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Office of the County Auditor

Mary Modelski

Cook County Auditor

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September 11, 2024

The Honorable Toni Preckwinkle, President
Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

The Adult Probation Department Audit, part of the Fiscal Year 2021 Audit Plan, was conducted as permitted by the [Cook County Auditor Ordinance](#).

The overall objective of this audit was to review the case management and accounting system in the Adult Probation Department.

Please refer to the following report for the results of the audit. The report contains eight recommendations. The Executive Summary provides an overview of the audit and recommendations.

We express our appreciation for the cooperation the Adult Probation Department extended to Kimberly Sampey, Senior Field Auditor, Julie Stack and Joe L. Walthour Jr., Audit Supervisors during our audit. We have discussed our recommendations with the Adult Probation Department Finance team, and they have had an opportunity to review our report. Management comments are included in their entirety within the Recommendations section.

Respectfully Submitted,

Mary Modelski
County Auditor

Cc: Timothy C. Evans, Chief Judge
John Hourihane, Chief Financial Officer



COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

Adult Probation Department Audit

Internal Audit Report

Report Date: September 11, 2024

Issued By:

Mary Modelski, County Auditor

Audit Conducted By:

Kimberly Sampey, Senior Field Auditor

Julie Stack, Audit Supervisor

Joe L. Walthour Jr., Audit Supervisor

EXECUTIVE SUMMARY

The Office of the County Auditor (OCA) completed an audit of the Adult Probation Department (APD). The objectives of our audit were designed to review the case management and accounting system in the APD. This was accomplished by gathering, reviewing, and testing relevant supporting documentation to reach a conclusion on each of our audit objectives. The period under review was February 2022 to August 2024. Fieldwork was conducted from January to August 2024.

While the Social Services Department (SSD) was out of scope for this audit, a combined bank account exists for APD and SSD. Therefore, a limited examination was performed on SSD-related fee modifications and payment reconciliation testing. In addition, once fees were transferred to the Cook County Treasurer, those fees were out of scope, and no testing was performed.

The Finance Office of the APD was presented and asked to respond to the following recommendations covering the management and accounting of the APD's financial obligations:

- Escheat victim restitution funds unclaimed for more than three years to the State of Illinois and develop and implement processes to ensure ongoing compliance with unclaimed fund requirements. ([Recommendation 1](#))
- Implement a formal monthly bank statement reconciliation review and approval process. ([Recommendation 2](#))
- Implement segregation of duties over the collection and disbursement of funds. ([Recommendation 3](#))
- Implement a process to ensure only authorized individuals process modifications to cFive Supervisor financial obligations and monitor compliance. ([Recommendation 4](#))
- Enhance the cFive Supervisor programming change management process. ([Recommendation 5](#))
- Enhance processes to ensure the timely creation/modification of financial obligations. ([Recommendation 6](#))
- Enhanced processes to ensure the timely recording of payments from outlying Cook County courthouses to cFive Supervisor ([Recommendation 7](#))
- Ensure all policies/procedures are updated to reflect current systems and processes ([Recommendation 8](#))

Please refer to the Recommendations section for more details on the recommendations with the management responses, corrective action plans, and estimated completion dates.

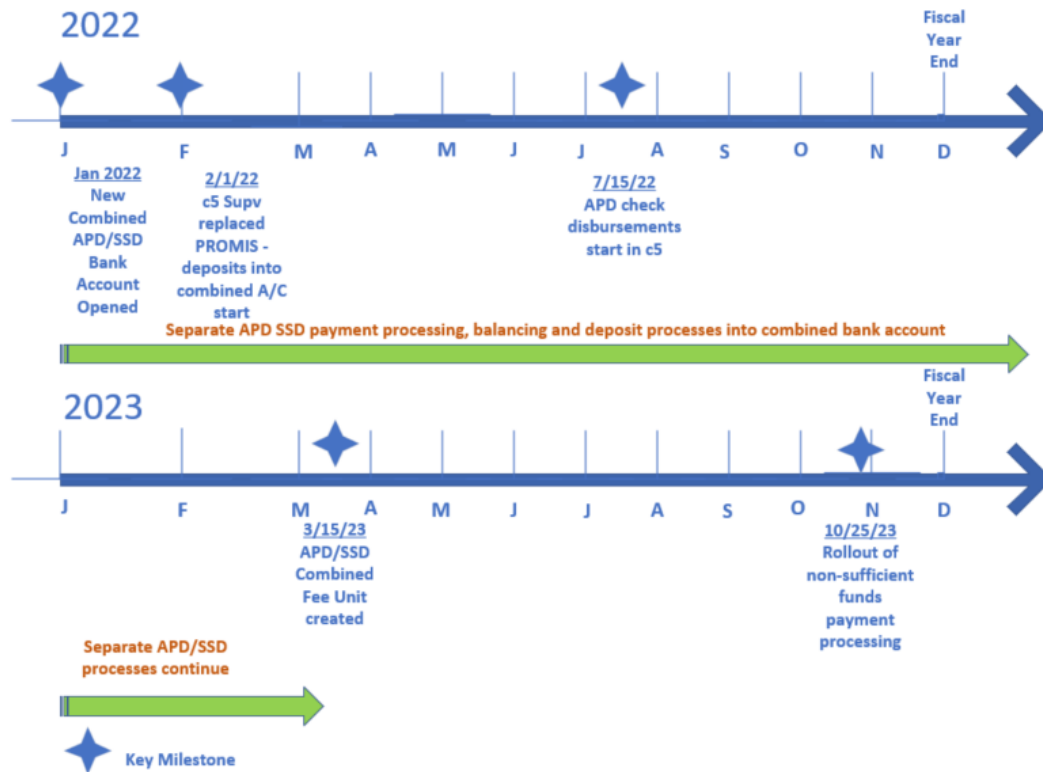
BACKGROUND

The Circuit Court of Cook County is one judicial circuit in the State of Illinois, exclusive of the County of Cook, and is divided into 24 judicial circuits. The Circuit Court of Cook County is the largest of 25 judicial circuits in Illinois. Today, the Circuit Court of Cook County is a unified court system in which all trial courts are consolidated under the chief judge, who has centralized authority to coordinate and supervise the Court's administrative functions. Operating under the Office of the Chief Judge of the Circuit Court of Cook County, the APD administers various programs covering standard and specialized probation supervision, pretrial justice, and court services.

The APD provides pretrial/probation supervision and assesses pretrial risk. Probation is a type of sentence following a criminal conviction that allows an individual to remain in the community under the supervision of a Probation Officer. Probation is often presented as an alternative to incarceration, but Illinois law treats probation as the presumed sentence for many common offenses. Most of APD's resources are dedicated to probation supervision. The APD assists individuals in complying with their conditions through guidance, surveillance, and referrals to service providers for treatment, education, and employment services. Restitution, a provision of probation supervision, provides an essential means for compensating victims of crime and the community. As of June 2023, APD reported an active caseload of approximately 16,000 sentenced individuals and 5,000 pretrial defendants. In Fiscal Year 2023, APD collected approximately \$1 million in victim restitution and \$1.75 million in fees.

The APD utilizes a case management system to supervise their probationers. The APD migrated its legacy case management system (PROMIS) to cFive Supervisor in February 2022 as part of the Office of the Chief Judge's Technology Strategic Plan. A new consolidated bank account was opened to facilitate this migration to handle APD and SSD fees/restitution payments. From February 1, 2022, to March 15, 2023, the APD and SSD had separate payment handling processes. On March 15, 2023, the APD and SSD Cashier Operations were combined into the Combined Fee Unit. The timeline of the critical milestones for the APD and SSD migration follows.

Adult Probation Dept – Migration Timeline



Source: Created by the Office of the County Auditor

As directed by the Circuit Court of Cook County through a Sentencing Order, individuals under APD supervision may be required to pay various court fees and victim restitution as a presentencing or probation condition. The APD probation fees are \$50 per month unless a reduced amount is noted on a Sentencing Order or through an approved Fee Modification Form. An APD Court Liaison attends court proceedings and communicates presentencing and probation conditions to the APD Intake Team. The APD Intake team creates financial obligations in the cFive Supervisor case management system. The APD Finance Office (Cashier’s Office) is responsible for collecting, depositing, disbursing and accounting for these funds. The APD Finance Office (Cashier's Office) is also responsible for processing modifications to financial obligation records based on changes in the individual’s life or financial circumstances, as evidenced by a Notice of Fee Modification Form approved by the Probation Officer and Probation Officer Management.

As part of ongoing supervision, Probation Officers must monitor presentencing and parole conditions, including payment of required fees and restitution. These payments are required to be made monthly. Victim restitution takes precedence over fee payments. Clients can pay fees and restitution in person, via mail, or by phone at the APD Finance Office (Cashier's Office) window in the Criminal Court Administrative Building. Payments can also be made at outlying Cook County Courthouses; these funds are couriered to the APD Finance Office for processing.

A daily balancing process reconciles payments input into cFive Supervisor to funds collected before a deposit is prepared. Cash, cashier's checks, and money order payments are sent by an armed courier to the bank twice weekly. Monthly reconciliations of the payment receipts to the bank statement are performed to ensure accurate financial reporting.

Funds are disbursed to the Cook County Treasurer for fees collected and to victims for restitution payments. In May 2024, APD began sending fee payments to the Cook County Treasurer through Electronic Funds Transfer; previously, APD sent payments by check. A file is submitted to the Cook County Treasurer's Office listing the type of fee paid with the name and case number of each payment included in the check or electronic funds transfer. Restitution payments are mailed by the APD directly to the last known address of record for the victim(s). Any restitution payments unclaimed for more than three years must be escheated to the State of Illinois per 765 ILCS 1026/ - Revised Uniform Unclaimed Property Act (RUUPA).

Probation Officers must report the status of presentencing and probation conditions, including the payment of required fees and restitution, to the Circuit Court of Cook County.

The OCA randomly selected a sample of sentencing orders to determine whether financial obligations resulted in payments. An end-to-end review of 43 financial obligation records created during the testing period found:

- Full payment of fees/restitution was made on four records (9%)
- Partial payment of fees/restitution was made on 19 records (44%)
 - Fees were modified on nine records
- No fees/restitution payments were made on 20 records (47%)
 - Fees were modified on seven records
- Of the \$33,030 in fees assessed (net of modifications), \$6,775 was collected (21%)
- Of the \$13,100 in restitution assessed, \$3,150 was collected (24%)

The Circuit Court of Cook County ultimately determines what additional action may be taken for non-payment of required fees and restitution.

AUDIT SCOPE AND OBJECTIVES

The overall objective was to review the case management and accounting system in the APD. The period under review was February 2022 to August 2024.

The audit objectives were primarily to determine the following:

- Written policies and procedures exist to document the internal controls over the cash process and the recording of financial transactions.
- Appropriate internal controls exist over the creation and modification of financial obligations, collection and deposit of funds received, and the disbursement of funds collected.
- Bank reconciliations are completed on time, reviewed and approved by management, and all reconciling items are supported.

The following procedures were performed to assess the objectives:

- The OCA reviewed policies and procedures related to the collection and disbursement of fees and restitution.
- The OCA participated in process walkthroughs related to the creation of financial obligations, fund collection, daily balancing, bank deposits, bank statement reconciliation, and escheatment of unclaimed funds.
- The OCA compared financial obligations required by the Circuit Court of Cook County Sentencing Orders to financial obligations entered in cFive Supervisor.
- The OCA reviewed a sample of financial obligation modifications and source documentation to ensure appropriate approval and processing.
- The OCA traced a sample of funds collected and entered in cFive Supervisor to the bank statement and disbursement to the Cook County Treasurer and/or victim(s) listed in the Sentencing Order.
- The OCA traced a sample of fee disbursements to valid journal entries.

AUDIT RESULTS

Based on our analysis and evaluation of the APD case management and accounting system, the OCA reached the following conclusions:

- Policies and procedures do not fully reflect current systems/processes
- Internal control enhancements are required over the following:
 - Creation and modification of financial obligations
 - Collection and deposits of funds received from individuals
 - Disbursement of funds collected, including escheatment of unclaimed restitution payments
- Bank reconciliations are not reviewed and approved on a timely basis.

RECOMMENDATIONS

Recommendation #1: Escheatment of Funds

During the review of unclaimed funds handling, the OCA found the following:

- The Revised Uniform Unclaimed Property Act (RUUPA) requires entities in possession of unclaimed property to report and remit said property after three years to the State of Illinois Treasurer. As of July 31, 2024, the APD had \$2.2 million in unclaimed restitution funds dating back to 1995 that needed to be reported and remitted. APD remitted property unclaimed for three years or more totaling \$1,998,781.68 to the State of Illinois on August 1, 2024. An additional \$269,000.05 of property unclaimed for three years or more that could not be tied to a specific victim was also remitted to the State of Illinois.
- No process exists to ensure ongoing compliance with RUUPA requirements.
- cFive Supervisor does not have the capabilities to mark funds as escheated.
- The last known address for some restitution victims may not be accurate due to the victim's relocation, change in circumstances, or lack of forwarding by the United States Postal Service.

The OCA recommends that the APD:

- Continue to monitor and remit funds unclaimed for three years or more to the State of Illinois in compliance with RUUPA.
- Create and implement a process to monitor aging unclaimed payments due to restitution victims.
- Create and implement a process to identify escheated funds in cFive Supervisor.

Management Response

The Chief Financial Officer of the Office of the Chief Judge (“OCJ”), together with the Chief Adult Probation Officer and Director of Social Services and their respective departmental finance directors, will implement updated policy and procedure documentation to ensure compliance with RUUPA. The updated policies and procedures will ensure consistent annual compliance with RUUPA. Further to this process, OCJ, APD and SSD will work with the vendor that supports the probation case management system to enhance the system with recording, tracking and reporting capability to identify and escheat funds as required by RUUPA. These enhancements will include the ability to accurately record escheated funds transactions and to produce reports on all records that have had funds transferred to the State. The systems enhancements to be requested by OCJ, APD and SSD will allow end users to update the status of records from active to escheated, and to identify and track all checks and/or payments that have not been disbursed by accurately identifying the status of all checks by creating a new identifier – escheated. Once these enhancements are adopted, they will be incorporated into the monthly bank reconciliation process, to further the monitoring and reporting of all unclaimed payments issued.

Estimated Completion Date

Updated policies and procedures December 31, 2024

System enhancements April 30, 2025

Recommendation #2: Bank Reconciliations

During the review of the bank statement reconciliation and review process, the OCA found a lack of documentation to support management's monthly review and approval of bank statement reconciliations. The OCA was informed through discussions with APD that timely and accurate monthly bank reconciliations did not occur in Fiscal Year 2022. This was due to a lack of adequate cFive Supervisor reporting available to perform reconciliations and challenges in determining whether outstanding items or reconciliations were attributed to the combined bank statement.

The OCA recommends that the APD:

- Work with SSD to reconcile starting from Fiscal Year 2022 and forward to ensure an accurate combined bank account ending balance.
- Implement a formal process for reviewing and approving the monthly bank reconciliation and supporting documentation, including the ability to demonstrate approval of reconciliation.

Management Response

The Chief Financial Officer of OCJ will oversee the development and updating of all policies and procedures relating to probation fee unit operations to ensure uniformity and compliance with all laws applicable to the collection and application of probation fees and restitution payments. Further, the Chief Financial Officer, or designee, shall have responsibility for reviewing and approving each monthly reconciliation of the probation account.

Estimated Completion Date

December 31, 2024

Recommendation #3: Segregation of Duties (Payment Processing and Fund Disbursement)

During the review of payment collection and disbursement processes, the OCA found the following:

- In Fiscal Year 2023, APD collected approximately \$225,000 in cash. Upon reviewing access controls for cashiers, the OCA found a lack of segregation of duties regarding collection, balancing, depositing, and reconciliation of funds. Cashiers could modify payments collected, which can lead to improper payment handling.
- Upon reviewing the cFive Supervisor check run log, OCA found a lack of segregation of duties regarding the disbursement of funds, including the submission and approval of a check run and the printing and mailing of checks. This lack of segregation of duties can lead to the improper disbursement of funds.

The OCA recommends that the APD:

- Segregate the payment functions (payment collections, daily balancing, deposit preparation, and monthly bank reconciliation) and have a manager or above approve modifications to a payment receipt.
- Segregate the disbursement functions (submission and approval of check printing jobs and the printing and disbursement of checks).

- Monthly run reports detailing changes to payment receipts and financial obligations (outside of established fee modification form process) as part of bank reconciliation process, to ensure proper payment handling and financial obligation recording.

Management Response

The fee unit, under the supervision of the Chief Financial Officer of OCJ, will implement changes to the segregation of duties and associated system access rights to enhance internal controls and accountability for client obligations. For example, responsibilities and roles will be segregated for approval of daily balancing and deposit preparation, monthly bank reconciliations, creation and modification of obligations, collections, and disbursements.

Further, OCJ and APD and SSD will continue to seek vendor support to establish effective system controls and reporting for all payment edits to ensure only those with the proper access and authority are able to make any modifications to payments or obligations, with the maintenance of audit trails for all activity within each payment record and financial obligation.

Estimated Completion Date

April 30, 2025

Recommendation #4: Fee Modification Processing

During the OCA's testing of modifications to financial obligations, auditors noted that any individual with a cFive Supervisor system role which allows him/her to create financial obligations (e.g. the Intake team), can also modify financial obligations. This could lead to unauthorized and improper fee modifications.

The OCA recommends that the APD restrict the ability of individuals outside the Combined Fee Unit to process modifications to financial obligations in cFive Supervisor. APD provided a cFive Supervisor service ticket #38855, dated July 9, 2024, requesting an update to the role permissions in cFive Supervisor restricting the ability to adjust/modify financial obligation to the Cashier role.

Management Response

As of July 12, 2024, access has been restricted to the Unified Fee Unit staff. This was accomplished by seeking vendor support for system changes to restrict the ability to create and modify based on roles within APD and SSD. The department continues to monitor this on a monthly basis to ensure permissions are maintained for only active staff in the Unified Fee Unit.

Estimated Completion Date

Completed

Recommendation #5: Programming Change Management Processes

During interviews with the Combined Fee Unit to discuss audit tests and a review of cFive Supervisor service tickets, such as #26591 and #33074, OCA identified unintended changes were made to cFive Supervisor system functionality and data because of a programming fix. These unintended changes can impact the completeness and accuracy of compliance with conditions of Sentencing Orders reported to the Circuit Court of Cook County and can also impact accurate financial reporting.

The OCA recommends that the APD create a project manager role to ensure programming enhancements/fixes are appropriately documented, tested and implemented and do not create any unintended changes to programming functionality or data.

Management Response

Under present protocols there is a testing and approval process for system changes, enhancements and upgrades to document functionality issues and/or bugs using the vendor's Fresh Desk system, which allows end users create a designation on priority. User submissions are then considered when finalizing the release of a new build and are tested prior to roll out in Production within the Test case management system. OCJ, APD, and SSD will continue to monitor the current process to ensure all system components are tested and validated by establishing specific test criteria. Additionally, OCJ will work with both APD and SSD to determine if any additional dedicated staff are needed for significant project management responsibilities in the event of more complex system enhancements and upgrades to ensure timely and complete vendor delivery. This will be accomplished as a part of a continuous quality improvement process related to policies and reporting for fee unit activities.

Estimated Completion Date

December 31, 2024

Recommendation #6: Timely Financial Obligation Creation/Modification

During the creation and modification of financial obligations in cFive Supervisor testing, the OCA selected a sample of transactions and found that:

- Ten of 43 new financial obligation records were updated more than 30 days after the Sentencing Order date.
- Ten of 40 fee modifications were processed more than 30 days after the request date.

The lack of appropriate fields on the APD Fee Modification Form prevented OCA from determining the cause(s) of the delays in processing fee modifications. Exceeding the 30-day window can lead to the improper creation, modification, and reporting of compliance with Sentencing Order conditions to the Circuit Court of Cook County.

The OCA recommends that the APD:

- Develop reporting and tracking to ensure that all financial obligations are created and modified within 30 days and that cFive Supervisor reflects accurate financial obligation and payment information for reporting.
- Revise the APD Notice of Payment Modification form (#APD 915C/2-05) to include all fields needed to monitor appropriate and timely processing of modification requests (e.g. Probation Officer's printed name and date approved, Probation Officer Supervisor's printed name and date approved, date received by the Combined Fee unit, etc.)

Management Response

OCJ, APD and SSD are currently under reviewing updates to fee unit policies and procedures. The input of this audit process has been helpful in further refining those updates. Updates will include revamping of the Probation Supervision Fee Modification Form, as well as policies covering bank reconciliation, escheatment, permissions and other internal controls.

Estimated Completion Date

December 31, 2024

Recommendation #7 Timely Recording of Payments from Outlying Courthouses

During testing of the payment collection process, OCA found that the payments from outlying courthouses are transmitted to the APD Finance Office (Cashier's Office) a minimum of twice a week. APD employees courier payments from the outlying courthouses to the APD Finance Office (Cashier's Office) for recording into cFive Supervisor. A gap exists between the date the payment is collected and the date the payment is entered in cFive Supervisor. This can impact the completeness and accuracy of compliance with conditions of Sentencing Orders reported to the Circuit Court of Cook County.

OCA recommends that the APD implement processes to ensure the recording of accurate payment receipt date in cFive Supervisor.

Management Response

Due to staffing and operational limitations for collections of certain payments in suburban court locations, the Department must use couriers who report to each outlying courthouse locations daily or as needed for the handling of collections at those sites. OCJ, APD and SSD expect that the implementation of the Court's ePay online payment portal system will allow clients to make electronic payment any day at any time, thus reducing the number, frequency and amount of payments made at those suburban locations. The ePay capability will permit clients to create online self-managed accounts which will allow them to set up and manage all payments, including the ability to set up reoccurring scheduled payments.

Estimated Completion Date

Online payment portal estimated December 31, 2024.

Recommendation #8 Up-to-Date Policies/Procedures

During a review of the APD Finance Office functions, OCA identified the following policy and procedures that contained out of date references:

- 5.13 Financial Management – Receipts, Disbursements & Petty Cash (as of 8/1/17)
 - 5.13.05 Procedure section references:
 - Inactive PROMIS case management system, including PROMIS suspense payments and PROMIS receipt reports.
 - Unclaimed restitution funds (Open Accounts) reference a 7-year timeframe for reporting unclaimed funds.

OCA recommends the APD perform a review of APD Finance Office policies and procedures to ensure they are complete and reflect current processes, including updates related to the above recommendations.

Management Response

OCJ, APD and SSD are currently reviewing updates to policies, procedures and associated forms.

Estimated Completion Date

December 31, 2024