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

REVIEW REPORT

OF

CORRECTIONAL INDUSTRIAL FACILITY

STATE OF INDIANA

June 1, 2006 to June 30, 2008

FILED
11/17/2008

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AGENCY OFFICIALS

Office	Official	Term
Commissioner, Indiana Department of Correction	J. David Donahue	01-10-05 to 07-31-08
	Edwin Buss	08-01-08 to 01-11-09
Superintendent	Thomas D. Hanlon	04-10-05 to 06-30-09

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CORRECTIONAL INDUSTRIAL FACILITY

We have reviewed the receipts, disbursements, and assets of the Correctional Industrial Facility for the period of June 1, 2006 to June 30, 2008. Correctional Industrial Facility'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 Correctional Industrial Facility are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations, except as stated in the review comments.

STATE BOARD OF ACCOUNTS

August 7, 2008

CORRECTIONAL INDUSTRIAL FACILITY
REVIEW COMMENTS
JUNE 30, 2008

BOND COVERAGE

In February 2008, we received a letter from the Correctional Industrial Facility (CIF) requesting our approval to reimburse the Offender Trust Fund which was short $38.00 due to cash missing from a deposit that was the responsibility of a former employee. We responded to the letter explaining that we would not take audit exception to reimbursing the Trust Fund from the operating account of the facility, provided an attempt was made to collect this amount from its bonding company.

During our review of the facility, we found that the Trust Fund was reimbursed the $38.00 from the facility's operating account in April 2008. Bond coverage was not in effect to cover this shortage as required by Indiana Code 4-24-6-9.

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.

DAILY DEPOSITS

The Correctional Industrial Facility did not consistently deposit receipts for miscellaneous revenues within the following business day.

Indiana Code 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

CORRECTIONAL INDUSTRIAL FACILITY
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2008, with Thomas D. Hanlon, Superintendent; Ken Moss, Assistant Superintendent; Susan Van Hoy, Accountant 1; and Andrea Funk, Accountant 2. The official response has been made a part of this report and may be found on page 6.

Mitchell E. Daniels, Jr.
Governor

Edwin G. Buss
Commissioner

CORRECTIONAL INDUSTRIAL FACILITY
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Thomas D. Hanlon
Superintendent

October 20, 2008

State Board of Accounts
Bruce Hartman, State Examiner
302 W. Washington Street, Rm E418
Indianapolis IN 46204

Dear Mr. Hartman:

In the review report for the Correctional Industrial Facility for the period of May 1, 2006 to June 30, 2008 two exceptions were indicated:

- Reimbursement of $38.00 Cash missing from Inmate Trust Deposit.
- Daily Deposits for Miscellaneous Revenues

As for the first exception, we requested and followed guidance on how to correctly reimburse the missing cash for the inmate trust account from Central Office. As to my knowledge this was the first and only encounter of this type of problem here at this facility, however, if the situation should ever arise in the future we will follow IC 4-24-6-9.

The second exception will be corrected immediately.

The above information is being submitted in response to the exit conference document.

Thomas D Hanlon

Thomas D. Hanlon, Superintendent
Correctional Industrial Facility

Cc: Edwin G. Buss, Commissioner
Stanley Knight, Regional Director
Joe Fistrovich, Chief Executive Finance & Performance
Tina Little, Regional Finance Director