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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

SUPPLEMENTAL DIGEST

DEPARTMENT OF CORRECTIONS

JUNE 2007

Today we are releasing a total of 37 reports for the Department of Corrections. The reports include the General Office, 27 adult correctional centers, 8 youth centers and Correctional Industries.

The Department of Corrections – General Office report contains a Department-wide financial audit for the year ending June 30, 2006 and a compliance attestation examination for the two years ending June 30, 2006. The Correctional Industries report also contains a financial audit for the year ending June 30, 2006 and a compliance attestation examination for the two years ending June 30, 2006. The other 35 reports being released are limited scope compliance attestation examinations of individual adult correctional centers and youth centers for the two years ending June 30, 2006. In all, the reports contain a total of 102 report findings, which is significantly up from 53 audit findings reported in the June 30, 2004 engagements. Eleven of the current adult and youth center reports had no findings; this is down 42% from 19 with no findings for the two years ending June 30, 2004. The eleven facilities are to be commended for their record in maintaining good fiscal controls.

The more prevalent findings in the 2006 engagements were in the areas of statutory mandates, internal control, payroll and personnel and inventory. The attached schedule of Major Findings by Topic summarizes the findings disclosed in our reports.

We also have included summaries of certain operational and statistical data in the attached charts and schedules. For example, one chart provides details on the average total population and rated capacity by center. For 2006, the Department had an average total population of 46,572 residents in centers having a rated total capacity of 35,512. This is an increase from 2004 when the Department had an average total population of 45,451 residents in centers with a rated total capacity of 34,151. Based on the information provided in the reports, the population of adult residents is 11,355 (or 33.6%) over capacity. Another chart provides details on the average yearly cost per resident by center. For 2006, the average yearly cost per resident ranged from \$14,779 to \$55,367 in adult correctional centers and from \$50,008 to \$125,208 in youth centers.

Major Findings by Topic

Number of Findings		Topic
FY06	FY04	
21	13	STATUTORY MANDATES
		Failure to prepare and submit required reports to the Governor, General Assembly and other required entities. Commissary operations were not in compliance with Unified Code of Corrections. Failure to establish subcommittee on Woman Offenders; required documents not received upon inmate admission; written notice of restrictions on correspondence not provided; and noncompliance with the Illinois Procurement Code. Individuals who access inmate master file not documented; notice not displayed regarding Whistle Blower Protection; inmate benefit and trust fund not used properly; failure to provide educational programs; HIV pamphlets not available in English; and failure to include all relevant costs in computing manufacturing cost.
18	6	INTERNAL CONTROL
		Weaknesses in internal controls over locally held funds at Centers were noted in the following areas: 1) Only one of two required signatures was present on checks; 2) A former employee was still an authorized signer, and an individual not authorized to sign checks was signing checks; 3) A lack of segregation of duties was identified for writing checks, reconciling accounts, posting activity, collecting cash, making deposits, and mailing checks; 4) Reconciliation to general ledger accounts not performed at a Center; and 5) Bank reconciliations not performed at a Center for two funds. Inmate Benefit Fund expenditures made without committee approval, and weaknesses were noted involving security doors and access to keys at a Center.
16	8	PAYROLL & PERSONNEL
		Lack of independent review of payroll documentation; no documentation of approval of payroll vouchers; standardized procedures for separated employees not being followed; untimely submission of Statements of Economic Interest; and employee performance evaluations not performed timely. Inadequate documentation of employee training; time sheets not submitted in compliance with State Officials and Employees Ethics Act; and loans for payroll errors not being repaid timely. Inadequate control of employee overtime; compensatory time; work hours and leaves of absences; and temporary assignments.
12	5	INVENTORY
		Weaknesses in inventory controls led to: 1) Inventory being overstated; 2) Receiving and usage information not entered into the inventory system timely and accurately; 3) Reconciliation of physical inventory to perpetual inventory records not performed; 4) Monthly physical inventory counts not performed; 5) Average unit cost of inventory not computed properly; 6) Errors in annual physical inventory counts. Surplus inventory was not handled in accordance with Department directives.
8	6	CONTRACTUAL SERVICES, COMMODITIES & OPERATION OF AUTOMOTIVE EQPT.
		Inadequate contract monitoring procedures for medical service contracts. Contracts not approved prior to the start date. Inadequate procedures regarding State vehicles.

(Continued)

(Major Findings by Topic continued)

Number of Findings		Topic
FY06	FY04	
8	0	MISCELLANEOUS DISBURSEMENT / VOUCHER PROCESSING Payments made for efficiency billings without adequate documentation to support how amounts were computed, center locally held fund disbursements did not agree to, or have supporting documentation. Center vouchers were: 1) Not approved for payment timely; 2) Not input with the correct account code; and 3) Not charged to the correct fiscal year. Center improperly paid employees for meal reimbursements.
6	5	ACCOUNTING REPORTS AND RECORDS Failure to maintain proper administrative and accounting controls over locally held funds; inadequate controls over locally held fund general ledgers; and inaccurate reporting packages submitted to General Office. Weaknesses in preparation of Industries financial statements; lack of adequate documentation when making commissary purchases; and adult transition center records not properly maintained.
5	3	PROPERTY, PLANT & EQUIPMENT Failure to adequately control fixed assets noting: 1) Additions and deletions to the property system were made in error; 2) Property system not timely updated; 3) Assets on property system not located; 4) Missing identification tags; and 5) Surplus and scrap equipment on hand. Inadequate segregation of duties over maintaining records and physical inventory of equipment; fixed asset report not accurately prepared; and center personnel unable to provide requested reports.
4	3	REVENUES AND APPROPRIATIONS Locally held fund receipts not deposited timely; cash receipts not independently verified; proceeds from the sale of assets not collected by Correctional Industries; and the Department did not pay revolving fund billings.
3	2	EDP Payroll timekeeping system is not automated; Center duties were not segregated for access to enter and approve invoices; and automated management information system not completely installed.
1	2	ACCOUNTS PAYABLE & ACCOUNTS RECEIVABLE Center information improperly recorded in accounting system resulting in misstatements to accounts payable.
102	53	TOTAL REPORT FINDINGS BY TOPIC

Rated Capacity and Actual Population

Maximum Security	FY06	FY04
Average Population	9,936	9,513
Rated Capacity	9,669	8,482

Residents Above Capacity	<u>267</u>	<u>1,031</u>
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Medium Security	FY06	FY04
Average Population	25,147	24,433
Rated Capacity	17,196	17,196

Residents Above Capacity	<u>7,951</u>	<u>7,237</u>
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Minimum Security	FY06	FY04
Average Population	8,717	8,610
Rated Capacity	5,613	5,613

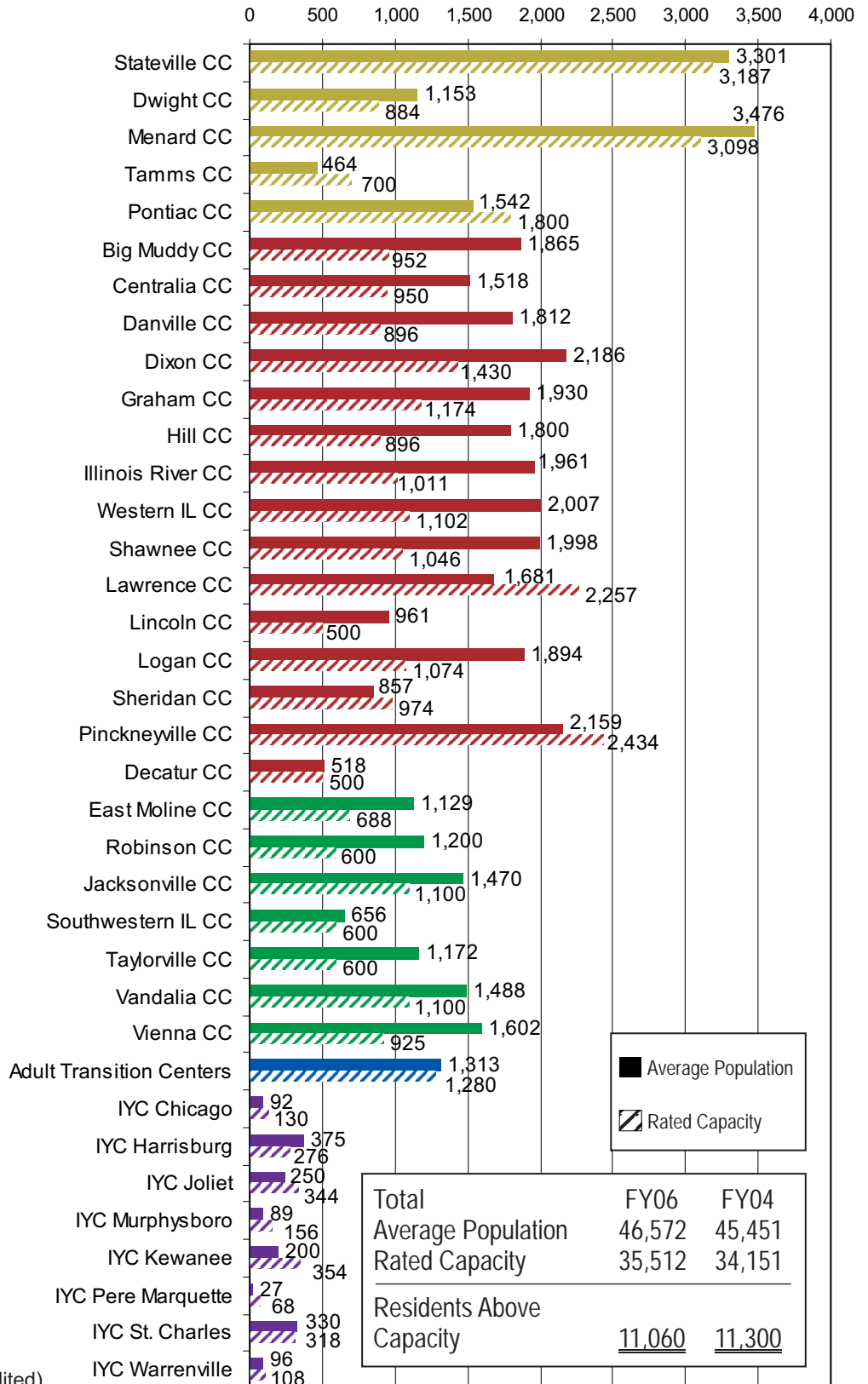
Residents Above Capacity	<u>3,104</u>	<u>2,997</u>
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Adult Transition Ctr.	FY06	FY04
Average Population	1,313	1,343
Rated Capacity	1,280	1,280

Residents Above Capacity	<u>33</u>	<u>63</u>
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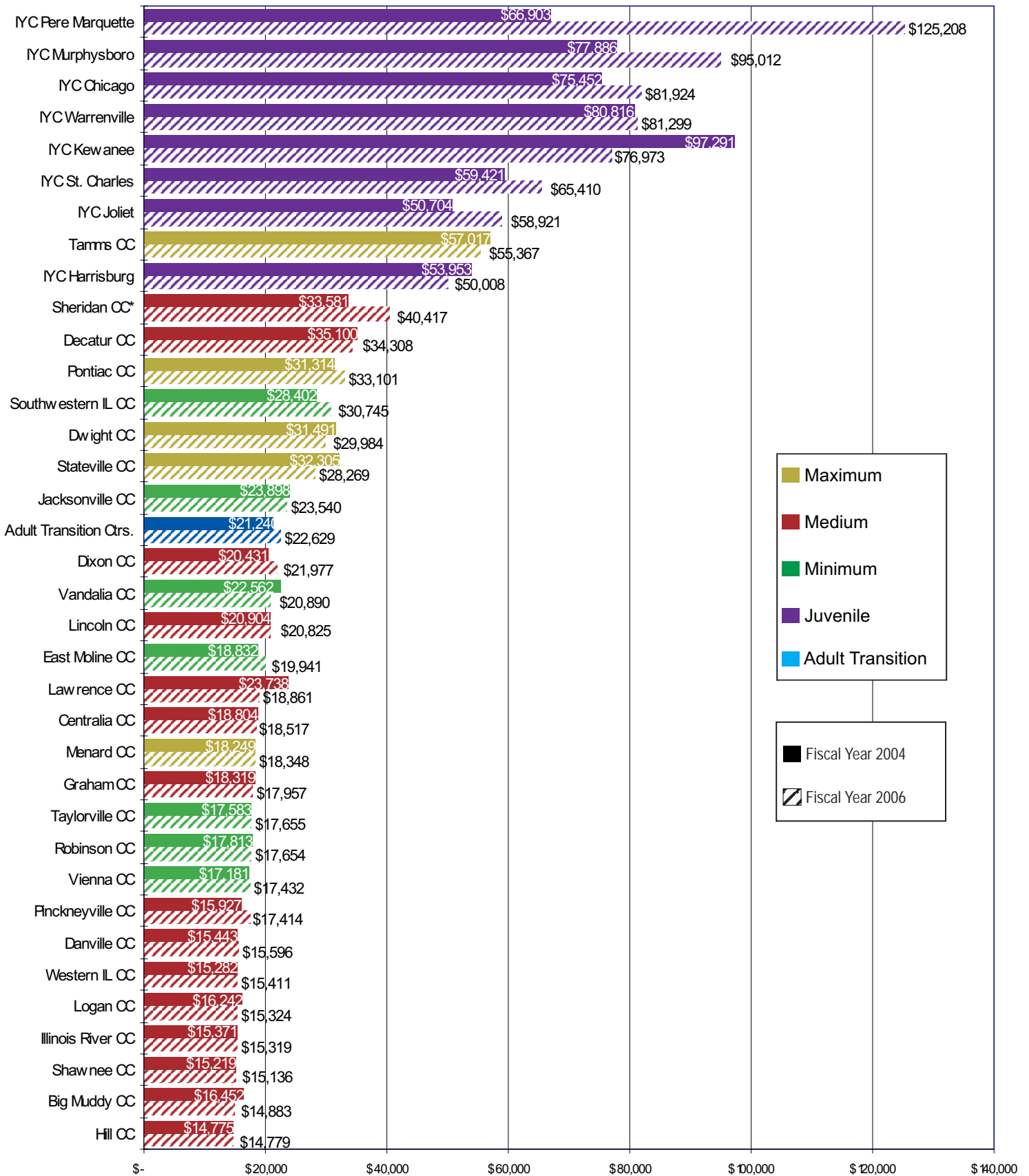
Juvenile Centers	FY06	FY04
Average Population	1,459	1,552
Rated Capacity	1,754	1,580

Residents Above Capacity	<u>-295</u>	<u>-28</u>
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Source: Illinois Dept. Of Corrections (Unaudited)

Average Yearly Cost Per Resident



* Facility closed August 2002 and subsequently reopened January 2004
 Source: Illinois Dept. Of Corrections (Unaudited)