

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

BIG MUDDY RIVER 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
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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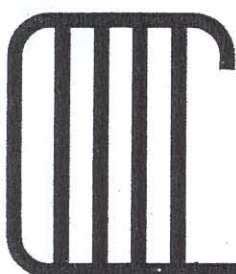
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CENTER OFFICIALS

Warden	
06/01/06 – Present	Mr. Roy Bradford
07/01/04 – 05/31/06	Mr. Gregory Lambert
Assistant Warden - Programs	
Current	Ms. Julie Wilkerson
Assistant Warden - Operations	
06/01/06 – Present	Mr. Robert Hilliard
07/01/04 – 05/31/06	Mr. Roy Bradford
Business Office Administrator	
Current	Mr. Brent Finley

The Center is located at:

Big Muddy River Correctional Center
251 North Highway 37
Ina, Illinois 62846



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E. Walker, Jr.
Director

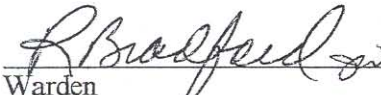
Big Muddy Correctional Center / 251 N. Illinois Highway 37 / P.O. Box 1000 / Ina, IL 62846-1000 / Telephone: (618) 437-5300 / TDD: (800) 526-0844

September 15, 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 Big Muddy River 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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DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
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COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	3	2
Repeated findings	1	0
Prior recommendations implemented or not repeated	1	4

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

SCHEDULE OF FINDINGS

CURRENT FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	10-11	Inadequate Controls Over Inventory
06-2	12-13	Surplus Inventory
06-3	14-15	Inaccurate Property Reporting

PRIOR FINDINGS NOT REPEATED

06-4	16	Improper Bidding Procedures
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For the Two Years Ended June 30, 2006

EXIT CONFERENCE

Center management waived having an exit conference in a letter dated November 8, 2006.

Responses to the recommendations were provided in a letter contained in an electronic message received November 27, 2006.

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
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**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 – Big Muddy River 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 – Big Muddy River Correctional Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Corrections – Big Muddy River Correctional Center’s compliance based on our examination.

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

In our opinion, the State of Illinois Department of Corrections – Big Muddy River 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, 06-2, and 06-3.

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 – Big Muddy River 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 – Big

Muddy River 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.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Illinois Department of Corrections – Big Muddy River Correctional Center's ability to comply with one or more of the aforementioned requirements. A reportable condition is described in the accompanying schedule of State findings as finding 06-1.

A material weakness is a 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. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding 06-1 to be a material weakness. Additionally, the results of our procedures disclosed other deficiencies in 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 schedule of State findings as findings 06-2 and 06-3.

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 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 15, 2006

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

CURRENT FINDINGS:

06-1 Finding – Inadequate Controls Over Inventory

The Big Muddy River Correctional Center's (Center) inventory at June 30, 2006 and 2005 was overstated by \$44,913 and \$36,751, respectively, and review of inventory procedures disclosed numerous control weaknesses.

We noted the following issues during our current examination of inventory:

- 10 of 27 (37%) inventory items tested were valued incorrectly resulting in an inventory overstatement of \$44,913 at June 30, 2006 and \$36,751 at June 30, 2005.
- Delays occurred in posting purchase requisitions and receiving reports. 20 of 20 (100%) receiving reports and requisitions tested were entered from 4 to 95 days after issuance. The average delay for entry was 41 days after receipt of the requisition or receiving report.
- Center personnel did not print the Monthly Transaction Register for any month within the examination period.
- Center personnel did not perform reconciliations of the Automated Inventory Management System (AIMS) Posting Report for any month within the examination period.

Inventory items should be properly priced as detailed in the Department's Administrative Directive (02.82.114). The Department's Administrative Directive (02.44.105) states a reconciliation of the receiving report, purchase order, and invoice should be performed before a voucher is processed for payment. Purchase requisitions and receiving reports should be posted timely to properly maintain a perpetual inventory system according to the Department's Administrative Directive (02.82.103). Inventory reports should be printed, maintained, and properly reconciled as stated by the Department's Administrative Directive (02.82.114). The Monthly Transaction Register serves as the audit trail for transactions entered into AIMS.

Center management stated the above exceptions were the result of unintentional errors attributed to the lack of adequately trained staff. The pricing errors were caused by entering the incorrect units from receiving reports and then adjusting quantities later without adjusting per unit costs. Center management stated they anticipate conversion to

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CURRENT FINDINGS:

06-1 Finding – Inadequate Controls Over Inventory (continued)

“The Inventory Management System” (TIMS) within the next fiscal year, and they are attempting to locate and resolve the errors in order to start with accurate beginning data on TIMS.

A lack of proper inventory price reporting, 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. 06-1, 04-2).

Recommendation

We recommend the Center comply with the Department’s Administrative Directives and institute procedures to strengthen controls over inventory, data processing, report maintenance, and proper pricing.

Center Response

Recommendation accepted. The importance of adequate controls over inventory was stressed during monthly staff meetings. Additionally, the Department is currently in the process of implementing a real time inventory system. The new system will address many of the issues noted in the audit.

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

CURRENT FINDINGS (continued):

06-2 Finding – Surplus Inventory

The Big Muddy River Correctional Center's (Center) inventory procedures concerning surplus commodities were not in accordance with the Department's Administrative Directive and the Illinois Procurement Code and were insufficient to ensure adequate monitoring of excess quantities.

Per review of the Automated Inventory Management System (AIMS) Report "Listing of On-Hand Inventories over Recommended Guidelines," we noted the following:

- At June 30, 2006, the report reflected \$37,854 of overstocked inventory.
- 32 of the total 65 (49%) clothing store items had quantities on hand in excess of the previous 12 months' usage.

The Department's Administrative Directive (02.82.120) states that all facilities shall review inventory records at least once a year to determine if any items in stock are surplus to current needs. Generally, the calculation of current needs shall be based on the previous 12 months' usage. In addition, the Illinois Procurement Code (30 ILCS 500/50-55) requires that a State agency shall inventory and stock no more than a 12-month need of equipment, supplies, commodities, articles, and other items, except as otherwise noted by the State agency's regulations.

Center management stated the excess clothing items were the result of an apparent failure by the clothing store clerk to assess previous usage when placing new orders. In addition, the dollar amount of overstocked inventory as reported may be overstated due to incorrect unit costs contained in AIMS.

Failure to assess previous usage of inventory items as well as quantities on hand before placing new orders could result in inventory oversupply or spoilage of food commodities. (Finding Code No. 06-2).

Recommendation

We recommend the Center comply with the Department's Administrative Directive and the Illinois Procurement Code and institute procedures to strengthen controls over inventory ordering.

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

CURRENT FINDINGS (continued):

06-2 Finding – Surplus Inventory (continued)

Center Response

Recommendation implemented. The facility has established a routine review process by management of the inventory records. Potential surplus inventory will be identified and researched. Any excess items will be offered to other facilities first, and then processed in accordance with the Administrative Directives.

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

CURRENT FINDINGS (continued):

06-3 Finding – Inaccurate Property Reporting

The Big Muddy River Correctional Center (Center) did not maintain accurate property control records or submit accurate quarterly property reports to the Department of Corrections – Central Office resulting in an undeterminable understatement in the Center’s property balance at June 30, 2006 as reported to the Comptroller’s Office.

The following exceptions were noted during our testing of the Center’s property control records and the Agency Report of State Property (C-15):

- 1 of 15 (7%) deletions tested, totaling \$7,652, was removed from the Center’s Property Control System in error,
- 1 of 16 (6%) additions tested omitted shipping charges of \$329,
- 2 of 16 (13%) additions tested lacked supporting documentation to verify their value, and
- Numerous equipment items purchased through the Inmate Benefit Fund in fiscal year 2006 were omitted from the Center’s Property Control System. The value was undeterminable due to the lack of supporting documentation maintained at the Center.

The State Property Control Act (30 ILCS 605/4) states that every responsible officer of State government shall be accountable for the supervision, control and inventory of property under his control. The Statewide Accounting Management System (SAMS) Procedure 29.10.10 states that the objective of State property reporting is to ensure that agencies are updating property records to reflect the current balance of State property. Good internal controls require that adequate documentation be maintained to support financial data.

Center management stated the discrepancies were the result of clerical errors or oversights, in addition to communication issues relating to Inmate Benefit Fund expenditures for equipment being assumed by the Department’s central office in fiscal year 2006.

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CURRENT FINDINGS (continued):

06-3 Finding – Inaccurate Property Reporting (continued)

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate State property reporting also reduces the reliability of Statewide financial reporting of State property information. (Finding Code No. 06-3).

Recommendation

We recommend the Center strengthen controls over State property reporting, and comply with the State Property Control Act and applicable SAMS procedures to ensure accurate reporting of State property information. In addition, we recommend the Center develop procedures to document Inmate Benefit Fund equipment expenditures processed by the Department's central office.

Center Response

Recommendation accepted. The facility will make every effort to ensure accurate and timely property control records are maintained. The issues noted were oversights and clerical errors. The facility has reminded staff via meetings of the importance of accuracy in property reporting.

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PRIOR FINDINGS NOT REPEATED:

06-4 Finding – Improper Bidding Procedures

During the prior examination period, the Big Muddy River Correctional Center (Center) failed to comply with bidding requirements contained in the Department's Administrative Directives and the Illinois Procurement Code. Based on testing performed, two purchases totaling \$9,806 were identified that were initiated upon receipt of fewer than three bids. In addition, we identified two purchases each exceeding \$10,000 that were initiated without the preparation of a Contract Obligation Document; the purchases were divided and invoiced separately at the request of the Center in order to avoid contract requirements.

Remedial Action by the Center

During the current examination period, testing disclosed no instances of noncompliance with bidding or contract requirements. (Finding Code No. 06-4, 04-1).

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

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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
- 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 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.

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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	\$ 16,458,400	\$ 15,604,657	\$ 853,675	\$ 16,458,332	\$ 68
Employee retirement contributions paid by employer	211,200	211,158	-	211,158	42
Student, member and inmate compensation	326,300	297,402	28,815	326,217	83
State contributions to State Employees' Retirement System	1,282,500	1,215,879	66,520	1,282,399	101
State contributions to Social Security	1,232,200	1,167,373	64,746	1,232,119	81
Contractual services	6,288,100	5,767,263	519,075	6,286,338	1,762
Travel	16,500	11,582	4,913	16,495	5
Travel and allowances for committed, paroled and discharged prisoners	30,100	27,143	2,872	30,015	85
Commodities	1,809,300	1,672,645	99,098	1,771,743	37,557
Printing	18,400	17,974	405	18,379	21
Equipment	25,000	24,894	56	24,950	50
Telecommunications services	47,400	47,317	-	47,317	83
Operation of automotive equipment	77,200	64,370	12,811	77,181	19
Total - Fiscal Year 2006	<u>\$ 27,822,600</u>	<u>\$ 26,129,657</u>	<u>\$ 1,652,986</u>	<u>\$ 27,782,643</u>	<u>\$ 39,957</u>

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

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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	\$ 20,197,800	\$ 19,098,345	\$ 1,049,547	\$ 20,147,892	\$ 49,908
Employee retirement contributions paid by employer	39,942	39,941	-	39,941	1
Student, member and inmate compensation	360,800	310,690	30,079	340,769	20,031
State contributions to State Employees' Retirement System	3,137,700	2,965,045	164,537	3,129,582	8,118
State contributions to Social Security	1,454,100	1,372,836	76,591	1,449,427	4,673
Contractual services	7,778,100	6,648,347	1,039,632	7,687,979	90,121
Travel	22,100	11,670	2,854	14,524	7,576
Travel and allowances for committed, paroled and discharged prisoners	32,500	22,508	2,875	25,383	7,117
Commodities	2,303,500	1,884,861	298,164	2,183,025	120,475
Printing	23,700	23,425	-	23,425	275
Equipment	5,000	-	-	-	5,000
Telecommunications services	100,200	77,078	10,734	87,812	12,388
Operation of automotive equipment	130,000	94,703	30,095	124,798	5,202
	<u>\$ 35,585,442</u>	<u>\$ 32,549,449</u>	<u>\$ 2,705,108</u>	<u>\$ 35,254,557</u>	<u>\$ 330,885</u>
Total - Fiscal Year 2005	<u>\$ 35,585,442</u>	<u>\$ 32,549,449</u>	<u>\$ 2,705,108</u>	<u>\$ 35,254,557</u>	<u>\$ 330,885</u>

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller. Commodities expenditures per the Center's records differ from amounts reported by the State Comptroller by \$244. An invoice was approved for payment by the Center and the State Comptroller during the lapse period, but was returned to the Center after the close of the lapse period to be paid through the Court of Claims process due to an error discovered that occurred during the initial approval process.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER 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)	\$ 27,822,600	\$ 35,585,442	\$ 35,199,100
EXPENDITURES			
Personal services	16,458,332	20,147,892	19,150,974
Employee retirement contributions paid by employer	211,158	39,941	983,811
Student, member and inmate compensation	326,217	340,769	368,933
State contributions to State Employees' Retirement System	1,282,399	3,129,582	1,698,714
State contributions to Social Security	1,232,119	1,449,427	1,428,532
Contractual services	6,286,338	7,687,979	6,885,425
Travel	16,495	14,524	22,591
Travel and allowances for committed, paroled and discharged prisoners	30,015	25,383	47,112
Commodities	1,771,743	2,183,025	2,754,650
Printing	18,379	23,425	24,715
Equipment	24,950	-	71,756
Telecommunications services	47,317	87,812	93,458
Operation of automotive equipment	77,181	124,798	135,276
Total Expenditures	<u>27,782,643</u>	<u>35,254,557</u>	<u>33,665,947</u>
LAPSED BALANCES	<u>\$ 39,957</u>	<u>\$ 330,885</u>	<u>\$ 1,533,153</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER 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 sales are allocated 60% to pay the wages and benefits of employees who work at the commissary and 40% to the Inmates' Benefit Fund.

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
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For 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	\$ 1,236,463	\$ 4,395	\$ -
Investment Income	671	22	1,184
Miscellaneous:			
Entry Fees	-	-	-
Postage	-	-	-
Other	-	7,790	7,711
Donations	-	-	-
Total Revenues	<u>1,237,134</u>	<u>12,207</u>	<u>8,895</u>
<u>EXPENDITURES</u>			
Purchases	997,492	2,593	-
General and Administrative	8,493	9,793	20,850
Contractual	-	-	59,893
Equipment	-	450	5,941
Postage	-	-	-
Donations	-	-	-
Other	-	-	-
Total Expenditures	<u>1,005,985</u>	<u>12,836</u>	<u>86,684</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>231,149</u>	<u>(629)</u>	<u>(77,789)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In	-	-	92,855
Transfers (Out)	<u>(231,149)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(231,149)</u>	<u>-</u>	<u>92,855</u>
Net Change in Fund Balance	-	(629)	15,066
Fund Balance July 1, 2005	-	7,235	230,294
Fund Balance June 30, 2006	<u>\$ -</u>	<u>\$ 6,606</u>	<u>\$ 245,360</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2005

	Inmates' Commissary Fund	Employees' Benefit Fund	Inmates' Benefit Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>REVENUES</u>			
Income from Sales	\$ 1,307,261	\$ 5,422	\$ 44,385
Investment Income	657	20	172
Miscellaneous:			
Entry Fees	-	-	-
Postage	-	-	-
Other	-	8,128	12,087
Donations	-	-	-
Total Revenues	<u>1,307,918</u>	<u>13,570</u>	<u>56,644</u>
<u>EXPENDITURES</u>			
Purchases	1,040,296	3,637	45,224
General and Administrative	7,707	9,022	23,845
Contractual	-	-	74,881
Equipment	-	-	18,559
Postage	-	-	-
Donations	-	-	-
Other	-	-	-
Total Expenditures	<u>1,048,003</u>	<u>12,659</u>	<u>162,509</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>259,915</u>	<u>911</u>	<u>(105,865)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In	-	-	104,186
Transfers (Out)	(259,915)	-	-
Total Other Financing Sources (Uses)	<u>(259,915)</u>	<u>-</u>	<u>104,186</u>
Net Change in Fund Balance	-	911	(1,679)
Fund Balance July 1, 2004	-	6,324	231,973
Fund Balance June 30, 2005	<u>\$ -</u>	<u>\$ 7,235</u>	<u>\$ 230,294</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
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	\$ -	\$ 41,737	\$ 7,911	\$ 17,759
Receipts				
Investment Income	-	396	-	220
Inmate Account Receipts	-	1,543,237	-	1,539,533
Appropriations from General Revenue Fund	-	-	548	-
TOTAL RECEIPTS	-	1,543,633	548	1,539,753
Disbursements				
Inmate Account Disbursements	-	1,497,554	-	1,515,555
Disbursements for released inmates	-	-	8,459	-
TOTAL DISBURSEMENTS	-	1,497,554	8,459	1,515,555
Fund Transfers				
Fund Transfers In	-	-	-	-
Fund Transfers (Out)	-	(396)	-	(220)
TOTAL TRANSFERS	-	(396)	-	(220)
Balance - June 30	\$ -	\$ 87,420	\$ -	\$ 41,737

Note: Schedule is presented on the cash basis of accounting

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN STATE PROPERTY
For The Years Ended June 30,

	2006					2005				
	Land	Buildings	Equipment	Land Improvements	Total	Land	Buildings	Equipment	Land Improvements	Total
Balance, beginning	\$ 3,370,504	\$ 42,813,485	\$ 3,309,410	\$ 3,398,609	\$ 52,892,008	\$ 3,370,504	\$ 42,813,485	\$ 3,360,284	\$ 3,398,609	\$ 52,942,882
Additions:										
Purchases	-	-	25,255	-	25,255	-	-	76,084	-	76,084
Transfers-in:										
Intra-agency	-	-	119,611	-	119,611	-	-	37,325	-	37,325
Inter-agency	-	-	-	-	-	-	-	-	-	-
Capital Development Board	-	-	-	-	-	-	-	-	-	-
Employees' Commissary Fund	-	-	-	-	-	-	-	-	-	-
Employees' Benefit Fund	-	-	450	-	450	-	-	-	-	-
Inmates' Commissary Fund	-	-	-	-	-	-	-	-	-	-
Inmates' Benefit Fund	-	-	2,167	-	2,167	-	-	18,859	-	18,859
Donations	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
25 Total Additions	-	-	147,483	-	147,483	-	-	132,268	-	132,268
Deductions:										
Transfers-out:										
Intra-agency	51,685	4,588,335	789,134	68,760	5,497,914	-	-	20,387	-	20,387
Inter-agency	-	-	-	-	-	-	-	-	-	-
Scrap property	-	-	120,958	-	120,958	-	-	48,221	-	48,221
Surplus property	-	-	-	-	-	-	-	97,181	-	97,181
Condemned and lost property	-	-	4,200	-	4,200	-	-	615	-	615
Adjustment	-	-	893	-	893	-	-	16,738	-	16,738
Total Deductions	51,685	4,588,335	915,185	68,760	5,623,965	-	-	183,142	-	183,142
Balance, ending	\$ 3,318,819	\$ 38,225,150	\$ 2,541,708	\$ 3,329,849	\$ 47,415,526	\$ 3,370,504	\$ 42,813,485	\$ 3,309,410	\$ 3,398,609	\$ 52,892,008

Note: 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
BIG MUDDY RIVER 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	\$ 263	\$ 203	\$ 276
Inmate Restitution, Postage, Funeral Furlough, Damage to State Property, and Medical Services	17,968	36,847	34,567
Dormant Accounts	1,558	-	6,913
Miscellaneous	119	5	57
Total Receipts	<u>\$ 19,908</u>	<u>\$ 37,055</u>	<u>\$ 41,813</u>
<u>REMITTANCES</u>			
General Revenue Fund - 001	\$ 1,940	\$ 208	\$ 7,246
Department of Corrections Reimbursement Fund - 523	17,968	36,847	34,567
Total Receipts Remitted Directly To State Treasurer	<u>\$ 19,908</u>	<u>\$ 37,055</u>	<u>\$ 41,813</u>
<u>DEPOSITS</u>			
Receipts recorded by Center	\$ 1,940	\$ 208	\$ 7,246
Add: Deposits in transit - Beginning of year	-	-	-
Deduct: Deposits in transit - End of year	(25)	-	-
Deposits Recorded By The State Comptroller	<u>\$ 1,915</u>	<u>\$ 208</u>	<u>\$ 7,246</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
BIG MUDDY RIVER 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	\$ 211,158	\$ 39,941	\$ 171,217	428.67%
State contributions to State Employees' Retirement System	\$ 1,282,399	\$ 3,129,582	\$(1,847,183)	(59.02)%
Printing	\$ 18,379	\$ 23,425	\$ (5,046)	(21.54)%
Equipment	\$ 24,950	\$ -	\$ 24,950	100.00%
Telecommunications	\$ 47,317	\$ 87,812	\$ (40,495)	(46.12)%
Automotive equipment	\$ 77,181	\$ 124,798	\$ (47,617)	(38.16)%

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 by Central Office late in the preceding fiscal year; for most of fiscal year 2005, retirement contributions paid by the State were paid from Personal Services appropriations.

State contributions to State Employees' Retirement System

Fiscal year 2006 expenditures decreased significantly due to a regulatory change initiated by Central Office, whereby the State contribution rate decreased from 16% in fiscal year 2005 to 8% in fiscal year 2006.

Printing

Historically, the DuQuoin Impact Incarceration Program represented a significant portion of the Center's overall printing expenditures due to high consumption of toner and preprinted materials. Due to the transfer of the Program to a different parent institution in June 2005, the Center's printing expenditures declined in fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Fiscal Year 2006 (continued)

Equipment

No equipment funding was appropriated to the Center in the preceding fiscal year.

Telecommunications

Beginning in March 2006, payments to Central Management Services (CMS) for telecommunications expenditures were temporarily suspended.

Automotive equipment

Beginning in March 2006, payments to CMS for automotive equipment expenditures were temporarily suspended.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER 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	\$ 39,941	\$ 983,811	\$ (943,870)	(95.94)%
State contributions to State Employees' Retirement System	\$ 3,129,582	\$ 1,698,714	\$ 1,430,868	84.23%
Travel	\$ 14,524	\$ 22,591	\$ (8,067)	(35.71)%
Travel and allowances	\$ 25,383	\$ 47,112	\$ (21,729)	(46.12)%
Commodities	\$ 2,183,025	\$ 2,754,650	\$ (571,625)	(20.75)%
Equipment	\$ -	\$ 71,756	\$ (71,756)	(100.00)%

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 initiated by Central Office; beginning with the second payroll of the fiscal year all state-paid retirement contributions were paid from Personal Services appropriations.

State contributions to State Employees' Retirement System

Fiscal year 2005 expenditures increased significantly due to a regulatory change initiated by Central Office, whereby the State contribution rate increased from 8.8% in fiscal year 2004 to 16% in fiscal year 2005.

Travel

As part of cost-saving initiatives imposed by Central Office, overnight travel and employee training were kept at a minimum during fiscal year 2005.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Fiscal Year 2005 (continued)

Travel and Allowances

In the preceding fiscal year, the Center revised procedures relating to the issuance of gate money to released inmates. After the change, gate money was nearly eliminated and only totaled \$4,298 in fiscal year 2005; historically, gate money represented approximately 50% of Travel and Allowances expenditures.

Commodities

In fiscal year 2005, the Center enacted various cost-saving initiatives in efforts to reduce commodities expenditures.

Equipment

No equipment funding was appropriated to the Center in fiscal year 2005.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER 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 the two fiscal years ended June 30, 2006 disclosed two appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2006</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Travel	\$16,495	\$4,913	29.78%

Center management provided the following explanation for the significant lapse period expenditures identified above:

Travel

Employee travel vouchers are processed after all other travel expenditures; as a result, a significant number of employee travel vouchers were delayed for payment until the lapse period.

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2005</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Automotive Equipment	\$124,798	\$30,095	24.12%

Center management provided the following explanation for the significant lapse period expenditures identified above:

Automotive Equipment

In anticipation of the movement of the DuQuoin Impact Incarceration Program to another facility in June 2005, a significant number of vehicle maintenance expenditures were submitted during the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER 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	\$ 239,771	\$ 1,541,071	\$ 1,469,641	\$ 311,201
Mechanical Stores	12,185	104,297	105,205	11,277
Inmate Clothing	80,060	151,293	101,032	130,321
Officers' Clothing	-	26,945	26,945	-
Office Supplies	15,858	57,935	59,217	14,576
Postage	10,867	18,500	22,886	6,481
Surplus Inventory	-	-	-	-
	<u>\$ 358,741</u>	<u>\$ 1,900,041</u>	<u>\$ 1,784,926</u>	<u>\$ 473,856</u>

LOCAL FUNDS

Inmates' Commissary Fund	<u>\$ 71,253</u>	<u>\$ 969,935</u>	<u>\$ 958,951</u>	<u>\$ 82,237</u>
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	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
GENERAL REVENUE FUND				
General Stores	\$ 303,499	\$ 1,678,164	\$ 1,741,892	\$ 239,771
Mechanical Stores	13,069	106,125	107,009	12,185
Inmate Clothing	91,976	202,948	214,864	80,060
Officers' Clothing	-	28,490	28,490	-
Office Supplies	50,111	34,550	68,803	15,858
Postage	1,636	42,200	32,969	10,867
Surplus Inventory	-	-	-	-
	<u>\$ 460,291</u>	<u>\$ 2,092,477</u>	<u>\$ 2,194,027</u>	<u>\$ 358,741</u>

LOCAL FUNDS

Inmates' Commissary Fund	<u>\$ 53,066</u>	<u>\$ 1,062,582</u>	<u>\$ 1,044,395</u>	<u>\$ 71,253</u>
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Note: We were unable to examine the Schedule of Changes in Inventories because of internal control weaknesses.
See Finding 06-1 on pages 10-11.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

Center Functions

The Big Muddy River Correctional Center is a high medium-security correctional facility located on the Jefferson/Franklin County line in Southern Illinois. Dedication ceremonies in March 1993 revealed a total of 20 buildings designed to house 952 inmates. Operations began in March 1993 as the first inmates arrived; subsequently, the population has increased to approximately 2,000 inmates. The Center offers a comprehensive Sex Offender Program whereby Sex Offender Counselors have been contracted to provide services to those inmates who have been convicted of crimes of a sexual nature.

The DuQuoin Impact Incarceration Program (DQIIP), which is located on the DuQuoin State Fairgrounds in DuQuoin, operated as a satellite facility of the Big Muddy River Correctional Center until June 30, 2005. The DuQuoin Impact Incarceration Program is designed to house approximately 200 offenders who live in a military-style setting. Offenders are in the program for 120 to 180 days, depending upon their disciplinary history. Non-violent offenders, 35 years of age or younger, are eligible for the DuQuoin Impact Incarceration Program. While at the DuQuoin Impact Incarceration Program, offenders are given the opportunity to continue their education, participate in a substance abuse program, and are allowed to work outside the institution in the community. A strict regiment of physical training is also a major part of the program. Building self-esteem and learning to take responsibility for one's actions is one of the goals of the Impact Incarceration Program. Effective July 1, 2005, operation of the DuQuoin Impact Incarceration Program was transferred to the Pinckneyville Correctional Center.

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.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
BIG MUDDY RIVER CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

Planning Program (continued)

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. The goals and objectives of these employees are reviewed and revised as necessary on a quarterly basis.

Our discussion 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.

Auditor's Assessment of Center's Planning Program

Big Muddy River 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

Mr. Roy Bradford, Warden
Big Muddy River Correctional Center
251 North Highway 37
Ina, Illinois 62846

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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		
	2006	2005	2004
Administrative	8	8	9
Business office and stores	10	11	14
Clinical services	17	19	21
Work Camp – Correctional Staff	-	64	64
Recreation	5	6	6
Maintenance	7	7	7
Laundry	1	1	1
Correctional Officers	249	257	261
Dietary	13	14	13
Medical/Psychiatric	2	2	1
Miscellaneous	-	2	-
Total	<u>312</u>	<u>391</u>	<u>397</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.

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EMPLOYEE OVERTIME (continued)

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

	<u>2006</u>	<u>2005</u>
Paid overtime hours worked during fiscal year	<u>14,351</u>	<u>18,520</u>
Value of overtime hours worked during fiscal year	<u>\$ 520,727</u>	<u>\$ 644,994</u>
Compensatory hours earned during fiscal year	<u>11,599</u>	<u>16,272</u>
Value of compensatory hours earned during fiscal year	<u>\$ 284,188</u>	<u>\$ 383,418</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>25,950</u>	<u>34,792</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$ 804,915</u>	<u>\$ 1,028,412</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 22 and 23 of this report.

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INMATE COMMISSARY OPERATION (continued)

As part of our testing, 30 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.

COSTS PER YEAR PER INMATE (not examined)

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

	Fiscal Year		
	2006	2005	2004
Rated population	952	1,152	1,152
Inmate population (as of May 31)	1,861	2,042	2,034
Average number of inmates	1,865	2,035	2,042
Expenditures from appropriations	\$27,782,643	\$35,254,557	\$33,665,947
Less: equipment and capital improvements	24,950	-	71,756
Net expenditures	\$27,757,693	\$35,254,557	\$33,594,191
Net inmate cost per year	\$ 14,883	\$ 17,324	\$ 16,452

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>312</u>	<u>391</u>	<u>397</u>
Average number of correctional officers	<u>249</u>	<u>321</u>	<u>325</u>
Average number of inmates	<u>1,865</u>	<u>2,035</u>	<u>2,042</u>
Ratio of employees to inmates	<u>1 to 6.0</u>	<u>1 to 5.2</u>	<u>1 to 5.1</u>
Ratio of correctional officers to inmates	<u>1 to 7.5</u>	<u>1 to 6.3</u>	<u>1 to 6.3</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>32</u>	<u>32</u>	<u>32</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		
	2006	2005	2004
Breakfast	123,447	190,394	186,661
Lunch	413,435	450,461	443,804
Dinner	423,315	493,291	488,407
1:00 a.m. meal	-	-	-
Staff meals	72,478	97,300	96,337
Vocational School meals	-	-	-
Total meals served	<u>1,032,675</u>	<u>1,231,446</u>	<u>1,215,209</u>
Food cost	<u>\$1,314,191</u>	<u>\$1,415,363</u>	<u>\$2,132,600</u>
Cost per meal	<u>\$ 1.27</u>	<u>\$ 1.15</u>	<u>\$ 1.75</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		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Medical services:			
Health Professionals, Inc.	\$2,188,968	\$ -	\$ -
Wexford Health Sources, Inc.	<u>2,359,835</u>	<u>4,814,414</u>	<u>4,694,300</u>
Total medical services	<u>\$4,548,803</u>	<u>\$4,814,414</u>	<u>\$4,694,300</u>
Clergy services:			
The Carbondale Muslim Center	\$ -	\$ 6,636	\$ 7,651
Hebrew Days: Cheder Lubavitch	<u>-</u>	<u>1,360</u>	<u>1,276</u>
Total clergy services	<u>\$ -</u>	<u>\$ 7,996</u>	<u>\$ 8,927</u>

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)

	FISCAL YEARS		
	2006	2005	2004
WORK CAMP SERVICES (DUQUOIN IIP)			
Type of Entity:			
Cemetery	-	97	115
Church	-	474	480
City	-	18,640	17,935
Government	-	42,628	40,103
Highways	-	2,120	2,652
Non-Profit	-	512	460
Parks	-	2,624	2,564
School	-	1,865	1,932
Township	-	1,204	1,370
Youth	-	2,082	2,287
	<u>-</u>	<u>72,246</u>	<u>69,898</u>
Total hours completed	<u>-</u>	<u>72,246</u>	<u>69,898</u>
CLINICAL SERVICES			
Work release applications processed	1,088	1,201	1,129
Transfer reports processed	1,031	1,155	1,104
Mandatory supervisory release placements	1,291	1,309	1,286
HEALTH CARE UNIT SERVICES			
Resident treatments, sick call, etc.	15,477	15,354	15,259
On-site specialty services (clinics, dental, etc.)	5,914	5,681	5,741
EDUCATIONAL SERVICES			
Full and part-time students served	434	415	445
Residents receiving GED certificates	24	27	23
Residents receiving college vocational certificates	55	58	54
Residents receiving associate degrees	3	4	3