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

REVIEW REPORT

OF

CHAIN O'LAKES CORRECTIONAL FACILITY

STATE OF INDIANA

July 1, 2006 to June 30, 2010

FILED
11/12/2010

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AGENCY OFFICIALS

| Office | Official | Term |
|---|---|---|
| Commissioner, Indiana Department of Corrections | J. David Donahue | 01-10-05 to 07-31-08 |
| | Edwin G. Buss | 08-01-08 to 01-13-13 |
| Superintendent | Terry Royal | 07-01-06 to 06-30-08 |
| | Georgia Dunn | 07-01-08 to 08-01-08 |
| | Michael Cunegin, II | 08-02-08 to 06-30-11 |

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# INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CHAIN O'LAKES CORRECTIONAL FACILITY

We have reviewed the receipts, disbursements, and assets of the Chain O'Lakes Correctional Facility for the period of July 1, 2006 to June 30, 2010. Chain O'Lakes 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 Chain O'Lakes 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 Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

October 21, 2010

## ACCOUNTING RECORDS FOR INMATE TRUST FUND

The Chain O'Lakes Correctional Facility's (state agency) accounting records for the Inmate Trust Fund do not reconcile with the bank account. During the review period two fiscal audits were made by Field Auditors from the Department of Correction and both reports concluded that there was an unidentified difference between the bank statement and the ledger. These reports were reviewed and we concurred with their conclusion. We reviewed several other ends of month records during our review and noted that the Inmate Trust Fund was not reconciled to the bank account and that the unidentified balances were different at the end of each month.

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. If reconciled bank or Auditor's balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview and 12.3.2)

## INMATE TRUST FUND NEGATIVE ACCOUNTS

The Field Auditors of the Department of Correction did a special fiscal audit of the Chain O'Lakes Correctional Facility as of September 13, 2010. Their report reflected that there were 44 accounts with negative balances creating a shortage in the fund of $1,638.06. There was no explanation given as to how these negative balances came about. We reviewed their report and concurred with their conclusion.

Per IC 4-24-6-9, such losses must be covered by a general blanket performance bond or crime insurance policy. If the facility is unable to collect from the bond, it should try to receive reimbursement from the responsible offender. If all efforts fail, then the agency may try to receive reimbursement from the institution's operating account.

## UNCLAIMED PROPERTY

The Chain O'Lakes Correctional Facility (state agency) Inmate Trust Fund bank account had thirteen checks which have been outstanding for over one year.

IC 32-9-1.5-20 provides that property becomes abandoned if held by the State or other government, governmental subdivision or agency, or public corporation or other public authority one (1) year after the property becomes distributable.

IC 32-9-1.5-26 and 27 require a holder of property presumed abandoned and subject to custody as unclaimed property to report in writing and pay or deliver the property to the Attorney General.

## SUBSEQUENT EVENTS

The SDO Account was closed out and returned to the State of Indiana on August 3, 2010.

The Recreational Fund was transferred to the Miami Correctional Facility on August 12, 2010. Funds will be maintained separately on their records and used exclusively for Chain O'Lakes Correctional Facility.

CHAIN O'LAKES CORRECTIONAL FACILITY
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2010, with Michael Cunegin, II, Superintendent, and Carmen Baab, Regional Finance Director. 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

**CHAIN O' LAKES CORRECTIONAL FACILITY**
**3516 East 75 South - Albion, Indiana 46701-9508**
**Phone: (260) 636-3114 • Fax: (260) 636-2914**

Michael W. Cunegin II
Superintendent

**"OFFICIAL RESPONSE"**

Date: October 26, 2010

To: State Board of Accounts
Attention: Bruce Hartman, State Examiner
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

The contents of this report were discussed on October 21, 2010 with Michael Cunegin, Superintendent and Carmen Babb, Regional Finance Director, Chain O'Lakes Correctional Facility.

Effective Friday, October 22nd the entire Offender Trust Fund management responsibilities have been moved from Chain O'Lakes Correctional Facility to Miami Correctional Facility. This move will allow us defined controls over receipting, disbursing, recording and accounting for the financial activities within this fund.

I thank you for the opportunity to complete an official response to your results and comments in the exit conference.

Sincerely,

Carmen Babb

Carmen Babb
Regional Finance Director
State of Indiana, Department of Corrections