B33616

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

REVIEW REPORT

OF

PLAINFIELD CORRECTIONAL FACILITY

STATE OF INDIANA

April 1, 2006 to February 29, 2008

FILED

12/30/2008

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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	Christopher Meloy	04-24-95 to 06-01-06
	Phillip Slavens (Interim)	06-02-06 to 06-18-06
	Wendy Knight	06-19-06 to 06-30-09

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PLAINFIELD CORRECTIONAL FACILITY

We have reviewed the receipts, disbursements, and assets of the Plainfield Correctional Facility for the period of April 1, 2006 to February 29, 2008. The Plainfield Correctional 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 Plainfield Correctional 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

July 14, 2008

TRUST FUND

Accounting Records

As stated in our prior Report B27606, we found that the Plainfield Correctional Facility did not prepare the monthly Offender Trust Fund bank reconciliations in a timely manner. Additionally, we found that at January 31, 2008, the Offender Trust Fund control ledger was $4,953.75 greater than the reconciled bank account based on the outstanding check list provided by the Facility. This resulted in a shortage in the bank account. 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.

A bank reconciliation must be performed each month. The bank statement for the checking account must be reconciled to the check register. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 13)

Each agency is responsible for maintaining an effective and accurate accounting system for subsidiary and supplementary records. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

Individual Records

During our review of the Plainfield Correctional Facility, we found that the Trust Fund general ledger and subsidiary ledgers as of February 29, 2008, did not agree. The balance of the subsidiary ledgers was $278,295.31 and the balance of the control ledger and CDs was $281,890.93, resulting in a difference of $3,595.62.

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 and Quasi Agencies, Chapter 13)

Negative Account

The Plainfield Correctional Facility has an account with a negative balance creating a shortage in the fund of $118.98. The Department of Correction's staff informed us that on June 28, 2007, cash was received in control at the Facility for an offender. A receipt was written and given to the offender. The money and receipt did not arrive at the business office. The offender was subsequently released and a check was written causing the offender's account to go into a negative balance. A responsible employee was not identified. Bond coverage was not in effect to cover this loss as required by Indiana Code 4-24-6-9.

Per Indiana Code 4-24-6-9, such losses must be covered by a general blanket performance bond or crime insurance policy.

Monthly Financial Statements

As stated in our prior Report B27606, we found that the Plainfield Correctional Facility did not complete its monthly financial statements for the Offender Trust Fund in a timely manner.

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 and Quasi Agencies, Chapter 13)

Restrictive Endorsements

During our testing of Trust Fund receipts at the Plainfield Correctional Facility, we found that checks received are not restrictively endorsed immediately upon receipt. The checks are not restrictively endorsed until they are processed by the business office.

Checks should be restrictively endorsed with an endorsement stamp, immediately upon receipt. This should occur upon opening the mail or otherwise receiving the instrument. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 3)

Outstanding Checks

During our review of the Trust Fund at the Plainfield Correctional Facility, we found that the January 2008 outstanding check list contained 1,017 checks which have been outstanding for more than one year.

Indiana Code 32-34-1-20, 32-34-1-26, and 32-34-1-27 provide that Trust Fund checks which have been issued and are outstanding for one year after they were written are presumed to be abandoned and are to be remitted to the Attorney General's Office as unclaimed property.

RECREATION FUND

Improper Purchases

The Plainfield Correctional Facility made purchases from the Recreation Fund which were not proper for the fund. The Facility purchased a laser printer, laser printer cartridge, deposit slips, and blank checks for the Plainfield Correctional Facility and Reception Diagnostic Center Trust Funds.

Indiana Code 4-24-6-6 states: "These funds shall be used, at the discretion of the superintendent or warden subject to the approval of the chief administrative officer of the department, division or state agency having administrative control and supervision over the institution, for the direct benefit of persons who are inmates or patients in such institutions, and shall not be used for any purposes which are provided by state appropriations. . . ."

DAILY DEPOSITS

The Plainfield Correctional Facility did not consistently deposit receipts for miscellaneous revenue and refunds of expenditures within the following business day.

When receipts are not deposited timely, the possibility that funds may be misplaced or stolen increases.

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."

PLAINFIELD CORRECTIONAL FACILITY
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2008, with Wendy Knight, Superintendent; Tammie Keen, Regional Finance Director; and Joan Caylor, Accountant 1. The official response has been made a part of this report and may be found on pages 8 and 9.

A copy of the draft report was sent on October 14, 2008, to Christopher Meloy, former Superintendent; and Phillip Slavens, former Interim Superintendent.

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Mitchell E. Daniels, Jr.
Governor

Edwin G. Buss
Commissioner

State Board Of Accounts
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Indianapolis, In. 46204-2765

Date: October 30, 2008

Re: OFFICIAL RESPONSE-Plainfield Correctional Facility

TRUST FUND

Accounting Records

We concur. Plainfield Correctional Facility has implemented immediate steps to reconcile internal ledgers to the subsidiary ledgers, control ledgers and bank daily. The Department has assigned a staff person dedicated to reconciling the account monthly.

The Department of Insurance will be contacted and all appropriate staff will be covered by a general performance blanket bond in order to comply with Indiana Code 4-24-6-9.

Individual Records

We concur. Reception Diagnostic Center has implemented steps to reconcile internal ledgers to the subsidiary ledgers, control ledgers and bank daily.

Monthly Financial Statements

We concur. The Department has assigned a staff person dedicated to reconciling trust bank accounts to the ledger and offender trust system.

Negative Account

We concur. The shortage has been reimbursed to the Offender Trust Account.

Restrictive Endorsements

We Concur. Effective July 18, 2008 procedures were implemented to ensure that all money orders received in the mailroom are stamped with the appropriate restrictive endorsement.

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Edwin G. Buss
Commissioner

Outstanding Checks

We concur. Verified outstanding checks will be remitted to the Attorney General as unclaimed property in compliance with Indiana Code 32-34-1-20, 32-34-1-26, and 32-34-1-27 by the November 1, 2008 deadline.

RECREATION FUND

Improper Purchases

We concur. The Fiscal Staff now requires policy quotations and the proof of a direct Recreational Fund relationship, before approving purchases from the Recreational Fund.

DAILY DEPOSITS

We concur. Deposits are now made out by 1:00, daily and given to the courier in a locked bank bag. The courier signs a pick up receipt and then delivers the bag to the Auditor's Office directly, who in turn has to sign a receipt for the deposits.

Wendy Knight

Wendy Knight
Superintendent