

## **COMPLIANCE AND CONTROL AUDIT REPORT**

**YOUTH CENTER AT TOPEKA  
YOUTH CENTER AT BELOIT  
YOUTH CENTER AT ATCHISON**

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### **OBTAINING AUDIT INFORMATION**

This audit was conducted by Randy Tongier, Financial-Compliance Audit Manager, and Roy Fitzpatrick, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Tongier at the Division's offices.

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**YOUTH CENTER AT TOPEKA  
YOUTH CENTER AT BELOIT  
YOUTH CENTER AT ATCHISON**

**Summary of Legislative Post Audit's Findings**

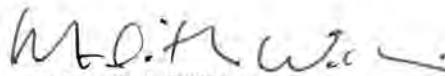
The Youth Centers are rehabilitation and detention facilities for individuals 13-18 years of age who the courts have determined to be delinquent or miscreant. The Legislative Division of Post Audit conducted compliance and control audit work at these agencies in partial fulfillment of the Legislative Post Audit Act's requirement that audit work be conducted at each State agency at least once every three years. This compliance and control audit addressed the areas of receipts and locally administered funds. In addition, the audit followed up on prior audit findings and recommendations. The period covered by this audit work was the fiscal year ended June 30, 1989.

**Did the Youth Centers at Topeka, Beloit, and Atchison comply with legal and procedural requirements applicable to receipts, and provide adequate internal control over receipts?** The Youth Centers complied with legal and procedural requirements applicable to receipts. In addition, the Youth Centers' procedures provided adequate internal control over receipts.

**Did the Youth Centers at Topeka, Beloit, and Atchison comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds?** The Youth Centers generally complied with legal and procedural requirements applicable to locally administered funds; however, financial reports at the Youth Center at Beloit were not always prepared as called for by the Division of Accounts and Reports' Policy and Procedure Manual. In addition, the Youth Centers' procedures generally provided adequate internal control over locally administered funds; however, change fund procedures at the Youth Center at Atchison did not ensure that the Benefit Fund's change fund was reimbursed for student allowance payments made.

Prior audits had addressed three audit recommendation to the Youth Center at Topeka, three audit recommendation to the Youth Center at Beloit, and six audit recommendations to the Youth Center at Atchison. The Youth Centers have implemented all of those prior audit findings and recommendations.

The report recommends that the Youth Center at Beloit improve its financial reporting for locally administered funds, and that the Youth Center at Atchison improve internal controls over reimbursements to the Benefit Fund's change fund. We would be happy to discuss these recommendations or any other items in the report with legislative committees, individual legislators, or other State officials.



Meredith Williams  
Legislative Post Auditor



## **YOUTH CENTER AT TOPEKA YOUTH CENTER AT BELOIT YOUTH CENTER AT ATCHISON**

The Legislative Post Audit Act requires that an annual financial statement audit be conducted of the State's general purpose financial statements. The Act also requires that audit work be conducted at each State agency at least once every three years. Audit work conducted as part of the annual financial statement audit partially fulfills the latter requirement. Also in partial fulfillment of that requirement, the Legislative Division of Post Audit has conducted compliance and control audit work at the Youth Center at Topeka, the Youth Center at Beloit, and the Youth Center at Atchison covering the fiscal year ended June 30, 1989.

To avoid duplication of audit work conducted as part of the annual, Statewide audit, our audit work focused on areas not covered by the Statewide audit. For the three agencies covered by this report, those areas were receipts, locally administered funds, and follow up of prior audit recommendations. The audit addresses the following specific questions:

- 1. Did the Youth Centers at Topeka, Beloit, and Atchison comply with legal and procedural requirements applicable to receipts, and provide adequate internal control over receipts?**
- 2. Did the Youth Centers at Topeka, Beloit, and Atchison comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds?**

To determine legal and procedural requirements applicable to Youth Center receipts, we reviewed relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Procedure Manual. We also interviewed Youth Center personnel, reviewed written procedures, and examined related supporting documents to identify the Youth Centers' procedures for handling receipts and we compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of receipts at the Youth Centers and we evaluated the level of control provided by the Youth Centers' procedures in preventing and detecting loss or misuse of receipts. Finally, we performed analytical tests of each Youth Center's receipts and tested a sample of receipt transactions and deposits at each Youth Center.

To answer the second question, we identified all locally administered funds at each Youth Center. We reviewed relevant statutes, administrative regulations, and applicable sections of the Division of Accounts and Reports Policy and Procedure Manual. We interviewed Youth Center personnel, reviewed written procedures, and examined related supporting documents to identify the Youth Centers' procedures for handling receipts and we compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of

locally administered funds at the Youth Centers, and we evaluated the level of control provided by the Youth Center's procedures in preventing and detecting loss or misuse of those funds. Finally, we reviewed accounting records and reports and tested a sample of transactions at each Youth Center.

This audit work also included following up on prior financial-compliance audit findings and recommendations not addressed by the annual financial statement audit. To accomplish this, we interviewed appropriate Youth Center personnel and examined related supporting documentation to determine the actions taken to address those findings and recommendations. Then, we evaluated the actions taken to determine their adequacy.

In conducting this audit work, we followed all applicable generally accepted government auditing standards set forth by the U.S. General Accounting Office.

## Background

The Youth Centers are rehabilitation and detention facilities for individuals 13-18 years of age who the courts have determined to be delinquent or miscreant. The Youth Center at Beloit is for females, the Youth Center at Topeka is for older males, and the Youth Center at Atchison is for younger males. Each Youth Center is managed by a Superintendent under the jurisdiction of the Department of Social and Rehabilitation Services' Commissioner of Youth Services.

The operations of the Youth Centers are funded by appropriations from the State General Fund and from Capital Projects Funds and also by agency receipts. Sources of current funding and expenditures for the Youth Centers for fiscal year 1989 are summarized in the table below.

	<b>Youth Centers Funding and Expenditures Fiscal Year 1989</b>		
	<u>Youth Center at Topeka</u>	<u>Youth Center at Beloit</u>	<u>Youth Center at Atchison</u>
Current Funding:			
General Fund Appropriations	\$6,689,435	\$ 3,349,917	\$ 3,769,250
Capital Projects Funds	279,205	93,791	205,346
Receipts	350,136	158,595	162,013
Expenditures	\$7,342,557	\$ 3,495,464	\$ 4,155,139

## Did the Youth Centers at Topeka, Beloit, and Atchison Comply With Legal and Procedural Requirements Applicable to Receipts and Provide Adequate Internal Control Over Receipts?

For fiscal year 1989, we concluded that the Youth Centers at Topeka, Beloit, and Atchison complied with legal and procedural requirements applicable to receipts. In addition, we concluded that the Youth Centers' procedures provided adequate internal control over receipts. Our conclusions were based on the following.

As the table below shows, most (more than 95 percent) of the receipts of each Youth Center consists of transfers of moneys from the State Department of Education under two federal programs — the Neglected and Delinquent Child Program and the National School Lunch Program. Other receipts arise from leases of land and the sale of meals.

**Youth Center Receipts  
Fiscal Year 1989**

	Youth Center at Topeka	Youth Center at Beloit	Youth Center at Atchison
Transfers from the State Department of Education:			
Neglected and Delinquent Children Program	\$ 153,595	\$ 78,501	\$ 68,724
National School Lunch Program	185,998	73,257	86,594
Land Leases	9,535	3,759	2,980
Sale of Meals	102	3,028	3,236
Other Receipts	<u>906</u>	<u>50</u>	<u>479</u>
Total Receipts	<u>\$ 350,136</u>	<u>\$ 158,595</u>	<u>\$ 162,013</u>

In the area of receipts, we identified the Youth Centers' procedures for handling receipts, determined whether those procedures met applicable legal requirements, evaluated the internal controls provided by those procedures, and tested a sample of transactions, records, and reports to determine whether the applicable procedures had been followed for those transactions. In particular, we determined whether:

- ◇ amounts due the Youth Centers were properly assessed and collected
- ◇ amounts collected by the Youth Centers were deposited in the appropriate fee agency bank account and in the appropriate fund in the State Treasury on a timely basis
- ◇ the Youth Centers' use of fee agency bank accounts was proper, and the banks themselves were designated by the Pooled Money Investment Board
- ◇ the Youth Centers' receipts procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of receipts and the risk of noncompliance with legal and procedural requirements



**Did the Youth Centers at Topeka, Beloit, and Atchison  
Comply With Legal and Procedural Requirements  
Applicable to Their Locally Administered Funds and Provide  
Adequate Internal Control Over Those Funds?**

For fiscal year 1989, we concluded that the Youth Centers at Topeka, Beloit, and Atchison generally complied with legal and procedural requirements applicable to their locally administered funds. However, we did find that financial reports on locally administered funds at the Youth Center at Beloit were not always prepared as called for by the Division of Accounts and Reports' Policy and Procedure Manual. We also concluded that the Youth Centers' procedures generally provided adequate internal control over locally administered funds. However, we did find that change fund procedures at the Youth Center at Atchison did not ensure that the Benefit Fund's change fund was reimbursed for student allowance payments made. Our conclusions were based on the following.

The Youth Centers each have three locally administered funds — a trust fund, a canteen fund, and a benefit fund. The trust fund is used to account for student moneys held in trust by the Youth Centers. The Canteen Fund is used to account for moneys collected and spent in the operation of each Youth Center's canteen. The benefit fund is used to account for moneys transferred from the Canteen Fund and received from other sources to be used for the benefit of the students. Generally, each of these funds has a related local bank account. The receipts and disbursements of each of these funds are presented in the table below.

**Youth Center Receipts and Disbursements  
of Locally Administered Funds  
Fiscal Year 1989**

	<u>Receipts</u>	<u>Disbursements</u>
Trust Funds		
Youth Center at Topeka	\$ 107,934	\$ 135,534
Youth Center at Beloit	67,398	62,830
Youth Center at Atchison	39,023	44,089
Canteen Funds		
Youth Center at Topeka	\$ 2,598	\$ 2,553
Youth Center at Beloit	6,803	5,715
Youth Center at Atchison	19,537	19,196
Benefit Funds		
Youth Center at Topeka	\$ 9,147	\$ 8,081
Youth Center at Beloit	3,800	3,412
Youth Center at Atchison	22,723	20,364

In the area of locally administered funds, we identified the Youth Centers' procedures for handling those funds, determined whether those procedures met applicable legal requirements, evaluated the internal controls provided by those procedures, and tested a sample of transactions, records, and reports to determine whether the appli-

cable procedures had been followed for those transactions. In particular, we determined whether:

- ◇ trust, canteen, and benefit fund moneys had been properly deposited in local bank accounts
- ◇ the Youth Centers' use of local bank accounts was proper, and the banks themselves were designated by the Pooled Money Investment Board
- ◇ interest earned from investment of trust, canteen, and benefit fund moneys was properly credited to the appropriate accounts
- ◇ trust, canteen, and benefit fund recordkeeping and reporting was performed as required by the Division of Accounts and Reports
- ◇ the Youth Centers' receipts procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of trust, canteen, and benefit fund moneys and the risk of noncompliance with legal and procedural requirements

**Financial reports on locally administered funds at the Youth Center at Beloit were not always prepared as called for by the Division of Accounts and Reports' Policy and Procedure Manual.** The Policy and Procedure Manual sets out requirements for periodic financial reporting by State agencies to the Division of Accounts and Reports for locally administered funds. Filing number 9,102 deals with canteen and benefit funds, and filing number 10,852 deals with trust funds. These requirements deal with frequency, timing, content, and format of the reports.

The reporting requirements for canteen and benefit funds call for savings account balances to be presented as an integral part of the funds' balances and for interest earned on the savings account to be presented as an integral part of the funds' revenues. In reviewing the Youth Center at Beloit's financial reports on its canteen and benefit funds, we noted that the savings account balances were not included in the beginning balances of the funds and that the interest earned was not shown in the income statements. In addition to not complying with the State's procedural requirements, this situation limits the Division of Accounts and Reports' ability to review and monitor canteen and benefit fund activities.

The reporting requirements for trust funds call for interest earned on savings accounts to be presented on the Reconciliation of Trust Fund (Form DA-65). In reviewing the Youth Center at Beloit's financial reports on its trust fund, we noted that a portion of the interest earned on the savings account was not reported on the Reconciliation. In addition to not complying with the State's procedural requirements, this situation limits the Division of Accounts and Reports' ability to review and monitor trust fund activities.

### Recommendation

To ensure compliance with the procedural requirements of the Division of Accounts and Reports' Policy and Procedure Manual, the Youth Center at Beloit should establish procedures to ensure that

1. Financial reports on the canteen and benefit funds present savings account balances and interest earnings as an integral part of the fund.
2. Financial reports on the trust fund present all interest earnings of the fund.

**Procedures at the Youth Center at Atchison do not ensure that student allowance payments temporarily advanced from the change fund are reimbursed by the Trust Fund.** The Youth Center at Atchison has established a change fund from its Benefit Fund. One major use of the change fund is to make cash payments to students for their weekly allowances. However, because the allowances themselves represent disbursements from the students' accounts in the Youth Center's Trust Fund, the payments must be recorded in the individual student accounts in the Trust Fund, and the Trust Fund must reimburse the Benefit Fund's change fund for payments made on its behalf.

In reviewing and testing these procedures, we found that, while the allowance payments had been properly recorded in the individual student accounts, the required reimbursement of the Benefit Fund's change fund by the Trust Fund had not been made. As a result, as of November 15, 1989, the Trust Fund owed the Benefit Fund's change fund \$6,981.65. In addition, the total of the individual Trust Fund student account balances was \$6,981.65 less than the amount of moneys actually in the Fund. Apparently, the Youth Center had failed to establish procedures that would ensure regular reimbursements of the Benefit Fund's change fund. This situation makes it difficult for the Youth Center at Atchison to ensure that the amount of student trust fund money on hand reconciles to the total of individual account balances. It also makes it difficult for the Youth Center to ensure that moneys are where they should be when they should be there.

### Recommendation

The Youth Center at Atchison should establish procedures to ensure that student allowance payments made from the Benefit Fund's change fund are reimbursed from the Trust Fund. Such procedures should include

regular, periodic transfers from the Trust Fund to the Benefit Fund's change fund for unreimbursed payments and reconciliations of the individual student account balances to the total Trust Fund balance.

## **Follow-Up of Prior Audit Findings and Recommendations**

As part of this audit, we followed up on prior audit findings and related recommendations. The prior audit reports made 12 audit recommendations — three at the Youth Center at Topeka, three at the Youth Center at Beloit, and six at the Youth Center at Atchison. Our review indicated that all 12 prior audit recommendations had been implemented.

### **Youth Center at Topeka**

The prior audit recommended that the Youth Center at Topeka

- ◇ consider having the Superintendent or his designee sign employee data sheets for new employees
- ◇ increase segregation of cash handling and accounting responsibilities for its locally-administered funds
- ◇ comply with the State's required property control and reporting procedures.

**We found that all three of these recommendations had been implemented.**

### **Youth Center at Beloit**

The prior audit recommended that the Youth Center at Beloit

- ◇ increase the frequency of its bank deposits to minimize exposure to loss
- ◇ consider having the Superintendent or his designee sign employee data sheets for new employees
- ◇ increase segregation of cash handling and accounting responsibilities for its locally-administered funds.

**We found that all three of these recommendations had been implemented.**

### **Youth Center at Atchison**

The prior audit recommended that the Youth Center at Atchison

- ◇ increase the frequency of its bank deposits to minimize exposure to loss
- ◇ review encumbrances on a regular basis to ensure that they represent valid obligations
- ◇ comply with the State's required property reporting procedures

- ◇ increase segregation of cash handling and accounting responsibilities for its locally-administered funds
- ◇ ensure that its change fund is established in accordance with State requirements
- ◇ allocate Trust Fund interest to individual student accounts in accordance with Department of Social and Rehabilitation Services policies and procedures.

**We found that all six of these recommendations had been implemented.**

## **APPENDIX A**

### **Agency Response**

On April 10, 1990, we provided a copy of the draft audit report to the Youth Centers at Topeka, Beloit, and Atchison. Their responses are included in this Appendix.





STATE OF KANSAS

MIKE HAYDEN, Governor

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Docking State Office Building, Topeka, Kansas 66612-1570

☎ (913) 296-3271

April 23, 1990

Youth Center at Topeka  
1440 NW 25th Street  
Topeka, KS 66618-1499  
Telephone: 296-7731

WINSTON BARTON  
Secretary

THELMA HUNTER GORDON  
Special Assistant

TIM OWENS  
General Counsel

ANN ROLLINS  
Public Information  
Director

Administrative  
Services

J. S. DUNCAN  
Commissioner

Adult Services  
JAN ALLEN  
Commissioner

Alcohol and Drug  
Abuse Services  
ANDREW O'DONOVAN  
Commissioner

Income Maintenance/  
Medical Services  
JOHN ALQUEST  
Commissioner

Mental Health/  
Retardation Services  
AL NEMEC  
Commissioner

Rehabilitation  
Services  
GABE FAIMON  
Commissioner

Youth Services  
ROBERT BARNUM  
Commissioner

Meredith Williams  
Legislative Post Auditor  
Legislative Division of Post Audit  
109 West 9th, Suite 301  
Topeka, KS 66612-1285

SUBJECT: Draft Audit Report for FY 1989 at the Youth Center at Topeka


Dear Mr. Williams:

The Youth Center at Topeka concurs with the findings of the Draft Report for FY 1989.

I would like to thank Mr. Fitzpatrick for the courteous and professional way in which he conducted the audit. It was handled in a way that created the least amount of disruption to the every day operation of the Youth Center.

If we can be of further assistance, please feel free to contact us at your earliest convenience.

Sincerely,

  
Harold F. Allen  
Superintendent

HFA:cdp  
cc: Robert Barnum, Commissioner Youth Services



STATE OF KANSAS  
MIKE HAYDEN, GOVERNOR



SOCIAL AND  
REHABILITATION SERVICES  
DOCKING STATE OFFICE BLDG.  
TOPEKA, KANSAS 66612-1570  
WINSTON BARTON, SECRETARY

## YOUTH CENTER AT BELOIT

1720 NORTH HERSEY (BOX 427)  
BELOIT, KANSAS 67420-0427  
DENIS J. SHUMATE, SUPT.  
(913) 738-5735  
KANS-A-N 565-0110

April 18, 1990

Meredith Williams  
Legislative Post Auditor  
109 West 9th, Suite 301  
Mills Building  
Topeka, KS 66612

Dear Mr. Williams:

We have received the draft copy of the compliance and control audit on the Youth Centers. The audit of the Youth Center at Beloit took place the week of November 6, 1989.

When the audit was completed, a revised format was developed for the report submitted to Accounts and Reports. That format has been in use since November and insures that interest on all local funds is included in reporting of fund balances. Attached you will find copies of the reports submitted to Accounts and Reports since that time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ellen Godfrey".

Ellen Godfrey  
Business Administrator

A handwritten signature in black ink, appearing to read "Denis J. Shumate".

Denis J. Shumate  
Superintendent

DJS:EG:dw

Enclosure

cc: Robert Barnum

## Exhibit A

Youth Center at Beloit  
Canteen Fund  
Profit and Loss Statement  
Period January 1, 1990 through March 31, 1990

Sales for Period (Jan. 528.17 - Feb. 482.47 - Mar. 609.32)			1,619.96
Cost of Goods Sold:			
Merchandise Inventory, 12-31-89	773.31		
Purchases	<u>1,618.10</u>		
Total Merchandise for Sale		2,391.41	
Merchandise Inventory, 3-31-90		<u>837.48</u>	
Cost of Goods Sold			<u>1,553.93</u>
Gross Profit on Sales			66.03
Operating Expenses:			
Depreciation of Equipment 5%			<u>37.90</u>
Net Profit			<u>28.13</u>
Other Income (Interest)			<u>46.27</u>
Net Income			<u><u>74.40</u></u>

## Exhibit B

Balance Sheet  
March 31, 1990

ASSETS:			
Cash:			
On Hand		25.00	
In Local Bank:			
Adjusted Checking Account	4,079.88		
Savings Account	3,520.20		
Interest	46.27	<u>7,646.35</u>	
Total Cash on Hand			7,671.35
Merchandise Inventory, 3-31-90			837.48
Equipment (Coke Vending Machine)		758.06	
Less: Allowance for Depreciation		<u>37.90</u>	<u>720.16</u>
Total Assets:			<u><u>9,228.99</u></u>
NET WORTH:			
Net Worth 12-31-89		9,154.59	
Net Income for this Period		<u>74.40</u>	
Net Worth March 31, 1990			<u><u>9,228.99</u></u>

Youth Center at Beloit  
Canteen Fund  
Profit and Loss Statement  
Period October 1, 1989 through December 31, 1989

Sales for Period (Oct. 576.72 - Nov. 511.48 - Dec. 450.40)			1,538.60
Cost of Goods Sold:			
Merchandise Inventory 9-30-89	928.93		
Purchases	<u>1,188.12</u>		
Total Merchandise for Sale		2,117.05	
Merchandise Inventory 12-31-89		<u>773.31</u>	
Cost of Goods Sold			<u>1,343.74</u>
Gross Profit on Sales			194.86
Operating Expense:			
Depreciation of Equipment 5%			<u>39.90</u>
Net Profit			154.96
Other Income (Interest)			<u>45.67</u>
Net Income			<u><u>200.63</u></u>

## Exhibit B

Balance Sheet  
December 31, 1989

ASSETS:			
Cash:			
On Hand		25.00	
In Local Bank			
Adjusted Checking Account	4,078.02		
Savings Account	3,474.53		
Interest	45.67	<u>7,598.22</u>	
Total Cash on Hand			7,623.22
Merchandise Inventory 12-31-89			773.31
Equipment (Coke Vending Machine)		797.96	
Less: Allowance for Depreciation		<u>39.90</u>	758.06
Total Assets:			<u><u>9,154.59</u></u>
NET WORTH:			
Net Worth 6-30-89	9,953.96		
Net Income for this Period	<u>200.63</u>	10,154.59	
Less: Transfer to Patient's Benefit		<u>1,000.00</u>	
Net Worth December 31, 1989			<u><u>9,154.59</u></u>

YOUTH CENTER AT BELOIT  
Patient's Benefit Fund Financial Statement  
Quarter Ended March 31, 1990

Balance of Funds December 31, 1989 \$7,423.53

RECEIPTS

Patient's Benefit Fund Account:

AA Books	\$ 72.10
Girl Scout Cookies	435.50
Interest on Benefit Fund Savings Account	41.10
Interest on Patient's Trust Fund Savings Account	139.13
Refund--Birth Certificates & Indigent Allowances	275.00
School Pictures	4.63
Sing Out Group	<u>20.00</u>

Total Receipts for Quarter Ended March 31, 1990 987.46

EXPENDITURES

Patient's Benefit Fund Account:

Birth Certificates	100.00
Entertainment	50.00
Girl Scout Cookies	376.35
Indigent Resident Allowances	52.00
Interest to Residents	77.08
Miscellaneous	41.16
Prize & Awards	54.27
School Pictures	<u>831.50</u>

Total Expenditures for Quarter Ended March 31, 1990 1,582.36

Balance of Patient's Benefit Fund Account, March 31, 1990 6,828.63

Balance in Patient's Benefit Fund Savings Account, March 31, 1990 3,168.62

Adjusted Balance in Patient's Benefit Fund Checking Account, March 31, 1990 3,660.01

Balance in Patient's Benefit Fund Account, March 31, 1990 6,828.63

YOUTH CENTER AT BELOIT  
Patient's Benefit Fund Financial Statement  
Quarter Ended December 31, 1989

Balance of Funds September 30, 1989 \$5,458.32

RECEIPTS

Patient's Benefit Fund Account:

AA Books	\$ 45.25
Awards	100.00
Donations	150.00
Interest on Benefit Fund Savings Account	40.58
Interest on Patient's Trust Fund Savings Account	151.85
Refund - Birth Certificates & Indigent Allowances	149.00
School Pictures	753.75
Sing Out Group	95.00
Miscellaneous	47.85
Transfer of Profits - Canteen Fund	1,000.00
X-mas Project	<u>190.00</u>

Total Receipts for Quarter Ended December 31, 1989 2,723.28

EXPENDITURES

Patient's Benefit Fund Account:

AA Books	239.17
Birth Certificates	78.00
Entertainment	55.18
Indigent Resident Allowances	68.00
Interest to Residents	65.53
Miscellaneous	50.93
Prize & Awards	69.26
Workshop	<u>132.00</u>

Total Expenditures for Quarter Ended December 31, 1989 758.07

Balance of Patient's Benefit Fund Account, December 31, 1989 \$7,423.53

Balance in Patient's Benefit Fund Savings Account, December 31, 1989 \$3,127.52

Adjusted Balance in Patient's Benefit Fund Checking Account, December 31, 1989 4,296.01

Balance in Patient's Benefit Fund Account, December 31, 1989 \$7,423.53

STATE OF KANSAS  
MIKE HAYDEN, GOVERNOR



SOCIAL AND  
REHABILITATION SERVICES  
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TOPEKA, KANSAS 66612-1570

## Youth Center At Atchison

Philip D. Knapp, Superintendent

P O BOX 459  
ATCHISON, KANSAS 66002-0459  
TELEPHONE 913-367-6590, KANS-A-N 566-6300

April 25, 1990

Meredith Williams  
Legislative Post Audit  
109 West 9th, Suite 301  
Mills Building  
Topeka, Kansas 66612-1285

Dear Mr. Williams:

We have reviewed the draft copy of your compliance and control audit report on the Youth Center At Atchison covering State fiscal year 1989 and would like to make the following comments on the findings and recommendations.

We have established procedures to ensure that student allowance payments made from the Benefit Fund's change fund are reimbursed from the Trust Fund on a weekly basis. These procedures include weekly transfers from the Trust Fund to the Benefit Fund's change fund for unreimbursed payments and reconciliations of the individual student account balances to the Total Fund balance.

In regards to the funds that the Trust Fund owed the Benefit Fund's change fund, which was as a result of the required reimbursement of the Benefit Fund's change fund by the Trust Fund not being made, an amount of \$6,398.76 was transferred from the Trust Fund to the Benefit Fund on April 4, 1990. The auditor had balanced as of November 15, 1989, and arrived with an amount of \$6,981.65 owed the Benefit Fund's change fund. Inasmuch as it was necessary to check each individual students account before making the actual transfer is the reason for the delay in transferring the funds. It would appear that an amount of \$582.89 was automatically adjusted between the time of the audit and actual transfer since we had made the corrections immediately after the audit reimbursing the Benefit Fund's change fund by the Trust Fund. We are now balancing the accounts weekly and have had no trouble with reconciliating all records concerned.

Thank you for your cooperation, counsel and recommendations.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Philip D. Knapp".  
PHILIP D KNAPP  
Superintendent

A handwritten signature in dark ink, appearing to read "Doris S. Ochoa".  
Doris S. Ochoa  
Business Administrator