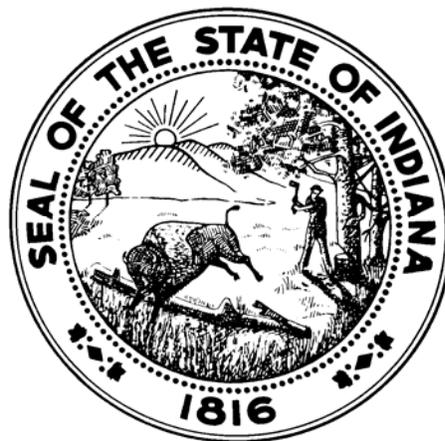


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
RECEPTION DIAGNOSTIC CENTER
STATE OF INDIANA
July 1, 2002 to March 31, 2006



FILED
08/14/2006

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner, Indiana Department of Correction	Evelyn Ridley - Turner	02-01-01 to 01-09-05
	J. David Donahue	01-10-05 to 01-11-09
Superintendent	Clarence Trigg	04-25-95 to 05-29-03
	Thomas Hanlon (Interim)	05-30-03 to 04-09-04
	Christopher Meloy	04-10-04 to 06-01-06
	Philip Slavens (Interim)	06-02-06 to 06-18-06
	Wendy Knight	06-19-06 to 06-30-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE RECEPTION DIAGNOSTIC CENTER

We have reviewed the receipts, disbursements, and assets of the Reception Diagnostic Center for the period of July 1, 2002 to March 31, 2006. The Reception Diagnostic Center's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Reception Diagnostic Center are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 17, 2006

RECEPTION DIAGNOSTIC CENTER
REVIEW COMMENTS
MARCH 31, 2006

TRUST FUND

Bank Reconciliation

The bank reconciliation of the Reception Diagnostic Center (RDC) Trust Fund was not properly performed. The funds in the bank account are less than the RDC Trust Fund control ledger, resulting in a shortage of \$1,218.78. RDC has not determined the source of the difference.

At all times, the manual and computerized records, subsidiary ledgers, the control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Indiana Code 4-24-6-9 requires that such losses be covered by a general blanket performance bond or crime insurance policy. If the facility is unable to determine the source of the shortage, it should seek to collect from the bond. If this effort fails, then the agency may try to receive reimbursement from the institution's operating account.

Financial Statements

The Reception Diagnostic Center did not properly complete the monthly financial statements for the Trust Fund. The monthly receipt and disbursement amounts did not agree with the ledger. There were several months during the review period when the statements were not prepared.

Institutions should have internal controls in effect which provide reasonable assurance regarding reliability of financial information and records. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Each institution should file monthly financial statements for its local funds with the state agency having administrative control over the institution. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

DOCUMENT RETENTION

Several documents selected for our review could not be located. Trust Fund ledgers and check copies from August 2002 to January 2003 could not be located by staff.

RECEPTION DIAGNOSTIC CENTER
REVIEW COMMENTS
MARCH 31, 2006
(Continued)

Due to the lack of documentation, the validity and accountability for some monies received and disbursed could not be established.

Documents should be retained in accordance with a retention schedule approved by the Oversight Commission on Public Records. Also, documents must be filed in such a manner as to be readily retrievable or otherwise reasonably attainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapters 1 and 15)

IMPROPER CONTRACT EXPENDITURES

The Indiana Department of Correction (DOC) has contracted with a vendor to provide food services to offenders at all DOC facilities. DOC issued a Request for Proposal (RFP) in order to obtain bids from prospective vendors. Contained in the RFP was language that stated that "Vendor(s) may be requested to provide food services for special meetings or events held within the mentioned facilities and at no time will this special service exceed \$2,500 annually." However, this language was not contained in the signed contract between the vendor and DOC. The vendor currently provides all institutions with food services for special occasions up to \$25,000 annually without billing the facility, referring to the practice as the Catering Fund. This is a benefit to the state provided for in the cost structure of the contract, and therefore should only be used for state related functions.

The Reception Diagnostic Center had the vendor provide catering for an employee appreciation day. The catering was provided using the Catering Fund. This is an inappropriate use of state funds without Budget Agency approval.

According to Financial Management Circular 98-1, "it is important to avoid even the appearance that taxpayers' money is being used inappropriately to provide refreshments or meals at a state sponsored event. Spending taxpayer dollars for meetings or events involving only state employees when no travel is involved is not appropriate. Taxpayer dollars should never be spent on office parties or alcoholic beverages."

RECEPTION DIAGNOSTIC CENTER
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2006, with Wendy Knight, Superintendent, Philip Slavens, former Interim Superintendent; and Thomas Hanlon, former Superintendent. The official response has been made a part of this report and may be found on pages 7 and 8.

A copy of the Review Comments was mailed on July 24, 2006 to Christopher Meloy, former Superintendent.



STATE OF INDIANA

DEPARTMENT OF CORRECTION
RECEPTION - DIAGNOSTIC CENTER
737 Moon Road
Plainfield, IN 46168
Telephone: 317-839-7727 or 7728

July 27, 2006

Deetra Smith
State Board of Accounts
Room E418, 302 W. Washington St.
Indianapolis, IN 46204

OFFICIAL RESPONSE

Dear Deetra Smith:

In response to your audit results and comments sheet received during the exit conference the Plainfield Correctional Facility offers the following plan of action to be included in the audit report.

Accounts Records

Steps are in place to begin immediate reconciliations of the Reception Diagnostic Center Facility's Inmate Trust Account. The shortage of \$1,218.78 will be identified and steps will be taken to correct this issue including having the Accountant for the complex begin reconciling from the last known reconciliation report and moving forward to current date to ensure accuracy. Corrections will be made as identified in the ledger and/or trust system.

Monthly Financial Statements

Effective immediately all bank reconciliations will be done within 7 days of receipt of the financial statement from the banking institution. No adjustments will be made on the bank reconciliations, instead all corrections will be made at the time of the reconciliation to ensure accountability and accuracy.

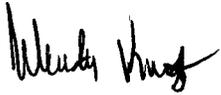
Document Retention

Staff are currently working to locate the documents in question. Future documents will be maintained in accordance with record retention policy.

Improper Contract Expenditures

Future use of the Special Services from the Food Contract vendor will include approvals from State Ethics Commission and State Budget Agency prior special events being held.

Sincerely,

A handwritten signature in black ink, appearing to read "Wendy Knight". The signature is cursive and somewhat stylized.

Wendy Knight
Superintendent
Plainfield Correctional Complex
727 Moon Road
Plainfield, IN 46168