

STATE OF ILLINOIS  
DEPARTMENT OF CORRECTIONS

**STATEVILLE CORRECTIONAL CENTER**

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2006

STATE OF ILLINOIS  
DEPARTMENT OF CORRECTIONS  
STATEVILLE CORRECTIONAL CENTER  
LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2006

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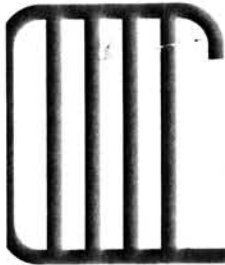
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STATEVILLE CORRECTIONAL CENTER  
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**CENTER OFFICIALS**

Warden (11/1/06 to present)	Mr. Terry L. McCann
Warden (3/16/05 to 10/31/06)	Ms. Deirdre Battaglia
Warden (7/1/00 to 3/15/05)	Mr. Kenneth Briley
Acting Assistant Warden – Programs (10/16/06 to present)	Ms. Venita Wright
Assistant Warden – Programs (11/16/04 to 10/15/06)	Mr. Jimmy Dominguez
Assistant Warden – Programs (7/1/04 to 11/15/04)	Vacant
Assistant Warden – Programs (3/1/01 to 6/30/04)	Mr. Robert Catchings
Assistant Warden – Operations (10/16/06 to present)	Mr. Jimmy Dominguez
Assistant Warden – Operations (6/1/06 to 10/15/06)	Vacant
Assistant Warden – Operations (7/1/02 to 5/31/06)	Mr. Alex Jones
Business Office Administrator	Mr. Kenneth E. Harris

The Center is located at:

Route 53  
P.O. Box 112  
Joliet, IL 60434



**Illinois**  
Department of  
**Corrections**

**Rod R. Blagojevich**  
Governor

**Roger E. Walker Jr.**  
Director

Stateville Correctional Center / Rt. 53 / P.O. Box 112 / Joliet, IL 60434 / Telephone: (815) 727 -3607 / TDD: (800) 526-0844

**MANAGEMENT ASSERTION LETTER**

December 29, 2006

Honorable William G. Holland  
Auditor General  
Iles Park Plaza  
740 East Ash Street  
Springfield, Illinois 62703-3154

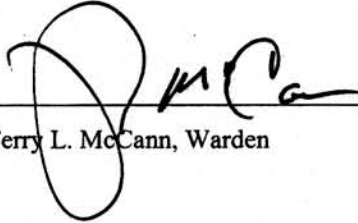
Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Corrections – Stateville Correctional Center (Center). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Center's compliance with the following assertions during the two-year period ended June 30, 2006. Based on this evaluation, we assert that during the two years ended June 30, 2006, the Center has materially complied with the assertions below.

- A. The Center has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Center has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Center are in accordance with applicable laws and regulations and the accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the Center on behalf of the State or held in trust by the Center have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Stateville Correctional Center

A handwritten signature in black ink, appearing to read "T. McCann", written over a horizontal line.

Terry L. McCann, Warden

A handwritten signature in black ink, appearing to read "Kenneth E. Harris", written over a horizontal line.

Kenneth E. Harris, Business Administrator

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**COMPLIANCE REPORT**

**SUMMARY**

The limited scope compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORT**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes relates only to those chapters of the "Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies" (*Audit Guide*) which are identified in the report as having compliance testing performed.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	9	2
Repeated findings	2	2
Prior recommendations implemented or not repeated	0	4

Details of findings are presented in a separately tabbed report section.

**SCHEDULE OF FINDINGS**

CURRENT FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	10	Inadequate control over commodities
06-2	13	Inadequate control over equipment and related records
06-3	15	Personnel monitoring
06-4	17	Inadequate segregation of duties
06-5	19	Required employee training

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CURRENT FINDINGS (Continued)

06-6	20	Inadequate controls over locally held fund general ledgers
06-7	22	Untimely deposit of receipts
06-8	23	Employee loans not repaid timely
06-9	24	Inadequate control over inmate commissary disbursements

PRIOR FINDINGS NOT REPEATED

The findings noted during the Limited Scope Compliance Examination for the two years ended June 30, 2004 have been repeated and are presented in the Current Findings section of the Schedule of Findings within this report.

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Center personnel at an exit conference held on February 22, 2007. Attending were:

Stateville Correctional Center  
Terry McCann, Warden  
Kenneth Harris, Business Administrator

Office of the Auditor General  
Thomas Kizziah, CPA, Audit Manager  
Jessica West, Audit Supervisor  
Julianne Rauch, Auditor  
José Roa, Auditor

Responses to the recommendations were provided by Mary Ann Bohlen, Accounting Manager, in a letter received on March 19, 2007.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We performed a limited scope compliance examination of the State of Illinois Department of Corrections - Stateville Correctional Center's (Center) compliance with the requirements listed below, as more fully described in the Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (*Audit Guide*) as adopted by the Auditor General, during the two years ended June 30, 2006. The management of the State of Illinois Department of Corrections - Stateville Correctional Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Corrections - Stateville Correctional Center's compliance based on our examination.

- A. The State of Illinois Department of Corrections - Stateville Correctional Center has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois Department of Corrections - Stateville Correctional Center has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois Department of Corrections - Stateville Correctional Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois Department of Corrections - Stateville Correctional Center are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois Department of Corrections - Stateville Correctional Center or on behalf of the State or held in trust by the State of Illinois Department of Corrections - Stateville Correctional Center have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.



Our limited scope compliance examination of the Center was limited to the following areas of the *Audit Guide*:

- Chapter 8 – Personal Services Expenditures
- Chapter 9 – Contractual Services Expenditures
- Chapter 11 – Commodities Expenditures
- Chapter 18 – Appropriations, Transfers and Expenditures
- Chapter 22 – Review of Agency Functions and Planning Program
- Chapter 30 – Auditing Compliance With Agency Specific Statutory Mandates

The areas of the *Audit Guide* not examined at the Center have had procedures performed on a Department-wide basis through the compliance examination of the Department's General Office, and accordingly, any findings from the results of those procedures have been included in the Department of Corrections – General Office compliance report. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General's financial statement audit of the entire Department of Corrections for the year ended June 30, 2006. The results of these additional procedures have been communicated to the Department of Corrections – General Office auditors.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide* as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois Department of Corrections - Stateville Correctional Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois Department of Corrections - Stateville Correctional Center's compliance with specified requirements.

As described in finding 06-1 in the accompanying schedule of State findings, the State of Illinois Department of Corrections – Stateville Correctional Center did not comply with requirements regarding the accounting and recordkeeping of commodities held by the State of Illinois Department of Corrections – Stateville Correctional Center. More specifically, the Center did not comply with the Department of Corrections' (DOC) Administrative Directive 02.82.112A-J, which requires the Center to make necessary adjustments for any discrepancies between physical counts and perpetual records and DOC Administrative Directive 02.95.105, which requires the Center to properly identify records for ready access, storage, and safeguarding at the facility. The Center inappropriately maintained an overstock of inventory as defined by the Illinois Procurement Code (30 ILCS 500/50-55). Furthermore, the Center did not comply with good business practices, which require internal controls be in place to maintain effective accounting control over assets and ensure they are properly reported and also require management to maintain control over receiving and shipping reports.

As described in finding 06-2 in the accompanying schedule of State findings, the State of Illinois Department of Corrections – Stateville Correctional Center did not comply with requirements regarding the accounting and recordkeeping of equipment held by the State of Illinois Department of Corrections – Stateville Correctional Center. More specifically, the Center did not comply with the Department of Corrections' (DOC) Administrative Directive 02.70.120, which requires the

Center's Physical Control Officer to secure and control all property items and maintain all required records within his or her location code grouping. Additionally, the Center did not comply with DOC Administrative Directive 02.70.105, which requires the Center's Clerical Control Officer ensure tag numbers are affixed to equipment as they are assigned. Also, the Center did not comply with the Illinois Administrative Code (44 Ill. Adm. Code 5010.620) as we noted that the Center inappropriately maintained surplus, scrap, and obsolete inventory. Furthermore, the Center did not comply with the Illinois State Records Act (5 ILCS 160/9), which requires the Center to preserve records containing adequate and proper documentation.

In our opinion, except for the noncompliance described in the preceding two paragraphs, the State of Illinois Department of Corrections - Stateville Correctional Center complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the *Audit Guide*, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings as findings 06-3, 06-4, 06-5, 06-7, and 06-8.

As required by the *Audit Guide*, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

### **Internal Control**

The management of the State of Illinois Department of Corrections - Stateville Correctional Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our limited scope compliance examination, we considered the State of Illinois Department of Corrections - Stateville Correctional Center's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Audit Guide*, issued by the Illinois Office of the Auditor General. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General's financial statement audit of the entire Department of Corrections for the year ended June 30, 2006. The results of these additional procedures have been communicated to the Department of Corrections - General Office auditors.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We consider findings 06-1 and 06-2 to be material weaknesses. Additionally, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the *Audit Guide*, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings as findings 06-3, 06-4, 06-6, and 06-9.

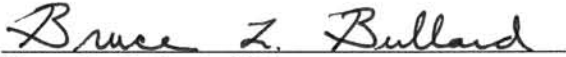
There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

**Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General to the 2006 and 2005 Supplementary Information for State Compliance Purposes, except for information on the Schedule of Changes in State Property, Comparative Schedule of Cash Receipts and Deposits, Employee Overtime, Shared Resources, Annual Cost Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Center and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Bruce L. Bullard, CPA  
Director of Financial and Compliance Audits

December 29, 2006

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DEPARTMENT OF CORRECTIONS  
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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings

06-1. **FINDING** (Inadequate control over commodities)

The Stateville Correctional Center (Center) did not exercise adequate control over its commodities inventory. As a result of the Center's inadequate recordkeeping and the weaknesses noted in the Center's internal controls over commodities inventory, we were unable to report on the commodities inventory balances at June 30, 2005 and June 30, 2006 in the Center's limited scope compliance examination report.

We noted the following exceptions and weaknesses during our testing of the Center's commodity inventory records:

- On the date of physical inventory we noted 44 of 86 (51%) tested commodity counts did not agree to the Center's perpetual records. The overall net error was a \$149 understatement of inventory. After receiving the final inventory we noted 42 of the 44 (96%) original test count discrepancies were not adjusted in the Center's inventory system. The overall net error was a \$2,421 understatement of final inventory.
- Six of 20 (30%) tested record of count documents did not agree to the Center's final inventory.
- Three of 15 (20%) tested commodity item quantities did not agree to the Center's original count documents. Four of 15 (27%) original count sheets could not be located.
- The Center did not properly enter receiving amount information for 1 of 25 (4%) vouchers selected for testing. Receiving information entered was understated by \$161.
- We selected 20 commodity items in order to recalculate the average unit costs and asked Center personnel to provide the supporting documentation. Center personnel were unable to provide the supporting documentation for 12 of 20 (60%) items in our sample and as a result, we could not perform this test for those items. In addition, 5 items were not calculated correctly based on the supporting documentation provided resulting in a net understatement of commodity inventory of \$47,597.
- The Center could only provide supporting documentation for 3 of 10 (30%) adjusting entries selected for testing. Supporting documentation included store requisition – AIMS adjustments reports and count sheets. One of 3 (33%) adjustments did not agree to the count sheets. Furthermore, all 10 adjustments were for significant amounts totaling \$16,797.

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Current Findings - Continued

- Center personnel could not verify if monthly AIMS reconciliations were completed in fiscal year 2005. The Center was able to provide copies of 9 monthly reconciliations in fiscal year 2006; however, the reconciliations were recreated by the Business Administrator because the original documents could not be located.
- The Center maintained a stock of commodity inventory items in excess of a historically computed 12-month supply. We noted 11 of 25 (44%) items for which the supply was greater than 12 months. The total dollar amount of the overstocked inventory was \$230,957. Furthermore, the Center could not locate usage reports for the Center's mechanical, clothing, and cold storage stores. We were unable to determine whether the mechanical, clothing, and cold storage stores maintained inventories in excess of one year's supply.
- The Center did not properly utilize pre-numbered receiving reports to control year-end cutoffs. Each supervisor in charge of major commodity areas kept separate receiving reports that were pulled from one initial set, no one summarized cutoff for the Center as a whole. This resulted in the numerical order not following date order, and we could not determine the last receiving report of fiscal year 2006 and the first receiving report of 2006.
- The Center's officer-clothing store was not arranged in an orderly manner. Clothing items were not shelved properly and not all items in the inventory contained a label description, creating a difficulty to facilitate an accurate inventory count.

The Department of Corrections' (DOC) Administrative Directive 02.82.112A-J requires the Center to make necessary adjustments for any discrepancies between physical counts and perpetual records.

DOC Administrative Directive 02.95.105 requires records to be properly identified for ready access and shall be stored and safeguarded at the facility.

The Illinois Procurement Code (30 ILCS 500/50-55) requires a State agency to inventory and stock no more than a 12-month need of equipment, supplies, commodities, articles, and other items, except as otherwise noted by the State agency's regulations. In addition, the State agency should periodically review its inventory to ensure compliance with this Section.

Good business practices require management to maintain control over receiving and shipping reports.

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Current Findings - Continued

Good business practices also require that internal controls be in place to maintain effective accounting control over assets and ensure that they are properly reported. The proper organization of areas where commodities are stored is essential to maintaining accurate perpetual inventory records.

Center management stated that deficiencies were caused by staff shortages, misfiling of documents, and input errors.

Accurate inventory quantity information is crucial in determining re-order or overstocking points. Failure to account for commodities inventories accurately and in a timely manner increases the risk that a loss due to theft or unauthorized use may occur and would not be detected in the normal course of employees carrying out their assigned duties. Failure to adequately monitor inventory on hand and usage levels may lead to the inefficient use of State funds. The failure to maintain adequate supporting documentation could lead to inaccurate accounting records. (Finding Code No. 06-1)

**RECOMMENDATION**

We recommend the Center apply proper year-end inventory procedures to reflect actual quantities on hand at the end of the fiscal year. Further, the Center should devote adequate resources to ensure that commodity records are maintained and updated timely and to ensure that commodities are stored in an organized manner to help more easily identify amounts on hand in excess of a 12-month supply. Additionally, supporting documentation should be maintained to support the expenditures made for the Center's commodity inventory.

**CENTER RESPONSE**

Recommendation accepted. The facility has developed a plan to address the commodity inventory issues at the facility. The plan includes a 100% inventory with 50% test counts to ensure the inventory counts are correct. The facility will then utilize The Inventory Management System (TIMS) to maintain the commodity inventory records. TIMS is a real time FIFO accounting system which will allow the facility to better manage the inventory items, the associated records and reconciliations.

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Current Findings – Continued

06-2. **FINDING** (Inadequate control over equipment and related records)

The Stateville Correctional Center (Center) did not maintain adequate control over equipment and related records.

During our testing, we noted the following:

- Nine of 35 (26%) equipment items tested, totaling \$7,047, could not be located. In addition, 16 of 35 (46%) equipment items, totaling \$199,760, were located, but at a different location than what was recorded on the property records. Center personnel stated equipment items that could not be located or were located in different locations may be due to employees moving equipment items without notifying the Property Control Manager or Business Administrator. The Department of Corrections' (DOC) Administrative Directive (No. 02.70.120) requires the Physical Control Officer to secure and control all property items and maintain all required records within his or her location code grouping. Additionally, staff members at each facility should not relocate property items, within or outside the facility, without prior written approval from the Chief Administrator.
- Four of 35 (11%) equipment items tested, totaling \$20,250, did not contain proper State identification tags. Center personnel stated missing identification tags may have been removed from equipment items due to weather conditions and heavy use of the items. DOC Administrative Directive (No. 02.70.105) requires the Clerical Control Officer at each facility ensure tag numbers are affixed to equipment as they are assigned.
- The Center's property storage area was not arranged in an orderly manner and contained damaged and out-dated property items. Center personnel stated equipment items have been stored in this area for years and the Center has not surplused or scrapped the obsolete inventory. The Illinois Administrative Code (44 Ill. Adm. Code 5010.620) requires State agencies to regularly survey inventories for transferable equipment that is no longer needed or useable by the agency and report the transferable equipment to the Department of Central Management Services.

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Current Findings – Continued

Furthermore, Center personnel could not provide auditors with the following fixed asset reporting records:

- Two of 8 (25%) quarterly Fixed Asset Worksheets (C-15W).
- Seven of 24 (29%) monthly Property by Location reports (DOCOV110).
- One of 8 (13%) quarterly Property by Object reports (DOCOV126).

Because auditors were not provided with complete property records, testing of the Center's population of disposals and transfers was limited to the reporting records that were provided. Center personnel stated property reports that could not be located may have been misfiled. DOC Administrative Directive (No. 02.70.120) requires the Physical Control Officer maintain all required records within his or her location code grouping. In addition, the Illinois State Records Act (5 ILCS 160/9) requires the Center preserve records containing adequate and proper documentation.

Equipment that is not adequately safeguarded from theft and misuse could lead to a loss of State assets. Equipment that is not properly tagged could lead to improper use of Center assets. Additionally, the absence of property control records may result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. (Finding Code No. 06-2)

**RECOMMENDATION**

We recommend the Center adequately safeguard State equipment and adhere to its procedures to ensure that property and equipment records are properly maintained. In addition, we recommend the Center properly dispose of and remove from its records any assets that are obsolete, damaged or no longer used in operations.

**CENTER RESPONSE**

Recommendation accepted. The facility will make every effort to ensure the property and the related accounting system is maintained accurately and completely. During the annual certification of inventory, the facility has performed a complete review of the items to ensure compliance with Departmental procedures.



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Current Findings – Continued

06-3. **FINDING** (Personnel monitoring)

The Stateville Correctional Center (Center) did not adequately monitor its employees.

During our fieldwork, we observed the hours of arrival, time of starting work, duration of breaks, and hours of departure for Center employees. We noted two employees were not in compliance with the Center's policies and procedures regarding breaks, work hours, and leave time.

Specifically, we noted the following:

- Both employees took lunch in excess of their allotted one half hour lunch break. Auditors observed other Center staff with work-related questions were unable to find employees during their extended lunch breaks. According to Center personnel policies, employees are given one half hour for lunch and two 15 minute breaks. Employees are not allowed to combine breaks with lunch in order to take one full hour at lunchtime.
- One employee was observed leaving work 2 hours early. Auditors verified with timekeeping that this employee took only 1.5 hours of sick time for the day.
- Both employees were observed participating in personal activities such as reading magazines, making and accepting personal phone calls, and discussing personal issues with other employees on the job for a total of 1 hour 45 minutes over the course of two days.

The Center's American Federation of State, County and Municipal Employees (AFSCME) contract states employees, other than correctional officers, youth counselors, youth supervisors and dietary employees in Juvenile facilities are to work eight consecutive hours including a 30 minute unpaid lunch. Furthermore, employees are to have two rest periods of 15 minutes each, one in the first half of the work day and one in the second half.

Center personnel stated employees are not to combine breaks with lunch to take one full hour for lunch and employees found violating this rule are disciplined.

Failure to maintain adequate controls over personal services increases the risk the Center will pay for services not rendered by employees. (Finding Code No. 06-3)

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Current Findings - Continued

**RECOMMENDATION**

We recommend the Center develop internal controls to adequately monitor employees' use of State time.

**CENTER RESPONSE**

Recommendation accepted. The Center will require the business office supervisory staff to monitor staff use of time. Any suspected abuse will be documented and addressed. Random spot checks will be performed on staff.

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Current Findings - Continued

06-4. **FINDING** (Inadequate segregation of duties)

The Stateville Correctional Center (Center) did not maintain adequate segregation of duties in the areas of receipt processing and check signing authority for its local funds.

During our testing, we noted the following:

- Sixty-three of 106 (59%) cash receipts tested, totaling \$422,701 and \$255,987 for fiscal years 2005 and 2006, respectively, were entered into the Fund Accounting and Commissary Trading System (FACTS) by the cashier who also received the physical checks.
- The Accountant Supervisor prepares monthly bank reconciliations for local funds and has check signing authority for local fund disbursements. This exception to the control over cash was not stated in writing and approved by the Deputy Director of Finance and Administration as required by directives.

The Department of Corrections' (DOC) Administrative Directive (No. 02.04.101) requires the Business Administrator to reconcile locally held funds or delegate this responsibility to an individual who has no related record keeping functions and does not have check signing authority. Any exception to the separation of duties as outlined in this Directive should be stated in writing by the Chief Administrative Officer and approved by the Deputy Director of the Division of Finance.

Good business practices require that the Center maintain an adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, ensure the accuracy and reliability of accounting data and promote operational efficiency.

Center personnel stated the Business Office had a significant reduction in staff, which made it difficult to segregate local fund duties.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 06-4, 04-1)

**RECOMMENDATION**

We recommend the Center properly segregate the duties in order to maintain an effective internal control over the recordkeeping and accounting function.

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For the Two Years Ended June 30, 2006

Current Findings - Continued

**CENTER RESPONSE**

Recommendation implemented. The cashier will not input the cash receipts into the automated system. The check signing authority has been removed for the employee that performs bank reconciliations.

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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings - Continued

06-5. **FINDING** (Required employee training)

The Stateville Correctional Center (Center) did not comply with the Illinois Department of Corrections' (DOC) Administrative Directive regarding employee training.

Twelve of 25 (48%) employees tested in FY05 did not receive the required training hours. In addition, 11 of 25 (44%) employees tested did not receive the required hours in FY06. Employees were deficient anywhere from 2 to 40 hours of training in FY05 and 7.5 to 29.5 hours in FY06.

The DOC Administrative Directive (No. 03.03.102) requires that all employees receive 40 hours of training per fiscal year. There are exceptions for clerical staff who rarely have contact with inmates. These employees are required to receive 16 hours of training each fiscal year.

Center personnel stated that due to staff shortages, required training was deferred because employees were needed at their work locations.

Lack of employee training could result in work inefficiencies, safety and security problems and failure to improve the quality of the workforce and the working environment. (Finding Code No. 06-5, 04-2)

**RECOMMENDATION**

We recommend Center management ensure employees receive the required training every fiscal year.

**CENTER RESPONSE**

Recommendation accepted. The Center will make every effort to ensure the employees attend training as required by Departmental Directives.

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For the Two Years Ended June 30, 2006

Current Findings - Continued

06-6. **FINDING** (Inadequate controls over locally held fund general ledgers)

The Stateville Correctional Center (Center) did not exercise adequate control over its locally held Employee Benefit, Inmate Benefit, and Inmate Trust Fund general ledgers.

During our testing, we noted the following:

- The ending cash balance of the Inmate Trust Fund savings account per the bank statement reconciliation as of June 30, 2005 and June 30, 2006 was \$826 and \$771, respectively, lower than the Center's general ledger as of June 30, 2005 and 2006. In addition, the Center did not properly reconcile its checking account in fiscal year 2005 and 2006. As of June 30, 2005 and June 30, 2006 the Center understated its checking account balance by \$1,270 and \$617, respectively. This resulted in an overall understatement of \$444 for fiscal year 2005 and an overstatement of \$154 in fiscal year 2006 on the Center's general ledger.
- The ending cash balance of the Employee Benefit Fund savings account per the bank statement reconciliations as of June 30, 2005 and June 30, 2006 was \$49 lower than the Center's general ledger as of June 30, 2005 and 2006.
- The ending cash balance of the Inmate Benefit Fund savings account per the bank statement reconciliation as of June 30, 2005 was \$82 higher than the Center's general ledger.

Good business practices require that an accurate bank reconciliation be performed to adequately monitor the cash activity so that reliable data is used in preparing financial reports.

Center personnel stated differences noted in bank reconciliations for Benefit funds are due to the closing of certificate of deposits. Journal entries are needed to account for accrued interest and fees when funds were transferred to savings. In addition, the Center could not determine the reason for differences in both the checking and savings accounts for the Trust fund.

Failure to investigate reconciling items may lead to inaccurate financial reporting. (Finding Code No. 06-6)

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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings - Continued

**RECOMMENDATION**

We recommend the Center investigate all reconciling items and adjust general ledgers to agree to the bank reconciliations at month-end.

**CENTER RESPONSE**

Recommendation accepted. The Center will make every effort to ensure the general ledger reconciliations are completed accurately and timely.

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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings - Continued

06-7. **FINDING** (Untimely deposit of receipts)

The Stateville Correctional Center (Center) did not deposit local fund receipts in a timely manner.

We noted 17 of 106 (16%) receipts selected for testing were not deposited in accordance with the time frame set forth by the Department of Corrections' (DOC) Administrative Directives. These receipts, totaling \$197,807, were deposited from 1 to 6 days late.

DOC Administrative Directive (No. 02.40.110) requires receipts in the amount of \$1,000 or more received on any Business Office working day be deposited no later than 12:00 a.m. the next working day. In addition, deposits under \$1,000 are to be made once a week.

Center personnel stated staff shortages contributed to the untimely deposit of receipts.

Untimely deposit of cash receipts may result in a loss of interest income to the State. (Finding Code No. 06-7)

**RECOMMENDATION**

We recommend the Center comply with the DOC Administrative Directive when depositing receipts.

**CENTER RESPONSE**

Recommendation accepted. The Center will make every effort to ensure timely deposit of locally held funds. The errors noted were oversights.



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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings - Continued

06-8. **FINDING** (Employee loans not repaid timely)

The Stateville Correctional Center (Center) did not comply with Department of Corrections' (DOC) Administrative Directive for following up on employee loans that were not repaid on a timely basis.

In the event of a timekeeping error in payroll the Center issues a temporary supplemental payment from the Employee Benefit Fund to account for the amount due to the employee. The employee signs a memorandum agreeing to repay the amount to the Center by a specified due date.

During testing of Employee Benefit Fund disbursements we noted that 5 of 6 (83%) employee loans, totaling \$3,435, were repaid 1 to 21 days after the required due date. No additional action was taken by the Center to recover the funds on the specified due dates.

DOC Administrative Directive (No. 02.60.135) states when a facility is notified that an employee owes money to the Department, the facility's Business Administrator is immediately required to send a letter to the debtor. The letter should specify the nature and amount of the claim, provide a method and specific time period for repayment, and indicate the name and address of the person at the facility who will answer questions and to whom the payment shall be sent.

Center personnel stated no additional action was taken to recover the loan amounts.

Failure to properly collect funds owed to the State could result in a loss of State funds and results in noncompliance with the Administrative Directive. (Finding Code No. 06-8)

**RECOMMENDATION**

We recommend the Center comply with the DOC Administrative Directive when collecting repayment of employee loans.

**CENTER RESPONSE**

Recommendation implemented. The Center has discontinued the loan program from the Employee Benefit Fund.

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**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2006

Current Findings - Continued

06-9. **FINDING** (Inadequate control over inmate commissary disbursements)

The Stateville Correctional Center (Center) did not maintain adequate control over inmate commissary disbursements.

We noted 5 of 25 (20%) inmate commissary disbursements tested, totaling \$29,559, did not agree to the invoice's order for delivery. The Center accepted items from vendors that were not ordered. As a result the Center incurred additional costs of \$4,925 for the additional goods. Further, orders for delivery included with 2 of 25 (8%) disbursements tested, totaling \$940, were approved with missing cost information.

Good business practices require that agencies accept only goods ordered and make vendor payments based on proper invoices approved by authorized persons and reconciled with ordering and receiving documents. In addition, unnecessary surplus of inventory should not take place.

Center personnel stated items were accepted with the intent of selling the additional items. Additionally, items ordered with missing cost information were new items and cost information was not available at the time of ordering.

Accepting goods not ordered may lead to a surplus of inventory. In addition, approving orders without proper cost information could result in misstated financial information and increases the risk that theft or unauthorized use could occur and not be detected. (Finding Code No. 06-9)

**RECOMMENDATION**

We recommend the Center ensure payment is only made for items that are ordered. In addition, the Center should attain all cost information before ordering goods.

**CENTER RESPONSE**

Recommendation accepted. The Center will only pay for items ordered. The exceptions noted were errors and oversights.

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For the Two Years Ended June 30, 2006

Prior Findings Not Repeated

The findings noted during the Limited Scope Compliance Examination for the two years ended June 30, 2004 have been repeated and are presented in the Current Findings section of the Schedule of Findings within this report.

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LIMITED SCOPE COMPLIANCE EXAMINATION  
**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**  
For the Two Years Ended June 30, 2006

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Description of Locally Held Funds
- Schedule of Locally Held Funds – Special Revenue Funds
- Schedule of Locally Held Funds – Cash Basis
- Schedule of Changes in State Property (not examined)
- Comparative Schedule of Cash Receipts and Deposits (not examined)
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending

Analysis of Operations

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Inmate Commissary Operation
- Shared Resources (not examined)
- Annual Cost Statistics
  - Costs Per Year Per Inmate (not examined)
  - Ratio of Employees to Inmates (not examined)
  - Cell Square Feet Per Inmate (not examined)
  - Food Services (not examined)
  - Medical and Clergy Service Contracts (not examined)
- Service Efforts and Accomplishments (not examined)

The accountants' report on the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General to the 2006 and 2005 Supplementary Information for State Compliance Purposes, except for information on the Schedule of Changes in State Property, Comparative Schedule of Cash Receipts and Deposits, Employee Overtime, Shared Resources, Annual Cost Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information. The auditors have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, do not express an opinion thereon.

STATE OF ILLINOIS  
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LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Year Ended June 30, 2006

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2006	LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2006	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2006	BALANCES LAPSED AUGUST 31, 2006
<b>PUBLIC ACT 94-0015</b>					
<b>GENERAL REVENUE FUND - 001</b>					
Personal services	\$ 60,514,900	\$ 57,155,370	\$ 3,351,488	\$ 60,506,858	\$ 8,042
Employee retirement contributions paid by employer	785,300	784,983	295	785,278	22
Student, member and inmate compensation	243,900	221,486	22,348	243,834	66
State contributions to State Employees' Retirement System	4,731,900	4,470,013	261,870	4,731,883	17
State contributions to Social Security	4,523,400	4,271,189	252,206	4,523,395	5
Contractual services	16,560,400	14,402,338	2,109,694	16,512,032	48,368
Travel	171,200	71,895	99,264	171,159	41
Travel and allowances for committed, paroled and discharged prisoners	23,700	22,979	714	23,693	7
Commodities	5,128,400	4,662,084	434,395	5,096,479	31,921
Printing	97,000	90,464	5,551	96,015	985
Equipment	28,200	2,508	25,585	28,093	107
Telecommunications services	158,400	152,874	4,595	157,469	931
Operation of automotive equipment	468,700	441,691	26,995	468,686	14
Total - Fiscal Year 2006	\$ 93,435,400	\$ 86,749,874	\$ 6,595,000	\$ 93,344,874	\$ 90,526

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS  
DEPARTMENT OF CORRECTIONS  
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LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAFSED BALANCES**  
For the Year Ended June 30, 2005

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2005	LAPSE PERIOD EXPENDITURES		TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2005	BALANCES LAFSED AUGUST 31, 2005
			TO AUGUST 31, 2005	JULY 1		
	\$ 62,650,300	\$ 59,393,218	\$ 3,230,430	\$	\$ 62,623,648	\$ 26,652
Personal services	119,483	119,482	0		119,482	1
Employee retirement contributions paid by employer	240,000	202,345	16,372		218,717	21,283
Student, member and inmate compensation	9,767,800	9,234,419	509,612		9,744,031	23,769
State contributions to State Employees' Retirement System	4,523,400	4,276,578	237,497		4,514,075	9,325
State contributions to Social Security	13,032,300	10,933,863	1,782,285		12,716,148	316,152
Contractual services	115,000	74,894	34,805		109,699	5,301
Travel	28,500	13,698	194		13,892	14,608
Travel and allowances for committed, paroled and discharged prisoners	5,522,000	4,658,944	797,715		5,456,659	65,341
Commodities	93,800	75,883	2,226		78,109	15,691
Printing	22,700	5,083	15,000		20,083	2,617
Equipment	307,700	265,669	22,918		288,587	19,113
Telecommunications services	522,900	430,464	92,325		522,789	111
Operation of automotive equipment						
<b>Total - Fiscal Year 2005</b>	<b>\$ 96,945,883</b>	<b>\$ 89,684,540</b>	<b>\$ 6,741,379</b>	<b>\$</b>	<b>\$ 96,425,919</b>	<b>\$ 519,964</b>

PUBLIC ACT 93-0842 & 93-0681

GENERAL REVENUE FUND - 001

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS  
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LIMITED SCOPE COMPLIANCE EXAMINATION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Years Ended June 30,

	FISCAL YEAR		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842 & 93-0681	P.A. 93-0091
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	\$ 93,435,400	\$ 96,945,883	\$ 99,337,200
EXPENDITURES			
Personal services	\$ 60,506,858	\$ 62,623,648	\$ 58,752,090
Employee retirement contributions paid by employer	785,278	119,482	5,273,893
Student, member and inmate compensation	243,834	218,717	248,294
State contributions to State Employees' Retirement System	4,731,883	9,744,031	3,019,911
State contributions to Social Security	4,523,395	4,514,075	4,381,894
Contractual services	16,512,032	12,716,148	13,263,042
Travel	171,159	109,699	118,979
Travel and allowances for committed, paroled and discharged prisoners	23,693	13,892	33,627
Commodities	5,096,479	5,456,659	6,102,960
Printing	96,015	78,109	84,092
Equipment	28,093	20,083	21,760
Telecommunications services	157,469	288,587	382,496
Operation of automotive equipment	468,686	522,789	536,732
Total Expenditures	<u>\$ 93,344,874</u>	<u>\$ 96,425,919</u>	<u>\$ 92,219,770</u>
LAPSED BALANCES	<u>\$ 90,526</u>	<u>\$ 519,964</u>	<u>\$ 7,117,430</u>

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**DESCRIPTION OF LOCALLY HELD FUNDS**  
For the Two Years Ended June 30, 2006

The locally held funds of the Center are grouped into two fund categories, Governmental and Fiduciary funds. These are non-appropriated funds with the exception of the Travel and Allowance Revolving Fund, which is an appropriated fund. The funds are not held in the State Treasury and are described as follows:

1. Governmental Funds

General Revenue Fund

The Travel and Allowance Revolving Fund is a cash imprest fund located at the Center and is used to provide travel and allowances for discharged residents/inmates. The Travel and Allowance Revolving Fund is replenished from the Center's General Revenue Fund appropriation on a monthly basis upon submission of a duly authorized voucher. During fiscal year 2005 the accounting and expenditure processing of the Travel and Allowance Fund was transferred to the Department of Corrections General Office.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Center maintains three special revenue funds.

The Residents' Commissary Fund is used to maintain stores for selling food, candy, tobacco, health and beauty aids and other personal items. The residents' commissary sells solely to residents. Profits derived from the Commissary Fund's sales are allocated 60% to pay the wages and benefits of employees who work at the commissary and 40% to the Residents' Benefit Fund for sales from the Residents' Commissary.

Residents' Benefit Fund and Employees' Benefit Fund are used to provide entertainment and recreational activities for residents and employees. The Employees' Benefit Fund is also used to provide travel expense reimbursement for correctional officers while travel vouchers are being processed. During fiscal year 2006 the accounting and expenditure processing of the Residents' Benefit Fund was transferred to the Department of Corrections General Office.



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**DESCRIPTION OF LOCALLY HELD FUNDS**  
For the Two Years Ended June 30, 2006

2.     Fiduciary Fund

Agency Fund

An agency fund is used to account for assets held as the agent for others. The Center maintains one such fund, the Residents' Trust Fund which is a depository for the residents' money. The Residents' Trust Fund is used to account for the receipts and disbursements of the resident's individual accounts.

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**SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS**  
For the Year Ended June 30, 2006

	Residents' Commissary Fund	Employees' Benefit Fund	Residents' Benefit Fund
<b><u>REVENUES</u></b>			
Income from Sales	\$ 1,175,965	\$ 6,089	\$ 0
Interest / Investment Income	1,480	203	1,014
Other		45,190	12,777
Total Revenues	<u>1,177,445</u>	<u>51,482</u>	<u>13,791</u>
<b><u>EXPENDITURES</u></b>			
Purchases	947,395		
General and Administrative			22,514
Contractual			35,362
Equipment			15,621
Other	18,443	60,517	
Total Expenditures	<u>965,838</u>	<u>60,517</u>	<u>73,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,607</u>	<u>(9,035)</u>	<u>(59,706)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In			85,958
Transfers (Out)	(211,607)		
Total Other Financing Sources	<u>(211,607)</u>	<u>0</u>	<u>85,958</u>
Net Change in Fund Balance		(9,035)	26,252
Fund Balance July 1, 2005		38,080	408,612
Fund Balance June 30, 2006	<u>\$ 0</u>	<u>\$ 29,045</u>	<u>\$ 434,864</u>

Note: Schedule is presented on the accrual basis of accounting.

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**SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS**  
For the Year Ended June 30, 2005

	Residents' Commissary Fund	Employees' Benefit Fund	Residents' Benefit Fund
<b><u>REVENUES</u></b>			
Income from Sales	\$ 1,092,087	\$ 9,625	\$ 0
Interest / Investment Income	998	153	481
Other	1,066	36,535	72,529
Total Revenues	<u>1,094,151</u>	<u>46,313</u>	<u>73,010</u>
<b><u>EXPENDITURES</u></b>			
Purchases	876,114		
General and Administrative			75,879
Contractual			29,706
Equipment			6,877
Other	8,898	40,413	
Total Expenditures	<u>885,012</u>	<u>40,413</u>	<u>112,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>209,139</u>	<u>5,900</u>	<u>(39,452)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers In			84,534
Transfers (Out)	(209,139)		
Total Other Financing Sources	<u>(209,139)</u>	<u>0</u>	<u>84,534</u>
Net Change in Fund Balance		5,900	45,082
Fund Balance July 1, 2004		32,180	363,530
Fund Balance June 30, 2005	<u>\$ 0</u>	<u>\$ 38,080</u>	<u>\$ 408,612</u>

Note: Schedule is presented on the accrual basis of accounting.

STATE OF ILLINOIS  
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LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS**

For the Years Ended June 30,

	2005		2006	
	Travel and Allowance Rev. Fund	Residents' Trust Fund	Travel and Allowance Rev. Fund	Residents' Trust Fund
Balance - July 1	\$ 8,100	\$ 244,130	\$ 0	\$ 221,635
Receipts				
Investment Income		981		1,586
Inmate Account Receipts		2,532,579		2,710,204
Appropriations from General Revenue Fund		206,736		279,273
<b>TOTAL RECEIPTS</b>	<u>0</u>	<u>2,740,296</u>	<u>0</u>	<u>2,991,063</u>
Disbursements				
Inmate Account Disbursements	8,100	1,327,329		1,417,580
Disbursements for released inmates		1,444,880		1,500,946
<b>TOTAL DISBURSEMENTS</b>	<u>8,100</u>	<u>2,772,209</u>	<u>0</u>	<u>2,918,526</u>
Fund Transfers				
Fund Transfers In		9,418		24,015
Fund Transfers (Out)				
<b>TOTAL TRANSFERS</b>	<u>0</u>	<u>9,418</u>	<u>0</u>	<u>24,015</u>
Balance - June 30	<u>\$ 0</u>	<u>\$ 221,635</u>	<u>\$ 0</u>	<u>\$ 318,187</u>

Note: Schedule is presented on the cash basis of accounting.

STATE OF ILLINOIS  
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LIMITED SCOPE COMPLIANCE EXAMINATION  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
(NOT EXAMINED)

For the Years Ended June 30,

	2006				2005			
	Land	Buildings	Equipment	Total	Land	Buildings	Equipment	Total
Balance, beginning	\$ 9,024,227	\$ 168,756,650	\$ 9,707,685	\$ 187,488,562	\$ 8,607,505	\$ 168,066,202	\$ 9,937,187	\$ 186,610,894
Additions:								
Purchases			4,726	4,726			47,153	47,153
Transfers-in:								
Intra-agency		13,200	1,548,601	1,548,601				
Inter-agency		2,000		13,200			40,621	40,621
Capital Development Board	7,174			9,174	416,722	725,553		1,142,275
Employees' Commissary Fund								
Employees' Benefit Fund								
Residents' Commissary Fund								
Residents' Benefit Fund								
Donations								
Grants								
Adjustments								
Total Additions	7,174	15,200	1,553,327	1,575,701	416,722	725,553	87,774	1,230,049
Deductions:								
Transfers-out:								
Intra-agency			762,326	762,326			223,496	223,496
Inter-agency			60,049	60,049		35,105	93,780	128,885
Scrap property								
Surplus property								
Condemned and lost property								
Adjustment								
Total Deductions	0	0	822,375	822,375	0	35,105	317,276	352,381
Balance, ending	\$ 9,031,401	\$ 168,771,850	\$ 10,438,637	\$ 188,241,888	\$ 9,024,227	\$ 168,756,650	\$ 9,707,685	\$ 187,488,562

Note: Data presented is considered not examined. See Finding Code No. 06-2 and the Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes. Additionally, beginning balance in FY05 for Land was overstated in the prior year report by auditors in the amount of \$200.

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**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS**  
(NOT EXAMINED)  
For the Years Ended June 30,

	<u>FISCAL YEAR</u>	
	<u>2006</u>	<u>2005</u>
<b><u>RECEIPTS</u></b>		
Jury Duty	\$ 594	\$ 794
Dormant Inmate Accounts	18,667	0
Miscellaneous	4,719	15,674
<b>TOTAL RECEIPTS</b>	<b><u>\$ 23,980</u></b>	<b><u>\$ 16,468</u></b>
<b><u>REMITTANCES</u></b>		
General Revenue Fund - 001	\$ 21,722	\$ 15,138
Department of Corrections Reimbursement Fund - 523	2,258	1,330
<b>TOTAL RECEIPTS REMITTED DIRECTLY TO STATE TREASURER</b>	<b><u>\$ 23,980</u></b>	<b><u>\$ 16,468</u></b>
<b><u>DEPOSITS</u></b>		
Receipts recorded by Center	\$ 21,722	\$ 15,138
Add: Deposits in transit - Beginning of year	0	0
Deduct: Deposits in transit - End of year	0	0
<b>DEPOSITS RECORDED BY THE STATE COMPTROLLER</b>	<b><u>\$ 21,722</u></b>	<b><u>\$ 15,138</u></b>

Note: The Deposits reconciliation section of this schedule is a reconciliation of the Center's General Revenue Fund receipts to the Comptroller's General Revenue Fund deposits only. The Comptroller's records do not provide a detail breakdown of deposits into the Department of Corrections Reimbursement Fund #523 by Center.

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**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2006

Fiscal Year 2006

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED JUNE 30</u>		<u>INCREASE (DECREASE)</u>	
	<u>2006</u>	<u>2005</u>	<u>AMOUNT</u>	<u>%</u>
Employee retirement contributions paid by employer	\$785,278	\$119,482	\$665,796	557%
State contributions to State Employees' Retirement System	\$4,731,883	\$9,744,031	(\$5,012,148)	(51%)
Contractual services	\$16,512,032	\$12,716,148	\$3,795,884	30%
Travel	\$171,159	\$109,699	\$61,460	56%
Travel and allowances for committed, paroled and discharged prisoners	\$23,693	\$13,892	\$9,801	71%
Printing	\$96,015	\$78,109	\$17,906	23%
Equipment	\$28,093	\$20,083	\$8,010	40%
Telecommunications services	\$157,469	\$288,587	(\$131,118)	(45%)

Center management provided the following explanations for the significant variations identified above.

**Employee retirement contributions paid by employer**

Employee retirement contributions paid by employer increased due to the State making payments for one half of FY06 compared to one pay period in FY05.

**State contributions to State Employees' Retirement System**

State contributions decreased due to the percentage paid for contributions decreasing from 16.107% in FY05 to 7.792% in FY06.

**Contractual services**

Contractual services increased due to additional utility costs incurred at the Joliet Complex because of filming.

**Travel**

Travel expenditures increased due to more prisoners required to leave the Center for medical, court, or other reasons. Based upon the inmate's security designation, officers are needed to escort the inmates during trips and the Center is required to reimburse the officers for meals.

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Fiscal Year 2006 (Continued)

**Travel and allowances for committed, paroled and discharged prisoners**

Travel and allowances for committed, paroled and discharged prisoners expenditures increased due to more prisoners being paroled in FY06.

**Printing**

Printing expenditures increased due to the Center missing annual order deadlines, which required larger orders be made. Furthermore, equipment updates required the Center to order stock cards instead of utilizing free cards provided by the FBI.

**Equipment**

Equipment expenditures increased due to the Center requiring security upgrades in FY06.

**Telecommunications services**

Telecommunication expenditures decreased due to FY06 expenditures paid with FY07 appropriations.



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Fiscal Year 2005

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2005 and June 30, 2004 are shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED JUNE 30</u>		<u>INCREASE (DECREASE)</u>	
	<u>2005</u>	<u>2004</u>	<u>AMOUNT</u>	<u>%</u>
Employee retirement contributions paid by employer	\$119,482	\$5,273,893	(\$5,154,411)	(98%)
State contributions to State Employees' Retirement System	\$9,744,031	\$3,019,911	\$6,724,120	223%
Travel and allowances for committed, paroled and discharged prisoners	\$13,892	\$33,627	(\$19,735)	(59%)
Telecommunications services	\$288,587	\$382,496	(\$93,909)	(25%)

Center management provided the following explanations for the significant variations identified above.

**Employee retirement contributions paid by employer**

Employee retirement contributions paid by employer were funded for only the first pay period of July 2004.

**State contributions to State Employees' Retirement System**

State contributions increased due to no contributions made in FY04 for the period of March 2004 through June 2004.

**Travel and allowances for committed, paroled and discharged prisoners**

Travel and allowances expenditures decreased due to the locally held portion of the Travel and Allowances Fund being expended in FY05 to deplete the cash maintained in local banks.

**Telecommunications services**

Telecommunications services decreased due to the cancellation of the Joliet Complex phone lines.

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**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2006

Our testing of lapse period expenditures for fiscal year ended June 30, 2006 disclosed two appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2006</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Travel	\$171,159	\$99,264	58%
Equipment	\$28,093	\$25,585	91%

Center management provided the following explanations for the significant lapse period expenditures identified above.

**Travel and Equipment**

The Center was waiting for DOC – Central Office to approve a 2% appropriation transfer to pay travel and equipment expenditures.

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For the Two Years Ended June 30, 2006

Our testing of lapse period expenditures for fiscal year ended June 30, 2005 disclosed two appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2005</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Travel	\$109,699	\$34,805	32%
Equipment	\$20,083	\$15,000	75%

Center management provided the following explanations for the significant lapse period expenditures identified above.

**Travel**

The Center was waiting for DOC – Central Office to approve a 2% appropriation transfer to pay travel expenditures.

**Equipment**

The Center was instructed by DOC - Central Office to make an efficiency payment during the lapse period.

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**CENTER FUNCTIONS AND PLANNING PROGRAM**

**CENTER FUNCTIONS**

In the Illinois Department of Corrections, classification initially occurs at one of three Reception and Classification Centers in the State: Stateville, Menard or Graham. Inmates are given security and escape risk designations. These designations determine which correctional facility the inmate will be placed. The security levels range from 1 to 8 with 1 being maximum security and 8 being a transitional facility. The escape risk designations are extremely high, high, moderate and low. Inmates are transferred to an institution appropriate to those designations.

The Stateville Correctional Center (Center) is located near Joliet, Illinois. It is a maximum-security facility, which operates under the jurisdiction of the State of Illinois Department of Corrections. Its objectives are to promote a climate of safe and secure conditions for staff, inmates, and the neighboring communities by encouraging positive attitudes and by providing programs and work opportunities for adult males admitted to the facility. As a maximum-security facility, the Center recognizes its obligation to prevent escapes, deter aggression, and control contraband.

The Center was officially opened on March 9, 1925. There are eleven housing units inside the walls. Some of the Center's departments include:

**Education Department**

Education programs operate under the direction of the Department of Corrections School District #428. School District #428 was organized in 1972 and is recognized by the Illinois State Board of Education. In December 1990, a program was initiated by the Illinois Department of Corrections to reward certain qualifying inmates "good time" for successful completion of school programs.

**Health Care Unit**

Construction of a modern health care unit was completed in December 1989. Approximately 47 employees are involved in the health care program and over 275 patients are seen daily.

**Clinical Services**

The Clinical Services staff includes 25 correctional counselors who provide casework management services to the inmate population. The staff assists inmates with various problems that arise during incarceration and assist with program planning and involvement. Each major housing unit has assigned correctional counselors who are supervised by a correctional casework supervisor.

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**CENTER FUNCTIONS (Continued)**

**Training**

The Illinois Department of Corrections has a central training academy located in Springfield, Illinois. The academy provides both pre-service and in-service training to all staff working for the Department. Annual staff training is conducted at the Training School on-site. The school's staff includes a full-time Training Coordinator and full- and part-time trainers.

**Correctional Industries**

The Center employs approximately 30 inmates in the Industries Program. Correctional Industry products are sold to tax-supported institutions, including other correctional centers, mental health facilities, school districts and many State and municipal office buildings. Products produced include:

Soap Shop: laundry detergent, bar soap, shampoo, etc  
Furniture Factory: desks, chairs, tables, cabinets, etc.

**North Reception & Classification (R & C)**

The R & C processes approximately 2,500 inmates a month. The amount of inmates processed through reception during an average week consists of approximately 570 inmates, who are brought from the northern counties in Illinois, the largest number being from Cook County.

A master record file is generated for each inmate coming into the system and that file stays with the inmate throughout his incarceration. After spending an average of 7-14 days in the R & C and the classification process has been completed, inmates are transferred out to other Centers. Approximately 20 inmates are released per week either after reaching their mandatory supervised release or discharge date.

**PLANNING PROGRAM**

The Center has its own planning body composed of the Warden, Assistant Wardens, the Business Administrator, and all area administrators. The Center's planning body implements department-wide goals as well as developing and monitoring internal short and long range goals.

Monthly meetings are used to monitor daily operations and provide current feedback into the planning process. Additionally, each operational unit has a monthly meeting so administrators can be made aware of any new progress or anticipated problems.

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**PLANNING PROGRAM (Continued)**

Financial planning is accomplished through the budgetary process. Each department head reviews actual data from previous periods and combines this with current information to develop a detailed budget. The Accounting Information System (AIS) provides daily reports of budgeted and actual expenditures, which are viewed by the Business Administrator. Department of Corrections' officials also perform monthly reviews of budgeted expenses to actual expenses.

**AUDITOR ASSESSMENT**

The Planning Program developed by the Center includes the establishment of specific goals and objectives and a methodology to monitor and report on their implementation. Accordingly, we conclude that the planning program appears to be adequate for the Center's needs.

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**AVERAGE NUMBER OF EMPLOYEES**

The following table, prepared from Center records, presents the average number of employees, by function, for the past three years.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Administrative	30	31	39
Business office and stores	24	21	22
Clinical services	63	54	41
Recreation	2	2	3
Maintenance	35	30	24
Utilities	9	9	8
Security	853	932	1,005
Dietary	28	24	18
Medical/Psychiatric	48	49	48
Religion	2	2	2
Secretary/Clerical Misc.	2	3	5
Mail room	3	4	0
Switchboard	1	1	0
Total	<u>1,100</u>	<u>1,162</u>	<u>1,215</u>

**EMPLOYEE OVERTIME (not examined)**

Certain employees are eligible for overtime if the hours worked during a day exceed the employees standard work hours. Correctional Officers receive a ¼-hour of overtime for each day they stand for roll call. The roll call overtime is paid at straight time for all but Correctional Lieutenants who receive 1 ½ times normal pay.

Overtime is to be distributed as equally as possible among employees who normally perform the work in the position in which the overtime is needed. An employees' supervisor must approve any overtime. In most cases, except for roll call, employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. Employees have the opportunity to be compensated either in pay for the overtime or receive compensatory time off.

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**EMPLOYEE OVERTIME (Continued)**

The following table, prepared from Department records presents the paid overtime and earned compensatory time incurred during fiscal year 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Paid overtime hours worked during fiscal year	<u>83,189</u>	<u>133,805</u>
Value of overtime hours worked during fiscal year	<u>\$3,079,116</u>	<u>\$4,566,538</u>
Compensatory hours earned during fiscal year	<u>75,605</u>	<u>78,398</u>
Value of compensatory hours earned during fiscal year	<u>\$1,932,631</u>	<u>\$1,826,546</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>158,794</u>	<u>212,203</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$5,011,747</u>	<u>\$6,393,084</u>

**INMATE COMMISSARY OPERATION**

The Center operates a commissary for the benefit of the inmates. The commissary purchases goods from outside vendors and then retails the items to the inmates. The commissary purchases goods at wholesale prices where possible. Effective January 1, 2004 the Unified Code of Corrections, 730 ILCS 5/3-7-2a, was amended to change the mark-up of cost on the goods purchased for resale in the commissary. Effective January 1, 2004 the selling price for all goods shall be sufficient to cover the cost of the goods and an additional charge of up to 35% for tobacco products and up to 25% for non-tobacco products.

The financial transactions of the Inmate Commissary are recorded in the Residents' Commissary Fund. A summary of the financial activity of the Residents' Commissary Fund for the years ended June 30, 2006 and 2005 are presented on pages 32 and 33 of this report.



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**SHARED RESOURCES (not examined)**

The following staff functions were paid by the Center but performed at another Center as follows:

<u>Staff Function</u>	<u>Center Name</u>	<u>% Time Spent</u>
Public Service Administrator	Joliet Complex	100%
Chaplin	Tamm Correctional Center	60%
Business Manager	IYC – Joliet	50%
Internal Security Investigator	Joliet Complex	50%
5 Correctional Officers	Joliet Complex	50%

**ANNUAL COST STATISTICS**

**COSTS PER YEAR PER INMATE (not examined)**

Comparative costs of inmate care, prepared from Center records for the fiscal year ended June 30, are shown below:

	<u>Fiscal Year</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Rated population	<u>3,187</u>	<u>3,187</u>	<u>2,000</u>
Inmate population (as of May 31)	<u>3,450</u>	<u>3,151</u>	<u>3,010</u>
Average number of inmates	<u>3,301</u>	<u>3,081</u>	<u>2,854</u>
Expenditures from appropriations	\$93,344,874	\$96,425,919	\$92,219,770
Less-equipment and capital improvements	<u>28,093</u>	<u>20,083</u>	<u>21,760</u>
Net expenditures	<u>\$93,316,781</u>	<u>\$96,405,836</u>	<u>\$92,198,010</u>
Net inmate cost per year	<u>\$28,269</u>	<u>\$31,290</u>	<u>\$32,305</u>

Net expenditures for computing net inmate cost per year represent total expenditures from appropriations less equipment expenditures divided by average number of inmates.

The rated population and inmate population noted above was taken from the Illinois Department of Corrections' quarterly reports to the State legislature.

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**RATIO OF EMPLOYEES TO INMATES (not examined)**

The following comparisons are prepared from Center records for the fiscal year ended June 30:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Average number of employees	<u>1,100</u>	<u>1,162</u>	<u>1,215</u>
Average number of correctional officers	<u>853</u>	<u>932</u>	<u>1,005</u>
Average number of inmates	<u>3,301</u>	<u>3,081</u>	<u>2,854</u>
Ratio of employees to inmates	<u>1 to 3.0</u>	<u>1 to 2.7</u>	<u>1 to 2.4</u>
Ratio of correctional officers to inmates	<u>1 to 3.9</u>	<u>1 to 3.3</u>	<u>1 to 2.8</u>

**CELL SQUARE FEET PER INMATE (not examined)**

The following comparisons are from a report issued by the Department of Corrections to the State legislature:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Approximate Square Foot Per Inmate	<u>44</u>	<u>48</u>	<u>38</u>

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**FOOD SERVICES (not examined)**

The following table, prepared from the Center records, summarizes the number of meals served and the average cost per meal.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Breakfast	1,204,683	1,124,565	1,040,250
Lunch	1,204,683	1,124,565	1,040,250
Dinner	1,204,683	1,124,565	1,040,250
1:00 a.m. meal	-0-	-0-	-0-
Staff meals	177,025	177,025	91,250
Vocational School Meals	-0-	-0-	-0-
Total Meals Served	<u>3,791,074</u>	<u>3,550,720</u>	<u>3,212,000</u>
Food Cost	<u>\$3,533,233</u>	<u>\$4,191,609</u>	<u>\$3,693,199</u>
Cost Per Meal	<u>\$0.93</u>	<u>\$1.18</u>	<u>\$1.15</u>

**MEDICAL AND CLERGY SERVICE CONTRACTS (not examined)**

The following table, prepared from Center records, summarizes what was paid to vendors for medical and clergy contractual services for fiscal years 2006, 2005 and 2004.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Medical Services:			
Addus Healthcare	\$ -0-	\$ -0-	\$4,885,500
Wexford Healthcare	4,844,843	6,896,972	2,205,728
Health Professionals LTD	4,859,445	-0-	-0-
Chardonnay	762,964	493,423	490,451
Autopsy Pathology Consultants	850	4,675	-0-
John S. Denton, MD	1,700	800	-0-
Edward N. Tuder, MD	-0-	450	-0-
M & M Orthopedics LTD	900	-0-	-0-
	<u>\$10,470,702</u>	<u>\$7,396,320</u>	<u>\$7,581,679</u>
Clergy Services:			
Clifford Bey	\$ -0-	\$ 484	\$ 1,821
Muhammad A. Firdausi	6,255	14,295	10,913
Lubatavich Chabad	-0-	-0-	1,276
	<u>\$ 6,255</u>	<u>\$ 14,779</u>	<u>\$ 14,010</u>

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**SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)**

**Western Union**

Since May 2003, the Center has utilized the Western Union Quick Collect service. Inmates' family and/or friends are able to have money sent from Western Union directly to the facility. Upon receipt by the facility, the money is posted to the individual's Trust Fund account. Approximately 3% of the FY06 total income received by the Inmate Trust Fund was from electronic transfers.

**Fiscal Responsibility and Budgetary Compliance**

In FY06 the Center experienced rising utility rates and fuel costs and entered into new medical contracts that were more costly than the budget estimated. Despite these rising costs, the Department remained within the budgetary amounts allocated.

Using various projections, spending was eased toward the end of the fiscal year. Instructions were given to only purchase operational necessities. In addition, outstanding orders were reviewed to determine if they could be cancelled and delayed until the next fiscal year. Examples included costs incurred due to institutional spring cleanups, painting, landscaping, etc.

**Health Care**

During the period, the Health Care department has provided the following services to inmates:

- Inmate physicals are conducted within 4 days of reception.
- Chronic clinics are now offered to the inmates at the North Reception & Classifications (NRC).
- Dental exams and HIV tests are provided to all residents that are received at the NRC.
- The X-ray department is providing services for both the NRC and the Center. Plans are underway to move the dialysis unit from X-house to the health care unit.
- The Correctional Medical Technicians have been given new assignments that include rounds in the cell house.
- To facilitate inmates with diabetes the Center has made arrangements to move all of the diabetic patients to the first two galleries in the cell houses.

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**SERVICE EFFORTS AND ACCOMPLISHMENTS (Continued)**

**Mental Health**

Psychological testing continues to be done. Grief, Anger Management, Life Skills, and Social Skills groups have been started.

**Education**

The Office of Adult Education and Vocational Services provided the following services for the Center: Adult Basic Education (ABE), General Education Development (GED), Barbering and law and general library. The law library operates five days a week providing general library and law services to all residents at the Center. The school provides academic services to 165 students and the Barbering Program provides vocational classes for 11 students, five days a week. In FY06, 20 inmates completed the ABE program, 10 obtained their GED and 1 became a licensed barber.