

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

**COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)**

For the Two Years Ended June 30, 2006

AND DEPARTMENT-WIDE FINANCIAL AUDIT

For the Year Ended June 30, 2006

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

TABLE OF CONTENTS

	<u>Page(s)</u>
Agency Officials.....	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Auditors' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	9
Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12
Schedule of Findings	
Current Findings, Recommendations, and Department Responses	14
Prior Year Findings Not Repeated	52
Financial Statement Report	
Summary	55
Independent Auditors' Report.....	56
Basic Financial Statements	
Statement of Net Assets	58
Statement of Activities	59
Governmental Funds Balance Sheet	60
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	61
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	62
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	63
Proprietary Fund Balance Sheet – Working Capital Revolving Fund	64
Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Assets – Working Capital Revolving Fund.....	65
Proprietary Fund Statement of Cash Flows – Working Capital Revolving Fund	66
Statement of Fiduciary Net Assets – Agency Fund	67
Notes to Financial Statements.....	68
Combining Governmental Funds Balance Sheet Nonmajor Funds.....	83
Combining Statement of Governmental Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Funds.....	84
Statement of Changes in Assets and Liabilities – Agency Fund.....	85

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

TABLE OF CONTENTS

	<u>Page(s)</u>
Supplementary Information for State Compliance Purposes	
Summary	86
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	
Fiscal Year 2006	88
Fiscal Year 2005	90
Notes to the Schedule of Expenditures of Federal Awards.....	92
Schedule of Appropriations, Expenditures and Lapsed Balances	
Fourteen Months Ended August 31, 2006	98
Fourteen Months Ended August 31, 2005	101
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances.....	104
Schedule of Efficiency Initiative Payments.....	107
Schedule of Changes in State Property	
Fiscal Year 2006	108
Fiscal Year 2005	110
Comparative Schedule of Cash Receipts and Reconciliation of Department Receipts to Deposits Recorded by the Comptroller	
Fund 001	112
Fund 523	113
Analysis of Significant Variations in Expenditures.....	114
Analysis of Significant Variations in Receipts.....	120
Analysis of Significant Lapse Period Spending	121
Analysis of Accounts Receivable.....	123
State Housing Benefits.....	123
Publications	123
Analysis of Operation	
Department Functions and Planning Program	124
Average Number of Employees	126
Analysis of Employee Overtime (Unaudited).....	127
Annual Cost Statistics (Unaudited)	130
Notes to Annual Cost Statistics (Unaudited)	132
Annual Performance Statistics - School District #428 (Unaudited)	133
Participating Educational Institutions - School District #428 (Unaudited).....	134
Emergency Purchases	136
Memorandum of Understanding (Unaudited)	138
IYC - Rushville and Thomson.....	139
Hurricane Katrina and Rita Cost Reporting (Unaudited)	140
Service Efforts and Accomplishments (Unaudited)	141

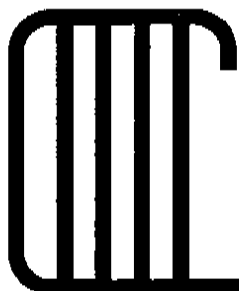
STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

AGENCY OFFICIALS

Director	Roger E. Walker
Assistant Director	Deanne Benos
Executive Assistant to the Director	Sergio Molina
Deputy Director of Finance and Administration	Tony Small
Deputy Director of Parole	Jesse Montgomery
Deputy Director of Programs and Support Services	Roberta Fewes
Deputy Director of Women and Family Services	Debbie Denning
Chief of Administration	Bill Edley
Chief of Community Outreach	Dennis Cooper
Chief of Investigations and Intelligence (12/29/99 through 12/29/05)	Mary Hodge
Chief of Investigations and Intelligence (12/30/05 to present)	Joseph Burke
Chief Legal Counsel (12/10/03 to 3/15/05)	Diann Marsalek
Chief Legal Counsel (3/16/05 to present)	Edward Huntley
Chief of Intergovernmental Relations	Jessica Pickens
Chief of Labor Relations	Rick Bard
Chief of Operations	Salvador Godinez
Deputy Director of District 1 (11/29/04 to 12/29/05)	Joseph Burke
Deputy Director of District 1 (6/1/06 to present)	Guy Pierce
Deputy Director of District 2	Barbara Hurt
Deputy Director of District 3	Rick Orr
Deputy Director of District 4	Ronald Meek
Deputy Director of District 5(11/1/97 to 7/15/05)	Randy Grounds
Deputy Director of District 5 (7/16/05 to present)	Jason Garnet

Agency General Office is located at:

1301 Concordia Court
P.O Box 19277
Springfield, IL 62794-9277



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E. Walker Jr.
Director

1301 Concordia Court / P.O. Box 19277 / Springfield IL 62794-9277 / Telephone: (217) 522-2666 / TDD: (800) 526-0844

MANAGEMENT ASSERTION LETTER

February 26, 2007

Crowe Chizek and Company LLC
Certified Public Accountants
3201 West White Oaks Drive, Suite 202
Springfield, IL 62704

Ladies and Gentlemen:

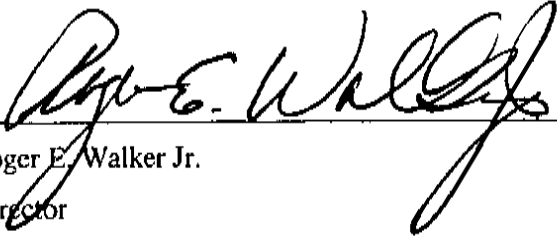
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Corrections (Department). We are responsible for and we have established and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

- A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

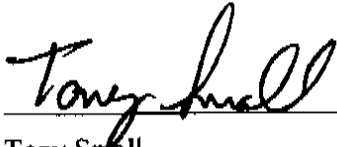
Yours very truly,

State of Illinois, Department of Corrections

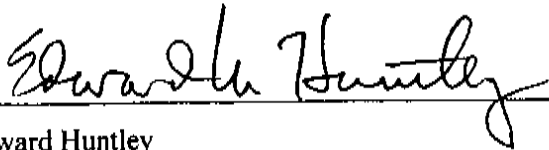
MANAGEMENT ASSERTION LETTER - CONTINUED



Roger E. Walker Jr.
Director



Tony Small
Deputy Director Finance and Administration



Edward Huntley
Chief Legal Counsel

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE REPORT
SUMMARY

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

Effective June 1, 2006, Public Act 94-0696 established the Department of Juvenile Justice. This Act transferred certain rights, powers, duties, and functions that were exercised by the Juvenile Division of the Department of Corrections. Effective July 1, 2006 the Department of Corrections' school district was transferred to the Department of Juvenile Justice. For the ease of reporting and accounting, information related to the Department of Juvenile Justice is included within this report.

Auditors' Reports

The Independent Accountants' Reports on State Compliance, on Internal Controls Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	21	21
Repeated Findings	10	8
Prior Recommendations Implemented or Not Repeated	11	9

Details of findings are presented in a separately tabbed report section. The findings in this report are a result of our compliance testing performed at the General Office (including School District #428 and Field Services). This report does not include findings developed by the special assistant auditors performing examinations of the individual adult and youth institutions, and Correctional Industries. Any findings developed by those special assistant auditors are reported in their separate reports. Any findings regarding procedural or administrative matters relating to all or multiple institutions of the Department of Corrections are included in this report.

SUMMARY OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
Findings (State Compliance)		
06-01	14	Inadequate Procedures Regarding State Vehicles

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE REPORT
SUMMARY

Item No.	Page	Description
Findings (State Compliance) (Continued)		
06-02	18	Adult Transition Centers Records Not Properly Maintained
06-03	22	Inadequate Documentation of Employee Training and No Designated Training Coordinators
06-04	24	Payroll Timekeeping System Not Automated
06-05	25	Current Employee Performance Evaluations Not Documented
06-06	26	Efficiency Initiative Payments
06-07	28	Subcommittee on Women Offenders to the Adult Advisory Board not Created
06-08	29	Lack of Required Admission Documents
06-09	31	Failure to Provide Requested Documentation Timely
06-10	32	Written Notice of Correspondence Restrictions Not Provided
06-11	33	Failure to Prepare and Submit Required Reports to the Governor and/or the General Assembly as Required by State Statute
06-12	35	Failure to Timely Prepare and Submit Required Reports to Mandated Entities
06-13	36	Failure to Properly Document and/or Send Required Notification to Public Housing Agencies
06-14	37	Inmate Commissary Goods Marked Up More Than Allowed by Statute
06-15	39	Time Sheets Not Submitted in Compliance With the State Officials and Employees Ethics Act

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE REPORT
SUMMARY

Item No.	Page	Description
Findings (State Compliance) (Continued)		
06-16	41	Non-Compliance With Applicable Portions of the Arsonist Registration Act
06-17	43	Department Transferred Money from Appropriations and Did Not Pay Revolving Fund Billings
06-18	45	Untimely Submission of the Statements of Economic Interest
06-19	47	Untimely Signing and Executions of Written Contract Agreements
06-20	48	Standardized Procedures for Separated Employees Not Being Followed
06-21	50	Noncompliance With the Illinois Procurement Code
Prior Findings Not Repeated (State Compliance)		
06-22	52	Failure to Implement Policy to Report State Housing Benefits as Income to Employees as Required by Internal Revenue Regulations and State Statute
06-23	52	Department Appropriation Used to Pay Expenditures of Other State Agency
06-24	52	No Representative on Interagency Review Committee as Required by State Statute
06-25	52	Failure to Timely Address Mental Health Services Standards as Required by State Statute
06-26	53	Failure to Fill Mandated Positions
06-27	53	Procedures Regarding Post Release Treatment Programs for Juvenile Offenders Not Followed
06-28	53	The Department Failed to Notify the Applicable County State's Attorney within 14 days of the Settlement, Verdict or Judgment

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE REPORT
SUMMARY

Item No.	Page	Description
Prior Findings Not Repeated (State Compliance) (Continued)		
06-29	53	Failure to Provide Notification of Release of Any Person from the Department's Juvenile Division
06-30	54	Department Could Not Provide Documentation of all Individuals Who Were Consensually and Non-consensually Transferred to the Department of Human Services
06-31	54	Failure to Provide Required Notification of the Placement of Persons into Adult Transition Centers
06-32	54	Commissary Operations Not in Compliance with the Unified Code of Corrections

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE REPORT
EXIT CONFERENCE

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

Department of Corrections

Tony Small	Deputy Director of Finance and Administration
Mary Ann Bohlen	Accounting Manager
Bryan Gleckler	Executive Assistant

Office of the Auditor General

Paul Usherwood	Audit Manager
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Crowe Chizek and Company LLC - Special Assistant Auditors

John Weber	Executive
Christine Torres	Senior Manager
Justina Scott	Supervisor

Responses to the recommendations were provided by the Department via e-mail on June 4, 2007.



Crowe Chizek and Company LLC
Member Horwath International

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 have examined the Illinois Department of Correction's (the Department's) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the years ended June 30, 2005 and 2006. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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 Department'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 Department's compliance with specified requirements.

In our opinion, the Department complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2005 and 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 06-01 through 06-03, 06-05 through 06-18 and 06-20 through 06-21.

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 Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Department'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 06-02, 06-04, 06-06 and 06-19.

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

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of the Department of Corrections of the State of Illinois and have issued our report thereon dated February 26, 2007. 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 and is not a required part of the basic financial statements of the Department of Corrections of the State of Illinois. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is stated fairly, in all material respects, in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department of Corrections of the State of Illinois's basic financial statements for the year ended June 30, 2004. In our report dated December 14, 2004, we expressed a qualified opinion on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. In our opinion, the 2004 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole.

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


Crowe Chizek and Company LLC

Oak Brook, Illinois
February 26, 2007



Crowe Chizek and Company LLC
Member Horwath International

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland
Auditor General, State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the Illinois Department of Corrections (the "Department") as of and for the year ended June 30, 2006, and have issued our report thereon dated February 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the Schedule of Findings. We also noted certain immaterial instances of internal control deficiencies, which were reported to the Department's management in a separate letter dated February 26, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the Schedule of Findings. We also noted certain other matters which have been reported to the Department's management in a separate letter dated February 26, 2007.

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


Crowe Chizek and Company LLC

Oak Brook, Illinois
February 26, 2007

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-01 (Inadequate Procedures Regarding State Vehicles)

The Department had several weaknesses regarding the reporting of vehicle accidents, vehicle maintenance records, reporting the value of the “personal use” of State vehicles and annual certifications of license and vehicle liability coverage.

We noted that accidents involving State vehicles were not reported in a timely manner, and Department employees were not ensuring that vehicles personally assigned to them were adequately maintained. In addition, the Department did not maintain adequate controls over the reporting of the value of the “personal use” of a State Vehicle as a fringe benefit. As a result, taxable fringe benefits related to the personnel use of State vehicles may not be properly recorded. Finally, the annual certification of license and vehicle liability coverage was not completed timely. Specific problems noted were as follows:

- During our review of 25 reported accidents involving State owned vehicles, we noted 14 (56%) instances in which accidents had not been reported to the Department of Central Management Services (DCMS) on a timely basis. We noted reports were submitted from 1 to 49 days late. An analysis of this issue from the last four audits is summarized in the following table:

<u>Two Years Ending</u>	<u># of Exceptions</u>	<u>Sample Size</u>	<u>% Exceptions</u>	<u>Range of Days Late</u>
June 30, 2000	9	25	36%	10 to 49
June 30, 2002	11	25	44%	1 to 63
June 30, 2004	13	25	52%	2 to 279
June 30, 2006	14	25	56%	1 to 49

The Department’s Administrative Directive 02.75.149 states, “Accidents involving any vehicle operated in the conduct of state business SHALL be promptly reported regardless of the dollar amount.” It further states that the Vehicle Accident Coordinator shall submit appropriate reports to DCMS within seven days following the accident. When accident reports are not submitted in a timely manner, facts of the accident may become unclear and it is more difficult to follow up on any possible liability to the Department or the State of Illinois.

- During fiscal year 2006, we examined maintenance records for 25 vehicles and noted that for 21 (84%) we were unable to determine that proper maintenance records were maintained. Supporting documents that contained the mileage associated with each oil change could not be provided. An analysis of this issue for the last four audits is summarized in the following table:

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-01 (Inadequate Procedures Regarding State Vehicles) (Continued)

<u>Two Years Ending</u>	<u># of Exceptions</u>	<u>Sample Size</u>	<u>% Exceptions</u>	<u>Range of Miles Oil Change Past Due</u>
June 30, 2000	5	25	20%	793 to 8,160
June 30, 2002	11	25	44%	615 to 28,783
June 30, 2004	5	25	20%	1,227 to 7,514
June 30, 2006	21	25	84%	unavailable

The Department's Administrative Directive 01.02.106 (Maintenance and Use of Vehicles) states "personally assigned vehicles...shall be maintained in full accordance with the manufacturer's recommendations contained in the owner's manual. The person to whom the vehicle is assigned shall ensure compliance." Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles.

- The Department has adopted the U.S. Department of the Treasury Rule and developed Form DC 352, Determination of Value of Personal Use of State Vehicle, to report the value of "personal use" of a State vehicle as a fringe benefit. During our testing of employees who were allowed the "personal use" of a State vehicle, we noted for 14 out of 18 (77%) employees tested, the Form DC 352 was not on file with the Department for the correct calendar year. We also noted exceptions in our testing of the Department's Form DC 352 filing in the audits for the two years ending June 30, 2000 and 2004.

Under the Treasury Rule, the Department determines the value of a vehicle that the Department provides to an employee for commuting use by multiplying each one-way commute by \$1.50. The Department requires all employees who are subject to vehicle usage income to complete Form DC 352. Form DC 352 is to be completed by the required employees at the start of the calendar year, and indicates this is an estimate of vehicle personal use income for the coming year. This information is entered into the payroll system so that taxes can be withheld each pay period during the year rather than a one-time lump sum withholding in December.

- During our testing, it was noted that 4 of 50 (8%) employees chosen for testing did not file their required annual certifications of license and vehicle liability coverage by the July 31st deadline. The certifications were from 11 to 39 days late. In addition, the Department could not provide copies or support that 3 of 50 (6%) employees had filed the required annual certification of license and vehicle liability coverage.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-01 (Inadequate Procedures Regarding State Vehicles) (Continued)

According to the Illinois Vehicle Code (625 ILCS 5/7-601) every employee of a State agency who is assigned a specific State-owned vehicle on an ongoing basis must provide a certification annually to the director or chief executive officer stating they are duly licensed to drive the assigned vehicle and that the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business. Failure to obtain updated certification of license and vehicle liability coverage is a violation of a State statute and may result in uninsured, underinsured and/or unlicensed drivers operating State vehicles while performing State business.

Department personnel stated all employees who travel are required to follow the Administrative Directive regarding vehicle accidents. Employees are encouraged to submit vehicle accident reports in a timely manner. The maintenance of personally assigned State vehicles is the responsibility of the employee to whom the vehicle is assigned. Department personnel further stated the oil changes are being performed; however the paperwork is not reaching the responsible input operator. Department personnel also stated the issues relating to reporting the "personal use" of State vehicles and late or missing certifications were due to human error and oversight. The reasons as given by Department management for the exceptions are exactly the same as were provided in the audit for the two years ending June 30, 2004. (Finding Code Number 06-01, 04-03, 02-04, 00-03)

RECOMMENDATION

We recommend the Department:

- Send a formal notice to those employees whose jobs involve travel to remind them of the requirement and importance of filing accident reports in a timely manner. The Department should consider disciplinary action for those employees who do not file reports in a timely manner.
 - Monitor the submission of accident reports to ensure the requirements are being met as required by the Department's Administrative Directive.
 - Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.
 - Establish controls to ensure compliance with the Treasury Rule.
 - Establish a procedure to receive the DC 352 Form from each employee allowed the "personal use" of a State vehicle to ensure proper records for the reporting of fringe benefits.
 - Review procedures over timely filing of the required annual certification of license and liability insurance.
-

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-01 (Inadequate Procedures Regarding State Vehicles) (Continued)

DEPARTMENT RESPONSE

Recommendation Accepted. The Department continues to work to achieve the highest level of internal controls regarding assets and vehicles. During the coming period, the Department will:

- Issue a memorandum from the Director mandating employee compliance with Department Administrative Directives on all vehicle procedures, specifically:
 - Timely reporting of accidents
 - Following prescribed maintenance guidelines for personally assigned vehicles
 - Timely submission of licensure, insurance and tax forms for personally assigned vehicles
- Insure that a dedicated staff person is assigned to monitor compliance with Department's Administrative Directives governing use of state vehicles.
- Report all non compliance issues to the Director.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-02 (Adult Transition Centers Records Not Properly Maintained)

The Department did not properly maintain records at the Adult Transition Centers (Centers).

Testing of the eight Adult Transition Centers for the two years ended June 30, 2006, produced the following exceptions:

- At 6 of the 8 Centers, year-end cash balances were misstated due to outstanding checks not being removed from the listing in a timely manner. If a check is outstanding for a period greater than three months, Department Administrative Directive 02.40.104 requires issuance of a stop payment order unless the bank charge is equal to or greater than 50 percent of the check amount. Otherwise, these checks shall remain open until the account reaches a dormant status (outstanding over 14 months). When considered dormant, expenses shall be reversed, the checking account balance shall be increased, and a check shall be written to transfer the funds to the General Revenue Fund.
- At 2 of the 8 Centers, we noted deficiencies related to disbursements from the Residents' Trust Fund. Four checks were signed by only one authorized signatory for disbursements from the Residents' Trust Fund, instead of the two signatories required by the Department's Administrative Directive 02.40.102.
- At 1 of the 8 Centers, we noted internal control deficiencies related to the Residents' Trust Fund. Department employees were not able to provide deposit slips, cancelled checks or bank statements for the months of June 2005 through January 2006. In addition, the request for payment form was not completed for 7 of the 20 disbursements reviewed. As part of an entities internal control process documents should be adequately maintained and available to support transactions processed by the entity. According to Department Administrative Directive 02.42.105 the request for payment form, DC 828, shall be completed by the inmate for all disbursements.
- At 2 of the 8 Centers, documents related to resident loans were not accurate and properly supported. At one Center the total outstanding loans as of June 30, 2006, on the residents' file amounted to \$950. However, per the General Ledger, loans receivable amounted to \$915. It appears that loan files were not properly maintained and supported. At another Center, there was one resident who had an outstanding loan for fiscal year 2006 but no loan agreement was maintained. Administrative Directive 02.42.116 requires that upon securing a loan from the Department, the inmate shall be required to sign a loan agreement, which stipulates the terms for loan repayment. In addition, the loan agreement file shall be placed in the resident's file until the loan is repaid.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

**FINDING 06-02 (Adult Transition Centers Records Not Properly Maintained)
(Continued)**

- At 3 of the 8 Centers, we noted multiple exceptions in which there is inadequate control over property and equipment records. For one of these Centers, 2 of the 5 items listed in the Property Control System (PCS) could not be physically located. The value of the equipment was \$150. Department Administrative Directive 02.70.101 requires the Department employee responsible for property control shall safeguard all property at their designated location. At one Center, 1 of 5 items had two tag numbers attached to the equipment. At two Centers, 12 of the 20 items physically tested had no tag number attached to the equipment. Department Administrative Directive 02.70.105 requires that tag numbers be affixed to the equipment as they are assigned. In addition, at these Centers, discrepancies were noted regarding location in 4 of the 10 items tested. Two items were not in the location that was listed on the Property Control System (PCS) report and the other 2 items did not have an asset location included on the PCS report. At another Center the PCS report was not available at year-end.

- At 1 of the 8 Centers, all required documents were not included within the resident's files. Six of 20 files did not contain the maintenance agreement. Department Administrative Directive 02.42.115 requires each resident to sign a Maintenance Agreement, form DCA 781, upon admission. Six of 20 files did not contain the trust signature authorization card. Department Administrative Directive 02.42.110 requires that upon admission each resident is to sign a Trust Fund Signature and Authorization card, form DOC 0006. Also, 2 of 20 files did not have the aid notification form from the Department of Healthcare and Family Services. Department Administrative Directive 04.23.110C, specifies written notification from the Department of Healthcare and Family Services (Public Aid) of the monthly amount due from the resident shall be placed in the resident's financial folder. Finally, 5 of 20 files did not contain the termination statement.

We reported similar weaknesses at the Centers in the previous seven audits. An analysis summarizing the weaknesses identified in the past four audits is noted in the following table:

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

**FINDING 06-02 (Adult Transition Centers Records Not Properly Maintained)
(Continued)**

Description of Weaknesses	Two Years Ending June 30,			
	2006	2004	2002	2000
Year end cash balances misstated	X	X	X	X
Deficiencies in Trust & Resident's funds disbursements	X	X	X	X
Errors in calculating resident maintenance fees		X	X	
Receipts not deposited timely		X	X	X
Financial transaction not posted timely		X	X	
Weaknesses in Centers internal controls	X	X	X	
Dormant resident accounts not processed timely		X		
Resident loan files not accurate	X	X		
Inadequate controls of property and equipment	X	X		
Financial reporting package inaccuracies			X	X
Resident financial files missing required documents	X		X	X
Deficiencies in personal property listings			X	X
Due to / from accounts not agreeing				X

The result of the exceptions noted led to inaccurate financial and resident information being maintained at the Centers, as well as not safeguarding Department assets as a result of inadequate internal controls.

Department personnel stated that the on-going issues are the result of human errors. The reason given by Department management for the exceptions is the same as was provided in the audit for the two years ending June 30, 2004 (Finding Code Number 06-02, 04-04, 02-05, 00-05, 99-11, 98-08, 96-04, 94-05)

RECOMMENDATION

We recommend the Department improve accounting procedures and controls at the Centers. Specifically, the Department should ensure:

- Center accountants prepare year-end reconciliations using correct year-end balances, and that accurate cash balances are reported to the General Office.
- Disbursements are properly processed and authorized, and Center personnel retain all supporting documentation.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

**FINDING 06-02 (Adult Transition Centers Records Not Properly Maintained)
(Continued)**

RECOMMENDATION (Continued)

- All required documentation is maintained, including deposit slips, bank statements and required supporting documentation.
- Loans to residents are properly documented and accurate.
- Property and equipment records are properly recorded and maintained.
- All required forms are included within the resident's file.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department has made significant improvements in the maintenance in the records of the transitional centers during the past years. Increased utilization of the automated accounting systems will address several of the exceptions noted. All centers have been reminded of the importance of timely and accurate record maintenance and there will be zero toleration of failures to comply.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-03 (Inadequate Documentation of Employee Training and No Designated Training Coordinators)

The Department is not properly documenting that all employees complete their minimum required number of training hours. In addition, no Training Coordinators were designated.

During our review of Department training records for the two years ending June 30, 2006 the Department was unable to document that 30 of the 30 employees tested (100%) had met the minimum training hour requirement. Fifteen employees were from the General Office, five were from the School District and ten were from Field Services. There were no designated Training Coordinators for the General Office, School District or Field Services. We reported the same issue of not being able to document the minimum training hour requirements to the Department in the previous three audits. A summary of the results for the last four audits is noted in the following table:

<u>Two Years Ending</u>	<u># of Exceptions</u>	<u>Sample Size</u>	<u>% Exceptions</u>
June 30, 2000	8	25	32%
June 30, 2002	19	29	65%
June 30, 2004	14	35	40%
June 30, 2006	30	30	100%

According to the Department's Administrative Directive 03.03.102, Clerical and Support staff (primarily those who have little or no inmate contact) are required to complete a minimum of 16 hours of training each year after their first year on the job. All other employees are required to complete a minimum of 40 hours each year. To ensure all employees receive training, the Directive further instructs that Training Coordinators shall be designated. The Training Coordinator shall maintain an "Employee Training Record," (Form DOC 0220) or a computer printout with the same information, for each employee that has been assigned to him or her. Since the Department failed to maintain the required documentation, we were unable to determine if employees met the minimum training requirements.

Employees who have not received the minimum training may not be receiving important information and background preparation for their specific job duties. Training is crucial to Department employees, especially in the case of individuals who have direct contact with inmates. In addition, the lack of designated Training Coordinators precludes the Department from ensuring that all employees receive the required training.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-03 (Inadequate Documentation of Employee Training and No Designated Training Coordinators) (Continued)

Department personnel indicated that the lack of training documents was a result of untimely review and monitoring. The reason given by Department management for the exceptions is the same as was provided in the audits for the two years ending June 30, 2004, 2002 and 2000. (Finding Code Number 06-03, 04-06, 02-07, 00-07)

RECOMMENDATION

We recommend the Department allocate sufficient resources to comply with Administrative Directive 03.03.102 to document and ensure employees receive the required training to enable them to perform their specific job duties.

DEPARTMENT RESPONSE

Recommendation Implemented. The Department of Corrections has named a training coordinator for the General Office and related complex. The coordinator will be responsible to ensure the proper tracking of training received and work with the supervisors to ensure training records are maintained.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-04 (Payroll Timekeeping System Not Automated)

The Department-wide payroll timekeeping system was not automated.

During the engagement period the Department implemented additional functions of the payroll system they use to further automate the processing. This updated processing, however, did not include all employees. We noted each correctional center still maintained a manual timekeeping system for several hundred employees. Correctional center employees sign in and out, and sign-in sheets are sent to the timekeeping clerk. Other information, including notification of absence and call-in reports, are also forwarded to the timekeepers. No automation is involved except for the processing of payroll warrants.

Prudent business practices suggest that controls available through automated timekeeping systems can provide greater efficiency and reduce the potential for costly errors or employee abuse.

Department officials indicated there were insufficient funds available to develop a statewide system to replace the outdated manual system used for approximately 13,500 employees. The Department, as a part of the Shared Services initiative, is participating in the design sessions for an integrated financial system, which will include timekeeping and payroll applications.

The lack of an automated timekeeping system increases the risk of errors and reduces the control efficiencies for accurately tracking time. (Finding Code Number 06-04, 04-07, 02-08, 00-09, 99-17, 98-17)

RECOMMENDATION

We recommend the Department implement an automated timekeeping system.

DEPARTMENT RESPONSE

Recommendation Accepted. As part of the Shared Services Program statewide effort to improve processes, the Department is scheduled to be one of the pilot agencies for the implementation of an automated timekeeping solution.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-05 (Current Employee Performance Evaluations Not Documented)

The Department did not conduct performance evaluations in a timely manner.

During our testing of a sample of 50 employee performance evaluations, 10 (20%) were not performed on a timely basis. The performance evaluations were 3 months to 2 years late in being performed.

Personnel Rules issued by the Department of Central Management Services (80 Ill. Admin. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less often than annually. In addition, according to the Department's Administrative Directive 03.03.110, each employee shall have a list of measurable objectives for a specific work period and shall receive a documented evaluation of his or her job performance at least annually. Supervisory staff shall conduct a formal job performance evaluation on each employee prior to completion of any probationary period and annually thereafter. The results of the evaluation must be submitted at least 15 days prior to the employee's anniversary date or the last day of the probationary period.

According to Department officials, supervisors and managers are aware of the Directive. However, the late evaluations could be due to a number of factors, including current staffing constraints and lack of follow up.

Documented employee performance evaluations provide a basis for promotion, demotion, discharge, layoff, recall, or reinstatement. (Finding Code Number 06-05)

RECOMMENDATION

We recommend the Department follow the Personnel Rules and their own Administrative Directive and hold management accountable for completing employee performance evaluations on a timely basis.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will make every effort to ensure evaluations are completed in a timely manner. Pre-notifications and deadline reminders will be sent to managers and supervisors to ensure evaluations are completed.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-06 (Efficiency Initiative Payments)

The Department made payments for efficiency initiative billings without adequate documentation to support how the amounts were calculated or determined.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. "State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur." (30 ILCS 105/6p-5)

During fiscal year 2005, the Department received two billings totaling \$4,733,445 from CMS for savings from efficiency initiatives. The initiatives and amounts billed to the Department were:

Billing Date	Initiative	Billed Amount
1/24/05	Procurement Efficiency	\$ 2,326,782
5/02/05	Information Technology	2,406,663
Total:		\$ 4,733,445

The Department received documentation with the billings from CMS detailing from which line item appropriations savings were anticipated to occur. However, the Department did not obtain or request additional supporting documentation on how the amounts were calculated or determined.

The table below provides a summary of the specific fund and line item the Department used to make payments for the efficiency initiative. Additionally, the table illustrates which efficiency initiative was paid from the line item appropriation.

Fund	Line Item Appropriation	Amount Paid	Total Appropriation for Line Item	Efficiency Initiative
001	Contractual Services expd.	\$ 1,991,700	\$ 6,010,764	Information Technology
001	Contractual Services expd.	1,213,300	6,010,764	Procurement
001	Travel expd.	20,000	273,110	Procurement
001	Commodities expd.	913,500	157,497	Procurement
001	Equipment expd.	155,000	38,389	Procurement
001	Telecommunication expd.	415,000	2,800,745	Information Technology
001	Operation of Auto expd.	25,000	259,500	Procurement

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-06 (Efficiency Initiative Payments) (Continued)

Before payment occurs, the Department should review all supporting documentation and request additional supporting documentation to determine the computation of the efficiency billing methodology appears proper and is for the appropriate purposes. Efficiency initiatives billings did not occur in fiscal year 2006. (Finding Code Number 06-06, 04-01)

RECOMMENDATION

We recommend that prior to paying efficiency billings the Department seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Department's budget.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will work with CMS on future initiative billings to determine appropriate expenditure information and benefits to be derived from the payments.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-07 (Subcommittee on Women Offenders to the Adult Advisory Board not Created)

The Department did not establish a subcommittee on Women Offenders to the Adult Advisory Board.

The subcommittee is to advise the Adult Advisory Board and the Director on all policy matters and programs of the Department with regard to the custody, care, study, discipline, training and treatment of women in the State correctional institutions and for the care and supervision of women released on parole.

The Unified Code of Corrections (730 ILCS 5/3-2-6) requires a subcommittee on Women Offenders to the Adult Advisory Board be created. The Subcommittee shall be composed of 3 members of the Advisory Board appointed by the Chairman who shall designate one member as the chairman of the Subcommittee. The Subcommittee shall meet no less often than quarterly and at other times at the call of its chairman.

Department officials stated that the subcommittee has not yet been formed as a result of oversight.

Failure to establish the required subcommittee is non-compliance with a required State statute. (Finding Code Number 06-07)

RECOMMENDATION

We recommend the Department establish the subcommittee on Women Offenders and hold the required quarterly meetings.

DEPARTMENT RESPONSE

Recommendation partially Implemented. The Adult Advisory Board has met to make recommendations on members to sit on the Women offenders subcommittee. The recommendations were reviewed by the Chairperson and the potential members notified. The Board is waiting for responses from the potential members.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-08 (Lack of Required Admission Documents)

The Department did not receive all the required admission documents or specify why they were not received upon a person's incarceration as specified by the Uniform Code of Corrections.

In testing two of the Department's four receiving stations we found they did not receive all the required admission information. We noted the following exceptions:

- At one receiving station we noted: 1) Information was not always received from the counties to document the offender's sentence or time served with the county. 2) It was also noted that very few counties actually provided a jail credit sheet or details of the inmate's behavior while in custody at the county. 3) We also found documents verifying the identity of the person being incarcerated were not always received as required.
- We noted inmates transferred from Cook County did not have any of the required information.

The Unified Code of Corrections, 730 ILCS 5/3-8-1 and 20 Ill. Adm. Code 107.20 list several documents required at the time custody is transferred. These documents include a record of the person's time, behavior and conduct, and verification of the identity of the person. If these items were not received, a statement of the reason why they cannot be delivered should be documented.

Department officials stated the information received during the transfer is dependent on what the County transferring the person provides.

Failure to receive or document the the lack of receipt of the required information is non-compliance with a required State statute and the Illinois Administrative Code. In addition, it also hinders the Department's efficiency in processing the new admissions by not having all the required documents. (Finding Code Number 06-08)

RECOMMENDATION

We recommend the Department obtain all required admission documents before acceptance of the person. If the documents are not available, a written statement should be prepared indicating why the required documents were not received.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-08 (Lack of Required Admission Documents) (Continued)

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will implement a procedure to record any documents not received and the reason why if known.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-09 (Failure to Provide Requested Documentation Timely)

The Department did not provide requested documentation to the auditors timely. Thus, we were unable to complete the compliance testing of a State statute that requires the Department to perform specific duties or responsibilities.

As part of our testing of the Department we selected 39 State statutes that require the Department to perform specific duties and responsibilities. We were unable to complete the testing of one State statute because the Department failed to timely provide documentation to perform the testing. Information was first requested from the Department to test the statute on May 30, 2006. Six subsequent requests were also made for the information to complete the testing. The State statute that could not be tested was:

- 730 ILCS 5/3-8-2 – Provides for social evaluation, physical evaluation and HIV testing upon admission. Information on the Department's administrative directives were provided on May 31, 2007. Our fieldwork end date was February 26, 2007. We will follow-up on statutory compliance in our next engagement of the Department.

State agencies are required by State law to perform specific duties and responsibilities. Testing of the State statutes provides feedback to the State Legislature regarding an agency's compliance with statutory requirements.

Department management indicated they were unable to provide the requested information timely because of timing constraints and oversights.

Without being provided support for compliance testing the above State statute timely, we were unable to determine if the Department was performing all their required duties and responsibilities. (Finding Code Number 06-09)

RECOMMENDATION

We recommend the Department timely provide information requested to test compliance with State statutes.

DEPARTMENT RESPONSE

Recommendation Implemented. The Department will comply timely and accurately with all requests and be vigilant in the follow up to determine the auditor's questions and needs are met in regards to mandate testing.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-10 (Written Notice of Correspondence Restrictions Not Provided)

The Department did not provide all inmates with written notice of outgoing mail restrictions or prohibitions.

We selected 3 centers to test if the Department was providing notices to inmates informing them they were no longer to contact a victim or member of the victim's family by mail. Through our testing we noted 2 of the 3 centers were not providing written notices to the inmates prohibiting correspondence with a victim or members of a victim's family.

According to 730 ILCS 5/3-8-7.5, "The Department shall notify the inmate that the victim or members of the victim's family have provided notice to the Department that the persons do not wish correspondence from that inmate during the incarceration." In addition, 20 Ill. Admin. Code 525.130(j) states "If an offender is prohibited from sending a letter or portions thereof, the offender shall be informed in writing of the decision."

Department officials indicated they had informed the inmates verbally of the restriction or prohibition and believed the verbal notification was sufficient.

Failure to provide written notification to an inmate of restrictions on their correspondence with a victim or a member of a victim's family is non-compliance with a required State statute and the Illinois Administrative Code. (Finding Code Number 06-10)

RECOMMENDATION

We recommend the Department provide written notice of all correspondence restrictions or prohibitions to inmates. In addition, a copy of this written notice should be kept in an inmate's file.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will issue a reminder memo to all wardens regarding the requirement to provide written notice of correspondence restrictions to the inmates and to file one copy in the inmate's master file.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-11 (Failure to Prepare and Submit Required Reports to the Governor and/or the General Assembly as Required by State Statute)

The Department either did not submit or did not submit timely certain required reports to the Governor and/or the General Assembly. All of the reports noted as either not being filed or not being filed timely were also identified as exceptions in our report for the two years ended June 30, 2004. We identified the following exceptions:

- The Illinois Welfare and Rehabilitation Services Planning Act (20 ILCS 10/3) requires that on or before the first Friday in April of each odd-numbered year, selected agencies, including the Department of Corrections, shall prepare a comprehensive plan and submit it to the General Assembly. The human services plan was not submitted during the audit period.
- Pupillometer technology is the measurement of the pupils reaction to light as an alternative to urine testing for purposes of drug screening committed persons who have alcohol and drug problems. The Unified Code of Corrections (730 ILCS 5/3-2-2(b-1)) states the Department must report on the effectiveness of the pilot program for pupillometer technology by January 1, 2003 to the General Assembly. The pupillometer report was submitted in February 2005.
- The requirements of the Unified Code of Corrections (730 ILCS 5/3-5-3(a) & (b)) are addressed in the Department's Annual Report. 730 ILCS 5/3-5-3(a) requires the Director to submit a report concerning the state and condition of all persons committed to the Department, its institutions, facilities and programs, of all money expended and received, and on what accounts expended and received. 730 ILCS 5/3-5-3(b) requires the Director to submit a report to the Governor and State Legislature on any inadequacies in the institutions, facilities or programs of the Department and also such amendments to the laws of the State which in the Director's judgment are necessary in order to best advance the purposes of the Unified Code of Corrections. This report is to be submitted on an annual basis to the Governor and State Legislature. The annual report will be submitted during June/July 2007 for fiscal years 2004 through 2007.
- The Unified Code of Corrections (730 ILCS 5/3-5-3(d)) requires the Department to submit to the Governor and the General Assembly a 5-year long-range planning document for adult female offenders under the Department's supervision. The document shall detail how the Department plans to meet the housing, educational/training, Correctional Industries and programming needs of the escalating adult female offender population by January 1 every two years after January 1, 1991 to the Governor and General Assembly. The 5-year Female Plan was not submitted during the audit period.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-11 (Failure to Prepare and Submit Required Reports to the Governor and/or the General Assembly as Required by State Statute) (Continued)

- The Unified Code of Corrections (730 ILCS 5/3-6-3a (4)) requires the Department to submit to the Governor and General Assembly a report on the results of evaluations on educational, vocational, substance abuse and correctional industry programs under which good conduct credit may be increased by September 30th of each year. The Early Release Credit Report was not submitted during the audit period.
- The Unified Code of Corrections (730 ILCS 5/5-8-1.3(m)) requires the Department to provide to the Governor and the General Assembly a report on the pilot residential and treatment program for women. The report should include the composition of the program by offenders, sentence, age, offense and race before September 30th of each year. The Pilot Women Program Report was not submitted during the audit period.

Department staff indicated the reports were not completed due to timing constraints and conflicting priorities.

Failure to prepare and submit required reports/plans to the Governor and General Assembly prevents the appropriate oversight authority from receiving relevant feedback and monitoring on programs and can have an effect on future decisions since information was not provided. In addition, by not preparing and submitting the required reports/plans the Department is not in compliance with a State statute. (Finding Code Number 06-11, 04-11)

RECOMMENDATION

We are again recommending the Department prepare the required reports/plans on a timely basis and submit them to the required parties in accordance with State statutes.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department continues to work to meet the reporting requirements. The annual reports for the audit period will be issued during June/July of 2007.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-12 (Failure to Timely Prepare and Submit Required Reports to Mandated Entities)

We noted 2 instances in which the Department did not timely prepare and submit required annual reports. These exceptions were also identified in our report for the two years ending June 30, 2004.

- The Department did not make available on a timely basis a report to trial and appellate court judges for their use in imposing or reviewing sentences. The Unified Code of Corrections (730 ILCS 5/5-5-4.3) states that the Department of Corrections shall publish the report on an annual basis no later than April 30. The Department did not prepare and publish the report during the audit period.
- The Department did not complete the final submission of information for the Service Efforts and Accomplishments (SEA) Report as required by the Office of the State Comptroller for the year ended June 30, 2006 Statewide Accounting Management System (SAMS) procedure 33.20.20 note the form is to be completed annually and sent to the Comptroller's Office as part of the year-end agency GAAP reporting process and is due to the Comptroller's Office by October 15th.

Department staff indicated the reports were not completed due to timing constraints and conflicting priorities.

Failure to timely prepare and submit required reports prevents the intended entities from receiving relevant feedback and monitoring and can have an effect on future decisions since information was not provided. In addition, by not timely preparing and submitting the required reports the Department is not in compliance with State statutes. (Finding Code Number 06-12, 04-16)

RECOMMENDATION

We recommend the Department prepare and submit the reports in accordance with the established requirements.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department continues to work to meet the reporting requirements. The future SEA reports will be submitted per the Comptroller's requirements.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-13 (Failure to Properly Document and/or Send Required Notification to Public Housing Agencies)

The Department could not provide documentation that the required statutorily required notification was sent to the appropriate Public Housing Agencies addressing where individuals reside or resided.

We selected a sample of 11 individuals who were in the custody of the Department or on parole or mandatory supervised release and who were currently residing in public housing to determine if the proper notification was sent. For 3 of 11 (27%) individuals tested we determined the Department did not have documentation that the proper notification was sent to the appropriate Public Housing Agencies. This exception was also identified in our report for the two years ending June 30, 2004.

The Unified Code of Corrections (730 ILCS 5/3-14-1(c)) states that if a person convicted of a felony who is in the custody of the Department of Corrections or on parole or mandatory supervised release informs the Department that he or she has resided, resides or will reside at an address that is a housing facility owned, managed, operated or leased by a public housing agency, the Department must send written notification of that information to the public housing agency that owns, manages, operates or leases the housing facility.

The Department indicated the errors noted were due to oversights.

Failure to send written notification to the appropriate Public Housing Agency of where offenders reside or resided is noncompliance with State statute. (Finding Code Number 06-13, 04-18)

RECOMMENDATION

We recommend the Department provide written notification to the appropriate Public Housing Agency that a felon in the custody of the Department of Corrections on parole or mandatory release resided, resides or will reside there as required by State Statute.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will make every effort to retain documentation of notifications sent to the Public Housing Agencies.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-14 (Inmate Commissary Goods Marked Up More Than Allowed by Statute)

The Department added a charge to the purchase price of the goods to be resold in the commissaries prior to adding the statutorily allowed percentage mark-up to arrive at the sales price to charge inmates. The Department phased in the application of the charge. Effective November 1, 2005 the charge was set at 3%. The Department raised the charge on January 1, 2006 to 7%.

Fiscal Year 2006			
Cost of the goods purchased for sale in the Inmate Commissaries	Dollars collected as a result of the 3%-7% charge	Statutorily allowed 25%-35% mark-up on the cost of goods	Total cost of the goods sold in the Inmate Commissaries
\$ 25,122,165	\$ 1,266,911	\$ 7,486,762	\$ 33,875,838

The Unified Code of Corrections, 730 ILCS 5/3-7-2a, sets forth "the selling prices for all goods shall be sufficient to cover the costs of the goods and an additional charge of up to 35% for tobacco products and up to 25% for non-tobacco products. The amount of the additional charges for goods sold at commissaries serving inmates shall be based upon the amount necessary to pay for the wages and benefits of the commissary employees who are employed in commissary facilities of the Department." Per the Comptrollers' Statewide Accounting Management System Procedures Manual (SAMS), procedure 03.06.20, "The cost of the inventory item is the price paid or the consideration given to acquire the inventory item. Included in the cost are all direct and indirect costs incurred during transportation." Based on the above statute and SAMS procedure, the maximum amount to charge inmates for items sold in the inmate commissary would be the purchase price of the item plus any transportation costs the total of which would then be marked up to a maximum of 25%-35%.

Department management stated the 3%, and later 7% charge was to help cover the costs associated with those of State employees who work in the inmate commissary, inmate labor for the commissary and utilities to operate the commissary. Items included in State employee costs were payroll, benefits and mandated uniforms. A cost of utilities per square foot was determined and applied to the area of the commissaries. Inmate labor included only inmate payroll. The Department indicated the amounts were compiled based on fiscal year 2005 actual information. Department management also noted that based on their interpretation of the statute and SAMS procedures they were allowed to apply this charge.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-14 (Inmate Commissary Goods Marked Up More Than Allowed by Statute) (Continued)

Since the statutorily allowed 25% -35% mark-up is to cover the cost of wages and benefits of commissary employees, portions of the 3%-7% charge are duplicative and exceed the statutorily allowed mark-up. The Department's methodology for determining the cost of goods to be resold in the commissaries should agree with SAMS and statutory provisions. (Finding Code Number 06-14)

RECOMMENDATION

We recommend the Department revise its methodology for computing cost of goods to ensure included costs are not duplicative and comply with the statute and only mark-up the goods for resale in the inmate commissary the allowable amounts. In addition, if the Department believes they are statutorily allowed to impose the additional charge, we further recommend they seek a formal written Attorney General opinion on this matter.

DEPARTMENT RESPONSE

Recommendation Accepted. Historically, the Department has reflected a cost based upon the items only. The Department intends to work with the other authoritative State agencies regarding a more refined interpretation of cost of goods.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-15 (Time Sheets Not Submitted in Compliance With the State Officials and Employees Ethics Act)

The Department is not requiring all its employees to submit timesheets as required by the State Officials and Employees Ethics Act (Act).

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

Per a memo from the Director certain Department "management" employees are required to complete timesheets that designate hours spent on official State business. Those employees not designated as "management" employees, which is a majority of the Department's employees, do not maintain time sheets. Non-management employee time worked is tracked using a Roll Call / Sign In Sheet. For security employees a supervisor documents their attendance or absence when roll call is taken prior to the beginning of their shift; the supervisor signs off as approving the Roll Call / Sign In Sheet. Non-security employees also document their attendance on a Roll Call / Sign In Sheet by signing and entering the times when they arrive and leave; the Roll Call / Sign In Sheet is approved by the area supervisor. The Roll Call / Sign In Sheets are accumulated daily and forwarded to the respective timekeepers who transfer the information to individual employee time sheets where attendance or reason for absence is documented. The Roll Call / Sign In Sheet does not document the time spent each day on official State business to the nearest quarter hour and is not submitted by the employee in compliance with the Act.

Department management stated they are working within the limits of the current system.

By not maintaining appropriate time sheets, the Department is not in compliance with the Act. (Finding Code Number 06-15)

RECOMMENDATION

We recommend the Department amend its policies to require employees to maintain time sheets in compliance with the Act.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

**FINDING 06-15 (Time Sheets Not Submitted in Compliance With the State Officials
and Employees Ethics Act) (Continued)**

DEPARTMENT RESPONSE

Recommendation Accepted. As part of the Shared Services Program statewide effort to improve processes, the Department is scheduled to be one of the pilot agencies for the implementation of an automated timekeeping solution.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-16 (Non-Compliance With Applicable Portions of the Arsonist Registration Act)

The Department had not implemented a process to inform and document convicted arsonists of their duty to register upon their discharge, parole or release in accordance with the Arsonist Registration Act.

The Arsonist Registration Act (730 ILCS 148) (Act), effective January 1, 2005, requires Department facilities to perform numerous functions prior to the discharge, release or parole of individuals convicted of arson. Specifically, the facility shall notify the individual of their duty to register in person and if establishing a residence out of State their duty to register in the new State. The facility shall require the individual to read and sign a form indicating they understand their duty to register. The facility shall give one copy of the form to the person and shall send one copy to each of the law enforcement agencies having jurisdiction where the person expects to reside, work, and attend school upon his or her discharge.

This Act applies only to persons who commit arson on or after the effective date of the Act, which was January 1, 2005, and does not apply to any person who committed arson before the effective date of the Act. In addition, until the Department of State Police establishes the I-CLEAR database to maintain this information on a statewide basis this Act only applies to arsonists who reside, are employed, or attend school within the City of Chicago. The Department identified two individuals who were discharged, paroled or released that met the criteria and who were not informed of their duty to register with the City of Chicago.

Department management indicated the City of Chicago has not specified any requirements for the registration process. The Department sends an automated file daily to the Chicago Police Department which clearly outlines the information regarding all persons being released in the City of Chicago.

Non-compliance with the Act is a violation of a statutory mandate. In addition, by not informing the individual of their duty to register the appropriate authorities may not be aware that a person convicted of that type of offense is residing in that particular area. (Finding Code Number 06-16)

RECOMMENDATION

We recommend the Department implement a process to inform and document individuals being discharged, paroled or released that have been convicted of their duty to register in accordance with the Arsonist Registration Act.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-16 (Non-Compliance With Applicable Portions of the Arsonist Registration Act) (Continued)

DEPARTMENT RESPONSE

Recommendation Accepted. The Department sends Chicago PD a computer file on a daily basis in accordance with the requirements. An automated form will be created to inform the individuals being released of their requirement to potentially register with the City of Chicago.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-17 (Department Transferred Money From Appropriations and Did Not Pay Revolving Fund Billings)

The Department purchases various goods and services from the Department of Central Management Services (DCMS) and is billed for these through revolving funds, which are accounted for as Internal Service Funds. The Department transferred funds from the appropriations of four classifications that should have been used to pay billings from the DCMS revolving funds, the majority of these transfers occurred during the fiscal year 2006 lapse period.

In our testing we found the Department still owed the DCMS revolving funds the following amounts after available funds had been used to pay fiscal year 2006 charges.

Statistical Services Revolving Fund	\$2,718,044
Telecommunications Revolving Fund	1,746,226
State Garage Revolving Fund	1,148,920
Paper and Printing Revolving Fund	<u>4,243</u>
Fiscal year 2006 charges owed DCMS	<u>\$5,617,433</u>

During our testing we identified the Department transferred funds out of appropriations which are used to pay DCMS revolving fund billings. The net amount of transfers (out) / in, for fiscal year 2006 for the noted appropriations is as follows:

Telecommunication expenditures	\$ (3,328,100)
Electronic Data Processing expenditures	(885,800)
Printing expenditures	(158,400)
Operation of Automotive expenditures	<u>326,600</u>
Net Transfers out	<u>\$ (4,045,700)</u>

Of the above transfers, \$510,000 occurred prior to June 30, 2006; the rest of the transfers occurred during July and August of 2006, which was the fiscal year 2006 lapse period. If the Department had not transferred the funds and used the original amounts appropriated to pay DCMS revolving fund billings they would have only owed DCMS approximately \$1.57 million as opposed to \$5.6 million. By transferring the funds from these appropriations during the lapse period the Department left the DCMS revolving fund billings unpaid at the end of fiscal year 2006 in order to pay other bills.

Department management indicated they felt the statutory allowance for 2% fund transfers was applicable in this instance. The appropriation transfers were needed to meet the other mandated obligations of the Department at the end of fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-17 (Department Transferred Money From Appropriations and Did Not Pay Revolving Fund Billings) (Continued)

The Department transferred funds out of specific appropriations when all of those funds would be needed to pay outstanding liabilities, thereby obtaining an interest free loan from the DCMS revolving funds until the next fiscal year. Per Section 1000.50 of the DCMS Administrative Rules (74 Ill. Admin. Code 1000.50), "User agencies shall not leave Internal Service Fund bills unpaid in order to circumvent fiscal year budgetary controls". The use of transfers in this manner distorts the actual budgetary process by misleading what was actually used for the fiscal year related to those appropriations. (Finding Code Number 06-17)

RECOMMENDATION

We recommend the Department follow the DCMS Administrative Rules and only transfer funds out of appropriations used to pay the revolving fund billings when it is determined there may be excess funds and not to pay other obligations when those funds would be needed to pay current billings.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department used the statutorily allowed ability to make 2% appropriation transfers as stated within the State Finance Act. Internal Service Funds through CMS have the authority under Title 74 Part 1000 of the Administrative Code to issue catch up billings to State agencies for any open invoices at the end of a fiscal year. Specifically CMS "... shall issue catch-up billings in the subsequent fiscal year for those user agency accounts which show an accounts receivable debit balance for the prior fiscal year." The Department relied on the Code provision that requires agencies to make reasonable efforts to review, approve, and pay all Internal Service Fund bills in the fiscal year in which the liability was incurred or within the fiscal year that the Department issues a catch-up billing. The Department elected to use the flexibility provided by catch-up billings to free up funds for other mandated obligations.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-18 (Untimely Submission of the Statements of Economic Interest)

Seven of the Department's employees did not file their Statements of Economic Interest by the required date. In addition, the Department did not notify the Secretary of State of all employees whose positions subjected them to the requirements to file Statements of Economic Interest.

During our testing, we noted the following:

- Seven of 73 (10%) Statements of Economic Interest examined were filed and received by the Secretary of State Index Department (Index Department) 1 to 14 days late.
- Four of 73 (5%) employees were not notified they were required to file a Statement of Economic Interest in fiscal year 2005. As a result, these 4 employees did not file Statements of Economic Interest in fiscal year 2005. These employees were subsequently notified and included in the list of filers in fiscal year 2006.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-105) states, "... by May 1 of each year a statement must be filed by each person whose position at that time subjects him to the filing requirements of Section 4A-101 unless he has already filed a statement in relation to the same unit of government in that calendar year."

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106) requires, "On or before February 1 annually, (1) the chief administrative officer of any State agency in the executive, legislative, or judicial branch employing persons required to file under item (f) or item (1) of Section 4A-101 shall certify to the Secretary of State the names and mailing addresses of those persons, In preparing the lists, each chief administrative officer, or his or her designee, shall set out the names in alphabetical order."

Department management stated they did not include the above referenced employees in the listing submitted to the Index Department due to oversight.

Failure to file Statements of Economic Interest on a timely basis could result in the State's inability to properly detect transactions involving parties having financial, business or personal relationships with Department personnel. (Finding Code Number 06-18)

RECOMMENDATION

We recommend Department management remind employees of their responsibility to timely submit Statements of Economic Interest. Further, Department management should review and update the list of those employees who are in positions required to file Statements of Economic Interest to ensure an accurate and complete listing is submitted to the Secretary of State.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

**FINDING 06-18 (Untimely Submission of the Statements of Economic Interest)
(Continued)**

DEPARTMENT RESPONSE

Recommendation Implemented. The Department has implemented a process during FY07 to remind the applicable employees of their obligation to submit the Statements in a timely manner. Additionally, on an annual basis, the Ethics officer, in coordination with the personnel department, will review the Department's employees and ensure appropriate staff are submitted to the Index Office timely, in order to receive Statements.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-19 (Untimely Signing and Execution of Written Contract Agreements)

In testing contractual services expenditures at the Illinois Department of Corrections correctional centers (centers) we noted certain centers did not obtain all the required signatures on contracts before their starting date.

During our contract testing, center auditors identified exceptions at 7 out of 35 of the centers. For the 7 centers with identified exceptions, they noted 14 of 68 (21%) contract agreements tested were not signed by all parties prior to the beginning date as set forth in the contract agreements. The average length of time between the beginning date of the contract agreements and their final required signature was 18 days, with a range of 2 days to 41 days. The contract agreements were for a variety of goods and services ranging from medical services, to repairs and maintenance. The total of the contract exceptions identified was approximately \$11 million.

Department management stated the contract lag was a result of several factors, including the decentralized contract function during the early part of the audit period; the changes in the procurement rules and oversights.

Oversight and public accountability is compromised when contract agreements are not signed in a timely manner.

Contract agreements should be signed by all required parties prior to the beginning of the contract agreement term. This would necessitate their filing with the Comptroller near the beginning of their term thereby making the information readily available to the General Assembly, unsuccessful bidders, and the general public. In addition, failure to have the contract agreements signed before the beginning of the contract period does not bind the service provider for compliance with the applicable laws, regulations and rules. (Finding Code Number 06-19)

RECOMMENDATION

We recommend the Department implement procedures to ensure contracts are signed before the beginning date as set forth in the contract agreements.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department has made significant improvements to ensure contracts are processed in accordance with the applicable contract rules and regulations.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-20 (Standardized Procedures for Separated Employees Not Being Followed)

The Department was not following the established standardized procedures when employees leave employment with the Department.

When an employee leaves the Department, the employee's supervisor is generally responsible for the completion of form DOC 0151 to ensure that all Department property has been returned. During our examination period, we noted the Department had established a standardized procedure, Administrative Directive 01.02.155, "Procedure for Transfer or Separation of an Employee" and a formal checklist to ensure all issues affecting separated employees had been addressed. We tested 10 employees who had separated, noting the checklist was not completed for 4 employees and the Business Administrator did not sign and date the checklist for 2 employees. During FY05 and FY06, 737 and 553 employees, respectively, left employment with the Department.

The Department's Administrative Directive 01.02.155 (Procedures for Transfer or Separation of an Employee) states, "All employees shall be advised of and provided access to this directive to ensure appropriate actions are completed when an employee is separating from the Department or transferring within the Department for any reason. Upon notification of separation or transfer, the appropriate Supervisor shall notify the Unit Manager who shall notify the Personnel Office. The Personnel Office shall: a.) Notify the Business Administrator; b.) Ensure all personnel paperwork is processed; and c.) Initiate and forward the Employee Transfer or Exit Checklist, form DOC 0151, to the Unit Manager."

Not following established standardized procedures at the time of employee separation exposes the Department to the potential for State property not being returned and issues related to their separation not being addressed.

Department officials stated the checklist was not completed or signed due to oversights and errors.

Ensuring these procedures are followed is especially important as the Department had approximately 13,500 employees. (Finding Code Number 06-20, 04-05)

RECOMMENDATION

We recommend the Department follow its established policies and procedures to ensure that all State property is returned and other issues affecting separated employees are addressed.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-20 (Standardized Procedures for Separated Employees Not Being Followed) (Continued)

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will make every effort to ensure the procedures for separated employees are followed. A reminder memo will be issued to staff to reinforce the Department's policy.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-21 (Noncompliance With the Illinois Procurement Code)

The Department is not complying with the requirements of the Illinois Procurement Code (Code) with regard to purchases of items for resale in the Department's commissaries at Correctional Centers.

The Department maintains numerous commissary operations at Correctional Centers for inmates and employees. Purchases are made from vendors for commodities to be resold in the commissaries. Total purchases made from vendors for resale in the commissaries were approximately \$25 million for fiscal year 2005 and fiscal year 2006. The commissaries commodity purchases are made through non-appropriated locally held funds. As a result of testing performed during our compliance examination we noted the following items:

- Purchases were not made by competitive sealed bidding or competitive sealed proposals as required by the Code. The Correctional Centers receive catalogs from various vendors and select products from the catalogs for resale in the commissary. In addition, the commissary can contact multiple vendors by telephone and request bids.
- Terms and conditions for the purchases of goods from vendors for the commissaries were not documented in the form of a contract as required by the Code. Upon selection of a vendor an Order For Delivery (OFD) is prepared to document the purchase. OFD's are not utilized if the selected vendor uses pre-printed order forms or replenishes stock at the commissary on a regular basis.
- None of the required procurement notices were published in the Illinois Procurement Bulletin as required by the Code.
- The Department's Administrative Directive, 02.85.102, (Directive), which provides guidance to employees on commissary purchase does not include all the requirements as set forth in the Code. The Directive, effective November 1, 2000 notes that, "Whenever possible, bids shall be requested in writing or by telephone from a minimum of three vendors. The bids shall be documented and maintained on file in the commissary."

30 ILCS 500/20-5 of the Code sets forth that all State contracts, unless exempted, shall be awarded by competitive sealed bidding or competitive sealed proposals. In addition, Section 20-80/a of the Code also notes, "all written determinations required under this Article shall be placed in the contract file". Article 20 also requires that public notices of the invitation for bids or notice of the request for proposal be published in the Illinois Procurement Bulletin. The Code applies to the Department regardless of the source of the funds with which the contracts are paid.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
CURRENT FINDINGS, RECOMMENDATIONS, AND DEPARTMENT RESPONSES
For the two years ended June 30, 2006

FINDING 06-21 (Noncompliance With the Illinois Procurement Code) (Continued)

Department management indicated that they have requested from DCMS guidance and direction on the commissary purchasing. Due to security needs and specialized products, DCMS and the Department are working together to determine the proper way to complete the purchases.

By not following the requirements of the Code the Department has limited the pool of available vendors to only a few selected vendors. In addition, the Department may be paying more for commodities for their commissaries than they should. (Finding Code Number 06-21, 04-21)

RECOMMENDATION

We recommend the Department comply with the requirements of the Illinois Procurement Code in making commissary purchases.

DEPARTMENT RESPONSE

Recommendation Accepted. The Department will continue to work with DCMS to define competitive purchasing processes for the commissary operations that are consistent with the State's procurement policy while meeting the security and safety needs of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
PRIOR YEAR FINDINGS NOT REPEATED
For the two years ended June 30, 2006

06-22 (Failure to Implement Policy to Report State Housing Benefits as Income to Employees as Required by Internal Revenue Regulations and State Statute)

The prior report noted that a policy to report the value of State housing benefits as income to employees had not been implemented. (Finding Code Number 04-02, 02-03, 00-02, 99-08)

During the current engagement year, the Department implemented Administrative Directive 03.01.106 that addresses the costs assessed to employees living in State housing.

06-23 (Department Appropriation Used to Pay Expenditures of Other State Agency)

It had been noted in the prior report that the Department had paid an invoice from its appropriations for office and library supplies that was for material sent directly to the Illinois Prisoner Review Board. (Finding Code Number 04-20)

During the current engagement, there were no payments of expenditures from Department appropriations that related to other agencies noted during testing.

06-24 (No Representative on Interagency Review Committee as Required by State Statute)

The prior report noted that the Department did not designate a representative to be on the interagency review committee between the Department of Children and Family Services (DCFS) and the Department. (Finding Code Number 04-12)

During the current period, a representative was designated to be on the interagency review committee.

06-25 (Failure to Timely Address Mental Health Services Standards as Required by State Statute)

In the previous report it was identified the Department did not hold a public hearing, did not submit task force recommendations to the General Assembly and did not inspect each local jail and juvenile detention facility. (Finding Code Number 04-10, 02-16)

In late 2004, the hearings were held and Administrative Code changed. In early 2005, the new standards were mailed to the jails and specialists initiated inspections.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
PRIOR YEAR FINDINGS NOT REPEATED
For the two years ended June 30, 2006

06-26 (Failure to Fill Mandated Positions)

The Unified Code of Corrections (730 ILCS 5/3-2-5) requires the Department's Adult and Juvenile Divisions to be administered by Assistant Directors appointed by the Governor. One of the Assistant Director positions (Juvenile Division) remains vacant and has not been filled for numerous years. (Finding Code Number 04-08)

Per Public Act 94-696, effective June 1, 2006 the Department of Juvenile Justice was established. Public Act 94-696 amended the Unified Code of Corrections and no longer requires the Department of Corrections to have an Assistant Director for the Juvenile Division.

06-27 (Procedures Regarding Post Release Treatment Programs for Juvenile Offenders Not Followed)

Previously, the Department did not follow its own established procedures regarding background investigations and on-site inspections for post release treatment programs for juvenile offenders. (Finding Code Number 04-14)

The Department currently does not contract with any secure residential youth care facilities to provide post release treatment programs.

06-28 (The Department Failed to Notify the Applicable County State's Attorney within 14 days of the Settlement, Verdict or Judgment)

In the previous report, the Department did not notify the applicable County State's Attorney, of the verdict or judgment in excess of \$500 against the Department, within 14 days of a settlement (Finding Code Number 04-17)

During the current engagement there were no exceptions noted in testing verdicts and judgements.

06-29 (Failure to Provide Notification of Release of Any Person from the Department's Juvenile Division)

In the prior year, the Department did not provide written notifications of the release of persons from the Department's Juvenile Division as required by the Unified Code of Corrections (Code). (Finding Code Number 04-09)

The Department provided all required notifications during the current year for juveniles within our sample.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
PRIOR YEAR FINDINGS NOT REPEATED
For the two years ended June 30, 2006

06-30 (Department Could Not Provide Documentation of all Individuals Who Were Consensually and Non-Consensually Transferred to the Department of Human Services)

In the prior year, the Department was unable to provide a listing of individuals who were consensually or non-consensually transferred to the Department of Human Services. Due to this we were unable to test if the Department was in compliance with providing the required notifications. (Finding Code Number 04-15)

The Department was able to provide a listing of individuals who were transferred to the Department of Human Services. For our sample selected, all had the required notifications.

06-31 (Failure to Provide Required Notification of the Placement of Persons into Adult Transition Centers)

In the prior examination, the Department did not provide the required written notification of the placement of persons into work and day release facilities (Transition Centers) as required by the Unified Code of Corrections. (Finding Code Number 04-13)

During the current examination period, for the sample selected, all of the required written notifications were obtained.

06-32 (Commissary Operations Not in Compliance with the Unified Code of Corrections)

In the prior examination, the Department was not transferring the statutorily mandated amounts to the benefit funds and was not always paying the appropriate employees from commissary operation proceeds. (Finding Code Number 04-19)

During the current examination it was noted the Department was transferring the proper amounts and had implemented a process to identify and pay employees working in the commissaries from commissary proceeds.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR THE YEAR ENDED JUNE 30, 2006
FINANCIAL STATEMENT REPORT
SUMMARY

The audit of the accompanying basic financial statements of the State of Illinois, Department of Corrections was performed by Crowe Chizek and Company LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Department's basic financial statements.



Crowe Chizek and Company LLC
Member Horwath International

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the State of Illinois, Department of Corrections, as of and for the year ended June 30, 2006, which collectively comprise the State of Illinois, Department of Corrections basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the State of Illinois, Department of Corrections' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Working Capital Revolving Fund (Correctional Industries), which represents 100 percent of the assets and revenues of the Proprietary fund and 1.6 percent and 12.25 percent, respectively, of the net assets and changes in net assets of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for Correctional Industries, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the State of Illinois, Department of Corrections are intended to present the financial position and changes in the financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Department of Corrections. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Corrections, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2007, on our consideration of the State of Illinois, Department of Corrections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Department has not presented a management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the State of Illinois, Department of Corrections' basic financial statements. The accompanying supplementary information, as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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


Crowe Chizek and Company LLC

Oak Brook, Illinois
February 26, 2007

State of Illinois
Department of Corrections

Statement of Net Assets

June 30, 2006 (Expressed in Thousands)

	Governmental Activities
ASSETS	
Unexpended appropriations	\$ 80,508
Cash equity with State Treasurer	5,598
Cash and cash equivalents	8,778
Receivables, net:	
Intergovernmental	644
Other	340
Due from other State funds	5,588
Inventories	21,914
Prepaid expenses	8
Capital assets not being depreciated	72,184
Capital assets being depreciated, net	1,143,787
Total assets	1,339,349
LIABILITIES	
Accounts payable and accrued liabilities	86,080
Due to Department fiduciary funds	749
Due to other State funds	4,734
Deferred revenue	613
Long term obligations:	
Due within one year	4,760
Due subsequent to one year	85,296
Total liabilities	182,232
NET ASSETS	
Invested in capital assets, net of related debt	1,208,510
Unrestricted net assets	(51,393)
Total net assets	\$ 1,157,117

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections
Statement of Activities

For the Year Ended June 30, 2006 (Expressed in Thousands)

Functions/Programs Governmental activities	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Public protection and justice Interest	\$ 1,280,925 685	\$ 49,571	\$ 16,564	\$ (1,214,790) (685)
Total governmental activities	\$ 1,281,610	\$ 49,571	\$ 16,564	\$ (1,215,475)
General revenues				
Appropriations from State Resources				1,173,278
Lapsed appropriations				(3,218)
Receipts collected and transmitted to State Treasury				(195)
Interest and investment income				111
Other revenues				17,333
Capital transfers from other State agencies				2,472
Transfers-out				(11,349)
Total general revenues and transfers				1,178,432
Change in net assets				(37,043)
Net assets, July 1, 2005				1,194,160
Net assets, June 30, 2006				\$ 1,157,117

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections

Balance Sheet -
Governmental Funds

June 30, 2006 (Expressed in Thousands)

	<u>General Fund</u>	<u>Nonmajor funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Unexpended appropriations	\$ 80,508	\$ -	\$ 80,508
Cash equity with State Treasurer	-	4,321	4,321
Cash and cash equivalents	5	8,773	8,778
Intergovernmental receivables, net	-	613	613
Other receivables, net	-	20	20
Due from other Department funds	-	6,782	6,782
Due from other State funds	-	2,070	2,070
Inventories	11,070	1,867	12,937
Total assets	<u>\$ 91,583</u>	<u>\$ 24,446</u>	<u>\$ 116,029</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 78,521	\$ 5,069	\$ 83,590
Due to Department fiduciary funds	584	3	587
Due to other Department funds	2,012	6,746	8,758
Due to other State funds	21	4,383	4,404
Deferred revenue	-	613	613
Total liabilities	<u>81,138</u>	<u>16,814</u>	<u>97,952</u>
FUND BALANCES (DEFICITS)			
Reserved for:			
Inventories	11,070	1,867	12,937
Unreserved, undesignated			
General fund	(625)	-	(625)
Special revenue funds	-	5,765	5,765
Total fund balances (deficits)	<u>10,445</u>	<u>7,632</u>	<u>18,077</u>
Total liabilities and fund balances (deficits)	<u>\$ 91,583</u>	<u>\$ 24,446</u>	<u>\$ 116,029</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2006
(Expressed in Thousands)

Total fund balances-governmental funds	\$	18,077
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		1,209,074
<p>Internal service funds are used to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported as governmental activities in the Statement of Net Assets.</p>		18,566
<p>Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:</p>		
Capital lease obligations	(7,459)	
Compensated absences	(81,141)	
	(88,600)	(88,600)
Net assets of governmental activities	\$	<u>1,157,117</u>

State of Illinois
Department of Corrections

**Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Fund	Nonmajor funds	Total Governmental Funds
REVENUES			
Federal government	\$ -	\$ 17,182	\$ 17,182
Other charges for services	139	37,164	37,303
Interest and other investment income	-	111	111
Other	1	16,945	16,946
Total revenues	<u>140</u>	<u>71,402</u>	<u>71,542</u>
EXPENDITURES			
Public protection and justice	1,158,225	64,186	1,222,411
Debt service - principal	460	-	460
Debt service - interest	684	-	684
Capital outlays	1,316	-	1,316
Total expenditures	<u>1,160,685</u>	<u>64,186</u>	<u>1,224,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,160,545)</u>	<u>7,216</u>	<u>(1,153,329)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	1,173,278	-	1,173,278
Lapsed appropriations	(3,218)	-	(3,218)
Receipts collected and transmitted to State Treasury	(195)	-	(195)
Transfers-in	-	10,873	10,873
Transfers-out	(3,359)	(14,958)	(18,317)
Proceeds from capital lease financing	212	-	212
Net other sources (uses) of financial resources	<u>1,166,718</u>	<u>(4,085)</u>	<u>1,162,633</u>
Net change in fund balances	<u>6,173</u>	<u>3,131</u>	<u>9,304</u>
Fund balances, July 1, 2005	3,624	4,439	8,063
Increase for changes in inventories	648	62	710
FUND BALANCES, JUNE 30, 2006	<u>\$ 10,445</u>	<u>\$ 7,632</u>	<u>\$ 18,077</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2006
(Expressed in Thousands)

Net change in fund balances	\$	9,304
Change in inventories		710
		10,014
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation in the current period exceeded capital outlays.		(38,705)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		460
Some capital additions were financed through other financing arrangements. In governmental funds these other financing arrangements are considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		(212)
Some capital assets were transferred in from other State agencies and therefore, were received as no cost.		2,472
Internal service funds are used to charge to costs of certain activities to individual funds. The net revenue of the internal service funds is reported as governmental activities in the Statement of Activities.		(4,539)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(618)
Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, the book value of capital assets which are sold or scrapped are also reported. This is the book value of capital assets which were sold or scrapped.		(965)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.		
Increase in compensated absences obligation		(4,950)
Change in net assets of governmental activities	\$	(37,043)

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections
Statement of Net Assets -
Proprietary Fund
June 30, 2006 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund
	Working Capital Revolving Fund
ASSETS	
Cash equity with State Treasurer	\$ 1,277
Receivables, net:	
Intergovernmental	31
Other	320
Due from other Department funds	1,987
Due from other State funds	3,518
Inventories	8,977
Prepaid expenses	8
Total current assets	<u>16,118</u>
Capital assets not being depreciated	49
Capital assets being depreciated, net	6,848
Total assets	<u>23,015</u>
LIABILITIES	
Accounts payable and accrued liabilities	2,490
Due to other Department fiduciary funds	162
Due to other Department funds	11
Due to other State funds	330
Current portion of long-term obligations	228
Total current liabilities	<u>3,221</u>
Noncurrent portion of long-term obligations	1,228
Total liabilities	<u>4,449</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,895
Unrestricted	11,671
Total net assets	<u>\$ 18,566</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections

**Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Fund**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	<u>Governmental Activities - Internal Service Fund</u> <u>Working Capital Revolving Fund</u>
OPERATING REVENUES	
Charges for sales and services	\$ 37,120
Total operating revenues	<u>37,120</u>
OPERATING EXPENSES	
Cost of sales and services	30,636
General and administrative	5,794
Depreciation	1,570
Total operating expenses	<u>38,000</u>
Operating loss	<u>(880)</u>
NONOPERATING REVENUES (EXPENSES)	
Other revenues	387
Interest expense	(1)
Other expenses	(140)
Loss before transfers	<u>(634)</u>
Transfers-out	<u>(3,905)</u>
Net loss	<u>(4,539)</u>
Net assets, July 1, 2005	<u>23,105</u>
NET ASSETS, JUNE 30, 2006	<u>\$ 18,566</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections

Statement of Cash Flows -
Proprietary Fund

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Governmental Activities - Internal Service Fund Working Capital Revolving Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales and services to third parties	\$ 11,422
Cash received from sales and services to other State funds	25,716
Cash payments to suppliers for goods and services	(19,946)
Cash payments to employees for services	(14,991)
Cash payments for other operating activities	(254)
Net cash provided by operating activities	<u>1,947</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers-out	<u>(3,905)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(927)
Principal paid on capital debt	(10)
Interest paid on capital debt	(1)
Other capital and financing activities	387
Net cash used by capital and related financing activities	<u>(551)</u>
Net decrease in cash and cash equivalents	(2,509)
Cash equity with State Treasurer, July 1, 2005	<u>3,786</u>
CASH EQUITY WITH STATE TREASURER, JUNE 30, 2006	<u>\$ 1,277</u>
Reconciliation of operating income to net cash provided by operating activities:	
OPERATING LOSS	<u>\$ (880)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,570
Changes in assets and liabilities:	
Decrease in intergovernmental receivables	25
Decrease in other receivable	204
Increase in due from other State funds	(211)
Decrease in inventory	591
Decrease in prepaid expenses	9
Increase in accounts payable and accrued liabilities	199
Increase in due to other State funds	324
Increase in other liabilities	116
Total adjustments	<u>2,827</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,947</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Gain (loss) on sale of property and equipment	\$ (24)
Transfer of capital assets, net of related debt, to/from other State funds	(109)
Total noncash investing, capital and financing activities	<u>\$ (133)</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Corrections

Statement of Fiduciary Net Assets

June 30, 2006 (Expressed in Thousands)

	<u>Agency Fund</u> <u>DOC</u> <u>Resident's</u> <u>Trust</u>
ASSETS	
Cash and cash equivalents	\$ 3,495
Due from other Department funds	749
Other receivables	2
Total assets	<u>\$ 4,246</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 101
Other liabilities	4,145
Total liabilities	<u>\$ 4,246</u>

The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(1) Organization

The Department of Corrections (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the General Revenue Fund, the Corrections Reimbursement Fund and the Working Capital Revolving Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, with the exception of the DOC Commissary Fund, DOC Resident's and Employee's Benefit Fund and DOC Resident's Trust Fund, which are locally held funds, and various petty cash funds, which are under the direct control of the Department.

The Department was created by the 76th General Assembly and became operational on January 1, 1970. The Department has the authority to carry out certain duties and to execute certain responsibilities within the following areas:

- The care, custody, treatment and rehabilitation of persons committed by the courts of the State of Illinois;
- The maintenance and administration of all State correctional institutions and facilities under its control;
- The establishment of new institutions and facilities;
- The development of a system of supervision and guidance of committed persons in the community;
- The development of standards and programs for better correctional services in the State.

(2) Summary of Significant Accounting Policies

The financial statements of the department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

unit will provide a financial benefit to or impose a financial burden on the primary government; or

- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Department has no component units and is not a component unit of any other entity. However, because the Department is not legally separate from the State of Illinois, the financial statements of the Department are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1871.

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Corrections, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Government-wide Statements. The government-wide statement of net assets and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net assets presents the assets and liabilities of the Department's governmental activities with the difference being reported as net assets. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components- the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the public protection and justice function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Department's funds, including the Department's fiduciary fund. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis on fund financial statements is on the major governmental fund displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds— see note 2(d)) of the State:

General – This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the general fund include, among others, public protection and justice. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Additionally, the Department administers the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Proprietary Fund Types:

Internal Service – This fund accounts for revenues and expenses derived from goods or services produced by factories, farms, and service programs charged to State agencies and other entities.

Fiduciary Fund Types:

Agency – This fund accounts for monies deposited by and on behalf of individual residents for the personal use of the individual resident while they are in the care and custody of the Department.

(c) Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, 1) principal and interest on formal debt issues, such as bonds and capital leases, are recorded only when payment is due and 2) compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include interest and other charges for services. All other revenue sources are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance as it relates to the Department's operations.

(d) Shared Fund Presentation

The financial statement presentation for the General Fund represents only the portion of shared funds that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records. The amounts reported are net of any re-appropriations to subsequent years and the difference between current and prior year liabilities for re-appropriated accounts. Re-appropriations reflect the State's realignment of the budgetary

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

(e) Eliminations

Eliminations have been made in the government-wide statement of net assets to minimize the "grossing-up" effect on assets and liabilities within the Department. As a result, amounts reported in the funds as interdepartmental interfund receivables and payables have been eliminated. Amounts reported in the funds as receivable from or payable to fiduciary funds have been included in the statement of net assets as receivable from and payable to external parties, rather than as internal balances. Eliminations have also been made in the statement of activities to remove the "doubling-up" effect of interdepartmental internal service fund activity.

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash and cash equivalents also include cash on hand, cash in banks, certificates of deposit, and money market accounts for locally held funds.

(g) Inventories

Inventories, consisting primarily of raw materials, work in process, finished goods, operating supplies, and unharvested crops, are valued at cost, principally on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

(h) Interfund Transactions

The Department has the following types of interfund transactions between Department funds and funds of other State agencies:

Services provided and used sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

(i) Capital Assets

Capital assets, which includes property, plant, equipment and livestock, are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Land	\$100,000	N/A
Land Improvements	25,000	N/A
Site Improvements	25,000	3-50
Buildings	100,000	10-60
Building Improvements	25,000	10-45
Equipment and Livestock	5,000	3-25

(j) Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated vacation and sick leave balances for Department Employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

(k) Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative State plans that are subject to change.

(l) Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in two components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

(m) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) New Accounting Pronouncements

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* which established accounting and financial reporting standards for the impairment of capital assets. There was no significant impact on the Department’s financial statements as a result of adopting this statement.

Effective for the year ended June 30, 2006 the State adopted GASB Statement No. 47, *Accounting for Termination Benefits*, which established accounting and financial reporting standards for termination benefits. There was no significant impact on the Department’s financial statements as a result of adopting this statement.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(3) Deposits

The State Treasurer is the custodian of the Department's deposits and investments for funds maintained in the State Treasury. The Department independently manages deposits and investments maintained outside the State Treasury.

Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

(4) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due from other Department and State of Illinois funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
Nonmajor governmental funds	\$ 6,782	\$ 2,070	Due from other Department funds for excess fund balances and other State funds for unreimbursed grant expenditures.
Internal service fund	1,987	3,518	Due from other Department and other State funds for purchases of services.
Fiduciary Fund	749	-	Due from other Department funds for reimbursement of expenditures incurred.
	<u>\$ 9,518</u>	<u>\$ 5,588</u>	

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

The following balances (amounts expressed in thousands) at June 30, 2006 represent amounts due to other Department and State of Illinois funds.

<u>Fund</u>	<u>Due to</u>			<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	<u>Department Fiduciary Funds</u>	
General	\$ 2,012	\$ 21	\$ 584	Due to Working Capital Revolving Fund for purchases, to other State funds to assist in budget shortfalls, and to Department fiduciary funds for reimbursements of expenses incurred.
Nonmajor governmental funds	6,746	4,383	3	Due to Department nonmajor governmental funds for excess fund balances, other State funds for unspent grant proceeds, and other Department fiduciary funds for reimbursements of expenses incurred.
Internal service fund	11	330	162	Due to Department nonmajor governmental funds, State internal service funds for operating expense reimbursements, and Department fiduciary fund for reimbursement of expenses incurred.
	<u>\$ 8,769</u>	<u>\$ 4,734</u>	<u>\$ 749</u>	

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers in from Other Department Funds</u>	<u>Description/Purpose</u>
Nonmajor governmental funds	\$ 10,873	Transfers from other Department funds pursuant to statute of excess fund balances.
	<u>\$ 10,873</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ -	\$ 3,359	Transfers to other State funds for debt service payments.
Nonmajor governmental funds	10,873	4,085	Transfers to other Department funds pursuant to statute of excess fund balances and to other State funds to assist with State budget shortfalls.
Internal service funds	-	3,905	Transfer to other State funds to assist with State budget shortfalls.
	<u>\$ 10,873</u>	<u>\$ 11,349</u>	

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(5) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2006 was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2006</u>
Governmental activities:					
Capital assets not being depreciated:					
Land and land improvements	\$ 69,536	\$ -	\$ -	\$ 25	\$ 69,561
Construction in progress	<u>2,614</u>	<u>49</u>	<u>40</u>	<u>-</u>	<u>2,623</u>
Total capital assets not being depreciated	<u>72,150</u>	<u>49</u>	<u>40</u>	<u>25</u>	<u>72,184</u>
Capital assets being depreciated:					
Site improvements	94,513	-	-	582	95,095
Building and building improvements	1,630,204	40	5	2,770	1,633,009
Equipment	<u>96,405</u>	<u>2,168</u>	<u>1,872</u>	<u>(143)</u>	<u>96,558</u>
Total capital assets being depreciated	<u>1,821,122</u>	<u>2,208</u>	<u>1,877</u>	<u>3,209</u>	<u>1,824,662</u>
Less accumulated depreciation:					
Site improvements	48,953	3,624	-	10	52,587
Building and building improvements	507,816	33,661	5	899	542,371
Equipment	<u>82,667</u>	<u>4,306</u>	<u>1,018</u>	<u>(38)</u>	<u>85,917</u>
Total accumulated depreciation	<u>639,436</u>	<u>41,591</u>	<u>1,023</u>	<u>871</u>	<u>680,875</u>
Total capital assets being depreciated, net	<u>1,181,686</u>	<u>(39,383)</u>	<u>854</u>	<u>2,338</u>	<u>1,143,787</u>
Governmental activity capital assets, net	<u>\$ 1,253,836</u>	<u>\$ (39,334)</u>	<u>\$ 894</u>	<u>\$ 2,363</u>	<u>\$ 1,215,971</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2006 was charged as follows:

Public protection and justice \$ 41,591

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(6) Long-Term Obligations

(a) Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2006 were as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 77,529	\$ 62,351	\$ 57,285	\$82,595	\$ 4,283
Capital lease obligations	7,719	212	470	7,461	477
Total	<u>\$ 85,248</u>	<u>\$ 62,563</u>	<u>\$ 57,755</u>	<u>\$90,056</u>	<u>\$ 4,760</u>

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

(b) Capital lease obligations

The Department leases office facilities and equipment with a historical cost and accumulated depreciation of \$9.373 and \$3.329 million, respectively, under capital lease arrangements. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2006 are as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 477	\$ 648	\$ 1,125
2008	463	603	1,066
2009	459	563	1,022
2010	464	522	986
2011	503	478	981
2012-2016	3,304	1,600	4,904
2012-2016	1,791	171	1,962
	<u>\$ 7,461</u>	<u>\$ 4,585</u>	<u>\$ 12,046</u>

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

(7) Pension Plan

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2006 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2006, the employer contribution rate was 7.792%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Department) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2006 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Department) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

The Department's school district participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contribution from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute 9.4 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a 4/5 of 1 percent contribution to the Teachers Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan.

The State of Illinois makes contributions directly to TRS on behalf of the district's TRS-covered employees.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2006. The report may be obtained by writing to the Teachers' retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253.

(8) Post-employment Benefits

The State provides health, dental, and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for postemployment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of health, dental, and life insurance benefits of all members, including postemployment health, dental, and life insurance benefits, is recognized as an expenditure for the State in the Illinois Comprehensive Annual Financial Report. The total costs incurred for health, dental, and life insurance benefits are not separated by Department for annuitants and their dependents nor active employees and their dependents.

(9) Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks.

(10) Fund Deficits

The Department of Corrections Reimbursement and DOC Commissary Fund, nonmajor governmental funds had deficit fund balances (amounts expressed in thousands) of \$641 and \$1,565, respectively, at June 30, 2006. These deficits will be eliminated by future recognition of unavailable revenues.

(11) Commitments and Contingencies

(a) Operating leases

The Department leases office facilities and equipment, under the terms of noncancelable operating lease agreements that requires the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases (amount expressed in thousands) was \$13,732 for the year ended June 30, 2006.

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS**

Notes to Financial Statements

June 30, 2006

The following is a schedule of future minimum lease payments under the operating lease (amounts expressed in thousands):

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2007	\$ 328
2008	242
2009	<u>127</u>
	<u>\$ 697</u>

(b) Federal Funding

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2006, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(c) Litigation

The Department is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Department.

State of Illinois

Department of Corrections

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2006 (Expressed in Thousands)

	Special Revenue			Total
	Department of Corrections Reimbursement	DOC Commissary	DOC Residents' and Employees' Benefit	
ASSETS				
Cash equity with State Treasurer	\$ 4,321	\$ -	\$ -	\$ 4,321
Cash and cash equivalents	647	4,259	3,867	8,773
Receivables, net:				
Intergovernmental	613	-	-	613
Other	-	15	5	20
Due from other Department funds	479	-	6,303	6,782
Due from other State funds	2,070	-	-	2,070
Inventories	-	1,867	-	1,867
Total assets	\$ 8,130	\$ 6,141	\$ 10,175	\$ 24,446
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,775	\$ 960	\$ 334	\$ 5,069
Due to other Department fiduciary funds	-	-	3	3
Due to other Department funds	-	6,746	-	6,746
Due to other State funds	4,383	-	-	4,383
Deferred Revenues	613	-	-	613
Total liabilities	8,771	7,706	337	16,814
FUND BALANCES (DEFICITS)				
Reserved for inventories	-	1,867	-	1,867
Unreserved, unrestricted	(641)	(3,432)	9,838	5,765
Total fund balances (deficits)	(641)	(1,565)	9,838	7,632
Total liabilities and fund balances (deficits)	\$ 8,130	\$ 6,141	\$ 10,175	\$ 24,446

State of Illinois
Department of Corrections

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue			Total
	Department of Corrections Reimbursement	DOC Commissary	DOC Residents' and Employees' Benefit	
REVENUES				
Federal government	\$ 17,182	\$ -	\$ -	\$ 17,182
Interest and other investment income	-	24	87	111
Other revenues	16,023	13	909	16,945
Other charges for services	2,710	34,454	-	37,164
Total revenues	<u>35,915</u>	<u>34,491</u>	<u>996</u>	<u>71,402</u>
EXPENDITURES				
Public protection and justice	34,751	25,245	4,190	64,186
Total expenditures	<u>34,751</u>	<u>25,245</u>	<u>4,190</u>	<u>64,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,164</u>	<u>9,246</u>	<u>(3,194)</u>	<u>7,216</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in	4,595	-	6,278	10,873
Transfers-out	(4,085)	(10,873)	-	(14,958)
Net other sources (uses) of financial resources	<u>510</u>	<u>(10,873)</u>	<u>6,278</u>	<u>(4,085)</u>
Net change in fund balances	<u>1,674</u>	<u>(1,627)</u>	<u>3,084</u>	<u>3,131</u>
Fund balances (deficits), July 1, 2005	(2,315)	-	6,754	4,439
Increase for changes in inventories	-	62	-	62
FUND BALANCES (DEFICITS), JUNE 30, 2006	<u>\$ (641)</u>	<u>\$ (1,565)</u>	<u>\$ 9,838</u>	<u>\$ 7,632</u>

State of Illinois
Department of Corrections

Statement of Changes in Assets and Liabilities
Agency Fund

For the Year Ended June 30, 2006 (Expressed in Thousands)

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
DOC Resident's Trust				
ASSETS				
Cash and cash equivalents	\$ 2,964	\$ 531	\$ -	\$ 3,495
Due from other Department funds	2,020	-	1,271	749
Other receivables	2	-	-	2
Total assets	<u>\$ 4,986</u>	<u>\$ 531</u>	<u>\$ 1,271</u>	<u>\$ 4,246</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 113	\$ -	\$ 12	\$ 101
Other liabilities	4,873	-	728	4,145
Total liabilities	<u>\$ 4,986</u>	<u>\$ -</u>	<u>\$ 740</u>	<u>\$ 4,246</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Expenditures of Federal Awards
 - Fiscal Year 2006
 - Fiscal Year 2005
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Fourteen Months Ended August 31, 2006
 - Fourteen Months Ended August 31, 2005
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Efficiency Initiative Payments
 - Schedule of Changes in State Property
 - Fiscal Year 2006
 - Fiscal Year 2005
 - Comparative Schedule of Cash Receipts and Reconciliation of Department Receipts to Deposits Recorded by the Comptroller
 - Fund 001
 - Fund 523
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable
 - State Housing Benefits
 - Publications
- Analysis of Operations
 - Department Functions and Planning Program
 - Average Number of Employees
 - Analysis of Employee Overtime (Unaudited)
 - Annual Cost Statistics (Unaudited)
 - Notes to Annual Cost Statistics (Unaudited)
 - Annual Performance Statistics – School District #428 (Unaudited)
 - Participating Educational Institutions – School District #428 (Unaudited)
 - Emergency Purchases
 - Memorandum of Understanding (Unaudited)
 - IYC Rushville and Thomson
 - Hurricanes Katrina and Rita Cost Reporting (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
SUMMARY

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it had been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006
(Expressed in Thousands)

Federal Grantor\Pass-Through Grantor\Program Title	CFDA Number	Pass-Through Grantor Project Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass-through programs from the Illinois State Board of Education:			
School Breakfast Program	10.553	4220	798
National School Lunch Program	10.555	4210	1,510
Total U.S. Department of Agriculture			<u>2,308</u>
U.S. Department of Justice:			
Direct programs:			
Prisoner Reentry Initiative	16.202	n/a	493
State Criminal Alien Assistance Program	16.606	n/a	4,731
Total direct programs			<u>5,224</u>
Pass-through programs from the Illinois Criminal Justice Information Authority:			
Juvenile Accountability Incentive Block Grant	16.523	500086, 501086	252
Project Safe Neighborhoods	16.609	n/a	34
Crime Victim Assistance	16.575	201014, 201055	70
Byrne Formula Grant Program	16.579	400045, 4945, 4946, 4993 4995, 4999.02, 4999.08	1,156
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	3607, 3610	5,854
Violence Against Women Formula Grants	16.588	6811	72
Residential Substance Abuse Treatment for State Prisoners	16.593	900003, 900007, 900009, 9701 9705, 9800, 9801, 9802, 9811 9902, 9903, 9907, 9909, 9912	2,099
Pass-through programs from the Illinois Department of Human Services:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	316800	129
Temporary Assistance for Needy Families	93.558	n/a	2,223
Total pass-through programs			<u>11,889</u>
Total U.S. Department of Justice			<u>17,113</u>
U.S. Department of Labor:			
Pass-through programs from the Illinois State Board of Education:			
WIA Incentive Grants - Section 503 Grants to States	17.261	n/a	219
Total U.S. Department of Labor			<u>219</u>
U.S. Department of Education:			
Direct programs:			
Grants to States for Incarcerated Youth Offenders	84.331	n/a	703
Total direct programs			<u>703</u>
Pass-through programs from the Illinois Community College Board:			
Adult Education - State Grant Program	84.002	428AA	372
Pass-through programs from the Illinois State Board of Education:			
Title I Program for Neglected and Delinquent Children	84.013	4315	1,949
Special Education - Grants to States	84.027	4620	1,015
Vocational Education - Basic Grants to States	84.048	4740	260
Safe and Drug-Free Schools	84.186	4932	5
Innovation Education Program Strategies	84.298	4100	4
Improving Teacher Quality State Grants	84.367	4930	29
Total Pass-through programs			<u>3,634</u>
Total U.S. Department of Education			<u>4,337</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006
(Expressed in Thousands)

Federal Grantor\Pass-Through Grantor\Program Title	CFDA Number	Pass-Through Grantor Project Number	Federal Expenditures
U.S. Department of Health and Human Service:			
Pass-through programs from the Illinois Department of Healthcare and Family Services:			
State Children's Insurance Program	93,767	n/a	\$ 2
Medical Assistance Program	93,778	n/a	152
Total U.S. Department of Health and Human Service			<u>154</u>
Total Expenditures of Federal Awards			<u>\$ 24,131</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005
(Expressed in Thousands)

Federal Grantor\Pass-Through Grantor\Program Title	CFDA Number	Pass-Through Grantor Project Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass-through programs from the Illinois State Board of Education:			
School Breakfast Program	10.553	4220	\$ 763
National School Lunch Program	10.555	4210	1,395
Total U.S. Department of Agriculture			<u>2,158</u>
National Telecommunications and Information Administration, Department of Commerce:			
Direct programs:			
Telecommunications and Information Infrastructure Assistance Program	11.552	17-60-101008	22
Total National Telecommunications and Information Administration, Department of Commerce			<u>22</u>
U.S. Department of Justice:			
Direct programs:			
State Criminal Alien Assistance Program	16.606	n/a	275
Total direct programs			<u>275</u>
Pass-through programs from the Illinois Criminal Justice Information Authority:			
Juvenile Accountability Incentive Block Grant	16.523	500086, 501086	64
Project Safe Neighborhoods	16.609	n/a	29
Crime Victim Assistance	16.575	201014, 201055	75
Byrne Formula Grant Program	16.579	400045, 4945, 4946, 4993 4995, 4999.02, 4999.08	2,255
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	3607, 3610	6,519
Violence Against Women Formula Grants	16.588	6811	34
Residential Substance Abuse Treatment for State Prisoners	16.593	900003, 900007, 900009, 9701 9705, 9800, 9801, 9802, 9811 9902, 9903, 9907, 9909, 9912	1,480
Pass-through programs from the Illinois Department of Human Services:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	316800	155
Temporary Assistance for Needy Families	93.558	n/a	2,442
Total pass-through programs			<u>13,053</u>
Total U.S. Department of Justice			<u>13,328</u>
U.S. Department of Labor:			
Pass-through programs from the Illinois State Board of Education:			
WIA Youth Opportunity (YOG)	17.263	4777	50
WIA Incentive Grants - Section 503 Grants to States	17.261	n/a	381
Total U.S. Department of Labor			<u>431</u>
U.S. Department of Education:			
Direct programs:			
Grants to States for Incarcerated Youth Offenders	84.331	n/a	520
Total direct programs			<u>520</u>
Pass through programs from the Illinois Community College Board:			
Adult Education - State Grant Program	84.002	428AA	344

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005
(Expressed in Thousands)

Federal Grantor\Pass-Through Grantor\Program Title	CFDA Number	Pass-Through Grantor Project Number	Federal Expenditures
Pass-through programs from the Illinois State Board of Education:			
Title I Program for Neglected and Delinquent Children	84.013	4315	\$ 2,285
Special Education - Grants to States	84.027	4620	1,165
Vocational Education - Basic Grants to States	84.018	4740	234
Innovation Education Program Strategies	84.298	4100	11
Special Education - State Program Improvement Grants for Children with Disabilities	84.323	4361	45
Improving Teacher Quality State Grants	84.367	4930	25
Total Pass-through programs			<u>4,109</u>
Total U.S. Department of Education			<u>4,629</u>
U.S. Department of Health and Human Service:			
Pass-through programs from the Illinois Department of Public Aid:			
HIV Prevention Activities - Health Department Based	93.940	780383	179
Total U.S. Department of Health and Human Service			<u>179</u>
Total Expenditures of Federal Awards			<u>\$ 20,747</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the federal award programs of the Illinois Department of Corrections. The reporting entity for the Department is defined in the footnotes to the Department's financial statements. The Schedule of Expenditures of Federal Awards includes the expenditure of awards received directly from Federal agencies and awards passed through other State and local agencies.

The Schedule of Expenditures of Federal Awards was prepared for State compliance purposes only. A separate single audit of the Illinois Department of Corrections was not conducted. A separate single audit of the entire State of Illinois (which includes the Illinois Department of Corrections) was performed and released under separate cover.

NOTE 2 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards has been prepared in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting as prescribed in pronouncements issued by the Governmental Accounting Standards Board. The revenues and expenditures for all of the Department's federal awards are accounted for in the Corrections Reimbursement Fund - 523.

NOTE 3 - INDIRECT COSTS

The Department does not claim indirect cost reimbursements for any of its federal award programs. Consequently, the Department does not have an indirect cost rate established for allocating indirect costs to federal award programs.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 4 - DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS

The following is a brief description of the significant programs included in the Schedule of Expenditures of Federal Awards schedule.

U. S. Department of Agriculture- Pass through program from the Illinois State Board of Education

1. *School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555* - These programs are administered through the Illinois State Board of Education. The Department is reimbursed for a portion of the cost of meals prepared for the juveniles housed at Illinois Youth Centers and inmates under the age of 21 in adult facilities participating in educational programs.
2. *Telecommunications and Information Infrastructure Assistance Program CFDA #11.552 - PACT* - Parent and Children Together is a grant-funded program that provides female offenders an opportunity to interact with their children via videoconferencing.

U. S. Department of Justice

1. *Prisoner Reentry Initiative CFDA #16.202* - The objective is to assist jurisdictions in facing the challenges presented by the return of offenders from prison to the community. The goal is to support the effective delivery of pre-release assessments and services, and to develop transition plans in collaboration with other justice and community-based agencies and providers, for supervised and non-supervised non-violent offenders.
2. *State Criminal Alien Assistance Program CFDA #16.606* - This program provides funding to offset costs incurred for the imprisonment of undocumented criminal aliens who are convicted of felony offenses. The Department's participation in the program results in the identification of undocumented criminal aliens and expedition of the process of transferring criminal aliens to Federal custody in preparation for deportation. There are no restrictions on or prescribed use of funds received through this program

U.S. Department of Justice - Pass-through from Illinois Criminal Justice Information Authority

1. *Juvenile Accountability Incentive Block Grant CFDA #16.523* - The objectives of this program are to provide States and units of local government with funds to develop programs to provide training and technical assistance to develop programs to promote greater accountability in the juvenile justice system.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 4 - DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS (Continued)

2. *Project Safe Neighborhoods CFDA #16.609* - Project Safe Neighborhoods is a nationwide commitment and a comprehensive, strategic approach to reducing gun violence in America by networking existing local programs that target gun crime and providing those programs with additional tools.
3. *Byrne Formula Grant Program CFDA #16.579* - The objectives of this program are to reduce and prevent illegal drug activity, crime and violence, and improve the functioning of the criminal justice system. Funding for this program results from several grant contracts with the Illinois Criminal Justice Information Authority. Projects funded include the Post Release Substance Abuse Case Management, Young Offender Re-entry, Community Based Transitional Services for Adult offenders and for Females, Offender Tracking System upgrade, Transitional and Reentry programs, and training for professionals treating sex offenders.
4. *Violent Offender Incarceration and Truth in Sentencing Incentive Grants CFDA #16.586* - The objectives of this program are to provide funds for the construction of new facilities and improvements to existing facilities that result in an increase in the bed capacity for the confinement of adult and juvenile violent offenders.
5. *Residential Substance Abuse Treatment for State Prisoners (RSAT) CFDA #16.593* - The objective of this program is to provide funds for substance abuse services for adult and juvenile offenders. Currently grant-funded residential substance abuse programs are provided at Lincoln, Dwight, Kankakee MSU, Dixon, Joliet Reception and Classification, Robinson and Graham for Adults, and at Illinois Youth Centers at St. Charles, Joliet, Warrenville and Harrisburg.
6. *Crime Victim Assistance CFDA #16.575* - The objective of this program is to provide services to victims of violence. Under the Victims of Crime Act, the Department has a grant-funded program that provides a state-wide Victim Services Unit to assist victims of crimes committed by convicted offenders.
7. *Violence Against Women Formula Grants CFDA #16.588* - The objective of this program is to provide counseling services to female offenders who are victims of violent acts prior to commitment. A grant-funded program provides these services to female offenders at Dwight, Kankakee MSU, Metro and Fox Valley Adult Transitional Centers (ATC).

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 4 - DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS (Continued)

U. S. Department of Justice – Pass through from Department of Human Services

1. *Juvenile Justice and Delinquency Prevention -Allocation to States CFDA #16.540* – The objectives of this program are to increase the capacity of State and local governments to support the development of more effective education, training, research, prevention, diversion, treatment, accountability based sanctions, and rehabilitation programs in the area of juvenile delinquency and programs to improve the juvenile justice system.
2. *Temporary Assistance for Needy Families CFDA #93.558* - The objectives of this program are to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

U.S. Department of Labor – Pass-through from Illinois State Board of Education

1. *Youth Opportunity (YOG) CFDA #17.263* – Offers employment and life skills services to correctional facilities educational programs to enhance post-release opportunities for inmates who are on parole. The program is directly linked to networking with outside agencies and Life Skills Offender Counselors and Cooperative Work Training Instructors, revising academic curriculum, partnership participation, assisting in Career Days at correctional facilities, and providing information and services to enhance life skills preparation.
2. *Youth Academic Skills CFDA #17.261* - The objectives of this program are to address national employment and training problems. This is accomplished through demonstration and pilot projects, which will include the provision of direct services to individuals to enhance employment opportunities and an evaluation component.

U.S. Department of Education

1. *Grants to States for Incarcerated Youth Offenders CFDA #84.331* – Provides direct services to inmates in adult facilities through Youthful Offender Counselors regarding life skill preparation and referrals. The goal of this program is to provide transitional services for inmate students who are age 25 or under with five years or less on their sentence. However, inmates at all age levels receive assistance. Youthful Offender Counselor duties include teaching an Education-To-Careers Class, working with Life Skill referrals, consulting Individual Transition Plans, remedial instruction, and other related duties.
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STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 4 - DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS (Continued)

U.S. Department of Education – Pass-through from Illinois Community College Board

1. *Adult Education – State Grant Program CFDA #84.002* – Provides funding for staff and activities to encourage, expand, and improve educational opportunities for adults. Individuals at least 16 years of age who test below college level meet program guidelines.

U.S. Department of Education - Pass-through from Illinois State Board of Education

1. *Title I Program for Neglected and Delinquent Children CFDA #84.013* – Provides opportunities for children served to acquire the knowledge and skills contained in the challenging state content standards and to meet the state performance standards developed for all children and young adults (under 21) for special educations services.
 2. *Vocational Education – Basic Grants to States CFDA #84.048* – Provides funding for eleven Life Skills Centers. Life Skills Centers provide transitional services to ex-offenders.
 3. *State Grants for Innovative Programs CFDA #84.298* – Support local education reform efforts, which are consistent with and support statewide reform efforts. Provide a continuing source of innovation and educational improvement, including support for library services and instructional and media materials; and meet the special educational needs of at-risk and high-cost students.
 4. *Special Education – State Program Improvement Grants for Children with Disabilities CFDA #84.323* – Funds staff development opportunities to address critical shortages of special education teachers with the school district. Through the academy, special education teachers may add endorsements to this certificate; general education teachers may complete requirements to become special education teachers.
 5. *Special Education – Grants to States CFDA #84.027* - This grant funds programs to provide appropriate special education and related services to children with disabilities.
 6. *Improving Teacher Quality State Grants CFDA #84.367* - The objectives of this program are to increase student academic achievement through strategies improving teacher quality.
 7. *Safe and Drug-Free Schools CFDA #84.186* – The grant is designed to offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources.
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STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR FISCAL YEARS ENDED JUNE 30, 2006 and 2005
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

U.S. Department of Health and Human Services – Pass-through from Illinois Department of Public Aid

1. *HIV Prevention Activities – Health Department Based CFDA #93.940* - The objectives of this program are to assist States and political subdivisions of States in meeting the cost of establishing and maintaining Human Immunodeficiency Virus (HIV) prevention programs.

U.S. Department of Health and Human Services – Pass-through from Illinois Department of Healthcare and Family services

1. *State Children’s Insurance Program CFDA #93.767* - To initiate and expand child health assistance to uninsured, low-income children. Assistance is provided primarily by two methods: (1) obtain health insurance coverage that meets certain requirements in amount, duration, and scope of benefits; or (2) expand eligibility for children under the State's Medicaid program.
2. *Medical Assistance Program CFDA #93.778* - To provide funding for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other categorically-eligible groups. Financial assistance is provided to pay for Medicare premiums, copayments and deductibles of qualified Medicare beneficiaries meeting certain income requirements. More limited financial assistance is available for certain Medicare beneficiaries with higher incomes.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2006

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2006	Lapse Period		Balances Lapsed
			Expenditures July 1 to August 31	Total Expenditures	
Public Acts: 94-015 & 94-798 GENERAL REVENUE FUND - 0001 General Office:					
Personal Services	\$ 14,939,900	\$ 14,213,858	\$ 725,921	\$ 14,939,779	\$ 121
Employee Retirement - Contributions Paid by Employer	100,600	100,480	-	100,480	120
State Contributions to State Employees' Retirement System	1,166,900	1,108,414	56,400	1,164,814	2,086
State Contributions for Social Security	1,131,100	1,075,141	55,955	1,131,096	4
Contractual Services	8,268,300	6,606,442	1,513,423	8,119,865	148,435
Travel	242,600	210,648	31,932	242,580	20
Commodities	130,200	100,510	29,604	130,114	86
Printing	30,600	30,190	391	30,581	19
Equipment	18,800	13,672	5,086	18,758	42
Electronic Data Processing	4,621,200	4,427,533	192,290	4,619,823	1,377
Telecommunications	1,182,400	1,178,529	3,705	1,182,234	166
Operation of Automotive Equipment	262,400	235,882	26,496	262,378	22
Tort Claims	470,400	132,554	103,223	235,777	234,623
Cook County Juvenile Detention Center	7,500,000	7,500,000	-	7,500,000	-
Cook County Boot Camp Center	1,250,000	1,250,000	-	1,250,000	-
Sheriff's Fees for Conveying Prisoners	374,900	374,610	290	374,900	-
State's Share of Assistant State's Attorney's Salaries					
Reimbursement to Counties per 55 ILCS 5/4	418,200	268,456	41,538	309,994	108,206
Awards and Grants	3,000,000	1,500,000	1,500,000	3,000,000	-
Lump Sums	1,750,000	452,082	99,811	551,893	1,198,107
Repairs, Maintenance and other					
Capital Improvements	1,323,300	786,221	537,079	1,323,300	-
Total	\$ 48,181,800	\$ 41,565,222	\$ 4,923,144	\$ 46,488,366	\$ 1,693,434

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2006

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2006	Lapse Period		Total Expenditures	Balances Lapsed
			Expenditures July 1 to August 31	Expenditures August 31		
Public Acts: 94-015 & 94-798						
GENERAL REVENUE FUND - 0001 (Continued):						
School District #428						
Personal Services	\$ 15,649,900	\$ 14,994,206	\$ 654,006	\$ 15,648,212	\$ 1,688	
Student, Member or Inmate Compensation	19,600	18,104	1,442	19,546	54	
Employee Retirement - Contributions Paid by Employer	191,100	191,055	-	191,055	45	
State Contributions to Teachers'						
Retirement System	6,200	3,481	146	3,627	2,573	
State Contributions to State						
Employees' Retirement System	1,214,200	1,122,419	49,019	1,171,438	42,762	
State Contributions for Social Security	1,036,600	992,657	43,500	1,036,157	443	
Contractual Services	7,356,600	4,632,116	2,715,544	7,347,660	8,940	
Travel	14,300	12,236	1,979	14,215	85	
Commodities	272,800	189,324	83,468	272,792	8	
Printing	45,400	31,008	14,325	45,333	67	
Telecommunications	5,900	5,900	-	5,900	-	
Operation of Automotive Equipment	12,200	11,897	243	12,140	60	
Total	<u>25,824,800</u>	<u>22,204,403</u>	<u>3,563,672</u>	<u>25,768,075</u>	<u>56,725</u>	

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2006

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2006	Lapse Period		Balances Lapsed
			Expenditures July 1 to August 31	Total Expenditures	
Public Acts: 94-015 & 94-798					
GENERAL REVENUE FUND - 0001 (Continued):					
Field Services					
Personal Services	\$ 46,568,400	\$ 44,424,911	\$ 2,143,462	\$ 46,568,373	\$ 27
Student Member or Inmate Compensation	92,000	81,658	10,260	91,918	82
Employee Retirement - Contributions Paid by Employer	540,300	529,004	11,274	540,278	22
State Contributions to State					
Employees' Retirement System	3,643,500	3,462,212	180,933	3,643,145	355
State Contributions for Social Security	3,489,400	3,328,365	160,854	3,489,219	181
Contractual Services	31,187,300	26,963,285	3,911,506	30,874,791	312,509
Travel	310,200	261,713	46,024	307,737	2,463
Travel and Allowance	37,800	33,223	4,567	37,790	10
Commodities	460,900	420,415	40,352	460,767	133
Printing	18,000	15,762	2,238	18,000	-
Equipment	649,800	606,162	30,266	636,428	13,372
Telecommunications	6,682,900	6,666,879	9,754	6,676,633	6,267
Operation of Automotive Equipment	2,540,700	1,992,786	547,885	2,540,671	29
Total	\$ 96,221,200	\$ 88,786,375	\$ 7,099,375	\$ 95,885,750	\$ 335,450

REIMBURSEMENT FUND - 0523:

General Office:

School District Programs	\$ 15,000,000	\$ 9,011,887	\$ 1,141,187	\$ 10,153,074	\$ 4,846,926
Federal Programs	23,000,000	11,241,819	981,243	12,223,062	10,776,938
Miscellaneous Programs	22,000,000	13,623,586	1,652,645	15,276,231	6,723,769
Total	\$ 60,000,000	\$ 33,877,292	\$ 3,775,075	\$ 37,652,367	\$ 22,347,633

TOTAL APPROPRIATED FUNDS

(General Office, School District #428, Field Services)

\$ 230,227,800	\$ 186,433,292	\$ 19,361,266	\$ 205,794,558	\$ 24,433,242
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Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2005

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2005	Lapse Period		Total Expenditures	Balances Lapsed
			Expenditures July 1 to August 31			
Public Acts: 93-681, 93-842 & 94-015 GENERAL REVENUE FUND - 0001	\$	\$	\$	\$	\$	\$
General Office:						
Personal Services	13,478,025	12,759,679	677,942	13,437,621	40,404	
Employee Retirement - Contributions Paid by Employer	15,306	15,305	-	15,305	1	
State Contributions to State Employees' Retirement System	2,123,117	2,011,066	108,060	2,119,126	3,991	
State Contributions for Social Security	990,000	930,176	50,454	980,630	9,370	
Contractual Services	6,010,764	5,028,868	511,246	5,540,114	470,650	
Travel	273,110	240,998	31,870	272,868	242	
Commodities	157,497	114,652	10,149	124,801	32,696	
Printing	46,128	28,148	5,834	33,982	12,146	
Equipment	38,389	28,798	1,091	29,889	8,500	
Electronic Data Processing	7,680,833	6,225,308	1,455,525	7,680,833	-	
Telecommunications	2,800,745	2,151,418	641,287	2,792,705	8,040	
Operation of Automotive Equipment	259,500	213,986	44,115	258,101	1,399	
Payment of Claims under Workers' Compensation Act or Occupational Diseases Act	174,521	174,520	-	174,520	1	
Tort Claims	470,400	134,120	145,599	279,719	190,681	
Cook County Juvenile Detention Center	7,500,000	7,500,000	-	7,500,000	-	
Cook County Boot Camp Center	1,000,000	1,000,000	-	1,000,000	-	
Sheriff's Fees for Conveying Prisoners	374,900	374,290	-	374,290	610	
State's Share of Assistant State's Attorney's Salaries						
Reimbursement to Counties per 55 ILCS 5/4	418,200	280,035	33,870	313,905	104,295	
Awards and Grants	625,000	625,000	-	625,000	-	
Repairs, Maintenance and other						
Capital Improvements	552,300	250,776	149,221	399,997	152,303	
Total	\$ 41,988,735	\$ 40,087,113	\$ 3,866,263	\$ 43,953,406	\$ 1,035,329	

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2005

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed
Public Acts: 93-681, 93-842 & 94-015 GENERAL REVENUE FUND - 0001 (Continued): School District #428					
Personal Services	\$ 14,964,800	\$ 14,282,145	\$ 662,463	\$ 14,944,608	\$ 20,192
Student, Member or Inmate Compensation	37,500	20,686	1,827	22,513	14,987
Employee Retirement - Contributions Paid by Employer	32,640	32,639	-	32,639	1
State Contributions to Teachers' Retirement System	6,200	3,903	254	4,157	2,043
State Contributions to State Employees Retirement System	2,201,500	2,099,264	97,246	2,196,510	4,990
State Contributions for Social Security	949,700	890,611	41,564	932,175	17,525
Contractual Services	8,211,500	5,524,304	2,564,617	8,088,921	122,579
Travel	41,000	15,271	23,130	38,401	2,599
Commodities	327,200	237,299	69,663	306,962	20,238
Printing	48,000	34,903	6,713	41,616	6,384
Equipment	37,200	24,565	8,889	33,454	3,746
Telecommunications	6,200	5,494	506	6,000	200
Operation of Automotive Equipment	13,000	9,005	1,126	10,131	2,869
Total	\$ 26,876,440	\$ 23,180,089	\$ 3,477,998	\$ 26,658,087	\$ 218,353

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOURTEEN MONTHS ENDED AUGUST 31, 2005

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2005	Lapse Period		Balances Lapsed
			Expenditures July 1 to August 31	Total Expenditures	
Public Acts: 93-681, 93-842 & 94-015					
GENERAL REVENUE FUND - 0001 (Continued):					
Field Services					
Personal Services	\$ 40,238,600	\$ 38,296,497	\$ 1,915,088	\$ 40,211,585	\$ 27,015
Student, Member or Inmate Compensation	106,800	87,638	6,713	94,351	12,449
Employee Retirement - Contributions Paid by Employer	81,698	81,697	-	81,697	1
State Contributions to State					
Employees Retirement System	6,268,100	5,957,125	301,224	6,258,349	9,751
State Contributions for Social Security	2,940,000	2,766,987	139,995	2,906,982	33,018
Contractual Services	32,741,100	29,065,328	3,336,010	32,401,338	339,562
Travel	134,200	111,980	11,170	123,150	11,050
Travel and Allowance	3,800	2,362	339	2,701	1,099
Commodities	511,900	400,244	25,892	426,136	85,764
Printing	16,200	14,913	902	15,815	385
Equipment	377,700	354,522	13,918	368,440	9,260
Telecommunications	7,177,300	6,737,491	382,633	7,120,124	57,176
Operation of Automotive Equipment	2,277,460	1,878,314	399,014	2,277,328	132
Total	\$ 92,874,858	\$ 85,755,298	\$ 6,532,898	\$ 92,288,196	\$ 586,662
REIMBURSEMENT FUND - 0523:					
General Office:					
School District Programs	\$ 14,000,000	\$ 11,209,753	\$ 1,168,706	\$ 12,378,459	\$ 1,621,541
Federal Programs	57,200,000	11,147,939	1,821,967	12,969,906	44,230,094
Miscellaneous Programs	28,383,999	19,050,267	312,306	19,362,573	9,021,426
Awards & Grants	750,000	750,000	-	750,000	-
Total	\$ 100,333,999	\$ 42,157,959	\$ 3,302,979	\$ 45,460,938	\$ 54,873,061
TOTAL APPROPRIATED FUNDS					
(General Office, School District #428, Field Services)	\$ 265,074,032	\$ 191,180,489	\$ 17,180,138	\$ 208,360,627	\$ 56,713,405

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
YEARS ENDED JUNE 30, 2006, 2005, 2004

	Fiscal Year		
	2006	2005	2004
	Public Acts 94-015 & 94-798	Public Act 93-681, 93-842 & 94-015	Public Act 93-0091
GENERAL REVENUE FUND - 0001:			
General Office:			
Appropriations (net after transfers)	\$ 48,181,800	\$ 44,988,735	\$ 72,920,602
Expenditures:			
Personal Services	14,939,779	13,437,621	13,830,376
Employee Retirement - Contributions			
Paid by Employer	100,480	15,305	331,947
State Contributions to State			
Employees' Retirement System	1,164,814	2,119,126	1,191,478
State Contributions for Social Security	1,131,096	980,630	1,054,594
Contractual Services	8,119,865	5,540,114	9,781,224
Travel	242,580	272,868	276,323
Commodities	130,114	124,801	310,039
Printing	30,581	33,982	38,176
Equipment	18,758	29,889	925,108
Electronic Data Processing	4,619,823	7,680,833	8,863,239
Telecommunications	1,182,234	2,792,705	3,564,180
Operation of Automotive Equipment	262,378	258,101	251,456
Payment of Claims under Workers'			
Compensation Act or Occupational			
Diseases Act	-	174,520	12,939,487
Tort Claims	235,777	279,719	3,175,720
Cook County Juvenile Detention Center	7,500,000	7,500,000	7,500,000
Cook County Boot Camp Center	1,250,000	1,000,000	1,000,000
Sheriff's Fees for Conveying Prisoners	374,900	374,290	390,179
State's Share of Assistant State's			
Attorney's Salaries Reimbursement			
to Counties per 55 ILCS 5/4	309,994	313,905	315,698
Repairs, Maintenance and other			
Capital Improvements	1,323,300	399,997	3,376,044
Awards and Grants	3,000,000	625,000	-
Lump Sums	551,893	-	-
Total Expenditures	46,488,366	43,953,406	69,115,268
Lapsed Balances	\$ 1,693,434	\$ 1,035,329	\$ 3,805,331

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
YEARS ENDED JUNE 30, 2006, 2005, 2004

	Fiscal Year		
	2006	2005	2004
	Public Acts 94-015 & 94-798	Public Act 93-681, 93-842 & 94-015	Public Act 93-0091
GENERAL REVENUE FUND - 0001 (Continued):			
School District #428:			
Appropriations (net after transfers)	\$ 25,824,800	\$ 26,876,440	\$ 42,763,800
Expenditures:			
Personal Services	15,648,212	14,944,608	18,673,716
Student, Member or Inmate Compensation	19,516	22,513	31,433
Employee Retirement - Contributions			
Paid by Employer	191,055	32,639	855,150
State Contributions to Teachers' Retirement System	3,627	4,157	4,860
State Contributions to State Employees' Retirement System	1,171,438	2,196,510	1,603,775
State Contributions for Social Security	1,036,157	932,175	1,198,817
Contractual Services	7,347,660	8,088,921	8,861,517
Travel	14,215	38,401	42,536
Commodities	272,792	306,962	564,322
Printing	45,333	41,616	69,633
Equipment	-	33,454	1,120,701
Telecommunications	5,900	6,000	6,500
Operation of Automotive Equipment	12,140	10,131	13,500
Total Expenditures	25,768,075	26,658,087	33,046,460
Lapsed Balances	\$ 56,725	\$ 218,353	\$ 9,717,340
Field Services:			
Appropriations (net after transfers)	\$ 96,221,200	\$ 92,874,858	\$ 105,914,100
Expenditures:			
Personal Services	46,568,373	40,211,585	39,610,936
Student, Member or Inmate Compensation	91,918	94,351	106,010
Employee Retirement - Contributions			
Paid by Employer	540,278	81,697	1,822,680
State Contributions to State Employees' Retirement System	3,643,145	6,258,349	3,419,928
State Contributions for Social Security	3,489,219	2,906,982	2,956,108
Contractual Services	30,874,791	32,401,538	38,829,015
Travel	307,737	123,150	202,966
Travel and Allowance	37,790	2,701	1,538
Commodities	460,767	426,136	561,897
Printing	18,000	15,815	16,875
Equipment	636,428	368,440	1,609,354
Telecommunications	6,676,633	7,120,124	7,494,572
Operation of Automotive Equipment	2,510,671	2,277,328	1,918,090
Total Expenditures	95,885,750	92,288,196	98,579,969
Lapsed Balances	\$ 335,450	\$ 586,662	\$ 7,334,131

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
YEARS ENDED JUNE 30, 2006, 2005, 2004

	Fiscal Year		
	2006	2005	2004
	Public Acts 94-015 & 94-798	Public Act 93-681, 93-842 & 94-015	Public Act 93-0091
DEPARTMENT OF CORRECTIONS			
REIMBURSEMENT FUND - 0523			
General Office:			
Appropriations (net after transfers)	\$ 60,000,000	\$ 100,333,999	\$ 85,780,000
Expenditures:			
School District Programs	10,153,074	12,378,459	10,318,714
Federal Programs	12,223,062	12,969,906	4,219,646
Miscellaneous Programs	15,276,231	19,362,573	13,607,126
Awards and Grants	-	730,000	-
Total Expenditures	<u>37,652,367</u>	<u>45,460,938</u>	<u>28,145,486</u>
Lapsed Balances	<u>\$ 22,347,633</u>	<u>\$ 54,873,061</u>	<u>\$ 57,634,514</u>
TOTAL APPROPRIATED FUNDS			
Appropriations (net after transfers)	\$ 230,227,800	\$ 265,074,032	\$ 307,378,502
Expenditures	<u>205,794,558</u>	<u>208,360,627</u>	<u>228,887,183</u>
Lapsed Balances	<u>\$ 24,433,242</u>	<u>\$ 56,713,405</u>	<u>\$ 78,491,319</u>
APPOINTED STATE OFFICERS SALARIES			
Fiscal Year			
	2006	2005	2004
Appropriations	\$ 344,600	\$ 344,600	\$ 344,600
Expenditures:			
For the Director	127,773	127,600	127,600
For two Assistant Directors	<u>109,716</u>	<u>108,500</u>	<u>72,333</u>
Total Expenditures for State Officers Salaries	<u>\$ 237,489</u>	<u>\$ 236,100</u>	<u>\$ 199,933</u>

Note: The Department's Director and two Assistant Director's salaries are appropriated to, and paid by the State Comptroller's Office.

Appropriations, expenditures and lapsed balances were taken from Comptroller records and have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS

		<u>Amount</u>
<u>Procurement Efficiency Initiative</u>		
General Revenue Fund - 001		
Contractual Services	\$	1,213,300
Travel		20,000
Commodities		913,500
Equipment		155,000
Operation of Automotive		25,000
	Sub-Total	<u>2,326,800</u>
<u>Information Technology Initiatives</u>		
General Revenue Fund - 001		
Contractual Services		1,991,700
Telecommunications		415,000
	Sub-Total	<u>2,406,700</u>
	Grand Total	\$ <u>4,733,500</u>

Note: This schedule includes only those payments made pursuant to PA93-0025
Amounts were obtained from the Agency and reconciled to information from
the Office of the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF CHANGES IN STATE PROPERTY
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Net Transfers	Balance June 30, 2006
General Office					
Land	\$ 400,000	-	-	-	\$ 400,000
Building	-	-	-	-	-
Equipment	29,701,616	685,343	399,344	(168,437)	29,819,178
Cap lease bldg	-	-	-	-	-
Cap lease equip	20,037	-	-	-	20,037
CIP	599,968	-	-	-	599,968
Total	<u>\$ 30,721,621</u>	<u>\$ 685,343</u>	<u>\$ 399,344</u>	<u>\$ (168,437)</u>	<u>\$ 30,839,183</u>
School District #428					
Land	-	-	-	-	-
Building	711,964	-	-	-	711,964
Equipment	17,334,787	237,376	265,312	35,861	17,342,712
Cap lease bldg	-	-	-	-	-
Cap lease equip	-	-	-	-	-
CIP	-	-	-	-	-
Total	<u>\$ 18,046,751</u>	<u>\$ 237,376</u>	<u>\$ 265,312</u>	<u>\$ 35,861</u>	<u>\$ 18,051,676</u>
Field Services					
Land	-	-	-	-	-
Building	-	-	-	-	-
Equipment	15,368,629	670,215	82,623	(13,549)	15,942,672
Cap lease bldg	-	-	-	-	-
Cap lease equip	45,600	-	-	-	45,600
CIP	-	-	-	-	-
Total	<u>\$ 15,414,229</u>	<u>\$ 670,215</u>	<u>\$ 82,623</u>	<u>\$ (13,549)</u>	<u>\$ 15,988,272</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF CHANGES IN STATE PROPERTY
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Net Transfers	Balance June 30, 2006
Total					
Land	\$ 400,000	-	-	-	\$ 400,000
Building	711,964	-	-	-	711,964
Equipment	62,405,032	1,592,934	747,279	(146,125)	63,104,562
Cap lease bldg	-	-	-	-	-
Cap lease equip	65,637	-	-	-	65,637
CIP	599,968	-	-	-	599,968
Total	<u>\$ 64,182,601</u>	<u>\$ 1,592,934</u>	<u>\$ 747,279</u>	<u>\$ (146,125)</u>	<u>\$ 64,882,131</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF CHANGES IN STATE PROPERTY
YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Deletions	Net Transfers	Balance June 30, 2005
General Office					
Land	\$ 400,000	-	-	-	\$ 400,000
Building	-	-	-	-	-
Equipment	29,752,133	1,592,442	536,949	(1,106,010)	29,701,616
Cap lease bldg	-	-	-	-	-
Cap lease equip	20,037	-	-	-	20,037
CIP	886,207	-	-	(286,239)	599,968
Total	\$ 31,058,377	\$ 1,592,442	\$ 536,949	\$ (1,392,249)	\$ 30,721,621
School District #428					
Land	-	-	-	-	-
Building	711,964	-	-	-	711,964
Equipment	17,153,341	733,875	316,330	(236,099)	17,334,787
Cap lease bldg	-	-	-	-	-
Cap lease equip	-	-	-	-	-
CIP	-	-	-	-	-
Total	\$ 17,865,305	\$ 733,875	\$ 316,330	\$ (236,099)	\$ 18,046,751
Field Services					
Land	-	-	-	-	-
Building	-	-	-	-	-
Equipment	17,075,814	488,975	470,970	(1,725,190)	15,368,629
Cap lease bldg	-	-	-	-	-
Cap lease equip	45,600	-	-	-	45,600
CIP	-	-	-	-	-
Total	\$ 17,121,414	\$ 488,975	\$ 470,970	\$ (1,725,190)	\$ 15,414,229

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
SCHEDULE OF CHANGES IN STATE PROPERTY
YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Deletions	Net Transfers	Balance June 30, 2005
Total					
Land	\$ 400,000	-	-	-	\$ 400,000
Building	711,964	-	-	-	711,964
Equipment	63,981,288	2,815,292	1,324,249	(3,067,299)	62,405,032
Cap lease bldg	-	-	-	-	-
Cap lease equip	65,637	-	-	-	65,637
CIP	886,207	-	-	(286,239)	599,968
Total	<u>\$ 66,045,096</u>	<u>\$ 2,815,292</u>	<u>\$ 1,324,249</u>	<u>\$ (3,353,538)</u>	<u>\$ 64,182,601</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
DEPARTMENT RECEIPTS TO DEPOSITS RECORDED BY THE COMPTROLLER
GENERAL REVENUE FUND - 0001
YEARS ENDED JUNE 30, 2006, 2005, 2004

	<u>2006</u>	<u>2005</u>	<u>2004</u>
CASH RECEIPTS PER DEPARTMENT RECORDS			
General Office - Miscellaneous	\$ 42,747	\$ 47,467	\$ 58,971
School District - Miscellaneous	57	408	38,125
Adult and Juvenile Facilities - Miscellaneous	148,220	191,770	220,838
Field Services (including Adult Transition Centers) - Miscellaneous	<u>4,393</u>	2,980	<u>12,588</u>
TOTAL RECEIPTS PER DEPARTMENT RECORDS	195,417	242,625	330,522
Deposits in transit, beginning of period	-	-	-
Deposits in transit, end of period	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEPOSITS RECORDED BY THE COMPTROLLER	<u>\$ 195,417</u>	<u>\$ 242,625</u>	<u>\$ 330,522</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
DEPARTMENT RECEIPTS TO DEPOSITS RECORDED BY THE COMPTROLLER
CORRECTIONS REIMBURSEMENT FUND - 0523
YEARS ENDED JUNE 30, 2006, 2005, 2004

	<u>2006</u>	<u>2005</u>	<u>2004</u>
CASH RECEIPTS PER DEPARTMENT RECORDS			
General Office	\$ 34,751,244	\$ 28,489,208	\$ 18,709,060
School District	8,624,548	9,477,860	10,680,486
Adult Facilities	-	-	<u>2,262,847</u>
TOTAL RECEIPTS PER DEPARTMENT RECORDS	43,375,792	37,967,068	31,652,393
Deposits in transit, beginning of period	-	-	-
Deposits in transit, end of period	-	-	-
TOTAL DEPOSITS RECORDED BY THE COMPTROLLER	<u>\$ 43,375,792</u>	<u>\$ 37,967,068</u>	<u>\$ 31,652,393</u>

Revenue Source Codes are not facility specific, these codes are used by the entire Department.
Totals for Fund 523 are reconciled by individual SAMS codes and to the entire Department total.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

The operating expenditures for divisions within the scope of the compliance examination (General Office, School District #428 and Field Services) are financed by appropriations from the General Revenue Fund. The Department also receives appropriations from the Department of Corrections Reimbursement Fund for various School District #428 programs, federal programs and miscellaneous programs. The, "Schedule of Appropriations, Expenditures and Lapsed Balances", presents transactions by appropriate line item for the fiscal year ended June 30, 2006. The "Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances" compares expenditures by line item for the divisions covered by the compliance examination.

The Department's explanation for significant fluctuations in expenditures is detailed below. For the purpose of our comparison, a fluctuation equal to or greater than 20% was considered significant.

GENERAL REVENUE FUND - 0001 - Variations from FY 2005 to FY 2006

General Office: Employee Retirement - Contributions Paid by Employer expenditures increased \$85,175 or 557% in fiscal year 2006 due to a decrease in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

State Contributions to State Employees' Retirement expenditures decreased \$954,312 or 45% in fiscal year 2006 due to the change in the overall State's rate from 16.1% in fiscal year 2005 to 7.8% in fiscal year 2006.

Contractual Services expenditures increased \$2,579,751 or 47% in fiscal year 2006 due to the increased cost of utilities, payment for legal services per court orders and other contractually based rate increases.

Equipment expenditures decreased \$11,131, or 37% in fiscal year 2006 due to the limited purchases of replacement vehicles.

Electronic Data Processing expenditures decreased \$3,061,010 or 40% in fiscal year 2006 due to the payments made per funding availability and transfers made from available appropriations to other expenditure object codes within the Department.

Telecommunications expenditures decreased \$1,610,471 or 58% in fiscal year 2006 due to the payments made per funding availability and transfers made from available appropriations to other expenditure object codes within the Department.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION – GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

GENERAL REVENUE FUND - 0001 - Variations from FY 2005 to FY 2006 (Continued)

Payment of Claims under Workers' Compensation Act decreased \$174,520 or 100% in fiscal year 2006 due to the consolidation of the workers' compensation function under the Department of Central Management Services.

Repair and Maintenance Projects expenditures increased \$923,303, or 231% in fiscal year 2006. Expenditures for repair and maintenance projects vary from year to year and are based upon the needs of the Department due to the aging infrastructure.

Awards and Grants increased \$2,375,000 or 380% in fiscal year 2006 as a result of specific appropriation language to award grants for the Operation Ceasefire Program.

Lump Sums increased \$551,893 or 100% in fiscal year 2006 as a result of specific appropriation language to fund the Halfway Back Program, chaplain services and expenses to hire front line staff.

School District #428: Employee Retirement – Contributions Paid by Employer expenditures increased \$158,416 or 485% in fiscal year 2006 due to the decrease in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

State Contributions to State Employees' Retirement expenditures decreased \$1,025,072 or 47% in fiscal year 2006 due to the change in the overall State's rate from 16.1% in fiscal year 2005 to 7.8% in fiscal year 2006.

Travel expenditures decreased \$24,186 or 63% in fiscal year 2006 due to a Department wide initiative to reduce expenditures and use innovative ways to achieve the same or higher job performance. Meetings were conducted via telephone conferences, email and video conferencing. Additionally, training was limited to critically necessary and other avenues, such as video conferencing, were utilized.

Equipment expenditures decreased \$33,454 or 100% in fiscal year 2006 due to not purchasing equipment items.

Field Services: Employee Retirement – Contributions Paid by Employer expenditures increased \$458,581 or 561% in fiscal year 2006 due to the decrease in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

GENERAL REVENUE FUND - 0001 - Variations from FY 2005 to FY 2006 (Continued)

State Contributions to State Employees' Retirement expenditures decreased \$2,615,204 or 42% in fiscal year 2006 due to the change in the overall State's rate from 16.1% in fiscal year 2005 to 7.8% in fiscal year 2006.

Travel expenditures increased \$184,587 or 150% in fiscal year 2006 due to an increase in the number of parole agents performing duties as required per the Department's initiatives.

Travel and Allowance expenditures increased \$35,089 or 1299% in fiscal year 2006. The increase is due to the Department's assumption of the responsibility for transportation of inmates out of state.

Equipment expenditures increased \$267,988 or 73% in fiscal year 2006 due to the timing of equipment purchases for the parole initiatives.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

The operating expenditures for divisions within the scope of the compliance examination (General Office, School District #428, and Field Services) are financed by appropriations from the General Revenue Fund. The Department also receives appropriations from the Department of Corrections Reimbursement Fund for various School District #428 programs, federal programs and miscellaneous programs. The "Schedule of Appropriations, Expenditures and Lapsed Balances", presents transactions by appropriate line item for the fiscal year ended June 30, 2005. The "Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances" compares expenditures by line item for the divisions covered by the compliance examination.

The Department's explanation for significant fluctuations in expenditures is detailed below. For the purpose of our comparison, a fluctuation equal to or greater than 20% was considered significant.

GENERAL REVENUE FUND - 0001 - VARIATIONS FROM FY 2004 TO FY 2005

General Office: Employee Retirement - Contributions Paid by Employer expenditures decreased \$316,642 or 95% in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

State Contributions to State Employees' Retirement expenditures increased \$927,648 or 78% in fiscal year 2005 due to the change in the overall State's rate from 13.4% in fiscal year 2004 to 16.1% in fiscal year 2005.

Contractual Services expenditures decreased \$4,241,110 or 43% in fiscal year 2005 as a result of the decrease from fiscal year 2004 expenditures for legal services and other related contractually required payments.

Commodities expenditures decreased \$185,238 or 60% in fiscal year 2005 due to initiatives to reduce expenditures based upon a standard base level of need.

Equipment expenditures decreased \$895,219 or 97% in fiscal year 2005 due to limited purchases of replacement vehicles.

Telecommunications expenditures decreased \$771,475 or 22% in fiscal year 2005 due to the payments made per funding availability and the Department's priorities.

Payment of Claims under Workers' Compensation Act decreased \$12,764,967 or 99% in fiscal year 2005 due to the consolidation of the workers' compensation function under the Department of Management Services.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

GENERAL REVENUE FUND - 0001 - VARIATIONS FROM FY 2004 TO FY 2005 (Continued)

Tort Claims expenditures decreased \$2,896,001 or 91% in fiscal year 2005. These expenditures vary from year to year due to the timing of court ordered settlements and various property damages.

Repair and Maintenance Projects expenditures decreased \$2,976,047 or 88% in fiscal year 2005. Expenditures for repair and maintenance projects vary from year to year and are based upon the needs of the Department due to the aging infrastructure.

Awards and Grants increased \$625,000 or 100% in fiscal year 2005 as a result of specific appropriation language to award grants for the Operation Ceasefire Program and Ashanti Community Center.

School District #428: Student, Member or Inmate Compensation expenditures decreased \$8,920 or 28% in fiscal year 2005 due to the Department-wide freeze on inmate pay increases.

Employee Retirement - Contributions Paid by Employer expenditures decreased \$822,511 or 96% in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

State Contributions to State Employees' Retirement expenditures increased \$592,735 or 37% in fiscal year 2005 due to the change in the overall State's rate from 13.4% in fiscal year 2004 to 16.1% in fiscal year 2005.

State Contributions for Social Security expenditures decreased \$266,642 or 22% in fiscal year 2005 as a result of decreased personal services expenditures.

Commodities expenditures decreased \$257,360 or 46% in fiscal year 2005 as a result of initiatives to reduce expenditures and establish base levels of need.

Printing expenditures decreased \$28,017 or 40% in fiscal year 2005 due to the expanded use of copy duplicators for forms, and increased utilization of on-line forms.

Equipment expenditures decreased \$1,087,247 or 97% in fiscal year 2005 due to purchasing only mandated equipment items.

Operation of Automotive expenditures decreased \$3,369 or 25% in fiscal year 2005 as a one time initiative to reduce expenditures for items related to automotive.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

GENERAL REVENUE FUND - 0001 - VARIATIONS FROM FY 2004 TO FY 2005 (Continued)

Field Services: Employee Retirement - Contributions Paid by Employer expenditures decreased \$1,740,983 or 96% in fiscal year 2005 as a result of the State suspending payments into the State Employee's Retirement System as a result of Public Act 93-0665 which took effect in fiscal year 2004 and continued into fiscal year 2005.

State Contributions to State Employees' Retirement expenditures increased \$2,808,421 or 81% in fiscal year 2005 due to the change in the overall State's rate from 13.4% in fiscal year 2004 to 16.1% in fiscal year 2005.

Travel expenditures decreased \$79,816 or 39% in fiscal year 2005 due to Department wide initiative to reduce expenditures and use innovative ways to achieve the same or higher job performance. Meetings were conducted via telephone conferences, email and video conferencing.

Travel and Allowance expenditures increased \$1,163 or 76% in fiscal year 2005 as a result of the Department's assumption of the travel expenses for inmates' transportation from out of State.

Commodities expenditures decreased \$135,761 or 24% in fiscal year 2005 due to the planned cost savings based upon budget constraints.

Equipment expenditures decreased \$1,240,914 or 77% in fiscal year 2005 due to the timing of equipment purchases for the parole initiatives. Based upon needs, the purchase of equipment was deferred until fiscal year 2004.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

A summary of cash receipts by fund by division is presented in the Comparative Schedule of Receipts in this report. The following sections discuss the significant fluctuations in cash receipts for each fund and for General Office, School District #428 and Field Services. For the purpose of our comparison, a fluctuation greater than or equal to 15% was considered significant.

GENERAL REVENUE FUND - 0001 - VARIATIONS FOR FY 2005 AND FY 2006

General Office: Miscellaneous cash receipts decreased \$11,504, or 20% in fiscal year 2005 mainly due to a higher occurrence of one-time reimbursements in the prior year. In fiscal year 2006, the receipts decreased \$4,720 or 10% from fiscal year 2005, a further adjustment for regular reoccurring receipts.

School District: - Miscellaneous cash receipts decreased \$37,717, or 99% in fiscal year 2005 and decreased \$351, or 86% in fiscal year 2006. The decrease was due to one-time refund in fiscal year 2004.

Adult and Juvenile Facilities: Miscellaneous cash receipts decreased \$29,068 or 13% in fiscal year 2005 and receipts decreased \$43,550, or 23% in fiscal year 2006 due to the timing of receipts and the decrease in refunds received..

Field Services (including Adult Transition Centers, and Field Services): Miscellaneous cash receipts decreased \$9,608, or 76% in fiscal year 2005, and increased \$1,413, or 47% in fiscal year 2006 mainly due to the timing of receipts.

CORRECTIONS REIMBURSEMENT FUND - 0523 - VARIATIONS FOR FY 2005 AND FY 2006

The Corrections Reimbursement Fund receives money from grants, both federal and state, inmate reimbursements, School District programs, Federal programs and other miscellaneous sources as allowed by statute.

General Office receipts include money from Federal programs and miscellaneous sources. General Office cash receipts increased \$9.8 million, or 52% in fiscal year 2005 and increased an additional \$6.3 million or 22% in fiscal year 2006. The increase was due to funding receipts for SCAAP and VOI/TIS federal grants.

School District cash receipts decreased \$1.2 million or 11% in fiscal year 2005 and an additional \$853 thousand or 9% in fiscal year 2006. The amounts were due to decreases in grant awards.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION – GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The Department's explanation for significant lapse period expenditures is detailed below. For the purpose of our comparison, expenditures during the lapse period greater than or equal to 25% of total expenditures were considered significant.

GENERAL REVENUE FUND – 0001

General Office - FY 2006: Equipment expenditures for fiscal year 2006 lapse period were \$5,086 (27%). An equipment list is prepared for each appropriation within the Department of Corrections on a fiscal year basis. This list is presented to the Director for approval in January and a majority of the equipment funds are released during May and June of each fiscal year. Emergency purchases during the fiscal year are dealt with on a case-by-case basis. The equipment is purchased prior to June 30th of each year and received before August 15th. This results in a majority of the vouchers being approved in the lapse period.

Tort Claims expenditures for fiscal year 2006 lapse period were \$103,223 (44%) as a result of the timing of the claims received and processed.

Repairs and Maintenance and Other Capital Improvements expenditures for fiscal year 2006 lapse period were \$537,079 (41%). The non-emergency repair and maintenance projects are scheduled around the weather conditions. Outdoor projects must be completed when the weather is suitable – such as March through June. This results in the majority of the repairs and maintenance projects being paid for during the lapse period.

Awards and Grants expenditures for the fiscal year 2006 lapse period were \$1,500,000 (50%) as a result of the appropriation language in the statute and the related contract terms.

School District - FY 2006: Contractual services expenditures for the fiscal year 2006 lapse period were \$2,715,544 (37%) as a result of the timing of the final contractual payments to the college contractors. The final payment due each fiscal year is based upon a reconciliation of services provided during the fiscal year. The result is a majority of the payments being approved in the lapse period.

Commodities expenditures for the fiscal year 2006 lapse period were \$83,468 (31%) as a result of the programmatic needs of the individual programs. The result is a majority of the payments being approved in the lapse period.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Printing expenditures for the fiscal year 2006 lapse period were \$14,325 (32%) as a result of the programmatic needs of the individual programs. The result is a majority of the payments being approved in the lapse period.

GENERAL REVENUE FUND - 0001

General Office - FY 2005: Tort Claims expenditures for fiscal year 2005 lapse period were \$145,599 (52%) as a result of the timing of claims received and processed.

Repair and Maintenance expenditures for the fiscal year 2005 lapse period were \$149,221 (37%). The non-emergency repair and maintenance projects are scheduled around the weather conditions. Outdoor projects must be completed when the weather is suitable - such as March through June. This results in the majority of the repair and maintenance projects being paid for during the lapse period.

School District - FY 2005: Contractual services expenditures for the fiscal year 2005 lapse period were \$2,564,617 (32%) as a result of the timing of the final contractual payments to the college contractors. The final payment due each fiscal year is based upon a reconciliation of services provided during the fiscal year. The result is a majority of the payments being approved in the lapse period.

Travel expenditures for the fiscal year 2005 lapse period were \$23,130 (60%) as a result of the timing of the final submission of travel vouchers for the division.

Equipment expenditures for the fiscal year 2005 lapse period were \$8,889 (27%). An equipment list is prepared for each appropriation within the Department of Corrections on a fiscal year basis. This list is presented to the Director for approval in January and a majority of the equipment funds are released during May and June of each fiscal year. Emergency purchases during the fiscal year are dealt with on a case-by-case basis. The equipment is purchased prior to June 30th of each year and received before August 15th. This results in a majority of the vouchers being approved in the lapse period.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006

ANALYSIS OF ACCOUNTS RECEIVABLE

Accounts receivable for the Department consist primarily of receivables from Federal and State grant reimbursements and formula payments due from grantor agencies. The principal grantor agencies are other State agencies, therefore the Department's receivables are all considered fully collectible.

STATE HOUSING BENEFITS

The Department houses employees on the grounds of many of its correctional facilities in guard dormitories or warden's houses. Currently there are approximately 203 employees living in dormitory rooms and approximately 41 employees living in houses. The Department has established rates for the housing dependent upon costs for utilities and the appraised value of the property. While the Department initially pays for the utilities and maintenance, the employees pay a monthly fee that includes utility charges. Additionally, in accordance with Internal Revenue Regulations, the appraised value of the property is added to the employees' compensation as a taxable fringe benefit. The policies for housing are documented in the Department's Administrative Directives. The Department does not provide housing to non-employees and does not require employees to pay security deposits.

PUBLICATIONS

The Department of Corrections published the following Reports:

- Affirmative Action Plan
- Quarterly Report to the Legislature
- Special Needs Study (2005)
- Illinois Correctional Industries Annual Report

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM

AGENCY FUNCTIONS

The Department of Corrections is administered from the offices located at the Concordia Complex, 1301 Concordia Court, P.O. Box 19277, Springfield, Illinois 62794-9277.

The Illinois Department of Corrections' mission is to protect the public from criminal offenders through a system of incarceration and supervision which securely segregates offenders from society, assures offenders of their constitutional rights, and maintains programs to enhance the success of the offender's reentry into society.

The function of the General Office is to provide support services to all of the Department's facilities and divisions. This includes establishing and monitoring budget activities, capital planning, accounting services and data processing. The General Office performs other functions necessary to meet the provisions of the Unified Code of Corrections (Code).

The function of the School District #428 is to provide academic and vocational training programs in the adult and juvenile Correctional institutions and other functions necessary to meet the provisions of the Unified Code of Corrections (Code). The mission of the School District is to enhance the quality and scope of education for inmates and wards within the Department of Corrections so that they will be better motivated and better equipped to restore themselves to constructive law-abiding lives in the community.

The function of the Adult Transition Centers is to provide basic needs, custody, and program opportunities for adults sentenced by the Illinois courts. The centers provide academic and vocational programs, work experience, and participation in public service projects for residents who are making the transition from prison to free society.

PLANNING PROGRAMS

The Department had five major programs:

1. Bureau of Operations
2. Adult Institutions/ Adult Transition Centers
3. Parole
4. Juvenile Institutions
5. Women and Family Services

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM

PLANNING PROGRAMS (Continued)

The Department establishes, reviews and updates department goals on a regular basis. Department goals are developed through continuing sources of information derived through operations, changes in legislation, census statistics, innovations in programs, inmate population makeup, and availability of resources. Senior management of the various divisions, including Adult, Juvenile, Field Services and Administrative Services, consolidate the information. The Planning and Research Unit assists to formalize statements and plans, which detail the goals of the Department.

The School District submits annual vocational and special education plans to the State Board of Education. Long Range planning goals are submitted to the Program Services Unit as well as the School Board. Short Range goals are determined at weekly management meetings and relayed during Education Facility meetings. Annual in-services plans are also developed.

When new programs, policies, and procedures are developed, they are formalized through the development of the Department's Administrative Rules and Directives. These rules and directives are subject to continual audits by internal audit and institution audit staff. For the School District, district teams have been established whose responsibilities include program audits and reviews. An Annual review of programs is also reported at the end of each fiscal year.

Effective June 1, 2006, Public Act 94-0696 established the Department of Juvenile Justice. This Act transferred certain rights, powers, duties, and functions that were exercised by the Juvenile Division of the Department of Corrections. Effective July 1, 2006 the Department of Correction's school district was transferred to the Department of Juvenile Justice. For the ease of reporting and accounting, information related to the Department of Juvenile Justice is included within this report.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428, and Field Services)
AVERAGE NUMBER OF EMPLOYEES
FOR THE YEARS ENDED JUNE 30, 2006 and 2005

Average number of employees by division are presented as follows on a three-year comparative basis:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Office	261	265	257
School District #428	274	275	359
Field Services	<u>794</u>	<u>774</u>	<u>733</u>
Total	<u>1,329</u>	<u>1,314</u>	<u>1,349</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ANALYSIS OF EMPLOYEE OVERTIME
FOR THE TWO YEARS ENDED JUNE 30, 2006
(Unaudited)

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 tables, prepared from Department records presents the paid overtime and used compensatory time incurred during fiscal years 2006 and 2005.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ANALYSIS OF EMPLOYEE OVERTIME
FOR THE TWO YEARS ENDED JUNE 30, 2006
(UNAUDITED)

Division	Year Ended June 30, 2006					
	Overtime	\$ Value of	Compensatory	\$ Value of	Total	Total \$ Value
	Hours Paid	Overtime Hours Paid	Hours Used	Compensatory Hours Used	Overtime & Compensatory Hours	of Overtime & Compensatory Hours
General Office	2,974	\$ 113,696	1,997	\$ 57,399	4,971	\$ 171,095
School District	71	2,249	54	1,740	125	3,989
Field Services	18,874	754,347	9,955	267,745	28,829	1,022,092
Juvenile	48,162	1,733,965	42,648	1,014,686	90,810	2,748,651
IYC-Chicago	2,771	100,702	3,092	72,877	5,863	173,579
IYC-Harrisburg	3,338	127,799	8,600	211,091	11,938	338,890
IYC-Joliet	7,287	270,516	8,136	180,859	15,423	451,375
IYC-Kewanee	471	17,870	3,646	80,623	4,117	98,493
IYC-Murphysboro	1,178	43,962	4,962	126,182	6,140	170,144
IYC-P Marquette	3,366	117,738	2,271	62,424	5,637	180,162
IYC-St. Charles	18,903	655,313	8,745	206,390	27,648	861,703
IYC-Warrenville	10,848	400,064	3,196	74,240	14,044	474,304
Big Muddy	14,351	520,728	11,599	284,188	25,950	804,916
Centralia	27,202	991,518	8,457	205,605	35,659	1,197,123
Danville	2,547	107,477	8,037	209,634	10,584	317,111
Decatur	1,753	74,297	5,225	135,846	6,978	210,143
Dixon	9,191	354,555	17,071	430,645	26,262	785,200
Dwight	73,712	2,616,104	15,027	368,287	88,739	2,984,391
East Moline	9,985	379,131	14,778	374,485	24,763	753,616
Graham	30,006	726,029	7,516	433,522	37,522	1,159,551
Hill	5,710	220,304	8,955	224,870	14,665	445,174
Illinois River	1,408	52,684	10,819	278,570	12,227	331,254
Jacksonville	4,909	218,098	14,717	389,362	19,626	607,460
Lawrence	1,405	283,150	23,141	387,777	24,546	670,927
Lincoln	8,981	332,640	5,255	128,582	14,236	461,222
Logan	9,417	384,246	9,871	251,847	19,288	636,093
Menard	17,222	665,029	25,367	666,606	42,589	1,331,635
Pinkneyville	3,686	144,648	15,514	391,973	19,200	536,621
Pontiac	12,472	500,469	13,929	359,218	26,401	859,687
Robinson	5,801	215,710	13,220	331,891	19,021	547,601
Shawnee	7,955	318,948	14,172	348,354	22,127	667,302
Sheridan	23,754	851,195	11,744	297,427	35,498	1,148,622
Southeastern	555	23,878	7,026	179,994	7,581	203,872
Stateville	83,189	3,079,116	75,605	1,932,631	158,794	5,011,747
Tamms	2,540	100,745	10,054	251,622	12,594	352,367
Taylorville	3,614	144,011	4,304	113,583	7,918	257,594
Vandalia	3,703	146,953	11,141	292,575	14,844	439,528
Vienna	4,392	173,548	13,449	357,021	17,841	530,569
Western	3,227	122,845	15,636	408,986	18,863	531,831
Correctional Indust	7,409	245,866	3,170	88,150	10,579	334,016
TOTAL	498,339	\$ 18,332,143	492,101	\$ 12,479,507	990,440	\$ 30,811,650

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ANALYSIS OF EMPLOYEE OVERTIME
FOR THE TWO YEARS ENDED JUNE 30, 2006
(UNAUDITED)

Division	Year Ended June 30, 2005					
	Overtime	\$ Value of	Compensatory	\$ Value of	Total	Total \$ Value
	Hours <u>Paid</u>	Overtime Hours <u>Paid</u>	Hours Used	Compensatory Hours Used	Overtime & Compensatory Hours	of Overtime & Compensatory Hours
General Office	2,933	\$ 102,057	2,545	\$ 66,715	5,478	\$ 168,772
School District	5	146	8	242	13	388
Field Services	16,932	622,652	10,704	273,351	27,636	896,003
Juvenile	72,632	2,441,155	43,100	969,203	115,732	3,410,358
IYC-Chicago	2,369	82,024	2,092	46,659	4,461	128,683
IYC-Harrisburg	4,737	160,993	8,729	196,738	13,466	357,731
IYC-Joliet	6,201	247,009	7,763	166,817	13,964	413,826
IYC-Kewanee	612	21,139	3,936	80,629	4,548	101,768
IYC-Murphysboro	2,147	71,954	5,858	138,186	8,005	210,140
IYC-P Marquette	3,433	129,392	1,065	25,829	4,498	155,221
IYC-St. Charles	40,430	1,310,621	10,218	240,659	50,648	1,551,280
IYC-Warrenville	12,704	418,023	3,439	73,685	16,143	491,708
Big Muddy	18,520	644,994	16,272	383,418	34,792	1,028,412
Centralia	35,070	1,189,833	9,114	207,221	44,184	1,397,054
Danville	3,379	130,333	8,670	218,653	12,049	348,986
Decatur	1,945	78,207	3,915	93,777	5,860	171,984
Dixon	9,081	346,627	16,873	398,603	25,954	745,230
Dwight	79,549	2,642,550	17,932	409,360	97,481	3,051,910
East Moline	7,894	275,451	12,824	308,388	20,718	583,839
Graham	33,833	1,179,126	25,943	592,396	59,776	1,771,522
Hill	10,452	371,720	9,971	236,326	20,423	608,046
Illinois River	1,299	46,927	8,584	207,100	9,883	254,027
Jacksonville	4,315	178,451	13,434	332,492	17,749	510,943
Lawrence	17,236	490,608	9,524	206,886	26,760	697,494
Lincoln	9,292	331,692	5,123	116,374	14,415	448,066
Logan	19,351	693,528	13,539	315,667	32,890	1,009,195
Menard	22,936	857,450	26,639	646,799	49,575	1,504,249
Pinkneyville	2,835	100,086	9,152	219,504	11,987	319,590
Pontiac	19,590	732,978	14,362	342,133	33,952	1,075,111
Robinson	6,225	214,788	13,807	324,919	20,032	539,707
Shawnee	10,945	394,433	16,826	389,315	27,771	783,748
Sheridan	27,051	901,266	12,896	297,542	39,947	1,198,808
Southeastern	672	25,592	5,853	141,449	6,525	167,041
Stateville	133,805	4,566,538	78,398	1,826,546	212,203	6,393,084
Tamms	2,492	91,962	9,127	215,830	11,619	307,792
Taylorville	9,310	324,018	6,020	146,500	15,330	470,518
Vandalia	9,084	287,445	6,967	169,592	16,051	457,037
Vienna	4,425	161,923	13,812	341,087	18,237	503,010
Western	16,729	265,955	17,059	417,122	33,788	683,077
Correctional Indust	8,348	320,511	1,627	42,040	9,975	362,551
TOTAL	<u>690,798</u>	<u>\$ 23,452,157</u>	<u>503,720</u>	<u>\$ 11,825,752</u>	<u>1,194,518</u>	<u>\$ 35,277,909</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
ANNUAL COST STATISTICS (UNAUDITED)
YEARS ENDED JUNE 30, 2006 and 2005

	2006			2005		
	Rated Capacity 6/30/2006	Average Daily Population	Average Yearly Cost per Resident	Rated Capacity 6/30/2005	Average Daily Population	Average Yearly Cost per Resident
Adult Institutions						
Maximum Security						
Dwight	884	1,153	\$ 29,984	884	1,150	\$ 30,489
Menard	3,098	3,476	18,348	3,098	3,494	19,047
Pontiac	1,800	1,542	33,101	1,800	1,634	32,547
Stateville	3,187	3,301	28,269	3,187	3,081	31,290
Tamm	700	464	55,367	700	459	57,828
Medium Security						
Big Muddy	952	1,865	14,883	1,152	2,035	17,324
Centralia	950	1,518	18,517	950	1,514	19,634
Danville	896	1,812	15,596	896	1,804	15,999
Decatur	500	518	34,308	500	517	36,505
Dixon	1,430	2,186	21,977	1,430	2,130	22,230
Graham	1,174	1,930	17,957	1,174	1,905	19,518
Hill	896	1,800	14,779	896	1,802	15,092
Illinois River	1,011	1,961	15,319	1,011	1,949	15,502
Lawrence	2,257	1,681	18,861	2,257	1,674	19,215
Lincoln	500	961	20,825	500	956	21,239
Logan	1,074	1,894	15,324	1,074	1,893	16,090
Pinckneyville	2,434	2,159	17,414	2,234	1,971	16,720
Shawnee	1,046	1,998	15,136	1,046	1,996	15,991
Sheridan	974	857	40,417	974	925	37,478
Western Illinois	1,102	2,007	15,411	1,102	2,016	15,985
Minimum Security						
East Moline	688	1,129	19,941	688	1,042	21,653
Jacksonville	1,100	1,470	23,540	1,100	1,389	26,388
Robinson	600	1,200	17,654	600	1,200	18,117
Southwestern IL	600	656	30,745	600	668	31,011

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
ANNUAL COST STATISTICS (UNAUDITED)
YEARS ENDED JUNE 30, 2006 and 2005

	2006			2005		
	Rated Capacity 6/30/2006	Average Daily Population	Average Yearly Cost per Resident	Rated Capacity 6/30/2005	Average Daily Population	Average Yearly Cost per Resident
Taylorville	600	1,172	\$ 17,655	600	1,162	\$ 18,673
Vandalia	1,100	1,488	20,890	1,100	1,106	28,909
Vienna	925	1,602	17,432	925	1,564	18,341
Total	32,478	43,800	\$ 20,593	32,478	43,036	\$ 21,636
Juvenile Centers						
IYC - Chicago	130	92	\$ 81,924	130	75	\$ 106,913
IYC - Harrisburg	276	375	50,008	276	372	50,962
IYC - Joliet	344	250	58,921	344	260	59,958
IYC - Kewanee	354	200	76,973	180	168	92,860
IYC - Murphysboro	156	89	95,012	156	108	85,778
IYC - Pere Marquette	68	27	125,208	68	23	152,459
IYC - St. Charles	318	330	65,410	318	362	65,321
IYC - Warrenville	108	96	81,299	108	83	100,121
Total	1,754	1,459	\$ 66,923	1,580	1,451	\$ 70,911
Adult Transition Centers						
State-operated:						
Decatur	80	108	\$ 17,368	80	108	\$ 15,981
Fox Valley	100	125	16,307	100	125	15,403
Jesse "Ma' Houston	200	123	42,159	200	129	35,771
Peoria	200	195	18,973	200	195	18,149
Southern Illinois	60	62	21,413	60	62	21,505
Westside	190	178	21,196	190	181	20,788
Total	830	791	\$ 22,629	830	800	\$ 21,126
Contractual:						
Crossroads	250	325	\$ 21,529	250	326	\$ 21,650
North Lawndale	200	197	22,028	200	197	22,285
Total	450	522	\$ 21,717	450	523	\$ 21,889

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION – GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
NOTES TO ANNUAL COST STATISTICS
(Unaudited)

The average daily population of adult institutions (maximum, medium and minimum security) has increased from 43,036 for fiscal 2005 to 43,800 for fiscal 2006. This represents a 764 (2%) increase for fiscal 2006. By comparison, the rated capacity of adult institutions at June 30, 2006 was 32,478.

The average yearly cost per resident is summarized as follows for fiscal years 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Adult Institutions	\$ 20,593	\$ 21,636
Juvenile Centers	66,923	70,911
Adult Transition Centers (excludes Crossroads and North Lawndale)	22,629	21,126

The Department also maintains adult work camps and youth impact incarceration camps ("Boot camps") at the following locations:

<u>Work Camps</u>		<u>Boot Camps</u>
Clayton	Hardin County	DuQuoin
East Moline (2)	Vandalia	Dixon Springs
Kankakee	Stateville (Farm)	
Springfield	Pittsfield	
Tamms		

Adult Transition Centers: Approximately 1,350 inmates are housed in eight adult transition centers throughout the state. Inmates who are nearing the conclusion of their sentences and have made a satisfactory adjustment while confined to a prison may be eligible for participation in the work release program. Inmates housed in an adult transition center are expected to become employed or participate in some other worthwhile endeavor such as attending school. Participation in the work release program is considered a privilege and those inmates who do not abide by the strict rules and regulations enforced at adult transition centers are transferred back to prison.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
ANNUAL PERFORMANCE STATISTICS
SCHOOL DISTRICT #428
YEARS ENDED JUNE 30, 2006 and 2005
(Unaudited)

	2006		2005	
	Amount	%	Amount	%
Year end inmate enrollment:				
Adult	10,763	90%	9,260	89%
Juvenile	<u>1,171</u>	<u>10%</u>	<u>1,122</u>	<u>11%</u>
	<u>11,934</u>	<u>100%</u>	<u>10,382</u>	<u>100%</u>
Total Enrollment for the year:				
Adult	25,445	88%	27,028	87%
Juvenile	<u>3,317</u>	<u>12%</u>	<u>3,960</u>	<u>13%</u>
	<u>28,762</u>	<u>100%</u>	<u>30,988</u>	<u>100%</u>
Cost per enrollee borne by:				
General Revenue Fund - 0001	896	72%	860	22%
Reimbursement Fund - 0523	<u>353</u>	<u>28%</u>	<u>3,126</u>	<u>78%</u>
	<u>1,249</u>	<u>100%</u>	<u>3,986</u>	<u>100%</u>
GED Certificiates Issued				
Adult	1,603	90%	1,238	91%
Juvenile	<u>185</u>	<u>10%</u>	<u>121</u>	<u>9%</u>
	<u>1,788</u>	<u>100%</u>	<u>1,359</u>	<u>100%</u>
Advanced Degrees Issued				
Adult	230	100%	358	100%
Juvenile	<u>-</u>	<u>0%</u>	<u>-</u>	<u>0%</u>
	<u>230</u>	<u>100%</u>	<u>358</u>	<u>100%</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
PARTICIPATING EDUCATIONAL INSTITUTIONS - SCHOOL DISTRICT #428
(Unaudited)

The District provides post-secondary academic and vocational training programs to enrolled inmates at educational facilities through contractual agreements with the following colleges and universities:

<u>Educational Institution</u>	<u>Educational Facilities Served</u>
Carl Sandburg College	Hill CC
Illinois Central College	East Moline CC Illinois River CC Peoria Adult Transition Center
Illinois Valley Community College	Sheridan CC
Kaskaskia College	Centralia CC
Lake Land College	Danville CC Graham CC Taylorville CC Vandalia CC Southwestern IL CC Dixon CC Dwight CC Western IL CC (begin 10/01/05)
Lincoln Trail College	Robinson CC Lawrence CC
MacMurray College	Jacksonville CC (7/1/05 - 9/30/05) Western Illinois CC (7/1/05 - 9/30/05)
Rend Lake College	Big Muddy River CC Pinckneyville CC

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
PARTICIPATING EDUCATIONAL INSTITUTIONS - SCHOOL DISTRICT #428
(Unaudited)

<u>Educational Institution</u>	<u>Educational Facilities Served</u>
Southeastern Illinois College	Shawnee CC Vienna CC IYC-Harrisburg
Richland College	Decatur CC Jacksonville CC (began 10/1/05) Lincoln CC (began 10/1/05) Logan CC (began 10/1/05) Pittsfield Work Camp (began 10/1/05)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
EMERGENCY PURCHASES
For the Year Ended June 30, 2006

<u>FY</u>	<u>DATE OF AFFIDAVIT</u>	<u>LOCATION</u>	<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>ESTIMATED COST</u>	<u>ACTUAL COST</u>
06	7/1/05	Vienna CC	Electrical line repairs	\$ 31,015.00	\$ 31,015.00
06	7/7/05	East Moline CC	Asbestos removal and disposal	50,000.00	68,551.00
06	7/19/05	General Office	Medical Services	55,000,000.00	44,411,423.33
06	9/20/05	Graham CC	Sewage removal pump replacement	60,000.00	51,560.00
06	11/1/05	Vienna CC	Asbestos removal and disposal	113,000.00	58,923.75
06	12/1/05	Shawnee CC	Electrical transformer replacement	122,000.00	104,538.76
06	12/1/05	Vienna CC	Electrical transformer replacement	38,000.00	32,194.00
06	1/23/06	Pinckneyville CC	Replacement of steel tank for proper grease disposal	33,133.33	33,133.33
06	3/21/06	Shawnee CC	Outer perimeter fence replacement	97,200.00	42,261.00
06	3/22/06	Western Correctional Industries	Catfish nugget purchase due to debris-filled pollock blocks	119,400.00	119,400.00
06	3/22/06	Stateville CC	Elevator replacement due to issues with compliance	500,000.00	<i>Unknown</i>
06	4/11/06	Shawnee CC	Observation touch screen replacement	26,000.00	120,454.00
06	5/9/06	Vienna CC	Exhaust fan replacement	26,600.00	<i>Unknown</i>
06	5/16/06	II, Correctional Industries	No master contract in place for the purchase of catfish nuggets	294,000.00	294,000.00
06	5/18/06	IYC - Murphysboro	Heat exchanger replacement	31,175.00	31,175.00
06	5/31/06	Robinson CC	Water heater replacement	49,633.50	49,585.50
06	6/23/06	East Moline CC	Electrical transformer replacement	50,000.00	<i>Unknown</i>
06	6/29/06	II, Correctional Industries	Corn syrup purchase due to statewide delivery stoppages made by current vendor at that time	47,052.09	47,025.09
				<u>\$ 56,688,208.92</u>	

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
EMERGENCY PURCHASES
For the Year Ended June 30, 2005

<u>FY</u>	<u>DATE OF AFFIDAVIT</u>	<u>LOCATION</u>	<u>DESCRIPTION OF EMERGENCY PURCHASE</u>	<u>ESTIMATED COST</u>	<u>ACTUAL COST</u>
05	10/15/04	Vandalia CC	Due to possible closure then remaining open, Vandalia had to purchase food off the local market	\$ 87,120.16	\$ 87,120.16
05	12/03/04	Shawnee CC	Refrigeration system replacement	75,900.00	78,700.00
05	12/6/04	Pontiac CC	Water main repairs	45,000.00	13,368.00
		II. Correctional			
05	01/14/05	Industries	Beef rounds master contract not awarded in time	243,180.00	299,933.85
05	01/14/05	II. River CC	Generator engine replacement	30,000.00	29,684.17
05	2/17/05	Vienna CC	Coal purchase to keep boilers operational	63,000.00	126,248.22
05	02/25/05	Dwight CC	Roof, drywall, electrical, water and smoke damage due to fire	40,000.00	62,400.00
		II. Correctional			
05	03/08/05	Industries	Beef trim master contract not awarded in time	45,765.00	45,765.00
05	03/09/05	East Moline CC	Air conditioning chiller replacement	25,000.00	17,500.00
05	04/07/05	Dwight CC	Boiler replacement	50,000.00	193,600.00
		Big Muddy River			
05	05/05/05	CC	Water leak repair	50,000.00	28,580.00
05	06/21/05	Shawnee CC	Air conditioning chiller replacement	71,000.00	70,582.00
				<u>\$ 825,965.16</u>	

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
MEMORANDUM OF UNDERSTANDING
(Unaudited)

For fiscal year 2005 the Department of Corrections - General Office was appropriated \$600,000 from the General Revenue Fund and \$750,000 from the Department of Corrections - Reimbursement Fund for a grant to Operation CeaseFire. In addition, for fiscal year 2006 the Department of Corrections - General Office was appropriated \$3,000,000 from the General Revenue Fund for a grant to Operation CeaseFire. CeaseFire is a community-based program to stop violence through street-level outreach, public education and community involvement. The CeaseFire program is administered through the Chicago Project for Violence Prevention (Chicago Project), which is a public-private organization committed to the prevention of violence. The Chicago Project is housed within the School of Public Health of the University of Illinois at Chicago.

The Department of Corrections entered into a Memorandum of Understanding with the Board of Trustees of the University of Illinois at Chicago. The Memorandum of Understanding is a formal expression of the purpose, intent and responsibilities of the parties and is signed by officials from both entities.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
IYC -RUSHVILLE AND THOMSON

During the engagement period the Department had not moved any inmates into IYC - Rushville or Thomson centers, therefore they were not examined separately. Funds were not specifically appropriated for either fiscal year 2005 or 2006 to fund the operation of either Center.

Since the completion of the centers the Department has incurred expenditures related to personnel, contractual agreements and telecommunications to ensure the buildings were being properly maintained and secured. Since the buildings were not opened and the warranties have expired the buildings and internal systems required limited maintenance.

The Department received an appropriation of \$362,700 for fiscal year 2005 and 2006 for a grant to the City of Thomson for the reimbursement of costs incurred in relation to the construction of the Thomson Correctional Center. In fiscal year 2006 the Department received a lump sum appropriation of \$1,200,000 to be used for costs and expenses related to the opening of the Thomson Correctional Center's Minimum Security Unit. The Thomson Correctional Center's Minimum Security Unit began receiving inmates in August of 2006.

Effective July 1, 2006 the Department of Human Services began utilizing IYC - Rushville for their Treatment and Detention Facility.

Expenditures related to maintaining both Centers for fiscal year 2005 and 2006 are noted in the following table:

	Thomson FY06	Thomson FY05	IYC-Rushville FY06	IYC-Rushville FY05
1120 Personal Services	\$ 80.8	\$ 89.0	\$ 80.9	\$ 63.7
1129 Retirement Pickup	2.2	4.9	2.2	3.5
1140 SMIC	0.0	0.0	0.0	0.0
1161 Retirement	6.3	14.6	6.3	10.6
1170 Social Security	6.1	6.6	6.2	4.8
1200 Contractual	313.1	441.8	247.0	318.1
1290 Travel	0.0	0.0	0.0	0.0
1300 Commodities	0.1	0.4	0.2	0.0
1302 Printing	0.0	0.0	0.0	0.0
1500 Equipment	0.0	0.0	0.0	0.0
1700 Telecom	5.6	8.4	2.4	2.6
1800 OAE	0.8	1.5	0.0	0.0
1900 Lump Sum	1,411.5	362.7	0.0	0.0
6900 R&M Lump Sum	0.0	0.0	0.0	0.0
TOTALS	\$1,826.5	\$ 929.9	\$ 345.2	\$ 403.3

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
HURRICANES KATRINA AND RITA COST REPORTING
(Unaudited)

Services Provided:

Employees:

Payroll and overtime costs	\$ <u>47,219</u>
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Amounts paid directly by IEMA:

Payroll	\$ 1,469
Commodities	<u>78,817</u>

Total	\$ <u>80,286</u>
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STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION – GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
SERVICE EFFORTS AND ACCOMPLISHMENTS
(Unaudited)

FISCAL YEARS 2005 AND 2006

The Illinois Department of Corrections' mission is to protect the public from criminal offenders through a system of incarceration and supervision which securely segregates offenders from society, assures offenders of their constitutional rights, and maintains programs to enhance the success of the offender's reentry into society.

The Department accomplishes their mission by meeting more specific goals:

- Implement policies and strategies to enhance workplace safety for State employees.
- Continue to address and meet the constitutional and statutory mandates governing the custody of convicted felons.
- Modify public policy to expand the range of sanctions available to manage convicted felons consistent with public policy and practical fiscal considerations.
- Establish programs which will give offenders the opportunity for rehabilitation and the development of law-abiding lifestyles.

Safety is at the forefront of the agency's operations. The department's emphasis is placed on front line staff to protect and control inmates. A number of initiatives designed to ensure the safety of employees and inmates have yielded significant results. Among those are control and order. Security level designations, controlled line movement, inmate property boxes and the increased monitoring of security threat groups have created a more secure prison system.

New programs include those that will address the issues of inmates returning to the community. Operation Spotlight addresses public safety through the expansion of IDOC's Parole Program. The program is an initiative of Gov. Blagojevich that increases parole agent staffing to monitor and tighten parole supervision on the streets of Illinois. Increased agents will help improve supervision and monitoring of parolees as well as allow the department to better target higher risk populations. An added focus on community reentry includes emphasis on accountability and job placement with the goal of ultimately reducing crime and recidivism.

The agency's parole efforts also support the Governor's Sheridan National Drug Prison and Reentry Program. Nearly 69 percent of the state prison population is incarcerated for a drug-involved crime. In recognizing that drugs are a leading cause of recidivism, the Governor opened the Sheridan National Drug Prison and Reentry Program in January 2004. Today,

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION - GENERAL OFFICE
(Including School District #428 and Field Services)
FOR THE TWO YEARS ENDED JUNE 30, 2006
SERVICE EFFORTS AND ACCOMPLISHMENTS
(Unaudited)

FISCAL YEARS 2005 AND 2006 (Continued)

Sheridan is moving drug-involved offenders through an intensive drug treatment, cognitive skills development, vocational and job preparation program. The program begins in the prison setting and follows through reentry and back into communities under an extensive case management program with heightened supervision. The Sheridan program has been showing promise by maintaining a 50 percent lower reincarceration rate than average. Also, a larger percentage of Sheridan program participants are becoming employed more regularly and quickly, compared to other parolees.

The Governor's Meth prison initiative includes creating two Meth units, one at Southwestern Illinois Correctional Center in Fiscal Year 2007 and one at Sheridan Correctional Center the following fiscal year. This year, the Governor will create a 200-bed Meth Unit at the 667-bed Southwestern facility in East St. Louis. The facility there will become a fully dedicated drug prison and reentry program in the model of Sheridan prison program.

In Fiscal Year 2008, the Governor will expand Sheridan from 950 offenders to its full capacity of 1,300 offenders. Two-hundred (200) of those spaces will be used for a Meth Unit. As with the current Sheridan model, inmates in both programs will access intensive prison-based drug treatment programs, vocational training, job preparation and mental health services.

The recidivism rate for IDOC is 51.8 percent, down from 54.6 percent from Fiscal Year 2004. Today, inmates and parolees are now given more opportunities for successful reentry into society than ever before.