

Audit Report

**John L. Gildner Regional Institute for
Children and Adolescents**

May 2008



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Karl S. Aro
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Bruce A. Myers, CPA
Legislative Auditor

May 5, 2008

Senator Verna L. Jones, Co-Chair, Joint Audit Committee
Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the John L. Gildner Regional Institute for Children and Adolescents for the period beginning March 28, 2005 and ending November 30, 2007.

Our audit did not disclose any findings that warrant mention in this report.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The John L. Gildner Regional Institute for Children and Adolescents is a residential and day treatment center that provides mental health, educational, and rehabilitation services to emotionally disturbed children and adolescents from Montgomery, Carroll, Frederick, Howard, Prince George's, and Washington Counties. The services provided include inpatient and outpatient treatment. The Institute has the capacity to house 80 residential students and serves approximately 90 outpatient students. In addition, the Institute is responsible for the dietary program for the Alfred D. Noyes Children's Center (a unit of the Department of Juvenile Services). According to the State's records, operating expenditures for fiscal year 2007 totaled approximately \$12.3 million.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of the Institute's internal control. Nor did our audit disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Certain less significant findings were communicated to the Institute that did not warrant mention in this report.

A draft copy of this report was provided to the Institute. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have audited the John L. Gildner Regional Institute for Children and Adolescents for the period beginning March 28, 2005 and ending November 30, 2007. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine the Institute's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Institute's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit scope was limited with respect to the Institute's cash transactions because the Office of the State Treasurer was unable to reconcile the State's main bank accounts during a portion of the audit period. Due to this condition, we were unable to determine, with reasonable assurance, that all of the Institute's cash transactions prior to July 1, 2005 were accounted for and properly recorded on the related State accounting records as well as the banks' records.

The Institute's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

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