

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

REVIEW REPORT  
OF  
INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY  
STATE OF INDIANA  
March 1, 2008 to April 30, 2012



**FILED**  
08/08/2012



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner, Indiana Department of Correction	J. David Donahue	01-10-05 to 07-31-08
	Edwin G. Buss	08-01-08 to 01-16-11
	Bruce Lemmon	01-17-11 to 01-13-13
Superintendent	Michael Lloyd	09-24-06 to 03-22-08
	Latoya Lane	03-23-08 to 07-03-10
	Beckie Bennett	07-04-10 to 02-11-12
	Steven Keever	02-12-12 to 06-30-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY

We have reviewed the activities related to the receipts, disbursements, and assets of the Indianapolis Re-Entry Educational Facility for the period of March 1, 2008 to April 30, 2012. The Indianapolis Re-Entry Educational 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. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

Based on our review, nothing came to our attention that caused us to believe that the activities related to the receipts, disbursements, and assets of the Indianapolis Re-Entry Educational 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.

The Indianapolis Re-Entry Educational Facility's response to the Review Comments identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Indianapolis Re-Entry Educational Facility's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Indianapolis Re-Entry Educational Facility's management, Indiana Department of Correction, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

May 30, 2012

INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY  
REVIEW COMMENTS  
APRIL 30, 2012

The Indianapolis Re-Entry Educational Facility was previously the Plainfield Re-Entry Educational Facility. The Plainfield Re-Entry Educational Facility was relocated to Indianapolis and opened in January 2010.

***LATE PAYMENT PENALTY***

Auditor of State accounting records reflect late payment penalties paid to vendors and charged to accounts of the Indianapolis Re-Entry Educational Facility as a result of untimely payment of claims. Total penalties for the fiscal year 2011 were \$4,236.90, and for the current fiscal year through April 30 penalties were \$1,593.47. These penalties are an unnecessary use of public funds.

Indiana Code 5-17-5 requires a state agency to ". . . pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency . . . fails to make timely payment."

Payment of penalties and interest due to late payments to vendors may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, 6.4.7.4)

Each agency, department, quasi, institution, or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, Organizational Overview – General Guidelines and Policy, IV. Summary of Agency Accounting Responsibilities)

***RECREATION FUND REVENUE COLLECTIONS***

The Indianapolis Re-Entry Educational Facility did not have adequate segregation of duties over Recreation Fund revenue collections. One employee opened the mail, posted the receipts to the cashbook, posted the receipts to the ledger, prepared the bank deposit, and took the deposit to the bank.

Institutions should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are part of the internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 12.3.1)

INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY  
REVIEW COMMENTS  
APRIL 30, 2012  
(Continued)

**TRUST FUND**

*Individual Records*

As stated in our prior report, B33617, the Indianapolis Re-Entry Educational Facility's Trust Fund general ledger and subsidiary ledgers did not agree. As of February 29, 2008, the subsidiary ledgers were \$165.20 greater than the general ledger, resulting in a shortage in the Facility's Trust Fund. During the current review, the Facility was unable to present documentation illustrating any adjustments made in addition to any documentation supporting the validity of any adjustments made to correct the shortage. Therefore, we were unable to determine whether the Facility made legitimate adjustments to the ledgers or if the Facility haphazardly made adjustments to force the ledgers into agreement as the general and subsidiary ledgers agreed as of March 31, 2012.

Each agency, department, quasi, institution or office has the responsibility to maintain an effective and accurate accounting system for necessary subsidiary and supplementary records and to maintain, and make available for audit, documentation supporting the validity and accountability of monies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview – General Guidelines and Policy, IV. Summary of Agency Accounting Responsibilities)

*Unclaimed Property*

As stated in our prior report, B33617, the Indianapolis Re-Entry Educational Facility Offender Trust Fund had several offender accounts that have been inactive for more than one year. The balances of these accounts have not been sent to the respective offenders or forwarded to the Attorney General.

Indiana Code 32-34-1-20 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.

Indiana Codes 32-34-1-26 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.

INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY  
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2012, with Steven Keever, Superintendent; Tina Little, Regional Finance Director; and Linda Taylor, Accountant 1. A copy of the review comments was sent to Michael Lloyd, Latoya Lane, and Beckie Bennett, former Superintendents. The official response has been made part of this report and may be found on pages 7 and 8.



## INDIANAPOLIS RE-ENTRY EDUCATIONAL FACILITY

Mitchell E. Daniels Jr.  
Governor

Steven H. Keever, Superintendent  
401 N. Randolph, Indianapolis, Indiana 46201  
Phone: (317) 639-2671 Fax: (317)684-9643

Bruce Lemmon  
Commissioner

July 11, 2012

Bruce Hartman, State Examiner  
State Board of Accounts 302 West Washington Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis, In 46204

Re: **OFFICIAL RESPONSE**  
Compliance Audit

Dear Mr. Hartman:

Please find attached the Indianapolis Re-entry Facility's response to the 2012 compliance audit finding. We believe the response, and the actions described within, resolve these findings. We appreciate the cooperative manner in which your auditor performed his duties.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tina Little".

Tina Little  
Regional Finance Director  
Indianapolis Re-entry Facility

## INDIANAPOLIS RE-ENTRY FACILITY RESPONSE

July 11, 2012

### LATE PAYMENT PENALTY

In the past, the payment processing for this facility was in a location that was off site and created a delay in the paying of invoices. This facility now has accounting staff on site to process the vouchers and payment remittances. This action has already shown a marked improvement in the timeliness and the manner in which vendors are being paid and is resulting in a reduction of late payment penalties to vendors.

### RECREATION FUND REVENUE COLLECTIONS

This facility has evaluated the process in which checks are received into the facility and as a result have changed the procedure to incorporate a segregation of duties. All revenue received into the facility is opened and receipted by the Payroll Accountant 6 in the Business Office. This employee forwards the checks and receipts to the Recreation Fund Accountant for posting.

### TRUST FUND

#### Individual Records

There has been a recent change in facility Trust Fund personnel. During the training process, it was recognized that there were several issues that needed addressed to insure all ledgers were in complete balance with the bank statements. This account has been reconciled by an off site Accountant that has experience in Trust Fund Statement reconciliation. The IREF Trust Fund Accountant runs a trial balance daily and the Trust Fund account is reconciled monthly by another Accountant to ensure all ledgers and the bank statement are in balance.

### UNCLAIMED PROPERTY

It is this facility's intent to review all outstanding checks and make an attempt to forward balances to the proper individual. In the event, there are checks which can not be forwarded, these check will be submitted to the Attorney General's Office utilizing the Report of Unclaimed Property. This function will be conducted every year and a report will be filed by November 1<sup>st</sup> bringing the facility into compliance with Indiana Codes 32-34-1-26 and 27.