

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Department of Natural Resources  
Two Years Ended June 30, 2010

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**REVIEW: 4359**  
**ILLINOIS DEPARTMENT OF NATURAL RESOURCES**  
**TWO YEARS ENDED JUNE 30, 2010**

**FINDINGS/RECOMMENDATIONS - 17**

**ACCEPTED - 9**  
**IMPLEMENTED - 7**  
**NOT ACCEPTED - 1**

**REPEATED RECOMMENDATIONS - 6**  
**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 13**

This review summarizes the auditors' reports on the Illinois Department of Natural Resources, filed with the Legislative Audit Commission May 19, 2011. The auditors performed a compliance examination in accordance with State law and *Government Auditing Standards* for the two years ended June 30, 2010. The auditors also conducted a financial audit of the Department's Capital Asset Account for the year ended June 30, 2010. The auditors stated that the Department's capital asset account was fairly presented.

The Department of Natural Resources was established on July 1, 1995 when the functions of the former Department of Conservation, Department of Mines and Minerals, the Abandoned Mined Lands Reclamation Council, portions of the Department of Energy and Natural Resources, and the Division of Water Resources from the Department of Transportation were merged by an Executive Order of the Governor.

The Department currently manages over 300 sites totaling more than 400,000 acres of publicly owned and leased land including State parks. The Department manages a variety of other public sites such as museums, boat access areas, marinas and trails. DNR maintains concessions that are leased to or operated by private concessionaires or local communities.

The Department's mission is to manage, conserve, and protect Illinois' natural, recreational and cultural resources, further the public's understanding and appreciation of those resources, and promote the education, science and public safety of Illinois' natural resources for present and future generations.

The Acting Director during the first six months of the audit period and since January 1, 2006 was Mr. Sam Flood. Kurt Granberg served as Acting Director for about two weeks, from January 17, 2009 until February 6, 2009, when Mr. Marc Miller was appointed Director. Mr. Miller was not previously employed by the Department.

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The average number of employees was:

	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>
<b>Full-time:</b>			
<b>General Office</b>	72	74	84
<b>Architecture, Engineering &amp; Grants</b>	25	29	
<b>Realty and Environmental Planning</b>	50	51	
<b>Business Services</b>	47	49	
<b>Public Services</b>	13	12	
<b>Special Events</b>	23	26	
<b>Resource Conservation</b>	217	212	221
<b>Law Enforcement</b>	154	160	174
<b>Land Management &amp; Education</b>	390	421	473
<b>Mines &amp; Minerals</b>	98	97	103
<b>Water Resources</b>	59	60	63
<b>Waste Management &amp; Research Center</b>			28
<b>Geological Survey</b>			96
<b>Natural History Survey</b>			56
<b>Water Survey</b>			53
<b>Museums</b>	61	65	68
<b>Conservation 2000</b>	17	17	11
<b>Total Full-time</b>	<b>1,226</b>	<b>1,272</b>	<b>1,430</b>
<b>Part-time</b>	<b>420</b>	<b>452</b>	<b>226</b>
<b>GRAND TOTAL</b>	<b>1,646</b>	<b>1,724</b>	<b>1,656</b>

### **Expenditures From Appropriations**

The General Assembly appropriated \$1,051,343,436 from 42 different funds to the Department of Natural Resources for FY10. Of the total, \$343.3 million was from the Capital Development Fund; \$158 million from the Build Illinois Bond Fund; \$113.3 from the Open Space Lands Acquisition and Development Fund; \$85.6 million from the Wildlife and Fish Fund; \$58.6 million from the Park and Conservation Fund; \$54.9 million from the General Revenue Fund; and \$237.5 million from the remaining 36 funds. Appendix A summarizes these appropriations and expenditures by fund for the period under review.

Appendix B provides a summary of the Department's expenditures by line item for FY10-FY08. Expenditures were about \$220.2 million in FY10 compared to \$238.7 million in FY09 a decrease of almost \$18.45 million, or 7.7%. Spending across most lines was constant from FY09 to FY10 except there were no inter-fund cash transfers (sweeps) in FY10, lump sum expenditures increased by \$7 million, awards and grants expenditures decreased by \$5.6 million, spending for permanent improvements decreased by \$5.6 million, and contractual services expenditures decreased \$4.8 million.

Lapse period spending was about \$14.3 million, or 6.5% of FY10 expenditures.

### **Property and Equipment**

Appendix C provides a summary of property and equipment for the year ended June 30, 2010. Property and equipment for the Department decreased from \$1,198,138,000 as of July 1, 2008 to \$1,194,566,000 as of June 30, 2010. The Department has \$369.3 million in land and improvements; \$434.1 in site improvements; \$296.2 million in buildings and improvements; and \$95 million in equipment.

### **Cash Receipts**

Appendix D provides a summary of cash receipts for FY10-08, which totaled \$162,614,000 in FY10, a decrease of \$5.56 million, or 3.3% from FY09. About 33% of cash receipts is from licenses and fees. The \$11.4 million decrease in Other Revenue was due to sweeps of funds that occurred during FY09, which did not occur during FY10. The Real Estate Transfer Tax, which had been decreasing from a high of \$58 million in 2006, was almost steady from FY09 to FY10.

### **Service Efforts and Accomplishments**

The Department's mission is to manage, protect and sustain Illinois' natural and cultural resources; provide resource-compatible recreational opportunities; and promote natural resource-related public safety, education and science. About 36.1 million people visited Department owned or managed sites in FY10. In FY10, 95% of park visitors expressed high satisfaction with overall park facilities and operations; 97% of site visitors expressed high satisfaction with interpretive programs; and 95% expressed high satisfaction with park safety. The Department issued 627,189 fishing licenses and 194,576 hunting licenses in FY10. More than 19,500 students were certified in safety education classes. In FY10, the Department awarded 60 grants totaling nearly \$17 million to units of local government for land for open space and outdoor recreation facilities including 420 miles of bike trails.

### **Accountants' Findings and Recommendations**

Condensed below are the 17 findings and recommendations included in the report, of which six were repeated from prior audits. The following recommendations are classified on the basis of updated information provided by the Department of Natural Resources, via electronic mail dated September 21, 2011.

#### **Not Accepted**

- 15. Obtain outstanding ticket reports from the Illinois State Police, review the reports, and follow up on outstanding tickets with the Circuit Clerks. (Repeated-2006)**

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**Not Accepted – concluded**

**Finding:** The Department did not follow up on outstanding tickets with the Circuit Clerk. The Department did not request nor receive a monthly aging report from the Illinois State Police that includes all tickets written for all Department offenses and consequently, did not discuss outstanding ticket amounts owed to the Department with appropriate Circuit Clerks.

Department personnel stated the Department has determined that the cost of following up on outstanding tickets outweighs the benefit because the potential recovery of fines is minimal. Also, the Illinois State Police is no longer making the paper disposition report available to other agencies.

Supreme Court Rule 552, effective since September 30, 2002, while requiring clerk(s) to issue a Disposition Report, does not preclude the Department's responsibility to determine if violators are prosecuted in a timely manner and to follow up on outstanding tickets with the appropriate clerk.

**Response:** Not Accepted. Supreme Court Rule 552 does not require the Department to follow up on outstanding tickets. Additionally, the Illinois State Police is no longer making the paper disposition report available to other Agencies. Once the Automated Disposition Reporting System is implemented, the Department will be able to follow up on outstanding tickets in a non-cost prohibitive manner.

**Auditors' Comment:** Supreme Court Rule 552 states "Upon final disposition of each case, the clerk shall execute the "Disposition Report" and promptly forward it to the law enforcement agency that issued the ticket." It is the issuing law enforcement agency's responsibility to establish and maintain controls to effectively utilize the Disposition Reports.

**Accepted or Implemented**

**1. Establish policies and procedures to ensure assets are properly classified.**

**Finding:** The Department does not have adequate policies or procedures to ensure that assets categorized as Construction in Progress (CIP) were properly recorded. Eight assets, totaling \$1,012,131, should have been classified as CIP at June 30, 2010.

Department personnel stated the Department did not have policies and procedures to ensure assets were properly classified.

**Updated Response:** Implemented.

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**2. Establish adequate controls to ensure concessionaires are in compliance with contracts and lease agreements. (Repeated-2006)**

**Finding:** The Department failed to monitor and enforce concessionaire lease agreements regarding rental and reserve payments. During the engagement period, the Department had approximately 70 concessionaires located at State parks throughout Illinois. The Department's concession coordinators are responsible for negotiating and enforcing lease terms, overseeing the site, approving rates charged, and collecting rental payments.

During testing of 60 concessionaire rental payments, auditors noted 14 rental payments were remitted to the Department in an untimely manner, ranging from one to 114 days late.

Four rental payments related to a concessionaire that went bankrupt. The company was placed in receivership and was to make payments for the rent and capital reserve payments owed to the Department. However, the Department had not entered into a written agreement with the company. The Department stated the agreement had been made verbally.

In addition, auditors tested the four top concessionaires and noted all four concessionaires did not properly adhere to the terms and conditions stated in their lease agreement. The concessionaries did not submit, or submitted late, the required documents as stated in the lease agreements related to reserve deposits, financial reports and marketing information, rental fee schedule, surety bonds, reconciliation of reports, marketing plan, reserve account payments, forecast of operating revenues and expenses, and a budget of capital expenditures.

Department personnel stated the concessionaires provide valuable services to visitors at Department of Natural Resources' sites and cancelling leases due to late payment or late submission of documents that would immediately close the concessionaires would not be in the best interest of the State or visitors to Department sites, especially when the Department monitors and works with concessionaires to ensure that lease agreement terms are being adhered to by the concessionaires. Rebidding leases for the concessions would take considerable time and result in facilities or activities not being available to site visitors.

**Response:** Accepted. Although the Department established and maintains a system of internal fiscal and administrative controls which provides assurances that revenues, expenditures, resources and funds applicable to concession operations are properly recorded and accounted for, the Department also exercises administrative authority to provide continuity of services for visitors of the Illinois Department of Natural Resources sites. At this time all outstanding fees and rents cited in the finding have been collected. The Department will continue to track the late payments, reports, and schedules and work with concessionaires to ensure collection of tardy contractual obligations. Also, all pages of documents received will be date-stamped to document exact submission of deliverables. Additionally, a new policy has been developed which will restrict future oral lease agreements and will reduce to writing any existing oral agreements.

**Accepted – continued**

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**Updated Response:** Accepted. Although we have implemented most of the recommendation we are still working on documenting the policy on oral agreements.

**3. Reinforce procedures to ensure staff is adequately trained, and bank reconciliations are properly and timely completed and reviewed. (Repeated-2008)**

**Finding:** The Department did not adequately prepare and review bank reconciliations and maintain updated records for its bank accounts for the Investigative Cash Fund and certain sites. Auditors tested bank reconciliations for the Investigative Cash Fund, as well as the eight sites visited.

**Investigative Cash Fund**

During the review of the 24 monthly bank reconciliations for fiscal year 2009 and fiscal year 2010, auditors noted five were prepared 38 to 86 days after the end of the month.

**Site Visits**

During the review of monthly bank reconciliations at the eight sites visited for the revenue and petty cash accounts for the month of January through June for fiscal year 2009 and fiscal year 2010, auditors noted the following:

- The reconciliations were not signed and/or dated by the preparer for 27 of 96 reconciliations for the revenue accounts and two of 96 reconciliations for the petty cash accounts.
- The reconciliations were not reviewed and approved for 34 of 96 reconciliations for the revenue accounts and two of 96 reconciliations for the petty cash accounts.
- One site's Revenue Bank Account reconciliation was not completed for the month of April 2010.
- One site's Revenue Bank Account reconciliation listed the checkbook balance at \$0 while the balance per the checkbook was \$6,956 for the month of May 2010.
- One site's Revenue Bank Account reconciliation for May 2009 was not completed timely. It was prepared 40 days after the bank statement closing period.

Department personnel stated competing priorities have resulted in occasional deviations from current policies and procedures.

**Response:** Accepted. The Department will remind site staff of the importance of following established policies and procedures for preparation and review of bank

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reconciliations. Additionally, the Department will continue the practice of annual random inspections of bank reconciliations to provide a compensating control.

**Updated Response:** Accepted. Standard forms to ensure compliance are being developed and will be distributed to the appropriate staff by the end of the year.

- 4. Ensure inventory listing accurately reflects all asset locations. Additionally, the Department should implement controls to record all equipment over \$100. Also ensure all fuel reconciliations are properly completed and reviewed. Additionally, investigate any overages.**

**Finding:** The Department failed to maintain adequate controls over equipment and reconciliations of fuel at the various sites.

### Equipment

Tested 200 equipment items from property control listings, noting:

- Five items selected from the property listing were not located at the site for inspection.
- Six items selected from the property listing were missing property asset tags.
- Two items selected from the property listing were obsolete. Additionally, there was no evidence that the Department's Office of Fiscal Management was contacted for proper disposal/disposition.

Tested 40 equipment items located at the sites, noting:

- Three items selected did not appear on the property listing. Auditors were unable to determine the cost of the items.

Additionally, the eight sites did not maintain an inventory listing of equipment exceeding \$100.

### Fuel Reconciliations

During detailed testing of 96 monthly fuel reconciliations, auditors noted:

- 27 fuel reconciliations included calculations of overages or shortages; however, there was no documentation the overages were investigated by management.
- 31 fuel reconciliations were incomplete and did not contain signatures/initials or the date prepared.
- 42 fuel reconciliations did not contain any evidence of supervisory review and approval.
- 24 fuel reconciliations did not indicate the use of stick measurements to determine fuel variances.
- One site's fuel reconciliation was not completed for June 2010.
- One site's fuel reconciliations were not completed for the months of January and February 2009. The activities for these months were included on the March 2009 fuel reconciliation.

**Accepted – continued**

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Department personnel stated due to the nature of the equipment used at their sites, wear and tear of inventory tags on the equipment is expected. Also, the sharing of equipment is allowed; however, proper paper work is required to be submitted to the Property Control Unit. Additionally, the discrepancies with fuel reconciliations are due to policies and procedures that need to be revised, as well as lack of adequate managerial supervision.

**Response:** Accepted. The Office of Lands Management will remind site staff of the importance of following established policies and procedures for asset control and fuel reconciliations. Currently, the Department holds over 50,000 pieces of equipment at an acquisition cost of over \$94 million, so the few discrepancies found are really a indication of how well our system of internal controls works. As required by Central Management Services, during the winter the Department completes an annual certification of inventory that necessitates a visual identification of all tags on inventory. At this time, we ensure that all equipment is tagged properly. Additionally, the policy regarding the requirement to use stick measurements for fuel will be revised.

**Updated Response:** Accepted. We have compensating controls in place to identify assets that deviate from the inventory listing. We annually complete an inventory certification which reconciles records. While we reminded appropriate staff of the importance of fuel reconciliations we are working on developing procedures to ensure compliance.

### **5. Ensure monthly deposit reconciliations are completed for all of the Department's various divisions.**

**Finding:** The Department did not adequately complete monthly deposit reconciliations. During testing of the monthly deposit reconciliations, auditors noted:

- Monthly deposit reconciliations of camping permit remittances were not completed for four of the six months tested for the Division of System and Licensing.
- Monthly deposit reconciliations of concession remittances were not completed for all six months tested for the Division of Concession and Lease Management.
- Monthly deposit reconciliations of hunting and fishing licenses remittances were not completed for all eight months tested for the Division of System and Licensing.

Department personnel stated this occurred due to the lack of adequate attention of established policies and procedures.

**Response:** Accepted. The Office of Fiscal Management will require divisions complete and submit monthly deposit reconciliations.

**Updated Response:** Implemented.

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**6. Establish policies and procedures which will ensure timesheets are appropriately completed and submitted periodically by all Department employees as required by statute. (Repeated-2004)**

**Finding:** The Department did not maintain time sheets in compliance with the State Officials and Employees Ethics Act. Employees' time (other than senior management) was tracked using a "negative" timekeeping system whereby the employee was assumed to be working unless otherwise noted. Although senior management continues to maintain their time sheets in compliance with the Act, the Department's other staff did not document the time spent each day on official State business to the nearest quarter hour.

In addition, auditors tested employees' timesheets at eight of the Department's sites, noting:

- Two employees' timesheets were not signed or initialed by the employee or their supervisor for the months of April, May and June 2010.
- One employee's authorized leave form was not maintained on file for the month of January 2009.

Department personnel stated this occurred as a result of the internally developed automated timekeeping system was not implemented during audited period.

**Response:** Accepted. Since the completion of field work, the Department has developed and implemented a Programmatic Timekeeping System (PTS) in FY11. PTS is in compliance with the State Officials and Employee Ethics Act.

**Updated Response:** Implemented.

**7. Ensure adequate resources are provided for ongoing training and follow-up, and establish and maintain appropriate internal controls for the timely completion and submission of evaluation reviews. Hold immediate supervisors responsible for completing evaluations in a timely manner. (Repeated-2006)**

**Finding:** The Department did not complete employee performance evaluations in a timely manner. During testing of 40 employees for each fiscal year, auditors noted:

- In FY09, 18 of the employees tested were required to have evaluations (the remaining 22 were temporary or no longer employed). One employee did not have an evaluation completed and eight evaluations were completed one day to ten months late.
- In FY10, 17 of the employees tested were required to have evaluations (the remaining 23 were temporary or no longer employed). Seven employees' evaluations were not completed and four were completed from 58 days to five months late.

**Accepted – continued**

Department personnel stated the Office of Human Resources currently reviews the timeliness of completing employee evaluations and maintains a database of past due evaluations. The Office of Human Resources sends out memos to supervisors informing them of evaluations that are due. If evaluations are not timely, Human Resources sends a “past due” notice and copies the respective Deputy Director responsible for the division.

**Updated Response:** Accepted. A reminder will be sent to all supervisors reminding them of the importance of the evaluation process and their timely completion. A list of delinquent evaluations will be sent to supervisors on a quarterly basis with a deadline for completion.

**8. Develop policies and procedures to ensure compliance with statute. Additionally, follow up on encroachments to ensure compliance with statute.**

**Finding:** The Department did not implement adequate procedures to comply with the Illinois and Michigan Canal Protection Act and the Rivers, Lakes and Streams Act. During testing of the Illinois and Michigan Canal Protection Act auditors noted the Department had not developed policies or procedures to ensure compliance.

On April 20, 2009, the Department submitted a letter to a business regarding an encroachment identified by the Department. However, the Department took no further action.

In addition, during testing of the Rivers, Lakes and Stream Act auditors noted the Department had not developed policies or procedures to ensure compliance.

During testing of two encroachments, auditors noted:

- The Department submitted a letter of encroachment on April 17, 2006 to a business. However, as of June 30, 2010 the encroachment still remained.
- On November 13, 2009, the Department submitted a letter indicating a deck structure was not permissible and should have been removed. Based on inquiries with Departmental staff, auditors were unable to determine the status of the encroachment.

Department personnel stated the Department does not have written policies and procedures to document that the Department followed up on encroachments.

**Updated Response:** Accepted. New policies and procedures have been developed and are in their final review

**9. Compile and submit the annual Open Space Lands Acquisition and Development (OSLAD) Progress Report as required by the Open Space Lands Acquisition and Development Act.**

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**Finding:** During testing, auditors noted that the Department's last annual OSLAD Progress Reports compiled and submitted to the General Assembly were for fiscal years 2005 and 2006.

Department personnel stated due to recent retirements, the deadline for the OSLAD Report was overlooked. Upon hiring of a new grant administrator, the missed deadline was detected and the report was completed immediately.

**Response:** Accepted. The 2009-2010 OSLAD Legislative Report was disbursed to the General Assembly in the winter of 2010. The Department will ensure that future OSLAD Progress Reports are submitted as required by the Open Space Lands Acquisition and Development Act.

**Updated Response:** Implemented.

**10. Develop policies and procedures in order to comply with the Rivers, Lakes and Streams Act.**

**Finding:** The Department failed to establish written policies and procedures to comply with the Rivers, Lakes, and Streams Act.

The Rivers, Lakes, and Streams Act (615 ILCS 5/26) charges the Department of Natural Resources with "protecting the rights of the people of the State in the full and free enjoyment of all such bodies of water, and for the purpose of preventing unlawful and improper encroachment upon the same, or impairment of the rights of the people with reference thereto, and every proper use which the people may make of the public rivers and streams and lakes of the State of Illinois."

615 ILCS 5/26a states "All orders entered by the Department of Natural Resources shall be made only upon giving reasonable notice to persons to be affected by such orders; or having any interest in the subject matter of such orders and after a hearing in relation thereto. Any person who neglects, refuses or fails to obey any lawful order made by the Department of Natural Resources and to carry the same into effect in accordance with such order is liable for a fine of not less than \$100 nor more than \$1000 to be recovered in a civil action in the name of the People of the State of Illinois in any circuit court."

During testing, auditors noted the Department does not have written policies or procedures to ensure reasonable notice is provided to persons to be affected by such orders; or having any interest in the subject matter of such orders and after a hearing in relation thereto for orders entered by the Department.

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Department officials stated that prior to entering into such orders, the Department would perform the following steps to ensure reasonable notice is given: 1) A notice is sent to the person or interested parties in which a violation is noted for the Waterway Act, 2) If the Department does not hear back from the person or interested party a second notice is sent that is more authoritative, 3) If the Department still does not hear a third letter is sent describing if no action is taken by the person or interested party on complying with violation the Department will bring it to a Public Hearing, 4) Once it is determined that the person or interested party will not comply a Public Hearing is held and a Hearing Officer will enforce compliance with the person or interested party, and 5) If the individual or interested party does not comply with action mandated by the Hearing Officer the Department will take action in the Circuit Court.

The Department stated they had not entered into such orders during the audit period.

**Updated Response:** Accepted. New policies and procedures have been developed and are in their final review

### **11. Conduct studies of aquifers as outlined in the Department of Natural Resources Act.**

**Finding:** The Department did not comply with the Department of Natural Resources Act regarding aquifer studies. During testing, auditors obtained the "Overview of the Water Quantity Planning Program and Pilot Studies" compiled pursuant to Executive Order 2006-01, which included a Strategic Plan for future implementation. Although the Department utilizes this 2006 Strategic Plan as a basis for the entire aquifer study process, auditors were unable to obtain procedures detailing the current process for awarding contracts for aquifer studies, the process for conducting the actual studies, or the process or criteria used to develop Groundwater Flow Models.

Department personnel stated this statute belonged to Illinois State Water Survey and the Illinois State Geological Survey which both moved to the University of Illinois. The statute should have been transferred.

**Updated Response:** Accepted. We continue to work to transfer the responsibility to the Scientific Surveys at the University of Illinois.

### **12. Compile and submit the report of acreage data to the General Assembly by October 1 of each year.**

**Finding:** The Department did not submit the annual report to the General Assembly, as required by the Illinois Hunting Heritage Protection Act in a timely manner.

The Department submitted a written report of acreage data detailing acres of land that had been opened and closed during the previous year to the General Assembly 31 days after the due date of October 1st. In addition, auditors were unable to obtain written procedures

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which detail the entire process for compiling the acreage data reported to the General Assembly.

Department personnel stated the lack of timeliness was due to staff oversight.

**Response:** Accepted. Once the lapse was recognized, the Department quickly developed and submitted the report. In the future, the Department will ensure timely submission of the annual report of acreage data as required by the Illinois Hunting Heritage Protection Act.

**Updated Response:** Implemented.

### **13. Implement policies and procedures to ensure compliance with the plan to ensure daily and quarterly inspections of self-contained self-rescuer devices used by miners.**

**Finding:** The Department failed to adopt and impose a plan to ensure that required daily and quarterly inspections of self-contained self-rescuer devices (SCSR) are performed. During testing auditors noted the Department had not established written policies and procedures that described how a plan is adopted and imposed to ensure the daily and quarterly inspections are performed as required by statute.

The Department requires mine operators to develop and submit emergency response plans (ERP) for review. The ERPs are to outline the daily and quarterly inspections conducted by the operators. The Department completes an evaluation of the ERP which is returned to the mine operator for corrective actions. In addition, the Department performs monthly inspections of each underground mine. The review noted:

- The Department documents its monthly inspections in a report for each inspection. These reports include only exceptions noted by the State mine inspector. Based on discussions with Department personnel, the required daily inspections of SCSR's are performed by the actual persons who are underground using such devices. Auditors reviewed a sample of five inspection reports as well as a sample of ERP.

Based on the review of ERPs, auditors noted no language that documents the miner's plan for the daily and quarterly inspections of applicable SCSR's. Based on a review of the five monthly inspection reports, the Department did not adequately document these exceptions to the requirements.

In addition, the Department did not adequately document the decision to follow the requirements of all federal Mine Safety and Health Administration requirements.

**Accepted – concluded**

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The Coal Mining Act states that the Mining Board must adopt and impose a plan for the daily inspection of required SCSR devices in order to ensure that the devices perform their designated functions each working day. Additional required SCSR devices must be inspected every 90 days to ensure that the devices perform their designated functions, in addition to meeting all federal Mine Safety and Health Administration requirements.

Department personnel stated the U.S. Mine Safety and Health Agency (MSHA) require all mine operators to submit Emergency Response Plans (ERPs) for approval. ERPs must satisfactorily document compliance with requirements of federal laws, after which Illinois Statutes have been modeled.

**Updated Response:** Accepted. Revisions are being completed for policies and procedures regarding SCSR inspections.

### **14. Maintain adequate documentation supporting the placement of rescue chambers and wireless tracking devices in all State of Illinois mines.**

**Finding:** The Department did not maintain adequate documentation to ensure mine operators provided rescue chambers and wireless tracking devices for each underground mine.

Department personnel stated that they are confident that all underground mine operations in the State have in place a rescue chamber, although documentation regarding the rescue chambers is not readily available. The Department also maintains that truly wireless tracking devices have not been approved by the Federal Mine Safety Health Administration.

**Response:** Accepted. The Department will maintain adequate documentation supporting the placement of rescue chambers and wireless tracking devices in all State of Illinois mines.

**Updated Response:** Implemented.

### **16. Comply with the rules and submit citations within the required timeframe. Additionally, make provisions to enter all citations into TIPS. (Repeated-2002)**

**Finding:** The Department did not maintain adequate controls over written warnings and citations issued by the Conservation Police Officers (CPO). During testing of 60 written citations during FY09 and FY10, auditors noted the following:

- Of the 34 written citations which were required to be submitted to the Department within 96 hours from issuance, 31 were not submitted timely.
- One written citation did not have the stamp date of receipt, and as a result auditors were unable to determine if the written citation was submitted to the Department within 96

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hours from issuance.

The Department's "Forms Instruction Manual" states the CPO has 48 hours to submit the ticket to their District Sergeant, who then has 48 hours to submit the written citation to the Department.

In addition, auditors noted the Department did not enter current and prior period warnings into the Traffic Information Planning System (TIPS). The backlog of warnings not entered into TIPS dates back to July 1999.

During detailed testing auditors noted 31 of 60 written citations had not been entered.

Department personnel stated the Department is still using manually written forms for warnings and citations. At this time, the electronic citation systems has not been fully developed and implemented by Illinois State Police.

**Response:** Accepted. Emphasis will be placed on retraining Conservation Police Officers on the importance of completing tickets legibly, accurately, thoroughly and timely. Additionally, the Department will review and possibly revise the current policy regarding length of time for submission of tickets. The Department continues to work with the Illinois State Police on the development and implementation of electronic citation system. With the electronic citation system, Conservation Police Officers will have the ability to enter and print citations and warnings from their laptops in real time, thus reducing the need for manual entry of citations and warnings into the TIPS system by the Springfield Office.

**Updated Response:** Accepted. DNR will revise the current policy to reflect a more realistic length of time for the submission of tickets. This will be completed by the end of the year. DNR will continue to work with the ISP on the development and implementation of the electronic citation system.

**17. Implement procedures to ensure the Annual Real Property Utilization Report is submitted to the Department of Central Management Services.**

**Finding:** The Department did not file the 2008 and 2009 Annual Real Property Utilization Report with the Department of Central Management Services.

Department personnel stated the standard format of the Annual Real Property does not apply to most types of real property held by the Department.

**Updated Response:** Implemented. The Reports were submitted timely in FY10 and FY11.

**Emergency Purchases**

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

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY09 and FY10, the Department filed 15 affidavits for emergency purchases totaling \$2,539,859.11 for the following items:

- \$1,386,234.69 for Asian Carp response and barrier;
- \$807,121.06 for repairs and clean-up after storms;
- \$91,013.20 for reclamation work on abandoned mine shaft;
- \$82,552.00 for establishment of wetlands;
- \$71,754.66 for data entry;
- \$61,197.00 for fertilizer; and
- \$39,956.50 to plug an oil well.

### **Headquarters Designations**

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

**REVIEW: 4359**

A report filed on July 15, 2010 indicated that 54 employees spent more than half their working time at locations other than official headquarters.