

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

IN RE: JOHN BALDWIN) OEIG for the Agencies of the
and) Illinois Governor
EDWIN BOWEN) Case #17-01266

PUBLICATION OF REDACTED VERSION OF OEIG FINAL
REPORT

Below is the redacted final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused and others uninvolved. To balance these interests, the Commission may redact certain information contained in this report. Additionally, the Commission redacts certain information that relates to allegations against a person who was found not to have committed a violation. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report’s factual allegations or legal conclusions before the Commission. Further, in publishing the below redacted final summary report, the Commission makes no finding of law or fact for or against any individual or entity referenced therein.

The Commission received this report from the Governor’s Office of Executive Inspector General (“OEIG”) and a response from the agency in this matter. The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Executive Inspector General for the Governor, and John Baldwin and Edwin Bowen’s last known addresses.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

Office of the Executive Inspector General
for the Agencies of the Illinois Governor

Summary Report

I. ALLEGATIONS AND EXECUTIVE SUMMARY

On June 26, 2017, the Office of Executive Inspector General (OEIG) received an anonymous complaint alleging that employees at the Illinois Department of Corrections' (IDOC) Pinckneyville Correctional Center improperly raised funds for the Employee Benefit Fund (EBF), including through sales of items purchased from Pinckneyville EBF Committee Chair [IDOC Employee 3]'s friends. In addition, the complaint alleged that the Pinckneyville EBF accepts donations from businesses and encourages employees to do business with entities that made donations. The complaint also alleged that Pinckneyville EBF Committee members perform EBF activities during their State work hours.¹

Early in the investigation, the OEIG learned that all IDOC Correctional Centers and IDOC's central administrative office have their own EBFs, and the issues raised in the complaint may not have been unique to the Pinckneyville EBF. Therefore, the OEIG expanded the investigation to examine the EBFs in three additional facilities, as well as IDOC's oversight of the EBFs statewide. Specifically, investigators reviewed documents such as EBF transaction records, EBF Committee meeting minutes, and emails; investigators also interviewed EBF Committee Chairs and various IDOC administrators.

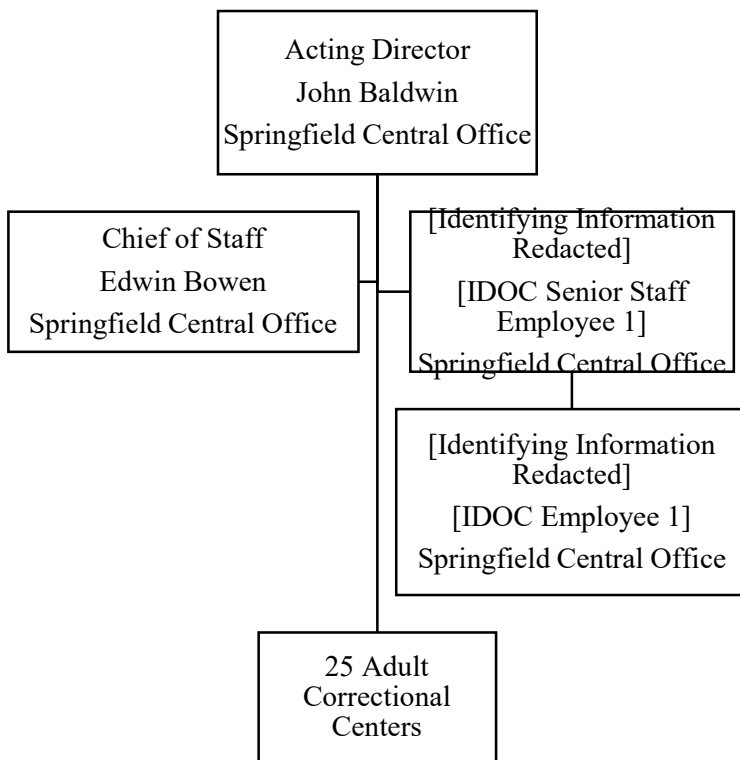
The investigation revealed that although IDOC's Administrative Directives limit the primary source of the EBFs' revenues to profits from vending machines and the employee commissaries, most of the EBFs have expanded their revenue streams by generating large sums of money from fundraising. These expansive fundraising efforts, in turn, have led to various problematic practices, including soliciting donations from local businesses without ensuring that they are not State vendors, improperly holding raffles, selling merchandise in a way that evades statutory and IDOC limitations, and devoting large amounts of State time to EBF activities. In addition, the investigation discovered that the EBFs spent much of the funds they raised on employee entertainment, such as parties, meals, cash prizes and awards; in some cases, they spent their funds in ways that benefit only a select few employees. The EBFs also improperly used inmate labor for their fundraisers.

The investigation further revealed that the EBFs at each facility operate independently, with little to no oversight, whether through audits, implementation of clear policies and procedures, training, or otherwise. Moreover, the expansion of the EBFs' revenue sources, and the resultant problematic practices, have been sanctioned or encouraged by high-level IDOC managers. The EBF system, as it stands, leaves IDOC open to fraud, waste, and abuse.

II. BACKGROUND

¹ [The Commission exercises its discretion to redact this footnote pursuant to 5 ILCS 430/20-52(b).]

IDOC houses inmates in 25 adult Correctional Centers statewide, in addition to operating boot camps, work camps, and Adult Transition Centers.² IDOC employs approximately 11,600 staff members statewide and is responsible for overseeing nearly 44,400 adult inmates and supervising approximately 28,000 parolees.³ IDOC’s administrative offices are located at its central office in Springfield. The following organizational chart shows some of the relevant IDOC administrative employees at the time of this investigation, and the relationship between the central office and the Correctional Centers:⁴



By Administrative Directive, IDOC permits its facilities to establish EBFs, which are defined simply as funds used for the benefit of employees.⁵ The Directive cites 730 ILCS 5/3-2-2 and 5/3-4-3 as authority for permitting its facilities to establish EBFs.⁶ Those statutory provisions do not specifically authorize the establishment of EBFs, but give IDOC the power to administer IDOC funds⁷ and require:

Forty percent of the profits on sales from commissary stores shall be expended by [IDOC] for the special benefit of committed persons . . . , **for the special benefit of**

² <https://www2.illinois.gov/idoc/aboutus/Pages/IDOCOverview.aspx> (last visited Oct. 2, 2018). For the sake of consistency, this report refers to these different types of entities collectively as “facilities.”

³ <https://www2.illinois.gov/idoc/aboutus/Pages/IDOCOverview.aspx> (last visited Oct. 2, 2018).

⁴ The OEIG learned that as of November 1, 2018, IDOC Chief of Staff Edwin Bowen was hired into a Personnel Code-covered position as Supervisor of Jail and Detention Standards at IDOC. For the sake of consistency and clarity, this report will refer to him as the Chief of Staff.

⁵ IDOC Admin. Directive 02.43.101(I)(B) & (II)(D) (2001).

⁶ IDOC Admin. Directive 02.43.101(I)(A) (2001).

⁷ See 730 ILCS 5/3-2-2(1)(k).

employees, and for the advancement or reimbursement of employee travel, provided that amounts expended for employees shall not exceed the amount of profits derived from sales made to employees by such commissaries, as determined by [IDOC].⁸

IDOC's central office and all of IDOC's Correctional Centers have EBFs; two Adult Transition Centers and a Life Skills Re-Entry Center also have them. The EBFs fund various activities for IDOC employees, such as holiday parties and cookouts. The EBFs also make funeral donations, fund gifts for retiring employees, purchase equipment for employee gyms, and contribute to charities. In Fiscal Year (FY) 2017, the EBFs collectively took in nearly \$1 million systemwide.

III. INVESTIGATION

A. Documentation Of EBF Revenues And Expenditures

The OEIG interviewed IDOC [Identifying Information Redacted] [IDOC Employee 1] about how EBF revenues and expenditures are documented.⁹ [IDOC Employee 1] began working for IDOC as a [Identifying Information Redacted] in [Identifying Information Redacted] and has been the [Identifying Information Redacted] at IDOC since [Identifying Information Redacted]. Her duties include overseeing IDOC's locally held funds, including the EBFs.

[IDOC Employee 1] explained that IDOC's central accounting database is the Fund Accounting Commissary Trading System (FACTS). She said that transactions related to local funds such as the EBFs, including the EBFs' receipts, disbursements, and other information, are recorded in FACTS.¹⁰ She said that the staff at each individual facility enter their EBFs' transactions into FACTS, and that while certain fields in the system are required, individuals may categorize transactions or fill in descriptions of transactions differently. [IDOC Employee 1] said that approximately 5 to 15 staff members at each facility may have access to their own facility's information in FACTS, and that she ([IDOC Employee 1]) and other accountants in the central office, as well as information technology staff, have access to all the facilities' information in the system. She said that data in FACTS are used to prepare various reports, including quarterly reports of cash balances, receipts, and disbursements that are submitted to the Comptroller's Office.

B. Sources Of Revenue For The EBFs Statewide

Initially, the OEIG examined the EBFs' revenue sources. In addition to the above statutory requirement that IDOC use a portion of the profits from commissary sales to benefit employees, IDOC's Administrative Directives require that the "[p]rimary sources of revenue" for the EBF shall be:

⁸ See 730 ILCS 5/3-4-3(c) (emphasis added).

⁹ [IDOC Employee 1] was initially interviewed on March 26, 2018, and the OEIG subsequently had multiple follow-up conversations with her between March 29 and November 8, 2018.

¹⁰ IDOC's Administrative Directives require benefit fund receipts to be posted to the appropriate Cash Receipts Journal in FACTS; invoices are also entered into FACTS. IDOC Admin. Directive 02.43.103(II)(E) (2000).

- “profits from vending machines,” and
- “disbursement of profits from the Employees’ Commissary Fund.”¹¹

IDOC is required to deposit the profits of employee vending machine sales into the Employee Commissary Fund.¹² Not all facilities have an employee commissary; if a facility does not maintain an Employee Commissary Fund, the vending machine profits shall be deposited directly to the EBF.¹³

The OEIG obtained a spreadsheet from IDOC that identified the amount of money received by each EBF from vending machines, employee commissaries, and other sources, from FY 2012 through FY 2017. Investigators interviewed IDOC [Identifying Information Redacted] [IDOC Employee 2], who prepared the spreadsheet.¹⁴ [IDOC Employee 2] explained that he created the spreadsheet by compiling several different reports, using data from FACTS. He said he identified the vending machine revenues because they are itemized in the system, and that he identified the commissary revenues through documentation in the system of transfers in and out of the employee commissary; he said the revenues from other sources were any revenues that remained.

As detailed in the chart on the following page, the data presented in the spreadsheet show that between FY 2012 and FY 2017, the EBFs’ systemwide revenues came largely from sources other than profits from vending machines and commissary sales:

¹¹ IDOC Admin. Directive 02.43.101(II)(E)(2) (2001).

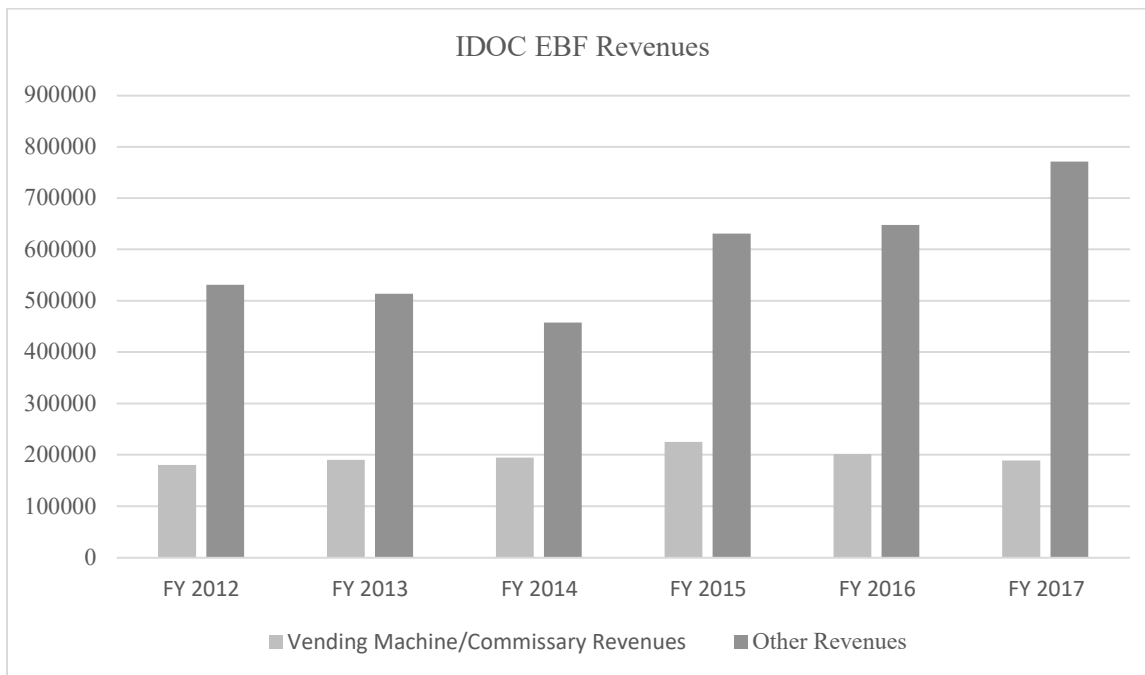
¹² IDOC Admin. Directive 02.44.110(II)(E)(2)(b) (2004).

¹³ See IDOC Admin. Directive 02.85.101(I)(B) (2000) (retrieved from the OEIG library) (IDOC “may provide appropriate facilities necessary for the operation of an Employees’ Commissary”) and IDOC Admin. Directive 02.44.110(II)(E)(2)(b) (2004).

¹⁴ [IDOC Employee 2] was interviewed on May 7 and November 8, 2018.

Sources of IDOC EBF Revenues Systemwide						
Revenue Source	FY12	FY13	FY14	FY15	FY16	FY17 ¹⁵
Vending Machines and Commissary	\$180,127 (25%)	\$190,222 (27%)	\$194,691 (30%)	\$225,032 (26%)	\$201,500 (24%)	\$188,979 (20%)
Other	\$530,998 (75%)	\$513,939 (73%)	\$457,381 (70%)	\$630,753 (74%)	\$647,560 (76%)	\$771,008 (80%)
Total Revenues	\$711,125	\$704,161	\$652,072	\$855,785	\$849,060	\$959,987

These sources of IDOC EBF revenue figures listed above are also depicted in the following bar graph comparing the vending machine/commissary revenue amounts with the amount of all other revenue collected:



¹⁵ [IDOC Employee 1] later advised the OEIG that the data provided regarding Menard Correctional Center’s EBF revenues for FY 2017 reflected an accounting error where \$147,000 of Inmate Benefit Fund money was accidentally credited into the EBF and later debited back to the Inmate Benefit Fund. Accordingly, the OEIG subtracted \$147,000 from the “Other” amount for FY 2017 in this chart and the graph below.

In addition, [IDOC Employee 1] later clarified that the data provided for the EBFs at the Centralia Correctional Center and the Springfield central office may include revenues received by the “Together Encouraging the Advancement of Morale Statewide” (TEAMS) initiative. In his August 27, 2018 interview, IDOC Chief of Staff Edwin Bowen told investigators that he started TEAMS shortly after he became Chief of Staff in mid-2015, that TEAMS funds were initially housed at the Springfield central office, and that they moved to Centralia in late 2015 or early 2016. Mr. Bowen said that IDOC was in the process of “phasing out” TEAMS, and that TEAMS had not held a fundraiser in at least one year.

The data in the spreadsheet reflected that in FY 2017, 25 of the 29 EBFs derived over half of their revenues from sources other than vending machine profits and commissary sales. Moreover, as shown in the chart below, 10 of the 29 EBFs derived over 90% of their revenues from sources other than vending machine profits and commissary sales in FY 2017:¹⁶

EBFs with Non-Vending/Commissary Revenues Over 90% of All Revenues FY 2017			
Facility	% of Revenues from Vending Machines or Employee Commissary	% of Revenues from Other Sources	Total Revenues
Big Muddy	1%	99%	\$14,231
Centralia	7%	93%	\$43,857
Fox Valley ¹⁷	0%	100%	\$1,133
Jacksonville	5%	95%	\$32,291
Kewanee ¹⁸	5%	95%	\$6,883
Pinckneyville	1%	99%	\$44,167
Sheridan	8%	92%	\$43,787
Southwestern	5%	95%	\$19,396
Springfield ¹⁹	3%	97%	\$163,529
Vandalia	4%	96%	\$37,349

In her OEIG interviews, [IDOC Employee 1] told investigators that she understands the IDOC Administrative Directive’s requirement regarding the EBFs’ “[p]rimary sources of revenue” to mean that the majority of the EBFs’ funds should come from vending machine and commissary profits. However, [IDOC Employee 1] said she believed the EBFs’ fundraising efforts, such as sales of raffle tickets and other items, provided greater revenue than vending machine and commissary profits, and that vending machine and commissary profits were not the primary sources of revenue at any facility. According to [IDOC Employee 1], the operation of vending machines and the employee commissary do not require the use of IDOC staff resources because the vending machines are serviced by vendors and the employee commissaries are run by inmates.

Investigators also interviewed [IDOC Employee 1]’s supervisor, [IDOC Senior Staff Employee 1], who has been IDOC’s [Identifying Information Redacted] since [Identifying Information Redacted].²⁰ [IDOC Senior Staff Employee 1] said that the EBFs have become more prevalent because IDOC’s current administration is pushing to improve employee morale. He said he believes the EBFs raise money through the employee commissary, vending machines, and sales of raffle tickets and other items such as t-shirts.

C. Additional Issues Identified With Revenue Sources At Selected EBFs

¹⁶ A chart showing the FY 2017 amounts and percentage breakdowns for all EBFs is attached in Appendix A.

¹⁷ Fox Valley is an Adult Transition Center.

¹⁸ Kewanee is a Life Skills Re-Entry Center.

¹⁹ “Springfield” refers to the EBF at IDOC’s central office, which is not a prison. IDOC employees sometimes call this the “Concordia” EBF because the office is located on Concordia Court, in Springfield. For the sake of consistency, this report will refer to it as the Springfield EBF.

²⁰ [IDOC Senior Staff Employee 1] was interviewed on February 14, 2018.

Given that most of the EBFs largely obtain their revenues from sources other than commissary and vending machine profits, investigators further examined a selection of EBFs and identified additional problems with the EBF practices taking place at those facilities. Specifically, the OEIG examined the revenue sources at the Pinckneyville, Sheridan, and Dixon Correctional Centers' EBFs; and the Springfield central office's EBF. As shown in the chart below, the numbers of employees that potentially benefit from these EBFs' revenues range from about 300 employees at the Springfield central office to about 644 employees at Dixon Correctional Center.

Facility	Number of Employees	Number of Inmates
Pinckneyville	418	1,987 ²¹
Sheridan	379	1,732 ²²
Dixon	644	2,200 ²³
Springfield	300	0

Investigators obtained FACTS records for the selected EBFs from January 2016 through July 2017, as well as some EBF Committee meeting minutes and emails of some EBF Committee Chairs. Investigators also interviewed the following Chairs of the Pinckneyville, Sheridan, Dixon and Springfield EBFs:

[IDOC Employee 3] Pinckneyville Correctional Center EBF Chair²⁴

[IDOC Employee 4] Sheridan Correctional Center EBF Chair²⁵

[IDOC Employee 5] Dixon Correctional Center EBF Chair²⁶

[IDOC Employee 6] Springfield Central Office EBF Chair²⁷

The records and interviews revealed that the EBFs received revenues from a variety of fundraising activities, including donations, raffle ticket sales, and sales of merchandise and food.

1. Revenues from Donations and Sponsorships

²¹ <https://www2.illinois.gov/idoc/facilities/Pages/pinckneyvillecorrectionalcenter.aspx> (last visited Oct. 2, 2018).

²² <https://www2.illinois.gov/idoc/facilities/Pages/sheridancorrectionalcenter.aspx> (last visited Oct. 2, 2018).

²³ <https://www2.illinois.gov/idoc/facilities/Pages/dixoncorrectionalcenter.aspx> (last visited Oct. 2, 2018).

²⁴ [IDOC Employee 3] was interviewed on July 14, 2017 and June 29, 2018. She said she is a [Identifying Information Redacted] at Pinckneyville Correctional Center, and that she was the Pinckneyville EBF Committee Chair from before [Identifying Information Redacted] to [Identifying Information Redacted]. She explained that she stepped down from the EBF Committee Chair position because [Identifying Information Redacted].

²⁵ [IDOC Employee 4] was interviewed on July 27, 2018. She said she is the Sheridan [Identifying Information Redacted], and that she has been the Sheridan EBF Committee Chair for [Identifying Information Redacted].

²⁶ [IDOC Employee 5] was interviewed on August 7, 2018. She said she is a [Identifying Information Redacted], and that she has been the Dixon EBF Committee Chair for [Identifying Information Redacted].

²⁷ [IDOC Employee 6] was interviewed on July 13, 2018. He said he has been [Identifying Information Redacted] in the Springfield central office for [Identifying Information Redacted], and that he has been the Springfield EBF Committee Chair for [Identifying Information Redacted].

Because soliciting State or IDOC vendors for donations could create a conflict of interest,²⁸ the OEIG attempted to determine the extent to which the EBFs solicit donations from local businesses, and what steps IDOC takes to ensure that State vendors are not solicited. In response to an OEIG request for donor and donation information for the EBFs, IDOC did not produce any lists or other records maintained by the EBFs of donors to the EBFs or the donations the EBFs received. Instead, IDOC searched FACTS for keywords such as “donation,” “donor,” “gift,” “contribution,” and “Employee Benefit Fund.” Based on that search, IDOC identified only a limited number of donations, which may or may not have been donations to the EBF from a potential vendor or business.²⁹

When asked if there is any way to track donations to the EBFs, [IDOC Employee 1] said it depends on how the entries are coded in the system. As noted above, [IDOC Employee 1] said that each facility may enter information into FACTS differently. She explained that many facilities will indicate in FACTS that a transaction was a donation but fail to attach any specific detail to it, and other facilities will put nothing at all. [IDOC Employee 1] said that IDOC does not have an accurate donor list, and that without one, the EBFs have to be trusted to ensure that there are no conflicts of interest with the donations they accept. Similarly, [IDOC Senior Staff Employee 1] said that under the current system, it would be impossible to compile a list of donors to the EBFs.

Pinckneyville EBF

The OEIG reviewed the FACTS records of the Pinckneyville EBF’s transactions and determined that it received a total of approximately \$2,300 in March and April 2017 for transactions variously described as “5K Sponsors,” “5K Sponsors & Entries,” “5K Sponsors/Entries,” and “5K Sponsors/Registrants.”³⁰ Only one of these entries identified the sponsors.

The OEIG also reviewed emails sent to and from Pinckneyville EBF Committee Chair [IDOC Employee 3]’s State email account in the first half of 2017, and identified various communications relating to the Pinckneyville EBF’s efforts to solicit donations in the community. For example, the emails reflected that [IDOC Employee 3] wrote to a City of Pinckneyville employee on April 28, 2017: “Attached is the required insurance policy for our 5K in June. . . The City of DuQuoin has requested to sponsor us, so I wanted to be sure and include Pinckneyville, if they so wish. I’ve attached a sponsorship form for review”³¹

In addition, in at least one email, Pinckneyville EBF staff reminded a potential sponsor of IDOC’s significant role in the local community and noted that Pinckneyville Correctional Center

²⁸ Depending on the circumstances, EBF solicitations also could violate the gift ban prohibition in the State Officials and Employees Ethics Act. See 5 ILCS 430/1-5 & 10-10 (prohibiting State employees from “intentionally solicit[ing] or accept[ing] any gift from any prohibited source,” including people or entities that do business or seek to do business with the employee’s State agency).

²⁹ Due to the type of keyword search conducted, the search results could include donations from the EBFs, as well as donations to the EBFs.

³⁰ Other entries describe transactions merely as “5K,” but do not indicate whether these revenues were from sponsorships, race registration fees, or something else.

³¹ It does not appear that the City of Pinckneyville sponsored the race.

employees were encouraged to support sponsors. As Pinckneyville EBF member [IDOC Employee 7] wrote a representative of [IDOC Sponsor 1] on March 27, 2017:

I am sending this out seeking participants and/or sponsors for our upcoming 5K run/walk on June 17th, 2017 . . . With over 470 employees, we believe we are the largest employer in Perry County³² . . . We would appreciate your consideration in becoming a sponsor and/or participant in our event this year. We highly encourage our staff here at our facilities to support the businesses, organizations and individuals who also support them.

According to the emails, [IDOC Sponsor 1] subsequently agreed to donate \$300 to sponsor the Pinckneyville EBF's 5K race.

The records also reflect that [IDOC Employee 3] encouraged Pinckneyville employees to support the EBF's sponsors in return. For example, in a June 16, 2017 email sent to Pinckneyville and DuQuoin Work Camp employees prior to the 2017 5K race, [IDOC Employee 3] wrote:

[W]e encourage everyone to stop and read through the list of sponsors that have been gracious enough to support our EBF. These are local businesses that recognize the dedication that is put forward into all of our jobs. EBF is prepared to step in to help employees during their time of crisis, but to do so, we must have fundraisers, such as these. It's these businesses, that help cover race costs and necessities, that allow us to raise funds to put towards our EBF. Any gratitude that we can show to them in return is appreciated.

The documents reflect that 22 businesses and governmental entities sponsored the Pinckneyville EBF's 2017 5K race.³³ Investigators reviewed information available on the Illinois Comptroller's website and determined that three of these sponsors were State vendors at the time the donations were made, although none were IDOC vendors.

In her interviews, [IDOC Employee 3] said that in 2016, she called every business listed in the Pinckneyville Yellow Pages to solicit donations for the Pinckneyville EBF's 5K race, and that in 2017 she contacted the businesses that had donated the previous year. [IDOC Employee 3] said she made the calls during her work hours. She said that in 2017, Pinckneyville Correctional Center Personnel employee [IDOC Employee 7] also contacted businesses for donations, including in DuQuoin, Illinois. [IDOC Employee 3] said the donations were used for the 5K race's expenses, and that the Pinckneyville EBF kept the remaining funds. [IDOC Employee 3] said the EBF did not keep a record of what businesses were solicited, but that she did keep a record of the donations received.

³² The U.S. Census Bureau estimated the 2017 population of Perry County to be 21,285 and estimated the population of Pinckneyville to be 5,392. <https://www.census.gov/quickfacts/fact/table/perrycountyillinois/PST045217> & https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (last visited Oct. 2, 2018).

³³ The EBF Committee's June 29, 2017 meeting minutes estimated that profits from the 5K race "appear to be 3x that of last year, due to the increase in business sponsorships."

[IDOC Employee 3] said that none of the sponsors should have been vendors of the Pinckneyville Correctional Center, IDOC, or the State. [IDOC Employee 3] said that because she works in [Identifying Information Redacted] she sees paperwork regarding vendors and said she has vetoed certain suggested sponsorships because she knew they were IDOC vendors. However, [IDOC Employee 3] said there was no process in place to ensure that the sponsors were not State vendors.

Investigators asked [IDOC Employee 3] what she meant by her statement in her June 16, 2017 email to Pinckneyville Correctional Center and DuQuoin Work Camp employees that “Any gratitude that we can show to [the sponsors of the 5K race] in return is appreciated.” [IDOC Employee 3] said she meant that if the employees saw a sponsor they “might want to thank them,” but that she was not suggesting that employees should support the businesses.

Other EBFs

Although Springfield EBF Committee Chair [IDOC Employee 6] and Dixon EBF Committee Chair [IDOC Employee 5] told investigators that they had never solicited donations from businesses for the Springfield and Dixon EBFs, Sheridan EBF Committee Chair [IDOC Employee 4] said that in the past, she solicited donations or sponsorships from local businesses for the Sheridan EBF’s golf outing. Specifically, [IDOC Employee 4] said she contacted businesses from which the EBF had ordered food in the past, including [IDOC Sponsor 2], [IDOC Sponsor 3], and the [IDOC Sponsor 4]; [IDOC Employee 4] recalled that [IDOC Sponsor 2] made a donation, but the other two businesses declined to do so. [IDOC Employee 4] said she did not think the businesses that were solicited were State vendors, but she acknowledged that no one checked.³⁴ [IDOC Employee 4] estimated that the last time the EBF received a donation or sponsorship for a golf outing was in 2015.

2. Revenues from Raffle Ticket Sales

The OEIG also examined whether the EBFs improperly raised funds through raffles. The Raffle and Poker Runs Act limits the types of entities that may receive raffle licenses to:

bona fide religious, charitable, labor, business, fraternal, educational or veterans’ organizations that operate without profit to their members . . . , or to a non-profit fundraising organization . . . organized for the sole purpose of providing financial assistance to an identified individual or group of individuals suffering extreme financial hardship as the result of an illness, disability, accident or disaster, as well as law enforcement agencies and statewide associations that represent law enforcement officials³⁵

³⁴ Although [IDOC Employee 4] said the EBF had previously done business with these vendors, according to the OEIG’s review of the Illinois Comptroller’s website, none of these businesses has had a State contract.

³⁵ See 230 ILCS 15/2. In this context, “law enforcement agency” is defined as “an agency of this State or unit of local government which is vested by law or ordinance with the duty to maintain public order and to enforce criminal laws or ordinances.” 230 ILCS 15/9.

Although the EBFs are IDOC funds, and as such would not appear to qualify to receive a raffle license under this statute, the investigation revealed that about 21 EBFs obtained raffle licenses from municipal or county government offices. The OEIG obtained some of the EBFs' raffle license applications, which reflected that the EBFs certified or otherwise represented on their applications that they were non-profit organizations; some also checked boxes on the applications identifying themselves as the types of entities listed in the Raffle and Poker Runs Act, such as labor or fraternal organizations. All four of the EBF Committee Chairs interviewed in the investigation stated that their EBFs had held raffles, although [IDOC Employee 6] said the Springfield EBF had not held one for three or four years. However, the Committee Chairs stated that the EBFs recently had been directed to stop holding raffles.

[IDOC Employee 4] said that until recently, the Sheridan EBF's primary source of revenue was raffles. She said that the Sheridan EBF held four raffles a year, in addition to raffles held at monthly cookouts, and that the items the EBF raffled off included televisions, iPads and other electronics, FitBits, lottery tickets, corn hole bean bag sets, patio furniture, and gift cards for guns and other items. One raffle referenced in the Sheridan EBF transactions records and meeting minutes was a 2017 "Badge of Cash" raffle, similar to a Queen of Hearts raffle, in which weekly drawings were held until a winner was drawn.³⁶ According to [IDOC Employee 4], the Badge of Cash raffle raised \$30,000, which was split equally between the winner and the Sheridan EBF.

3. Revenues from Merchandise Sales

As shown above, it is clear that most of the EBFs' revenues statewide do not come from sales made in the employee commissaries. Instead, the investigation revealed that a great deal of the EBFs' revenues come from sales of merchandise made outside the commissaries. For example, the FACTS records and meeting minutes obtained in the investigation showed that the Pinckneyville, Springfield, Sheridan, and Dixon EBFs raised funds by selling merchandise such as t-shirts and other clothing, tumblers, keychains, coins, bags, and food. This practice avoids two types of limits imposed on commissary sales: sales markups at the employee commissaries are statutorily limited to 10%,³⁷ and IDOC's Administrative Directives require facilities to accrue only 40% of the net profits from the employees' commissaries to the EBF.³⁸ When the EBFs sold merchandise outside the commissaries, they did not adhere to either of these limits; rather, they imposed higher markups and retained 100% of the profits.

Pinckneyville EBF

³⁶ The *Chicago Tribune* described the way this type of raffle works. Each card from a deck is placed in a numbered envelope. Participants buy raffle tickets and give each ticket a number they guess corresponds with the envelope containing the Queen of Hearts. One raffle ticket is drawn each week, and if the ticket has the number of the envelope containing the Queen of Hearts, the ticket holder wins the jackpot. If not, the game continues, with the pot growing until the ticket with the Queen of Hearts' envelope number is drawn. Robert McCoppin, "Queen of Hearts raffles with big jackpots spreading to Chicago bars," *Chicago Tribune*, June 25, 2018, <http://www.chicagotribune.com/news/local/breaking/ct-met-queen-of-hearts-raffles-chicago-20180621-story.html> (last visited Oct. 2, 2018).

³⁷ See 730 ILCS 5/3-7-2a.

³⁸ IDOC Admin. Directive 02.44.110(II)(E)(1)(a) (2004). The remainder is distributed to IDOC's "523 – Salary Reimbursement Fund." [IDOC Employee 1] explained that the 523 fund is used for staff salaries and various other purposes.

For example, Pinckneyville EBF Committee Chair [IDOC Employee 3] sent mass emails to IDOC employees systemwide on November 14, 2016 and June 9, 2017, soliciting orders for “RED” t-shirts to raise money for the Pinckneyville EBF.³⁹ The t-shirts used “RED” as an acronym for “Remember Everyone Deployed.” FACTS transactions records show that the Pinckneyville EBF grossed about \$19,200 in sales of RED t-shirts between December 2016 and June 2017, and incurred about \$12,025 in expenses.⁴⁰ Minutes of monthly EBF Committee meetings held in 2016 and 2017 commented variously that “RED shirt sales [are] through the roof,” “[t]he response has been overwhelming,” and “[p]rofits are phenomenal.” [IDOC Employee 3]’s emails indicate that she processed and fulfilled the RED shirt orders.

In her OEIG interviews, [IDOC Employee 3] confirmed that the Pinckneyville EBF sold items to raise money for the EBF, including shirts, coins, plants, and food. [IDOC Employee 3] said that the EBF sold about 1,500 “RED” t-shirts statewide, and that the sales were a “huge fundraiser for the EBF.” [IDOC Employee 3] said there was no set markup on the RED t-shirts; she said the EBF charged \$12 for a short-sleeve shirt, and \$16 for a long-sleeve shirt, and that she believed the EBF paid between \$6 and \$8 for each shirt. [IDOC Employee 3] said that all the proceeds for the RED t-shirt sales went to the Pinckneyville EBF. She said that the EBF has never sold items through the employee commissary.

Investigators also found that the Pinckneyville EBF’s method of selecting its vendors was problematic. [IDOC Employee 3] said the Pinckneyville EBF did not use any formal process when deciding where to purchase the items it sold, and that those decisions were normally made based on “word of mouth.” When asked how the vendor for the RED shirts ([IDOC Sponsor 5]) was selected, [IDOC Employee 3] said she made cold calls and [IDOC Sponsor 5] gave decent prices. [IDOC Employee 3] added that she knows [IDOC Sponsor 5]’s owner, because they are from the same home town.

Other EBFs

Springfield EBF Committee Chair [IDOC Employee 6] told investigators that the Springfield EBF’s primary source of revenue is the EBF’s store, which sells IDOC apparel and other merchandise to employees and the cadets who train at the Springfield campus. [IDOC Employee 6] said that it was discussed with a prior IDOC Chief Financial Officer whether the EBF store could be considered to be a commissary, but that it was understood that the store would not be considered a commissary and would not be limited to a commissary’s 10% markup. He explained that commissaries are understood to be in facilities that house inmates, and the Springfield central office does not house inmates. [IDOC Employee 6] said that all the profits from the EBF store go to the Springfield EBF.⁴¹

³⁹ The IDOC records reflected sales of other types of t-shirts by the Pinckneyville EBF as well.

⁴⁰ Because the OEIG requested records through July 2017, these amounts do not include any sales made later.

⁴¹ When asked why the Springfield EBF had the highest amount of revenue of all the EBFs, [IDOC Employee 6] noted that most other facilities do not sell IDOC apparel and merchandise. [IDOC Employee 6] added that the Springfield EBF’s expenditures for the items it sells in the store were also high.

[IDOC Employee 6] and the Sheridan and Dixon EBF Committee Chairs maintained in their interviews that they follow applicable procurement rules and never purchased the items the EBFs sold from anyone with whom they had a personal or social relationship,

D. State Time And Resources Spent On EBF Activities

In light of the significant amount of fundraising the EBFs do, investigators examined the extent to which IDOC employees are spending State time and resources on EBF fundraising activities and events.

[IDOC Employee 1] said that EBF events used to be held during employees' lunch time, but that since 2014 and 2015 employees have been spending an increasing amount of State time on EBF events. She said that she has received emails indicating that State work could not be done because an employee was at an EBF event or out purchasing items for the EBF.

[IDOC Senior Staff Employee 1] also said that he thought the work spent on EBF matters is "substantial." [IDOC Senior Staff Employee 1] said that on one occasion, an employee complained to him that staff members spent half a day on a cookout, rather than taking care of the responsibilities the rest of the team needed to accomplish. He added that business office employees may have to collect money for the EBFs, create journal entries, determine how to do the taxes, and set up the events, and that it was "not uncommon" for them to say that the EBFs were "consuming" their time.

Investigators asked IDOC to produce timesheets for various EBF Committee members, as well as records relating to overtime approved for EBF activities. However, the timesheets did not reflect how much State time the employees spent doing EBF activities. According to IDOC, it approved a total of 35.38 hours of overtime for EBF activities between January and June 2017, at five facilities, for a total of \$1,291.

Pinckneyville EBF

Investigators also examined [IDOC Employee 3]'s emails to assess whether she spent a significant amount of State time and resources handling Pinckneyville EBF matters. As noted above, [IDOC Employee 3] sent and received emails regarding the Pinckneyville EBF's June 17, 2017 5K race. In addition, following her June 9, 2017 mass email to IDOC employees soliciting RED t-shirt orders, [IDOC Employee 3] sent and received emails in which she took orders, processed payments, and arranged for deliveries of the shirts. In light of these two significant Pinckneyville EBF activities that occurred in June 2017, investigators counted the emails [IDOC Employee 3] sent and received that appeared to reference any EBF work during the month prior to the June 17, 2017 5K race, whether related to the race, RED t-shirt sales, or other EBF matters. Based on that review, investigators counted approximately 594 EBF-related emails that [IDOC Employee 3] sent and received during that month.

In her interviews, [IDOC Employee 3] said that when she was the Pinckneyville EBF Committee Chair, the time she spent working on EBF matters depended on the event. [IDOC Employee 3] said that at most, she would spend 10 to 20 hours in a week on EBF activities. [IDOC

Employee 3] acknowledged that she spent “a lot” of time working on the RED shirt sales during her work hours, including taking orders for the shirts, communicating with the supplier, taking payments, and arranging for deliveries. [IDOC Employee 3] said that all the employees in her office helped sort the shirts when they arrived. [IDOC Employee 3] said that Pinckneyville EBF Committee members also helped serve food, make sales, and set up for the 5K race, although she stated that the employees who set up the 5K race did so on their own time. She said that the Pinckneyville EBF holds cookouts for employees during State hours, which take a few hours.

Sheridan EBF

Sheridan EBF Committee Chair [IDOC Employee 4] said she does the majority of her work on the Sheridan EBF during her State work hours. She said the amount of time she spends on EBF matters varies, but that she generally spent about two hours in a week in which a Sheridan EBF event is taking place. [IDOC Employee 4] estimated that she spent a week’s worth of time preparing for employee recognition, including voting on gifts, purchasing gifts, creating a list of employees to be recognized, and placing orders. In addition, [IDOC Employee 4] said that when the Sheridan EBF was selling t-shirts several years ago, she spent the equivalent of an entire work day putting orders together and sorting shirts. [IDOC Employee 4] said the Sheridan EBF used to hold monthly cookouts from April through October, which took up to two hours to plan; she said Sheridan EBF Committee members grilled the food for the cookouts, which were held for three and one-half hours during the first shift and for two hours during the second shift.⁴²

Dixon EBF

Dixon EBF Committee Chair [IDOC Employee 5] said that many of the Dixon EBF events are scheduled on her days off, but that when Dixon EBF events such as cookouts are held on days when she is working, she spends five or six hours in a week working on the events. She said that Employee Appreciation Week, which takes place each year in May, is the Dixon EBF event that takes the most time to prepare for. She estimated that ten employees are involved in preparing for that event, and that each employee spends about 40 hours from January to May, which is mostly working time, on the preparations.

Springfield EBF

Springfield EBF Committee Chair [IDOC Employee 6] said that he spends one to two hours working on Springfield EBF matters in a week in which there is an EBF event, and about 10 to 15 minutes working on Springfield EBF matters in a week in which there is no EBF event; he added that the Springfield EBF does not host many EBF events. He said the Springfield EBF held four or five cookouts for cadets in 2017, which took place from 11:30 a.m. to 1:00 p.m., with the Springfield EBF Committee members grilling the food. [IDOC Employee 6] said that there are more Springfield EBF meetings during the time leading up to the Christmas party, but that employees use benefit time to set up for the party.

⁴² [IDOC Employee 4] said she did not know when the cookouts were held for the third shift. She said that as of the date of her interview, the EBF had only held one cookout in 2018.

[IDOC Employee 6] said the Springfield EBF store generally is only open by appointment, and that if an employee wants to buy an item he or she will call a Springfield EBF Committee member, who opens the store, makes the sale, and then returns to work. [IDOC Employee 6] said that he is called to make a sale in the store once or twice for five or ten minutes in a two-week period. He said that during cadet graduations, the store is open before work hours, and Springfield EBF Committee members take shifts of up to 30 minutes to make sales. [IDOC Employee 6] said that another Springfield EBF Committee member handles ordering items for the EBF, and he did not know how much time she spends doing that task.

E. EBF Expenditures

In addition to examining the sources of the EBFs' revenues, the OEIG also examined how the EBFs spend their funds. IDOC's Administrative Directives permit facilities to spend EBF funds for six purposes:

- (1) expenditures for which each employee will have a similar opportunity to benefit from the expenditure;
- (2) equipment or recreational items for use by employees;
- (3) recreational or entertainment events for the benefit of a significant number of employees;
- (4) a tribute to an employee or an employee's immediate family;
- (5) travel funds; and
- (6) charitable contributions to community organizations.⁴³

IDOC is required to "review and authorize all expenditures from benefit funds"; the EBF Committees, which are appointed by IDOC's Chief Administrative Officer, are tasked with this responsibility.⁴⁴

[IDOC Employee 1] said that at each individual facility, the EBF Committee members have control over the EBF, and that it is up to each Committee to decide how to spend EBF funds. She said that if there is a disagreement within the Committee, the matter would go to IDOC Chief of Staff Edwin Bowen. She said that the EBFs are cash based, many hands touch the money, and there is no oversight of the money.

The FACTS records and EBF meeting minutes for the Springfield, Pinckneyville, Sheridan, and Dixon EBFs revealed that the EBFs spend their money on various events and activities, including employee parties, employee awards and prizes, food, gifts for retiring employees, donations, and funeral flowers.

⁴³ IDOC Admin. Directive 02.43.102(II)(E)(5) (2000).

⁴⁴ IDOC Admin. Directive 02.43.102(I)(B) & (II)(E)(1) (2000).

Christmas Parties and Employee Appreciation

For example, the Springfield EBF Committee transaction records referenced various EBF events, including cookouts, cadet meals, and a Christmas party. Christmas party expenditures in 2016 included a \$19,581 payment to a hotel in Springfield, and a total of about \$8,000 for prizes. The transaction records also listed a number of large checks written from the Springfield EBF account to the Springfield EBF Committee Chair, [IDOC Employee 6]. For example, the records showed that on November 28, 2016, a check for \$6,100 was written to [IDOC Employee 6], with the description “Christmas Party Cash Prizes.” The records also showed that a \$3,000 check was written to [IDOC Employee 6] on May 4, 2017, with the description “Employee/Officer of the Year Nominees.”

In his interview, [IDOC Employee 6] said that the Springfield EBF’s employee Christmas party costs about \$30,000 a year, including money spent on the venue, food, beverages, a DJ, and prizes. He said that usually about 300 people attend, of whom about 150 to 175 are IDOC employees and the remainder are their guests. In addition to the employee Christmas party, [IDOC Employee 6] said the Springfield EBF also has spent its funds on items and events such as flowers for employees who have had a death in the family; plaques for awards; a television, DVD player, cable, and pasta dinners and cookouts for the cadets on campus; campus beautification; maintenance of the employee weight room; and free turkeys for Thanksgiving.

[IDOC Employee 6] was asked about the checks for \$6,100 and \$3,000 that were made out to him from the EBF account. He explained that the \$6,100 check was prize money for the Christmas party; he said the cash from the check was stuffed into envelopes and distributed to prizewinners at the party, who signed receipts for the amounts. He said the \$3,000 check was for awards given to the Employee of the Year and nominees for that award; he said there were also receipts for those awards. [IDOC Employee 6] explained that EBF Committee members do not have access to the EBF account or have check-signing privileges, and that the “workaround” to get the money for the prizes and awards was to write the checks to an EBF member. He said this was not the best practice, looked bad on paper, and made him uncomfortable.

Sheridan EBF Committee Chair [IDOC Employee 4] also said that until recently, the Sheridan EBF’s largest expenditures were for employee Christmas parties, as well as employee recognition gifts; she said that the last Christmas party was held in 2015, and that the EBF paid for the alcohol, which cost about \$1,500. Pinckneyville EBF Committee Chair [IDOC Employee 3] said that the Pinckneyville EBF’s largest expenditure was for Employee Appreciation Week, which involves catered meals and other food, and free soda; [IDOC Employee 3] said the EBF spends about \$4,000 on this event. She said the Pinckneyville EBF also spends its funds on funeral flowers, plaques for retiring employees, Employee of the Month and Year awards, and Christmas parties, among other things. Dixon EBF Committee Chair [IDOC Employee 5] said the Dixon EBF’s largest expenditures were for Employee Recognition Week, Christmas parties, and Easter egg hunts. She said that during Employee Recognition Week in 2017, the EBF provided a meal every day, and gave out gift cards to be used in the employee commissary.

Golf Outings

Although IDOC's Administrative Directives require EBF expenditures for recreational or entertainment events to benefit a significant number of employees, some EBF expenditures referenced in the documents obtained from IDOC were for activities that appeared to have benefitted only a small number of employees. For example, the records reflect that the Pinckneyville EBF paid \$150 to cover half of a \$300 fee for a team to play in Menard Correctional Center's K4 Open Golf Scramble in June 2017.⁴⁵ [IDOC Employee 3] noted in a May 26, 2017 email to IDOC employee [IDOC Employee 8]: "I know our team from last year had contacted the Warden asking for the \$300 sponsorship to be paid again" According to a flyer for the event, the fee included 18 holes of golf, the use of a golf cart, a meal, and awards.

[IDOC Employee 3] confirmed in her interview that the Pinckneyville EBF paid half the fee to send a team to play in Menard Correctional Center's golf event. According to [IDOC Employee 3], the Warden posted a flyer to put together a team on a first-come, first-serve basis, but said she was not aware if employees other than the four selected for the team were given an opportunity to attend the event. [IDOC Employee 3] said she viewed the expenditure as a charitable donation to support another facility's EBF, rather than simply benefitting the four employees who participated. [IDOC Employee 3] said the Warden made the final decision for the EBF to pay half the fee.

Similarly, the FACTS records also referenced a Dixon EBF expenditure of \$320 on August 19, 2016 for "[Golf Event Sponsor 1] Director's Golf Outing Fees," and a Springfield EBF expenditure of \$640 on August 16, 2016, for two "9/1/16 [Golf Event Sponsor 1] Golf Outing Sponsorship[s]."

When asked about the Dixon EBF's \$320 expenditure for golf outing fees, [IDOC Employee 5] said the IDOC Director's golf outing is a mandatory recurring expenditure that is made regardless of the EBF Committee's approval. She said that such mandatory expenditures usually are communicated from the IDOC Director's office to the Wardens, and that the Dixon accounting office notifies her. [IDOC Employee 5] said that a notice is posted seeking volunteers to participate; however, she said she did not know how the participants were selected. [IDOC Employee 6] acknowledged that the Springfield EBF had sponsored two teams to attend [Golf Event Sponsor 1]'s golf outing in 2016 and 2017 and said that the participants were chosen through a blind drawing of names of people who expressed interest, in response to an email that was sent to all employees.

F. Use Of Inmate Labor

The investigation also revealed that many EBFs use inmate labor for fundraising events such as car washes and shoe shining events. However, the Unified Code of Corrections strictly limits the types of work IDOC may have inmates perform:

The Department shall provide inmate workers for Illinois Correctional Industries to work in programs established to train and employ committed persons in the production of food stuffs and finished goods and any articles, materials or supplies

⁴⁵ The records also reflect that in 2016, the Pinckneyville EBF paid \$150 to Menard for half of a golf entry fee and paid \$320 for an entry fee for an [Golf Event Sponsor 1] golf outing.

for resale to State agencies and authorized purchasers. It may also employ committed persons on public works, buildings and property, the conservation of natural resources of the State, anti-pollution or environmental control projects, or for other public purposes, for the maintenance of the Department's buildings and properties and for the production of food or other necessities for its programs. The Department may establish, maintain and employ committed persons in the production of vehicle registration plates. **A committed person's labor shall not be sold, contracted or hired out by the Department except under this Article.**⁴⁶

Because using inmates for a non-public purpose, such as assisting employee fundraisers, would violate this statutory limitation, the OEIG examined the EBFs' practice of using inmate labor.

The OEIG obtained a spreadsheet from IDOC that showed revenues received by the EBFs from FY 2016 through the second quarter of FY 2018 from fundraisers that used inmate labor. In her interviews, [IDOC Employee 1] explained that the data presented in the spreadsheet was compiled by searching FACTS for revenues from the types of services that inmates typically provide, such as car washes, shoe shines, haircuts, and wood and plant sales. According to the spreadsheet, 18 facilities held fundraisers using inmate labor from FY 2016 through the second quarter of FY 2018, which brought in a total of about \$56,300. [IDOC Employee 1] told investigators that the inmates receive their normal inmate pay for this work.⁴⁷

IDOC [Identifying Information Redacted] [IDOC Senior Staff Employee 1] told investigators that previously, the EBFs kept all profits from the fundraisers they held that used inmate labor, but 12 to 18 months ago there was a policy decision with IDOC Chief of Staff Edwin Bowen that required the EBFs to split the profits from such fundraisers equally with the Inmate Benefit Fund and the institution's 523 fund.⁴⁸ Nevertheless, [IDOC Senior Staff Employee 1] said he felt that using inmate labor to raise funds for the EBFs is "bad optics," "bad ethically," and "bad morally." He added: "It's really hard for me to just honestly stomach the idea that ... employees benefit from offender labor."

Pinckneyville EBF

The FACTS records obtained in the investigation show that the Pinckneyville EBF took in approximately \$5,923 between January 2016 and July 2017 from car washes, as well as approximately \$402 from haircuts and shoe shines.⁴⁹ In her interview, Pinckneyville EBF Committee Chair [IDOC Employee 3] confirmed that the Pinckneyville EBF holds car washes as a fundraiser, and that inmates sometimes wash the cars. [IDOC Employee 3] said that the inmates are paid for their work and that they can refuse to wash the cars. She said that until recently the EBF retained all of the profits from the car washes, but now she has been told that the profits must either be split with the Inmate Benefit Fund and the 523 fund or that all profits must be given to

⁴⁶ 730 ILCS 5/3-12-2(a) (emphasis added). "Department" is defined as IDOC and the Department of Juvenile Justice. See 730 ILCS 5/3-1-2(e).

⁴⁷ See 730 ILCS 5/3-12-5 (stating that inmates performing a work assignment may receive wages pursuant to IDOC rules and regulations).

⁴⁸ As noted above, the 523 fund is used for staff salaries and various other purposes.

⁴⁹ The records indicated that the Pinckneyville EBF paid approximately \$1,242 for car wash supplies between February 2016 and July 2017.

the Inmate Benefit Fund. However, the FACTS records for the Pinckneyville EBF did not show any transactions described as payments to the Inmate Benefit Fund.

Springfield EBF

Springfield EBF Committee Chair [IDOC Employee 6] said the Springfield EBF holds car washes seasonally, twice a week, at which inmates wash employees' personal vehicles, as well as motor pool and executive staff vehicles. He explained that inmates are brought to the Springfield campus from other facilities to do janitorial and other work there during the day, and that the inmates are paid for the work. He said the EBF purchases the supplies for the car washes and gives the profits to the Inmate Benefit Fund.⁵⁰ He said the EBF does not make money from the car washes, and that they are done for the benefit of the employees whose cars are washed.

G. Direction And Guidance Provided To The EBFs

In light of the variation in practices observed in the EBFs examined in the investigation, the OEIG asked the EBF Committee Chairs what direction and guidance IDOC provides staff involved in the EBFs about how to run them. [IDOC Employee 3] and [IDOC Employee 4] told investigators that they had not been given any written procedures or rules about how to run the EBFs. [IDOC Employee 5] said that most direction she has received has been through word of mouth, past practice, and the Administrative Directives. [IDOC Employee 6] also said that the Administrative Directives are used, but he noted that they are vague. Some of the EBF Committee Chairs interviewed in the investigation said they attend quarterly meetings of EBF Committee Chairs, where they discuss EBF issues, ideas, and events, and can ask questions. However, none reported having received any formal training about how to run the EBFs.

H. Lack Of Centralized Oversight Of The EBFs

In their interviews, the Pinckneyville, Dixon, and Sheridan EBF Committee Chairs said that they report to the Wardens of their individual facilities about EBF matters, and that the Wardens make the final decisions about those matters. [IDOC Employee 6] said that because the Springfield central office is not a prison and therefore does not have a Warden, he reports to IDOC Chief of Staff Edwin Bowen on Springfield EBF matters.

Investigators interviewed IDOC [Identifying Information Redacted] [IDOC Employee 9] regarding whether IDOC conducts internal audits of EBFs.⁵¹ [IDOC Employee 9] said that the IDOC Office of Internal Audit audited the Springfield EBF in February 2016, which resulted in a report,⁵² and that the office started an audit of the Springfield EBF store that was never finished. [IDOC Employee 9] said that the IDOC Office of Internal Audit has not audited any other facility's EBF. She explained that the Chief Internal Auditor retired at the end of December 2016 and had

⁵⁰ The FACTS records listed expenditures the Springfield EBF made for the car washes, and payments made to the Taylorville and Jacksonville Correctional Centers' Inmate Benefit Funds, referencing car wash workers.

⁵¹ [IDOC Employee 9] was interviewed on November 3, 2017.

⁵² The OEIG obtained a copy of the audit report, dated February 2016, which found that the Springfield EBF lacked proper controls over expenditures and receipts, and did not have a procedure to address outstanding checks when stop payments are not issued. The report also found that the EBF Committee failed to review all expenditures. The report indicated that the Springfield EBF Committee accepted the audit's recommendations.

not been replaced, and without a person in that position there were no plans for future audits of EBFs. In his interview, IDOC [Identifying Information Redacted] [IDOC Senior Staff Employee 1] said that he did not know what the audit plan is for the EBFs, but he added that audits should still be conducted even without a Chief Internal Auditor in place.

[IDOC Employee 1] said that in her capacity of overseeing IDOC's locally held funds, her interaction with the EBFs includes involvement in quarterly reporting, helping the EBFs with monthly variances and with their journal entries, and answering questions. She said that until recently, she played less of a role regarding the EBFs than with other locally held funds because Chief of Staff Edwin Bowen handled EBF oversight responsibilities that would normally be the responsibility of the Accounting Department. [IDOC Employee 1] said that when she received calls from EBFs, she would direct them to Mr. Bowen because he oversees the EBFs and is responsible for providing information for them. In addition, [IDOC Employee 1] said that Mr. Bowen told her multiple times that he wanted to be included on all EBF communications. However, [IDOC Employee 1] said that in an April 18, 2018 meeting with the Wardens, Mr. Bowen directed them to address questions about the administration of the EBFs to [IDOC Employee 1] and her staff, and that she has responded to many questions since then.

[IDOC Senior Staff Employee 1] said that he has told Mr. Bowen that at some point, IDOC is going to have to centralize the EBFs. [IDOC Senior Staff Employee 1] explained to investigators that it "doesn't make sense to have . . . 27 some-odd bank accounts kind of managing themselves at the institutional level" [IDOC Senior Staff Employee 1] said that if the EBFs were centralized, he would be more aware of how the EBFs obtained their funds. He added that if someone decides not to follow the procedures, "there is no real check and balance" unless the EBFs are centralized.

I. Changes Made During The Investigation

The OEIG learned that during the investigation, IDOC began implementing changes to the EBFs that addressed some of the issues identified in the investigation.

[IDOC Employee 1] said that at the April 18, 2018 Wardens meeting, Mr. Bowen distributed EBF guidelines to the Wardens that she had drafted, and Mr. Bowen told the Wardens that the EBFs no longer were permitted to hold raffles. The OEIG obtained a copy of the guidelines, which stated that cash and gift cards could not be distributed for Employee Appreciation Week and noted various tax rules. [IDOC Employee 1] said that in a May 29, 2018 meeting with EBF Committee Chairs and Business Administrators, she told them that all EBF sales should be conducted through the commissary.

Investigators also obtained a document titled "Frequently Asked Questions regarding the EBF," which was emailed from Mr. Bowen to "DOC.DL-Warden's Adult Group" on June 26, 2018. The document included directions such as that EBF sales must be run through the employee's commissary with the applicable markup and profit splits, raffles may only be held through a charitable organization with all profits going to the charity, and EBFs cannot profit or benefit from offenders' work.

[IDOC Senior Staff Employee 1] said that he, [IDOC Employee 1], and Mr. Bowen discussed alternatives to the EBFs approximately two weeks before [IDOC Senior Staff Employee 1]'s OEIG interview. He said that the employees could set up a fraternal order outside IDOC, with an outside bank account, instead of using the EBFs. [IDOC Senior Staff Employee 1] said he has discussed this alternative with Mr. Bowen.

J. Interview Of IDOC Chief Of Staff Edwin Bowen

Investigators interviewed Mr. Bowen on August 27, 2018. Mr. Bowen said he has been the IDOC Chief of Staff since approximately June 2015, and that he previously worked at IDOC from 1988 through 2005, including as the Warden at Centralia Correctional Center. Mr. Bowen said he reports to IDOC Acting Director John Baldwin.

Mr. Bowen said IDOC had EBFs when he began working for IDOC in 1988, and that his colleagues who began working at IDOC in the 1960s reported that the EBFs existed then as well. He said the Wardens oversee the EBFs in their facilities, and that they do not report to anyone regarding the EBFs. Mr. Bowen said that he does not have any official duties regarding the EBFs, including the Springfield EBF, but that he has been heavily involved in promoting their activities, with “the blessing of the Director.”⁵³

Mr. Bowen said that the EBFs have been a longstanding tradition at IDOC, and he opined that they are necessary to ease the pressure that corrections staff are under. However, he acknowledged that the EBFs also “have been operating outside the probably technically statutory authority forever.” Mr. Bowen said he has regular conversations with Mr. Baldwin about EBF activities, and that he has discussed EBF issues with Mr. Baldwin on several occasions.

Mr. Bowen said he was aware that under the IDOC Administrative Directives, the EBFs' primary source of revenue is supposed to be vending machine and commissary profits, and he said he understands “primary” to mean that the majority of EBF revenues must come from those sources. Mr. Bowen said he believed that the EBFs' primary source of revenues is commissary profits, and that it would surprise him to hear that IDOC records reflected that in FY 2017, the EBFs' revenues came mostly from other sources.

Mr. Bowen said he was not aware that EBFs had solicited donations from local businesses. He said that approximately two years ago an EBF Committee Chair asked if the EBFs could do so, and that he consulted then-IDOC [Identifying Information Redacted] [IDOC Employee 10] about it. Mr. Bowen said he did not recall what [IDOC Employee 10]'s response was, but he recalled that the EBFs were told that they cannot solicit donations from businesses that do business with the State. Mr. Bowen said he did not follow up with the EBFs about whether they were complying with this direction, and that he did not know if any follow up was done.

Mr. Bowen said the EBFs had been holding raffles since at least 1988, when he first began working at IDOC. However, he said he instructed the EBFs to stop holding raffles after [IDOC Senior Staff Employee 1] or [IDOC Employee 1] pointed out that because the EBFs are not

⁵³ Mr. Bowen added, “If you're looking for someone to hang the EBF on, it's the Chief of Staff with the Director's knowledge.”

501(c)(3) organizations they cannot legally obtain raffle licenses. Mr. Bowen said he had discussions with Mr. Baldwin about the raffles, but that it was his (Mr. Bowen's) decision to stop them.

Mr. Bowen said he was aware that the EBFs sell merchandise to raise funds, and said they keep all profits from items sold outside the employee commissary. Mr. Bowen said the EBFs are now limited to charging a 10% markup. Mr. Bowen noted that although the commissary markup is statutorily limited to 10%, he believed that most items sold through the employee commissaries had a higher markup. He said the EBFs are required to follow the Procurement Code when they purchase items to sell in fundraisers,⁵⁴ and that it would be a State Officials and Employees Ethics Act violation for an EBF to select a supplier based on a personal relationship an EBF Committee member had with a vendor. However, Mr. Bowen said that IDOC does not require the EBFs to document how they select their suppliers, and that he would have no way of knowing if an EBF selected a supplier based on a personal relationship.

Mr. Bowen said that employees are allowed to do EBF activities on State time. He said he was unaware of any rules governing how much time employees can spend on EBF activities, and said that the Warden at each individual facility makes that determination. Mr. Bowen said that employees may spend 20 hours working on EBF activities during Employee Recognition Week, and that that was acceptable because the EBFs were part of IDOC's mission. He said employees also spend a lot of time on EBF activities around Christmas. According to Mr. Bowen, other than these events, employees involved with the EBFs probably spend a couple of hours per week working on EBF activities at the most.

Mr. Bowen said that the EBFs "pretty much are on their own" in deciding how to spend their money. He said that one of the EBFs' largest expenditures is for Christmas parties, and that the EBFs also spend money on employee meals, donations, funeral flowers, retirement gifts, and other expenditures. Mr. Bowen said that a number of the EBFs used to give out cash or gift cards to employees as prizes or for recognition awards, but that they were told to stop doing so one to two years ago because [IDOC Employee 1] said the practice violated tax rules. Mr. Bowen said he did not have any concerns about how the EBFs were accounting for the cash, and that he was not aware of EBFs spending their money for any purposes that were not listed in the Administrative Directives.

Mr. Bowen said he was aware that some of the EBFs use inmates to work at EBF fundraisers, such as car washes, and noted that the Springfield EBF holds car washes at which inmates wash the employees' personal vehicles. He said that until approximately three years ago, the EBFs kept the profits from the car washes. However, he said that following discussions between himself, Mr. Baldwin, and IDOC's legal and fiscal units, the current IDOC administration has required the EBFs to share the profits with the Inmate Benefit Fund. Mr. Bowen said he was unaware of any statute that said it was inappropriate to use inmates for EBF activities, and that he was not familiar with Section 5/3-12-2(a) of the Unified Code of Corrections, relating to types of inmate employment. When shown a copy of the provision in his interview he opined that it only applied to Illinois Correctional Industries and did not apply to work assignments in correctional facilities.

⁵⁴ However, he noted that the EBFs' purchases would not reach the Procurement Code's small purchases threshold.

Mr. Bowen said he has not had any discussion with staff in the IDOC Office of Internal Audit about auditing the EBFs, and that he was unaware of any internal audits of an EBF since the Springfield EBF was audited in February 2016. Mr. Bowen said the Chief Internal Auditor position has been posted several times since the previous Chief Internal Auditor left IDOC at the end of 2016, but that the position has not been filled. He stated that he was unaware of the EBF Committee Chairs or committee members receiving any training about how to run the EBFs.

K. Interview Of IDOC Acting Director John Baldwin

On September 26, 2018, investigators interviewed Mr. Baldwin. Mr. Baldwin said he has been IDOC's Acting Director since August 2015.

Mr. Baldwin said that he has no direct duties and responsibilities regarding the EBFs, and that he does not approve EBF decisions. However, he said, in the context of setting global policy at IDOC, he participates in conversations about issues such as how to take care of staff, and that some of those conversations involve the EBFs. Mr. Baldwin said that Mr. Bowen is the point person for the EBF system, but that as IDOC Director, he (Mr. Baldwin) has ultimate authority over the EBFs.

Mr. Baldwin said he was not aware that under the IDOC Administrative Directives, the EBFs' primary source of revenue is supposed to be vending machine and commissary profits, and said he did not know whether the EBFs' funds come mostly from other sources. He said he was not aware of whether EBFs solicit donations from local businesses, or whether, if they do, they are required to check to make sure the businesses are not IDOC or State vendors. Mr. Baldwin said he was aware that the EBFs had held raffles, and said they were told to stop doing so based on questions raised by IDOC accountants. He said he did not know what profits EBFs can keep from sales of items, or what markup they can charge.

Mr. Baldwin said he was aware that IDOC employees were spending some State time on EBF activities, but that he did not know how much. Mr. Baldwin said that in extreme cases there is a limit to how much State time an employee should be spending on EBF activities, but that he did not know what the limit was; he said that would be dependent on circumstances such as how often it happened and whether the employee was gearing up for a big event.

Mr. Baldwin said he did not know what types of things the EBFs spend their money on, and that he was not aware that expenditures of EBF funds are required to be for a purpose listed in the Administrative Directives. Mr. Baldwin said that at some point, Mr. Bowen and [IDOC Senior Staff Employee 1] told him that some EBFs gave out cash or gift cards to employees. Mr. Baldwin said he did not know if the EBFs have paid to send teams to the "Director's" golf outing or whether they have been provided any direction regarding how to select participants.

Mr. Baldwin said he had been told that some of the EBFs use inmates to work at fundraisers like car washes and said that he has no issue with the practice as long as the inmates already work outside and are asked if they want to do the work. He said that at some point he had a passing conversation with [IDOC Senior Staff Employee 1], and possibly Mr. Bowen and [Identifying

Information Redacted] [IDOC Senior Staff Employee 2], about requiring the EBFs to share the profits from such fundraisers with the Inmate Benefit Fund, but said he did not recall the outcome of the conversation. Mr. Baldwin said he was not familiar with Section 5/3-12-2(a) of the Unified Code of Corrections, and when investigators showed him a copy of the provision during his interview he opined that it was focused on Illinois Correctional Industries.

Mr. Baldwin said he did not know if EBFs are given any written procedures or rules about how to run an EBF. He said he did not know whether EBF Committee Chairs and members receive any training about how to run the EBFs.

Mr. Baldwin said he did not know what changes had been made in the last year regarding the operation of the EBFs. He said that in the future, he intends to update IDOC's policies based on his review of the current policies during the interview. Mr. Baldwin said he had not previously considered eliminating the EBFs as an IDOC fund and requiring the employees to do any fundraising activities through an independent organization outside work, but he said he may consider that as a result of his OEIG interview.

IV. ANALYSIS

The OEIG recognizes the difficult nature of the work for many IDOC employees and understands that promoting positive employee morale at IDOC is important. It is therefore reasonable for IDOC employees to participate in activities designed to improve employee performance and increase retention by boosting employee morale. As important as those goals are, however, they must be carefully balanced against IDOC's obligation to provide good value and oversight for the taxpayer funds that pay the employees' salaries.

As discovered in this investigation, IDOC lacks adequate centralized oversight and controls over EBF funds. Without such oversight or controls, it is difficult to determine whether funds are properly collected or used and thus, exposes these funds to mismanagement, abuse or fraud. In addition, the failure of proper oversight has allowed various problematic practices to develop in the individual EBFs, including an expansion of the EBFs' revenues beyond what is permitted by IDOC Administrative Directives, solicitation of donations from businesses without ensuring that they are not State vendors, sales of merchandise outside statutory and IDOC requirements, improper raffles, waste of State time and resources, and the improper use of inmate labor.

Failure to Adhere to Administrative Directives Regarding Revenues

IDOC's Administrative Directives require that the "[p]rimary sources of revenue" for the EBFs shall be profits from vending machines and employee commissaries.⁵⁵ However, this investigation discovered that IDOC facilities have expanded the scope of their EBFs' revenue stream through fundraising. Each year from FY 2012 through FY 2017, more than 70% of the EBFs' revenue statewide was derived from sources other than vending and commissary profits. In FY 2017, the EBFs derived \$959,987 from such other sources, or 80% of the total EBF revenues.

⁵⁵ IDOC Admin. Directive 02.43.101(II)(E)(2) (2001).

The OEIG's review of EBF transactions records and interviews of IDOC employees confirmed that the EBFs' revenues largely came from fundraising activities, including selling merchandise and food, soliciting donations from local businesses, holding car washes, and conducting raffles. Due to such fundraising efforts, in FY 2017, 86% of the EBFs derived over half their revenue from sources other than vending and commissary profits, and 34% of the EBFs derived over 90% of their revenue from other sources.

No Check on Solicitations of Donations

EBF fundraising efforts, and the lack of oversight and controls over them, have led to other problematic practices as well. For example, some EBFs solicited donations from local businesses, but IDOC does not have a mechanism in place to ensure that such solicitations do not create a conflict of interest. IDOC does not maintain a list of businesses that are asked to donate to the EBFs, and no one checks whether a potential donor is a State vendor. As [IDOC Employee 1] noted in her OEIG interview, without an accurate donor list, IDOC simply trusts the EBFs to ensure that there are no conflicts of interest with the donations they accept.

As the OEIG discovered, that trust is misplaced, as individual EBFs do not take steps to ensure that they are not soliciting State vendors. [IDOC Employee 3] told investigators that in 2016, she solicited nearly every business listed in the Pinckneyville telephone directory for donations, and that the Pinckneyville EBF solicited local businesses in 2017, as well. One local business donated money to the Pinckneyville EBF after an EBF member reminded it that the Pinckneyville Correctional Center is "the largest employer in Perry County," and in a mass email [IDOC Employee 3] urged employees to show "gratitude" to the sponsors of the event. Although [IDOC Employee 3] maintained that she would have known if any of the businesses she solicited were IDOC vendors, she acknowledged that she had no process in place to ensure that the sponsors were not State vendors. Similarly, [IDOC Employee 4] said that she solicited donations or sponsorships from local businesses for a Sheridan EBF event without checking whether the businesses were State vendors. Without any checks or controls in place, solicitations such as [IDOC Employee 3]'s and [IDOC Employee 4]'s could easily create conflicts of interest.

Problems Caused by EBF Merchandise Sales And Raffles

The EBFs' practice of selling items outside the employee commissaries allowed for statutory and IDOC requirements to be evaded. Although employee commissaries are statutorily limited to a 10% markup on their sales,⁵⁶ the EBFs charged a higher markup on their sales of merchandise outside the commissaries. In addition, the EBFs kept all the profits from such sales, instead of being limited to the 40% of the profits they receive from commissary sales.⁵⁷

In addition, some EBFs may be using problematic practices when they purchase the merchandise they resell in their fundraisers. Although some of the EBF Committee Chairs interviewed maintained that they are careful to follow applicable rules when they purchase items for EBF fundraisers, [IDOC Employee 3] said that the Pinckneyville EBF selected suppliers

⁵⁶ See 730 ILCS 5/3-7-2a.

⁵⁷ See IDOC Admin. Directive 02.44.110(II)(E)(1)(a)(1) (2004).

through word of mouth, and that one supplier she selected was someone she knew from her hometown.

The investigation also revealed various other problems with the revenue sources of the EBFs. For example, until recently EBFs commonly held raffles to raise funds for the EBFs, although the EBFs are IDOC funds, and as such would not appear to have qualified for the raffle licenses some received.⁵⁸ Since this investigation began, IDOC wardens have been advised that raffles may not be held unless they are held through a charitable organization with all profits going to the charity. However, it has yet to be determined whether this directive is being enforced at all facilities.

Waste of State Resources

If the EBFs complied with the Administrative Directive's requirement limiting their primary sources of revenue to vending machine and commissary profits, other issues discovered in this investigation likely would not have occurred either. For example, employees would have spent far less State time on EBF activities, because employees do not service the vending machines or run the commissaries. However, with the expansion of the scope of EBF activities to include extensive fundraising efforts, employees also expanded the amount of State time and resources they devote to EBF activities.

For example, [IDOC Employee 3] told investigators that she spent up to 10 to 20 hours in a week on Pinckneyville EBF activities, and she noted that all the employees in her office helped sort shirts for EBF sales as well; investigators also discovered that [IDOC Employee 3] sent and received nearly 600 emails at work relating to EBF matters during just one month in 2017. In addition, [IDOC Employee 4] told investigators that she spent a week's worth of time preparing for an employee recognition event at Sheridan. [IDOC Employee 5] estimated that ten employees spend about 40 hours each of mostly working time over five months preparing for Employee Appreciation Week at Dixon. [IDOC Employee 1] said that employees have stated that State work could not be done because they were attending an EBF event or out purchasing items for the EBF, and [IDOC Senior Staff Employee 1] said that it was "not uncommon" for business office employees to say that the EBFs were "consuming" their time.

Improper Use of Inmate Labor

The OEIG also discovered that some EBFs improperly use inmate labor for fundraising events such as car washes, even though that work benefits the employees and the EBFs rather than serving a public purpose. The Unified Code of Corrections prohibits IDOC from hiring out inmates to perform work other than what is described in the statute, such as working for Illinois Correctional Industries, producing license plates, producing food and other necessities for IDOC, working on conservation and public works projects, and other activities that serve a public purpose.⁵⁹ Although Mr. Bowen and Mr. Baldwin took the position in their interviews that this provision governs Illinois Correctional Industries' activities, and therefore would not apply to the circumstances here, their reading of the statute is erroneous. The plain language of the statute

⁵⁸ See 230 ILCS 15/2.

⁵⁹ 730 ILCS 5/3-12-2(a).

discusses what the “Department” -- IDOC -- can and cannot do. Therefore, IDOC is prohibited from allowing inmates to be employed for non-public purposes.

Contrary to this prohibition, IDOC has a longstanding practice of allowing the EBFs to use inmate labor for EBF fundraisers. In these fundraisers, inmates wash employees’ personal vehicles, and some of the EBFs retain at least part of the profits to use for activities and events that benefit the employees. Even to the extent that the EBFs now share a portion of the car wash profits with the Inmate Benefit Fund, the EBFs are still allowed to use some profits from inmate labor to fund employee events such as holiday parties, and individual employees benefit from having their personal vehicles washed. Neither purpose is a “public purpose” permitted under the statute.

Lack of Oversight or Control over EBF Funds

The EBFs have been significantly increasing their amount of revenue over the years: nearly \$1 million was brought in statewide in FY 2017 alone. Although the EBFs take in and spend large sums of money each year, the investigation discovered that IDOC has exercised little to no centralized oversight of them. Each facility independently runs its own EBF activities and maintains its own EBF account; moreover, many of the EBFs’ transactions are cash based, making oversight and controls all the more important. Furthermore, IDOC has not had a Chief Internal Auditor in place for approximately two years, and although there is other internal audit staff, they have conducted no internal audits of the EBFs other than an audit of the Springfield EBF in February 2016. IDOC does not otherwise perform oversight; in addition, necessary controls were significantly lacking.

The EBFs self-report their transactions, with staff at each individual facility inputting descriptions of the transactions into IDOC’s electronic accounting system, FACTS. However, IDOC has no uniform procedure or requirements for describing the transactions. As a result, the individual facilities describe the EBFs’ transactions inconsistently or fail to identify the source of funds. Therefore, in many cases it was virtually impossible to ascertain how an EBF obtained or spent particular funds.

For example, donations an EBF solicits and purchases an EBF makes may be described in FACTS in any number of ways. IDOC does not require the EBFs to otherwise document what companies they solicit for donations or from which they buy items, making it impossible for IDOC to check whether EBFs may be soliciting donations from State vendors, or buying items from a vendor with which an EBF Committee member has a personal relationship. As a result, there is no check on these activities, and the EBFs themselves take no steps to ensure that they are not acting improperly.

The EBFs also decide how to spend their funds without any centralized oversight or controls. For example, the Springfield EBF spends an extraordinary amount on its annual holiday party: about \$30,000 per year, for an event typically attended by about 150 to 175 employees plus their guests. In addition, although expenditures of EBF funds for recreational or entertainment events are required to benefit a significant number of employees,⁶⁰ the OEIG identified instances in which EBFs paid entry fees for small groups of employees to participate in golf outings.

⁶⁰ IDOC Admin. Directive 02.43.102(II)(E)(5) (2000).

Until recently, the EBFs were given no direction regarding the distribution of cash, which was commonly done at events such as Employee Appreciation Week and holiday parties. As [IDOC Employee 6] described, the “workaround” the Springfield EBF designed to distribute cash prizes and awards to employees involved writing multiple large checks directly to [IDOC Employee 6] from the EBF account. Those cash prizes included over \$6,000 in cash that [IDOC Employee 6] said was distributed to attendees of a 2016 Christmas party. Although [IDOC Employee 6] said he obtained receipts for the cash that was distributed, this action was not pursuant to any IDOC requirement or procedure. Such a system is ripe for fraud or abuse.

Without centralized oversight of EBF activities, no one examines how the EBFs obtain their funds, or how they spend them. It is critical for IDOC to provide direction to EBF staff on how to properly operate the EBFs. However, IDOC has no written procedures other than the general policies contained in the Administrative Directives, and the personnel involved in managing the EBFs receive no training.

Conclusion

The EBFs have been in existence for many years and some of the issues identified in the investigation are not new. However, the level of fundraising by EBFs has increased significantly without direction or much if any oversight. Controls must be implemented from the top down, but as the investigation discovered this has not been done with the EBFs despite the amount of money involved in their operation. As Chief of Staff, Mr. Bowen is the point person for the EBF system, and admitted that he is heavily involved with the EBFs. IDOC Acting Director Baldwin acknowledged that he has ultimate authority over the EBFs. Both Mr. Bowen and Mr. Baldwin, however, did not take necessary steps to ensure that the EBFs complied with applicable statutes and Administrative Directives; impose controls on the EBFs’ expenditures, especially their handling of cash; or require the EBFs to document activities such as how they solicit donations or select suppliers. Internal audits of these EBF accounts were not taking place on any regular basis. In addition, although changes have recently been implemented to address some of the issues, Mr. Bowen and Mr. Baldwin have continued to sanction such practices as allowing employees to spend significant amounts of State time doing EBF activities, and allowing the EBFs to use inmate labor for their fundraisers. In short, Mr. Bowen and Mr. Baldwin have failed to ensure that the EBFs are managed properly.

For these reasons, the allegations that Mr. Bowen and Mr. Baldwin mismanaged the EBFs and violated the Unified Code of Corrections’ prohibition against using inmate labor for non-public purposes are **FOUNDED**.⁶¹ Because it appears that the problematic practices identified in this investigation are widespread and involve many of the EBFs, and because these practices have been sanctioned or encouraged at a high level, the OEIG is not making findings against employees involved in any individual EBF.

V. FINDINGS AND RECOMMENDATIONS

⁶¹ The OEIG concludes that an allegation is “founded” when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDINGS:**

- **FOUNDED** – Illinois Department of Corrections Acting Director John Baldwin mismanaged the Employee Benefit Funds.
- **FOUNDED** – Illinois Department of Corrections Chief of Staff Edwin Bowen mismanaged the Employee Benefit Funds.
- **FOUNDED** – Illinois Department of Corrections Acting Director John Baldwin permitted inmate labor to be used for a non-public purpose, in violation of 730 ILCS 5/3-12-2(a).
- **FOUNDED** – Illinois Department of Corrections Chief of Staff Edwin Bowen permitted inmate labor to be used for a non-public purpose, in violation of 730 ILCS 5/3-12-2(a).

Based on these findings, the OEIG recommends that the Office of the Governor take whatever action it deems appropriate regarding Mr. Baldwin and Mr. Bowen.

The OEIG also recommends that the Office of the Governor direct IDOC to:

- implement and enforce written policies and procedures regarding the operation of the EBFs, including rules governing a financial tracking system that allows for effective review of the source and use of funds, and rules regarding the EBFs' purchases and sales of merchandise, solicitations of donations, and other fundraising activities;
- take necessary steps to ensure that the EBFs are operated in accordance with all applicable laws, regulations, and policies, including Administrative Directives regarding the source of revenue;
- implement and conduct training of employees involved in EBF activities;
- conduct regular audits of the EBFs; and
- cease allowing inmate labor to be used for EBF fundraisers.

No further investigative action is needed, and this case is considered closed.

Date: December 10, 2018

Office of Executive Inspector General
for the Agencies of the Illinois Governor
69 W. Washington St., Suite 3400
Chicago, IL 60602

By: Angela Luning
Deputy Inspector General

Reginald Spears

Investigator #124

Appendix A
Sources of EBF Revenue, FY 2017

Facility	Total EBF Revenue (FY 2017)	Revenue from Vending Machines and Commissary	Other Revenue	% of Revenue <u>Not</u> from Vending Machines and Commissary
Big Muddy	\$14,231	\$60	\$14,171	99%
Centralia	\$43,857	\$3,120	\$40,737	93%
Danville	\$28,609	\$4,343	\$24,266	85%
Decatur	\$26,264	\$5,994	\$20,270	77%
Dixon	\$21,604	\$3,423	\$18,181	84%
East Moline	\$11,656	\$5,169	\$6,487	56%
Fox Valley ⁶²	\$1,133	\$0	\$1,133	100%
Graham	\$56,956	\$11,056	\$45,900	81%
Hill	\$17,653	\$3,114	\$14,539	82%
Illinois River	\$31,293	\$16,642	\$14,651	47%
Jacksonville	\$32,291	\$1,581	\$30,710	95%
Kewanee ⁶³	\$6,883	\$338	\$6,545	95%
Lawrence	\$19,786	\$4,706	\$15,080	76%
Lincoln	\$35,029	\$7,998	\$27,031	77%
Logan	\$42,781	\$9,981	\$32,800	77%
Menard ⁶⁴	\$54,600	\$28,569	\$26,031	48%
Peoria ⁶⁵	\$30,199	\$20,720	\$9,479	31%
Pinckneyville	\$44,167	\$655	\$43,512	99%
Pontiac	\$31,182	\$6,602	\$24,580	79%
Robinson	\$18,644	\$4,298	\$14,346	77%
Shawnee	\$40,588	\$6,800	\$33,788	83%
Sheridan	\$43,787	\$3,627	\$40,160	92%
Southwestern Ill.	\$19,396	\$915	\$18,481	95%
Springfield ⁶⁶	\$163,529	\$5,452	\$158,077	97%
Stateville	\$17,086	\$5,540	\$11,546	68%
Taylorville	\$20,260	\$5,102	\$15,158	75%
Vandalia	\$37,349	\$1,332	\$36,017	96%
Vienna	\$17,392	\$4,671	\$12,721	73%
Western Ill.	\$31,779	\$17,170	\$14,609	46%

⁶² Fox Valley is an Adult Transition Center.

⁶³ Kewanee is a Life Skills Re-Entry Center.

⁶⁴ The data provided regarding Menard Correctional Center's EBF receipts for FY 2017 reflected an accounting error where \$147,000 of Inmate Benefit Fund money was accidentally credited into the EBF and later debited back to the Inmate Benefit Fund. Accordingly, the OEIG subtracted \$147,000 from the "Other Revenue" amount for Menard in this chart.

⁶⁵ Peoria is an Adult Transition Center.

⁶⁶ Springfield is IDOC's central office.



Office of Executive Inspector General
for the Agencies of the Illinois Governor
www.inspectorgeneral.illinois.gov

**AGENCY OR ULTIMATE JURISDICTIONAL AUTHORITY
RESPONSE FORM**

Case Number: 17-01266

Return 20 Days After Receipt

Please check the box that applies. (Please attach additional materials, as necessary.)

We have implemented all of the OEIG recommendations. Please provide details as to actions taken:

We will implement some or all of the OEIG recommendations but will require additional time to do so.
We will report to OEIG within 12 days from the original return date. (January 11, 2018)

We do not wish to implement some or all of the OEIG recommendations. Please provide details as to what actions were taken, if any, in response to OEIG recommendations:

[Redacted Signature]

Signature

Office of the Governor
Deputy General Counsel & Chief Compliance Officer
Print Agency and Job Title

Jill Hutchison
Print Name

12/27/18
Date



OFFICE OF THE GOVERNOR

JRTC, 100 W. RANDOLPH, SUITE 16-100
CHICAGO, ILLINOIS 60601

BRUCE RAUNER
GOVERNOR

CONFIDENTIAL

January 11, 2019

Susan M. Haling
Acting Executive Inspector General
Office of Executive Inspector General
69 West Washington, Suite 3400
Chicago, Illinois 60602

Re: OEIG Complaint Number #17-01266 Response to Final Report

Dear Acting Executive Inspector General Haling,

This letter is in reply to the Final Summary Report ("Final Report") issued to the Governor's Office by the Office of Executive Inspector General ("OEIG") in the above-captioned matter. With the issuance of this Final Report, the OEIG has determined that no further investigative action is needed, and this case is considered closed. The OEIG has asked the Governor's Office to reply to the Final Report by listing all actions the Governor's Office has taken to address the recommendations the OEIG has made relative to the investigation.

The OEIG determined there was reasonable cause to issue the following findings:

- (1) Illinois Department of Corrections Acting Director John Baldwin mismanaged the Employee Benefit Funds.
- (2) Illinois Department of Corrections Chief of Staff Edwin Bowen mismanaged the Employee Benefit Funds.
- (3) Illinois Department of Corrections Acting Director John Baldwin permitted inmate labor to be used for a non-public purpose, in violation of 730 ILCS 5/3-12-2(a).
- (4) Illinois Department of Corrections Chief of Staff Edwin Bowen permitted inmate labor to be used for a non-public purpose, in violation of 730 ILCS 5/3-12-2(a).

The Governor's Office has reviewed the Final Report and the investigatory materials furnished to it by the OEIG in support of these findings. The Governor's Office accepts and agrees with the findings of the OEIG described in its Final Report. The Governor's Office concludes that the issues found in the report arise from practice over many years, and that IDOC took steps to correct several of the problems prior to issuance of this report. To the extent steps have not been taken to address the recommendations, we agree that they should be taken. We will leave a copy of our response and your report for the next administration.

Based on these findings, the OEIG made five recommendations to the Governor's Office and/or the Illinois Department of Corrections ("IDOC" or "the Department"). This letter will address each recommendation in turn.¹

- 1. The Governor's Office should direct IDOC to implement and enforce written policies and procedures regarding the operation of the EBFs, including rules governing a financial tracking system that allows for effective review of the source and use of funds, and rules regarding the EBFs' purchases and sale of merchandise, solicitation of donations, and other fundraising activities.**

The Governor's Office and IDOC accept and agree with this recommendation.

IDOC operates twenty-nine correctional centers and four adult transition centers across Illinois. The Department employs approximately 12,000 employees who serve a population of more than 40,000 inmates and over 25,000 parolees. Each of IDOC's centers maintains an Employee Benefit Fund ("EBF") to provide beneficial opportunities generally available to all IDOC employees, like purchasing and repairing employees' recreational equipment, funding entertainment events for employees, celebrating tributes to employees or an employee's immediate family, supporting travel fund advancements and reimbursements, and making charitable contributions to community organizations. A significant reason why the EBFs exist is to provide stress relief and opportunities for camaraderie in the very high-stress and challenging work environments that are correctional centers. EBFs or their equivalents are common tools across United States correctional centers to boost employee morale.

IDOC created these EBFs pursuant to Administrative Directives established in 2000 and earlier. By rule, EBFs are solely for the benefit of IDOC employees. Monies from the EBFs cannot be used for operational expenses, cannot benefit inmates, and cannot inure to the benefit of only a few employees. AD. 02.43.102.

IDOC recognizes the value that EBFs provide in maintaining good order and a positive work environment for corrections staff. Nevertheless, as a result of both the OEIG's investigation and IDOC's independent review of the management of the EBFs, IDOC agrees that there exist

¹ This Office notes that, while it expresses herein its agreement with the OEIG's findings and recommendations and expects IDOC will implement change to improve its management of Employee Benefits Funds, it will be the responsibility of the next administration to monitor these efforts. Moreover, the next administration may have its own and different perspectives about these issues, and those perspectives may shape IDOC's next steps. Therefore, the Governor's Office accepts these recommendations and describes the changes it has directed IDOC to implement, but the Governor's Office also intends to share this letter with the next administration for their consideration.

deficiencies in the way the Department has communicated to its employees about proper use of EBFs and how EBFs' financial information is tracked. For example, in April 2018, IDOC proactively ended the practice of allowing EBFs to be beneficiaries of raffles to avoid actual violation of law and any appearance of impropriety (Exhibit A). Further, in May 2018, IDOC fiscal directed EBF chairs and business administrators that EBF sales must be made exclusively through commissaries. In June 2018, in addition to developing an FAQ promulgated to staff (Exhibit B), IDOC fiscal staff engaged in concerted efforts to interview and advise Chief Administrative Officers ("CAOs") and facility personnel on the proper use of EBFs.

IDOC senior management, in consultation with its fiscal office, should develop an effective financial tracking system for EBFs in 2019. Since at least July 2016, CAOs have been directed to review EBF expenditures in committee. Meeting minutes of these committees must be maintained by all members and all expenditure requests to the committee must be in writing and described and justified (Exhibit C). However, IDOC senior leadership should ensure that these requirements are actually being executed in practice across all facilities. Also, to the extent that other best practices exist to provide financial transparency about the EBFs, such practices should be formalized in new procedures in the Administrative Directives. The OEIG suggests commonsense requirements for a tracking system that will account for the source and use of funds, and the Governor's Office hereby directs IDOC to develop such a system.

- 2. The Governor's Office should direct IDOC to take necessary steps to ensure the EBFs are operated in accordance with all applicable laws, regulations, and policies, including Administrative Directives regarding the source of revenue.**

The Governor's Office and IDOC accept and agree with this recommendation. Although EBFs must be operated within the legal parameters of the Code of Corrections, the Governor's Office and IDOC acknowledge that the Administrative Directives that govern the use of EBFs are twenty years old and merit a careful review by IDOC Legal and the EBF committees to ensure their actual practice conforms with the Administrative Directives' legal requirements. The Governor's Office directs IDOC Legal to propose any necessary amendments to the Administrative Directives promptly to IDOC senior management. IDOC Legal is further directed to conduct a review and to ensure conformity between the Administrative Directives and the State Officials and Employees Ethics Act, the State of Illinois Code of Personal Conduct, and other laws and policies. To the extent the Administrative Directives are inconsistent with the State's ethics laws, or could be revised to more clearly comply with State ethics laws, IDOC Legal is directed to recommend amendment to the Administrative Directives.

- 3. The Governor's Office should direct IDOC to implement and conduct training of employees involved in EBF activities.**

The Governor's Office and IDOC accept and agree with this recommendation. IDOC intends to issue a directive to staff regarding existing EBF rules within the next thirty days. The Department will also institute annual trainings for all EBF chairs and for CAOs in the first quarter of 2019. As described above, CAOs are the most senior hands-on, day-to-day administrators monitoring EBF expenditures. Because of IDOC's size, it is imperative to senior leadership that facility administrators and fiscal staff are well versed in the Code of Corrections

and the Administrative Directives. Although IDOC's standing practice has been to hold monthly meetings with the Director, Chief of Staff, and facility CAOs, these new training efforts will be a robust orientation to rules and regulations surrounding EBFs, sensitive to the changes IDOC Legal may recommend. Because the Final Report identified one EBF that was improperly soliciting donations from State vendors, all employees engaged in EBFs will receive a reminder in the next thirty days that they are barred from soliciting monies from prohibited sources.

4. The Governor's Office should direct IDOC to conduct regular audits of the EBFs.

The Governor's Office and IDOC accept and agree with this recommendation. IDOC intends to implement annual audits of the EBFs as part of the Department's performance review process. The Governor's Office also directs IDOC to conduct regular audits as necessary to monitor the performance of EBFs.

5. The Governor's Office should direct IDOC to cease allowing inmate labor to be used for EBF fundraisers.

The Governor's Office and IDOC accept and agree with this recommendation. IDOC has already directed its staff that EBFs will no longer be allowed to profit from inmate labor.

Finally, the OEIG recommended that the Governor's Office "take whatever action it deems appropriate regarding Mr. Baldwin and Mr. Bowen." As referenced in footnote 1, the Governor's Office will provide the incoming administration with a copy of this letter and the OEIG's Final Report for whatever action it sees fit to take.

If you have any questions or require any further information with respect to this reply, please contact gov.compliance@illinois.gov.

Sincerely,

/s/ Christina McClermon

Christina McClermon
Associate General Counsel & Chief Ethics
Officer



Jil M. Hutchison
Deputy General Counsel & Chief
Compliance Officer

cc:

Lise Spacapan
General Counsel
Office of Governor Bruce Rauner

Camile Lindsey
General Counsel
Illinois Department of Corrections

Exhibit A

MINUTES

Illinois Department of Corrections Statewide Monthly Warden's Meeting

July 19th, 2016 at 10AM
1301 Concordia Ct. - Auditorium
Springfield, Illinois 62794

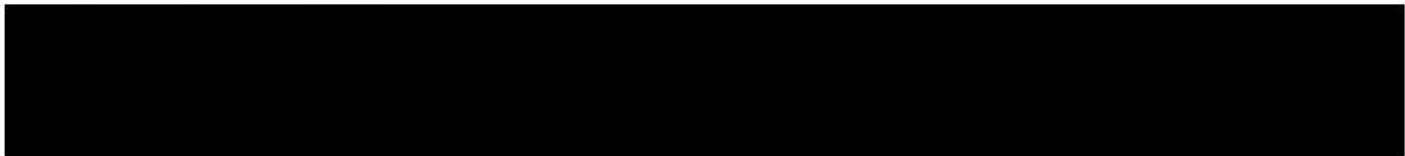
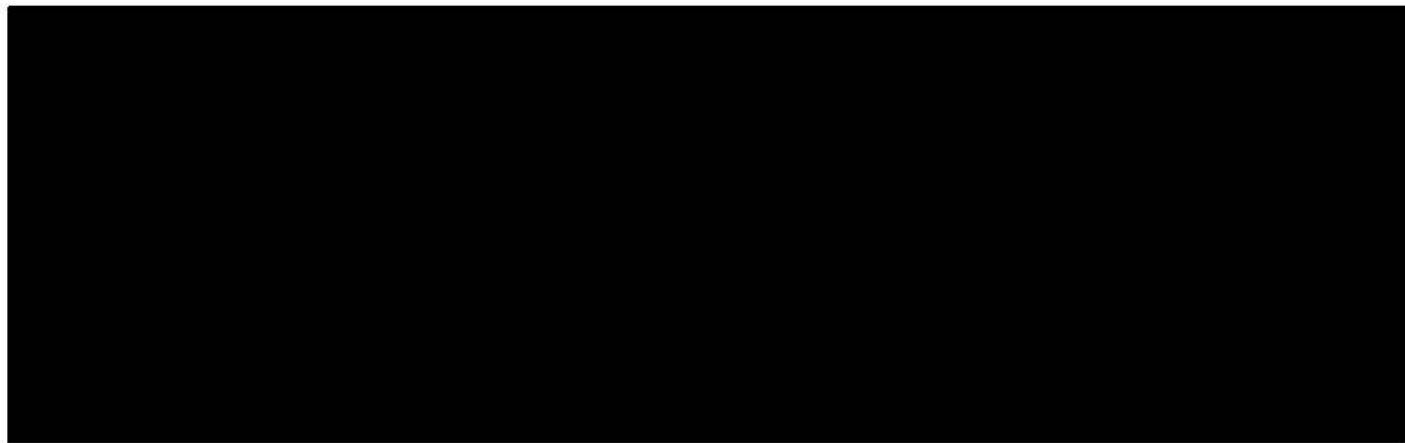
1. Call to Order

The Illinois Department of Corrections Monthly Warden's Meeting met on Tuesday, July 19th, 2016 at 1301 Concordia Ct, Conkle Auditorium Springfield, IL. Director Baldwin started the meeting at 10:04 a.m.

[REDACTED]

[REDACTED]

[REDACTED]





8. Fiscal Updates

[REDACTED]

- Presentation on IBF and EBF (see attached)

Adjourn

The meeting ended at 2:02PM

Exhibit A1

Employee Benefit Fund

Authority

Statute

- * 730 ILCS 5/3-2-2
- * 730 ILCS 5/3-4-3

Administrative Directives

- * 02.43.101 – General Provisions
- * 02.43.102 – Expenditures
- * 02.43.103 – Maintenance of Funds

Primary Sources of Revenue

- * Profits from vending machines
- * Disbursement of profits from the Employees' Commissary Fund

EBF Expenditures

Appropriate

- * **All employees have a similar opportunity to benefit**
- * Purchase or repair of recreational equipment used by employees
- * Entertainment events for employees
- * A tribute to an employee or an employee's immediate family
- * Advancement or reimbursement of travel funds (as approved by Chief Administrative Officer)
- * Charitable contributions to community organizations

NOT Appropriate

- * Operational expenses
- * Items the State is required to provide through A.D. or Illinois Statute
- * Items related to the safety of employees
- * Items related to the health care and well-being of employees
- * Items related to the security of employees
- * Items related to religious practices of employees
- * Items that benefit inmates

EBF Committee

(Members appointed by Chief Administrative Officer)

Correctional Centers

- * 5 members
 - * At least one employee in the RC-6 Bargaining Unit (or the RC-14 Bargaining Unit for General Office)
 - * Representative of the Business Office

Transition Centers

- * 3 members
 - * At least one employee in the RC-6 Bargaining Unit (or the RC-14 Bargaining Unit for General Office)
 - * Representative of the Business Office

EBF Committee

- * Committees shall meet when necessary to review requests for expenditures
- * Minutes shall be kept for each meeting
- * A copy of the meeting minutes shall be distributed to each member

Submitting EBF Requests

- * In writing to a committee member to present at the next meeting
- * Includes nature of expenditure
- * Includes justification for use of Employee Benefit Funds
- * Includes total approximate cost

EBF Committee Approval

- * Committees meet to recommend approval or denial of each submitted request
- * Chief Administrative Officer shall approve or deny the committee's recommendations in writing
- * Chief Administrative Officer may override a committee's denial by advising the respective Deputy Director, in writing, of the reason for such action

Procuring items for EBF

- * All procurement laws must be followed
- * All bid/procurement documents should be kept on file

Questions?

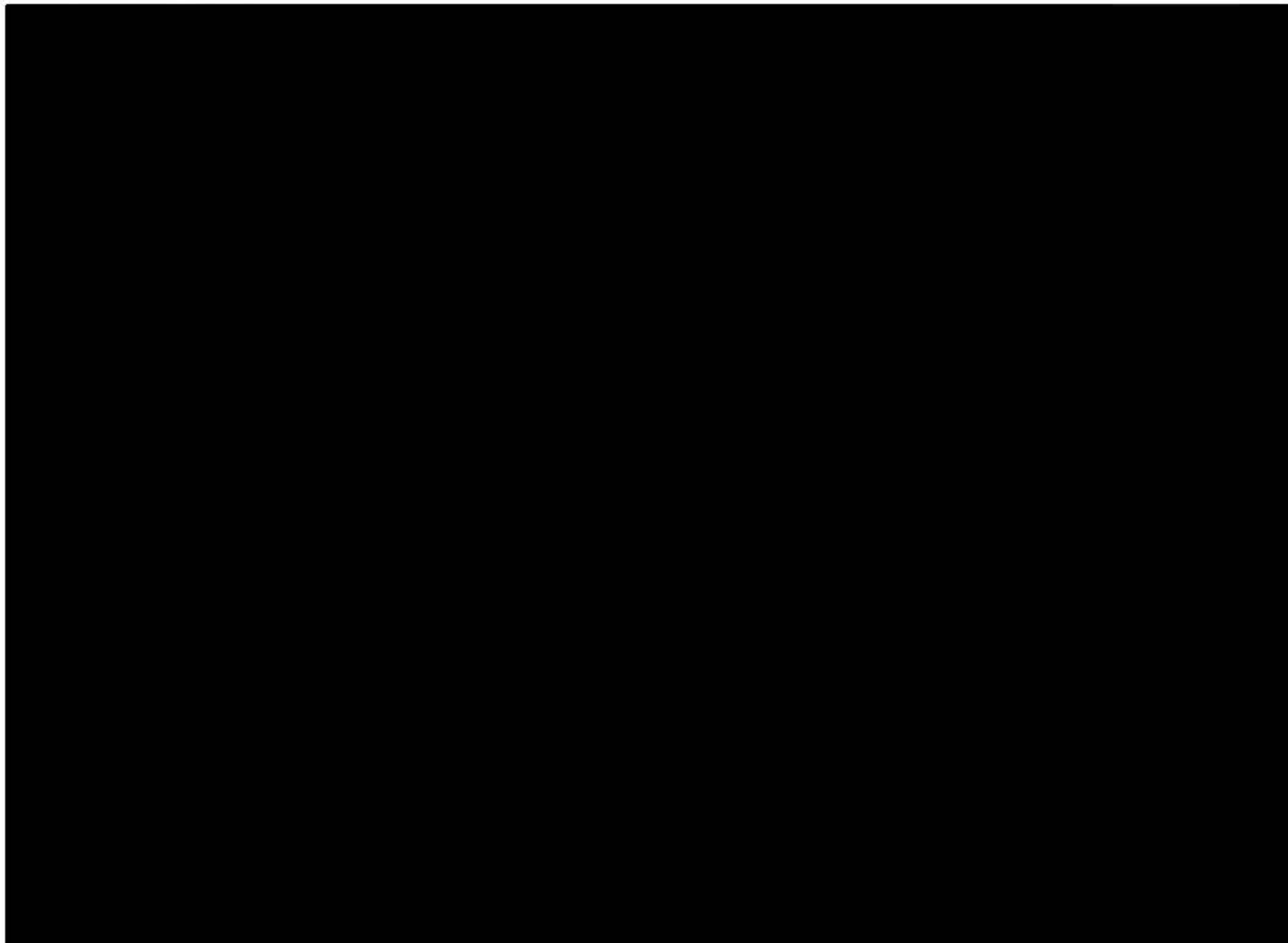
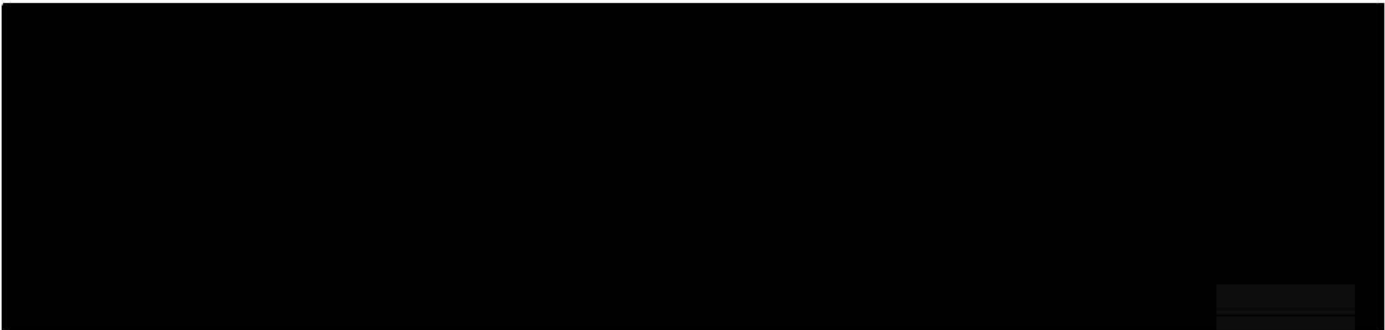
Exhibit B

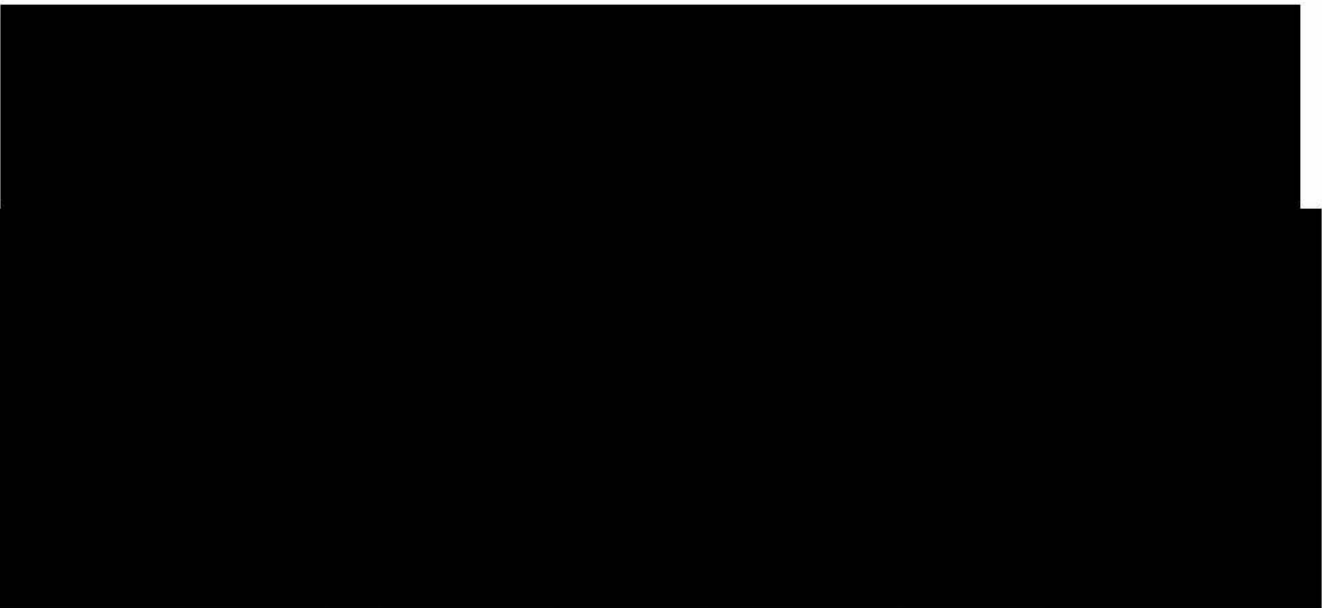

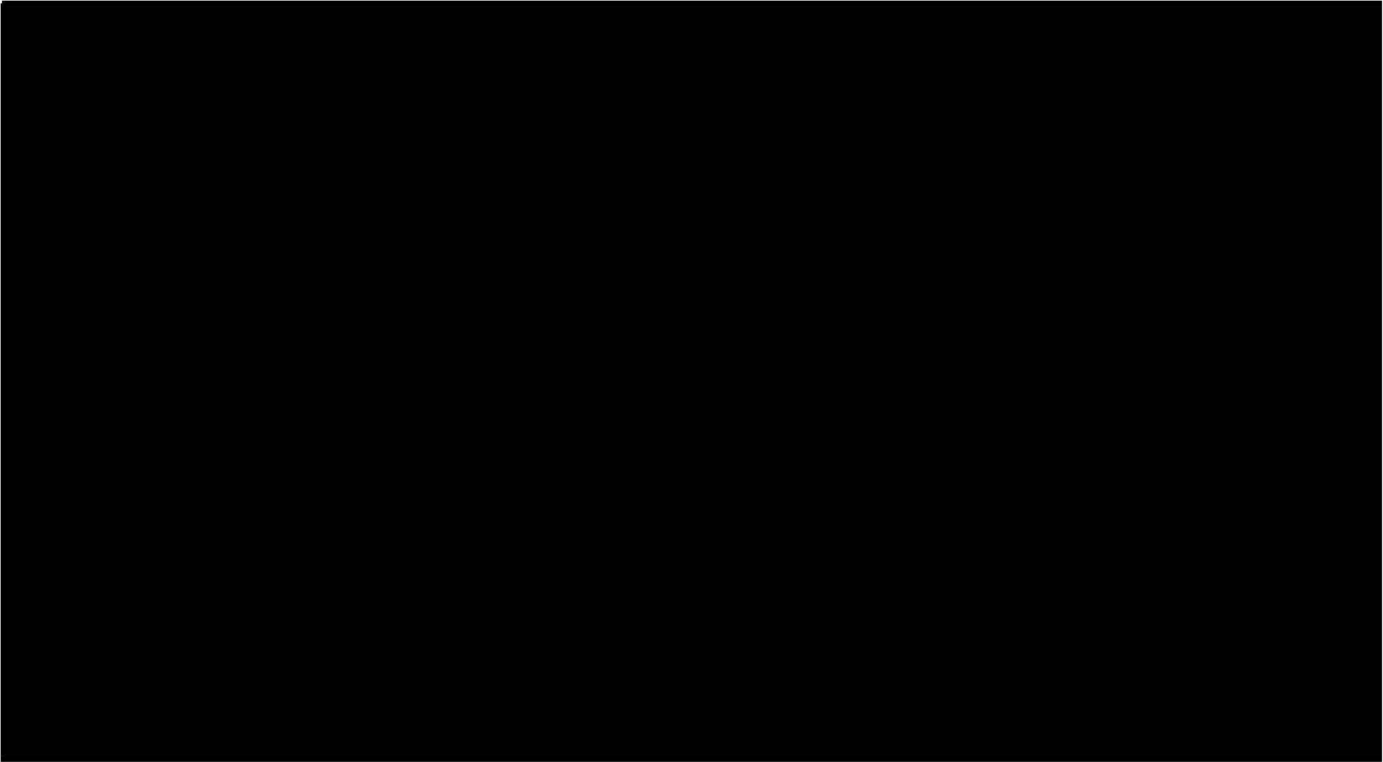
MINUTES

**Illinois Department of Corrections
Statewide Monthly Warden's Meeting
April 18th, 2018 at 10AM
1301 Concordia Ct. – Conkle Auditorium
Springfield, Illinois**

1. Call to Order

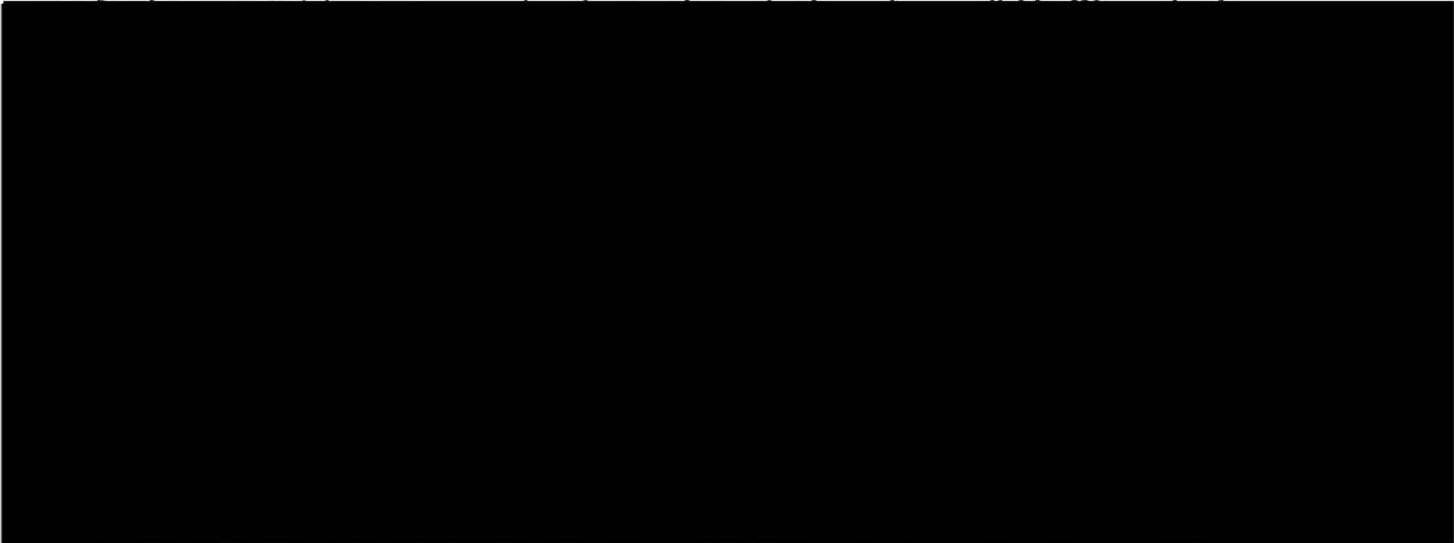
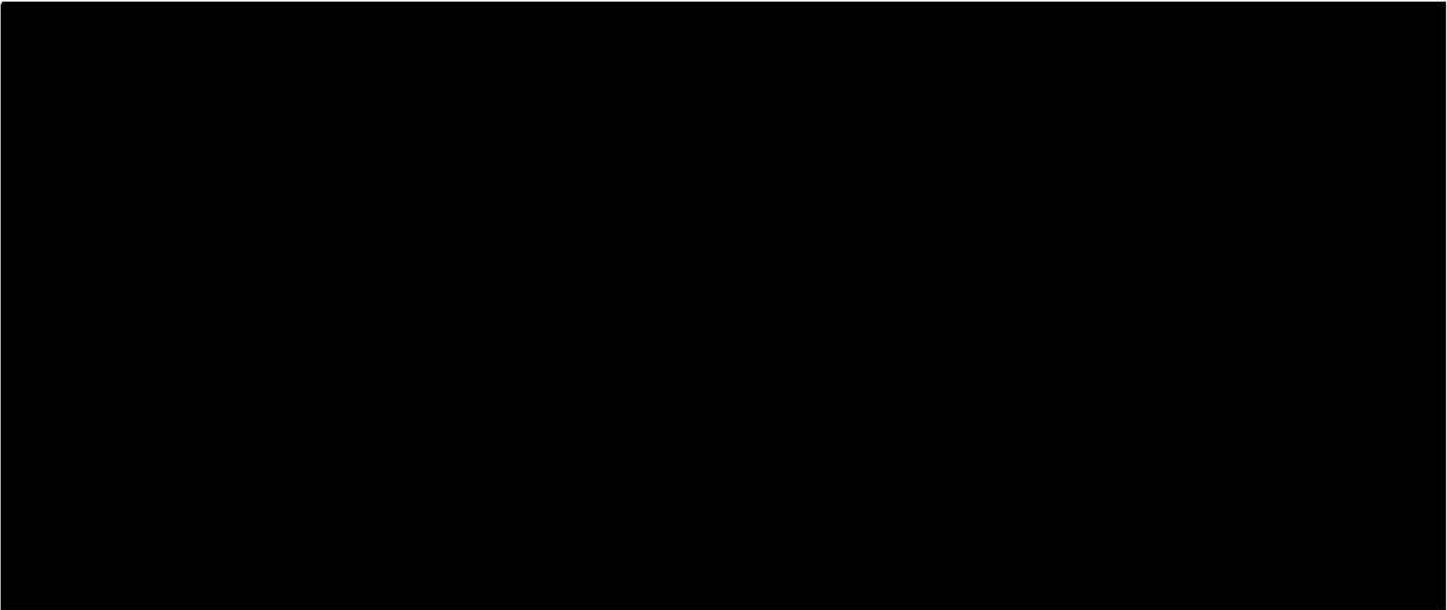
The Illinois Department of Corrections Monthly Warden's Meeting met on Wednesday, April 18th, 2018 at 10AM.



- 
- Concern - EBF's - purchasing you make that support the EBF statutorily we only have authority to make purchases through commissary operations, not EBF's. as we standardize structure, has to be sold at 10% markup.
- 
- 



5. Chief Bowen - Updates

- 
- Handout regarding gifts - IRS says we cannot give out gifts - but everybody can receive the same, diminished or small in nature. We can't give away gifts that include cash, gift cards, travel.
 - Recognition, EOM and EOY - gifts are income and have to be reported. Can be awarded intangible recognition, i.e. They can get a parking space, in the newspaper, etc. Document provided has lots of options, use them. Food fundraisers are fine.
 - Raffles - have to be done by the charity. We sell the tickets, need a license number from your charity of choice. We cannot have the EBF as a benefactor for raffles.
- 

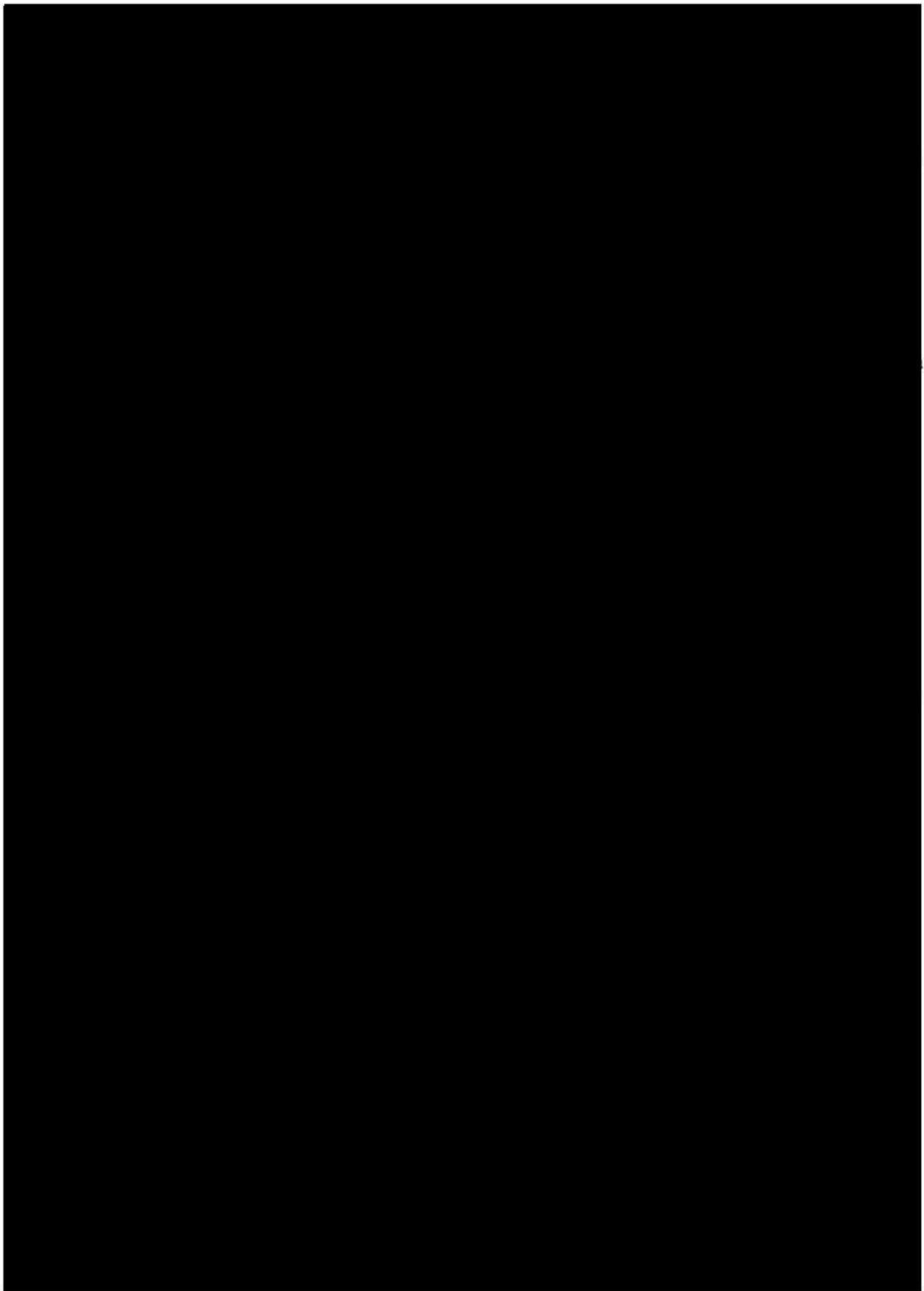


Exhibit C

Frequently Asked Questions regarding the EBF

Q - How do we handle bereavement money for staff/staff's family?

A - If a check is issued, it must be made to a registered charitable organization. If money is to be given to a staff member, the money must be collected from employees and the cash given directly to the staff member, it CANNOT go through the EBF fund.

Q - Can car washes be given as a prize for employee recognition?

A - No, there are outstanding issues surrounding this topic. Additionally, a car wash has a monetary value to the employee.

Q - Can a plaque be given to C/O, Employee or Volunteer of the year?

A - For any type of C/O or Employee of the year, awards are directed by the statute to be provided in a large ceremony funded by GRF. Funding for one plaque was to come from ICI and to be paid out of GRF.

Q - Is there a dollar amount limit for the tangible items given for Employee of the Month, Year, etc.?

A - IRS Publication 5137 states "Awards for performance, such as outstanding customer service, employee of the month, or highest productivity" are always taxable as wages to an employee on the W2. Therefore it does not qualify as de minimis (no cash or anything of value should be given out), nor does it meet the achievement award plan rules. If you are going to present the plaques to the employees, the value of it would have to be included on their W2 handled by the IOC/payroll.

Q - Can we maintain a wall plaque display at the facility for employee recognition?

A - Yes, as it is not given to the employee and is kept at the facility (displayed on the wall).

Q - Can the EBF give retirement gifts?

A - Yes, it must be a tangible gift, the policy must be documented and it must be presented at a meaningful presentation. Retirement gifts should not exceed \$100.

Q - Can we sell out of the EBF?

A - This would need to be ran through ECOM with the applicable markup and profit splits.

Q - Are our EBFs considered a not-for-profit? What taxpayer identification number is associated with it?

A - The EBF is NOT considered a not-for-profit. To be considered a not-for-profit your organization MUST BE registered as a charitable organization at the Secretary of State, the Attorney General, and you must receive your Sales Tax Exempt letter from Illinois Department of Revenue. By Illinois Statute, the EBF is part of the State Government Agency Illinois Department of Corrections, and therefore uses the same Federal Tax identification number and sales tax exempt number that we use for our normal operating expenses. Only charitable registered not-for-profit organizations can hold raffles. (see next FAQ).

Q - Since the EBF is not considered a charitable organization, can we still fundraise for charity?

A - You may still fund raise as part of SECA per the Illinois State Statute governing SECA. OR you may contact a charitable organization and THEY get the raffle license in their name and number for your

Frequently Asked Questions regarding the EBF

event (and THEY get 100% of the proceeds and handle the tax documents) then you may conduct the event (per approval from your Warden and legal).

Q - Why are we not considered a not for profit? We are regulated by the State of Illinois because we are part of Corrections.

A - Not all nonprofits are charitable. Our legal status at IDOC is governmental – therefore all of our funds fall under this status. Our EBFs do NOT have a separate legal status.

Q - Can 50/50s and trivia nights be hosted by EBF?

A - Both 50/50s and trivia nights require a raffle license to be obtained by a nonprofit with all proceeds to go to a charitable organization. As DOC does not fit these requirements, we cannot have 50/50s or trivia nights unless a bona fide charitable organization applies for the raffle license with their name/EIN and ALL proceeds benefit a charity.

Q - Are we allowed to have cookouts?

A - Cookouts need to be processed through the commissary with the applicable markups and profit share per the ADs. The EBF could provide the meal to all employees and ask for a donation to be made vs selling the meal. This is the current practice however it is being further reviewed and could change in the future.

Q - How does Springfield expect us to build the employee benefit fund for employee morale, do employee appreciation week, Christmas dinner and all other events for the employees throughout the year?

A - There are very specific laws governing raffles and fundraising. The law states that raffle licenses must be in the name/EIN of a nonprofit and all proceeds must go to a charitable organization. IDOC does not meet either of these requirements. AD 02.43.101 states the primary sources (the majority) of revenue for the Employee Benefit Fund shall be profits from vending machines and disbursement of profits from the Employee's Commissary Fund.

Q - Can the EBF pay the entry fee for the IDOC Pistol Shoots and golf tournaments etc.?

A - EBF expenditures are to benefit all employees, if you feel this meets the criteria you may proceed with the expenditure. EBF cannot host a golf outing as ourselves as the beneficiary, any golf event must be for an organized charity (again they must get the license and agree to handle all of the tax forms). EBF cannot keep the proceeds from these events.

Q - We have a greenhouse that is worked by offenders. EBF purchases some soil, seeds, pots, etc. Items are available for purchase by employees and all monies are deposited into the EBF. Is this still allowed?

A - The EBF is not allowed to profit from offender's work.

Q - EBF is interested in purchasing and selling T-shirts and the memorabilia coin. Will we be able to sell and at what percentage of profit can we set?

Frequently Asked Questions regarding the EBF

A - Tangible products bought to be sold for EBF profit needs to be sold through the commissary at the set markup and profit share amounts.

Q - At times an employee will purchase items for an EBF event and bring the receipt to us for reimbursement. Ideally this is not the best practice but can we still do this?

A - Correct, this is not a good practice. All monies should be tracked through the EBF due to statute. If it is an occasional one-off and all documentation is retained, it will probably pass audit. As more best practices are followed from this document, this situation should decrease.

Q - We have a garden worked by offenders which was previously funded by EBF and now funded by GRF. In prior years some of the vegetables were sold to staff and those funds were deposited into EBF. Now all vegetables will be sent to Dietary for offender meals. Excess won't be given to food pantries/charities. To make sure we are following the proper process – we can no longer have “Farmer’s Markets” and deposit funds in EBF, correct?

A - correct, EBFs cannot profit/benefit from offender’s work.

Q - Can we raffle off a parking spot to raise money for Special Olympics/LETR?

A - If SOIL obtains the raffle license in their name, EIN and handles any applicable tax work.

Q - Can we send out a flyer to allow staff to win a donated trip to Branson? Lines to purchase on the board is going to be sold rather than tickets and a winning number is on a pull tab.

A - If it is a SOIL event, just posting flyers around the facility is not an accounting issue. You may want to ask your legal regarding non-IDOC events over IDOC email and involving staff time. If this is a non-IDOC event, you won't want to collect any checks into your EBF on its behalf. You need to confirm SOIL did approve of the pull tab in their name and confirm who is filing the necessary IDOR forms since that is a heavily regulated type of gambling in Illinois, the rules are far more restrictive than the raffle act.

Q - Are we allowed to raffle off gift cards? Or should we only raffle items (tangible property??)

A - EBF is not allowed to raffle in the IDOC name. Raffles can be held if the license is obtained in the charity name and EIN and all proceeds go to the charity (no funds are kept by the EBF).



OFFICE OF THE GOVERNOR

207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

JB PRITZKER
GOVERNOR

CONFIDENTIAL

January 8, 2020

Via Electronic Mail

Susan Haling
Executive Inspector General
Office of the Executive Inspector General
69 West Washington, Suite 3400
Chicago, Illinois 60602

Re: OEIG Complaint Number #17-01266 – Updated Response to Final Report

Dear Executive Inspector General Haling:

This letter serves as an update to the Governor's Office January 11, 2019 response to the Office of the Executive Inspector General's (OEIG) Final Summary Report in the above captioned matter.

In its initial response, the Governor's Office accepted and agreed with the OEIG's findings and outlined several actions taken to address the OEIG's recommendations. The Governor's Office and the Illinois Department of Corrections ("IDOC") have since taken additional corrective actions in response to the Final Summary Report.

A. Revised EBF Procedures and Training

Each IDOC facility maintains an Employee Benefit Fund (EBF). The EBFs were created and governed by Administrative Directives (ADs) established nearly twenty years ago that failed to provide sufficient guidance and oversight. At the direction of the Governor's Office, IDOC has undertaken a comprehensive review of these ADs and made significant revisions to provide procedures for the operation, maintenance, and expenditures of EBFs.

Most significantly, the revised ADs create a Central EBF Committee (Central Committee) to ensure compliance and oversight, and establish revised and specific directives for local EBF Committees (Local Committees) at the facilities, including the requirement that Local Committees have a minimum of five (5) members and a maximum of eight (8) members (not including the Transitional Security facilities). Central Committee members, along with Local Committee members, are required to be trained.

Further, the ADs: (1) specify allowable expenditures and provide procedures for processing expenditures; (2) remove all mention of local Employee Imprest Funds, effectively revoking the previous authority to establish imprest funds; (3) prohibit the comingling of EBF funds with monies collected from employees with the express purpose of being charitable contributions; (4) prohibit the solicitation of donations from any source other than individual employees; (5) limit involvement in all EBF activities to no more than 2% of compensated work time (approximately 4 hours per month); and (6) establish a centrally shared site to which documentation related to the Central Committee and local Committees shall be uploaded and stored, which will be managed by the Chief Financial Officer.

Although the ADs have always required that the primary sources of revenue for the EBFs normally come from employee vending machine profits and disbursement of profits from the Employee Commissary Funds, the revised ADs clarify that any additional sources of revenue must be approved by the Central Committee.

With respect to the common practice of collecting revenue for EBFs from merchandise sales, EBFs will be required to purchase all merchandise from Illinois Correctional Industries to address any tax reporting obligations. Finally, the ADs solidify that EBFs shall not profit or benefit from offender labor and shall only be used for purposes expressly permitted by State and federal laws, and Department rules and policies.

On September 3, 2019, a Memorandum was distributed to all IDOC staff to inform them of the revisions to the EBF ADs and other ethics rules. *See* Exhibit A, IDOC Memorandum dated September 3, 2019 (referred to hereafter as “September 2019 Memo”). In addition, IDOC provided training for all EBF committee members on the revised ADs.

B. Use of State Time and Resources

In response to findings that an impermissible amount of state time and resources were being spent on fundraising activities, IDOC employees, including EBF committee members, may now spend a maximum of 2% of compensated work time (approximately 4 hours per month) on EBF and non-EBF fundraising activities. All employees who participate in fundraising activities, including EBF committee members, must document the time spent on fundraising activities and upload monthly time logs to a SharePoint site designated by the central fiscal office.

C. Raffles

The Illinois Raffle and Poker Runs Act limits the types of entities that may receive raffle licenses. *See* 230 ILCS 15. The OEIG found that the EBF at several IDOC facilities have improperly obtained raffle licenses. The Governor’s Office agrees with these findings and directed the Department to issue appropriate guidance to its employees.

The September 2019 Memo informed all IDOC staff of the prohibition on the sale of raffle tickets on state property for any fundraising activities unless properly licensed under the Illinois Raffles and Poker Runs Act. Staff were informed that EBFs and individual correctional facilities do not qualify to receive raffle licenses under the law and that conducting a raffle without a valid license is illegal.

D. Offender Donations

The September 2019 Memo informed IDOC staff that state employees may not solicit or incentivize offenders to donate to charitable organizations or contribute to fundraisers, including incentivizing offenders with the promise of an enhanced meal or outside food and beverage with a donation going to a charitable organization.

E. Former IDOC Acting Director John Baldwin

The OEIG found that IDOC's Acting Director, John Baldwin, mismanaged the EBFs and violated the Unified Code of Corrections' prohibition against using inmate labor for non-public purposes. The OEIG recommended that the Office of the Governor respond to these findings by taking whatever action it deemed appropriate. In May 2019, Governor Pritzker replaced Mr. Baldwin and appointed Rob Jeffreys as director of IDOC.


F. Former IDOC Chief of Staff Edwin Bowen

While serving as IDOC's Chief of Staff, Edwin Bowen was found by the OEIG to have mismanaged the EBFs and violated the Unified Code of Corrections' prohibition against using inmate labor for non-public purposes. Mr. Bowen is no longer acting in this capacity and is now serving as Public Service Administrator over Jail and Detention Standards. In this position, Mr. Bowen does not have a role in the oversight or management of the EBFs.

In addition, at the direction of the Governor's Office, IDOC served Mr. Bowen with disciplinary charges on October 21, 2019 and a hearing was conducted on November 6, 2019. Due to the severity of the infractions, the hearing officer concluded that a (30) day suspension was warranted. Mr. Bowen served this suspension from November 30, 2019 to December 30, 2019. Mr. Bowen has since initiated the grievance process in connection with this suspension.

If you have any questions or require any further information with respect to this response, please contact gov.compliance@illinois.gov.

Sincerely,


Whitney Rosen
Deputy General Counsel & Ethics Officer
Office of Governor JB Pritzker



OFFICE OF THE GOVERNOR

207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

JB PRITZKER
GOVERNOR

October 4, 2021

Via E-Mail to Antoinette Kwateng on behalf of:

Susan M. Haling
Executive Inspector General
Office of Executive Inspector General
69 West Washington, Suite 3400
Chicago, Illinois 60602

**Re: OEIG Case Complaint No. 17-01266 –
Final Response to Final Report**

Dear Executive Inspector General Haling:

This letter serves to update and conclude previous responses to the Office of the Executive Inspector General's (OEIG) Final Summary Report in the above captioned matter.

The Governor's Office previously accepted and agreed with the OEIG's findings and identified corrective actions taken in response to the Final Summary Report. The most recent update noted former Chief of Staff Edwin Bowen grievance of his 30 day suspension (November 30, 2019 to December 30, 2019). The grievance process has concluded. Following a full hearing on Mr. Bowen's grievance, the Hearing Panel reduced the discipline from 30 days to 15 days on April 28, 2021.

If you have any questions or require any further information with respect to this response, please contact gov.compliance@illinois.gov.

Sincerely,

/s/ Ann M. Spillane

Ann M. Spillane
General Counsel