

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

JOHN A. GRAHAM CORRECTIONAL CENTER

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2006

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

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

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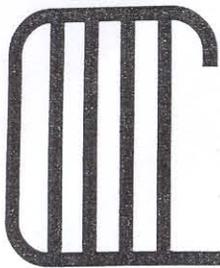
STATE OF ILLINOIS
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CENTER OFFICIALS

Warden	Mr. Steven Bryant
Assistant Warden – Programs:	
02/01/05 – Present	Mr. Lynn Dexheimer
12/01/04 – 01/31/05	Vacant
07/01/04 – 11/30/04	Mr. Melvin Tolar
Assistant Warden – Operations:	
08/01/05 – Present	Mr. Andrew Ott
07/01/04 – 7/31/05	Mr. Greg Beck
Business Office Administrator:	
12/16/04 – Present	Mr. Vester “Jack” Stewart
07/01/04 – 12/15/04	Vacant

The Center is located at:

John A. Graham Correctional Center
Illinois Route 185
Hillsboro, Illinois 62049



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E Walker Jr.
Director

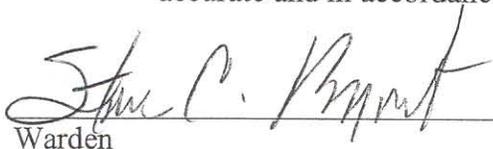
Graham Correctional Center / R.R.#1, / Highway 185 / P.O. Box 499 / Hillsboro, Illinois 62049 / Telephone: (217) 532-6961 / TDD: (800) 526-0844

September 20, 2006

West & Company, LLC
Certified Public Accountants
919 East Harris Avenue
Greenville, IL 62246

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the John A. Graham Correctional 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 years ended June 30, 2005 and 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 recordkeeping 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 agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.


Warden


Business Administrator

COMPLIANCE REPORT

Compliance Testing

A compliance examination test, on a sample basis, whether an agency is conforming to laws, rules, regulations, grant agreements, and other standards governing its conduct. A compliance report covers the agency's operations for the previous one or two fiscal years, depending upon how often the examination is performed.

The compliance report is comprised of the following:

A Summary section providing a brief overview of the compliance examination.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their testing, as required by applicable professional standards. Depending upon the nature of the agency's operations, several reports may be issued.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of non-conformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

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For the Two Years Ended June 30, 2006

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	2	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

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	9-10	Failure to Conduct Benefit Fund Committee Meetings
06-2	11-12	Inventory Weaknesses

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

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department and Center personnel at an exit conference on November 8, 2006. Attending were:

Department of Corrections

Ms. Mary Ann Bohlen (via teleconference)	Supervisor of Central Accounting
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John A. Graham Correctional Center

Mr. Steven Bryant	Warden
Mr. Lynn Dexheimer	Assistant Warden – Programs
Mr. Vester “Jack” Stewart	Business Office Administrator
Mr. Rick Blockyou	Business Manager

Office of the Auditor General

Mr. Matthew Campbell	Manager
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West & Company, LLC

Ms. Janice Romack	Partner
Ms. Alison Sears	Supervisor

Responses to the recommendations were provided by Mary Ann Bohlen, Supervisor of Central Accounting, in a letter dated November 15, 2006.

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH

919 E. HARRIS AVENUE
GREENVILLE, ILLINOIS 62246

(618) 664-4848

OFFICES

EFFINGHAM
SULLIVAN
GREENVILLE
MATTOON

**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

As Special Assistant Auditors for the Auditor General, we performed a limited scope compliance examination of the State of Illinois Department of Corrections – John A. Graham Correctional Center's 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 – John A. Graham Correctional Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Corrections – John A. Graham Correctional Center's compliance based on our examination.

- A. The State of Illinois Department of Corrections – John A. Graham 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 – John A. Graham 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 – John A. Graham 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 – John A. Graham 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 – John A. Graham Correctional Center on behalf of the State or held in trust by the State of Illinois Department of Corrections – John A. Graham 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 – John A. Graham 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 – John A. Graham Correctional Center's compliance with specified requirements.

In our opinion, the State of Illinois Department of Corrections – John A. Graham 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 06-1 and 06-2.

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 – John A. Graham 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 – John A. Graham 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 noted no matters involving internal control over compliance that we consider to be material weaknesses. However, 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 06-1 and 06-2.

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

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 Locally Held Funds - Travel and Allowance Revolving Fund/Inmates' Trust Fund, Schedule of Changes in State Property, Comparative Schedule of Cash Receipts and Deposits, Schedule of Changes in Inventories, Employee Overtime, 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.

West + Company, LLC

West & Company, LLC

September 20, 2006

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

CURRENT FINDINGS:

06-1 Finding – Failure to Conduct Benefit Fund Committee Meetings

The John A. Graham Correctional Center (Center) failed to comply with the Department's Administrative Directive for benefit fund committee requirements and expenditure approvals.

Based on our review of the Inmates' Benefit and Employees' Benefit funds, we noted the following weaknesses:

- Committees failed to conduct meetings or prepare minutes after March 2005 (Employees' Benefit Fund) and June 2005 (Inmates' Benefit Fund), and
- After March and June 2005, the Center relied upon verbal approval by the Chief Administrative Officer for benefit fund expenditures.

According to the Department's Administrative Directive (02.43.102), the Chief Administrative Officer shall appoint committees to review expenditures from the benefit funds. Each committee shall meet when necessary to review requests for expenditures, and minutes shall be maintained for each meeting.

Center management stated that timing conflicts due to leaves of absence, other absences, and additional assignments prevented the scheduling of meetings. As an alternative, benefit fund expenditures that were not presented at committee meetings for review were approved by the Warden.

Total expenditures from the Employees' Benefit Fund for fiscal years 2005 and 2006 were \$19,003 and \$18,069, respectively. Total expenditures from the Inmates' Benefit Fund for fiscal years 2005 and 2006 were \$172,769 and \$184,394, respectively. Approval of proposed expenditures by an appointed committee is a fundamental control over benefit fund expenditures. Failure to obtain committee approval of expenditures increases the possibility that purchases could be made for goods or services not in accordance with the intended purposes of the funds. (Finding Code No. 06-1).

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

CURRENT FINDINGS (continued):

06-1 Finding – Failure to Conduct Benefit Fund Committee Meetings (continued)

Recommendation

We recommend the Center strengthen controls over benefit fund expenditures by ensuring that appointed committees conduct meetings to review and approve all proposed expenditures, and to document such approvals in the minutes of the meetings as prescribed by the Administrative Directive.

Center Response

Recommendation implemented. The Center will make every effort to ensure monthly benefit fund meetings are held and documented in accordance with the Administrative Directives.

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

CURRENT FINDINGS (continued):

06-2 Finding – Inventory Weaknesses

The John A. Graham Correctional Center's (Center) commodities inventory procedures were not in accordance with the Department's Administrative Directives and were insufficient to ensure the proper accounting and reporting of inventory.

We noted the following weaknesses during inquiries of inventory procedures over commodities for the two years ended June 30, 2006:

- The Center failed to perform monthly test counts as required by Administrative Directive,
- The Center failed to perform reconciliations of Automated Inventory Management System (AIMS) reports to the Center's general ledger and invoice journal, and
- The Center did not timely enter inventory transactions into the inventory system.

The Department's Administrative Directive (02.82.112) requires that a test count for each storeroom be conducted monthly. The items to be counted shall be selected by the Business Administrator and the quantity shall equal at least one-eleventh of the total number of items in the storeroom. Guidelines contained in the Department's Administrative Directive (02.82.114) provide for the reconciliation of perpetual inventory records and accounting inventory records on a regular basis.

Center management advised that the weaknesses were primarily caused by employee turnover and insufficient staff allocated to this area. Center personnel stated that entry of receiving reports and requisitions is frequently delayed 4 to 6 weeks.

Total commodities on hand as of June 30, 2005 and 2006 as reported by the Center's perpetual inventory records were \$369,819 and \$247,416, respectively. Failure to maintain accurate and timely inventory records could result in unexpected shortages, overstocking, and undetected misappropriation or waste of commodities. Further, untimely data processing and report maintenance increases the possibility that inventory balances could be misstated and distort the financial position of the Center. (Finding Code No. 06-2).

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

CURRENT FINDINGS (continued):

06-2 Finding – Inventory Weaknesses (continued)

Recommendation

We recommend the Center comply with the Department's Administrative Directives and institute procedures to strengthen controls over inventory procedures and related data processing. The Center should allocate sufficient and adequately trained staff to properly maintain a perpetual inventory to ensure that inventory records reconcile to the accounting records.

Center Response

Recommendation accepted. The Center has reassigned staff and made it a priority to maintain commodity inventory records in accordance with the Administrative Directives.

STATE OF ILLINOIS
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LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

Prior Findings Not Repeated

There were no findings noted during the Limited Scope Compliance Examination for the two years ended June 30, 2004.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Supplementary Information

Supplementary related information may include segments of financial statements, specific financial information such as schedules of state property or schedules of appropriations and expenditures, and information on employees, operations, service efforts and agency accomplishments.

This section of the report may contain:

A Summary section or Table of Contents providing a brief overview.

Supplementary Schedules

- A Supplementary Schedules section containing fiscal schedules and analysis relative to the agency.

Analysis of Operations

- An Analysis of Operations section to assist report users in obtaining an understanding of the nature and scope of the agency's operations and placing financial audit reports and compliance examination findings into their proper context. This section of the report may contain additional data on agency operations, such as:
 - Number of Employees;
 - Cost Statistics; and
 - Financial, Statistical, and Programmatic Data on Service Efforts and Accomplishments

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
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
- 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
- Schedule of Changes in Inventories (not examined)

Analysis of Operations:

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Inmate Commissary Operation
- 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 Locally Held Funds - Travel and Allowance Revolving Fund/Inmates' Trust Fund, Schedule of Changes in State Property, Comparative Schedule of Cash Receipts and Deposits, Schedule of Changes in Inventories, Employee Overtime, 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
DEPARTMENT OF CORRECTIONS
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LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2006

	<u>APPROPRIATIONS NET OF TRANSFERS</u>	<u>EXPENDITURES THROUGH JUNE 30, 2006</u>	<u>LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2006</u>	<u>TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2006</u>	<u>BALANCES LAPSED AUGUST 31, 2006</u>
PUBLIC ACT 94-0015					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services	\$ 21,932,600	\$ 20,835,210	\$ 1,096,051	\$ 21,931,261	\$ 1,339
Employee retirement contributions paid by employer	290,700	290,616	-	290,616	84
Student, member and inmate compensation	265,500	175,321	90,168	265,489	11
State contributions to State Employees' Retirement System	1,709,800	1,622,916	85,407	1,708,323	1,477
State contributions to Social Security	1,621,500	1,539,659	81,769	1,621,428	72
Contractual services	6,487,600	5,527,631	959,927	6,487,558	42
Travel	12,800	10,116	2,677	12,793	7
Travel and allowances for committed, paroled and discharged prisoners	4,100	4,061	-	4,061	39
Commodities	2,184,800	1,965,552	216,296	2,181,848	2,952
Printing	25,800	14,874	10,119	24,993	807
Equipment	34,400	1,713	32,611	34,324	76
Telecommunications services	52,600	52,517	-	52,517	83
Operation of automotive equipment	76,500	74,815	1,649	76,464	36
	<u>\$ 34,698,700</u>	<u>\$ 32,115,001</u>	<u>\$ 2,576,674</u>	<u>\$ 34,691,675</u>	<u>\$ 7,025</u>
Total - Fiscal Year 2006	<u>\$ 34,698,700</u>	<u>\$ 32,115,001</u>	<u>\$ 2,576,674</u>	<u>\$ 34,691,675</u>	<u>\$ 7,025</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
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SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2005

	<u>APPROPRIATIONS NET OF TRANSFERS</u>	<u>EXPENDITURES THROUGH JUNE 30, 2005</u>	<u>LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2005</u>	<u>TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2005</u>	<u>BALANCES LAPSED AUGUST 31, 2005</u>
PUBLIC ACT 93-0842 & 93-0681					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services	\$ 22,966,800	\$ 21,750,128	\$ 1,204,414	\$ 22,954,542	\$ 12,258
Employee retirement contributions paid by employer	44,917	44,917	-	44,917	-
Student, member and inmate compensation	273,900	251,860	20,794	272,654	1,246
State contributions to State Employees' Retirement System	3,562,600	3,369,064	188,919	3,557,983	4,617
State contributions to Social Security	1,638,000	1,545,933	87,224	1,633,157	4,843
Contractual services	6,386,000	5,605,198	560,207	6,165,405	220,595
Travel	16,400	12,726	554	13,280	3,120
Travel and allowances for committed, paroled and discharged prisoners	15,400	7,488	989	8,477	6,923
Commodities	2,375,000	2,231,403	117,818	2,349,221	25,779
Printing	28,000	17,896	8,710	26,606	1,394
Equipment	5,100	320	-	320	4,780
Telecommunications services	74,500	54,885	10,589	65,474	9,026
Operation of automotive equipment	89,400	69,430	19,807	89,237	163
 Total - Fiscal Year 2005	 <u>\$ 37,476,017</u>	 <u>\$ 34,961,248</u>	 <u>\$ 2,220,025</u>	 <u>\$ 37,181,273</u>	 <u>\$ 294,744</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
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)	\$ 34,698,700	\$ 37,476,017	\$ 36,915,600
EXPENDITURES			
Personal services	21,931,261	22,954,542	21,477,526
Employee retirement contributions paid by employer	290,616	44,917	1,097,861
Student, member and inmate compensation	265,489	272,654	281,209
State contributions to State Employees' Retirement System	1,708,323	3,557,983	1,885,256
State contributions to Social Security	1,621,428	1,633,157	1,585,586
Contractual services	6,487,558	6,165,405	5,967,270
Travel	12,793	13,280	13,984
Travel and allowances for committed, paroled and discharged prisoners	4,061	8,477	16,761
Commodities	2,181,848	2,349,221	2,665,098
Printing	24,993	26,606	23,215
Equipment	34,324	320	114,553
Telecommunications services	52,517	65,474	72,254
Operation of automotive equipment	76,464	89,237	86,210
Total Expenditures	<u>34,691,675</u>	<u>37,181,273</u>	<u>35,286,783</u>
LAPSED BALANCES	<u>\$ 7,025</u>	<u>\$ 294,744</u>	<u>\$ 1,628,817</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
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 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.

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

Inmates' Benefit Fund and Employees' Benefit Fund are used to provide entertainment and recreational activities for inmates 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 Inmates' Benefit Fund was transferred to the Department of Corrections General Office.

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 Inmates' Trust Fund, which is a depository for the inmates' money. The Inmates' Trust Fund is used to account for the receipts and disbursements of the inmates' individual accounts.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For the the Year ended June 30, 2006

	Inmates' Commissary Fund	Employees' Benefit Fund	Inmates' Benefit Fund (not examined)
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES</u>			
Income from sales	\$ 1,245,058	\$ -	\$ -
Investment income	1,985	168	2,285
Miscellaneous:			
Entry fees	-	-	-
Postage	-	-	-
Other	-	15,460	32,388
Donations	-	-	-
Total Revenues	<u>1,247,043</u>	<u>15,628</u>	<u>34,673</u>
<u>EXPENDITURES</u>			
Purchases	1,008,765	10,140	-
General and administrative	-	3,249	17,634
Contractual	-	3,703	41,126
Equipment	-	977	13,832
Postage	-	-	-
Donations	-	-	-
Other	-	-	-
Total Expenditures	<u>1,008,765</u>	<u>18,069</u>	<u>72,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>238,278</u>	<u>(2,441)</u>	<u>(37,919)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers in	-	-	96,643
Transfers (out)	(238,278)	-	-
Total Other Financing Sources (Uses)	<u>(238,278)</u>	<u>-</u>	<u>96,643</u>
Net Change in Fund Balance	-	(2,441)	58,724
Fund Balance July 1, 2005	-	21,085	226,159
Fund Balance June 30, 2006	<u>\$ -</u>	<u>\$ 18,644</u>	<u>\$ 284,883</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For the the Year ended June 30, 2005

	Inmates' Commissary Fund	Employees' Benefit Fund	Inmates' Benefit Fund
<u>REVENUES</u>			
Income from sales	\$ 1,237,306	\$ -	\$ 68,498
Investment income	1,499	125	774
Miscellaneous:			
Entry fees	-	-	-
Postage	-	-	-
Other	-	22,274	22,790
Donations	-	-	-
Total Revenues	<u>1,238,805</u>	<u>22,399</u>	<u>92,062</u>
<u>EXPENDITURES</u>			
Purchases	983,887	10,273	56,715
General and administrative	-	4,945	1,542
Contractual	-	3,785	108,013
Equipment	-	-	6,499
Postage	-	-	-
Donations	-	-	-
Other	-	-	-
Total Expenditures	<u>983,887</u>	<u>19,003</u>	<u>172,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>254,918</u>	<u>3,396</u>	<u>(80,707)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers in	-	-	102,842
Transfers (out)	<u>(254,918)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(254,918)</u>	<u>-</u>	<u>102,842</u>
Net Change in Fund Balance	-	3,396	22,135
Fund Balance July 1, 2004	-	17,689	204,024
Fund Balance June 30, 2005	<u>\$ -</u>	<u>\$ 21,085</u>	<u>\$ 226,159</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
(NOT EXAMINED)
For The Years Ended June 30,

	2006		2005	
	Travel and Allowance Rev. Fund	Inmates' Trust Fund	Travel and Allowance Rev. Fund	Inmates' Trust Fund
Balance - July 1	\$ -	\$ 72,604	\$ 5,433	\$ 71,775
Receipts				
Investment income	-	1,332	-	874
Inmate account receipts	-	1,721,427	-	1,757,213
Appropriations from General Revenue Fund	-	-	-	-
TOTAL RECEIPTS	-	1,722,759	-	1,758,087
Disbursements				
Inmate account disbursements	-	1,689,738	-	1,756,384
Disbursements for released inmates	-	-	5,433	-
TOTAL DISBURSEMENTS	-	1,689,738	5,433	1,756,384
Fund transfers				
Fund transfers in	-	-	-	-
Fund transfers (out)	-	(1,332)	-	(874)
TOTAL FUND TRANSFERS	-	(1,332)	-	(874)
Balance - June 30	<u>\$ -</u>	<u>\$ 104,293</u>	<u>\$ -</u>	<u>\$ 72,604</u>

Note: Schedule is presented on the cash basis of accounting

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN STATE PROPERTY
(NOT EXAMINED)
For The Years Ended June 30,

	2006					2005				
	Land	Buildings	Equipment	Land Improvements	Total	Land	Buildings	Equipment	Land Improvements	Total
Balance, beginning	\$ 243,276	\$ 34,811,460	\$ 3,797,479	\$ 726,926	\$ 39,579,141	\$ 243,276	\$ 34,612,192	\$ 3,911,576	\$ 726,926	\$ 39,493,970
Additions:										
Purchases	-	-	3,522	-	3,522	-	-	66,646	-	66,646
Transfers-in:										
Intra-agency	-	-	353,341	-	353,341	-	-	35,083	-	35,083
Inter-agency	-	-	-	-	-	-	-	-	-	-
Capital Development Board	-	-	-	-	-	-	199,268	-	-	199,268
Employees' Commissary Fund	-	-	-	-	-	-	-	-	-	-
Employees' Benefit Fund	-	-	-	-	-	-	-	-	-	-
Inmates' Commissary Fund	-	-	-	-	-	-	-	-	-	-
Inmates' Benefit Fund	-	-	14,651	-	14,651	-	-	17,457	-	17,457
Donations	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
Total Additions	-	-	371,514	-	371,514	-	199,268	119,186	-	318,454
Deductions:										
Transfers-out:										
Intra-agency	-	-	-	-	-	-	-	-	-	-
Inter-agency	-	-	330,356	-	330,356	-	-	47,495	-	47,495
Scrap property	-	-	31,051	-	31,051	-	-	115,232	-	115,232
Surplus property	-	-	45,251	-	45,251	-	-	70,556	-	70,556
Condemned and lost property	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-
Total Deductions	-	-	406,658	-	406,658	-	-	233,283	-	233,283
Balance, ending	\$ 243,276	\$ 34,811,460	\$ 3,762,335	\$ 726,926	\$ 39,543,997	\$ 243,276	\$ 34,811,460	\$ 3,797,479	\$ 726,926	\$ 39,579,141

Note: Center management indicated the property balances at June 30, 2006 and 2005 have been reconciled to the property reports submitted to the Office of the Comptroller

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS (NOT EXAMINED)
FOR THE YEARS ENDED JUNE 30,

	FISCAL YEAR		
	2006	2005	2004
<u>RECEIPTS</u>			
Jury Duty and Telephone Reimbursement	\$ 93	\$ 61	\$ 112
Inmate Restitution, Postage, Funeral Furlough, Damage to State Property, and Medical Services	11,108	17,647	30,883
Miscellaneous	2,001	1,191	1,691
Total Receipts	<u>\$ 13,202</u>	<u>\$ 18,899</u>	<u>\$ 32,686</u>
<u>REMITTANCES</u>			
General Revenue Fund - 001	\$ 2,094	\$ 925	\$ 533
Department of Corrections Reimbursement Fund - 523	11,108	17,974	32,153
Total Receipts Remitted Directly To State Treasurer	<u>\$ 13,202</u>	<u>\$ 18,899</u>	<u>\$ 32,686</u>
<u>DEPOSITS</u>			
Receipts recorded by Center	\$ 2,094	\$ 925	\$ 533
Add: Deposits in transit - Beginning of year	-	-	15
Deduct: Deposits in transit - End of year	(135)	-	-
Deposits Recorded By The State Comptroller	<u>\$ 1,959</u>	<u>\$ 925</u>	<u>\$ 548</u>

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.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
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:

EXPENDITURE ITEM	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2006	2005	AMOUNT	%
Employee retirement contributions paid by employer	\$ 290,616	\$ 44,917	\$ 245,699	547.01%
State contributions to State Employees' Retirement System	\$ 1,708,323	\$ 3,557,983	\$(1,849,660)	(51.99)%
Travel and allowances	\$ 4,061	\$ 8,477	\$ (4,416)	(52.09)%
Equipment	\$ 34,324	\$ 320	\$ 34,004	10,626.25%

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

Employee retirement contributions paid by employer

Fiscal year 2006 expenditures increased significantly due to a regulatory change initiated late in the preceding year; for most of fiscal year 2005, retirement contributions paid by the State were paid from Personal Services appropriations. Retirement contributions paid by the State resumed during fiscal year 2006.

State contributions to State Employees' Retirement System

The decrease in fiscal year 2006 expenditures was due to the overall decrease in the State employee retirement rate from 16.107% in fiscal year 2005 to 7.792% in fiscal year 2006.

Travel and allowances

Fiscal year 2006 expenditures for travel and allowance declined significantly due to the gradual closeout of the travel and allowance account beginning in the preceding year. During the closeout of the fund, all travel and allowance expenditures were paid from the Inmates' Benefit Fund.

Equipment

Fiscal year 2006 expenditures included \$19,586 related to an equipment purchase approved in fiscal year 2005; the invoice was not received until after the close of the lapse period and was subsequently processed through the Court of Claims and paid in fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

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:

EXPENDITURE ITEM	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2005	2004	AMOUNT	%
Employee retirement contributions paid by employer	\$ 44,917	\$ 1,097,861	\$ (1,052,944)	(95.91)%
State contributions to State Employees' Retirement System	\$ 3,557,983	\$ 1,885,256	\$ 1,672,727	88.73%
Travel and allowances	\$ 8,477	\$ 16,761	\$ (8,284)	(49.42)%
Equipment	\$ 320	\$ 114,553	\$ (114,233)	(99.72)%

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

Employee retirement contributions paid by employer

Fiscal year 2005 expenditures decreased significantly due to a regulatory change whereby all State paid retirement contributions were paid from Personal Services appropriations beginning with the second payroll of the fiscal year.

State contributions to State Employees' Retirement System

In fiscal year 2004, the State suspended payments to the State Employees' Retirement System as a result of Public Act 93-0665. Contributions resumed in fiscal year 2005, and the overall employee retirement rate increased from 13.439% in fiscal year 2004 to 16.107% in fiscal year 2005.

Travel and allowances

Fiscal year 2005 expenditures for travel and allowance declined due to the gradual closeout of the travel and allowance account during the fiscal year. During the closeout of the fund, all travel and allowance expenditures were paid from the Inmates' Benefit Fund.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Fiscal Year 2005 (continued)

Equipment

In the preceding fiscal year, the Center was appropriated approximately \$114,000 for equipment purchases, including \$59,273 for dietary equipment and \$55,280 for other machinery and equipment. In fiscal year 2005, the Center was only approved for a \$19,586 equipment purchase. Further, an invoice totaling \$19,266 was not received by the close of the lapse period, and payment was processed through the Court of Claims and deferred until fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
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 four 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>
Student, member, and inmate compensation	\$ 265,489	\$ 90,168	33.96%
Travel	\$ 12,793	\$ 2,677	20.93%
Printing	\$ 24,993	\$ 10,119	40.49%
Equipment	\$ 34,324	\$ 32,611	95.01%

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

Student, member, and inmate compensation

Two large invoices received before the end of fiscal year 2006 were not approved for payment until lapse period due to the lack of available funding in the related direct object code; the Center was waiting on a transfer of funds and payment was delayed until lapse period.

Travel

The Center was waiting on a transfer of funds into the related direct object code to allow for approval and payment; the transfer did not occur until lapse period.

Printing

The Center was waiting on a transfer of funds into the related direct object code to allow for approval and payment; the transfer did not occur until lapse period.

Equipment

The Center was approved to purchase a generator prior to the end of fiscal year 2006; due to manufacturing difficulties, the Center did not receive or pay for the equipment until August 2006.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
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, 2005 disclosed two appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

	Fiscal Year Ended June 30, 2005		
<u>EXPENDITURE ITEM</u>	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Printing	\$ 26,606	\$ 8,710	32.74%
Automotive equipment	\$ 89,237	\$ 19,807	22.20%

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

Printing

The Center was waiting on a transfer of funds into the related direct object code to allow for approval and payment; the transfer did not occur until lapse period.

Automotive equipment

The Center was waiting on a transfer of funds into the related direct object code to allow for approval and payment; the transfer did not occur until lapse period.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN INVENTORIES (NOT EXAMINED)
TWO YEARS ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
GENERAL REVENUE FUND				
General Stores	\$ 275,250	\$ 1,918,669	\$ 2,030,206	\$ 163,713
Mechanical Stores	25,568	65,762	64,043	27,287
Inmate Clothing	54,546	179,607	200,127	34,026
Officers' Clothing	93	38,165	37,962	296
Office Supplies	11,471	17,297	13,237	15,531
Postage	-	8,059	8,059	-
Armory	-	5,330	-	5,330
Surplus Inventory	2,891	-	1,658	1,233
	<u>\$ 369,819</u>	<u>\$ 2,232,889</u>	<u>\$ 2,355,292</u>	<u>\$ 247,416</u>

LOCAL FUNDS

Inmates' Commissary Fund	<u>\$ 47,714</u>	<u>\$ 1,006,998</u>	<u>\$ 1,006,265</u>	<u>\$ 48,447</u>
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	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
GENERAL REVENUE FUND				
General Stores	\$ 309,195	\$ 2,074,680	\$ 2,108,625	\$ 275,250
Mechanical Stores	30,791	83,994	89,217	25,568
Inmate Clothing	41,456	165,647	152,557	54,546
Officers' Clothing	1,124	29,019	30,050	93
Office Supplies	44,711	17,297	50,537	11,471
Postage	4,842	5,578	10,420	-
Surplus Inventory	3,479	-	588	2,891
	<u>\$ 435,598</u>	<u>\$ 2,376,215</u>	<u>\$ 2,441,994</u>	<u>\$ 369,819</u>

LOCAL FUNDS

Inmates' Commissary Fund	<u>\$ 37,077</u>	<u>\$ 992,571</u>	<u>\$ 981,934</u>	<u>\$ 47,714</u>
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STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

Center Functions

The John A. Graham Correctional Center is a level 4 medium-security correctional facility located two miles southeast of Hillsboro on Route 185. The facility is located on 117 acres with 50 buildings situated throughout. The Center opened in 1980 and was originally designed to house 750 inmates. Today, the Center has a rated capacity of 1,174 inmates and maintains an average population that exceeds 1,900 inmates. In addition to general population, the Center houses several special populations that include a Receiving and Classification (R&C) unit, sex offender treatment, substance abuse treatment and dialysis. The primary mission of the Center is to maintain custody and control of incarcerated individuals ensuring a safe and secure environment for inmates, staff, visitors, and the community. A secondary mission of the Center is to provide inmates with meaningful programs and work assignments, ensuring maximum participation in these programs by inmates. Operational and program systems are designed to increase the ability of inmates to accept responsibility and make decisions while utilizing resources in a prudent and efficient manner.

Authority

The Unified Code of Corrections (Chapter 730 ILCS 5/3-2-2) mandates the Department to “accept persons committed to it by the courts of this State for care, custody, treatment and rehabilitation”. Within this framework, the Department offers the inmates a variety of programs designed to return them to the community with skills to make them useful and productive citizens. These programs include GED classes, vocational training and Junior College level academic courses offered by Correctional School District #428. In addition, the Department strives to create a healthful environment by providing a variety of services such as medical, dental, religious, counseling and library services as well as recreation programs.

Planning Program

The Director of the Department of Corrections has established formal written long and short-term goals with respect to the Center’s functions and programs. The formal plan contains a statement concerning the Center’s operational and program philosophy. In accordance with this philosophy, the Center has established specific intentions and objectives with which to achieve each goal.

On an annual basis, key personnel responsible for implementation meet to update the plan, assess progress in the attainment of goals and objectives previously established, and to determine if plans are being implemented in accordance with the time schedule set forth. The annual goals and objectives of the administrative staff, as well as department heads, are formulated to comply with the Center’s functions and planning program. Weekly meetings are held between the Warden, Dietary Supervisor, Business Administrator, Chief Engineer, and both Assistant

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

Planning Program (continued)

Wardens to facilitate communication of procedure and policy changes, evaluation of goals in relation to the Center's function and planning programs, and necessary revisions to achieve their objectives.

Our discussions with Center personnel indicated that alternative approaches are considered in developing goals and objectives, and that plans adopted are geared to authorizing legislation and the needs of State citizens. Center officials feel their goals and objectives are coordinated with those of other Centers providing similar services and that considerable progress has been made at implementing programs pursuant to plans.

Auditors' Assessment of Center's Planning Program

John A Graham Correctional Center appears to be effectively using their planning program to improve their current management of the Center and has established adequate operating programs to meet their defined goals and objectives.

Agency Head and Location

Steven Bryant, Warden
John A. Graham Correctional Center
Illinois Route 185
Hillsboro, Illinois 62049

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

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		
	2006	2005	2004
Administrative	7	6	6
Business office and stores	11	10	10
Clinical services	21	23	20
Recreation	2	2	3
Maintenance	12	12	11
Laundry	1	1	-
Correctional Officers	314	328	327
Dietary	14	14	13
Medical/Psychiatric	22	25	22
Religion	1	1	1
Secretary/Records/Clerical	6	6	5
Total	<u>411</u>	<u>428</u>	<u>418</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 employee's 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.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

EMPLOYEE OVERTIME (not examined)(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>20,006</u>	<u>33,833</u>
Value of overtime hours worked during fiscal year	<u>\$ 726,029</u>	<u>\$1,179,126</u>
Compensatory hours earned during fiscal year	<u>17,516</u>	<u>25,942</u>
Value of compensatory hours earned during fiscal year	<u>\$ 433,521</u>	<u>\$ 592,396</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>37,522</u>	<u>59,775</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$1,159,550</u>	<u>\$1,771,522</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 Inmates' Commissary Fund. A summary of the financial activity of the Inmates' Commissary Fund for the years ended June 30, 2006 and 2005 is presented on pages 19 and 20 of this report.

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INMATE COMMISSARY OPERATION (continued)

As part of our testing, 25 inmate commissary products were selected and their sale price recomputed to determine compliance with the Unified Code of Corrections regarding the statutorily required mark-up. Based on results of testing, we noted that an overhead charge of 7% was added to invoiced product cost prior to the application of the 25% (35% for tobacco products) markup. As a result of the overhead charge, final selling prices averaged 34% (non-tobacco products) and 44% (tobacco products) above invoiced product costs.

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COSTS PER YEAR PER INMATE (not examined)

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

	Fiscal Year		
	2006	2005	2004
Rated population	1,174	1,174	1,174
Inmate population (as of May 31)	1,886	1,881	1,932
Average number of inmates	1,930	1,905	1,920
Expenditures from appropriations	\$34,691,675	\$37,181,273	\$35,286,783
Less: equipment and capital improvements	34,324	320	114,553
Net expenditures	<u>\$34,657,351</u>	<u>\$37,180,953</u>	<u>\$35,172,230</u>
Net inmate cost per year	<u>\$ 17,957</u>	<u>\$ 19,518</u>	<u>\$ 18,319</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>411</u>	<u>428</u>	<u>418</u>
Average number of correctional officers	<u>314</u>	<u>328</u>	<u>327</u>
Average number of inmates	<u>1,930</u>	<u>1,905</u>	<u>1,920</u>
Ratio of employees to inmates	<u>1 to 4.7</u>	<u>1 to 4.5</u>	<u>1 to 4.6</u>
Ratio of correctional officers to inmates	<u>1 to 6.1</u>	<u>1 to 5.8</u>	<u>1 to 5.9</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>27</u>	<u>27</u>	<u>26</u>

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FOOD SERVICES (not examined)

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

	Fiscal Year		
	2006	2005	2004
Breakfast	394,719	370,197	364,255
Lunch	605,306	572,085	534,859
Dinner	601,608	564,819	570,219
1:00 a.m. meal	11,448	13,066	11,237
Staff meals	122,927	117,672	141,266
Vocational School meals	-	-	-
Total meals served	<u>1,736,008</u>	<u>1,637,839</u>	<u>1,621,836</u>
Food cost	<u>\$1,636,103</u>	<u>\$1,800,358</u>	<u>\$1,955,193</u>
Cost per meal	<u>\$.94</u>	<u>\$ 1.10</u>	<u>\$ 1.21</u>

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MEDICAL AND CLERGY SERVICE CONTRACTS (not examined)

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

	Fiscal Year		
	2006	2005	2004
Medical services:			
Chardonay Dialysis	\$1,006,928	\$4,172,425	\$ 686,419
Health Professionals, Inc.	1,884,375	-	2,287,208
Wexford Health Sources, Inc.	1,762,740	3,298,170	1,015,217
Total medical services	<u>\$4,654,043</u>	<u>\$7,470,595</u>	<u>\$3,988,844</u>
Clergy services:			
Chabad	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,144</u>

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)

John A. Graham Correctional Center offers various programs to assist the offender in community reentry. These programs are designed to prepare the offender for progressively increased responsibility and freedom in the community, and promote a lifestyle free of crime upon release. Those programs include Substance Abuse Treatment, Anger Management, Case Management and Counseling, Education, Community Linkage programs, Parenting Education and Sex Offender Program.

Graham Correctional Center manages several housing units dedicated solely to providing substance abuse treatment and sex offender treatment.

Graham Correctional Center offers numerous Education and Vocational Programs provided by School District #428 and Lake Land Community College. Classes include Adult Basic Education (ABE), GED, and Special Education.

In 2005, Lakeland College had fifty-seven (57) graduates and in 2006, ninety-seven (97) graduates that received their GED Certificate.

The Vocational School is made up of the following programs:

- Computer Technology places an emphasis on word processing, spreadsheets, database, logic, basic programming, and desk to publishing. Twelve (12) students graduated from this program in 2005.
- Construction Occupation is provided to develop competencies needed for occupations such as building maintenance repairs, maintenance painters, carpenter helpers, drywall hangers, and drywall tapers. Fifteen (15) students graduated from this program in 2005. This department has also been involved in the Habitat for Humanity Program for the last three (3) years. The program completed three (3) houses in fiscal year 2005 and is working on a fourth house now. There are plans to complete a fifth house in 2007.
- Custodial Maintenance provides hands on work with students completing such projects as maintenance of carpets, walls, floors, and windows. Twenty (20) students graduated from this program in 2005.
- Auto Body provides skills in the area of body presentation, priming and painting. Students are also taught installation of automobile electrical and power systems. Fourteen (14) students graduated from this program in 2005.

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)(continued)

- Automotive Technology provides competencies in the electrical system, service fundamentals, steering, suspension, alignment, brakes and drive train. Nineteen (19) students graduated from the program in 2005.
- Business Management provides educational experience which will enable students to develop the competencies needed for immediate employment as management trainees, business owners, sales managers and customer representatives, or to continue their business education. The program is 195 days with 15 students per day. During 2005 there were nine (9) graduates. The program has resumed in fiscal year 2006.
- Print Management program prepares students for entry level management or supervisory positions in the printing industry. The program lasts 86 days, with twelve (12) students participating. There were eleven (11) students that graduated during 2005.

The school also offers approximately 35 academic night classes that allow the student to work toward a two year degree. This program (degree) is comprised of 64 credit hours and takes two years to complete, if the student is diligent about their schooling. They have about 180 students that participate in 5 modules throughout the year. This generates about 2700 credit hours a year. In 2005, Lakeland College had fourteen (14) two year graduates.

Also offered to offenders is a drug abuse and substance treatment program directed by the Gateway Foundation, which has twelve (12) employees to help offenders become drug free. The following are the numbers of offenders that have participated in the program and that have successfully completed the program in the previous fiscal years.

GATEWAY FOUNDATION

General Revenue

Clients Served FY 05 – 201	Successful Completions FY 05 – 62
Clients Served FY 06 – 231	Successful Completions FY 06 – 41

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Clients Served FY 05 – 229	Successful Completions FY 05 – 50
Clients Served FY 06 – 231	Successful Completions FY 06 – 59

In addition, post-release services are also provided to those offenders who are involved in substance abuse treatment programs. This continuum of care is facilitated by Treatment Alternative for Safe Communities (TASC). This post release service assists the offenders to remain drug free upon their release.

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)(continued)

The Center also has a Residential Sex Offender Treatment Program which is a voluntary treatment program for 50 offenders living in therapeutic community milieu within Housing Unit 21. The program emphasizes victim empathy, relapse prevention and cognitive behavioral principles. Treatment modalities include group therapy and psycho-educational groups and assignments. Program length is a minimum of 2 years.

The Chaplaincy Department provides chaplaincy services on a monthly basis. These programs have successfully brought together diverse groups of offenders to discuss religious, social and cultural issues. Parenting Class continues with volunteers added as lecturers. Special Ramadan services and an annual Christian retreat are held.

As with other institutions, employees of Graham Correctional Center are supporting the United States in combating the war on terrorism and the clean up of Hurricane Katrina. During the last two years, Graham Correctional Center has had sixteen (16) employees that have been called to active duty since the invasion of Afghanistan and Iraq. After the devastation of Hurricane Katrina in Louisiana, four (4) employees went to help with the clean up for two weeks each.