

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of Transportation  
Year Ended June 30, 2008

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Springfield, Illinois 62706  
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**REVIEW: 4314**  
**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**YEAR ENDED JUNE 30, 2008**

**FINDINGS/RECOMMENDATIONS - 30**

**ACCEPTED - 14**  
**IMPLEMENTED - 16**

**REPEATED RECOMMENDATIONS - 21**  
**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 26**

This review summarizes the reports on the Illinois Department of Transportation for the year ended June 30, 2008 filed with the Legislative Audit Commission June 4, 2009. The auditors performed a financial audit and compliance examination in accordance with State law and *Government Auditing Standards*. The auditors stated that the financial statements were fairly presented.

The Illinois Department of Transportation is responsible for administrating and supervising the State's transportation activities, including highways, public transportation and aeronautics. The Department is accredited by the federal government for receiving federal funds for transportation programs; is responsible for drafting a State Master Plan for transportation facilities; and also provides State assistance to local public transportation agencies. The principal divisions of the Department are the Division of Highways, the Division of Traffic Safety, the Division of Public and Intermodal Transportation, and the Division of Aeronautics.

Mr. Milt Sees was the Secretary of the Department during the audit period. He had held that position since January 2007. Mr. Gary Hannig was appointed Secretary in March 2009, and remains as Secretary. Mr. Hannig was not previously employed by the Department. The average number of full-time employees at June 30 appears below.

	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>
Admin. & Planning	317	318	326	346
Information Processing	77	76	71	77
Division of Highways	415	434	440	469
Day Labor	19	21	21	22
District 1	1,171	1,206	1,250	1,348
District 2	392	405	451	469
District 3	364	374	406	430
District 4	357	360	359	380
District 5	311	326	406	421

	FY08	FY07	FY06	FY05
District 6	398	408	429	453
District 7	329	340	293	304
District 8	518	530	546	569
District 9	295	301	279	294
Aeronautics	65	65	65	67
Public Trans & Rail	32	31	30	22
Local Roads & Streets	92	92	93	96
Traffic Safety	105	106	103	107
Cycle Rider Safety	2	2	2	2
Intelligent Transportation	1	1	2	3
Diesel Emissions	2	2	2	-
<b>State Funded Positions</b>	<b>5,262</b>	<b>5,398</b>	<b>5,574</b>	<b>5,879</b>
<b>Federal Funded Positions</b>	<b>64</b>	<b>71</b>	<b>73</b>	<b>65</b>
<b>GRAND TOTAL</b>	<b>5,326</b>	<b>5,469</b>	<b>5,647</b>	<b>5,944</b>

### Expenditures From Appropriations

Appendix A presents a summary of appropriations and expenditures for FY08 and FY07. The General Assembly appropriated a total of \$8,279,137,001 (\$135 million from the General Revenue Fund; \$4.48 billion from the Road Fund; and \$3.66 billion from 24 other funds) to the Department of Transportation during FY08. In FY08, total appropriations were \$8.279 billion compared to FY07 appropriations of \$8.262 billion. FY08 appropriations were \$16.2 million, or 0.2%, more than FY07.

Total expenditures were \$3,881,043,834 in FY 08 compared to \$4,065,279,446 in FY07 compared, a decrease of almost \$184.2 million, or 4.5%. Expenditures from the General Revenue fund increased from \$116.5 million in FY07 to \$122.46 million in FY08. Road Fund expenditures decreased from \$2,088 million in FY07 to \$1,934 million, or 7.4%, in FY08. Expenditures from other funds decreased from \$1,860.7 million in FY07 to \$1,824.2 million, or 2%, in FY08.

Although there was an increase in spending for public transportation of \$43 million, due to billings from the CTA for \$27 million for 70 heavy duty buses, spending decreased \$176 million overall in highways and construction and \$52 million in the Division of Aeronautics due to fewer projects in FY08.

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The large difference between appropriations and expenditures was attributed to construction funds being appropriated for the entire project in the first year of construction although, in many cases, it requires more than one year to complete the project. Unexpended funds necessary to complete the project are then reappropriated in subsequent years.

Lapse period expenditures were \$141.8 million, or almost 3.7% of total FY08 expenditures. The Department reported that it expended \$267 million on 309 Illinois First Projects in FY08.

### **Accounts Receivable**

Appearing in Appendix B is a summary of the Department's accounts receivable. The Department's gross accounts receivable stood at \$283,284,000 as of June 30, 2008 compared to \$248,061,000 as of June 30, 2007. The majority of the Department's revenue collection responsibility in FY08 is current (\$257 million) and due from the federal government (\$208 million) for reimbursement for highway construction and the federal share of other programs. The \$26.4 million in receivables over 30 days old consists of about \$5.8 million due from various counties and municipalities.

### **Cash Receipts**

Appendix C provides a summary of cash receipts for the Department for FY08 and FY07. Cash receipts increased \$201.8 million, or 13.5%, from \$1,301,319,378 in FY07 to \$1,503,168,789 in FY08.

- Cash receipts in the Road Fund were almost \$230 million more in FY08 than in FY07 due mostly to federal aid reimbursements.
- Receipts decreased in the Federal/Local Airport Fund (-\$41 million) because projects were completed in FY07.
- There was an increase in receipts in the Federal Mass Transit Fund (+\$12 million) due to the two-year cycle on the purchase and receipt of new buses in FY08. Reimbursement was received for 177 buses.

### **Property and Equipment**

Appearing in Appendix D is a summary of property and equipment transactions of the Department of Transportation for FY08 and FY07. The balance increased from \$14,958,484,000 as of July 1, 2007 to \$15,064,425,000 as of June 30, 2008.

### **Service Efforts and Accomplishments**

Appearing in Appendix E is a list of several service efforts and accomplishments provided by the Department of Transportation.

### **Follow-Up on Previous Audits**

In January 2007 the Office of the Auditor General released a management audit of DOT's Aeronautics Operations. There were six recommendations and currently three are implemented, one is partially implemented and two are not yet implemented. The two recommendations not yet implemented concern whether the cost effectiveness of air operations has been examined, and that flight requests are not being made in writing.

In June 2006 the Office of the Auditor General released a management audit of DOT's Disadvantaged Business Enterprise Program. There were six recommendations and currently three are implemented, two are partially implemented and one is not yet implemented. The one recommendation not implemented concerns the timeliness of processing certifications.

In March 2006 the Office of the Auditor General released a management audit of DOT's Division of Traffic Safety Programs. There were 11 recommendations and currently three have not been fully implemented. Those recommendations concern the Division's staffing and organization; maximizing federal reimbursements; and efficiency and effectiveness reviews.

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

Condensed below are the 30 findings and recommendations presented in the audit report. There were 21 repeat recommendations. The following recommendations are classified on the basis of updated information provided by Lori A. Beeler, CPA, Special Assistant for Audit Coordination and Risk Management, Office of Finance and Administration, Department of Transportation, via electronic mail received on September 14, 2009.

#### **Accepted or Implemented**

- 1. Perform review of accounts receivable monthly to ensure that reimbursement projects are billed on a current basis and that receipts, where applicable, prorated between periods for accurate recognition in the appropriate accounting period. (Repeated-2007)**

**Finding:** The Department of Transportation failed to pro-rate certain Federal receipts between FY08 and FY09 for projects that had cost incurred during both fiscal periods. Also, a material amount of revenue, which was earned prior to year end but received after the Department's cut-off date of its review of lapse period receipts, was not recorded until the following year.

#### Revenue Recognition

A review of accounts receivable and receipts during the lapse period disclosed thirty instances of improper recognition of revenue and sixteen instances of improper exclusion of revenue.

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In the first thirty instances, the Department recognized federal reimbursement as revenue despite the contract service dates having activity spanning both FY08 and FY09 for which a pro-rate portion should have been applied. These instances resulted in the Department overstating revenue by \$1,855,138.

In the 16 other instances noted, the Department excluded the recognition of revenue from federal receipts, received during lapse period, for contracts which possessed service dates in FY08. These instances resulted in the Department understating revenue and overstating deferred revenue by \$5,260,157.

The above discrepancies resulted in the Department inaccurately excluding \$3,405,019 of revenue which when extrapolated over the entire population of reimbursements caused liabilities to be overstated by \$8,887,086 (Road Fund). An adjusting journal entry was recorded to correct these differences along with the related receivable and deferred revenue amounts.

### Deferred Revenue

A review of accounts receivable and receipts during the lapse period disclosed five instances of improper recognition of deferred revenue. In four of the instances, the Department recognized reimbursement of receipts as deferred revenue despite contract service dates having activity spanning both FY08 and FY09 or service dates only pertaining to FY09 for which a pro-rated portion should have been applied. These instances resulted in the Department overstating deferred revenue by \$716,634. The final instance noted pertained to a project recognized as deferred revenue even though reimbursement occurred during the lapse period (or cash received by the end of the lapse period). This instance resulted in the Department overstating deferred revenue by \$145,424. An adjusting journal entry was recorded to correct these differences.

Department personnel stated the reports for year end were created to look at individual payments to determine proper classification of revenue or deferred revenue based on when the federal reimbursement occurred. Due to the nature of these funds it was thought such that the Federal turn around of reimbursement would be quick enough that the Department set a July 15 cut-off for recognition of current revenue in 2008 and deferred the remainder to 2009.

**Updated Response:** Implemented. The Project Control Section in the Bureau of Budget and Fiscal Management has developed a manual system to identify the expenditure data, including the service dates, which generated the revenue. This system is currently being tested on FY09 data.

- 2. Continue training for formal inventory policies and procedures for all Districts/Sites and maintain commodities quantity and costing records throughout the year. Furthermore, perform periodic physical inventory counts of commodities inventory and reconcile those counts to commodities records, e.g. Materials Management Information.**

**Accepted or Implemented – continued**

**Also, implement a review at year-end to compare costs assigned per inventory listings to the most recent invoice amounts to ensure accuracy of the unit costs. This practice should help to ensure that inventories are accurately valued for financial statement purposes. (Repeated-1994)**

**Finding:** The Department did not follow its formal commodities inventory policies or procedures in conducting the June 30, 2008 physical inventory. In addition the Department does not maintain a perpetual inventory system.

**Inventory Counts**

During physical inventory counts, auditors noted discrepancies between audit test counts and Department inventory counts resulting in an overstatement of the year end inventory balance of \$25,401, which, when extrapolated over the entire inventory population, resulted in an estimated overstatement of \$600,360. This was considered immaterial by the Department, so it did not post a journal entry for the overstatement. It was noted through inquiry, the Department did not count any commodities items with an estimated extended cost below \$500. The Department viewed these items as immaterial. In addition, the Department did not record counts correctly for the FY08 inventory process. Auditors noted seven instances where the Department inaccurately recorded an inventory count which caused inventory valuation to be overstated by \$3,492,828. The Department corrected the inaccuracies prior to recording the final inventory amount in the financial statements.

**Inventory Pricing**

During price testing, auditors noted numerous items in the inventory listing contained pricing errors. Auditors noted discrepancies between final inventory prices and invoice prices resulting in an overstatement of the year end inventory amount of \$191,335. When extrapolated over the entire inventory population, this discrepancy resulted in an estimated overstatement of \$935,870. The Department did not post a journal entry for the overstatement because this item was considered immaterial.

Department personnel acknowledged that discrepancies were noted between the audit test counts and Department physical inventory counts. The Department did view items at an estimated composite cost of less than \$500 as immaterial, and did make the conscious decision not to count those commodities. Due to the high volume of purchases for various commodity items, an extensive overhaul would be required in order to provide multiple unit price information for common items. Therefore, certain commodities were given equal pricing.

**Response:** **Inventory Counts**

The Division of Highways staff is preparing a spreadsheet which goes out to all districts on which they will record the inventory counts. We are going to expand the spreadsheet to include last year's counts. We will have the spreadsheet perform a calculation for variances and ask the districts to investigate items with significant variances and provide reasons as to why there is a variance.

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Inventory Pricing

When the district is pricing out some of the commodity items they will average the cost among their yards to get an average district price. Also general pricing errors occurred. We will have a conference call with all the districts approximately a month before the inventory is taken. In this call we will emphasize the importance of correct pricing and attention to detail. This call will be followed up with a detailed memo reiterating the main points made in the call.

**Updated Response:** Implemented. No change.

- 3. Perform reviews of all government-mandated non-exchange transactions monthly to ensure disbursements of shared revenues are accrued to the extent the revenues are earned.**

**Finding:** The Department restated the beginning fund balance for fuel tax revenues which were not properly accrued as revenues for FY07.

The Department's review of the Motor Fuel Tax Revenue Fund indicated a restatement of the fund balance of the Road Funds, Grade Crossing Fund, and State Construction Fund. Motor fuel tax revenues are revenues which should have been accrued in the individual funds mentioned above for FY07. The discrepancy resulted in the Department inaccurately excluding \$59,234,000 of fuel tax revenues that should have been recognized during FY07.

**Updated Response:** Implemented. IDOT's accountants have developed schedules to identify the correct reporting periods of MFT revenues. Forms SCO567 and SCO568 are being used to identify proper revenue flow.

- 4. Maintain documentation of all selection activities for Architect-Engineer services including the documentation of need for services, the statements of interest, and the Consultant Unit and Selection Committee activities, decisions, and approvals. Also, ensure all the required members are on the selection committee.**

**Finding:** The Department failed to maintain sufficient documentation to substantiate its selection of contracted Architect and Engineer consultants. Departmental Order 06-2, effective August 1, 2002, establishes the procedures and actions required for the Department to implement its selection of architect and engineer (A-E) consulting services in accordance with the Illinois Administrative Code.

According to data from the State Comptroller, the Department expended \$168,534,261 for A-E fees during FY08. Auditors tested 10 Department procurements during FY08 including 2 procurements for A-E consulting services and noted the following:

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### Accepted or Implemented – continued

- There was no documentation in one of two procurements tested that the division requiring the A-E services submitted detailed information concerning the need and scope of the work to its Director before the Department's need for A-E services was published in the Bulletin.
- The Department only maintained the winning vendors' statements of interests for the two procurements tested. The Department reported receipt of 12 and four statements of interest for the tested contracts. In addition, the only documentation maintained for the selection process was a selection committee agenda and a final committee report that showed the ranking of vendors and the rating information.
- The Selection Committee did not have one of the five required members in each of the procurements tested. The Deputy Director of the Division of Highways for Program Development or designee was not a member of the Selection Committee as required.

Department management stated the District was not mindful of the requirement to submit detailed information concerning the need for consultant services to the Director. Regarding the need to save every statement of interest and not only the top three, the additional burden, in the past, would not have provided additional support regarding the documentation of the selection process with respect to the final decision and ranking of the three top firms; however, with the electronic submittals, they are now keeping all the statements of interest. Regarding the missing member on the selection committee, the Director of the Office of Finance and Administration serves as the Deputy Director of the Division of Highways' designee.

**Response:** Partially Accepted. With respect to the issue of a missing member on the selection committee, all the members were in fact in attendance. The Director of the Office of Finance and Administration serves as the Deputy Director of the Division of Highways' designee.

With respect to the issue of who prepares the preliminary ranking, this, as defined in the Departmental Order, is the Consultant Services Unit. The ranking is presented by the Consultant Services Unit and not any one individual. The Consultant Unit prepares a preliminary ranking on the Pre-selection Worksheet. This worksheet does show the preliminary ranking and includes the initials of who prepared the analyses and who reviewed the work of the analysts. Unfortunately, we did not effectively and timely communicate to and share our processes with the auditors during their review. We will correct this oversight with the next review.

With respect to the need to save every statement of interest and not only the top three, the additional burden, in the past, would not have provided additional support regarding the documentation of the selection process with respect to the final decision and ranking of the three top firms; however, with the electronic submittals, we are now keeping all of the statements of interest.

Consultant engineering awards are based on a quality based selection process. Before a consultant firm can submit a statement of interest, it must be prequalified by the

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Department. The prequalification process requires all firms to submit a Statement of Experience and Financial Condition (SEFC) which includes substantially all of the information which would be included in a statement of interest by which a firm is evaluated. The statements of interest have little additional information that the Department already does not have. The Department received in excess of 1,100 such statements as part of the most recent bulletin for consultant projects; many and multiple submittals from the same firms. Safeguarding every detailed statement of interest in the past would have been an unnecessary and costly administrative burden; however, with the electronic submittals, we are now keeping all of the statements of interest.

With respect to the issue of submitting the need and scope of work to the appropriate Director before the project is published in the bulletin as required by the Departmental Order, the Department will share the results of this finding with those districts and bureaus to impress upon them of the need to be mindful of this requirement.

**Auditors comment:** The Department stated in their response the Director of the Office of Finance and Administration served as the Deputy Director of the Division of Highways' designee; however, we were not provided documentation the Director of Finance and Administration was the Deputy Director of the Division of Highways' designee. We reviewed the Department's Directory and noted three individuals with the title of Deputy Director under the Division of Highways; however, we did not receive documentation any of them assigned the Director of the Office of Finance of Administration as their designee.

The Department did not provide us with sufficient documentation to substantiate its selection of contracted architect and engineer consultants. They stated it was too burdensome in the past to maintain all statements of interest and the prequalification process requires all firms to submit a Statement of Experience and Financial Condition (SEFC) which includes substantially all of the information which would be included in a statement of interest by which a firm is evaluated. We were also not provided the SEFCs to review during the testing, so we were unable to evaluate that information provided by the contractors.

The Department stated in their response that the Consultant Unit, and not any one individual, prepares the preliminary ranking. As noted in the finding, the only documentation provided to the auditors for the selection process was a selection committee agenda and a final committee report on a spreadsheet with no clear documentation of the preparer(s), dates of decisions, and approvals. The Department conceded in their response they did not effectively and timely communicate and share their processes during testing to allow a proper analysis of the A-E selection process and decisions.

**Updated Response:** Implemented. With respect to the need to save every statement of interest and not only the top three, the department now maintains an electronic copy of all Statements of Interest and the worksheets of how the firms were ranked, starting with PTB 151.

**Accepted or Implemented – continued**

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With respect to the issue of submitting the need and scope of work to the appropriate Director before the project is published in the bulletin as required by Departmental Order 6-2, this order has been revised to reflect the district submitting projects for advertisement to the director or the director's designee. Bureau of Design and Environment (BDE) is the director's designee. BDE receives OP&P and the Deputy Director's concurrence in advertising the submitted projects.

- 5. Follow all the appropriate, required procedures for the procurement and selection of land acquisition appraisal services. Also, ensure adequate documentation to substantiate procurement activities and decisions is maintained.**

**Finding:** The Department failed to maintain adequate documentation to substantiate the awarding of contracts for land acquisition services related to highway construction projects. According to Comptroller data, the Department expended \$8,646,814 for land acquisition appraisal activities. Auditors tested 10 Department procurements including two awarded for appraisal and review appraisal services to be performed during FY08 and noted the following:

- District Engineers did not submit a memorandum justifying the need for such services to the Director of Highways for the request for proposal (RFP) before one of two RFPs were issued to perform appraisals and review existing appraisals.
- The Director of Highways did not approve all members of the Selection Committee. In addition, the Selection Committee's Recording Secretary was the Bureau Chief of the Bureau of Land Acquisition instead of the District Engineer as required.
- Although six vendors submitted proposals for one of two RFPs tested, only the two winning vendors' proposals and bids were maintained and available for review.
- The Department did not give the appropriate notification to a vendor not considered responsive in one of two procurements tested. The Bureau of Land Acquisition determines which vendors are responsive.

Department management stated the underlying cause for this finding is that Departmental Order 6-8 is out of date.

**Updated Response:** Accepted. Departmental Order 6-8, which applies to this process, needed to be updated due to significant changes to the organization since its effective date of 2004. This order has been updated and is in the process of executive review. In addition, the document retention schedule is being reviewed in order to ensure adequate documentation is maintained.

- 6. Continue to work toward ensuring that all bridge inspections are conducted within allowable intervals established by federal regulations and the Department. Also, continue to review the intervals being used and the accuracy of information in the data system for bridges. (Repeated-2006)**

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**Finding:** The Department and local agencies were delinquent in performing bridge inspections during FY08. In addition, the Department should continue to improve the quality of the bridge inspection data. Auditors obtained a download of all bridge inspections from the Department as of March 31, 2008. The list included a total of 26,072 bridges more than 20 feet in length. Local and other agencies were responsible for 18,382 bridges while the Department was responsible for 7,526 of these bridges. In addition, there were 164 bridges that were designated as closed.

### **Bridge Inspections**

Federal regulations generally require an inspection of every bridge greater than 20 feet in length at least every 24 months. The Department has set inspection intervals at greater intervals for some bridges. According to federal regulations, in order to have an interval of greater than 24 months the Department must receive Federal Highway Administration approval. The Department provided us with a 1995 letter from FHWA approving the methodology for its four year inspection program. For bridges over 20 feet which had an inspection interval listed, approximately 40% of those bridges had an inspection interval of 48 months or greater during FY08 compared to 42% during the previous examination. Approximately 3% of bridges have a 12-month inspection interval which remains unchanged from the previous examination. However, there were 180 bridges that were changed during FY08 to a 36 month inspection interval; four of these do not meet the federally approved methodology because of the condition of the deck, super structure, or sub structure.

Although the Department has improved its timeliness of bridge inspections since the last examination, local and other agency inspection timeliness continues to be problematic. Using the intervals established by the Department, auditors determined that as of March 31, 2008 a total of 1,674 (6.5%) bridges had not received an inspection by the anniversary date on which it was due. These potentially delinquent bridges included 78 bridges for which the Department was responsible and 1,596 that were the responsibility of local and other agencies.

According to the Department, the National Bridge Inspection Standards (NBIS) allow a period of time after an inspection for entry of bridge inspection data into the Illinois Structure Information System (ISIS). Inspections are required to be completed when due, but additional time is allowed for the transfer of data from paper inspection records to ISIS

Taking into account these allowances for data entry, a total of 307 bridges were delinquent in receiving an inspection. The Department was delinquent in conducting six bridge inspections in FY08. Of these six bridges, two were rated structurally deficient. Four bridges were more than six months delinquent. Local agencies were delinquent in conducting 301 bridge inspections in FY08. Of these 301 bridges, 33 were rated structurally deficient. Of the 301 bridges, 98 (33%) were more than one year delinquent.

### **Accepted or Implemented – continued**

#### **Bridge Data Reliability**

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The Department has taken steps to improve bridge data since the FY07 examination; however, incorrect data still has to be identified manually.

Department management stated the inspection of six (0.08% of inventory) bridges owned and maintained by the State were not timely due to several issues including weather delays, scheduling conflicts, equipment availability, and interference with construction projects. Local agencies were not timely in the inspection of 301 (1.6% of inventory) bridges for many of these same reasons. Further, Department management stated they had inadequate controls in place to identify and correct errors in the Bridge Inventory Data.

**Response:** Accepted. Ideally, there should never be a delinquent bridge inspection. However, there will always be instances where staffing issues, equipment breakdowns, weather, or other circumstances will cause minor delays. The Department will continue to try to minimize those cases. The rate of delinquent inspections by local agencies has always been higher than the Department's. The Department will continue to take every opportunity to educate local bridge owners on the importance of timely bridge inspections. New National Bridge Inspection Standards (NBIS) regulations require each bridge owner to have a qualified program manager to be responsible for meeting inspection deadlines. A program manager must have bridge inspection experience and receive NBIS certified inspection training. This new requirement will bring needed emphasis for timely inspections and should help to reduce the number of delinquent bridge inspections in the future.

Computer programming issues have delayed efforts by the Department to make needed changes and enhancements to the Bridge Inspection database. As a result, the Department must continue to identify data errors through manual checks until resources are allocated for this effort. The Department will be developing a training class for staff responsible for the entry of all bridge inventory data in order to minimize recurring data deficiencies.

**Updated Response:** Accepted. With respect to timely bridge inspections, analysis for the FY09 audit shows a considerable improvement in this finding. State was delinquent on one bridge (previously six) and Locals were delinquent on 110 (previously 301). The Department will continue to stress the importance of timely inspections.

With respect to bridge data reliability, FY09 audit analysis shows an improvement in the data quality. The Department will continue to work on improving data quality.

- 7. Ensure payments for relocation services are adequately supported. Also, document the date performance evaluations of land acquisition consultants were submitted to the Central Bureau of Land Acquisition and ensure the evaluation period is included. Finally, perform the required performance evaluations for A-E consultants.**

**Finding:** The Department did not maintain adequate documentation of timely evaluation of land acquisition consultants and architect and engineer (A-E) consultants, and did not

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maintain adequate supporting documentation for a relocation payment. Auditors noted the following:

- The Department acquired property occupied by a business and paid \$124,584 to the business owner for relocation expenses. Of the amount paid to the vendor, \$96,000 for the relocation of 26 mobile homes and \$356 in advertising expenses could not be substantiated due to a lack of detailed support.
- Three of six land acquisition consultant contracts tested did not contain support for the submission date of the Department's performance evaluations completed for FY08 work. In addition, one of six contracts tested contained a performance evaluation that did not include the evaluation period.
- The Department did not perform the required performance evaluations during FY08 for five of ten A-E consultants' contracts tested as required by Departmental Order 06-2.

Department management stated the evaluation requirements were changed; therefore, the prior deadlines were not an issue. The evaluations submitted via the LACE system negated the need for the submittal of separate forms to the Central Office. Department management further stated the invoice for the relocation of the mobile home park did have adequate documentation to support the charges.

**Response:** Partially Accepted. The evaluation submittal date and other such information for land acquisition consultants are entered by the Districts directly into the LACE system. No separate form is submitted to the Central Office. We may not have been entirely clear in our explanation of this process during the audit.

With respect to the submittal of interim evaluations, this requirement was changed in the Evaluation Guide (revised 2006) and the Departmental Order (Revised 2009). The six month intervals have been omitted.

With respect to the lack of detailed support for the relocation of the mobile home business, the invoice submitted did include advertising invoices, invoices for labor, storage, and especially all of the mobile home moving sheets documenting the vast majority of the costs including which mobile homes were moved, VIN numbers (26 units), date, location moved from/to, etc. The amount charged per move was a negotiated and agreed upon price with IDOT and the vendor/ business being moved. The amounts varied based on mobile home size, type, foundation, double-wide, roof line, cost to re-assemble, etc. Department personnel were also present during the moves and approved and reviewed all billings. We believe there was adequate documentation.

### **Accepted or Implemented – continued**

**Auditor's Comment:** The Department stated in their response that the evaluation submittal date and other such information for land acquisition consultants are entered by

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the Districts directly into the LACE system. The Department also stated no separate form is submitted to the Central Office. The Department did provide us with printouts from the LACE system, but the dates were inconsistent. Some dates noted were before the evaluation period end dates and some dates were after the evaluation period; therefore, we could not rely on the data.

The Department further stated the requirement for interim evaluations was changed in the Evaluation Guide (revised 2006) and the Departmental Order (revised 2009). The Evaluation Guide was never provided to us and the Departmental Order was revised after our testing was performed.

The Department stated in their response the invoice submitted included advertising invoices, invoices for labor, storage, and all of the mobile home moving sheets documenting the vast majority of the costs including which mobile homes were moved, VIN numbers (26 units), date, location moved from/to, etc. The Department also stated the amount charged per move was a negotiated and agreed upon price. However, the invoice and information provided to us for the advertising cost did not agree to the amount paid to the vendor. In addition, the only documentation provided to us regarding movement of the mobile homes were sheets completed by the vendor stating what was moved and the cost. The costs in the invoice provided to us were not adequately detailed with information such as the criteria (type, foundation, etc) used to determine the cost and did not contain documentation that the amounts paid to the vendor were negotiated and agreed upon by the Department. We requested additional support for the amounts paid numerous times but none was provided to us.

**Updated Response:** Implemented. The evaluation submittal date and other such information for land acquisition consultants are entered by the Districts directly into the LACE system. The Central Bureau of Land Acquisition has implemented a documented process for reviewing the data for accuracy.

- 8. Implement the recommendations in the Fleet Efficiency Report and ensure tracking system for vehicles is adequate. Further, implement controls to ensure tracking of personally assigned vehicles, and monitor adherence to current Department policies regarding take home vehicles. Also, report all changes in vehicle assignments and vehicle accidents to DCMS as required and ensure adequate documentation of vehicle usage is maintained for all vehicles including pool vehicles. (Repeated-2007)**

**Finding:** The Department did not have adequate controls over tracking the costs and usage of State vehicles, the assignment of State vehicles to employees, and its reporting of vehicle accidents to the Department of Central Management Services. During the current and prior year examinations, auditors reviewed the Department's policies and the recommendations of the State of Illinois Fleet Efficiency Review Final Report (Report) released in December 2004. Auditors noted the following:

### **Tracking Costs and Usage**

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According to the Report, the Department maintains the State's largest fleet comprising approximately 37% of the State's total fleet. The Report noted the Department was either unable or unwilling to provide the costs of its fleet related services. The Report recommended the Department replace its Maintenance Management Information (MMI) system with different software, and recommended the Department use the software for all fleet and related equipment transactions. Currently, the Department is still using the same MMI fleet tracking system. This software tracks cost data for fuel, oil, and repair work, but does not track all the costs associated with the fleet or related equipment transactions.

The Department did not maintain a written record of usage and approvals for six of 25 pool vehicles tested. The Department also failed to obtain employee signatures for four of the 25 pool vehicles tested. Departmental Order requires each Motor Pool Administrator to schedule vehicle use and preventive maintenance. It further requires short-term assignments to be recorded in a log book or other written record maintained by the Pool Administrator which must contain:

- Name and signature of the employee to whom the vehicle is assigned.
- The assigned vehicle's inventory number and license plate number.
- Time of vehicle checkout and the approximate time the vehicle is to be returned.
- The vehicle's mileage at the beginning and upon completion of the assignment.

### Vehicle Assignments

Departmental Order 11-2 states that: *"The use or assignment of a state vehicle does not include approval to drive the vehicle home. The state is not responsible for providing transportation to and from an employee's home, except as authorized by the proper IDOT authority and when it serves the interest of the state."*

The Department's assignment of vehicles to employees was authorized by Directors and District Engineers until May 1, 2008. During the prior period, auditors noted that the vehicle report on take home vehicles provided by the Department to DCMS was missing critical information including: the justification for having to take home a vehicle (12%), the date assigned (86%), payroll classification or title of the individual assigned the vehicle (2%), average monthly mileage (5%), current vehicle mileage (3%), days per month business stops made (1%), and the miles from home to headquarters (1%). During the current examination, the Department reported 704 assigned take home vehicles to DCMS during FY08. The FY08 report to DCMS was only missing information for the date of vehicle assignment (86%).

The Report also addressed the issue of assigned vehicles and take home vehicles and stated that cultural-entitlement is invasive throughout the Department. The Report concluded that: *"Our recommendation for changing this cultural-entitlement issue is to advise all employees that effective January 1, 2005 (or some appropriate date that gives employees several weeks to work out alternative commuting transportation), no State vehicle is to be used to commute..."*

### Accepted or Implemented – continued

The Department's Secretary enacted a policy revoking all take home vehicle privileges effective May 1, 2008 due to budgetary constraints. Auditors could not determine if 3 of 15

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(20%) employees tested were following the policy and parking their State vehicles at the end of the work day due to repetitive gas purchases near the employees' homes.

### **Vehicle Reporting**

Eight of 25 (32%) vehicle accidents tested were reported to DCMS from 19 to 125 days late. The Department's Automobile Usage and Risk Management Summary requires a Department Liability Coordinator to forward all accident reports to DCMS within seven days of the occurrence. Also auditors noted three of 25 (12%) employees tested were assigned to a new vehicle during FY08 and the vehicle changes were not timely reported to DCMS.

Department management stated the current fleet management system needs to be updated to correct the issues noted. In addition, they stated personnel need to be reminded of the recordkeeping requirements of responsibilities when using fleet vehicles. Department management further stated the late reporting of accidents is due in part to the fact that many accidents are not discovered until sometime after occurrence, in excess of the seven day reporting requirement.

**Response:** Accepted. The Department recognizes the need to improve its management of its vehicle fleet and correct the issues noted in the finding. We are currently exploring the need to procure or develop a system to automate and track the data more accurately and completely. Employees will be reminded of the recordkeeping requirements and responsibilities when using fleet vehicles. Many of the accident reports in question are not reported to DCMS within seven days of occurrence because they are the result of damages from snow throws or debris from snow plows which are often not discovered for several days after occurrence. Due to this fact, the Department will work at changing the reporting rule to require the reporting of the accident seven days after discovery and not occurrence.

**Updated Response:** Implemented. The Department has revised or created Forms BoBS 3708 Multiple Driver Log, BoBS 3710 Motor Vehicle Trip Ticket and BoBS 3707 Personal Assignment Request to include audit recommendations. The Department is unable to timely report many accidents to DCMS within seven days of occurrence because they are the result of alleged snow throws or debris thrown from snow plows which are frequently not reported by the claimant or their insurance carrier (to the driver/department) until well after the occurrence. The Department will revise Departmental Orders 5-1, 5-2 and/or 11-2 to define timely accident reporting requirements.

### **9. Maintain proper supporting documentation and properly monitor payments made to recipients to ensure that payments are used for comprehensive regional planning purposes.**

**Finding:** The Department did not maintain supporting documentation for payments made to recipients from the Comprehensive Regional Planning Fund.

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During FY08, the Department was appropriated and expended \$5 million as stipulated in the Act, but auditors were unable to determine if the funds were used appropriately for planning purposes as no documentation of the use of funds was available for review.

Department management stated it had always followed the Act when it made the lump sum distribution to the recipients and relies on the Department's review of the single audits to monitor costs.

**Response:** The Department agrees with the recommendation that costs should be reviewed to see that they are properly incurred. For these Metropolitan Planning Organizations (MPOs), their federal single audit is reviewed by the Department for strict compliance to federal regulations. Any issues involving such violations would be investigated by the Department.

We will train our planning liaisons in order to have them periodically check the backup material when they visit the various Metropolitan Planning Organizations in the course of their regular meetings.

**Updated Response:** Accepted. The Department continues to work with MPO's, documentation is improving. CMAP has provided documentation to reconcile their FY09 allocation.

**10. Ensure that contractors comply with the contractual agreements and commence work within five calendar days after receipt of an executed work order and that all work orders include the submittal date when required. Appraisals should contain a review appraiser's signature when required, and the contractors commence work within five calendar days after date of authority to proceed.**

**Finding:** The Department did not properly monitor its payments to land acquisition appraisers and Architect-Engineer (A-E) consultants. Auditors tested two land acquisition appraisal contracts and two A-E consulting contracts and their related payments and noted the following:

- In six of 27 vouchers tested for appraisal services totaling \$11,700, the vendors began work from 7 to 117 days after the date of the executed work orders. In addition, in 12 of 27 vouchers tested, totaling \$24,800, the vendors began work from 7 to 12 days before the receipt of the executed work orders.
- In five of 27 vouchers tested for appraisal services totaling \$10,700, the work orders did not include the submittal date.

### Accepted or Implemented – continued

- Two of 27 vouchers tested for appraisal services, totaling \$3,200, did not contain an appraisal review certification or a review appraiser's signature.

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- In three of seven A-E consulting vouchers tested totaling \$15,742, the vendors began work from five to 51 days before the date of authority to proceed. In addition, for two of seven vouchers tested, totaling \$1,260, the vendor began work 81 to 102 days after the date of authority to proceed.

Department management stated the underlying cause for bullet points one and three was that the outdated contract requirements do not reflect the way that the Districts are correctly processing work orders. In addition, the need for a review appraiser for excess lands was unnecessary considering that they are required to obtain 3 appraisals for the sale of excess lands. The cause of the second and fourth bullet points was that the project managers should have been mindful and ensured that the work orders included the submittal dates and questioned the circumstances of the issues cited regarding the commencement of work dates.

**Updated Response:** Implemented. The Department has updated the contracts related to this finding. Project managers will continue to be reminded to ensure that submittal dates are on work orders and investigate issues concerning start dates on projects.

### **11. Ensure all required notifications are made in the Illinois Procurement Bulletin and procurement files contain proper documentation. Also, implement controls to ensure required reports are received timely by contractors. (Repeated-2007)**

**Finding:** The Department did not maintain adequate documentation in its procurement file, failed to post the appropriate notification on the Illinois Procurement Bulletin, and did not timely receive reports required by the contract.

The Department issued a request for proposal (RFP) and awarded a contract to a vendor to provide supportive services for the Disadvantaged Business Enterprise (DBE) program including services such as recruitment, training, and technical assistance in each of the Department's nine districts. During testing of the RFP and related contract, auditors noted the following:

- The Department did not maintain a copy of the sealed utilization plans submitted by the four losing bidders as required.

Department management stated at the time this RFP was published, original Utilization Plans for all vendors were required to be sent, unopened, to Central Management Services (CMS), Business Enterprise Program, Bureau of Strategic Sourcing and Procurement, per CMS instructions.

Once the Department selected a potential winning vendor, the Department's Bureau of Business Services (BoBS) notified CMS and they returned only the potential winning Vendor's Utilization Plan back to BoBS. All other Utilization Plans were kept by CMS. This was a decision made by CMS, not the Department.

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- The Department did not provide the required notification on the Illinois Procurement Bulletin that the contract, totaling \$1,370,000, was awarded to the vendor without the lowest bid.

Department management stated the staff member did publish the notice of intent to award on the Illinois Procurement Bulletin as required, but inadvertently selected "Contract Award Notice" from the drop-down field on the bulletin, when they should have selected "Award to Other than Lowest Responsive Bidder," since this procurement was handled as Professional and Artistic.

Five vendors submitted proposals for the Technical Assistance Solicitation. Not all vendors bid on all nine Districts. The selected vendor received the highest total responsiveness points of all five vendors for Districts 1-9.

- The contractor had submitted only five of 12 required monthly reports as of June 30, 2008 and these reports were received by the Department from 47 to 178 days late. In addition, only one of four required quarterly reports was received and it was 139 days late.

Department management stated the vendor was not complying with the submittal of the monthly reports. The Department has since increased its efforts to compel compliance by the vendor.

### **Updated Response:**

- The Department did not maintain a copy of the sealed utilization plans submitted by the four losing bidders.

Recommendation implemented.

The Department has implemented a Non-construction Professional Services Procurement File Document Checklist (BoBS 2811) to be completed by Section managers for each procurement file to ensure that all offers include two copies of the sealed utilization plans.

- DOT did not publish on the Notice of Intent to Award that they awarded the contract to a vendor other than the lowest bidder as required by the Procurement Code.

Recommendation implemented.

Section Managers responsible for the RFPs have been instructed to make the appropriate choice when publishing an award.

### **Accepted or Implemented – continued**

- Monthly reports not received from vendor.

Recommendation implemented.

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The Department has taken serious steps to compel compliance by the vendor. The \$200 per day penalty has improved timely report submissions significantly. Vendors are being impacted by the penalties and are being monitored for noncompliance which may result in eventual contract termination.

12. **Implement controls to review the employee override for duplicate payments. In addition, implement controls to prevent duplicate payments between accounting entities and over different fiscal years for the re-appropriated accounts. Further, obtain reimbursement for any duplicate payments made. (Repeated-2007)**

**Finding:** The Department did not have adequate controls to prevent inappropriate payments to vendors. During testing, auditors noted four instances where the Department issued \$10,959 in duplicate payments to vendors during FY08. Auditors obtained a report of potential duplicate vouchers using auditing software and the following four of 25 payments tested were issued twice by the Department:

- \$3,026 to the Communications Revolving Fund for telecommunication services
- \$7,378 to a consultant for condemnation services
- \$213 for aerosol cleaner
- \$342 to an employee for mileage reimbursement

The Department's accounting system invokes a warning for duplicate payments for invoices if the invoice number already exists or if the payee identification and invoice dollar amount are the same; however, the same individual who enters the voucher can override the alert. In addition, there is no centralized report to allow management to review all employee overrides for reasonableness. Further, the system only warns for duplicates within the same accounting entity and fiscal year, and the Department has 35 accounting entities who enter vouchers and also has reappropriated accounts that do not lapse at the end of the fiscal year.

Department management stated during the prior and current examinations that the errors were mainly due to the accounting system's inability to cross check duplicate payments by two separate accounting entities.

**Response:** Accepted.

- \$3,026 paid to the Communications Revolving Fund was credited back to the Department six days after it was recorded as paid to CMS.
- \$7,378 paid to a consultant for condemnation services. The consultant will be invoiced for the duplicate payment.
- \$213 paid for aerosol cleaner. The vendor has now refunded the overpayment to the department.

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- \$342.29 to an employee for mileage reimbursement: The Department was aware of this payment and the issue has been pending with Labor Relations.

The Department will review its processes so that duplicate payments and employee overrides are controlled and monitored.

**Updated Response:** Implemented. The employee has repaid \$342.29 for mileage reimbursement:

Budget liaisons for each BRESP or accounting entity have been provided an application and instructed to track their invoices sent to BoBS in order to prevent duplicate payments. BoBS accountants will not accept an invoice that has not been approved via a proprietary stamp issued to each liaison.

- 13. Strengthen controls over property control. Specifically, implement procedures to ensure all equipment additions are recorded timely and accurately. Also, ensure all property control transactions are adequately supported and inventory listing is accurate. Finally, ensure that surplus property affidavits are filed before purchasing new furniture over \$500. (Repeated-2007)**

**Finding:** The Department did not maintain sufficient controls over its property and related records. Auditors noted the following:

- The Department did not timely record 11 of 25 equipment additions tested, totaling \$162,185 on its property records. These items were recorded from 4 to 79 days late.
- The Department could not provide supporting documentation for three of 25 additions tested, totaling \$41,965. In addition, the Department could not locate the surplus delivery form for one of 25 deletions tested, totaling \$1,900.
- Twenty of 70 equipment items tested, totaling \$158,663, were included on the Department's property control records but could not be physically located. Department management stated some of the items were surplus or transferred to other entities; however, a surplus delivery form or other adequate documentation was not provided.
- Seven of 30 equipment vouchers tested contained property items that were not properly recorded on the Department's inventory records. Four items totaling \$204,706 could not be located on the inventory listing. In addition, two items were overstated on the inventory listing by a total of \$2,072 and a vehicle's vehicle

### Accepted or Implemented – continued

identification number (VIN) on an invoice and voucher did not agree with the VIN number on the property records.

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The Department did not file a surplus furniture affidavit with the State Surplus Administrator prior to purchasing nine new furniture items with unit prices of \$673.

Department management stated the issues noted were due to unresolved employee staffing issues and training.

**Response:** Accepted. The staffing needs are being reevaluated. It's important to note that we believe we have resolved a significant number of the issues noted in the finding, though unfortunately subsequent to the completion of the auditor's work.

**Updated Response:** Accepted. The staffing needs related to this finding have been addressed.

**14. Properly complete Quarterly Reports of State Property (C-15s) accurately and in accordance with SAMS procedures. Also, ensure transactions on the C-15 agree to the common systems inventory schedules supporting documentation.**

**Finding:** The Department did not exercise adequate control over the reporting of State property. Three of four Quarterly Reports of State Property (C-15s) submitted to the State Comptroller's office during FY08 did not agree to the Department's support for those transactions on the common systems inventory transaction schedules. Total net difference between C-15s and Department records was (-\$2,178,989).

Department management stated the underlying cause was that three of the four quarterly reports were completed by three different people. This brings on different interpretations of guidelines and a discrepancy in data analysis.

**Updated Response:** Implemented. The department now has a written procedure for filling out this report and a single employee dedicated to completing this report. Correct reports have been identified to properly complete the C-15 in accordance with SAMS guidelines.

**15. Comply with the State Officers' and Employees' Money Disposition Act by making timely deposits into the State Treasury and documenting the date that all funds are received. In addition, ensure receipts and refunds contain adequate documentation to substantiate the amount received. (Repeated-2007)**

**Finding:** The Department did not timely deposit or adequately support receipt transactions. Auditors noted the following weaknesses:

- Seventeen of 124 receipts tested, totaling \$567,173, and 10 of 25 refunds tested, totaling \$36,167, were deposited from one to 25 days late.
- The timeliness of deposit could not be determined for 38 of 124 receipts tested, totaling \$375,898, and 13 of 25 refunds tested, totaling \$141,259, because the Department did not maintain documentation of the date received.

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- Nine of 124 receipts tested, totaling \$1,033,049, and three of 25 refunds tested, totaling \$3,575, did not have adequate supporting documentation, so auditors could not determine if the proper amount was received.

Department management stated the problems noted were primarily due to the need for up-to-date procedures to promote staff compliance.

**Response:** Accepted. Up-to-date procedures were needed to help promote compliance as well as separation- of-duties. Consultants have been working on our new procedures for several positions in the Fiscal Operations Unit. This will allow other individuals to perform the work when the one staff member, who is solely responsible for deposit activity, is not available. The relocation of our unit during December 2008 allows us to follow separation of duties which include the use of an individual to receive and stamp in the document activity which is then forwarded on to our staff to complete the analysis and deposit the funds. This helps eliminate the missing dates on documents.

Deliveries of checks from our nine districts as well as other central office bureaus can many times slow down the process of timely and efficient deposit compliance. The department has been working to revise several of the pertinent reports to enhance their use as backup documentation. In addition, we are implementing an electronic filing system to scan all documents for easy retrieval. The Department is also in the process of updating our provisions with the Comptroller and Treasurer as to what areas of deposits need to have extended periods of time because of a variety of factors regarding meeting 30 ILCS 230 to avoid write-ups of non-compliance of timely deposits.

**Updated Response:** Accepted. Procedures have been updated to help promote compliance as well as separation of duties. The Department continues to work on implementing a document imaging process.

- 16. Pursue all reasonable and appropriate procedures to collect on outstanding debts as required by the Department's Revenue Accounting Procedures Manual and SAMS. Also, ensure all debts over \$1,000 and more than 90 days past due are referred to the Comptroller's Offset System. In addition, establish and implement procedures for the tracking and monitoring of complaints related to billings in all districts.**

**Finding:** The Department did not have adequate controls over the administration of its accounts receivables. The Department's miscellaneous accounts receivable includes other joint improvements, project-related revenues and refunds, and receivables arising from engineering testing and inspections, repayment of advances for public transportation, and  
**Accepted or Implemented – continued**

bridge attachment and longitudinal utility fees. Auditors detail tested 10 miscellaneous accounts receivable and noted the following:

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- The Department did not make any collection attempts on an account receivable from another State agency totaling \$95,968 despite it being 270 days past due. In addition, three of 10 accounts receivables tested totaling \$266,220 were not referred to the Department's Bureau of Claims as required. The accounts were from 195 to 398 days late before they were referred to the Department's Bureau of Claims.
- The Department did not refer three of 10 miscellaneous accounts receivables tested totaling \$574,487 to the Comptroller's Offset System timely. The receivables were from 634 to 913 days late as of June 30, 2008 and never referred to the Bureau of Claims.
- Five of nine Department districts did not have an adequate method of tracking and monitoring complaints related to billings. The Department collects various fees including overweight fees, sign permits, diesel emissions, and certificates of safety. Good business practices require procedures for the tracking and monitoring of complaints as they relate to billings.

Department management stated three of the invoices were not submitted to Claims since they involved other governmental units in Illinois and a border State DOT. A more amicable and less costly means has been sought to resolve issues with these invoices. The other three invoices in question had disputes relating to unresolved audit issues which are still under review; therefore, engagement of the Court of Claims may have been premature. With respect to the tracking of complaints, Department management stated a better tracking system was needed.

**Response:** Accepted. As noted in the causes for this finding, delays in the collection of the six problematic invoices in question was primarily due to unresolved audit issues or the fact that other governmental units were involved in disputed invoiced amounts. The Department does make every reasonable attempt to seek the aid of its Bureau of Claims to aid in its efforts to collect on delinquent claims.

Monthly reviews of accounts receivable over 90 days go out to IDOT districts monthly. A change in procedures has occurred where each area receiving this report responds back to the Accounts Receivable Accountant Advanced with comments as to what the status is with each of the accounts over 90 days within 30 days of receiving the report. The Accountant Advanced individual is to follow up on areas who do not respond. We have also requested that each area that reviews the report sign and date that the 90 day report has in fact been reviewed. We added this request so to promote greater accountability and compliance with reviewing the report. A summary of concerns is then presented to the Assistant Chief of Fiscal Operations for review and for any additional follow-up.

In addition, we are working with our IT programmer to identify if a comment field can be added to our ARS system to monitor specifics to aid management in their review processes. In the meantime, the Accountant Advanced is writing comments on the reports for tracking purposes.

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Finally, when districts comply with our requests and identify concerns on the 90 day report they would in fact have adequate backup for monitoring and tracking complaints related to A/R billings.

**Updated Response:** Implemented. The revised process is working, written sign-off is being required and there has been a significant decrease in receivables.

- 17. Implement controls to ensure vouchers are approved timely and signed and dated by appropriate representative and receiving officer. In addition, ensure all required interest payments are made. Also, implement controls to ensure the receipt date of the proper bill is recorded. (Repeated-2007)**

**Finding:** The Department did not exercise adequate controls over voucher processing. During testing, auditors noted the following:

- Sixty-eight of 545 vouchers tested, totaling \$3,227,276, were approved for payment from one to 136 days late. The required interest of \$19,576 was not paid on 15 of these vouchers.
- Thirty-four of 545 (6%) vouchers tested, totaling \$1,796,825, were not approved by an authorized Department representative. The Illinois State Finance Act (30 ILCS 105/9.02(b) (1)) requires every voucher, as submitted by the agency or office in which it originates, to bear (i) the signature of the officer responsible for approving and certifying vouchers under this Act and (ii) if authority to sign the responsible officer's name has been properly delegated, also the signature of the person actually signing the voucher.
- Thirty-one of 545 vouchers tested, totaling \$262,927, were not signed and dated by the receiving officer.
- Twenty of 545 vouchers tested, totaling \$825,756, did not have support for the date received; therefore, we could not determine the timeliness of payment.

Department management stated the personnel were not mindful of the proper protocols for processing vouchers.

**Updated Response:** Implemented. Budget Liaisons were instructed on proper invoice processing during a three-hour class. They were also issued a proprietary stamp, that unless it appears on an invoice, the BoBS accountants will not accept.

### Accepted or Implemented – continued

BoBS is currently implementing a financial scanning project that will encompass invoice processing and tracking.

- 18. Obtain adequate supporting documentation to ensure all charges billed by DCMS for consolidated services are on behalf of the Department. Also, recoup any overpayments made. (Repeated-2007)**

**Finding:** The Department made payments for Information Technology (consolidated services) to the Department of Central Management Services, without supporting documentation. Each month DCMS provided the Department a billing statement indicating the total charged to the Department. The Department did not always receive sufficient supporting documentation to ensure the charges were for services incurred on their behalf.

During an examination, auditors reviewed two IT billings, totaling \$76,147, and noted \$69,549 in IT charges were billed for September 2007 information processing; however, the support provided did not substantiate the charges were incurred on behalf of the Department.

In addition, the multiple invoices provided were stamped as received by DCMS in May, June and July 2007. Further, during a review of the Department's District Three IT Billings, auditors noted the Department had been billed and paid \$6,598 in Building Rent. However, the Department had been billed and paid for the same space utilization through the Facility Management billings.

Department management stated the Department needs to obtain a more transparent path of documentation from DCMS before approval of the voucher. With respect to the building rent, DCMS' explanation was that the Department was not double billed for the same charges in the two rent payments.

**Response:** Accepted. The invoices paid were for services provided to the Department; however, the billing process is problematic and not totally transparent. The Department will share the results of the audit findings with DCMS and discuss the documentation issues with DCMS to resolve the problems noted.

**Updated Response:** Implemented. The Department has improved the monitoring process of these invoices. Every DCMS invoice is reconciled before it is paid.

- 19. Maintain data to facilitate the accurate reporting of fees on its Agency Fee Imposition Report.**

**Finding:** The Department did not maintain supporting documentation for the fees reported on its Agency Fee Imposition Report.

The Department collects various types of fees including oversize and overweight permits, rental of right of way, air transportation, and for the displaying of business logos along certain highways. The Department reported it collected fees totaling \$24,512,749 for 28

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different fee types on its FY08 Agency Fee Imposition Report but was unable to provide supporting documentation for the amounts reported.

Department management stated the issue with the Fee Imposition Report came about when Department personnel were entering the data. The person responsible for the report at the Office of the Comptroller informed Department personnel that if rates haven't changed, then there would be no need to change any information from the previous year. Department management stated there may have been an unfortunate misunderstanding in that the individual must have thought that meant the actual number of collections instead of the rates. As a result, the dollars collected were accurate but the number of times a fee was collected was not.

**Updated Response:** Implemented. A procedure to obtain email responses has been implemented and the execution is being followed to correctly complete reporting of these fees.

### **20. Ensure interagency agreements are approved prior to the effective date of the agreement, and ensure terms of the agreement are followed. (Repeated-2007)**

**Finding:** The Department's process to monitor interagency agreements was inadequate. Auditors noted the following:

- Nine of 22 interagency agreements tested were not signed by all parties prior to the effective date. The agreements were signed from three to 253 days late.
- For two of three agreements tested, entered into by the Office of the Governor and the Department, for the sharing of employee services ("liaisons") during FY08, the salaries paid differed from those salary amounts specified in the agreements. One employee was to be paid \$107,000, 75% by the Department (\$80,250) and 25% by the Office (\$26,750) and was instead paid \$83,516 by the Department and \$26,394 by the Office. In addition, the agreement required the Department to maintain all leave administration and other personnel activity; however, leave administration and timekeeping for the employee was maintained by the Governor's Office. The second employee was paid \$53,054 by the Department during FY08 and the agreement specified an annual salary of \$49,860.

### **Accepted or Implemented – continued**

Department management stated because of the involvement of other agencies and lack of total monitoring and control by the Department, issues such as the ones noted do occur.

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**Response:** Accepted. We will work with the other agencies participating in the interagency agreements, when possible, to ensure a more timely process.

With respect to the issues concerning the three interagency agreements for liaisons, these agreements were developed by the Office of the former Governor and sent to the Department to execute and then returned to the former Governor's Office, for execution. While the interagency agreements clearly establish a sharing responsibility for the salary and leave administration of each employee, the Department was not in control of the agreement execution process at the former Governor's Office and can therefore not address the time lapse between the effective date of the agreements and when we received them to execute, or when the former Governor's Office executed the agreements after the Department had returned them for their execution.

With regard to the timekeeping issues with one of the interagency agreements for liaisons, insurance and deferred compensation benefits were deducted by IDOT. As noted, leave administration was not handled by IDOT, but rather by the former Governor's Office. The former Governor's Office used an electronic timekeeping system and informed IDOT that the individual's time off requests would be submitted and approved or denied electronically within the Office of the former Governor and that the employee would not be sending paper time off requests to IDOT to approve or deny.

Because all management staff at the former Governor's Office apparently used electronic timekeeping, they did not want to agree to have the individual's leave administration handled by paper, through IDOT. As to the approval or denial of the electronic time sheets submitted by the individual, the former Governor's Office would have had to respond to the actions taken by the individual's supervisor in the former Governor's Office. When the Department is asked to enter into such interagency agreements in the future, we will coordinate with the Governor's Office to ensure that leave administration is handled by the Governor's Office, rather than by IDOT. With regard to the salary issues noted, the Department had sent a letter to the former Governor's Office signed by the Secretary of Transportation amending the interagency agreements to correct the salary information. The former Governor's Office was asked to sign the letter as a two-party agreement to amend the interagency agreements. We contacted the former Governor's Office numerous times over several months to get the signed copy of the letter (i.e., to have been signed by the former Chief of Staff). Each time we were told the former Governor's Chief of Staff still had the letter to sign.

We never received a signed copy of the letter and had to assume it was not signed. Unfortunately we cannot remedy this situation. When it is agreed to increase salaries for staff paid through interagency agreements with the Governor's Office, the department will coordinate with the Governor's Office to make every effort to execute appropriate amendments to the interagency agreements in a timely manner, prior to the effective date of the salary adjustments.

**Updated Response:** Implemented. We will work with the other agencies participating in the interagency agreements, when possible, to ensure a more timely process. The Department will also monitor the agreements to ensure compliance with the terms of the agreement.

21. **Formally communicate to DCMS the Department's security requirements, and establish and document guidelines that outline both the Department's and DCMS responsibilities. The Department should establish methods and procedures to monitor compliance with the requirements and guidelines. If noncompliance is identified, the Department should formally follow-up with DCMS to ensure a timely remediation plan is developed and implemented.**

**In addition, the Department should finalize and implement the draft Information Technology Policy and develop and implement a security awareness program. (Repeated-2006)**

**Finding:** The Department in conjunction with DCMS had not established adequate controls for securing its computer resources. The Department had established computer systems in order to meet its mission and mandate. The Department processed and maintained critical and confidential information on computer systems.

Effective January 15, 2005, the DCMS Law authorized the consolidation of Information Technology functions of State government to the DCMS, which included the Department.

After consolidation, DCMS became the primary Information Technology service provider for the Department. As a result, the Department and DCMS have a shared responsibility over the security and integrity of the Department's applications and data. However, the Department has the ultimate responsibility to ensure its applications and data are adequately secured and monitored.

Although the Department had a draft version of a revised Information Technology Policy, the Policy currently in effect, dated May 15, 2000, is over eight years old and did not reflect the current environment. Additionally, the Department had not implemented a security awareness program or conducted security training in the last two examination periods.

In addition, during the prior review, auditors identified the following weakness:

- Servers were not always updated with the current vendor recommended patch levels.
- An excessive number of users had powerful security administration authority.
- Password length and content requirements were lacking.
- Accounts for terminated employees were still active after termination.
- Access rights to Department applications and data were not routinely reviewed.

During our current review, auditors requested from the Department their methods and procedures to ensure DCMS had corrected the identified weaknesses, and to verify the

**Accepted or Implemented – continued**

DCMS midrange environment provided the necessary security and was effectively monitored. However, such methods and procedures had not been implemented.

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Department officials represented that the Department had begun efforts to resolve issues noted; however, due to the size of the project, which includes a full review of IT policies and procedures and the implementation of an updated Security Awareness program, the Department had not been able to finalize its efforts. During the audit review period the Department provided copies of the updated policies and Security Awareness program that were working through final reviews with Legal, Labor Relations and Union contract negotiations.

**Response:** Accepted. The Department continues to work with DCMS pursuant to Public Act 93-0839 in which CMS has assumed responsibility for the statewide Information Technology Infrastructure. The Department is working with DCMS on implementing the recommendations above and providing appropriate documentation to the Department that these functions have been performed by DCMS (reduction of security administrators, enhancing password length and content requirements, deactivating terminated users' accounts, patching servers in a timely manner).

The Department has implemented a revised IT Policy and Security Awareness Program during FY09.

**Updated Response:** Accepted. The Department has successfully implemented IT Policy and Security Awareness Training for every computer user.

The Department has implemented revised Departmental Orders and a Security Awareness training plan. OAG indicated that this portion of the finding would not be repeated for FY09. The outstanding items of this finding related to the midrange issues with CMS are still being reviewed by OAG. These items are related to the policies set by CMS for all consolidated agencies.

**22. Continue developing the comprehensive disaster recovery/business continuity program. Formally communicate to DCMS the recovery requirements, and establish and document guidelines that outline both the Department's and DCMS' responsibilities. Specifically, upgrade Business Recovery Plans (BRPs) to include details specific to applications and data.**

**Coordinate with DCMS and perform and document tests of BRPs at least once a year. In addition, the BRPs should be continuously updated to reflect environmental changes and improvements identified from tests. (Repeated-2006)**

**Finding:** Although some progress had been made since the prior period, the Department still had not finalized planning efforts for the recovery of its applications and data. Additionally, recovery testing of the applications had not been performed during the audit period. Many of the Department's IT functions were consolidated into the Department of Central Management Services (DCMS), with a physical move of equipment in October 2006. As a result, the Department and DCMS have a shared responsibility over disaster contingency planning.

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The Department's Emergency Management Team (EMT) maintained a plan to coordinate overall disaster recovery activities. The Department also maintained approximately 100 Business Recovery Plans (BRPs) for individual business units.

The Bureau of Information Processing (BIP) handled the maintenance and support of existing mainframe applications and client/server applications for the Department. To assess the recovery capability of the Department's application and data, auditors reviewed the BIP Operations Business Recovery Plan (BRP) and noted the BRP did not identify, document and provide for communication of DCMS roles and responsibilities. In addition, the BRP did not provide for procedures and requirements specific to its applications and data, and the communication of these procedures and requirements, to ensure coordination of recovery efforts between the Department, DCMS and the user community.

Additionally, at the time of review, the Department was in the process of developing a comprehensive disaster recovery/business continuity program. As a part of the program, it was developing a system which would automate the Department's approximately 100 BRPs and per the Department would incorporate roles and responsibilities of both the Department and DCMS at a later phase in the project. The Department had also exchanged informal communications with DCMS regarding roles and responsibilities and started providing DCMS with a listing of its applications and their associated recovery priority.

Although the Department shares some responsibility with DCMS, the Department has the ultimate responsibility to ensure it has the capability to recover its applications and data. Even though the Department has improved its planning activities, it was incumbent upon the Department to ensure corrective actions were implemented to ensure its applications and data could be recovered to meet business requirements.

Department officials represented that the Department continues to develop and update recovery documentation. However, pursuant to 20 ILCS 405/405-410, the environment is now owned, managed, and maintained by DCMS and DCMS had not finalized its recovery documentation associated with the Department's environment. Thus, the Department has been unable to ensure all roles and responsibilities are appropriately established and documented within its recovery plans and that these plans are synchronized with the DCMS plans.

Additionally, the Department continues to provide additional documentation for the DCMS Business Application Database related to Disaster Recovery timeframes and needs of the Department. The Department has been working with DCMS since January 2007 to

### **Accepted or Implemented – continued**

schedule testing of specific BRPs; however, they have been unable to perform recovery testing of specific applications and data.

**Response:** Accepted. The Department continues to work with DCMS pursuant to Public Act 93-0839 in which CMS has assumed responsibility for the statewide Information

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Technology Infrastructure. The department acknowledges the fact that DCMS is fully responsible for ensuring there is an adequate plan for infrastructure recovery. The Department is demonstrating due diligence by developing Business Recovery plans that will synchronize with DCMS plans recover/restore the infrastructure. DCMS/BCCS has full responsibility for backup schedules and procedures for all Consolidated Agencies. At such time that DCMS is able to provide an adequate recovery plan, IDOT Business Recovery Plans will be modified to synchronize these plans.

The Department continues to provide additional documentation for the DCMS Business Application database related to Disaster Recovery timeframe and needs of the Department. The Department has been working with DCMS since January 2007 to schedule testing of specific BRP.

**Updated Response:** Accepted. In addition to the Department's BCP efforts in the Central Office, we are now implementing it in the District Offices as well.

- 23. Implement controls to ensure employees complete leave requests for time off, accurately complete the sign-in sheets and agree those records to the timekeeping system to ensure accrued absence balances are accurate. Further, ensure employees are arriving and departing in accordance with their documented work schedules and employee time records are complete and approved by their supervisor. In addition, correct any employee's accrued absence balance noted as incorrect. (Repeated-2007)**

**Finding:** The Department did not exercise adequate controls over employee attendance to ensure employees' work hours and benefit time were properly recorded and documented. The Department requires employees to sign in and out at the beginning and end of each work day. During testing, auditors noted the following:

- Five of 40 employees tested did not complete leave slips for 11 hours of benefit time taken and no leave time was entered into the Department's timekeeping system (TKS), so the employees' accrued compensated absence balances were overstated by that amount.
- The Finance and Administration Division in Chicago did not have a sign-in sheet during a field visit, so auditors were unable to determine whether those employees followed the Department's sign-in policy.
- The Department could not locate all employee sign-in sheets for three of 40 employees tested. The Department had no FY08 sign-in sheets for one employee who transferred at the end of August 2007. In addition, six sign-in sheets were missing for the other 2 employees.
- Twelve of 40 employees tested had instances where they were approving their own sign-in sheets or their sign-in sheets were not properly approved by a supervisor.

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- Five of 40 employees tested had leave requests that were not properly signed and dated by a supervisor.
- Nine of 40 employees tested were arriving and departing at different times other than their official schedules as reported on TKS.

Department management stated that personnel were not mindful of the attendance policies.

**Updated Response:** Accepted. The sign-in/sign-out sheets are under the purview of Labor Relations. A reminder will be sent to employees/supervisors reminding them of the proper procedures for completion of these documents.

A reminder was sent to the Personnel Managers requesting that TKS be updated to reflect accurate work schedules and remind them that leave requests must be signed and dated by supervisors.

### **24. Ensure overtime and Equivalent Earned Time is approved in advance, properly documented and recorded. (Repeated-2007)**

**Finding:** The Department did not exercise adequate controls over the employee use, accrual, and documentation of overtime. Auditors noted the following:

- Seven of 40 employees' overtime or Equivalent Earned Time (EET) was not properly tracked, recorded, and approved.
- One employee claimed 10.5 hours of EET time for attending functions such as luncheons, dinners, and cocktail parties.
- One employee claimed 12.5 hours of EET time on the overtime card without the required supervisory signature required for overtime amounts claimed in excess of 10 hours.
- One employee claimed 4.5 hours of overtime and did not state the purpose for the time worked on the overtime card.

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- One employee claimed a total of 3 hours of EET despite working a standard 7.5 hour day according to the employee's timesheet. In addition, two employees claimed 3.5 hours of EET; however, they failed to sign in or out.
- One employee claimed 19 hours of EET time that was preapproved but was not dated by a supervisor on the overtime card.

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Department management stated that personnel were not mindful of the overtime keeping policies.

**Updated Response:** Accepted. In an attempt to resolve these issues, a reminder was distributed reinforcing the need to complete overtime cards in a complete/consistent manner as well as document all time on individual office timesheets as opposed to the main desk (particularly for time worked on weekends).

### **25. Ensure employee performance evaluations are performed timely and properly completed. (Repeated-2007)**

**Finding:** The Department did not properly complete employee performance evaluations. Auditors noted the following:

- The Department did not timely complete the FY08 performance evaluations for 13 of 40 (33%) employees tested. Employee evaluations were completed from 3 to 313 days late.
- Six of 40 (15%) employees tested did not have an FY08 employee performance evaluation on file.
- One of 40 (3%) employees tested did not have a properly completed performance evaluation. The employee's supervisor rated the performance as outstanding but neglected to complete the supervisory comment section mandatory for that rating.

Department management stated supervisors were directed not to complete employee performance evaluations from October 2007 through December 2007 while the Bureau of Personnel Management was reviewing the guidelines for Technical and Executive 2008 increases which resulted in delays. The employees not reviewed and the incomplete evaluations were due to oversight.

**Response:** Accepted. With Code staff, reminders are sent out as soon as notification is received from CMS for MC jobs. For Technical staff, the Bureau of Personnel Management typically reminds staff of the necessity of timely and complete evaluations several months in advance. (This year was an exception.)

The Department has recently implemented the requirement that copies of all evaluations, as opposed to only Code titles, will be maintained in the central files. The Bureau anticipates this will assist in reducing the missing evaluations in the future.

The Bureau will remind supervisory staff that supervisor's comments must be completed for outstanding evaluations.

**Updated Response:** Accepted. A memo discussing the evaluations has been drafted and will be sent in October 2009 instructing supervisors to complete evaluations thoroughly and include the date of signature.

**26. Implement procedures to ensure all grant monitoring reports are received timely or ensure appropriate action is taken to obtain the reports from the grantees. (Repeated-2007)**

**Finding:** The Department did not receive grant monitoring reports timely. Auditors noted the following:

- The Department paid \$2,595,000 in FY08 to three grantees for the I-FLY program. The program provides grant funds to air carriers outside of Cook County for the purpose of providing financial support for air services. The grantees submitted reports for July 2007 through November 2007 to the Department.

The Department did not document the date received; therefore, auditors could not determine the timeliness of the reports. In addition, the grantees did not submit reports for December 2007 through June 2008. The grant agreement required the grantees to submit Monthly Actual Passenger Traffic and Revenue reports within 60 days after each month.

- The Department paid a grantee \$8,271,923, in FY08, for providing public transportation in downstate Illinois. The grantee submitted all four Estimated Quarterly Financial Reports from 23 to 101 days late. The grant agreement requires the Department to receive Estimated Quarterly Financial Report 30 days before the start of a quarter.
- The Department paid \$38,737 during FY08 to a municipality to hire police officers for selected speed enforcement campaigns. The grantee submitted both progress reports 40 and 42 days late. The grant agreement required the grantee to submit a progress report to the Department after each enforcement campaign by the tenth of the month following enforcement.

Department management stated the efforts by program managers were not successful in obtaining the required reports in a timely manner.

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**Response:** Accepted. With respect to the I-FLY program, which has ceased, the reports were submitted with the vendor's billing, so they were not paid until they did submit the required reports. The results of the audit findings will be shared with the appropriate project managers to remind them of their responsibilities to impress upon grant recipients that they must submit all required reports in accordance with the grant agreements.

**27. Pursue the status of the appointment to the Disadvantaged Business Enterprise Program Committee. (Repeated-2006)**

**Finding:** The Department did not appoint an employee or determine the establishment of the Disadvantaged Business Enterprise Program Committee. The Department administers the Disadvantaged Business Enterprise (DBE) program. The DBE program was established in accordance with regulations of the United States Department of Transportation. The DBE program serves as a vehicle for promoting and encouraging the continuing economic development of businesses owned and operated by minorities and females related to transportation programs. The Department's required appointment to the Disadvantaged Business Enterprise Program Committee (Committee) has never been made.

During the prior and current engagements, Department management stated to their knowledge the committee has never been created. In addition, they stated the Department's appointment was not made because they are not authorized to make the appointment.

**Response:** Accepted. There is no statutory requirement or mechanism providing the Department with the power to make or compel appointments to this board or determine the establishment of the committee. There has also been no violation of this statute by the department. The department will, however, make the appropriate contacts regarding the requirements of this statute to those parties responsible for establishing the Committee.

**Updated Response:** Implemented. P.A. 96-0037 removes the requirement for the committee to include an employee from the Illinois Department of Transportation.

**28. Address the compliance requirement provided in the Permanent Noise Monitoring Act. If compliance with the Act will never be met due to lack of funding and/or due to the City of Chicago's monitoring activity, seek legislation to have the mandate rescinded. (Repeated-2006)**

**Finding:** The Department failed to establish an operable permanent noise monitoring system. The State was mandated pursuant to the Permanent Noise Monitoring Act to establish and operate a permanent noise monitoring system at airports with more than 500,000 aircraft operations per year. In the early 1990s, the Department solicited proposals from consultants and received an estimate of approximately \$1 million for the project. Beginning in 1993, the Department was to prepare and make available to the public a permanent noise monitoring report on June 30, and December 31, of each year.

During the prior and current engagements, the Department stated they were not in compliance with this statutory mandate due to a lack of funding subsequent to the effective date of this mandate. Due to failure of the State to provide the funding, the City of Chicago has since implemented and funded its own noise monitoring system.

**Response:** Accepted. The City of Chicago has established a noise monitoring system to address the spirit of this mandate. The Department attempted to submit legislative revisions to revise this unfunded mandate; however, the revisions were not successfully

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addressed during the most recent legislative session. The Department will continue to work for a legislative change.

**Updated Response:** Accepted. P.A. 96-0037 provides that it is now the airport sponsor's responsibility to establish an operable permanent noise monitoring system. Beginning in 2009, it is the airport sponsor's responsibility to report on the noise monitoring system. In this instance, the airport sponsor as defined by the statute, would be the City of Chicago.

**29. Require all municipalities, districts or carriers receiving capital assistance from the State to submit annual statements of assets, revenues, and expenses and annual audit reports. Further, review these submissions to ensure the entities applying for assistance have adequate resources to ensure they meet the financial obligations. (Repeated-2007)**

**Finding:** The Department did not require municipalities, districts or carriers applying for capital assistance to provide an annual audit report or annual statement of assets, revenues or expenditures.

The Department is responsible for administering the majority of State grant funds for capital projects for public transportation, highways, and aeronautics. The Department does not require entities receiving capital assistance to submit annual statements or annual audits. Further, the Department does not have a system in place to review entities' financial positions prior to entering into grant agreements or joint improvement projects.

Department management stated all relevant and germane documentation is requested as appropriate from all applicants and recipients of funding and fulfilling the requirements of the statute would prove to be an administrative burden for all parties involved.

**Response:** Accepted. In as much as the majority of the Department's projects are cost reimbursement type projects, whereby the local agency's ability to provide their portion of project costs is not an issue, obtaining information that is not necessary from both denied applicants and recipients of capital assistance, would be a costly and inefficient administrative burden. The Department will seek a legislative change to more effectively target this requirement so that we may request such reports only from applicants and

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recipients as appropriate, with respect to the requirements of the specific project(s) in question.

**Updated Response:** Accepted. The statute indicates that the Department *may* inspect the property and examine the books, records, etc. of all municipalities, districts or carriers receiving capital assistance from the Department. It goes on to indicate that the Department *may* conduct investigations and that municipalities, districts or carriers shall submit annual statements to the Department *when* requested by the Department "as part of an inspection".

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The Department will seek a legislative change to more effectively target this requirement so that we may request such reports with respect to the requirements of the specific project(s) in question or in the course of subrecipient monitoring and review.

### **30. Contact the Office of the Governor regarding appointment to the Mississippi River Coordinating Council.**

**Finding:** The Department did not have a member serving on the Mississippi River Coordinating Council. State law requires the Secretary of the Department, or his designee, serve as a member of the Mississippi River Coordinating Council. The Act requires the Council review programs, work with communities and organizations, and advise and make recommendations regarding activities, funding, and the management and conservation of the Mississippi River and its tributaries.

Department management stated the Department has no authority over making appointments to the Committee and, to their knowledge, the Committee was never established.

**Updated Response:** Accepted. The statute indicates that the Director or the Director's designee shall serve on the Council. A letter will be sent to the Governor's Office designating the Department's representative for the Council.

### **Emergency Purchases**

The Illinois Purchasing Act (30 ILCS 505/1), which was in effect during the period under review, stated that "the principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts." The law recognized that there will be emergency situations when it will be impossible to conduct bidding. It provided a general exemption for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records, or to avoid lapsing or loss of federal or donated funds. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies were required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit was to set forth the circumstance requiring the emergency purchase. The Commission received quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission was directed to review the purchases and to comment on abuses of the exemption.

During FY08, the Department filed affidavits for 14 emergency purchases totaling \$4,087,075.98, as follows:

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- \$ 4,031,575.98 for repairs, and
- \$ 55,500.00 for printers.

### **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.

As of July 2008, the Department of Transportation had 798 employees assigned to locations other than official headquarters.