

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT

OF

RICHMOND STATE HOSPITAL

STATE OF INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
09/22/2008



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary, Indiana Family and Social Services Administration	E. Mitchell Roob	01-01-05 to 01-11-09
Superintendent	Jeffrey R. Butler	07-01-06 to 06-30-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE RICHMOND STATE HOSPITAL

We have reviewed the receipts, disbursements, and assets of the Richmond State Hospital for the period of January 1, 2007 to December 31, 2007. Richmond State Hospital'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 Richmond State Hospital 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

June 12, 2008

RICHMOND STATE HOSPITAL  
REVIEW COMMENTS  
December 31, 2007

PATIENT TRUST ACCOUNT RECONCILIATION

The Richmond State Hospital did not properly complete the monthly bank reconciliations for the Trust Fund. We noted that the record of patient savings accounts totaled \$15,765.53 when the actual detail of those savings accounts totaled \$15,500.00 leaving a difference of \$265.53. The error goes back to at least the year 2002. Also, the bank reconciliations were not prepared on a timely basis every month. As a result, errors found when reconciling the trust accounts were not corrected for several months.

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, Page 13:1)

LATE FEES

Our test of disbursements revealed late fees on utility bills of \$3,896.82. Late fees for the year ended December 31, 2007, totaled \$12,663. The State is implementing new accounting computer software. Problems with this implementation process were the main cause of the late fees.

We recommended to the officials of Richmond State Hospital that they continue to work with the State Auditor's office to resolve the problems with the new accounting computer software so that late fees can be eliminated.

RICHMOND STATE HOSPITAL  
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2008, with Jeffrey R. Butler, Superintendent; David M. Shelford, Assistant Superintendent – Administration; Janice Doty, Business Administrator; and Dana Smith, Business Office Supervisor. The official response has been made a part of this report and may be found on page 6.



"People  
helping people  
help  
themselves"

Mitchell E. Daniels, Jr., Governor  
State of Indiana

**Richmond State Hospital**  
**Division of Mental Health and Addiction**

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RICHMOND, IN 47374-2898  
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August 5, 2008

Indiana State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, IN 46204-2765

**OFFICIAL RESPONSE**

Dear Sirs:

Please accept this letter as our official response to the comments included in the review report of the accounts of Richmond State Hospital for the period January 1, 2007 to December 31, 2007. The comment title and our response are as follows:

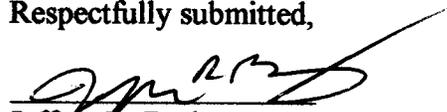
**PATIENT TRUST ACCOUNT RECONCILIATION**

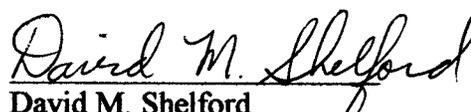
Our patient trust individual savings accounts do reflect record balances of \$265.53 more than the corresponding balances of the bank savings accounts established in their names. This difference occurred back in the year 2000 when a transfer was not posted to a patient's record balance. This resulted in the patient receiving \$265.53 more than their record balance prior to their discharge. We have instructed our business office to transfer \$265.53 from the Patient Recreation Fund to the Patient Trust Fund to eliminate this difference.

**LATE FEES**

We do recognize the increase in late payment fees to our vendors. This situation has been brought to the attention of the Division of Mental Health and Addictions throughout the past year. The fees were the result of delays in transfers of appropriations within our budget and also difficulties encountered implementing the new Encompass financial system. We are taking actions to resolve these matters and pay our vendors timely.

Respectfully submitted,

  
Jeffrey R. Butler  
Superintendent

  
David M. Shelford  
Asst Supt-Administration

Cc: Cathy Boggs, DMHA Director and Paul Bowling DMHA CFO

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