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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

5-94-43230-10

REPORT DIGEST

**TAYLORVILLE CORRECTIONAL CENTER
COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 1994**

SYNOPSIS

- The Center did not have adequate controls over their perpetual inventory system and as a result could not account for \$51,654 of downward adjustments to inventory balances during a nine month period ended June 30, 1994.
- Gross profit percentages in the Inmate and Employee Commissary operations varied excessively from month to month.

{Expenditures and Activity Measures are summarized on the reverse page.}

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RECYCLED PAPER · SOYBEAN INKS

ILLINOIS DEPARTMENT OF CORRECTIONS
TAYLORVILLE CORRECTIONAL CENTER
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
● Total Expenditures (All Funds)	\$13,960,103	\$13,115,739	\$11,493,602
Personal Services	\$8,614,980	\$7,856,551	\$7,194,694
% of Total Expenditures	61.71%	59.90%	62.59%
Average No. of Employees	300	293	266.5
Average Salary Per Employee	\$28,717	\$26,814	\$26,997
Inmate Compensation (If Applicable)	\$199,620	\$194,294	\$145,497
% of Total Expenditures	1.43%	1.48%	1.27%
Other Payroll Costs (FICA, Retirement)	\$978,548	\$897,866	\$826,457
% of Total Expenditures	7.01%	6.85%	7.19%
Contractual Services	\$2,604,998	\$2,554,776	\$2,029,714
% of Total Expenditures	18.66%	19.48%	17.66%
All Other Items	\$1,561,957	\$1,612,252	\$1,297,240
% of Total Expenditures	11.19%	12.29%	11.29%
● Cost of Property and Equipment	\$24,292,312	\$24,212,705	\$23,827,496

SELECTED ACTIVITY MEASURES	FY 1994	FY 1993	FY 1992
● Average Number of Inmates	1,009	965	738
● Ratio of Correctional Officers to Inmates219	.232	.274
● Cost Per Year Per Inmate	\$13,819	\$13,591	\$15,577
● Rated Inmate Capacity	600	600	600
● Approximate Square Feet Per Inmate	31	34	38

CENTER WARDEN(S)
During Audit Period: Michael Furrie Currently: Michael Furrie

INTRODUCTION

We conducted a compliance audit of the Center as required by the Illinois State Auditing Act. We also performed certain agreed upon procedures with respect to the accounting records of the Center to assist our single audit of the entire Department. Financial statements for the Department will be presented in that report.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER INVENTORY

Center personnel did not have adequate controls over their perpetual inventory system, and, as a result, they could not account for \$51,654 downward of adjustments to their inventory during a nine month period ended June 30, 1994.

The Center took a 100% physical inventory at September 30, 1993. Seven months later, at April 30, 1994, the Center took another complete physical inventory. Adjustments to the perpetual inventories to reduce the balances to agree with what was on hand amounted to 392 items and a decrease in value of \$43,447. At June 30, 1994, as a result of another physical inventory, similar adjustments amounted to a decrease of 135 items and a \$8,207 decrease in value.

Center personnel believe the problem was due to the removal of items from the stores and warehouse on weekends and at night without requisitions and also to errors in filling orders. Without adequate controls, the Center cannot be sure why such adjustments are necessary and this could lead to improper use or theft of inventory items.

The Department said that our recommendations for correcting these deficiencies have been implemented. (Finding 1, page 7)

EXCESSIVE FLUCTUATIONS IN COMMISSARY PROFITS

Gross profit percentages in the Inmate and Employee Commissary operations varied excessively from month to month.

Center records for fiscal year 1993 show the Employee's Commissary monthly gross profit percentages ranged from a (loss) of (10.20)% to a profit of 9.58%. For fiscal year 1994, the monthly gross profit percentages ranged from a loss of (.94)% to a profit of 19.90%. The Inmate Commissary gross profit percentages ranged from profits of 2.12% to 12.35% in fiscal year 1993 and profits from 3.46% to 20.21% in fiscal year 1994.

The Unified Code of Corrections requires selling prices for all goods to be sufficient to cover the costs of the goods and an additional charge of from 3% to 10% (730 ILCS 5/3-7-2a). This should produce a gross profit not to exceed 9.1%.

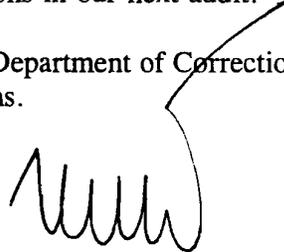
The Center believes the fluctuations were due to inaccurate monthly inventories or improper cutoff of sales and purchases. Other reasons could have been due to errors in recording costs and markups or to theft or other misappropriation of merchandise or receipts.

The Department responded that our recommendation to correct this situation has been implemented. They further stated that Center staff have reviewed procedures, and conducted staff training and that since the installation of the Fund Accounting and Commissary Trading System, inventory control has improved significantly. (Finding 2, page 8; first reported in 1992)

OTHER FINDINGS

There were no other material findings in our report. We will review the Center's progress towards implementation of our recommendations in our next audit.

Mr. Mark Krell, Chief Internal Auditor for the Department of Corrections, provided the Center's responses to our findings and recommendations.



WILLIAM G. HOLLAND, Auditor General

WGH:TEE:pp
April 25, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	1	*
Prior recommendations implemented or not repeated	2	*

* This was the first audit of the Taylorville Correctional Center which opened for occupancy in December of 1990.

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Scheffel & Company, P.C.