

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

JOHN A. GRAHAM CORRECTIONAL CENTER

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2008

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, 2008

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CENTER OFFICIALS

Warden:

4/30/07 – present

Mr. Andrew Ott

7/01/06 – 4/30/07

Mr. Steven Bryant

Assistant Warden – Programs:

1/16/08 - present

Vacant

7/01/06 – 1/16/08

Mr. Lynn Dexheimer

Assistant Warden – Operations:

1/16/08 – present

Mr. Victor Dozier

7/01/06 – 4/30/07

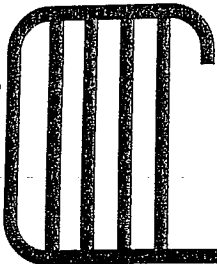
Mr. Andrew Ott

Business Office Administrator (Current)

Mr. Vester Stewart

The Center is located at:

Illinois Route 185
Hillsboro, Illinois 62049



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E Walker Jr.
Director

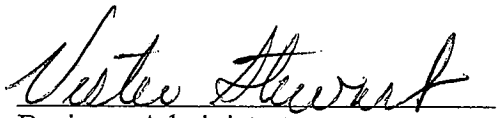
Graham Correctional Center / R.R.#1, / Highway 185 / P.O. Box 499 / Hillsboro, Illinois 62049 / Telephone: (217) 532-6961 / TDD: (800) 526-0844
March 3, 2009

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, 2008. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2008, 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

INSERT COMPLIANCE REPORT TAB HERE

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

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 (Report) 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 and does not contain scope limitations, disclaimers, but contained report qualifications for compliance and internal control.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	4	2
Repeated findings	1	-
Prior recommendations implemented or not repeated	1	-

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

SCHEDULE OF FINDINGS

CURRENT FINDINGS

<u>Item</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
08-1	10-12	Inventory Weaknesses	Material Weakness, Material Noncompliance
08-2	13-14	Noncompliance With Contract Requirements	Significant Deficiency, Noncompliance
08-3	15-17	Failure to Properly Transfer Inmate Cash Account Balances	Significant Deficiency, Noncompliance

STATE OF ILLINOIS
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JOHN A. GRAHAM CORRECTIONAL CENTER
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COMPLIANCE REPORT (continued)

CURRENT FINDINGS (continued)

<u>Item</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
08-4	18-19	Voucher Processing Weaknesses	Significant Deficiency, Noncompliance

PRIOR FINDINGS NOT REPEATED

<u>Item</u>	<u>Page</u>	<u>Description</u>
A	20	Failure to Conduct Benefit Fund Committee Meetings

EXIT CONFERENCE

Center management waived an exit conference in correspondence dated February 24, 2009.

Responses to the recommendations were provided by MaryAnn Bohlen, Assistant Deputy Director Fiscal Accounting Compliance, Illinois Department of Corrections, per correspondence dated February 23, 2009.

INSERT AUDITORS' REPORT TAB HERE

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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SULLIVAN

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, 2008. 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. For the locally held funds examined, 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 State of Illinois Department of Corrections – General Office, and accordingly, any findings from the results of those procedures have been included in the State of Illinois Department of Corrections – General Office compliance report.

We conducted our examination 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 listed in the first paragraph of this report 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.

As described in finding 08-1 in the accompanying Schedule of Findings, the State of Illinois Department of Corrections – John A. Graham Correctional Center did not materially comply with requirements regarding:

- 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.

Compliance with the above requirement is necessary, in our opinion, for the State of Illinois Department of Corrections – John A. Graham Correctional Center to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the above paragraph, the State of Illinois Department of Corrections – John A. Graham Correctional Center complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008. However, the results of our procedures disclosed other 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 Finding Code No. 08-2, 08-3, and 08-4.

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 listed in the first paragraph of this report. 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 requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois Department of Corrections – John A. Graham Correctional Center’s internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois Department of Corrections – John A. Graham Correctional Center’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A *control deficiency* in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as Finding Code No. 08-01, 08-2, 08-3, and 08-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity’s internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings, we consider Finding Code No. 08-1 to be a material weakness.

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

The State of Illinois Department of Corrections – John A. Graham Correctional Center’s responses to the findings identified in our examination are described in the accompanying Schedule of

Findings. We did not examine the State of Illinois Department of Corrections – John A. Graham Correctional Center’s responses and, accordingly, we express no opinion on them.

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 2008 and 2007 Supplementary Information for State Compliance Purposes, except for information on the Schedule of Locally Held Funds – Residents’ Trust Fund/Travel and Allowance Revolving Fund, Comparative Schedule of Cash Receipts and Deposits, Schedule of Changes in Inventories, Analysis of Operations – 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 2006 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

March 3, 2009

INSERT FINDINGS AND RECOMMENDATIONS TAB HERE

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, 2008

CURRENT FINDINGS

08-1. Finding – Inventory Weaknesses

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

The reported value of the Center's inventory at June 30, 2008 was misstated due to inaccurate and untimely record maintenance. As a result of the Center's inadequate controls over inventory reporting, we were unable to report on the commodities inventory balances at June 30, 2008 and 2007 in the Center's Limited Scope Compliance Examination for the two years ended June 30, 2008 and 2007.

The following conditions were noted during testing of the Center's inventory records:

- Delays occurred in posting purchase requisitions and receiving reports. 20 of 20 (100%) requisitions and receiving reports selected for testing were entered from 1 to 55 days after issuance, and the average delay was 25 days. The Department's Administrative Directive (02.82.101) requires that inventory records be maintained in a timely manner to accurately reflect commodity receipts, usage, and consumption to ensure accurate accounting records are maintained.
- 20 of 60 (33%) count adjustments identified during observation of June 30, 2008 inventory procedures were not posted by the required year-end cutoff date, resulting in a net overstatement of \$3,912 at June 30, 2008. The Department's Administrative Directive (02.82.101) requires that inventory records be maintained in a manner to accurately reflect commodity usage and consumption to ensure accurate accounting records are maintained.
- Physical inventory counts were not performed at June 30, 2008 for the mechanical storeroom. The Department's Administrative Directive (02.82.112A-J) states that each item in a storeroom shall be counted through a complete inventory on June 30.

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CURRENT FINDINGS (continued)

08-1. Finding – Inventory Weaknesses (continued)

- Requisitions were not prepared timely for inventory issuances from the inmates' clothing storeroom. The Center's procedures to record issuances included conducting a month-end physical count, whereby a single requisition was prepared to adjust inventory to the physical count. The Department's Administrative Directive (02.82.106A-J) requires that a store requisition be prepared and approved prior to the withdrawal of any item from a storeroom.
- 2 of 22 (9%) requisitions selected for cutoff testing totaling \$14,402 could not be located. The Department's Administrative Directive (02.82.106A-J) requires the storekeeper and perpetual inventory clerk to retain a file copy of all requisitions.
- The Center lacked adequate segregation of duties over inventory. A supply clerk who maintained physical control of inventory also had the ability to input and edit commodities data in the Center's perpetual inventory records. The Department's Administrative Directive (02.82.112A-J) details the roles and responsibilities of the storekeeper and perpetual inventory clerk as related to inventory procedures, and provides for proper segregation between physical custody and recordkeeping responsibilities.

Center management cited insufficient staff and a lack of training on the new perpetual inventory system as the primary causes of the posting delays and omissions, inventory oversights, and overlap of inventory maintenance and recordkeeping responsibilities.

Total commodities inventory as of June 30, 2008 and 2007 as reported in the Center's perpetual inventory records was \$299,738 and \$371,628, respectively. Untimely data processing and failure to conduct proper inventory procedures increases the potential for misstatement of inventory balances and distortion of the Center's financial transactions. Additionally, failure to maintain accurate and timely inventory records could result in unexpected shortages, overstocking, or unauthorized disposition, misappropriation, or spoilage of commodities. (Finding Code No. 08-1, 06-2)

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CURRENT FINDINGS (continued)

08-1. 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 ensure that perpetual inventory records are accurately maintained.

Center Response

Recommendation accepted. The facility will make every effort to ensure compliance with Departmental policies on inventory.

STATE OF ILLINOIS
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CURRENT FINDINGS (continued)

08-2. Finding – Noncompliance With Contract Requirements

The John A. Graham Correctional Center (Center) failed to comply with contract filing provisions for contractual services as required by the Illinois Procurement Code (30 ILCS 500) and Statewide Accounting Management System (SAMS) procedures. Additionally, contract files were not adequately maintained.

Testing of contractual expenditures for the two years ended June 30, 2008 and 2007 disclosed the following conditions:

- A vendor was paid \$6,124 for professional and artistic services in fiscal year 2007, but the terms were not reduced to writing, filed with the Comptroller, or individually obligated on SAMS.
- For 1 of 5 (20%) contracts selected for testing, copies of the contractual agreement and other related contract documents could not be located. Total expenditures under the contract totaled \$79,124 for fiscal year 2007, the contract year selected for testing.

The Illinois Procurement Code (30 ILCS 500/20-80(d)) and SAMS procedure 15.20.30 requires contracts for professional and artistic services that will exceed \$5,000 in a fiscal year to a single vendor be reduced to writing and filed with the Comptroller. SAMS procedure 15.10.40 requires all prospective expenditures for professional services exceeding \$5,000 be individually obligated on SAMS. The State Records Act (5 ILCS 160/8) requires preservation of records containing adequate and proper documentation of transactions to furnish information to protect the legal and financial rights of the State.

Center management stated the need to initiate a professional services contract for the performance of autopsies was overlooked. Historically, annual expenditures to a single vendor for such services have been below the filing threshold. Additionally, Center management was unable to locate some documents and files, and indicated they were inadvertently misplaced after the retirement of the former business manager in fiscal year 2008.

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CURRENT FINDINGS (continued)

08-2. Finding – Noncompliance With Contract Requirements (continued)

Failure to establish contracts when expenditures are expected to meet or exceed filing thresholds violates State statute and SAMS requirements. Further, proper file maintenance is an essential element in the recordkeeping and retention process. (Finding Code No. 08-2)

Recommendation

We recommend the Center implement procedures to ensure contracts are properly established and filed when anticipated expenditures reach statutorily defined contract thresholds, and the Center should exercise diligence in identifying vendors and anticipating expenditures that meet such criteria. Contract files should be properly maintained with all contract related documents in an orderly manner and in accordance with prescribed record retention policies.

Center Response

Recommendation accepted. The facility will make every effort to ensure compliance with procurement rules.

STATE OF ILLINOIS
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LIMITED SCOPE COMPLIANCE EXAMINATION
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CURRENT FINDINGS (continued)

08-3. Finding – Failure to Properly Transfer Unclaimed Inmate Cash Account Balances

The John A. Graham Correctional Center did not take appropriate action to ensure that dormant account balances were properly transferred to the General Revenue Fund (GRF).

The Unified Code of Corrections (Code) requires the Department to establish accounting records with individual accounts for each inmate (730 ILCS 5/3-4-3(a)). In addition, the Code (730 ILCS 5/3-4-3(b)) requires any money held in accounts of a committed person, upon release from the Department by death, discharge, or unauthorized absence and unclaimed for a period of one year thereafter by the person or his legal representative to be transmitted to the State Treasurer who shall deposit it into the GRF. Further, the Illinois Department of Corrections' Administrative Directive (Directive) (02.42.106) requires, upon determination of dormant accounts, the Business Administrator prepare a list, which includes the account numbers, inmates' names, identification numbers, account balances and a memorandum requesting permission to transfer the balances to the GRF.

We noted the Center improperly offset Inmate Trust Fund accounts with positive cash balances against accounts with negative balances prior to transfer of unclaimed cash balances to the GRF. Our testing revealed that the Center executed a transfer in June 2007 totaling \$313. However, the transfer should have totaled \$829. Furthermore, our testing of the June 2008 dormant accounts indicated accounts totaling \$636 were not transferred to the GRF. Negative inmate account balances for the June 2008 test period totaled \$1,854.

Center management stated their internal policy for dormant accounts is to only transfer positive balances which exceed negative balances in total for all inmate accounts.

There were various causes for negative balances, such as restitution for damages and charges for requested legal copies or postage, which could not, according to Department rules, be denied even if the inmate's trust account had an insufficient balance. The majority of negative balances did not involve cash distributions from the Inmate Trust Fund, but represented amounts the Center paid from the GRF or other funds and can only be recovered if cash is available in the individual inmate's account.

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CURRENT FINDINGS (continued)

08-3. Finding – Failure to Properly Transfer Unclaimed Inmate Cash Account Balances (continued)

However, there are instances where cash payments are made to inmates in excess of their balance, which creates a negative balance. In these instances, offsetting negative account balances against other accounts in the Inmate Trust Fund effectively requires other inmate accounts to temporarily bear the costs of those deficits in violation of the Center's fiduciary responsibility and the Code. In addition, failure to notify the Department and ensure dormant account cash balances are transferred to the GRF is noncompliance with the Administrative Directive and State statute and could result in a loss of revenue to the State. (Finding Code No. 08-3)

Recommendation

We recommend the Center take appropriate action to ensure dormant cash balances are timely transferred to the GRF.

Center Response

Finding not accepted. The Department has implemented policies and procedures that it feels are appropriate to the statute and Administrative Directives.

- The Inmate Trust Fund maintains individual accounts by inmate.
- The accounts are reviewed when designated dormant.
- The appropriate account balances are transferred to the General Revenue Fund as required.
- The statute is silent on the Department's ability to offset negative account balances with positive account balances.

The end result of the policy is not a loss of revenue to the State as all funds are deposited in a legislatively appropriated fund on deposit at the Treasurer.

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CURRENT FINDINGS (continued)

08-3. Finding – Failure to Properly Transfer Unclaimed Inmate Cash Account Balances (continued)

Auditors' Comment

The Unified Code of Corrections requires the transfer of dormant accounts to the GRF. The Center did not transfer dormant accounts totaling \$1,152 to the GRF. The negative balances are caused by the improper off-setting of one inmate's positive cash balance against another inmate's negative balance in the Inmate Trust Fund.

Further, the Department's Administrative Rules (20 Ill. Adm. Code 535.140(a)) state unclaimed money held for a period of one year may be transferred to the Inmate Benefit Fund and be expended for the special benefit of committed persons, which is inconsistent with the Unified Code of Corrections.

The Center has a fiduciary responsibility for the inmate accounts and should be evaluating each account within the Inmate Trust Fund individually for potential transfer to the GRF.

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CURRENT FINDINGS (continued)

08-4. Finding – Voucher Processing Weaknesses

The John A. Graham Correctional Center (Center) failed to exercise adequate controls over voucher processing.

Based on our examination of vouchers for the years ended June 30, 2008 and 2007, we noted the following:

- 10 of 50 (20%) vouchers tested totaling \$110,436 were not approved or denied for payment within 30 days following receipt of a proper invoice. Delays ranged from 2 to 120 days late. Illinois Administrative Code (74 Ill. Adm. Code 900.70) requires State agencies to review vendor invoices and approve or deny payment within 30 days of receipt of a proper invoice.
- Interest of \$625 payable on 4 of 50 (8%) vouchers tested totaling \$114,579 was not paid. The State Prompt Payment Act (30 ILCS 540/3-2) requires agencies to determine whether interest is due, and automatically pay interest exceeding \$50 to the vendor when payment is not issued within 60 days after receipt of a proper invoice.
- 1 of 50 (2%) vouchers tested totaling \$23,574 lacked appropriate underlying documentation because the invoice could not be located. The State Comptroller Act (15 ILCS 405/9g) states that “agencies shall have the principal responsibility for the preaudit of their encumbrances, expenditures, and other transactions...” before presentation to the Comptroller for payment. Statewide Accounting Management System (SAMS) procedure 17.10.30 further details agencies’ voucher preaudit requirements for the purpose of determining the appropriateness of a voucher.

Center management stated the delayed voucher approvals were primarily caused by staff shortages in the business office, and vouchers were not always approved for payment immediately after receipt, but were processed in batches at varying intervals.

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CURRENT FINDINGS (continued)

08-4. Finding – Voucher Processing Weaknesses (continued)

Center management indicated interest payable in accordance with prompt payment guidelines was paid as calculated and instructed by the Department of Corrections' (Department) central office, as determined by the invoice receipt date input in the vouchering system by Center personnel. When multiple invoices were paid with a single voucher, the most recent invoice receipt date was input; therefore, older invoices were not subjected to the proper interest calculations.

Center management advised the voucher which lacked adequate source documentation was processed following instruction from the Department's central office. The vendor was a contractual vendor under a multi-facility contract with the Department, and invoices were mailed directly to the Department.

Failure to secure adequate supporting documentation, or to properly review and approve vouchers could result in untimely or erroneous payment of obligations. Failure to pay the required interest on vouchers constitutes noncompliance with the State Prompt Payment Act. (Finding Code No. 08-4)

Recommendation

We recommend the Center exercise greater diligence in the review and processing of vouchers to facilitate timely vendor payments and compliance with Illinois Administrative Code and Illinois statutes.

Center Response

Recommendation accepted. The facility will make every effort to ensure vouchers are approved in accordance with the Prompt Pay Act.

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, 2008

PRIOR FINDINGS NOT REPEATED

A. Failure to Conduct Benefit Fund Committee Meetings

Testing performed for the two years ended June 30, 2006 and 2005 disclosed the Center failed to comply with the Department's Administrative Directive for benefit fund committee requirements and expenditure approvals, whereby committees failed to conduct meetings and obtain proper approvals for proposed expenditures. (Finding Code No. 06-1)

During the current examination period, meetings were conducted monthly and expenditures were properly approved, as evidenced by the minutes of the committee meetings.

INSERT SUPPLEMENTARY INFORMATION TAB HERE

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, 2008

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
- 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
 - Center Inmate Statistics (not examined)
 - Center Employee Statistics (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 that covers 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, except for information on the Schedule of Locally Held Funds – Residents' Trust Fund/Travel and Allowance Revolving Fund, Comparative Schedule of Cash Receipts and Deposits, Schedule of Changes in Inventories, Analysis of Operations – Employee Overtime, Annual Cost Statistics, and Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

INSERT SUPPLEMENTARY SCHEDULES TAB HERE

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2008

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2008	LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2008	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2008	BALANCES LAPSED AUGUST 31, 2008
PUBLIC ACT 95-0348					
GENERAL REVENUE FUND - 001					
Personal services	\$ 23,493,600	\$ 22,282,632	\$ 1,210,876	\$ 23,493,508	\$ 92
Student, member and inmate compensation	265,200	242,958	22,187	265,145	55
State contributions to State Employees' Retirement System	3,889,800	3,689,166	200,551	3,889,717	83
State contributions to Social Security	1,740,400	1,649,846	90,524	1,740,370	30
Contractual services	5,943,800	5,709,624	234,144	5,943,768	32
Travel	13,400	12,952	382	13,334	66
Travel and allowances for committed, paroled and discharged prisoners	-	-	-	-	-
Commodities	2,225,800	2,067,265	141,212	2,208,477	17,323
Printing	19,100	10,235	6,382	16,617	2,483
Equipment	20,000	781	19,143	19,924	76
Telecommunications services	53,700	48,598	5,102	53,700	-
Operation of automotive equipment	71,000	69,082	1,918	71,000	-
Total - Fiscal Year 2008	\$ 37,735,800	\$ 35,783,139	\$ 1,932,421	\$ 37,715,560	\$ 20,240

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
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2007

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES		LAPSE PERIOD		TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2007	BALANCES LAPSED AUGUST 31, 2007
		THROUGH JUNE 30, 2007	TO AUGUST 31, 2007	JULY 1	TO AUGUST 31, 2007		
PUBLIC ACT 94-0798							
<u>GENERAL REVENUE FUND - 001</u>							
Personal services	\$ 21,996,100	\$ 20,895,285	\$ 1,100,717	\$ -	\$ 21,996,002	\$ 98	
Student, member and inmate compensation	267,100	200,130	66,907	-	267,037	63	
State contributions to State Employees' Retirement System	2,537,000	2,407,934	126,865	-	2,534,799	2,201	
State contributions to Social Security	1,630,900	1,548,193	82,037	-	1,630,230	670	
Contractual services	6,129,738	5,622,199	505,943	-	6,128,142	1,596	
Travel	18,330	15,859	2,470	-	18,329	1	
Travel and allowances for committed, paroled and discharged prisoners	7,000	6,903	-	-	6,903	97	
Commodities	2,282,975	1,983,738	297,449	-	2,281,187	1,788	
Printing	25,000	24,991	-	-	24,991	9	
Equipment	33,700	12,686	20,970	-	33,656	44	
Telecommunications services	70,600	40,274	30,326	-	70,600	-	
Operation of automotive equipment	123,801	71,142	52,658	-	123,800	1	
Total - Fiscal Year 2007	\$ 35,122,244	\$ 32,829,334	\$ 2,286,342	\$ -	\$ 35,115,676	\$ 6,568	

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
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		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-0798	P.A. 94-0015
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	\$ 37,735,800	\$ 35,122,244	\$ 34,698,700
EXPENDITURES			
Personal services	23,493,508	21,996,002	21,931,261
Employee retirement contributions paid by employer	-	-	290,616
Student, member and inmate compensation	265,145	267,037	265,489
State contributions to State Employees' Retirement System	3,889,717	2,534,799	1,708,323
State contributions to Social Security	1,740,370	1,630,230	1,621,428
Contractual services	5,943,768	6,128,142	6,487,558
Travel	13,334	18,329	12,793
Travel and allowances for committed, paroled and discharged prisoners	-	6,903	4,061
Commodities	2,208,477	2,281,187	2,181,848
Printing	16,617	24,991	24,993
Equipment	19,924	33,656	34,324
Telecommunications services	53,700	70,600	52,517
Operation of automotive equipment	71,000	123,800	76,464
Total Expenditures	37,715,560	35,115,676	34,691,675
LAPSED BALANCES	\$ 20,240	\$ 6,568	\$ 7,025

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, 2008

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 cash for travel and allowances for discharged inmates and to pay out inmate Trust Fund balances under \$50 upon inmates being paroled or discharged. The Travel and Allowance Revolving Fund is replenished from the Center's Inmate Benefit Fund account and the Trust Fund. The Center's Inmate Benefit Fund account is reimbursed from the 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 Residents' Commissary Fund is used to maintain stores for selling food, candy, health and beauty aids and other personal items. The Residents' Commissary sells solely to residents. Profits derived from commissary 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.

The Residents' Benefit Fund and Employees' Benefit Fund are used to provide entertainment and recreational activities and equipment for inmates and employees. The Employees' Benefit Fund can also be used to provide travel expense reimbursement for correctional officers while travel vouchers are being processed. Beginning in fiscal year 2006 the locally held Residents' Benefit Fund account at each center was closed and the balance transferred to a single locally held Residents' Benefit Fund bank account administered by the General Office. The Center has a sub-account within the Residents' Benefit Fund account at the General Office that records their specific transactions.

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, 2008

1. Governmental Funds (continued)

Special Revenue Funds (continued)

Expenditures from the Residents' Benefit Fund are initiated at the Center but all the transactions are processed through the General Office. All of the financial accounting for the Center's Residents' Benefit Fund transactions is also performed and maintained at the General Office. Because the Center does not maintain the financial records, a summary of the Center's Residents' Benefit Fund activity for fiscal years 2008 and 2007 will be presented in the General Office Compliance Report for the two years ending June 30, 2008.

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. The Residents' Trust Fund is maintained as a depository for funds of inmates while incarcerated at the Center. Receipts and disbursements of the inmates are recorded in each inmate's individual account within the Residents' Trust Fund.

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 Year ended June 30, 2008

	<u>Residents' Commissary Fund</u>	<u>Employees' Benefit Fund</u>
<u>REVENUES</u>		
Income from sales	\$ 1,337,757	\$ -
Interest income	2,666	134
Miscellaneous:		
Other	950	16,372
Total revenues	<u>1,341,373</u>	<u>16,506</u>
<u>EXPENDITURES</u>		
Purchases	1,097,086	12,389
Contractual	-	3,620
Other	-	3,104
Total expenditures	<u>1,097,086</u>	<u>19,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>244,287</u>	<u>(2,607)</u>
<u>OTHER FINANCING SOURCES</u>		
Transfers (out)	<u>(244,287)</u>	<u>-</u>
Total other financing sources (uses)	<u>(244,287)</u>	<u>-</u>
Net change in fund balance	-	(2,607)
Fund balance - July 1, 2007	<u>-</u>	<u>15,321</u>
Fund balance - June 30, 2008	<u>\$ -</u>	<u>\$ 12,714</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 Year ended June 30, 2007

	<u>Residents' Commissary Fund</u>	<u>Employees' Benefit Fund</u>
<u>REVENUES</u>		
Income from sales	\$ 1,321,098	\$ -
Interest income	3,254	134
Miscellaneous:		
Other	-	13,743
Total revenues	<u>1,324,352</u>	<u>13,877</u>
<u>EXPENDITURES</u>		
Purchases	1,075,142	9,727
Contractual	-	3,911
Other	-	3,562
Total expenditures	<u>1,075,142</u>	<u>17,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>249,210</u>	<u>(3,323)</u>
<u>OTHER FINANCING SOURCES</u>		
Transfers (out)	<u>(249,210)</u>	<u>-</u>
Total other financing sources (uses)	<u>(249,210)</u>	<u>-</u>
Net change in fund balance	-	(3,323)
Fund balance - July 1, 2006	-	18,644
Fund balance - July 1, 2007	<u>\$ -</u>	<u>\$ 15,321</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,

	FISCAL YEAR			
	2008		2007	
	Travel and Allowance Rev. Fund	Residents' Trust Fund	Travel and Allowance Rev. Fund	Residents' Trust Fund
Balance - July 1	\$ 2,600	\$ 65,113	\$ 2,600	\$ 104,293
<u>RECEIPTS</u>				
Investment income	-	1,371	-	1,544
Inmate account receipts	30,893	1,797,719	28,443	1,723,957
Total receipts	30,893	1,799,090	28,443	1,725,501
<u>DISBURSEMENTS</u>				
Inmate account disbursements	-	1,760,829	-	1,763,137
Disbursements for released inmates	30,893	-	28,443	-
Total disbursements	30,893	1,760,829	28,443	1,763,137
<u>FUND TRANSFERS</u>				
Fund transfers (out)	-	(1,371)	-	(1,544)
Total fund transfers	-	(1,371)	-	(1,544)
Balance - June 30	\$ 2,600	\$ 102,003	\$ 2,600	\$ 65,113

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN STATE PROPERTY
For The Years Ended June 30,

	2008				2007					
	Land	Buildings	Equipment	Land Improvements	Total	Land	Buildings	Equipment	Land Improvements	Total
Balance, beginning	\$ 243,276	\$ 35,030,747	\$ 3,763,744	\$ 726,927	\$ 39,764,694	\$ 243,276	\$ 34,811,460	\$ 3,762,335	\$ 726,926	\$ 39,543,997
Additions:										
Purchases	-	-	26,364	-	26,364	-	-	63,845	-	63,845
Transfers in	-	-	238,384	-	238,384	-	-	24,319	-	24,319
Capital Development Board	-	37,927	-	-	37,927	-	219,287	-	-	219,287
Employees' Benefit Fund	-	-	297	-	297	-	-	406	-	406
Residents' Commissary Fund	-	-	-	-	-	-	-	-	-	-
Residents' Benefit Fund	-	-	26,902	-	26,902	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	8,057	-	8,057	-	-	300	-	301
Total additions	-	37,927	300,004	-	337,931	-	219,287	88,870	1	308,158
Deductions:										
Transfers out	-	-	11,863	-	11,863	-	-	-	-	-
Scrap property	-	-	20,206	-	20,206	-	-	84,973	-	84,973
Surplus property	-	-	53,072	-	53,072	-	-	2,488	-	2,488
Condemned and lost property	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-
Total deductions	-	-	85,141	-	85,141	-	-	87,461	-	87,461
Balance, ending	\$ 243,276	\$ 35,068,674	\$ 3,978,607	\$ 726,927	\$ 40,017,484	\$ 243,276	\$ 35,030,747	\$ 3,763,744	\$ 726,927	\$ 39,764,694

Note: The property balances at June 30, 2008 and 2007 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		
	2008	2007	2006
<u>RECEIPTS</u>			
Jury duty	\$ 315	\$ 248	\$ 93
Inmate restitution, funeral furlough, staff witness fees, contraband cash, and copying fees	-	-	11,108
Dormant inmate accounts and miscellaneous	313	157	2,001
Total receipts	<u>\$ 628</u>	<u>\$ 405</u>	<u>\$ 13,202</u>
<u>REMITTANCES</u>			
General Revenue Fund - 001	\$ 628	\$ 405	\$ 2,094
Department of Corrections Reimbursement Fund #523	-	-	11,108
Total receipts remitted directly to State Treasurer	<u>\$ 628</u>	<u>\$ 405</u>	<u>\$ 13,202</u>
<u>DEPOSITS</u>			
Receipts recorded by Center	\$ 628	\$ 405	\$ 13,202
Add: Deposits in transit - beginning of year	20	135	663
Deduct: Deposits in transit - end of year	-	(20)	(135)
Deposits recorded by State Comptroller	<u>\$ 648</u>	<u>\$ 520</u>	<u>\$ 13,730</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 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, 2008

Fiscal Year 2008

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2008 and June 30, 2007 is shown below:

EXPENDITURE ITEM	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2008	2007	AMOUNT	%
State contributions to State Employees' Retirement System	\$ 3,889,717	\$ 2,534,799	\$ 1,354,918	53.45%
Travel	\$ 13,334	\$ 18,329	\$ (4,995)	(27.25)%
Travel and Allowances	\$ -	\$ 6,903	\$ (6,903)	(100.00)%
Printing	\$ 16,617	\$ 24,991	\$ (8,374)	(33.51)%
Equipment	\$ 19,924	\$ 33,656	\$ (13,732)	(40.80)%
Telecommunications	\$ 53,700	\$ 70,600	\$ (16,900)	(23.94)%
Automotive Equipment	\$ 71,000	\$ 123,800	\$ (52,800)	(42.65)%

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

State contributions to State Employees' Retirement System

The increase in fiscal year 2008 expenditures was due to the overall increase in the State retirement rate from 11.525% in fiscal year 2007 to 16.561% in fiscal year 2008.

Travel

Travel expenditures consist primarily of costs incurred by Center personnel who accompany inmates on court or medical visits, and such expenditures fluctuate from year to year. Fiscal year 2007 travel expenditures were unusually high due to an increased number of inmates in the Receiving and Classification Unit for much of the year.

Travel and Allowance

In fiscal year 2008, no appropriations were provided for Travel and Allowances due to procedural changes in the issuance of gate money for discharged inmates. Fiscal year 2007 expenditures consisted of reimbursements to the Residents' Benefit Fund for advances of gate money and bus fare.

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, 2008

Fiscal Year 2008 (continued)

Printing

Fiscal year 2007 expenditures were unusually high due to increased printing demands resulting from a 30% increase in the number of inmates in the Receiving and Classification Unit for much of the year.

Equipment

Fiscal year 2007 equipment expenditures included the purchase of an institutional washer and dryer unit totaling \$29,970. Fiscal year 2008 equipment expenditures declined and included emergency air packs totaling \$11,495, and a dryer unit totaling \$7,595.

Telecommunications

Telecommunications expenditures declined in fiscal year 2008 due to the elimination of several extensions as a result of the Center's analysis of its telephone system.

Automotive equipment

Fiscal year 2007 expenditures were unusually high due to increased fuel costs related to inmate transportation, as the Center consistently maintained approximately 30% more inmates in the Receiving and Classification Unit than in a typical year.

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, 2008

Fiscal Year 2007

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2007 and June 30, 2006 is shown below:

EXPENDITURE ITEM	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2007	2006	AMOUNT	%
Employee retirement contributions paid by employer	\$ -	\$ 290,616	\$ (290,616)	(100.00)%
State contributions to State Employees' Retirement System	\$2,534,799	\$1,708,323	\$ 826,476	48.38%
Travel	\$ 18,329	\$ 12,793	\$ 5,536	43.27%
Travel and Allowances	\$ 6,903	\$ 4,061	\$ 2,842	69.98%
Telecommunications	\$ 70,600	\$ 52,517	\$ 18,083	34.43%
Automotive Equipment	\$ 123,800	\$ 76,464	\$ 47,336	61.91%

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

Employee retirement contributions paid by employer

The State discontinued matching a percentage of the employee's retirement contributions at the beginning of fiscal year 2007.

State contributions to State Employees' Retirement System

The increase in fiscal year 2007 expenditures was due to the overall increase in the State retirement rate from 7.792% in fiscal year 2006 to 11.525% in fiscal year 2007.

Travel

Travel expenditures consist primarily of costs incurred by Center personnel who accompany inmates on court or medical visits, and such expenditures fluctuate from year to year. Fiscal year 2007 travel expenditures were unusually high due to an increased number of inmates in the Receiving and Classification Unit for much of the year.

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, 2008

Fiscal Year 2007 (continued)

Travel and Allowances

In fiscal year 2007, procedural changes regarding the issuance of gate money for discharged inmates were instituted. During this transition, money issued to inmates upon discharge was advanced from the Residents' Benefit Fund, which was reimbursed from Travel and Allowances appropriations.

Telecommunications

The increase in fiscal year 2007 expenditures was due to repairs and maintenance performed on the telephone system.

Automotive equipment

Fiscal year 2007 expenditures were unusually high due to increased fuel costs related to inmate transportation, as the Center consistently maintained approximately 30% more inmates in the Receiving and Classification Unit than in a typical year.

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, 2008

Our testing of lapse period spending for fiscal year ended June 30, 2008 disclosed two appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

Fiscal Year Ended June 30, 2008					
<u>EXPENDITURE ITEM</u>	<u>TOTAL</u>	<u>LAPSE PERIOD</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>PERCENTAGE</u>
Printing	\$ 16,617	\$ 6,382			38.41%
Equipment	\$ 19,924	\$ 19,143			96.08%

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 Printing expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

Equipment

The Center was waiting on a transfer of funds into the Equipment expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

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, 2008

Our testing of lapse period spending for fiscal year ended June 30, 2007 disclosed four appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

<u>Fiscal Year Ended June 30, 2007</u>				
<u>EXPENDITURE ITEM</u>	<u>TOTAL</u>	<u>LAPSE PERIOD</u>		
	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>PERCENTAGE</u>	
Student, member and inmate compensation	\$ 267,037	\$ 66,907	25.06%	
Equipment	\$ 33,656	\$ 20,970	62.31%	
Telecommunications	\$ 70,600	\$ 30,326	42.95%	
Automotive equipment	\$ 123,800	\$ 52,658	42.53%	

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

Student, member and inmate compensation

The Center was waiting on a transfer of funds into the Student, member and inmate compensation expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

Equipment

The Center was waiting on a transfer of funds into the Equipment expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

Telecommunications

The Center was waiting on a transfer of funds into the Telecommunications expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

Automotive equipment

The Center was waiting on a transfer of funds into the Automotive Equipment expenditure code to allow for approval and payment of invoices. The transfer did not get processed until the lapse period.

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SCHEDULE OF CHANGES IN INVENTORIES (NOT EXAMINED)
Two Years Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
GENERAL REVENUE FUND				
General Stores	\$ -	\$ -	\$ -	\$ -
Mechanical Stores	-	-	-	-
Resident Clothing	-	-	-	-
Officers' Clothing	-	-	-	-
Office Supplies	-	-	-	-
Postage	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOCAL FUNDS				
Residents' Commissary Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
GENERAL REVENUE FUND				
General Stores	163,713	-	-	-
Mechanical Stores	27,287	-	-	-
Resident Clothing	34,026	-	-	-
Officers' Clothing	296	-	-	-
Office Supplies	15,531	-	-	-
Postage	-	-	-	-
Armory	5,330	-	-	-
Surplus	1,233	-	-	-
	<u>\$ 247,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOCAL FUNDS				
Residents' Commissary Fund	<u>\$ 37,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: We were unable to report on year-end inventory balances or examine the Schedule of Changes in Inventories due to internal control weaknesses as detailed in Finding Code No. 08-1 on pages 10-12. The Center was unable to provide sufficient records to allow for completion of this schedule.

INSERT ANALYSIS OF OPERATIONS TAB HERE

STATE OF ILLINOIS
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JOHN A. GRAHAM CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2008

CENTER FUNCTIONS AND PLANNING PROGRAM

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 1,800 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 Center has established formal written long and short-term goals with respect to its 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.

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CENTER FUNCTIONS AND PLANNING PROGRAM (continued)

Planning Program (continued)

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 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 toward 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 in implementing programs pursuant to plans.

Agency Head and Location

Mr. Andrew Ott, Warden
John A. Graham Correctional Center
Illinois Route 185
Hillsboro, Illinois 62049

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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		
	2008	2007	2006
Administrative	6	7	7
Business office and stores	11	10	11
Clinical services	22	22	21
Recreation	1	2	2
Maintenance	11	11	12
Laundry	1	1	1
Correctional Officers	300	313	314
Dietary	11	12	14
Medical/Psychiatric	23	22	22
Religion	1	1	1
Secretary/Records/Clerical	5	6	6
Total employees	392	407	411

An analysis of the activity regarding the changes in staffing of correctional officers, prepared from Center records, is presented in the table below for the fiscal years ending June 30.

	Fiscal Year	
	2008	2007
Correctional Officers, beginning of the year	314	307
New Correctional Officers hired	-	9
Correctional Officers transferred-in	4	5
Correctional Officers transferred-out	4	1
Correctional Officers separated from Department	21	6
Correctional Officers, end of the year	293	314

Correctional Officers for the above schedule is defined as all employees with security-related responsibilities.

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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.

The following table prepared from Department records presents the paid overtime and earned compensatory time incurred for the last three fiscal years ended June 30:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Paid overtime hours worked during fiscal year	<u>13,224</u>	<u>9,603</u>	<u>20,006</u>
Value of overtime hours worked during fiscal year	<u>\$ 583,584</u>	<u>\$ 389,967</u>	<u>\$ 726,029</u>
Compensatory hours earned during fiscal year	<u>15,665</u>	<u>13,167</u>	<u>17,516</u>
Value of compensatory hours earned during fiscal year	<u>\$ 437,592</u>	<u>\$ 351,269</u>	<u>\$ 433,521</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>28,889</u>	<u>22,770</u>	<u>37,522</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$ 1,021,176</u>	<u>\$ 741,236</u>	<u>\$ 1,159,550</u>

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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. Effective January 1, 2008 the inmate commissaries at all Centers discontinued selling 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, 2008 and 2007 is presented on pages 27 and 28 of this report.

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. As a result of our testing, we noted that an overhead charge of 7% was added to the Center's purchase price of goods before application of the statutorily allowed markup, which resulted in an overall markup of approximately 44% for tobacco products and 34% for non-tobacco products over initial product cost. This matter was addressed with the compliance examination of the Department of Corrections' General Office.

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CENTER INMATE STATISTICS (not examined)

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

	Fiscal Year		
	2008	2007	2006
Rated population	1,174	1,174	1,174
Inmate population (as of May 31)	1,833	1,822	1,886
Average number of inmates	1,811	1,825	1,930
Expenditures from appropriations	\$37,715,560	\$35,115,676	\$34,691,675
Less: equipment and capital improvements	19,924	33,656	34,324
Net expenditures	\$37,695,636	\$35,082,020	\$34,657,351
Net inmate cost per year	\$ 20,815	\$ 19,223	\$ 17,957

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 Department of Corrections' quarterly reports to the State legislature.

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CENTER EMPLOYEE STATISTICS (not examined)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Average number of employees	<u>392</u>	<u>407</u>	<u>411</u>
Average number of correctional officers	<u>300</u>	<u>313</u>	<u>314</u>
Average number of inmates	<u>1,811</u>	<u>1,825</u>	<u>1,930</u>
Ratio of employees to inmates	<u>1 to 4.6</u>	<u>1 to 4.5</u>	<u>1 to 4.7</u>
Ratio of correctional officers to inmates	<u>1 to 6.0</u>	<u>1 to 5.8</u>	<u>1 to 6.1</u>

The following comparison of reported inmate assaults on staff is prepared from Department of Corrections' records for the fiscal years ending June 30:

	<u>Fiscal Year</u>	
	<u>2008</u>	<u>2007</u>
Number of assaults on staff	<u>7</u>	<u>5</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>2008</u>	<u>2007</u>	<u>2006</u>
Approximate square foot per inmate	<u>28</u>	<u>28</u>	<u>27</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		
	2008	2007	2006
Breakfast	322,370	417,800	394,719
Lunch	529,999	559,224	605,306
Dinner	522,607	546,314	601,608
1:00 a.m. meal	11,094	10,933	11,448
Staff meals	112,351	110,258	122,927
	<u>1,498,421</u>	<u>1,644,529</u>	<u>1,736,008</u>
Total meals served			
Food cost	<u>\$1,663,955</u>	<u>\$1,745,494</u>	<u>\$1,636,103</u>
Cost per meal	<u>\$ 1.11</u>	<u>\$ 1.06</u>	<u>\$.94</u>

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MEDICAL AND CLERGY SERVICE CONTRACTS (not examined)

The following table, prepared from Center records, summarizes what was paid to vendors for medical contractual services for fiscal years 2008, 2007 and 2006. Clergy services were provided by the Center's chaplain and volunteers for fiscal years 2008, 2007, and 2006.

	Fiscal Year		
	2008	2007	2006
Medical services:			
Chardonay Dialysis	\$ 939,370	\$ 898,510	\$1,006,928
Health Professionals, Inc.	-	-	1,884,375
Wexford Health Sources, Inc.	3,245,468	3,155,246	1,762,740
Total medical services	<u>\$4,184,838</u>	<u>\$4,053,756</u>	<u>\$4,654,043</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 the 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 general education and vocational programs provided by School District #428 and Lake Land Community College. Classes include Adult Basic Education (ABE), GED, and Special Education curriculums.

The Vocational School is made up of the following programs:

- The Computer Technology program, which places an emphasis on word processing, spreadsheets, database, logic, basic programming, and desktop publishing. Twenty five (25) students graduated from this program in 2007.
- The Construction Occupation program is provided to develop competencies needed for occupations such as building maintenance repairs, maintenance painters, carpenter helpers, drywall hangers, and drywall tapers. Thirteen (13) students graduated from this program in 2007. This department has also been involved in the Habitat for Humanity Program for the last five (5) years. The program has completed five (5) houses through fiscal year 2007.
- The Custodial Maintenance program provides hands on work with students completing such projects as maintenance of carpets, walls, floors, and windows. Thirty four (34) students graduated from this program in 2007.
- The Auto Body program provides skills in the area of body presentation, priming and painting. Students are also taught installation of automobile electrical and power systems. Eight (8) students graduated from this program in 2007.
- The Automotive Technology program provides competencies in the electrical system, service fundamentals, steering, suspension, alignment, brakes and drive train. Fifteen (15) students graduated from the program in 2007.

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined) (continued)

- The Business Management program 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 2007 there were fifteen (15) graduates. The program continued in fiscal year 2008.
- The 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 eight (8) students that graduated during 2007.

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 approximately 180 students that participate in five modules throughout the year. This generates about 2700 credit hours a year. In 2007, Lake Land College had twelve (12) two year graduates.

Also offered to offenders is a drug abuse and substance treatment program directed by CEC/Civigenic, 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.

CEC / CIVIGENIC

General Revenue

Clients Served FY 07 – 164
Clients Served FY 08 – 199

Successful Completions FY 07 – 35
Successful Completions FY 08 – 30

CJIA

Clients Served FY 07 – 205
Clients Served FY 08 – 256

Successful Completions FY 07 – 55
Successful Completions FY 08 – 49

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. 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.