

Audit Report

---

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

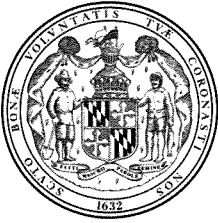
January 2014

---



**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

- 
- This report and any related follow-up correspondence are available to the public through the Office of Legislative Audits at 301 West Preston Street, Room 1202, Baltimore, Maryland 21201. The Office may be contacted by telephone at 410-946-5900, 301-970-5900, or 1-877-486-9964.
  - Electronic copies of our audit reports can be viewed or downloaded from our website at <http://www.ola.state.md.us>.
  - Alternate formats may be requested through the Maryland Relay Service at 1-800-735-2258.
  - The Department of Legislative Services – Office of the Executive Director, 90 State Circle, Annapolis, Maryland 21401 can also assist you in obtaining copies of our reports and related correspondence. The Department may be contacted by telephone at 410-946-5400 or 301-970-5400.
-



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Karl S. Aro  
Executive Director

Thomas J. Barnickel III, CPA  
Legislative Auditor

January 28, 2014

Senator James C. Rosapepe, Co-Chair, Joint Audit Committee  
Delegate Guy J. Guzzone, 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 July 14, 2010 and ending October 7, 2013. The Institute is a residential and day treatment center that provides mental health treatment, education, and rehabilitative services to children and adolescents and their families from counties throughout the State of Maryland and Baltimore City.

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

We wish to acknowledge the cooperation extended to us by the Institute during the course of this audit.

Respectfully submitted,

Thomas J. Barnickel III, 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 treatment, education and rehabilitative services to children and adolescents and their families from counties throughout the State of Maryland and Baltimore City. The services provided include inpatient and outpatient treatment. In fiscal year 2013, the Institute provided housing for an average daily population of 29 residential students and provided treatment for an average daily population of 74 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, the Institute's expenditures for fiscal year 2013 totaled approximately \$10.9 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. A less significant finding was 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 July 14, 2010 and ending October 7, 2013. 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 controls, 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. The areas addressed by the audit included procurements and disbursements, materials and supplies, and payroll.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the Institute's operations, and tests of transactions. We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as expenditure data) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

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 the 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

**Joshua S. Adler, CPA, CFE**  
Audit Manager

**Sandra C. Medeiros**  
Senior Auditor

**Kortue C. Sammy**  
Staff Auditor