

**STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2006

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

CENTER OFFICIALS

Warden

Current

1/1/05 – 5/31/06

6/1/04 – 12/31/04

Mr. Don Hulick
Mr. Alan Uchtman
Mr. Charles Hinsley

Assistant Warden – Programs

Current

1/1/03 – 11/30/04

Mr. Gary Conder
Mr. William Spiller

Assistant Warden – Operations

Current

1/16/05 – 5/31/06

3/16/03 – 2/15/05

Mr. Andrew Ramos
Mr. Allan Martin
Mr. Alan Uchtman

Business Office Administrator II

Current

Mr. Richard Pautler

Business Office Administrator I

Current

Ms. Lynette Colvis

The Center is located at:

711 Kaskaskia Street
Menard, Illinois 62259



Illinois
Department of
Corrections

Rod R. Blagojevich
Governor

Roger E. Walker Jr.
Director

Southwestern IL Correctional Center / 950 Kingshighway St. Caller Ser. 50 / E. St. Louis, IL 62203 / Telephone: (618) 394-2200 / TDD: (800) 526-0844

October 31, 2006

MANAGEMENT ASSERTION LETTER

J.W. Boyle & Co., Ltd.
2810 Frank Scott Parkway West, #812
Belleville, Illinois 62223

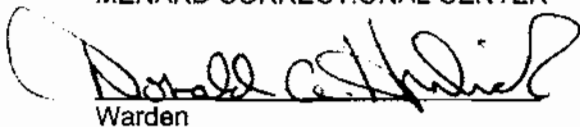
Ladies and Gentlemen:

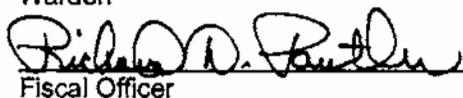
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2006. Based on this evaluation, we assert that during the year(s) ended June 30, 2005 and June 30, 2006, the Agency has materially complied with all the assertions below.

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

Yours very truly,

MENARD CORRECTIONAL CENTER


Warden


Fiscal Officer

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

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

There were no findings noted in our testing which are required to be included in the report.

EXIT CONFERENCE

Center Management waived having an exit conference per a letter dated January 3, 2007.

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we performed a limited scope compliance examination of the State of Illinois Department of Corrections - Menard Correctional Center's compliance with the requirements listed below, as more fully described in the Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (*Audit Guide*) as adopted by the Auditor General, during the two years ended June 30, 2006. The management of the State of Illinois Department of Corrections - Menard Correctional Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Corrections - Menard Correctional Center's compliance based on our examination.

- A. The State of Illinois Department of Corrections - Menard Correctional Center has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois Department of Corrections - Menard Correctional Center has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois Department of Corrections - Menard Correctional Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois Department of Corrections - Menard Correctional Center are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois Department of Corrections - Menard Correctional Center on behalf of the State or held in trust by the State of Illinois Department of Corrections - Menard Correctional Center have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our limited scope compliance examination of the Center was limited to the following areas of the *Audit Guide*.

- Chapter 8 – Personal Services Expenditures
- Chapter 9 – Contractual Services Expenditures
- Chapter 11 – Commodities Expenditures
- Chapter 18 – Appropriations, Transfers and Expenditures
- Chapter 22 – Review of Agency Functions and Planning Program
- Chapter 30 – Auditing Compliance with Agency Specific Statutory Mandates

The areas of the *Audit Guide* not examined at the Center have had procedures performed on a Department-wide basis through the compliance examination of the Department's General Office, and accordingly, any findings from the results of those procedures have been included in the Department of Corrections – General Office compliance report. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General's financial statement audit of the entire Department of Corrections for the year ended June 30, 2006. The results of these additional procedures have been communicated to the Department of Corrections – General Office auditors.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide* as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois Department of Corrections - Menard Correctional Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois Department of Corrections – Menard Correctional Center's compliance with specified requirements.

In our opinion, the State of Illinois Department of Corrections - Menard Correctional Center complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006.

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

Internal Control

The management of the State of Illinois Department of Corrections - Menard Correctional Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our limited scope compliance examination, we considered the State of Illinois Department of Corrections – Menard Correctional Center's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Audit Guide*, issued by the Illinois Office of the Auditor General. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General's financial statement audit of the entire Department of Corrections for the year ended June 30, 2006. The results of these additional procedures have been communicated to the Department of Corrections – General Office auditors.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in 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 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 internal control over compliance that we consider to be material weaknesses.

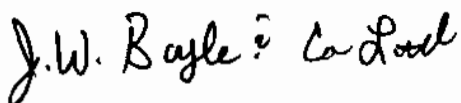
As required by the *Audit Guide*, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General to the 2006 and 2005 Supplementary Information for State Compliance Purposes, except for information on the Annual Cost Statistics, Service Efforts and Accomplishments, Employee Overtime, and Comparative Schedule of Cash Receipts and Deposits on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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



J. W. BOYLE & CO , LTD.

October 31, 2006

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

Current Findings

There were no current findings noted during the Limited Scope Compliance Examination for the two years ended June 30, 2006.

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

Prior Findings Not Repeated

There were no findings noted during the Limited Scope Compliance Examination for the two years ended June 30, 2004.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Two Years Ended June 30, 2006

SUMMARY

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

Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Description of Locally Held Funds
- Schedule of Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Deposits (not examined)
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending
- Schedule of Changes in Inventories

Analysis of Operations

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Inmate Commissary Operation
- Annual Cost Statistics
 - Costs per Year per Inmate (not examined)
 - Ratio of Employees to Inmates (not examined)
 - Cell Square Feet per Inmate (not examined)
 - Food Services (not examined)
 - Medical and Clergy Service Contracts (not examined)
- Service Efforts and Accomplishments (not examined)

The accountants' report on the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General to the 2006 and 2005 Supplementary Information for State Compliance Purposes, except for information on the Annual Cost Statistics, Service Efforts and Accomplishments, Employee Overtime and Comparative Schedule of Cash Receipts and Deposits on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information. The auditors have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, do not express an opinion thereon.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2006

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2006	LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2006	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2006	BALANCES LAPSED AUGUST 31, 2006
PUBLIC ACT 94-0015					
GENERAL REVENUE FUND - 001					
Personal services	\$ 42,787,900	\$ 40,597,950	\$ 2,187,013	\$ 42,784,963	\$ 2,937
Employee retirement contributions paid by employer	556,700	556,617	-	556,617	83
Student, member and inmate compensation	345,400	334,165	11,168	345,333	67
State contributions to State Employees' Retirement System	3,335,700	3,165,143	170,508	3,335,651	49
State contributions to Social Security	3,175,600	3,012,200	163,376	3,175,576	24
Contractual services	9,237,800	8,330,209	903,110	9,233,319	4,481
Travel	40,900	35,502	5,351	40,853	47
Travel and allowances for committed, paroled and discharged prisoners	16,500	16,238	230	16,468	32
Commodities	4,033,600	3,731,007	302,449	4,033,456	144
Printing	29,200	29,172	-	29,172	28
Equipment	65,600	25,601	-	25,601	39,999
Telecommunications services	105,400	102,180	3,210	105,390	10
Operation of automotive equipment	121,100	120,491	609	121,100	-
Total - Fiscal Year 2006	\$ 63,851,400	\$ 60,056,475	\$ 3,747,024	\$ 63,803,499	\$ 47,901

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Year Ended June 30, 2005

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2005	LAPSE PERIOD EXPENDITURES JULY 1 TO AUGUST 31, 2005	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2005	BALANCES LAPSED AUGUST 31, 2005
PUBLIC ACT 93-0842 & 93-0681					
<u>GENERAL REVENUE FUND - 001</u>					
Personal services	\$ 43,535,900	\$ 41,324,096	\$ 2,208,513	\$ 43,532,609	\$ 3,291
Employee retirement contributions paid by employer	87,011	87,010	-	87,010	1
Student, member and inmate compensation	390,000	354,771	24,822	379,593	10,407
State contributions to State Employees' Retirement System	6,752,200	6,402,296	346,691	6,748,987	3,213
State contributions to Social Security	3,117,400	2,952,605	160,598	3,113,203	4,197
Contractual services	8,070,100	6,911,587	936,827	7,848,414	221,686
Travel	43,800	36,594	3,332	39,926	3,874
Travel and allowances for committed, paroled and discharged prisoners	7,300	5,091	-	5,091	2,209
Commodities	4,518,100	4,077,782	405,158	4,482,940	35,160
Printing	32,800	30,621	-	30,621	2,179
Equipment	5,000	-	-	-	5,000
Telecommunications services	160,200	136,746	13,759	150,505	9,695
Operation of automotive equipment	143,600	113,264	16,932	130,196	13,404
Total - Fiscal Year 2005	\$ 66,863,411	\$ 62,432,463	\$ 4,116,632	\$ 66,549,095	\$ 314,316

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Years Ended June 30,

	FISCAL YEAR		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842 & 93-0681	P.A. 93-0091
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	\$ 63,851,400	\$ 66,863,411	\$ 67,784,900
EXPENDITURES			
Personal services	\$ 42,784,963	\$ 43,532,609	\$ 40,958,812
Employee retirement contributions paid by employer	556,617	87,010	2,139,979
Student, member and inmate compensation	345,333	379,593	391,565
State contributions to State Employees' Retirement System	3,335,651	6,748,987	3,605,656
State contributions to Social Security	3,175,576	3,113,203	3,035,925
Contractual services	9,233,319	7,848,414	7,103,421
Travel	40,853	39,926	51,234
Travel and allowances for committed, paroled and discharged prisoners	16,468	5,091	19,912
Commodities	4,033,456	4,482,940	5,513,838
Printing	29,172	30,621	33,107
Equipment	25,601	-	119,876
Telecommunications services	105,390	150,505	161,605
Operation of automotive equipment	121,100	130,196	144,964
Total Expenditures	<u>63,803,499</u>	<u>66,549,095</u>	<u>63,279,894</u>
LAPSED BALANCES	<u>\$ 47,901</u>	<u>\$ 314,316</u>	<u>\$ 4,505,006</u>

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
DESCRIPTION OF LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2006

The locally held funds of the Center are grouped into two fund categories, Governmental and Fiduciary funds. These are non-appropriated funds with the exception of the Travel and Allowance Revolving Fund, which is an appropriated fund. The funds are not held in the State Treasury and are described as follows:

1. Governmental Funds

General Revenue Fund

The Travel and Allowance Revolving Fund is a cash imprest fund located at the Center and is used to provide travel and allowances for discharged residents/inmates. The Travel and Allowance Revolving Fund is replenished from the Center's General Revenue Fund appropriation on a monthly basis upon submission of a duly authorized voucher.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Most Centers maintain four special revenue funds.

The Employees' Commissary Fund and Residents' Commissary Fund are used to maintain stores for selling food, candy, tobacco, health and beauty aids and other personal items. The residents' commissary sells solely to residents and the employees' commissary sells to employees. Profits derived from Commissary Funds' sales are allocated 60% to pay the wages and benefits of employees who work at the commissaries and 40% to either the Residents' Benefit Fund for sales from the Residents' Commissary or the Employees' Benefit Fund for sales from the Employees' Commissary.

Residents' Benefit Fund and Employees' Benefit Fund are used to provide entertainment and recreational activities for residents and employees. The Employees' Benefit Fund is also used to provide travel expense reimbursement for correctional officers while travel vouchers are being processed. During fiscal year 2006 the accounting and expenditure processing of the Residents' Benefit Fund were transferred to the Department of Corrections General Office.

2. Fiduciary Fund

Agency Fund

An agency fund is used to account for assets held as the agent for others. The Center maintains one such fund, the Residents' Trust Fund which is a depository for the residents' money. The Residents' Trust Fund is used to account for the receipts and disbursements of the resident's individual accounts.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For the the Year ended June 30, 2006

	(Not Examined)			
	Employees' Commissary Fund	Residents' Commissary Fund	Employees' Benefit Fund	Residents' Benefit Fund
<u>REVENUES</u>				
Income from Sales	\$ 290,725	\$ 2,229,736	\$ -	\$ -
Interest / Investment Income	178	683	20	4,893
Miscellaneous				
Entry Fees	-	-	-	-
Postage	-	-	-	-
Other	2,480	-	12,340	17,704
Donations	-	4,000	-	-
Total Revenues	<u>293,383</u>	<u>2,234,419</u>	<u>12,360</u>	<u>22,597</u>
<u>EXPENDITURES</u>				
Purchases	267,542	1,807,654	-	-
General and Administrative	15,663	2,257	-	18,335
Contractual	-	-	-	98,860
Equipment	-	-	99	11,784
Postage	-	-	-	-
Cable Television	-	-	-	-
Donations	-	-	463	-
Other	152	4,000	18,647	-
Total Expenditures	<u>283,357</u>	<u>1,813,911</u>	<u>19,209</u>	<u>128,978</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>10,026</u>	<u>420,508</u>	<u>(6,849)</u>	<u>(106,381)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	-	-	4,010	169,096
Transfers (Out)	(10,026)	(420,508)	-	-
Total Other Financing Sources	<u>(10,026)</u>	<u>(420,508)</u>	<u>4,010</u>	<u>169,096</u>
Net Change in Fund Balance	-	-	(2,839)	62,715
Fund Balance July 1, 2005	-	-	38,180	522,257
Fund Balance June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,341</u>	<u>\$ 584,972</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - SPECIAL REVENUE FUNDS
For the the Year ended June 30, 2005

	Employees' Commissary Fund	Residents' Commissary Fund	Employees' Benefit Fund	Residents' Benefit Fund
				(Not Examined)
<u>REVENUES</u>				
Income from Sales	\$ 328,317	\$ 2,170,333	\$ -	\$ 14,390
Interest / Investment Income	114	456	16	173
Miscellaneous				
Entry Fees	-	-	3,147	-
Postage	-	-	-	104,418
Other	7,892	-	7,625	-
Donations	-	-	-	1,290
Total Revenues	<u>336,323</u>	<u>2,170,789</u>	<u>10,788</u>	<u>120,271</u>
<u>EXPENDITURES</u>				
Purchases	302,699	1,728,955	-	-
General and Administrative	14,357	2,876	-	3,768
Contractual	-	-	-	102,159
Equipment	-	-	544	1,256
Postage	-	-	-	109,938
Cable Television	-	-	-	-
Donations	-	-	380	-
Other	2,979	-	21,305	32,377
Total Expenditures	<u>320,035</u>	<u>1,731,831</u>	<u>22,229</u>	<u>249,498</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>16,288</u>	<u>438,958</u>	<u>(11,441)</u>	<u>(129,227)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	-	-	6,497	176,269
Transfers (Out)	<u>(16,288)</u>	<u>(438,958)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>(16,288)</u>	<u>(438,958)</u>	<u>6,497</u>	<u>176,269</u>
Net Change in Fund Balance	-	-	(4,944)	47,042
Fund Balance July 1, 2004	-	-	43,124	475,215
Fund Balance June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,180</u>	<u>\$ 522,257</u>

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

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
(NOT EXAMINED)
For The Years Ended June 30

	2005		2006	
	Travel and Allowance Rev. Fund	Residents' Trust Fund	Travel and Allowance Rev. Fund	Residents' Trust Fund
Balance - July 1	\$ 13,600	\$ 279,750	\$ -	\$ 263,343
Receipts				
Investment Income	-	686	-	893
Inmate Account Receipts	-	2,773,908	-	2,856,374
Appropriations from General Revenue Fund	-	-	-	-
	5,091	-	-	-
TOTAL RECEIPTS	5,091	2,774,594	-	2,857,267
Disbursements				
Inmate Account Disbursements	-	2,790,317	-	2,719,335
Disbursements for released inmates	18,691	-	-	-
TOTAL DISBURSEMENTS	18,691	2,790,317	-	2,719,335
Fund Transfers				
Fund Transfers In	-	-	-	-
Fund Transfers (Out)	-	(684)	-	(885)
TOTAL TRANSFERS	-	(684)	-	(885)
Balance - June 30	\$ -	\$ 263,343	\$ -	\$ 400,390

Note: Schedule is presented on the cash basis of accounting

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

	2006				2005				Total
	Land	Buildings	Equipment	Land Improvements	Land	Buildings	Equipment	Land Improvements	
Balance, beginning	\$ 937,105	\$ 62,487,221	\$ 5,840,445	\$ 25,621,295	\$ 937,105	\$ 62,702,463	\$ 5,936,154	\$ 25,364,962	\$ 94,940,684
Additions:									
Purchases	-	-	16,045	-	-	-	82,195	-	82,195
Transfers-in:									
Intra-agency	-	-	459,780	-	-	-	55,496	-	55,496
Inter-agency	-	117,395	-	2,711	-	43,121	-	26,557	69,678
Capital Development Board	-	-	-	-	-	-	-	-	-
Employees' Commissary Fund	-	-	-	-	-	-	-	-	-
Employees' Benefit Fund	-	-	-	-	-	-	-	-	-
Residents' Commissary Fund	-	-	-	-	-	-	3,094	-	3,094
Residents' Benefit Fund	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Adjustments	-	-	101	-	-	-	942	-	230,718
Total Additions	-	117,395	475,926	2,711	-	43,121	141,727	229,776	441,181
Deductions:									
Transfers-out:									
Intra-agency	-	-	477,440	-	-	-	1,674	-	1,674
Inter-agency	-	-	-	-	-	-	-	-	-
Scrap property	-	-	33,999	-	-	-	100,149	-	100,149
Surplus property	-	-	-	-	-	-	135,323	-	135,323
Condemned and lost property	-	-	-	-	-	-	-	-	-
Adjustment	-	-	2,263	-	-	258,363	290	-	258,653
Total Deductions	-	-	513,702	-	-	258,363	237,436	-	495,799
Balance, ending	\$ 937,105	\$ 62,604,616	\$ 5,802,669	\$ 25,624,006	\$ 937,105	\$ 62,487,221	\$ 5,840,445	\$ 25,621,295	\$ 94,886,066

Note: The property balances at June 30, 2006 and 2005 have been reconciled to the property reports submitted to the Office of the Comptroller.

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MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS
(NOT EXAMINED)
For The Years Ended June 30,

	FISCAL YEAR		
	2006	2005	2004
<u>RECEIPTS</u>			
Jury Duty	\$ 906	\$ 907	\$ 932
Inmate Restitution	-	-	19,905
Dormant Inmate Accounts	-	-	-
Funeral Furlough	-	-	907
Staff Witness Fees	-	-	-
Contraband Cash	-	82	-
Copying Fees	-	-	-
Postage	-	-	35,799
Miscellaneous	472	531	3,181
TOTAL RECEIPTS	<u>\$ 1,378</u>	<u>\$ 1,520</u>	<u>\$ 60,724</u>
<u>REMITTANCES</u>			
General Revenue Fund - 001	\$ 725	\$ 1,040	\$ 2,445
Department of Corrections Reimbursement Fund - 523	653	480	58,279
TOTAL RECEIPTS REMITTED DIRECTLY TO STATE TREASURER	<u>\$ 1,378</u>	<u>\$ 1,520</u>	<u>\$ 60,724</u>
<u>DEPOSITS</u>			
Receipts recorded by Center	\$ 725	\$ 1,040	\$ 2,445
Add: Deposits in transit - Beginning of year	-	46	-
Deduct: Deposits in transit - End of year	-	-	(46)
DEPOSITS RECORDED BY THE STATE COMPTROLLER	<u>\$ 725</u>	<u>\$ 1,086</u>	<u>\$ 2,399</u>

Note: The Deposits reconciliation section of this schedule is a reconciliation of the Center's General Revenue Fund receipts to the Comptroller's General Revenue Fund deposits only. The Comptroller's records do not provide a detail breakdown of deposits into the Department of Corrections Reimbursement Fund #523 by Center.

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LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Fiscal Year 2006

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED</u>		<u>INCREASE</u>	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2006</u>	<u>2005</u>	<u>AMOUNT</u>	<u>%</u>
Employee retirement contributions paid by employer	\$ 556,617	\$ 87,010	\$ 469,607	540 %
State contribution to state employees' retirement system	3,335,651	6,748,997	(3,413,346)	(51)%
Travel & allowance for committed, paroled and discharged prisoners	16,468	5,091	11,377	223 %
Telecommunication	105,390	150,505	(45,115)	(30)%

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

Employee retirement contributions paid by employer

As a result of a union contract settlement, the union employees became eligible to contribute to their retirement accounts in FY06.

State contributions to state employees' retirement system

Due to the union contract settlement, the retirement contribution percentage funded by the employer decreased from 16.1% in FY05 to 7.8% in FY06.

Travel & allowance for committed, paroled, and discharged inmates

In FY05, the "Travel & Allowance revolving fund" was discontinued, therefore, all travel and allowances were paid from the Center's travel and allowance appropriation.

Telecommunication

The large decrease in telecommunication was attributable to four months of bills payable to CMS for fiscal year FY06, which were not paid until FY07.

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MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Fiscal Year 2005

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2005 and June 30, 2004 are shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED</u>		<u>INCREASE</u>	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2005</u>	<u>2004</u>	<u>AMOUNT</u>	<u>%</u>
Employee retirement contributions paid by employer	\$ 87,010	\$ 2,139,979	\$(2,052,969)	(96)%
State contributions to state employees' retirement system	6,748,997	3,605,656	3,143,341	87 %
Travel	39,926	51,234	\$(11,308)	(22)%
Travel & allowance for committed, paroled and discharged prisoners	5,091	19,912	(14,821)	(74)%
Equipment	0	119,876	(119,876)	(100)%

Center management provided the following explanation(s) for the significant variation(s) identified above.

Employee retirement contributions paid by employer

FY05 expenditures decreased significantly due to a regulatory change initiated by Central Office; beginning with the second payroll of the fiscal year, all State-paid retirement contributions were paid from the Personal Services appropriation.

State contributions to state employees' retirement system

Due to a union contract negotiation, retirement contributions from the employer were funded by the center as part of their personnel costs and reflected in the "State contributions to state employees' retirement system" line item for FY05. The retirement contributions for FY04 were reflected in the "Employee retirement contributions paid by employer" line item. This became effective after the first pay period in FY05. In addition, the retirement contribution increased from 13.4% in 2004 to 16.1% in FY05.

Travel

The Center was able to decrease its travel expenditures in FY05 by combining transportation of inmates.

Travel & Allowance for committed, paroled and discharged prisoners

In addition to the \$5,091 expense for FY05, the Center expended \$13,600 out of the "Travel and allowance revolving fund". This revolving cash account was not replenished and was closed as required by the Department of Corrections.

Equipment

The decrease in FY05 was due to budget constraints for new equipment purchases.

STATE OF ILLINOIS
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LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

Our testing of lapse period expenditures for fiscal year ended June 30, 2006, did not disclose any appropriation line items with significant (20% or more) lapse period expenditures.

STATE OF ILLINOIS
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MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

Our testing of lapse period expenditures for fiscal year ended June 30, 2005, did not disclose any appropriation line items with significant (20% or more) lapse period expenditures.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
SCHEDULE OF CHANGES IN INVENTORIES
Two Years Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
GENERAL REVENUE FUND				
General Stores	\$ 474,182	\$ 1,892,221	\$ 2,067,085	\$ 299,318
Mechanical Stores	128,806	162,752	205,294	86,264
Resident Clothing	46,143	454,685	440,059	60,769
Cold Storage	352,804	1,723,087	1,744,296	331,595
Officers' Clothing	-	18,992	18,992	-
Tools Under \$100	8,722	2,318	2,195	8,845
Paint Shop	8,216	65	1,536	6,745
Welding Shop	18,321	6,194	5,350	19,165
Outside Warehouse	3,311	3,300	3,340	3,271
Range Ammunition	10,170	11,611	16,272	5,509
Postage	4,320	54,227	48,769	9,778
Surplus Inventory	294	-	294	-
	<u>\$ 1,055,289</u>	<u>\$ 4,329,452</u>	<u>\$ 4,553,482</u>	<u>\$ 831,259</u>
LOCAL FUNDS				
Employees' Commissary Fund	\$ 12,101	\$ 269,215	\$ 266,361	\$ 14,955
Residents' Commissary Fund	134,117	1,865,225	1,805,315	194,027
Residents' Benefit Fund	-	-	-	-
	<u>\$ 146,218</u>	<u>\$ 2,134,440</u>	<u>\$ 2,071,676</u>	<u>\$ 208,982</u>
	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
GENERAL REVENUE FUND				
General Stores	\$ 368,510	\$ 2,347,789	\$ 2,242,117	\$ 474,182
Mechanical Stores	68,543	259,763	199,500	128,806
Resident Clothing	65,394	385,434	404,685	46,143
Cold Storage	473,924	1,942,224	2,063,344	352,804
Officers' Clothing	216	21,721	21,937	-
Tools Under \$100	8,976	3,013	3,267	8,722
Paint Shop	13,372	369	5,525	8,216
Welding Shop	18,951	2,253	2,883	18,321
Outside Warehouse	5,888	269	2,846	3,311
Range Ammunition	10,708	16,845	17,383	10,170
Postage	709	56,477	52,866	4,320
Surplus Inventory	293	1	-	294
	<u>\$ 1,035,484</u>	<u>\$ 5,036,158</u>	<u>\$ 5,016,353</u>	<u>\$ 1,055,289</u>
LOCAL FUNDS				
Employees' Commissary Fund	\$ 16,576	\$ 296,261	\$ 300,736	\$ 12,101
Residents' Commissary Fund	137,067	1,724,195	1,727,145	134,117
Residents' Benefit Fund	8,521	22,690	31,211	-
	<u>\$ 162,164</u>	<u>\$ 2,043,146</u>	<u>\$ 2,059,092</u>	<u>\$ 146,218</u>

Note: The inventory balances at June 30 were reconciled to the records of the Center.

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MENARD CORRECTIONAL CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

CENTER FUNCTIONS AND PLANNING PROGRAM

FUNCTIONS

The Menard Correctional Center is one of 27 adult correctional centers within the Illinois Department of Corrections and is the largest maximum security facility in the State of Illinois. Its purpose is to maintain custody and control of Court ordered incarceration of adult male felons. Its rated capacity is 3,098 inmates and its inmates are classified as minimum, medium, and maximum security. Over the past few years, the unit management was expanded, and housing by aggression levels was established.

The purpose of the Center is to confine its inmates in a safe, secure and humane manner, preserve and promote individual rights and responsibilities, and in turn, ensure the ultimate protection of society. Inherent with this purpose is the offering of a variety of program activities for all inmates by complying with Department Rules and Directives. All inmates are afforded the opportunity to explore and participate in programs designed to assist them towards a successful reintegration into society and to reduce the negative effects of incarceration.

PLANNING PROGRAM

Menard Correctional Center has developed a formal management system to address the Department of Corrections and various other standards. Goals and objectives are established by the Chief Administrative Officer, Administrative Officials and Department Heads. These individuals meet on a monthly basis to consider alternative approaches, review and update goals and objectives, and monitor operating results in terms of achieving established goals and objectives, on a timely basis. Included in these goals and objectives is to maintain the accreditation status with the American Correctional Association. Menard Correctional Center was the first maximum security prison to win this accreditation status.

AUDITOR'S ASSESSMENT OF PLANNING PROGRAM

The Center has established formal written long and short-term goals with respect to its functions and programs. The Center's system ensures that plans adopted are geared to authorizing legislation and the needs of the citizens of Illinois. Center officials feel that their goals and objectives are maintained and are consistent with those of other facilities providing similar services and that considerable progress had been made at implementing programs pursuant to plans. The Center's planning program appears adequate.

AGENCY HEAD AND LOCATION

Donald A. Hulick, Warden
711 Kaskaskia Street
Menard, Illinois 62259

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AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Center records, presents the average number of employees, by function, for the past three years.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Administrative	23	22	21
Business office and stores	19	24	16
Clinical services	33	37	27
Recreation	0	0	1
Maintenance	26	23	19
Utilities	6	6	6
Laundry	4	2	4
Correctional Officers	600	647	686
Dietary	34	32	34
Medical/Psychiatric	44	46	50
Religion	1	1	3
Secretary/Clerical Misc.	4	4	4
Transportation	<u>1</u>	<u>1</u>	<u>6</u>
Total	<u>795</u>	<u>845</u>	<u>877</u>

EMPLOYEE OVERTIME (not examined)

Certain employees are eligible for overtime if the hours worked during a day exceed the employees standard work hours. Correctional Officers receive a ¼-hour of overtime for each day they stand for roll call. The roll call overtime is paid at straight time for all but Correctional Lieutenants who receive 1 ½ times normal pay.

Overtime is to be distributed as equally as possible among employees who normally perform the work in the position in which the overtime is needed. An employees' supervisor must approve any overtime. In most cases, except for roll call, employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. Employees have the opportunity to be compensated either in pay for the overtime or receive compensatory time off.

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EMPLOYEE OVERTIME (cont.)

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

	<u>2006</u>	<u>2005</u>
Paid overtime hours worked during fiscal year	<u>17,222</u>	<u>22,936</u>
Value of overtime hours worked during fiscal year	<u>\$665,029</u>	<u>\$857,450</u>
Compensatory hours earned during fiscal year	<u>25,367</u>	<u>26,639</u>
Value of compensatory hours earned during fiscal year	<u>\$666,606</u>	<u>\$646,799</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>42,590</u>	<u>49,574</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$1,331,635</u>	<u>\$1,504,248</u>

INMATE COMMISSARY OPERATION

The Center operates a commissary for the benefit of the inmates. The commissary purchases goods from outside vendors and then retails the items to the inmates. The commissary purchases goods at wholesale prices where possible. Effective January 1, 2004 the Unified Code of Corrections, 730 ILCS 5/3-7-2a, was amended to change the mark-up of cost on the goods purchased for resale in the commissary. Effective January 1, 2004, the selling price for all goods shall be sufficient to cover the cost of the goods and an additional charge of up to 35% for tobacco products and up to 25% for non-tobacco products.

The financial transactions of the Inmate commissary are recorded in the Residents' Commissary Fund. A summary of the financial activity of the Residents' Commissary Fund for the years ended June 30, 2006 and 2005 are presented on pages 15 and 16 of this report.

As part of our testing 21 inmate commissary products were selected and their sale price recomputed to determine compliance with the Unified Code of Corrections regarding the statutorily required mark-up. As a result of our testing we noted no exceptions.

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COSTS PER YEAR PER INMATE (not examined)

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

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Rated population	<u>3,098</u>	<u>3,098</u>	<u>3,098</u>
Inmate population (as of May 31)	<u>3,433</u>	<u>3,478</u>	<u>3,504</u>
Average number of inmates	<u>3,476</u>	<u>3,494</u>	<u>3,461</u>
Expenditures from appropriations	\$63,803,499	\$66,549,095	\$63,279,894
Less-equipment and capital improvements	<u>25,601</u>	<u>0</u>	<u>119,876</u>
Net expenditures	<u>\$63,777,898</u>	<u>\$66,549,095</u>	<u>\$63,160,018</u>
Net inmate cost per year	<u>\$18,348</u>	<u>\$19,047</u>	<u>\$18,249</u>

Net expenditures for computing net inmate cost per year represent total expenditures from appropriations less equipment expenditures divided by average number of inmates.

The rated population and inmate population noted above was taken from the Illinois Department of Corrections' quarterly reports to the State legislature.

RATIO OF EMPLOYEES TO INMATES (not examined)

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Average number of employees	<u>795</u>	<u>845</u>	<u>877</u>
Average number of correctional officers	<u>600</u>	<u>647</u>	<u>686</u>
Average number of inmates	<u>3,476</u>	<u>3,494</u>	<u>3,461</u>
Ratio of employees to inmates	<u>1 to 4.4</u>	<u>1 to 4.1</u>	<u>1 to 4.0</u>
Ratio of correctional officers to inmates	<u>1 to 5.8</u>	<u>1 to 5.4</u>	<u>1 to 5.1</u>

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CELL SQUARE FEET PER INMATE (not examined)

The following comparisons are from a report issued by the Department of Corrections to the State legislature:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Approximate Square Foot Per Inmate	<u>39</u>	<u>39</u>	<u>38</u>

FOOD SERVICES (not examined)

The following table, prepared from the Center records, summarizes the number of meals served and the average cost per meal.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Breakfast	1,268,740	1,275,310	1,258,353
Lunch	1,268,740	1,275,310	1,258,353
Dinner	1,268,740	1,275,310	1,258,353
1:00 a.m. meal	22,265	24,150	22,265
Staff meals	184,325	183,900	182,135
Vocational School Meals	<u>12,410</u>	<u>13,140</u>	<u>13,870</u>
Total Meals Served	<u>4,025,220</u>	<u>4,047,120</u>	<u>3,993,329</u>
Food Cost	<u>\$2,973,611</u>	<u>\$3,352,884</u>	<u>\$4,306,195</u>
Cost Per Meal	<u>\$0.74</u>	<u>\$0.83</u>	<u>\$1.08</u>

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MEDICAL AND CLERGY SERVICE CONTRACTS (not examined)

The following table, prepared from Center records, summarizes what was paid to vendors for medical and clergy contractual services for fiscal years 2006, 2005 and 2004.

	Fiscal Year		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Medical Services:			
Wexford Health Source	\$2,440,425	\$4,393,860	\$1,334,551
Health Professionals, LTD	3,331,863	0	2,653,081
Forest Park Medical	0	0	225
Cape Neurological	0	0	1,600
Orthopedic Assoc.	<u>0</u>	<u>0</u>	<u>500</u>
	<u>\$5,772,288</u>	<u>\$4,393,860</u>	<u>\$3,989,957</u>
Clergy Services:			
Rabbi Scheiman	<u>\$1,435</u>	<u>\$1,702</u>	<u>\$1,716</u>

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SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined)

- Began Step Down Program. This program is for inmates sent to TAMMS in isolation. This program assists inmates to regain their social skills and reintegrates them to a social setting.
- Medical Vendor Contract was cancelled with Wexford Health Services and awarded to Health Professionals, LTD. Wexford Health Services later won the contract back. Monthly savings between HPL (\$591,153/month) and Wexford (\$418,626/month) is \$172,527/month.
- Employees on lay-off status were called back to work.
- Water and sewer agreements with the City of Chester were completed. The water agreement allows charging one rate for all Menard locations. This is beneficial to Menard because they will be invoiced at one rate instead of the smaller meters being charged at a higher residential rate. The sewer agreement has Menard Correctional Center and Chester Mental Health Center split, based on population, 63.4% of the sewer plant operation. Sewer was negotiated to place a 7% cap on operating expenses. Also sludge is used by farmers reducing cost of having it hauled away.
- The entire Roster Management System was overhauled. This included the changing of staff, shifts, days off and assignments.
- Overhauled consolidated posts (balanced days off) in order to minimize overtime.
- The Employee Discipline Procedure was revamped and started from scratch. This will now be an on-going issue that will be addressed. This ensures all employees are treated equally regarding discipline and violations of rules. This procedure also ensures there are proper charges listed, ensures consistency and continuity with all employees.