure to implement such controls could lead to theft, loss of assets, and noncompliance with legislative intent, as well as inaccurate reporting of fiscal year-end inventory balances which would, in turn, reduce the reliability of state-wide financial reporting. (Finding Code No. 2022-008, 2020-008, 2018-005, 2016-005, 2014-003, 12-03, 10-06, 08-09)

RECOMMENDATION

We recommend the Department improve its centralized oversight function related to inventory to allow for adequate controls, compliance with procedures and rules, as well as provision of guidance, reminders, and assistance to the Center's staff. We also recommend the Department ensure staff are adequately trained on inventory policies and procedures.

DEPARTMENT RESPONSE

- Recommendation accepted.
- The Department would like to point out that although the topic sentence of the finding has been repeated since the Fiscal Year 2008 engagement, the issues noted in the current year finding are significantly different from those noted during the Fiscal Year 2008 and subsequent year's engagements. Over the years, various issues have been identified by the auditors and corrected by the Department. Therefore, the Department believes they have implemented an effective corrective action plan to address the individual items noted in the findings over the years since the Fiscal Year 2008 engagement.

- The new ERP system for commodity inventory was implemented a little over six months prior to the current audit period. There was a learning curve for staff to become familiar with the system.
- In addition, the COVID-19 pandemic mandated quarantines and supply chain issues heavily impacted the inventory area of the Department's correctional centers.
- The Department is reviewing internal policies and will provide ongoing guidance to staff in an effort to remedy the issues noted during the audit.

ACCOUNTANT'S COMMENT

Despite the Department's corrective actions taken since 2008, we continued to identify weaknesses in the Department's internal controls over inventory, which indicates measures taken have not been sufficient to prevent accounting and recordkeeping errors.

2022-009 **FINDING** (Voucher processing weaknesses)

The Department of Corrections (Department) did not timely submit its vouchers for payment to the Comptroller's Office and approve for payment all interest due to vendors during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into ERP. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

We then conducted an analysis of the Department's expenditures data for fiscal years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Department owed 24 vendors interest totaling $8,672 in fiscal years 2021 and 2022; however, the Department had not approved these vouchers for payment to the vendors.

  The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Department did not timely approve 46,704 of 112,177 (42%) vouchers processed during the examination period, totaling $494,985,736. We noted these vouchers approved between 1 and 396 days late.

  The Code (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

This finding was first noted during the Department's Fiscal Year 2014 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the exceptions were due to conflicting priorities caused by the COVID-19 pandemic, human error, and a lack of staffing.

Failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code and the Act. (Finding Code No. 2022-009, 2020-027, 2018-027, 2016-028, 2014-024)

RECOMMENDATION

We recommend the Department approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will strive to approve vouchers timely. The Department would like to point out the following information related to the approval of invoices and payment of prompt pay interest. Of the 46,704 vouchers approved late, 3,038 were from the three State of Illinois Revolving Funds (Facilities Revolving Fund, State Garage Revolving Fund, and Technology Revolving Fund); 3,282 were from internal Department of Corrections sources, such as the Inmate Benefit Fund, Inmate Trust Fund, Correctional Industries, and various Correctional Centers; 99 were from other State of Illinois agencies, such as Attorney General's Office, Illinois Department of Human Services, Office of the State Fire Marshall, Illinois Environmental Protection Agency; 3,032 were prompt pay vouchers. The Department would not be required to pay any of these vendors prompt pay interest. Therefore, outside vendors to which prompt pay interest would be required are prioritized. Furthermore, there are several instances when contracts are under review and in the renewal process while services continue. In these instances, the Department and vendor fully anticipate a successfully executed contract and invoices are processed upon contract execution. The Department staff were not aware until recently that 74 Ill. Admin. Code 900.70 allows the use of the date the contract is executed to be used as the date of receipt. Therefore, several of the vouchers during FY21/22 have an incorrect receipt date entered into the system. In addition, there are times where the Department does not have sufficient appropriation available to pay the invoices due to unexpected invoices or service/purchase cost increases. During these times, the Department is forced to hold the invoices until appropriation transfers are approved and processed. In addition, the COVID-19 pandemic lockdowns and restrictions severely hampered the ability of the Department to meet the timely approval or payment of invoices since staff had many competing priorities from quarantines for themselves, assisting other areas of the facility because staff in those areas were out on quarantine, and working hybrid schedules (between in office and working from home) to mitigate the spread of the disease within the offices and facilities. In addition, 21 of the 24 total prompt pay interest vouchers were not loaded by the Comptroller into SAP for the Department to approve until the weekend before August 22, 2022, which was less than one week before the last day the Comptroller would accept vouchers for payment. Processing errors occurred for other prompt pay vouchers the Department processed for payment.

2022-010 **FINDING** (Inadequate controls over State property)

The Department of Corrections (Department) did not exercise adequate controls over State property.

Recording and reporting weaknesses were identified during our detailed testing of the Department's State property as follows:

- During our testing of the Agency Report of State Property (C-15) report reconciliation, we noted additions, deletions, and transfers in Fiscal Year 2021 and Fiscal Year 2022 were not adequately reconciled with State property expenditures. The unreconciled difference as of the end of Fiscal Year 2022 totaled $41,438,459.

  The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- The Department is required to submit an annual Certification of Inventory (Certification) to the Department of Central Management Services (CMS). The Department compiles data from each bureau or facility (36 in total) to complete the Certification. For Fiscal Year 2021, the Department was unable to provide all (100%) supporting documentation to test completeness and accuracy of the Certification. For the Fiscal Year 2022 Certification of Inventory, we noted the following exceptions:

  - For one (3%) of 36 facility supporting documentation reviewed, the amount of discrepancies reported per facility certification did not agree with the Certification of Inventory reported to CMS, resulting in an understatement of $153,651.
  - For two (6%) of 36 facility supporting documentation reviewed, the amount of total inventory per facility certification did not agree with the Certification of Inventory reported to CMS, resulting in a net overstatement of 38 inventory items totaling $121,895.
  - One (3%) of 36 facility supporting documentation was not provided. Therefore, we were unable to test completeness and accuracy of the Certification.

  The Illinois Administrative Code (44 Ill. Adm. Code 5010.460) requires agencies to provide CMS, on an annual basis, a listing of all equipment items with a value greater than the nominal value, and equipment that is subject to theft with a value less than the nominal value. According to the Illinois Administrative Code (44 Ill. Adm. Code 5010.105(d)), nominal value means the value of an item as defined in Section 6.02 of the State Property Control Act (30 ILCS 605/6.02), which is $1,000.

- During our equipment observation testing of 60 Department equipment items, we noted the following:

    - One (2%) equipment item tested, which cost $22,620, was deemed obsolete but remained on the equipment inventory listing.

      The Illinois Administrative Code (Code) (44 Ill. Admin Code 5010.620) requires all agencies to regularly survey their inventories for transferable equipment and report any such equipment to DCMS. The Code (44 Ill. Admin Code 5010.600) defines transferable equipment as State-owned equipment which is no longer needed and or useful to the agency currently in possession of it.

    - One (2%) equipment item tested, a $499 television, was unable to be located.

      The State Property Control Act (Act) (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control..." The State Property Control Act (Act) (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

- During our testing of 90 deletions, we noted the following exceptions:

    - Nine (10%) deletions tested, totaling $194,878, did not have the date of physical transfer on the Request for Change of Status of Equipment (Form DOC 0013); therefore, we were unable to test timeliness of removal from property records.
    - Nineteen (21%) deletions tested, totaling $367,396, were removed from property records 19 to 1,034 days late. Items that were not removed in a timely manner were vehicles and a computer.
    - For two (2%) deletions tested, totaling $18,270, supporting documentation was not provided; therefore, we were unable to test compliance.
    - One (1%) deletion tested, amounting to $693, was missing proper approval.

- During our testing of 60 equipment additions, we noted the following exceptions:

    - Nineteen (32%) property additions tested, totaling $1,928,231, were not added to property records timely, ranging from 22 to 508 days late.
    - Four (7%) property additions tested, totaling $97,168, were missing a receiving report; therefore, we were unable to test for timeliness of recording.
    - One (2%) property addition tested did not include the freight charge of $83 as required.

The Code (44 Ill. Admin Code 5010.320) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of vehicles. The Code (44 Illinois Administrative Code 5010.400) requires the Department to adjust its property records within 90 days after acquisition, change, or deletion of equipment items.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and that transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

Department management indicated exceptions were due to staff turnover, employee oversight, competing priorities due in part to the COVID-19 pandemic, and human error.

Failure to maintain adequate control over equipment, and inaccurate recording and reporting of property items increases the risk of equipment theft or loss occurring without detection and unreliable property reports. (Finding Code No. 2022-010, 2020-010)

RECOMMENDATION

We recommend the Department strengthen its internal controls over the custody, recording, and reporting of State property.

DEPARTMENT RESPONSE

Recommendation accepted. The Department recognizes the importance of timely and accurate property control transaction processing and reporting and has been working with staff to reiterate proper processing guidelines.

2022-011 **FINDING** (Weaknesses in intergovernmental agreement for internal audit function)

The Department of Corrections (Department) failed to adhere to the provisions in the Fiscal Control and Internal Auditing Act (Act) and the Department of Central Management Services Law (Law).

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). The Department of Corrections, as a Department of State government created in the Civil Administrative Code (Code) (20 ILCS 5/5-15), is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003(a)). The Act also states, "agencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services" (30 ILCS 10/2001 (b)).

The Act was originally a Legislative Audit Commission initiative designed to address deficiencies noted in a May 1988 management audit of Illinois' State Programs of Internal Auditing. The audit report's conclusions and recommendations and the legislation that became the Act (House Bill 2031 of the 86th General Assembly which was signed into law as P.A. 86-936) demonstrated an understanding that agencies which are not required to have their own full-time program of internal auditing could obtain internal auditing assistance from an agency such as the Department of Central Management Services (CMS). In other words, each designated State agency must have a full-time program of internal auditing and each State agency that is not so designated is not required to have a full-time program of internal auditing but may receive internal audit services from CMS.

In 2003, by Executive Order (2003-10) the Governor transferred the internal auditors from the various State agencies and consolidated them into the Illinois Office of Internal Audit at CMS. In 2009, the General Assembly unanimously rejected this consolidation of internal audit authority in CMS and directed that the internal auditors and their functions be returned to their respective designated State agencies (P.A. 96-795, effective July 1, 2010).

On November 1, 2018, the Department entered into an agreement with CMS' Bureau of Internal Audit to provide the Department with internal auditing services.

During our testing, we noted the following:

- The Department and CMS did not obtain the Governor's approval for CMS to provide professional internal auditing services to the Department.

  The Law (20 ILCS 405/405-293(a)) states CMS "may provide additional services with the approval of the Governor to or on behalf of State agencies." "Additional services" is not defined. However, the Attorney General ruled in Opinion No. 19-001 (Opinion), issued August 9, 2019, page 15, that internal audit services specifically fall within the CMS' Law's definition of "professional services," and, therefore, cannot constitute "additional services."

- The Department granted CMS authorization through its intergovernmental agreement to charge the Department's appropriations for payroll costs associated with CMS' rendering of professional internal audit services to the Department. Although the Department stated it is not the Department's nor CMS' intent to process any vouchers against the Department's appropriations, there is a significant internal control risk with potentially delegating a State's appropriation authority unnecessarily.

  The Act (30 ILCS 10/3001)) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management stated the Governor's approval for CMS to provide professional services was not obtained and the intergovernmental agreement was not amended to remove the CMS authorization to charge the Department's appropriation for payroll costs associated with rendering professional internal audit services due to competing priorities.

Failure to obtain the approval of the Governor for expanding the professional services provided to the Department by CMS limits governmental oversight and represents noncompliance with the Code. Finally, granting CMS authorization to expend the Department's payroll appropriations weakens the Department's overall internal control environment and represents noncompliance with State law. (Finding Code No. 2022-011, 2020-011, 2018-008, 2016-006, 2014-006, 12-17)

RECOMMENDATION

We recommend:

- If another agency is to be relied upon to supplement internal audit functions at the Department, the Department should obtain written approval of the Governor for these services and ensure such services are provided in accordance with the Act's requirements.
- The Department should not grant another agency authority to charge the Department's appropriations for payroll costs unnecessarily or without implementing and documenting proper controls over charges.

DEPARTMENT RESPONSE

Recommendation accepted. The Department's Chief Internal Auditor (CIA) determines the assignment of all audits performed by Department of Central Management Services (CMS) staff. Throughout the audit, the CIA is updated on the status of the audit projects. At the end of the audit, the CIA reviews the workpapers prepared by the CMS staff and issues all audit reports to management of the audited area including those prepared by CMS staff. The CIA is actively pursuing hires to be able to bring all audit services in house. Currently,

there is a Public Service Administrator (PSA) Option 2 and an Internal Auditor 1 employee on staff with the Department. Interviews for another PSA Option 2 position were conducted the last week of August 2023. Furthermore, the legislature passed Public Act (PA) 103-0008, with an effective date of June 7, 2023, amending 20 ILCS 405/405-293(a) to allow CMS to use their own General Revenue Fund appropriation to cover the expenses of providing internal audit services to the Department. Going forward, the Department of Corrections' appropriation authority will not be necessary for covering these expenses.

2022-012 **FINDING** (Noncompliance with extended supervision of sex offender requirements of the Unified Code of Corrections)

The Department of Corrections (Department) failed to report individuals' progress under the extended supervision of sex offender requirements of the Unified Code of Corrections (Code).

During Fiscal Year 2021 and Fiscal Year 2022, there were a total of 446 and 498, respectively, individuals released under extended mandatory supervision of sex offender requirements. These individuals are defined by the Code (730 ILCS 5/5-8-1(d)(4)) as including those who committed the offense of predatory criminal sexual assault of a child, aggravated criminal sexual assault, criminal sexual assault, certain offenses of aggravated child pornography, or manufacture or dissemination of child pornography after specified dates, whose terms of mandatory supervised release range from 3 years to life.

During the examination period, the Department did not submit the required progress reports to the chief of police or sheriff in the municipality or county in which the offender resides and is registered.

The Code (730 ILCS 5/3-14-2.5(b)) requires the Department to supervise sex offenders placed on mandatory supervised release in accord with the conditions set by the Prisoner Review Board pursuant to the Code. The Code also states "Commencing 180 days after the offender's release date and continuing every 180 days thereafter for the duration of the supervision term, the supervising officer shall prepare a progress report detailing the offender's adjustment and compliance with the conditions of mandatory supervised release including the offender's participation and progress in sex offender treatment. The progress report shall be submitted to the Prisoner Review Board and copies provided to the chief of police and sheriff in the municipality and county in which the offender resides and is registered."

Department management stated they did not send the semi-annual progress reports for sex offenders under extended supervision because some Chiefs of Police and Sheriffs indicated they did not want copies of the reports. Management also indicated they believed legislative changes are needed.

Failure to timely prepare and report required information to a sex offender on mandatory supervised release's local Chief of Police and Sheriff may reduce the effectiveness of governmental monitoring and oversight to identify and manage risks posed to public safety. (Finding Code No. 2022-012, 2020-059)

RECOMMENDATION

We recommend the Department comply with the sex offender progress report requirements of the Code. We further recommend the Department pursue legislative change if they do not believe the current statutory provisions are reasonable and appropriate.

DEPARTMENT RESPONSE

Recommendation implemented. The Department is in the process of seeking legislative remedy.

2022-013 **FINDING** (Failure to comply with Administrative Directives regarding submission and maintenance of required reports and educational records)

The Department of Corrections (Department) did not maintain documentation to support the timeliness of submission of required reports and comply with Administrative Directives regarding maintenance of all educational records.

During testing of five correctional centers, auditors noted the following:

- Two (40%) Centers tested were unable to provide complete and accurate lists of individuals in custody enrolled in post-secondary and vocational programs. As a result, we were unable to conclude whether the Center's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36). Nonetheless, we selected a sample of files and noted one of 36 (3%) individual in custody files selected for testing did not contain adequate documentation of the Educational Release of Information form. This noncompliance was identified at Danville Correctional Center.

- Two (40%) tested correctional centers (Lawrence and Pontiac) were unable to provide support for when the annual evaluation of programs due each October 1st were submitted by the Educational Facility Administrator (EFA) in the Center to the Administrator and Chief of Program and Support Services.

This finding was first noted during the Department's Fiscal Year 2016 State Compliance Examination. Although the number of educational record compliance exceptions declined in the current examination period, management had not fully remedied all deficiencies noted.

The Department's Administrative Directive (A.D.) (04.10.118), established pursuant to the Unified Code of Corrections (730 ILCS 5/3-6-2), requires the Center to establish an educational file for all offenders subject to educational testing and all students. Each educational file for vocational students must include a Vocational Program Waiver of Liability and Hold Harmless Agreement. Each educational file for all students must include an Educational Release of Information form. A.D. (04.10.101) requires an annual evaluation of programs be prepared and submitted to the Administrator and Chief of Programs and Support Services by October 1st of each year by the EFA.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated these issues were caused by employee error, oversight, and turnover.

Failure to accurately identify individuals subject to compliance requirements and to prepare and maintain required educational records reduces the information available to make individual and programmatic recommendations and decisions and may expose the Center to liability. (Finding Code No. 2022-013, 2020-013, 2018-023, 2016-019)

RECOMMENDATION

We recommend the Department strengthen internal controls to ensure timely preparation and maintenance of documentation of educational records as required by statute and A.D.

DEPARTMENT RESPONSE

Recommendation accepted. The Department staff will make every effort to obtain the required educational forms for each student as required. Furthermore, the Department revised the A.D., effective April 1, 2023, to remove the requirement for the Center Educational Facility Administrator (EFA) to submit an annual report to the Administrator and Chief of Program and Support Services to reflect current practice.

2022-014 **FINDING** (Failure to properly transfer inmate cash account balances)

The Department of Corrections (Department) improperly offset DOC Resident's 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 timely transfer dormant account balances to the Centers to which individuals in custody were transferred or address the dormant account balances if discharged.

During testing of 45 inmate balance transfers at five correctional centers, auditors noted exceptions at 60% of facilities tested:

- Five of 45 (11%) Resident's Trust Fund dormant account balances tested, totaling $120, were not timely transferred to the current facility or addressed if discharged. These balances consisted of amounts that were received by the facility subsequent to their departure and were transferred or addressed 77 to 493 days after individuals were transferred or discharged from Pontiac and Western Illinois Correctional Centers.

- One (20%) center tested (Menard) transferred $238 in total Resident's Trust Fund dormant accounts that should have totaled $1,115. The $877 difference was due to offsetting or netting the total amount required to be transferred from unclaimed dormant accounts with positive cash balances against other inmates' accounts which had negative balances.

This finding was first noted during the Department's Fiscal Year 2010 State compliance examination.

The Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(a)) requires the Center to establish accounting records with individual accounts for each inmate. In addition, the Code (730 ILCS 5/3-4-3(b)) requires any money held in accounts of an individual in custody upon release from the Department by death, discharge, or unauthorized absence and unclaimed for a period of one year thereafter by the person or his legal representative be transmitted to the State Treasurer who shall deposit it into the GRF.

The Department's Administrative Directive (02.42.106) requires, upon determination of dormant accounts, the Business Administrator to prepare a list, which includes the account numbers, individuals in custody names, identification numbers, account balances, and a memorandum requesting permission to transfer the balances to the GRF. Furthermore, the Directive states when an individual is transferred to another facility, the individual's trust fund account balance shall also be transferred. Closed accounts should be reopened for any subsequent activity (after transfer or release), and the Center shall prepare a disbursement for the credit balance on the account to the individual's current residing facility or to the individual's host address in Offender 360.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated these issues were caused by employee oversight.

Offsetting negative account balances against other accounts in the Resident's Trust Fund prior to being transferred to the GRF would result in an understatement of appropriate balances to be transferred as required by the Code. Failure to ensure cash balances are timely transferred to receiving centers or issued to released individuals results in unavailability of funds to intended recipients. (Finding Code No. 2022-014, 2020-018, 2018-018, 2016-033, 2014-33, 12-11, 10-11)

RECOMMENDATION

We recommend the Department transfer dormant accounts to the GRF timely and properly without offsetting or netting Resident Trust Fund accounts with positive cash balances against accounts with negative cash balances. We further recommend the Department promptly transfer inmate's account balances to the receiving centers. We also recommend the Department ensure all Centers have sufficient internal controls in place to timely identify and when required, transfer dormant account balances for released and transferred individuals.

DEPARTMENT RESPONSE

Recommendation accepted and partially implemented. The netting of accounts at Menard was corrected in FY21 following the transaction noted as an exception in the finding as evidenced by the other four transactions tested by the auditors after December 14, 2020, resulting in no exception. The statute requires individual in custody trust fund accounts to be transferred to the General Revenue Fund (GRF) that are unclaimed for a period of one year. To effectuate this transfer, the Department's Administrative Directive requires the centers to review dormant accounts twice per year. In each of the instances noted in the finding as an exception at the Pontiac and Western Correctional Centers, the individual's account balance was transferred or paid out upon transfer to another facility or release. However, after the initial pay out of the account balance, each one received either refunds or payment from jobs worked while a resident. These amounts were either transferred to the facility where the individual currently resided or their last known address when the dormant accounts were reviewed at a later date.

2022-015 **FINDING** (Noncompliance with the Re-entering Citizen Civics Education Act)

The Department of Corrections (Department) did not comply with the Re-entering Citizen Civics Education Act (Act).

The Department failed to visibly post voter and civic education program information in all common areas of each correctional facility and did not broadcast such information via in-house institutional information television channels. In addition, the Department failed to post a notice stipulating voter eligibility that contains relevant information for citizens released from the physical custody of the Department within each parole office within the State.

The Act (730 ILCS 200/25(f)) states the Department shall ensure that the wardens or superintendents of all correctional institutions and facilities visibly post this information on all common areas of their respective institutions and shall broadcast the same via in-house institutional information television channels. Directors shall ensure that updated information is distributed in a timely, visible, and accessible manner. In addition, the Act (730 ILCS 200/25(g)) states the Department shall order, in a clearly visible area of each parole office within this State, the posting of a notice stipulating voter eligibility and that contains the current Internet website address and voter registration information provided by State Board of Elections regarding voting rights for citizens released from the physical custody of the Department and the Department of Juvenile Justice.

Department management stated this exception was due to employee turnover and the new personnel's unfamiliarity with the statutory requirements.

Failure to post and broadcast required voter and civic education program information limits the avenues for promoting civics and voter education to help prepare individuals in custody for re-integration into society upon release. (Finding Code No. 2022-015)

RECOMMENDATION

We recommend the Department implement internal controls to ensure voter and civic education program information is visibly posted and broadcasted in all required locations.

DEPARTMENT RESPONSE

Recommendation implemented. The Department posted information regarding the voter and civic education program in the common areas and broadcasted on television channels and tablets within each facility and parole offices in September of 2022.

2022-016 **FINDING** (Noncompliance with the required transfers of profits from the DOC Commissary Funds)

The Department of Corrections (Department) did not transfer 40% of profits from DOC Commissary Funds to allow expenditure of all designated profits for the special benefit of individuals in custody and employees from the Individuals and Employee Benefit Funds.

Amounts due to the Individuals and Employee Benefit Funds from the DOC Commissary Funds totaled $5.8 million, $8.4 million, and $8.9 million as of June 30, 2022, 2021 and 2020, respectively. The Department did not comply with the requirement to expend 40% of Individual and Employee Commissary profits for the special benefit of committed persons and employees and the advancement or reimbursement of employee travel, respectively.

The Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(c)) states "Forty percent of the profits on sales from commissary stores shall be expended by the Department for the special benefit of committed persons which shall include but not be limited to the advancement of inmate payrolls, for the special benefit of employees, and for the advancement or reimbursement of employee travel, provided that amounts expended for employees shall not exceed the amounts of profits derived from sales made to employees by such commissaries, as determined by the Department. The remainder of the profits from sales from commissary stores must be used first to pay for wages and benefits of employees covered under a collective bargaining agreement who are employed at commissary facilities of the Department and then to pay the costs of dietary staff."

However, until November 1, 2021, the Department's Administrative Directive (A.D.) (02.44.110) required the centers to prepare checks payable to the Salary Reimbursement (523) Fund for 60% of the Commissary Funds monthly net profit, then required staff to determine the excess cash available in each of the Commissary Funds on a monthly basis and authorize payments to the Benefit Funds. The Directive also stated sufficient funds shall be retained in the commissary fund to maintain operation of the commissary. Therefore, until November 2021, a portion of the 40% of profits mandated to be expended for individuals in custody and employees was retained in the Commissary Funds.

Effective November 1, 2021, the Department revised A.D. (02.44.110) to first require the centers to prepare checks payable to each Benefit Fund for 40% of the Commissary Fund monthly net profit, then required staff to determine the excess cash available in each Commissary Fund on a monthly basis and authorize payments to the 523 Fund for union commissary employees and dietary staff.

Auditors reviewed monthly transfers of profits by the correctional centers and noted the following:

- Twenty-six centers did not transfer 40% of monthly commissary fund net profit to the related benefit fund an average of 49% of months during Fiscal Years 2021 and 2022.

- In 23% of instances where centers identified excess cash available in the commissary fund at month-end, those excess funds were not transferred fully or at all to the related benefit and/or 523 Fund, and insufficient documentation was maintained to support the center's decision to retain the excess cash. Since centers must retain sufficient funds to maintain commissary operations, cash excess is calculated as commissary funds remaining after deducting the total of payables plus two and a half times the cost of inventory on hand.

This finding was first noted during the Department's Fiscal Year 2016 State compliance examination. As such, Department management was unable to fully resolve this deficiency during the current examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

In addition, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the A.D. limited transfers of profits to the benefit funds to ensure sufficient cash flow for commissary operations. Center personnel also indicated the exceptions were due to various reasons, including lack of training on requirements of the A.D.s and statutes, oversight, lack of profit in some months, losses from prior months being recaptured, low to negative excess cash available, and funds being retained to maintain the operation of the commissaries.

Not transferring the required amount of profits to the Individuals and Employee Benefit Funds results in a significant accumulation of amounts owed by the Commissary Funds and the failure to meet the intent of the mandate. (Finding Code No. 2022-016, 2020-016, 2018-009, 2016-034)

RECOMMENDATION

We recommend the Department review and update its policies and procedures as needed to ensure a consistent and accurate transfer of commissary profits occurs and maintain sufficient supporting documentation for measures taken. We also recommend the Department develop and implement a plan of action to decrease the liability with the Commissary Funds. Further, if the Department determines the current statutory language is not sufficient to accommodate operations of the Commissary Funds, it should seek legislative changes.

DEPARTMENT RESPONSE

Recommendation accepted. The Department has made a concerted effort to pay down the liabilities owed by the Commissary Funds to the respective Benefit Funds as evidenced by the fact that the balance decreased by over $3 million between June 30, 2020, and June 30, 2022. The Department plans to continue its efforts in this endeavor.

2022-017 **FINDING** (Noncompliance with applicable portions of the Arsonist Registration Act)

The Department of Corrections (Department) did not ensure compliance with notification requirements of the Arsonist Registration Act.

The Department was unable to provide a complete population of released arsonists who committed arson on or after January 1, 2005, and whose intended place of residence, employment or school is within the City of Chicago. Due to this condition, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to fully test the Department's compliance with the Arsonist Registration Act.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing of 8 released arsonists and noted the following:

- For four (50%) released convicted arsonists tested, the Department was unable to provide the Arsonist Registration Notification and Release Information (Form DOC 0495) that arsonists are required to sign prior to release.
- For one (13%) released convicted arsonist tested, the Department failed to notify the City of Chicago.
- One (13%) released convicted arsonist tested was notified of their responsibility to register upon discharge 9 days earlier than the timeframe allowed by law.

This finding was first noted during the Department's Fiscal Year 2006 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Arsonist Registration Act (Act) (730 ILCS 148/15) requires the Department to obtain from arsonists prior to release, information about where the person expects to reside, work, and attend school upon his or her discharge, parole, or release and also to inform and require the arsonist to sign a form regarding their duty to register in person under the Act. The Act also requires the Department to retain on file and report this information to the Illinois State Police and to each of the law enforcement agencies where the person expects to reside, be employed, or attend school. The Act (730 ILCS 148/80) further states that until I-CLEAR is implemented throughout this State, the Act applies only to arsonists who reside, work, or attend school within the City of Chicago, and duties of the Illinois State Police shall be imposed upon the City of Chicago.

The Department's Administrative Directive (04.50.115) requires staff to provide reporting instructions and require the offender to sign the Form DOC 0495 within 10 days prior to release, if the offender is identified as an arsonist under the Act who committed arson on or after January 1, 2005, and whose intended place of residence, employment or school is within the City of Chicago.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated since the registry is only completed for released offenders whose intended place of residence, employment, or school is within the city limits of Chicago, employees tend to forget to check for the need to register while processing released offenders. In addition, Department management stated exceptions were due to employee unfamiliarity with mandated requirements and employee oversight.

Timely notification of convicted arsonists of their reporting responsibilities and completion of required notification forms within 10 days of release increases the likelihood released offenders will subsequently register their location as required. Timely informing the City of Chicago of convicted arsonists upon their discharge, parole, or release provides information to assist law enforcement in the identification or location of released arsonists. (Finding Code No. 2022-017, 2020-060, 2018-017, 2016-026, 2014-014, 12-39, 10-32, 08-45, 06-16)

RECOMMENDATION

We recommend the Department remind staff of their responsibilities and implement effective internal controls to ensure timely completion and maintenance of required forms and prompt reporting of required information to the required parties for released convicted arsonists.

DEPARTMENT RESPONSE

Recommendation accepted. The Department has set up an automatic notification email from the O360 program to the City of Chicago any time an individual with a charge of arson is being released to a residence located in the City of Chicago. The Department will strive to obtain the Arsonist Registration Notification and Release Information (DOC 0495 Form) on every released individual with a charge of arson and a residence plan indicating they will be residing in the City of Chicago.

2022-018 **FINDING** (Failure to provide offender resident information to appropriate parties)

The Department of Corrections (Department) failed to appropriately notify the appropriate parties of residency of persons on parole and mandatory supervised release.

The Unified Code of Corrections (Code) (730 ILCS 5/3-14-1(c-5)) states if a person on parole or mandatory supervised release becomes a resident of a facility licensed or regulated by the Department of Public Health, HFS, or DHS, the Department shall provide copies of the following information to the appropriate licensing or regulating Department and the licensed or regulated facility where the person becomes a resident within 3 days:

(1) the mittimus and any pre-sentence investigation reports
(2) the social evaluation prepared pursuant to Section 3-8-2
(3) any pre-release evaluation conducted pursuant to subsection (j) of Section 3-6-2
(4) reports of disciplinary infractions and dispositions
(5) any parole plan, including orders issued by the Prisoner Review Board, and any violation reports and dispositions
(6) the name and contact information for the assigned parole agent and parole supervisor.

The Code (730 ILCS 5/3-14-1(c-10)) also requires the Department provide written notification of such residence to the Prisoner Review Board and the chief of police and sheriff in the municipality and county in which the licensed facility is located within 3 days of the person becoming a resident of the facility.

We requested the Department provide the population of persons on parole or mandatory supervised release who became a resident of a facility licensed or regulated by the Department of Public Health, Department of Healthcare and Family Services (HFS), or Department of Human Services (DHS) in Fiscal Year 2021 or Fiscal Year 2022. However, the Department was unable to provide the requested population and therefore, we were unable to test whether notifications occurred. Management also stated they were unable to timely comply with notification requirements of the Code. As of June 30, 2021, and June 30, 2022, the Department had a total of 22,663 and 20,895 individuals, respectively, on parole or mandatory supervised release.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

Department management indicated they could not notify appropriate parties within the three day deadline because the Department was rarely notified of an individual's residency status or able to locate a parolee within this timeframe and they stated legislative change is needed. Management indicated they did not provide the requested population because they have no tracking mechanism in place to monitor individual's residencies.

Failure to provide residency information to the appropriate parties reduces the effectiveness of governmental oversight and the ability of the residential facility and local law enforcement to fulfill their responsibilities as informed by the offender's conditions of release. (Finding Code No. 2022-018, 2020-024)

RECOMMENDATION

We recommend the Department implement measures to identify individuals subject to notification requirements and to report required information to the appropriate parties as soon as possible. We also recommend the Department seek legislative remedy if the mandated timeframe for notification is deemed unreasonable.

DEPARTMENT RESPONSE

Recommendation accepted. The Department is not able to provide the mandated information within the 3-day turnaround time because they are rarely notified within this time frame that a person on parole has become a resident of a facility licensed or regulated by the Department of Public Health, which is all hospitals and nursing homes within the State, Department of Healthcare and Family Services, or the Department of Human Services. Therefore, Department plans to seek a mandate revision during the next legislative session.

2022-019 **FINDING** (Noncompliance with the Murderer and Violent Offender Against Youth Registration Act)

The Department of Corrections (Department) did not properly document compliance with the notification requirements of the Murderer and Violent Offender Against Youth Registration Act (Act).

The auditors tested notification forms for 62 discharged, paroled, or released individuals identified as murderers or violent offenders against youth from five correctional centers and noted the following:

- Five (8%) individuals in custody selected for testing from Lawrence and Western Illinois Correctional Centers were incorrectly classified in the population of offenders who committed violence against youth provided by the Department. As a result, auditors were unable to determine the completeness, accuracy, and reliability of the Centers' population of Murderer and Violent Offenders Against Youth released from the facility during the examination period under Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

- Despite the population limitations noted above which hindered the ability to conclude whether a sample selected could be representative of the population, the auditors tested a sample from the population provided and noted Pontiac and Stateville Correctional Centers were unable to provide documentation of the Murderer and Violent Offender Against Youth Registration Act notification forms for 6 (10%) individuals in custody selected for testing.

This finding was first noted during the Department's Fiscal Year 2016 State compliance examination. As such, Department management has been unsuccessful in ensuring all violent offenders against youth have been both properly identified and notified of registration requirements.

The Act (730 ILCS 154/15) requires any violent offender against youth who is discharged, paroled, or released from a Department of Corrections Facility, a facility where such person was placed by the Department of Corrections or another penal institution, and whose liability for registration has not terminated under Section 40 shall, prior to discharge, parole or release from the facility or institution, be informed of his or her duty to register in person within five days of release by the facility or institution in which he or she is confined. The Act states the facility shall require the person to read and sign such form as may be required by the Illinois State Police stating that the duty to register and the procedure for registration has been explained to him or her and that he or she understands the duty to register and the procedure for registration. The Act requires the facility to give one copy of the form to the person, each law enforcement agency with jurisdiction where the person expects to reside, work, or attend school upon his or her discharge, parole or release and retain one copy for files.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is the policy of the State that agencies are responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the inaccurate population was caused by errors in classification of offenders in the O360 system which is determined by another State agency. Management indicated the missing notifications were due to a different interpretation of the requirements of the statute.

Failure to properly complete and maintain notification forms and to accurately track offenders required to register increases the risk that released offenders may not register as violent offenders against youth and that community schools, childcare facilities, and libraries will not be notified. (Finding Code No. 2022-019, 2020-017, 2018-016, 2016-020)

RECOMMENDATION:

We recommend the Department comply with the requirements of the Act. Specifically, the Department should ensure timely notification, proper completion, and maintenance of the Murderer and Violent Offender Against Youth Registration Notification Form and review records to ensure accuracy.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will strive to obtain the Illinois Murderer and Violent Offender Against Youth Registration Act Notification Form (ISP 5-750) on every released individual who has a duty to register under the Act.

2022-020 FINDING (Computer security weakness)

The Department of Corrections (Department) failed to establish adequate controls over its computing environment.

The Department utilized a myriad of computer systems to meet its mission and mandate. The Department processed and maintained critical, medical, confidential, and financial information.

The Department had not developed formal access provisioning policies to document controls over requesting, modifying, and terminating of access rights to computer systems.

As part of our examination, we requested the Department provide populations of users with access to the Department's application as of June 30, 2022, terminated users and users transferred from one department to another during the fiscal year in order to determine if access was appropriate, properly approved and timely disabled. However, the Department only provided an active user access report as of November 17, 2022.

Due to these conditions, we were unable to conclude the Department's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). ***Even given the population limitations noted above, which hindered the ability of the accountants to conclude whether the population was complete***, we performed testing.

During testing, we noted the Department did not have adequate and complete documentation of user access request and approval forms for 6 of 25 (24%) users to ensure appropriateness of access rights as well as timeliness of approvals and terminations of access.

Furthermore, the Department had not conducted a periodic review (at least, annually) of user access rights to its computer systems to ensure the access are still appropriate.

This finding was first noted during the Department's Fiscal Year 2016 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Framework for Improving Critical Infrastructure and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control section, sanctions the development of policies and procedures and ensuring appropriateness of access rights, including periodic access reviews.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded

against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the complexity of the computer systems used by the Department hinders the ability to provide populations of new users, terminated users and users who were transferred from one facility or unit to another within the Department. The employees for whom an Enterprise Service Request (ESR) was missing, began employment with the Department prior to the implementation of the ESR system for provisioning, deprovisioning, and changing application access. Furthermore, the lack of resources in the Information Services Unit (ISU) and the sheer volume of users of Department applications severely hinders the ability to effectively review individual's access on even an annual basis.

Without the implementation of adequate controls and procedures for computer resources, there is an increased risk that unauthorized individuals may gain access to these resources. These deficiencies could result in unauthorized access, manipulation, and misuse of the Department's computer systems. (Finding Code No. 2022-020, 2020-043, 2018-043, 2016-043)

RECOMMENDATION

To enhance computing resource controls, we recommend the Department:

- Maintain an accurate and complete listing of application users.
- Develop and implement policies and procedures regarding the provisioning of access rights to all applications.
- Ensure documentation is obtained in approving access to applications and required access rights are documented.
- 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.

DEPARTMENT RESPONSE

Recommendation accepted and partially implemented. The Department has developed a process by which an Electronic Service Request is required to grant access and deprovision access to the Department's computer software programs. Additionally, the Department of Innovation and Technology (DoIT) provides the Department a list of accounts each quarter that have been tagged as dormant. This list is compared to the Department's active list and any accounts found to be truly dormant have all security permissions removed. The use of DoIT Service Now on-boarding and off-boarding tickets also provides a check that only active, approved users are granted a specific set of security rights. The Department's

Human Resources Office provides the Information Technology team with lists of employees each month that may have changed job titles. These new titles are compared with their security levels and adjusted to meet their new role.

2022-021 **FINDING** (Inadequate controls over the submission of required employment reports)

The Department of Corrections (Department) did not maintain adequate controls over the submission of required employment reports.

During our testing of the Agency Workforce Reports, we noted:

- The Fiscal Year 2020 Agency Workforce Report due in Fiscal Year 2021 was submitted 6 and 7 days late to the Office of the Governor and the Secretary of the State, respectively.

- The Department was unable to demonstrate it had submitted the Fiscal Year 2021 Agency Workforce Report due in Fiscal Year 2022 to the Secretary of State.

The State Employment Records Act (Act) (5 ILCS 410/20) requires each State agency to collect, classify, maintain, and report information of the number of State employees. All information required by the Act must be submitted to the Secretary of State and the Governor by January 1 of each year.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

Department management stated the late submission exception was due to competing priorities due in large part to the COVID-19 pandemic lockdowns and quarantines. In addition, Department management stated they did not retain support of submission of the Fiscal Year 2021 report.

In the prior examination period, we also reported the Department did not timely file employment plans. We noted these plans were timely filed during Fiscal Years 2021 and 2022.

Failure to timely file accurate Agency Workforce Reports impedes the State's ability to monitor the fulfillment of the purpose of the Act, which is to provide information to help guide efforts to achieve a more diversified work force. (Finding Code No. 2022-021, 2020-021, 2018-021)

RECOMMENDATION

We recommend the Department strengthen internal controls to ensure timely and documented submission of required reports.

DEPARTMENT RESPONSE

Recommendation implemented. The reports are sent to the respective entities via email or certified mail with return receipt. The receipt is being retained as proof of timely submission.

2022-022 **FINDING** (Inadequate maintenance of Employment Eligibility Verification Forms)

The Department of Corrections (Department) did not maintain all U.S. Citizenship and Immigration Services I-9 Employment Eligibility Verification Forms (I-9 Forms) as required.

During our sample testing of I-9 Forms for 60 employees, we noted the following exceptions:

- Twenty-eight (47%) employees' I-9 Forms were missing.
- One (2%) employee's I-9 Form was signed 4 days late by the employee.

The Immigration Reform and Control Act of 1986 (8 U.S.C. § 1324a) and the Code of Federal Regulations (8 CFR § 274a.2) require employers to document that each new employee (both citizens and noncitizens) hired after November 6, 1986, is authorized to work in the United States. Furthermore, employees are required to complete and sign Section 1 of the I-9 Form no later than the first day of employment.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Department management indicated the exceptions were due to improper filing and clerical oversight.

Failure to complete I-9s within the required timeframe and to maintain adequate controls over required employment forms could result in unauthorized individuals being employed by the Department and could expose the Department to penalties. (Finding Code No. 2022-022)

RECOMMENDATION

We recommend the Department review its current procedures to prepare, review, and retain I-9 Forms and make necessary changes to ensure timely completion, approval and maintenance in compliance with federal requirements.

DEPARTMENT RESPONSE

Recommendation implemented. The Department revised their procedures several years ago to require that all I-9 Forms be retained for the required timeframe per federal law for all new employees. However, in years past, some facilities within the Department were not retaining the I-9 Forms themselves but rather a checklist indicating that an I-9 Form was completed at the time of hire. Therefore, the Department believes this issue has been corrected.

2022-023 **FINDING** (Noncompliance with Evidence-Based Programming Requirements of the Illinois Crime Reduction Act of 2009)

The Department of Corrections (Department) did not comply with the reporting provision of the Illinois Crime Reduction Act of 2009 (Act) during the examination period.

During the examination period, the Department implemented evidence-based programming, including risk assessment, training and evaluation provisions of the Act. However, the Department did not annually submit to the Sentencing Policy Advisory Council a comprehensive report on the success of implementing evidence-based practices during Fiscal Years 2021 and 2022.

The Act (730 ILCS 190/10(e)) states each agency shall submit to the Sentencing Policy Advisory Council an annual comprehensive report on the success of implementing evidence-based practices.

Department management indicated the exceptions were due to competing priorities.

Failure to submit required annual reports on the success of evidence-based practices limits the availability of current performance results to inform policy decisions and demonstrates a lack of accountability. (Finding Code No. 2022-023, 2020-014, 2018-014, 2016-014)

RECOMMENDATION

We recommend the Department designate staff to ensure the annual submission of the annual comprehensive report on the success of implementing evidence-based practices to the Sentencing Policy Advisory Council.

DEPARTMENT RESPONSE

Recommendation implemented. The Department has designated staff to complete an annual comprehensive report on the implementation of evidence-based practices and ensure it is submitted to the Sentencing Policy Advisory Council annually.

2022-024 **FINDING** (Inadequate controls over computer inventory)

The Department of Corrections (Department) was not able to locate 386 computer inventory items during its annual physical inventories for Fiscal Years 2021 and 2022, including computers which 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. Per review of the Annual Reports of Physical Inventory Discrepancies, we noted 191 computer inventory items not located in Fiscal Year 2021, totaling $149,127, and 195 computer inventory items not located in Fiscal Year 2022, totaling $278,509. The missing computer equipment ranged from 3 to 29 years old. The Department could not determine if the missing computers contained confidential information at the time they were reported missing.

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 missing computers.

This finding was first noted during the Department's Fiscal Year 2012 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated exceptions were due to employee turnover and lack of resources.

Failure to maintain adequate controls over computer equipment and follow up on missing computer inventory items may result in lost or stolen State property and increases the risk of potential exposure of confidential information. (Finding Code No. 2022-024, 2020-019, 2018-019, 2016-039, 2014-028, 12-25)

RECOMMENDATION

We recommend the Department:

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.

- Perform and document an evaluation of data maintained on computers and ensure those containing confidential information are adequately tracked and protected with methods such as encryption.

Further, we recommend the Department immediately assess if missing computers contained confidential information and take the necessary actions per the Department's policies and the Personal Information Protection Act notification requirements.

DEPARTMENT RESPONSE

Recommendation accepted. The Department believes the computer items were taken to the Department of Central Management Services (CMS) surplus and were not removed from the inventory records. The Department will work to remove from the inventory records any items that were sent to CMS surplus in a prior year.

2022-025 **FINDING** (Failure to adopt a food donation policy)

The Department of Corrections (Department) failed to adopt a leftover food donation policy.

As of the end of the examination period, the Department had not adopted a leftover food donation policy addressing daily food operations run by the Department, including one-time events, as well as a listing of nearby soup kitchens, food pantries, and other organizations where leftover food can be donated. The Department spent $66,818,376 for purchases of food supplies during Fiscal Years 2021 and 2022.

The Illinois Procurement Code (Code) (30 ILCS 500/55-20) required each State agency that purchased food through a contract procured under the Code to adopt a policy that permits the donation of leftover food procured by State funds. This policy shall address any daily food operations run by the agency, including one-time events, and shall contain a list of nearby soup kitchens, food pantries, and other non-profit organizations where leftover food can be donated. Each State agency shall circulate its policy to all agency employees and submit its food donation policy to the Department of Central Management Services (DCMS) on an annual basis beginning December 31, 2018.

Department management indicated the lack of a food donation policy was due to competing priorities.

Failure to adopt and make staff aware of a food donation policy may result in unnecessary State waste and lost opportunities to help meet the needs of indigent residents of the State. Failure to implement sufficient internal controls to identify and ensure compliance with applicable laws increases the risk of noncompliance with statutory mandates. (Finding Code No. 2022-025, 2020-025)

RECOMMENDATION

We recommend the Department allocate personnel to implement a food donation policy to comply with the requirements of the Code, including identification of non-profit recipients, notification of all Department employees, and annual policy submission to DCMS.

DEPARTMENT RESPONSE

Recommendation implemented. The Department completed an Administrative Directive to implement a food donation policy with an effective date of April 1, 2023. A copy of this policy will be sent to the Department of Central Management Services prior to December 31st of each year.

2022-026 FINDING (Inadequate controls over the Public Accountability Report)

The Department of Corrections (Department) failed to maintain support and ensure accurate reporting of all data in the Public Accountability Report submitted in Fiscal Year 2022.

During our testing of the Public Accountability Report due in Fiscal Year 2022, we noted the Department was unable to provide supporting documentation for the following reporting measurements:

- Number of individuals on parole returned to correctional facilities each month as a percent of the average daily parole population
- Number of individuals in custody on Global Positioning System monitoring
- Average number of parolee monitors in use
- Average number of parolees assigned per parole agent

In addition, the Department inaccurately reported the following reporting measurements:

- Percentage of individuals whose placements lasts beyond 60 days was underreported by 3%
- Number of individuals in custody completing vocational programming was overreported by 197 individuals in custody

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

The Statewide Accounting Management System (SAMS) Manual (Procedure 33.20.20) provides reporting instructions for the Public Accountability Report. The SAMS Manual states agencies should be able to substantiate their reports by maintaining adequate and appropriate documentation to support their mission statements, goals, objectives, and performance measures. SAMS states that this would include such elements as statutory or other authoritative sources for programs, mission statements, goals and objectives, definitions of performance indicators and data, the data collection and reporting process, the data storage and retrieval environment, etc.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to maintain accountability over the State's resources.

Additionally, the State Budget Law (15 ILCS 20/50-15) requires the Department to submit an annual accountability report to the Governor's Office of Management and Budget (Office). Each accountability report shall measure the Department's performance based on criteria, goals, and objectives established by the Department with the oversight and assistance of the Office.

Department management indicated the missing support was due to retention of information in emails which were subsequently purged. In addition, management stated the differences in reported data and supporting documentation were due to human error.

Failure to accurately report performance reporting measurements reduces the effectiveness of governmental oversight and may hinder the Office's ability to monitor the Department's performance. (Finding Code No. 2022-026)

RECOMMENDATION

We recommend the Department strengthen internal controls to report accurate information and maintain supporting documentation of data submitted for the Public Accountability Report.

DEPARTMENT RESPONSE

Recommendation accepted. The Department continues to utilize various methods to ensure the information contained within the Public Accountability Report is accurate. Much of the information involves numbers pulled from the mainframe via scripts or involved calculations. Both the scripts and the formulas were provided during the audit.

2022-027 **FINDING** (Untimely notification of settlement)

The Department of Corrections (Department) failed to properly notify the State's Attorney of settlements against the Department.

For two of 60 (3%) settlements tested, totaling $2,500, the Department notified the State's Attorney of the county from which the person was committed 13 and 19 days late. In addition, for one (2%) settlement tested, amounting to $2,000, the Department erroneously notified the State's Attorney 147 days before the case was settled.

The Code of Civil Procedure (Code) (735 ILCS 5/13-202.1(d)) states whenever there is any settlement, verdict or judgment in excess of $500 in any court against the Department or any past or present employee or official in favor of any person for damages incurred while the person was committed to the Department, the Department shall, within 14 days of the settlement, verdict or judgment, notify the State's Attorney of the county from which the person was committed to the Department.

Department management indicated the untimeliness of notifications were due to competing priorities. In addition, Department management indicated the early notification was due to human error.

Failure to timely notify the State's Attorney hinders the State's Attorney from timely notifying the victim(s) of the crime for which the offender was committed of the final settlement amount and advising the victim(s) to contact a private attorney regarding their legal rights. (Finding Code No. 2022-027, 2020-055)

RECOMMENDATION

We recommend the Department work with the appropriate entities to timely determine settlement amounts and implement internal controls to ensure compliance with notification provisions of the Code.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will work with the Illinois Attorney General's Office to ensure the Department is notified timely of a settlement thereby allowing for timely settlement notification letter to the State's Attorney.

2022-028 **FINDING** (Failure to report data on the usage of electronic and GPS monitoring)

The Department of Corrections (Department) did not compile necessary data to publish annual reports on the usage of electronic monitoring and GPS monitoring as a condition of parole and mandatory supervised release.

The Illinois Crime Reduction Act of 2009 (730 ILCS 190/10(f)) states the Department of Corrections and the Prisoner Review Board shall release a report annually published on their websites that reports specified information about the usage of electronic monitoring and GPS monitoring as a condition of parole and mandatory supervised release during the prior calendar year. This mandate first became effective January 1, 2020.

Department management stated they were unable to publish the required reports during the examination period because this is a complicated, unfunded mandate. Management further stated the data cannot be manually manipulated; therefore, extensive computer reprogramming is required for the Department to be able to comply with the reporting requirement.

Failure to compile and publicly report required data reduces public accountability. (Finding Code No. 2022-028)

RECOMMENDATION

We recommend the Department work to begin compiling and reporting required information or seek legislative remedy.

DEPARTMENT RESPONSE

Recommendation accepted. The Department has not been able to comply with this mandate because the tracking system of record does not contain fields to capture the mandated information. The Department has not been provided enough funding to complete the necessary computer programming to capture the data. Therefore, the Department is seeking legislative remedy.

2022-029 **FINDING** (Failure to develop a formal fraud risk assessment program)

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

The Department relied on administrative 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.

This finding was first noted during the Department's Fiscal Year 2012 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated the failure to develop a formal fraud risk assessment program was due to competing priorities.

Without a written and formal program to identify and address the specific risks associated with fraud, fraudulent activities may go undetected and could result in misstatements in its financial reporting to the State or misappropriation of Department assets. (Finding Code No. 2022-029, 2020-029, 2018-029, 2016-012, 2014-026, 12-31)

RECOMMENDATION

We recommend the Department establish a written fraud prevention, deterrence, and detection program. This program should 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.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will work towards implementing a formal fraud risk policy and risk assessment.

2022-030 **FINDING** (Policies and procedures regarding operation of State vehicles not followed)

The Department of Corrections (Department) had internal control weaknesses over the reporting of vehicle accidents, vehicle maintenance records, personal use of State vehicles, and insurance certifications.

During our testing of 45 vehicle accident reports, we noted the following:

- Fifteen (33%) Motorist's Report of Illinois Motor Vehicle Accident Forms (SR-1) and Uniform Cover Letters were submitted more than 7 days from the day of the accident, ranging from 1 to 67 days late.

- One (2%) SR-1 Form requested in our sample was not provided; therefore, we were unable to test compliance.

According to the Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.520), a driver of a state-owned or leased vehicle which is involved in an accident of any type is to report the accident to the appropriate law enforcement agency and to Department of Central Management Services (CMS) Auto Liability Unit, and if a State agency owns the vehicle, to that agency by completing the Motorist's Report of Illinois Motor Vehicle Accident form (SR-1). The Form SR-1 is to be completed, as nearly as possible, in its entirety including a clear description of the accident and the conditions surrounding the accident. The report is required to be completed within three days and must be received by CMS within 7 calendar days following an accident. If the State driver is incapable of completing the report because of death or disability, the driver's supervisor should complete the form.

The CMS Policy for Auto Liability Coordinator Basic Duties states the completion of the Uniform Cover Letter is vital to proceed with the adjustment process.

The Department's Administrative Directive (A.D.) (02.75.149) further states that accidents involving any vehicle operated in the conduct of State business are to be promptly reported regardless of the lack of injury or property damage. A.D. (02.75.149) also states that the Vehicle Accident Coordinator is to submit appropriate reports to CMS within 7 calendar days following the accident.

During our testing of vehicle maintenance, we noted the following exceptions:

- Thirty-four of 60 (57%) vehicles tested did not receive oil changes timely within the allotted mileage requirement ranging from 185 to 6,987 miles overdue.
- Twenty-seven of 60 (45%) vehicles tested did not have tire rotations performed for every other oil change.
- Ten of 60 (17%) vehicles tested did not undergo an annual inspection in Fiscal Year 2021 and in Fiscal Year 2022.
- Three of 60 (5%) vehicles tested were missing information on inspections, oil changes, and tire rotations; therefore, we were unable to test compliance with maintenance requirements.

According to the Code (44 Ill. Adm. Code 5040.400), all state-owned or leased vehicles which fall under this Part shall undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling. The Code (44 Ill. Adm. Code 5040.410) states that agencies are to have vehicles inspected by CMS or an authorized vendor at least once per year and maintain vehicles in accordance with the schedules provided by CMS or with other schedules acceptable to CMS that provide for proper care and maintenance of special use vehicles. The CMS Vehicle Usage Program, effective July 1, 2012, requires agencies to follow prescribed maintenance intervals to keep fleet costs down.

The State Records Act (5 ILCS 160/8) requires the Department to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center.

During our testing of 27 employees for personal use of State vehicles, we noted the following exceptions:

- The following required documents were missing from employee files:
    - Five (19%) Annual Certifications of License and Vehicle Liability Insurance Coverage.
    - Ten (37%) Annual Individually Assigned Vehicle Tax Exemption Certification forms.
    - Ten (37%) Determination of Value for Individual Use of a State Vehicle forms.
    - Five (19%) Annual Commute Mileage Certifications.

- We were unable to test timeliness of submission of the following documents due to lack of a date received stamp:
    - Fifteen (56%) Annual Certifications of License and Vehicle Liability Coverage.
    - Fourteen (52%) Annual Individually Assigned Vehicle Tax Exemption Certification forms.
    - Twelve (44%) Annual Commute Mileage Certifications.
    - Five (19%) Determination of Value for Individual Use of a State Vehicle forms.

- For all five (100%) employees entitled to fringe benefits, the Department did not provide supporting payroll vouchers to determine if they received the correct amount of fringe benefits. The value of fringe benefits per pay period ranged from $29 to $34.

The Internal Revenue Services' Employer's Tax Guide to Fringe Benefits (Publication 15-B) states that any commute that an individual makes with an assigned vehicle is considered a fringe benefit and is to be valued at $1.50 per one-way commute, or $3 per day. Fringe benefits are to be included in the employee's wages for tax purposes.

A.D. (01.02.106) states that upon assignment of a vehicle, the employee shall receive the Individually Assigned Vehicle Usage Packet, including instructions. The following forms shall be completed by the employee and submitted to the Statewide Vehicle Coordinator and copies shall be retained in the facility Business Office:

a) Annual Commute Mileage Certification, DOC 0349, to be completed initially and between July 1st and July 31st annually.
b) Annual Individually Assigned Vehicle Tax Exemption Certification, DOC 0348, to be completed initially and between December 1st and December 31st annually.
c) Annual Certification of License and Vehicle Liability Coverage, DOC 0068, to be completed initially and between July 1st and July 31st annually.
d) Determination of Value for Individual Use of a State Vehicle, DOC 0346, to be completed initially and between December 1st and December 31st annually.

We also selected for testing 60 certifications of liability for individuals who were assigned a State vehicle, and we noted the following exceptions:

- Twenty (33%) certifications sampled were missing from the employee's file.
- Five (8%) certifications tested did not have a receipt date stamp; therefore, we were unable to test timeliness of submission.
- Two (3%) certifications tested were submitted late, ranging from 96 to 116 days late.

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) states every employee of a State agency, as that term is defined in the Illinois State Auditing Act, who is assigned a specific vehicle owned or leased by the State on an ongoing basis shall provide the certification described in this Section annually to the director or chief executive officer of his or her agency. The certification shall affirm that the employee is duly licensed to drive the assigned vehicle and that (i) the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business, or (ii) the employee has filed a bond with the Secretary of State as proof of financial responsibility, in an amount equal to, or in excess of the requirements stated within this Section. Upon request of the agency director or chief executive officer, the employee shall present evidence to support the certification. The certification shall be provided during the period July 1 through July 31 of each calendar year, or within 30 days of any new assignment of a vehicle on an ongoing basis, whichever is later.

This finding was first noted during the Department's Fiscal Year 2000 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy all deficiencies related to vehicles.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated the exceptions were due to employee turnover, conflicting priorities, employee oversight, and logistical challenges due both to the COVID-19 pandemic and the operations of the Department.

Good business practice dictates that vehicles should be maintained to prevent excessive repair costs in the future. Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Untimely submission or failure to maintain and track submission of the forms for vehicle accidents or for individually assigned vehicle usage may result in increased risk of loss or failure to report an employee's taxable vehicle usage income. Failure to identify and track all personally assigned State vehicles increases the risk the Department will fail to monitor and ensure compliance with applicable requirements and may subject the Department to litigation or loss. (Finding Code No. 2022-030, 2020-046, 2018-046, 2016-024, 2014-010, 12-27, 10-21, 08-33, 06-01, 04-03, 02-04, 00-03)

RECOMMENDATION

We recommend the Department 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. The Department should also track and monitor personally assigned vehicles and related fringe benefits.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will strive to ensure timely processing of vehicle accidents and the proper maintenance of the state vehicle fleet. With the current size of the Department's fleet, vehicles are in use frequently, which impacts the Department's ability to complete routine maintenance. The Department understands the importance of proper personally assigned vehicle reporting and has worked to improve internal controls related to this reporting process.

2022-031 **FINDING** (Noncompliance with the Local Food, Farms, and Jobs Act)

The Department of Corrections (Department) failed to comply with the Local Food, Farms, and Jobs Act (Act).

During our testing, we noted the Department failed to track the annual percentage of local farm or food products purchased during Fiscal Year 2021 and Fiscal Year 2022. Further, the Department did not provide evidence of any measures taken during the examination period to identify their statutory responsibilities under the Act, to develop procedures, or to take steps to comply. During Fiscal Years 2021 and 2022, the Department expended $66,818,376 for food and food products purchases.

The Act (30 ILCS 595/10) states it is the goal of this State that 20% of all food and food products purchased, including by correctional facilities, be local farm or food products by 2020. The Act states all State agencies and State-owned facilities that purchase food and food products shall develop a system for (i) identifying the percentage of local farm or food products purchased as the baseline; and (ii) tracking and reporting local farm or food products purchases on an annual basis.

Department management indicated the Department purchases most food for correctional centers from master contracts negotiated by the Department of Central Management Services. Management also stated the Department does not receive data on the percentage of food sourced from local farmers from the master contract vendors.

The Department did not state why they did not track or report the percentage of food they purchased from local farms outside of master contracts.

Failure to track and report the annual percentage of local farm and food products purchased impedes the State's ability to create a plan and funding strategy to facilitate the growth of an Illinois-based farm and food system and to monitor progress in meeting the Act's stated goal for the purchase of local food products. Failure to maintain adequate internal controls to ensure compliance with applicable laws poses a risk that mandated duties will not be fulfilled. (Finding Code No. 2022-031, 2020-047)

RECOMMENDATION:

We recommend the Department develop a system to track and report the percentage of local farm and food products purchased on an annual basis in compliance with the Act or seek legislative remedy.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department sought legislative remedy during the FY22 legislative session. The language was revised to remove reference to the Local Food, Farms, and Jobs Council throughout the mandate. However, the requirement to track the percentage of food purchased from local farms was left in the mandate. This task is not

possible for the Department since most of the food is purchased from vendors with whom the Department of Central Management Services (CMS) contracted to provide bulk food for all State of Illinois agencies. The Department is not provided with the percentage of food purchased from these vendors that was sourced from a local Illinois farm. The Department will reach out to the CMS to determine if the bulk food contracts contain any language related to the Act.

2022-032 **FINDING** (Payroll timekeeping system not automated)

The Department of Corrections (Department) payroll timekeeping system was not automated.

The Department continued to maintain a manual timekeeping system for 13,593 employees for the year ended June 30, 2022, and 13,678 employees for the year ended June 30, 2021. Correctional employees either signed in and out or stood for roll call, then these sheets were forwarded to timekeeping staff. Other information, including notifications of absences and overtime, compensatory time and other adjustments to pay were also forwarded to timekeepers. However, the Department had not implemented an automated timekeeping system during the examination period. As a result, our testing of compensatory time noted significant exceptions. See Finding 2022-037 for details.

This finding was first noted during the Department's Fiscal Year 1998 State compliance examination. As such, Department management had been unsuccessful in implementing corrective action as of the end of Fiscal Year 2022 to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Good internal controls and prudent business practices suggest that controls available through automated timekeeping systems can provide greater efficiency and reduce the potential for costly errors or employee abuse.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated the failure to implement an automated timekeeping system was due to delays in the implementation of the Employee Central Payroll module of the Human Capital Management system by the State of Illinois.

The lack of an automated timekeeping system increases the risk of errors and control inefficiencies due to the volume of data entry required to maintain manual timesheets and the increased possibility of human error. In addition, this can lead to difficulty in tracking and monitoring compensatory accrual and leave balances. (Finding Code No. 2022-032, 2020-032, 2018-032, 2016-022, 2014-016, 2014-025, 12-23, 10-16, 08-20, 06-04, 04-07, 02-08, 00-09, 99-17, 98-17)

RECOMMENDATION

We recommend the Department implement an automated timekeeping system.

DEPARTMENT RESPONSE

Recommendation accepted. Once the State of Illinois implements the Employee Central Payroll module of the Human Capital Management (HCM) system, the schedule for Department staff without access to a computer during their normal job duties, such as security staff in the centers, will be preloaded into this system. Adjustments to the schedule such as leave time, overtime, and compensatory time will be entered into the HCM system by timekeepers. Department staff who have access to a computer during their normal job duties will clock in and out in the HCM system. The Employee Central Payroll Module of the HCM system is scheduled to Go Live on February 19, 2024.

2022-033 **FINDING** (Incorrect calculation of final pay)

The Department of Corrections (Department) did not maintain adequate controls over calculation of employees' final pay.

During our testing of separated employees, we noted 2 of 10 (20%) employees did not receive the correct lump sum payment after separation. One employee was underpaid by $596 and one employee was overpaid by $52.

The Statewide Accounting Management System Manual (Procedure 23.10.30) requires the agency to be responsible for attesting to the employee's rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file and states that the initial control of each payroll is at the agency level.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

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

Inadequate controls over payroll calculations resulted in improper lump sum payments. (Finding Code No. 2022-033)

RECOMMENDATION

We recommend the Department strengthen its internal controls to ensure lump sum payments to separated employees are accurately computed. In addition, we recommend the Department repay the underpayment and recoup the overpayment.

DEPARTMENT RESPONSE

Recommendation accepted and partially implemented. Both employees listed as exceptions in the finding were on leave of absence when automatic pay adjustments were applied to all State of Illinois employees. Their payroll files were not updated correctly prior to the final payment upon termination.

2022-034 **FINDING** (Employee performance evaluations not performed)

The Department of Corrections (Department) did not complete performance evaluations for its employees or did not timely complete employee performance evaluations.

During our testing of personnel files for 60 employees, we reviewed 60 performance evaluations for both Fiscal Year 2021 and Fiscal Year 2022 and noted the following:

- Twenty-three (38%) employees' annual performance evaluations for Fiscal Year 2022 were not performed timely, ranging from 3 to 222 days late.
- Eighteen (30%) employees' annual performance evaluations for Fiscal Year 2021 were not performed timely, ranging from 1 to 563 days late.
- Six (10%) employees did not have an annual performance evaluation in Fiscal Year 2022.
- Three (5%) employees did not have an annual performance evaluation in Fiscal Year 2021.

This finding was first noted during the Department's Fiscal Year 2006 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Illinois Administrative Code (Code) (80 Ill. Adm. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually.

The Department's Administrative Directive (03.03.110) states that each employee shall have a list of measurable objectives for a specific work period and shall receive a documented evaluation of his or her job performance at least annually. A formal job performance evaluation shall be conducted by supervisory staff on each employee prior to the completion of any probationary period and annually thereafter. For bargaining unit employees, the performance evaluation shall be submitted no later than seven days after the employee's annual date or the last day of the probationary period, unless circumstance warrant the withholding of the annual salary increases or non-certification. For merit compensation employees, evaluations are required to be submitted at least 30 days prior to the employee's annual date.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated exceptions were due to competing priorities and COVID-19 pandemic restrictions and quarantines.

Good internal controls dictate the annual evaluation be performed in a timely manner as it is an important component of the communication between the employee and employer on the performance and future expectations of the employee in the workplace. Employee

evaluations support administrative personnel decisions by documenting regular performance measures.

Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvements, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, or reinstatement decisions. (Finding Code No. 2022-034, 2020-034, 2018-034, 2016-029, 2014-008, 12-22, 10-17, 08-21, 06-05)

RECOMMENDATION

We recommend the Department identify and follow up on needed evaluations, and hold management accountable for completing and documenting employee performance evaluations on a timely basis.

DEPARTMENT RESPONSE

Recommendation accepted. The Employee Central module of the Human Capital Management (HCM), which is expected to Go Live on February 19, 2024, will automatically notify supervisors when an evaluation is due.

2022-035 **FINDING** (Failure to meet training requirements)

The Department of Corrections (Department) did not document the completion of all employees' training requirements during Fiscal Year 2021 and Fiscal Year 2022.

The Department administers training and requires that all new employees receive orientation and pre-service training, and all employees receive in-service training on a fiscal year basis. In addition, the Department follows training requirements of the State Officials and Employees Ethics Act.

During our testing of personnel training records, we noted the following:

- Fourteen of 60 (23%) employees tested did not complete the Fiscal Year 2021 minimum in-service training hours. Eleven of those employees lacked documentation of any in-service training during the fiscal year, and the other three employees lacked 24 to 38 required annual training hours.
- Thirteen of 60 (22%) employees tested did not complete the Fiscal Year 2022 minimum in-service training hours. Eight of those employees lacked documentation of any in-service training during the fiscal year, and the other employees fell short by 13 to 39.5 training hours.
- One of 10 (10%) newly hired employees tested completed ethics training 127 days late.
- One of 60 (2%) employees tested did not complete the 2021 sexual harassment training.
- One of 60 (2%) employees tested did not complete the 2022 sexual harassment training.

The lack of documentation of employee completion of minimum training requirements was first noted during the Department's Fiscal Year 2000 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Unified Code of Corrections (730 ILCS 5/3-2-7) states the Department shall train its own personnel. The Department's Administrative Directive (03.03.102) details the initial and annual training hours required based on position.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(a)) requires all officers, members, and employees to complete annual ethics training. The Act (5 ILCS 430/5-10(c)) also requires a person who fills a vacancy in an elective or appointed position or is employed in a position requiring ethics training to complete his or her initial ethics training within 30 days after commencement of his or her office or employment. Further, the Act (5 ILCS 430/5-10.5) requires each officer, member, and employee must complete, at least annually, a harassment and discrimination prevention training program beginning in 2020.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated exceptions were due to competing priorities due largely to the COVID-19 pandemic lockdowns and quarantines. In addition, Department management stated sign-in sheets for virtual trainings were not maintained in all cases.

Employees who have not received the minimum training may not be receiving important information and background preparation for their specific job duties. Training is crucial to Department employees, especially in the case of individuals who have direct contact with offenders. Furthermore, ethics and discrimination prevention training is necessary to inform employees of their rights and responsibilities. (Finding Code No. 2022-035, 2020-035, 2018-035, 2016-030, 2014-007, 12-24, 10-18, 08-23, 06-03, 04-06, 02-07, 00-07)

RECOMMENDATION

We recommend the Department implement sufficient internal controls to document and monitor all training and follow up to ensure employees receive the required training to enable them to perform their specific job duties and to reduce risks to the Department.

DEPARTMENT RESPONSE

Recommendation accepted. The Department has implemented resource computers in the centers for those without access to a computer during their regular duties to provide access to training during work hours. The lockdowns during the COVID-19 pandemic hindered the ability of staff members to be relieved of duty to complete training. The Department has also implemented a system whereby a staff person who has not obtained the required training is given a corrective action plan to ensure they are compliant. If they still do not meet the training requirements, they are issued disciplinary tickets. As a result, 76% of Department staff have completed Harassment and Discrimination training and 98% have completed the Ethics training as of August 2023.

2022-036 FINDING (Taking paid leave time and working overtime on the same day)

The Department of Corrections (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.

According to the Department, for Fiscal Year 2022 through June 30, 2022, there was a total of 1,910,527 hours of overtime paid at a cost of $95,590,353. Stateville Correctional Center reported 296,451 hours of overtime at a cost of $15,440,400, the highest amount of overtime of any correctional facility. The facility with the next highest amount of overtime was the Pontiac Correctional Center with 179,545 hours of overtime at a cost of $9,366,838.

We reviewed overtime payments for 20 employees. We selected 10 employees at the Stateville Correctional Center and 10 employees at the Pontiac Correctional Center who had the highest amount of overtime paid. As part of our review, we obtained employee annual timesheets and payroll reports. In our review of these 20 employee timesheets, 18 employees (90%) 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 20 employees, we identified a total of 241 instances for the two years ended June 30, 2022, in which employees used a full day of leave time (7.5 hours) the same day that they also worked overtime. Nine employees tested used leave time the same day in which they worked an overtime shift on over 15 different occasions.

We requested any union agreements that allow overtime pay on the same day that leave time is taken; however, the Department could not provide any.

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.

This finding was first noted during the Department's Fiscal Year 2014 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

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

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 financial effect on the State, however, is that not only does the State pay the employee at the overtime rate for the shift worked in addition to the regular rate for the leave time taken, but the State may need to pay another employee overtime to cover the shift for which the leave time was used. This type of abuse of leave time may be an example of "shift swapping" in which employees knowingly use leave time and swap shifts in order to gain a financial advantage. (Finding Code No. 2022-036, 2020-036, 2018-036, 2016-031, 2014-015)

RECOMMENDATION

We recommend the Department monitor the use of leave time being used on the same day as overtime is worked and comply with its training manual by not allowing employees to work overtime on the same day that a full day of leave time is also used.

DEPARTMENT RESPONSE

Recommendation accepted. The Department's correctional centers are operated on a 24-hour basis for 365 days a year. Therefore, staffing is needed to cover every hour of the day, every day of the year. Due to staff shortages, especially during the COVID-19 pandemic, in these correctional centers, overtime is inevitable. Most instances in the finding involved staff members who had requested and received approval for leave time, in some cases several months, in advance of working the overtime. Furthermore, staff members who are on leave time are not offered overtime until all other means of filing a shift shortage has been exhausted. Going forward, the Department will continue to attempt to fill vacant positions within the correctional centers in order to limit the need for overtime.

2022-037 FINDING (Compensatory time accrual in violation of federal law)

The Department of Corrections (Department) allowed excessive accruals of compensatory time in violation of federal law.

The Department violated the federal Fair Labor Standards Act (FLSA) of 1938 for compensatory time accrual by allowing Department employees to accrue more than 480 hours of compensatory time during a one-year period. The FLSA (29 USC 207(o)(3)(A)) does not allow public safety employees of a State agency to accrue more than 480 hours of compensatory time.

According to the Department, for Fiscal Year 2022 through June 30, 2022, there was a total of 417,151 hours of compensatory time used/reimbursed at a cost of $16,170,556. Stateville Correctional Center reported 49,890 hours of overtime compensatory time paid at a cost of $2,117,390, the highest amount of compensatory time of any correctional facility. The facility with the next highest amount of compensatory time was Menard Correctional Center with 55,841 hours of compensatory time at a cost of $2,011,205.

We reviewed Fiscal Year 2022 compensatory time for 20 employees. We selected 10 employees at Stateville Correctional Center and 10 employees at Menard Correctional Center, which had the highest amount of compensatory time paid. As part of our review, we obtained employee annual timesheets and payroll information for each pay period. For 4 of 20 (20%) employees sampled, timesheets showed they were allowed to accrue more than 480 hours of compensatory time during at least one month and up to six months for the two years ended June 30, 2022, ranging from 3 to 422 hours in excess of allowable accrued time.

The Department did not have a centralized timekeeping system to track the hours of compensatory time that employees had accrued during Fiscal Years 2021 and 2022. The Department used a manual timekeeping system to track the compensatory time accrued/earned for each employee.

This finding was first noted during the Department's Fiscal Year 2014 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management indicated they made a conscious decision not to pay out excessive compensatory time accruals in excess of the federal cap which was due to guidance the Department received from Department of Central Management Services Labor Relations during the examination period.

Allowing employees to accrue excessive compensatory time violates federal law and may result in a loss of funds for the State. Further, compensatory time liquidated later in the

fiscal year may be paid at a higher rate than if it was paid earlier in the year. This is because employees who wait until all cost-of-living raises, merit raises, and promotions are received prior to liquidating the time for cash receive a higher rate of pay for the accrued compensatory time. Because the Department did not have a centralized electronic timekeeping system during the examination period, it was difficult to quantify how prevalent the accrual of compensatory time was or the financial impact. (Finding Code No. 2022-037, 2020-037, 2018-037, 2016-032, 2014-032)

RECOMMENDATION

We recommend the Department comply with the federal Fair Labor Standards Act of 1938 by not allowing employees to accrue more than 480 hours of compensatory time.

DEPARTMENT RESPONSE

Recommendation accepted. Historically, Department employees with accumulated overtime are paid out at the beginning of each fiscal year for compensatory time accrued during the previous fiscal year. When Central Office Payroll sent out direction during the audit period to the personnel handling payroll duties in the facilities to pay out anyone who had reached the 480-hour maximum allowed under federal law at any point during the fiscal year, they immediately received pushback from union employees. The Labor Relations section of the Department of Central Management Services (CMS) became involved and instructed the Department to cease the interim year payouts since the union agreement did not contain a cap on the amount of overtime that could be accrued. Per conference call between DOC and CMS Labor Relations on August 3, 2023, this decision has been reversed to abide by the federal Fair Labor Standards Act of 1938 as amended. Going forward, the Department intends to pay out any employees who have reached the limits outlined in federal law.

2022-038 **FINDING** (Noncompliance with transitional housing licensing requirements)

The Department of Corrections (Department) did not license any transitional housing facilities for sex offenders as required by the Transitional Housing for Sex Offenders Law (Law).

As of the end of Fiscal Year 2022, the Department had not licensed any transitional housing facilities for persons convicted of or placed on supervision for sex offenses.

The Law (730 ILCS 5/3-17-5) requires the Department to license transitional housing facilities for persons convicted of or placed on supervision for sex offenses as defined in the Sex Offender Management Board Act and defines the criteria for licensure. The Law first became effective August 20, 2021.

Department management stated there was not a qualified vendor that met all mandated requirements to bid on the contract despite issuance of multiple Requests for Proposals.

Licensed transitional housing for sex offenders may result in decreased recidivism and improve local reintegration of released sex offenders. (Finding Code No. 2022-038)

RECOMMENDATION

We recommend the Department take measures to comply with the Law's requirement to license transitional housing facilities for sex offenders or seek legislative remedy.

DEPARTMENT RESPONSE

Recommendation accepted. 730 ILCS 5/3-3-7(a)(7.6) "required individuals convicted of a sex offense, as defined in the Sex Offender Management Board (SOMB) Act, to refrain from residing at the same address or in the same condominium unit or apartment unit or in the same condominium complex or apartment complex with another person he or she knows or reasonably should know is a convicted sex offender or has been placed on supervision for a sex offense; the provisions of this paragraph do not apply to a person convicted of a sex offense who is placed in a Department of Corrections licensed transitional housing facility for sex offenders…." 730 ILCS 5/3-17 is known as the Transitional Housing for Sex Offenders Law. Section 5 of this law requires the Department of Corrections to license transitional housing facilities for persons convicted of or placed on supervision for sex offenses as defined in the SOMB Act. The Transitional Housing for Sex Offenders Law was passed to provide licensed transitional housing facilities so that more than one individual convicted of a sex offense as defined in the SOMB Act could reside at the same residence. On August 22, 2022, the Illinois Supreme Court issued a permanent injunction instructing the Department of Corrections to refrain from enforcing the "One Person Per Address" provision in 730 ILCS 5/3-3-7(a)(7.6) because it violates the Eighth and Fourteenth Amendments of the Constitution of the United States of America. The Department will be seeking a repeal of the Transitional Housing for Sex Offenders Law in a future legislative session.

2022-039 FINDING (Lack of external assessment of the internal audit function)

The Department of Corrections' (Department) internal audit function lacked an external assessment of its internal audit function as required by professional standards.

During our testing, we noted the Department failed to complete the external validation of the Department's self-assessment of its internal audit function prior to the end of the examination period. The last external assessment was conducted in June of Fiscal Year 2015.

The International Standards for the Professional Practice of Internal Auditing (*Standards*) Section 1312 states "External Assessments must be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organization."

Department management stated the external validation of the Department's self-assessment was not completed during the examination period due to competing priorities of both the Department and the external assessment reviewer selected by the Department to complete the external validation of the Department's self-assessment.

Failure to have a periodic external assessment performed of the Department's internal audit function may result in a failure to timely detect any deficiencies in the internal audit program. Further, lack of a timely external assessment resulted in the inability to demonstrate accountability to the public and increases the risk the internal audit function of the Department is not in conformance with the *Standards.* (Finding Code No. 2022-039, 2020-039)

RECOMMENDATION

We recommend the Department devote the staff time to ensure external assessments of its internal audit function are timely conducted as required by professional standards.

DEPARTMENT RESPONSE

Recommendation implemented. The Department's Office of the Internal Audit Self-Assessment with Independent External Validation Report was issued on July 24, 2023.

2022-040 FINDING (Incomplete reporting in financial impact statements)

The Department of Corrections (Department) failed to comply with all the reporting requirements for financial impact statements.

The Department did not report on the monthly cost of incarcerating an individual and estimated construction cost per bed for financial impact statements due in Fiscal Year 2021 and 2022. In addition, the Department failed to make the financial impact statement due in Fiscal Year 2022 available to the public for inspection and copying.

The Unified Code of Corrections (Code) (730 ILCS 5/3-2-9) states each fiscal year, the Department shall prepare and submit to the clerk of the circuit court, and make available to the public for inspection and copying, a financial impact statement that includes the estimated annual and monthly cost of incarcerating an individual in a Department facility and the estimated construction cost per bed.

Department management indicated the exception was due to a lack of resources in order to report on necessary data and make information available to the public.

Failure to properly report incarceration and construction cost information to the clerk of the circuit court and the public and failure to make financial impact statements available to the public reduces accountability. (Finding Code No. 2022-040, 2020-054)

RECOMMENDATION

We recommend the Department ensure mandated financial impact information is submitted and made available to the public.

DEPARTMENT RESPONSE

Recommendation implemented. The Department corrected the Fiscal Year 2021 and 2022 financial impact statements to include the monthly cost of incarcerating an individual and the estimated construction cost per bed. The Fiscal Year 2022 Financial Impact Statement has been posted on the Department's website. The Department is frequently consulted to determine the financial impacts of proposed legislation and provides not only financial analysis but testimony as well.

2022-041 **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Department of Corrections (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Department's mission of serving justice and maintaining public safety, the Department maintains computer systems which contain large volumes of confidential, personal, and medical information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department:

- Had not documented a risk assessment methodology, and had not conducted a comprehensive risk assessment or implemented risk reducing internal controls.
- Did not require employees and contractors to acknowledge receipt of security policies and procedures.
- Had not developed a data classification policy.
- Had not ensured cybersecurity awareness training was completed for 1,017 of 12,534 (8%) registered attendees.
- Had not defined cybersecurity roles and responsibilities.
- Had not developed policies and procedures for reviewing and monitoring the implementation of security mitigation actions and violations.

Although the Department provided the Department of Innovation and Technology's (DoIT) security policies, the Department had not conducted an assessment of DoIT's policies to determine if they met their requirements. In fact, DoIT's security policies state the agencies must establish procedures in order to achieve policy compliance. In addition, the Department did not provide policies and procedures related to:

- Protecting Mobile Devices
- Protection of Personally Identifiable Information
- Security breaches or data loss
- Secure deletion of data from electronic media

This finding was first noted during the Department's Fiscal Year 2016 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Framework for Improving Critical Infrastructure and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

The Department management indicated lack of staffing and competing priorities caused a delay in the completion of these activities. In addition, management stated completing the cybersecurity awareness training was hindered by the COVID-19 lockdowns and employee quarantines, as well as limited access to computers in order to complete the training in the Correctional Centers.

Weaknesses in cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the accidental or unauthorized disclosure of confidential or personal information. (Finding Code No. 2022-041, 2020-041, 2018-041, 2016-036)

RECOMMENDATION

We recommend the Department:

- Develop a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Develop a risk management methodology, conduct a formal, comprehensive risk assessment, address the results of the risk assessment and/or document the corrective actions included in the mitigation plan.
- Ensure employees and contractors acknowledge receipt of security policies and procedures.
- Develop a data classification policy.
- Ensure all Department employees participate in cybersecurity awareness training.
- Ensure cybersecurity roles and responsibilities are documented and communicated.
- Develop policies and procedures for reviewing and monitoring the implementation of security mitigation actions and violations.

DEPARTMENT RESPONSE

Recommendation accepted. The Department of Innovation and Technology (DoIT) at Department of Corrections (DOC) staff (Chief Information Officer) have begun working with DoIT Security team to identify the particular policies, procedures, and processes to bring the Department into compliance. Once these have been written and checked by the DoIT Chief Information Security Officer (CISO) for compliance with State of Illinois standards, they will be presented to the DOC Executive leadership for their review,

approval, and implementation. The Department acknowledges the need for this methodology but has been resource restricted and has not been able to develop it yet. A policy is being prepared for DOC Executive leadership to review and implement that will address this requirement. DoIT at DOC has begun working with the State of Illinois Chief Data Officer to understand how data classification can be applied to DOC systems. A policy is being created with the assistance of DoIT Security to address the cybersecurity roles and responsibilities. A process is being developed to review DoIT Security's policies and processes and formally adopt them as DOC policy and procedure. Furthermore, the Department is drafting a policy to require the cybersecurity training offered by the State of Illinois mandatory for all Department employees. See response to Finding 2022-035 regarding steps the Department is taking regarding the completion of training by employees. As a result of these steps, 79% of the Department's staff have completed Security Awareness training as of August 2023.

2022-042 **FINDING** (Lack of disaster contingency planning or testing to ensure recovery of computer systems)

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

The Department carries out its mission using Information Technology.

During the examination period, the Department did not provide the disaster recovery plan and evidence of disaster recovery testing performed during fiscal years 2021 and 2022.

This finding was first noted during the Department's Fiscal Year 2012 State compliance examination. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Additionally, the *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated the exceptions were due to the turnover of the Chief Information Officer role and lack of resources.

Failure to develop and test disaster recovery plans leaves the Department exposed to the possibility of major disruptions of service. (Finding Code No. 2022-042, 2020-042, 2018-042, 2016-040, 2014-017, 12-20)

RECOMMENDATION

We recommend the Department:

- Develop and implement a disaster recovery plan. At a minimum, the plan should reflect the current environment, identify a prioritized list of critical applications, detailed recovery scripts, recovery time objectives, outline the recovery team responsibilities and contact information, alternative recovery locations, and off-site storage facilities.

- Annually test the plan and update, where necessary, based on the test results.

DEPARTMENT RESPONSE

Recommendation accepted. The DoIT completed a Business Impact Analysis (BIA) as of January 11, 2021. The Department is in the process of updating this document to form the foundation of a Disaster Recovery Plan.

2022-043 **FINDING** (Failure to properly submit Annual Reports to the Governor)

The Department of Corrections (Department) did not properly submit Annual Reports to the Governor for Fiscal Years 2020 and 2021.

The Department submitted the Fiscal Year 2020 Annual Report, due in Fiscal Year 2021, over 750 days late. At the time of our testing after the end of the examination period, the Department had failed to submit the Fiscal Year 2021 Annual Report to the Governor.

The Fiscal Year 2021 report was due by December 25, 2021, as the General Assembly convened on January 4, 2022. The Fiscal Year 2020 report was due by January 3, 2021, as the General Assembly convened on January 13, 2021.

At the time the annual reports were due, the State Finance Act (30 ILCS 105/3a) required each officer of the Executive Department and all public institutions of the State to, at least ten days preceding each regular session of the General Assembly, make and deliver to the Governor an annual report of their acts and doings, respectively, arranged so as to show the acts and doings of each for the fiscal year ending in the calendar year immediately preceding the calendar year in which that regular session of the General Assembly convenes. Effective May 13, 2022, Public Act 102-783 moved the due date to January 7 of each year.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is the policy of this State that the chief executive officer of every State agency is responsible for establishing and maintaining an effective system of internal controls.

Department management stated the exceptions were due to COVID-19 pandemic lockdowns and quarantines, as the Department had difficulty obtaining the necessary information to complete the Fiscal Year 2020 and Fiscal Year 2021 Annual Reports. In addition, Department management also stated the exceptions were due to a learning curve in preparation due to employee turnover.

Failure to timely submit annual reports to the Governor reduces the effectiveness of governmental oversight and may hinder the Office of the Governor's ability to monitor Departmental operations. (Finding Code No. 2022-043, 2020-020)

RECOMMENDATION

We recommend the Department strengthen its internal controls and designate and train sufficient staff to ensure the timely filing of their annual reports with the Governor.

DEPARTMENT RESPONSE

Recommendation implemented. The COVID-19 pandemic severely hindered the ability of the Department staff responsible for completing the annual report for Fiscal Years 2020 and 2021 to obtain information from other Department staff. In addition, this individual

left the Department in January of 2022. A replacement individual was not hired until May of 2022. Due to the lag between hiring, the new individual was not aware of the need to prepare or file an annual report with the Governor's Office. This individual has subsequently been trained on this responsibility. The Fiscal Year 2021 annual report was filed with the Governor's Office via email on June 26, 2023. The Fiscal Year 2022 annual report was filed with the Governor's Office via email on May 22, 2023. Going forward, these reports will be prepared and filed timely.

2022-044 **FINDING** (Noncompliance with standards for safety and sanitation inspections and enforcement)

The Department of Corrections (Department) did not comply with standards for safety and sanitation inspections and enforcement.

Auditors tested 60 Medical Inspectors' monthly reports at five correctional centers and noted the following exceptions:

- Thirteen (22%) monthly medical inspection reports for all areas were not submitted to the Safety and Sanitation Coordinator by the 25th day of the month. These reports were submitted between 1 to 28 calendar days late at Stateville and Western Illinois Correctional Centers.

- Three (5%) monthly inspection reports of all housing units and dietary areas sampled lacked the date of submission to the Safety and Sanitation Coordinator. Therefore, we could not determine if these reports for Stateville and Western Illinois Correctional Centers were completed timely or submitted.

The Department's Administrative Directive (A.D.) (05.02.140) requires monthly inspection reports of the health care unit and any satellite care areas be submitted to the Safety and Sanitation Coordinator by the 25th calendar day of each month. The monthly inspection report shall cite safety and sanitation deficiencies noted during inspections and shall include recommendations for corrective action.

Auditors tested 60 Safety and Sanitation monthly reports at five correctional centers and noted the following exceptions:

- Thirteen (22%) monthly safety and sanitation reports were not submitted by the fifth working day following the end of the month to the Chief Administrative Officer (CAO). These reports were submitted between 1 and 59 days late at Stateville and Western Illinois Correctional Centers.

- One (2%) monthly safety and sanitation report tested lacked the date of submission to the CAO. Therefore, we could not determine if this report for Stateville Correctional Center was completed timely.

A.D. (05.02.140) requires the Safety and Sanitation Coordinator to submit a monthly safety and sanitation report to the CAO by the fifth working day following the end of the month.

Auditors tested 90 Safety and Sanitation Officers' weekly inspection reports at 5 correctional centers and noted the following exceptions:

- For six (7%) weekly safety and sanitation inspections which indicated deficiencies existed, work orders or direct actions were not initiated by Western Illinois

Correctional Center. In addition, deficiency explanations were not properly documented for all 6 inspections.

- One (1%) weekly safety and sanitation inspection report was not fully completed by Western Illinois Correctional Center.

- Four (4%) weekly safety and sanitation inspection reports sampled were not provided. Therefore, auditors could not determine if these reports were completed timely or submitted.

A.D. (05.02.140) also states each Safety and Sanitation Officer shall conduct weekly safety and sanitation inspections of the assigned zone and submit dated and signed weekly zone inspection reports to the Safety and Sanitation Coordinator. The Safety and Sanitation Officer is to submit work orders or initiate direct actions to correct violations of minor safety and sanitation standards. In addition, any immediate action performed by maintenance per a verbal request shall be followed by written work orders.

The Unified Code of Corrections (730 ILCS 5/3-7-3) requires standards of sanitation and safety for all institutions and facilities be established and enforced by the Department.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State.

Department management indicated these issues were caused by multiple factors including, but not limited to, lack of staff and training, employee turnover, employee error and oversight, and demands on the staff due to the COVID-19 pandemic.

Failure to properly complete and timely submit all inspection reports may delay the receipt of information and the timeliness of corrective actions on any safety and sanitation deficiencies noted. Failure to maintain adequate documentation substantiating the performance of inspections and initiation of corrective actions hinders the Center's ability to demonstrate compliance with safety and sanitation standards pursuant to the Department's Administrative Directive and State laws. (Finding Code No. 2022-044, 2020-044)

RECOMMENDATION

We recommend the Department allocate resources to timely address violations reported in inspections and to ensure compliance with applicable laws, rules and regulations regarding safety and sanitation. Further, the Department should remind staff to timely prepare and adequately maintain supporting documents for inspections.

DEPARTMENT RESPONSE

Recommendation accepted. During the COVID-19 pandemic, the health care units within the correctional centers were heavily involved in mitigating the spread of the disease through temperature checks and testing of individuals and staff members as well as arranging for the quarantine of those infected with the disease. Other staffing was also heavily involved in these activities throughout the correctional centers. Furthermore, these activities resulted in the staff being required to quarantine due to exposure or contracting the disease itself. In addition, quarantines within the correctional centers created difficulty performing inspections of some areas. The missing work orders noted in the finding as exceptions have subsequently been submitted.

2022-045 **FINDING** (Incomplete quarterly reporting of violence and public safety data)

The Department of Corrections (Department) failed to properly report all required violence and public safety data to the General Assembly on a quarterly basis.

The Department was required to report on violence in institutions and facilities and public safety. During our testing, we noted the Department failed to report on all required data on violence and public safety each quarter during Fiscal Year 2021 and Fiscal Year 2022. The missing information includes the following, which represents 4 of 23 (17%) required statistics:

Information Missing	Fiscal Year (FY) / Quarters* (Q)
Average length of stay in segregation, secured housing, and restrictive housing	FY21 Q1 thru Q3
Types of housing facilities, whether private residences, transitional housing, homeless shelters, or other, to which committed persons are released from Department correctional institutions and facilities	FY21 All Quarters
Parole and mandatory supervised release revocation rate by county and reasons for revocation	FY21 All Quarters FY22 All Quarters
Committed persons on parole or mandatory supervised release who have completed evidence-based programs, including educational, vocational, chemical dependency, sex offender treatment or cognitive behavioral	FY21 All Quarters FY22 Q1 thru Q3

**Quarterly reports reflect 3 months prior to the last month of the quarter*

The Unified Code of Corrections (Code) (730 ILCS 5/3-2-12) requires the Department to collect and report the rate of specific violence and public safety data. The Code states the violence and public safety data shall be included in the Department's quarterly report to the General Assembly and posted on the Department's website and shall include an aggregate chart at the agency level and individual reports by each correctional institution or facility of the Department. The Director is required to ensure management of each facility, on a quarterly basis, identifies trends, develops action items to mitigate the root causes of violence, and establishes committees to review violence data and develop action plans to reduce violence, including a wide range of strategies to incentivize good conduct.

Department management stated they have not been provided funding to program their computer system to track the required data, and it has been time consuming to develop manual processes to compile this information. The Department also stated some data requirements are not readily available, difficult to compile, and/or unclear. In addition, management stated the types of housing facilities measure was inadvertently missed prior to the June 2021 quarterly report.

Failure to gather and properly report required violence and public safety data to the General Assembly reduces accountability and the effectiveness of governmental oversight. Failure

to analyze all violence and public safety data and develop corrective action hinders the Department's ability to reduce and mitigate the root causes of violence. (Finding Code No. 2022-045, 2020-056)

RECOMMENDATION

We recommend the Department designate staff to compile and report all required violence and public safety data to the General Assembly on a timely basis. We further recommend the Department seek clarification or change of statute if they believe the mandate is unclear or unable to be fully implemented as written.

DEPARTMENT RESPONSE

Recommendation accepted and partially implemented. The Department worked diligently to create processes to manually collect and compile the data since the computer system was not designed to produce the data. The Department began reporting the average length of stay in segregation, secured housing, and restrictive housing in the 4th quarter of FY21. The Department reported the types of housing facilities, whether private residences, transitional housing, homeless shelters, or other, to which committed persons are released from Department correctional institutions and facilities each quarter of FY22. The Department began reporting the committed persons on parole or mandatory supervised release who have completed evidence-based programs, including educational, vocational, chemical dependency, sex offender treatment or cognitive behavioral in the 4th quarter of FY22. The Department is not able to provide the parole and mandatory supervised release revocation rate by county for a number of reasons including because the mandate does not define the meaning of "county". This could be the county where the individual resided, the county where they committed the violation of parole, or the county the individual was arrested for the violation of parole. Each issue could represent a different county. In addition, introducing a County-related element into a recidivism calculation might confuse the legislature and public by inference that the County has some relevance in a state-initiated return rate. Furthermore, this unfunded mandate would require extensive, and expensive computer programming. Therefore, the Department is in the process of seeking legislative remedy.

2022-046 FINDING (Failure to review reports of violence and public safety data)

The Department of Corrections (Department) facility management failed to review reports of violence and public safety data on a quarterly basis.

For 2 of 9 (22%) correctional centers tested, the Department failed to review all reports on violence and public safety data on a quarterly basis. Lincoln Correctional Center and Stateville Correctional Center failed to review public safety data in all 8 (100%) quarters during Fiscal Year 2021 and Fiscal Year 2022.

The Unified Code of Corrections (730 ILCS 5/3-2-12(d)) requires the correctional institution or facility's executive team and each chief administrative officer of the correctional institution or facility to examine statewide and local data at least quarterly. During these reviews, each chief administrative officer shall: (1) identify trends; (2) develop action items to mitigate the root causes of violence; and (3) establish committees at each correctional institution or facility which shall review the violence data on a quarterly basis and develop action plans to reduce violence. These plans shall include a wide range of strategies to incentivize good conduct.

Department management stated the exceptions were due to not holding meetings to discuss reports during the pandemic and oversight.

Failure to review data on violence and public safety on a quarterly basis may reduce the ability to effectively monitor violence in the facilities and develop actions to reduce violence. (Finding Code No. 2022-046, 2020-051)

RECOMMENDATION

We recommend the Department implement internal controls to remind management to perform quarterly reviews and to monitor completion to ensure violence and public safety data is reviewed on a quarterly basis in order to identify trends and develop action plans to reduce violence and the root causes of violence.

DEPARTMENT RESPONSE

Recommendation accepted. The Department made a concerted effort to ensure the management teams within the correctional centers addressed reports of violence and public safety data at each quarterly team meeting. However, for much of the audit period, Department management within the centers was mitigating the spread of the COVID-19 virus during the pandemic. Therefore, the management team monthly meetings were suspended for part of this time. These meetings have subsequently resumed, and center staff will ensure the review of violence data is documented in the minutes.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2022

A. **FINDING** (Failure to meet court-ordered mental health service requirements)

During the prior examination, the Department of Corrections (Department) failed to meet requirements of a settlement agreement and court order for the provision of mental health services to mentally ill inmates in custody of the Department during the examination period.

During the current examination, we noted the permanent injunction requiring the Department to meet certain requirements was reversed and the court order was vacated by the United States Court of Appeals for the Seventh Circuit. The Court found Department officials took reasonable steps to cure the deficiencies, particularly understaffing, and stated officials' reasonable effort shows they did not recklessly disregard the known risk of harm. As a result, this finding is not repeated. (Finding Code No. 2020-009)

B. **FINDING** (Untimely and inaccurate reporting of census data events)

During the prior examination, the Department lacked an adequate internal control structure over the timeliness and accuracy of reporting of census data events to the Department of Central Management Services.

During the current examination, our sample testing did not identify any significant exceptions regarding reporting census data events . As a result, this finding is not repeated. (Finding Code No. 2020-012)

C. **FINDING** (Failure to document compliance with statutory medical consent waivers)

During the prior examination, the Department did not comply with requirements for statutory medical consent waivers.

During the current examination, the Department clarified their interpretation of the mandate in relation to other laws governing consent for medical treatment and when the Department would be required to prepare a consent waiver form. As a result, this finding is not repeated. (Finding Code No. 2020-015, 2018-015, 2016-017)

D. **FINDING** (Failure to update administrative directives)

During the prior examination, the Department did not completely update its Administrative Directives (A.D.s) to reflect the operational changes that have occurred in previous years.

During the current examination, our sample testing indicated the Department had reviewed and worked to update its A.D.s to reflect current, standardized practices of the Department. As a result, this finding is not repeated. (Finding Code No. 2020-022, 2018-022, 2016-016, 2014-027, 12-32, 10-33, 08-44)

E. **FINDING** (Failure to provide conditions of parole or mandatory supervised release)

During the prior examination, the Department failed to adequately provide parolees with a copy of the conditions of parole or mandatory supervised release.

During the current examination, our sample results indicated individuals tested received a copy of the conditions of parole or mandatory supervised release. As a result, this finding is not repeated. (Finding Code No. 2020-023)

F. **FINDING** (Tamms Minimum Security Task Force)

During the prior examination, the Department failed to comply with the Unified Code of Corrections regarding service on and provision of administrative support to the Tamms Minimum Security Task Force.

During the current examination, our testing indicated the statutory requirement for the Task Force was repealed effective January 1, 2022. As a result, this finding is not repeated. (Finding Code No. 2020-026)

G. **FINDING** (Inadequate separation of duties for handling cash boxes at Correctional Centers)

During the prior examination, the Department did not maintain an adequate separation of duties for handling locally held funds at all facilities.

During the current examination, our testing indicated the Department worked with the Centers to identify staff shortages and take corrective actions to maintain an adequate separation of duties. As a result, this finding is not repeated. (Finding Code No. 2020-028, 2018-028, 2016-038, 2014-029, 12-09, 10-09, 08-16)

H. **FINDING** (Noncompliance with grant agreements)

During the prior examination, the Department did not exercise adequate controls over and sufficiently monitor grant agreements during the examination period.

During the current examination, our sample testing indicated the Department's controls and monitoring over grant agreements had significantly improved. (Finding Code No. 2020-030, 2018-030)

I. **FINDING** (Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State Law)

During the prior examination, 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 the current examination, our sample testing indicated the Department made significant improvements in the timeliness of receipt and refund deposits; however, we continued to note certain smaller, immaterial problems. As a result, this matter was reported in the Department's Report of Immaterial Findings. (Finding Code No. 2020-031, 2018-031)

J. **FINDING** (Inadequate controls over requests for leaves of absence)

During the prior examination, the Department did not ensure employees' requests for leaves of absence were properly documented and approved timely.

During the current examination, our sample testing indicated the Department made significant improvements in the timely approval of leaves of absences and other exceptions noted in the prior audit were not repeated based on our sample testing. (Finding Code No. 2020-033, 2018-033, 2016-025)

K. **FINDING** (Inadequate controls over Locally Held Fund Reporting)

During the prior examination, the Department did not maintain adequate controls over locally-held fund reporting.

During the current examination, our testing indicated the Department's controls over locally held funds had significantly improved; however, we continued to note less significant errors in quarterly reporting of locally held funds. As such, this matter was reported in the Department's Report of Immaterial Findings. (Finding Code No. 2020-038)

L. **FINDING** (Weaknesses in change control management)

During the prior examination, the Department lacked a formal process to control and manage changes to computer systems.

During the current examination, we continued to note the lack of a formal change management process, insufficient controls over changes, and an inadequate segregation of duties. As such, this matter was reported in Finding 2022-003. (Finding Code No. 2020-040, 2018-040, 2016-035, 2014-034, 12-19)

M. **FINDING** (Noncompliance with the Procurement Code for emergency purchases)

During the prior examination, the Department did not comply with the Illinois Procurement Code (Code) regarding emergency purchases.

During the current examination, our sample testing indicated emergency purchase procurements were published and notices were filed in a timely manner in accordance with the Code. As a result, this finding is not repeated. (Finding Code No. 2020-045)

N. **FINDING** (Untimely submission of Agency Fee Imposition Report)

During the prior examination, the Department submitted its Fiscal Year 2019 Agency Fee Imposition Report untimely to the Office of Comptroller.

During the current examination, our testing indicated the Department timely submitted the Agency Fee Imposition Reports to the Office of Comptroller. As a result, this finding is not repeated. (Finding Code No. 2020-048)

O. **FINDING** (Failure to provide health care coverage application assistance to offenders prior to release)

During the prior examination, the Department failed to comply with the Unified Code of Corrections (Code) regarding health care coverage assistance to offenders prior to release.

During the current examination, the Department adopted procedures to timely offer and provide assistance with applications for health care coverage for offenders prior to release as required by the Code. As a result, this finding is not repeated. (Finding Code No. 2020-049)

P. **FINDING** (Inadequate controls over the monthly reconciliations)

During the prior examination, the Department did not maintain adequate controls over monthly reconciliations with Office of Comptroller (Comptroller) reports.

During the current examination, our sample testing indicated the Department's controls over its monthly reconciliations with Comptroller reports had significantly improved; however, we continued to note certain smaller, immaterial problems. As a result, this matter was reported in the Department's Report of Immaterial Findings. (Finding Code No. 2020-050)

Q. **FINDING** (Noncompliance with special education data reporting required by the School Code)

During the prior examination, the Department did not comply with special education reporting requirements of the School Code.

During the current examination, the Department sought legislative remedy to have the mandate repealed. As a result, this finding is not repeated. (Finding Code No. 2020-052)

R. **FINDING** (Underenrollment and misreported participation in the high school equivalency testing program)

During the prior examination, the Department did not sufficiently increase enrollment and properly report participation in the high school equivalency testing program required by the Unified Code of Corrections.

During the current examination period, the statutory requirement was amended by P.A. 102-1100 to affect future fiscal years, but not Fiscal Years 2021-2022. As a result, this finding is not repeated. (Finding Code No. 2020-053)

S. **FINDING** (Failure to provide requested engagement documentation in a timely manner)

During the prior examination, the Department did not provide all requested documentation to the auditors in a timely manner.

During the current examination, our testing indicated the Department provided significantly more requested information to auditors in a timely manner. As a result, this finding is not repeated. (Finding Code No. 2020-057)

T. **FINDING** (Failure to notify county boards and sheriffs of noncompliance of county jails)

During the prior examination, the Department failed to notify the county boards and sheriffs of noncompliance of county jails with jail standards.

During the current examination, our sample testing indicated the Department notified county boards and sheriffs of any noncompliance of county jails with jail standards. As a result, this finding is not repeated. (Finding Code No. 2020-058)