



INSPECTOR GENERAL REPORT

2010-11-0288

December 10, 2010

DOC PEN PRODUCTS FUNDS REVERTED

Inspector General David O. Thomas reports as follows:

This report addresses the compliance by the PEN Products Division (PEN) of the Indiana Department of Corrections (DOC) with a previous review of it by the State Board of Accounts (SBOA) in Report Number B34323.

The operations of PEN are addressed generally at IC 11-10-6. PEN oversees the production or manufacture of materials by prison inmates.

The SBOA periodically reviews state agencies for compliance with the SBOA Accounting and Uniform Compliance Guidelines Manuals (“Manuals”). IC 5-11-1-24. The SBOA may also review agencies for compliance with “any” law. IC 5-11-5-1(a).

The OIG is responsible for addressing fraud, waste, abuse, and wrongdoing in agencies. IC 4-2-7-2. The OIG is also charged to initiate,

supervise, and coordinate investigations, recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government, and to provide advice to an agency on developing, implementing, and enforcing policies and procedures to prevent or reduce the risk of fraudulent or wrongful acts within the agency. IC 4-2-7-3.

In this case, a previous SBOA finding was chosen that addressed PEN at DOC. This previous finding required compliance with the rules involving the reversion of funds in two inactive funds at PEN. These two fund centers at PEN had previously been inactive for over two years.

The SBOA Manuals require that:

If a fund/center has been inactive for a period of two or more years, the agency should contact the State Budget Agency as to the continued need for any inactive funds on hand. If the fund/center contains federal funds, the grantor must be contacted regarding a balance owed. When a fund/center is no longer necessary, the agency's Budget Analyst should be contacted concerning elimination of the remaining balance.

Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 2.

One of the purposes of this rule, besides maintaining financial clarity, is to capture unused funds that might be put to use in other programs.

The Controller at PEN cooperated with the OIG in this review.

Documentation was made available for inspection and an explanation of PEN's activities was also made.

The investigation then centered on whether these inactive funds had been

properly closed.

PEN reported that after consulting with its Budget Analyst, it was determined that the projects associated with these accounts had either been completed or cancelled and the funds could not be used for other purposes.

On February 2, 2010, PEN made a formal request to their Budget Analyst to close the two fund/centers 1000/105280 and 3800/105290. This was verified by Exhibit A, attached.

On February 23, 2010, PEN's Budget Analyst submitted two Administrative Action requests to revert the funds back to the General Fund and the Post War Fund. This was verified by Exhibits B and C, attached.

The Administrative Action Minutes by the State Budget Agency, dated May 31, 2009, memorialized the transfers requested by PEN's Budget Analyst on February 23, 2010. This was verified by Exhibit D, pages 5-6, attached.

Furthermore, the State Budget Agency's report entitled "FY2009 Closeout Reversions All Summary" indicates that all of the \$34,082.03 (amount in the inactive funds) had been reverted. This was verified in Exhibit E, attached.

To further reflect this action, the Auditor of State Fund Appropriation and Allotment Trial Balance as of July 31, 2010, does not list Fund/Centers 1000/105280 or 3800/105290 on the report of PEN Fund/Center balances. This is verified in Exhibit F, attached.

PEN further reports that it currently has no Fund/Centers that have been inactive for two or more years with fund balances, and that if the situation arises again, PEN will take all appropriate steps to ensure unnecessary fund/centers are

closed on a timely basis.

With our finding compliance, this investigation is closed.

Dated this 10th day of December, 2010.

A handwritten signature in black ink, appearing to read "David O. Thomas". The signature is written in a cursive style with a horizontal line extending from the end of the name.

David O. Thomas, Inspector General

From: Vogel, Marcia
Sent: Monday, February 02, 2009 3:02 PM
To: Miller, Eric
Cc: Spratt, Mark; Smith, Mike
Subject: Inactive accounts

Eric,

PEN is requesting that two inactive accounts be closed. The projects associated with these accounts have either been completed or cancelled and the funds can't be used for other purposes. The following accounts are no longer needed and should be closed:

1000/391410	\$2,276.53 remaining
3800/341510	\$31,805.50 remaining

Please let us know if you need any other information.

Thanks,

Marcia Vogel

General Ledger Supervisor
PEN Products
6075 Lakeside Blvd, Indpls, IN 46278
Office: (317) 388-8580
Fax: (317) 280-3004

ADMINISTRATIVE ACTION REQUEST

<input type="checkbox"/> Augmentation <input checked="" type="checkbox"/> Fund Center Transfer <input type="checkbox"/> Point Transfer	Date Requested: 2/23/2009 Analyst making the Request: Eric Miller <input type="checkbox"/> Release of Capital or PM Funds <input type="checkbox"/> Release of Investments
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1. If an augmentation or a release of funds, does SBA have the authority? If so, what is the source? (cite the code or budget bill)

N/A

2. Do sufficient funds exist? (in the fund center for a transfer, in the fund for an augmentation; see calc below for fund bal calc)

Yes

3. What is the purpose of the request? (attach supporting documentation as necessary)

To close an inactive PEN Products account.

4. Why was this not budgeted?

N/A

5. Are there any special Instructions regarding this Admin Action?

Other Special Notes to Christina

Christina is not to allot funds; Analyst will allot	
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TRANSFER FROM:

Agency Name	PEN Products
Agency Nbr.	515
Account Name	Preventative Maintenance
Fund Center	1000/391410
FC <input type="checkbox"/> CTRL <input type="checkbox"/>	6

TRANSFER TO:

Agency Name	PEN Products
Agency Nbr.	515
Account Name	Capital Reversions - PEN GF
Fund Center	1000/105280
FC <input type="checkbox"/> CTRL <input type="checkbox"/>	3

Quarter						Description	Amount	Quarter						Description	Amount
1	2	3	4	R	1			2	3	4	R				
10	20	30	40	50	0. Total Operating	2,276.53	10	20	30	40	50	0. Total Operating	2,276.53		
11	21	31	41	51	1. Personal Services		11	21	31	41	51	1. Personal Services			
12	22	32	42	52	2. Services Other than Personal		12	22	32	42	52	2. Services Other than Personal			
13	23	33	43	53	3. Services by Contract		13	23	33	43	53	3. Services by Contract			
14	24	34	44	54	4. Supplies, Materials, Parts		14	24	34	44	54	4. Supplies, Materials, Parts			
15	25	35	45	55	5. Equipment		15	25	35	45	55	5. Equipment			
16	26	36	46	56	6. Land and Structures		16	26	36	46	56	6. Land and Structures			
17	27	37	47	57	7. Grants, Subsidies, Awards		17	27	37	47	57	7. Grants, Subsidies, Awards			
18	28	38	48	58	8. In-State Travel		18	28	38	48	58	8. In-State Travel			
19	29	39	49	59	9. Out-of-State Travel		19	29	39	49	59	9. Out-of-State Travel			
Total						2,276.53	Total						2,276.53		

For augmentation requests only - Fund Balance Calculation

FUND: As of Date:

**** Note: pull all data from the AOS General Ledger Trial Balance. Enter all figures exactly as they appear on the Trial Balance.**

If the figure on the Trial Balance is negative, enter a negative. If its positive, enter a positive.

For all figures, pull from the 'YTD Total' Column

	Start with: YTD Total Cash				
	Add: Investments				
	Subtract: Appropriations To Date				
	Subtract: Allotments				
	Add back: Expenditures				
	Add back: Encumbrances				
0.00	Equals: Current Fund Balance				
	Add in: Expected Ctl 3 revenues and Ctl 5 revenues that will not be allotted				
	Add in: Expected Ctl 6 funding from Federal sources				
	Subtract: Expected expenditures (over what was budgeted for) (enter expenditure number as a positive)				
\$ -	Equals: Projected Fund Balance				
\$ -	Equals: Projected Fund Balance without Investments				