

COMPLIANCE AND CONTROL AUDIT REPORT

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

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
April 1993**

Legislative Post Audit Committee

Legislative Division of Post Audit

The Legislative Post Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$6 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of government agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U. S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. These audit standards have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the representatives, three are appointed by the Speaker of the House and two are appointed by the House Minority Leader.

As part of its audit responsibilities, the Division is charged with meeting the requirements of the Legislative Post Audit Act which address audits of financial matters. Those requirements call for two major types of audit work.

First, the Act requires an annual audit of the State's financial statements. Those statements, prepared by the Department of Administration's Division of Accounts and Reports, are audited by a certified public accounting firm under contract with the Legislative Division of Post Audit. The firm is selected by the Contract Audit Committee, which comprises three

members of the Legislative Post Audit Committee (including the Chairman and Vice-Chairman), the Secretary of Administration, and the Legislative Post Auditor. This audit work also meets the State's audit responsibilities under the federal Single Audit Act of 1984.

Second, the Act provides for a regular audit presence in every State agency by requiring that audit work be conducted at each agency at least once every three years. Audit work done in addition to the annual financial statement audit focuses on compliance with legal and procedural requirements and on the adequacy of the audited agency's internal control procedures in areas not covered by the annual audit. These compliance and control audits are conducted by the Division's staff under the direction of the Legislative Post Audit Committee.

LEGISLATIVE POST AUDIT COMMITTEE

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COMPLIANCE AND CONTROL AUDIT REPORT

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

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 CENTERS AT ATCHISON, BELOIT, AND TOPEKA

Summary of Legislative Post Audit's Findings

This compliance and control audit was performed 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. The audit addressed the area of State property, and followed up on prior audit findings and recommendations. The period covered by this audit was fiscal year 1992.

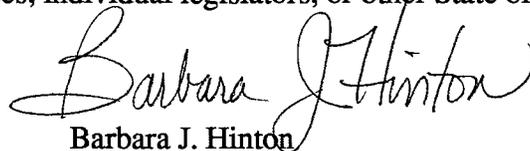
Did the Youth Centers follow adequate property management procedures, and comply with applicable State requirements? In general, we found that the Youth Center at Topeka's property management procedures were adequate, the Youth Center at Beloit's procedures had minor weaknesses, and the Youth Center at Atchison's procedures had major weaknesses. As a result, the Youth Center at Topeka was at little risk of not following necessary procedures, of loss or misuse of State property, and of noncompliance with State requirements. The Youth Center at Beloit was at some risk of such problems, and the Youth Center at Atchison was at significant risk of such problems.

Our testwork confirmed that necessary procedures were not followed at the Youth Center at Atchison, and one in five items in our sample at that Youth Center could not be found. Unless changes are made, some property items at the Youth Centers—especially the one at Atchison—will not be adequately safeguarded from the risk of loss or misuse.

The prior audit reports addressed three recommendation to the Youth Centers, all of which had been implemented.

The report recommends that the Youth Center at Atchison put its property management procedures in writing, train the employee responsible for those procedures, record all property acquired, perform the required annual inspections, check the accuracy of its property records, and ensure that property items have property numbers as required by the Division of Accounts and Reports. In addition, the reports recommends that the Youth Center at Beloit put all of its property management procedures in writing, ensure the accuracy of its property records, and ensure that its property items have property numbers. Finally, the report recommends that the Youth Center at Topeka ensure that its property items have property numbers.

We would be happy to discuss these recommendations or any other items in the report with legislative committees, individual legislators, or other State officials.



Barbara J. Hinton
Legislative Post Auditor

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

The Legislative Post Audit Act requires that audit work be conducted at each State agency at least once every three years. In partial fulfillment of that requirement, the Legislative Division of Post Audit has conducted compliance and control audit work at the Youth Centers at Atchison, Beloit, and Topeka, covering fiscal year 1992.

Compliance and control audits identify noncompliance with applicable requirements and poor financial management practices. Although the resulting audit findings usually do not result in significant program improvements or cost savings, they often identify needed improvements that can help minimize the risk of potential future loss or misuse of State resources.

To avoid duplication of audit work conducted as part of the statutorily required audit of the State's financial statements, our audit work focused on areas not covered by that audit. These areas included State property, which includes not only capital outlay items such as office equipment and furniture, but also commodities such as supplies and pharmaceuticals. In addition, we followed up on any prior audit findings and recommendations. This audit addresses the following specific question:

1. Did the Youth Centers follow adequate property management procedures, and comply with applicable State requirements?

We identified the applicable State requirements by reviewing relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports' Policy and Procedure Manual. We also interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agencies' procedures for handling State property. We then compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of State property, and we evaluated the level of control provided by the agencies' procedures in preventing and detecting loss or misuse of State property. Finally, we reviewed and tested property records, and tested a sample of property transactions at each agency. In conducting this audit work, we followed all applicable generally accepted government auditing standards set forth by the U. S. General Accounting Office.

In general, we found that the Youth Center at Topeka's property management procedures were adequate, the Youth Center at Beloit's procedures had minor weaknesses, and the Youth Center at Atchison's procedures had major weaknesses. As a result, the Youth Center at Topeka was at little risk of not following necessary procedures, of loss or misuse of State property, and of noncompliance with State requirements. The Youth Center at Beloit was at some risk of such problems, and the Youth Center at Atchison was at significant risk of such problems.

Our testwork confirmed that necessary procedures were not followed at the Youth Center at Atchison, and one in five items in our sample at that Youth Center could not be found. Unless changes are made, some property items at the Youth Centers—especially the one at Atchison—will not be adequately safeguarded from the risk of loss or misuse.

These findings are described following a brief background section on the Youth Centers.

Background on the Youth Centers

This audit report covers the Youth Centers at Atchison, Beloit, and Topeka. The Youth Centers are rehabilitation and detention facilities for individuals 13-21 years of age whom the courts have determined to be delinquent or miscreant. The Youth Center at Atchison is for younger males, the Youth Center at Topeka is for older males, and the Youth Center at Beloit is for females. During fiscal year 1992, the resident populations of the Youth Centers were about 100 at Atchison, 80 at Beloit, and 220 at Topeka.

Each Youth Center is managed by a Superintendent under the jurisdiction of the Department of Social and Rehabilitation Services' Commissioner of Youth and Adult Services.

The operations of the Youth Centers were funded mainly by appropriations from the State General Fund, with federal grant moneys and other receipts providing the balance of funding. During fiscal year 1992, the Youth Center at Atchison's expenditures totaled \$4.7 million, the Youth Center at Beloit's expenditures totaled \$4.2 million, and the Youth Center at Topeka's expenditures totaled \$8.7 million.

Did the Youth Centers Follow Adequate Property Management Procedures, and Comply With Applicable State Requirements?

For fiscal year 1992, the Youth Center at Topeka's property management procedures were adequate, the Youth Center at Beloit's procedures had minor weaknesses, and the Youth Center at Atchison's procedures had major weaknesses. The Youth Center at Atchison did not perform many necessary procedures and did not meet several State requirements. As a result, it was at significant risk of loss or misuse of State property. Our testwork confirmed that several property items were missing. These and other findings are described below, following a brief section on good property management practices.

A State Agency's Primary Objective In Managing State Property is to Protect That Property From Loss or Misuse

To safeguard State property from potential loss or misuse, State agencies must follow a number of basic procedures. These procedures not only help prevent loss or misuse of State property, but also help identify on a timely basis any loss or misuse that may occur. For the purposes of this audit, we considered State property to include not only capital items, such as furniture and equipment, but also commodities and supplies, such as office supplies and food items. The following list includes the basic procedures necessary.

- ◇ For capital items such as furniture and equipment:
 - = List all State property owned by the agency with each item's location, cost, and property number. (The property number is required by the Division of Accounts and Reports.)
 - = Add property purchased to the list.
 - = Remove property sold or discarded from the list.
 - = Periodically inspect State property to check the accuracy of the property list, and identify missing items. (This step is required by the Division of Accounts and Reports.)
 - = Periodically check the list to make sure that it includes all purchases, and does not include any property discarded or sold. (This step is required by the Division of Accounts and Reports.)

- ◇ For such items as commodities and supplies, if the amounts involved are significant, or if there is a special risk of loss or misuse (e.g., pharmacy drugs), consider doing some or all of the following:

- = Restrict access to the items by placing them in a storeroom or locked cabinet, and assign an employee to be custodian of these items.
- = Establish a formal system for authorizing and recording items purchased, items given to users, and items on hand.

These procedures, if properly followed, should provide adequate protection against loss or misuse of State property. However, if the procedures are not followed, the safeguards they provide will not be effective. To ensure that these procedures are followed, State agencies should take the following steps.

- ◇ Adopt specific steps for each procedure.
- ◇ Put those steps in writing.
- ◇ Assign to specific employees the responsibility for performing the steps.
- ◇ Train the responsible employees.
- ◇ Provide for supervisory checks to ensure that procedures are adhered to.

Some of these procedures may be excessive for smaller agencies with a limited amount of State property in one location. Those agencies would have a lesser risk of loss or misuse than larger agencies with a greater amount of property in many different locations. To ensure cost-effective property management, State agencies should tailor their procedures and the amount of resources devoted to property management to match the risk involved. In any event, State agencies' procedures should meet the procedural requirements of the Division of Accounts and Reports.

Our Review and Evaluation of Property Management Procedures Found Problems at the Youth Centers at Atchison and Beloit

As described below, we found that the Youth Center at Atchison had no written procedures, and the Youth Center at Beloit had only limited written procedures. In addition, the Youth Center at Atchison did not adequately train an employee with major property management responsibilities.

- ◇ *The Youth Center at Atchison did not put its property management procedures in writing.* Without written procedures, responsible employees are less likely to be able to fulfill their responsibilities, and the risk of loss or misuse of State property and noncompliance with State requirements is increased.
- ◇ *The Youth Center at Beloit had written procedures only for the annual inspection of State property and for changing the location of State property.* The risk is the

same as noted above. In fact, according to agency officials, a recent turnover in employees responsible for property management was not as efficient as it could have been because of some confusion about what the agency's procedures were in this area.

- ◇ *The Youth Center at Atchison assigned responsibility for many State property procedures to an Office Assistant who received no training in this area. Without training, the risk of not doing necessary procedures, and the resulting risk of loss or misuse of property and noncompliance with State requirements, is greatly increased. In fact, our review found that this employee did not perform the assigned duties during fiscal year 1992. Instead, the Youth Center's Business Administrator performed some of those duties, and others were not performed at all.*

Our Tests of Property Management Procedures, Records, and Reports Found Some Problems at all Three Youth Centers

While testing property management procedures, records, and reports, we found that the Youth Center at Atchison did not properly record property purchased and discarded, did not perform the required annual inspections of State property, and did not properly check the accuracy of its property records. In addition, we could not locate some property items selected for testing at the Youth Centers at Atchison and Beloit. We also found that some of the property items tested at all three Youth Centers did not have property numbers as required. These findings are described in the sections that follow.

The Youth Center at Atchison did not record all property it acquired and discarded, perform the required annual inspections, or properly check the accuracy of its property records. As mentioned earlier, because the Youth Center at Atchison had not written down its property management procedures, and had not trained the employee responsible for carrying out those procedures, the Youth Center was at significant risk of not doing necessary procedures, of loss or misuse of State property, and of noncompliance with State requirements. In fact, our reviews showed that many necessary and required procedures were not performed during fiscal year 1992.

- ◇ *The Youth Center at Atchison did not properly record all property acquired and discarded or sold. We found that a fax machine was transferred to the Youth Center from the Department of Social and Rehabilitation Services. That machine should have been added to the Youth Center's list of State property, but was not. We also found that the Youth Center had sold two State cars late in 1986, but those cars were still on the agency's State property list in 1992. Finally, we noted that the Youth Center had not recorded in its property records any property discarded or sold since the beginning of fiscal year 1987.*
- ◇ *The Youth Center at Atchison had not performed the required annual inspection of State property since fiscal year 1987. The Division of Accounts and Reports*

requires State agencies annually to inspect their State property. That inspection helps ensure that all State property of an agency is either on hand or identified as missing. The agency then can search for any missing property on a timely basis. In addition, the agency's property list can be corrected if the property has been moved to a different location. Finally, if the annual inspection finds that property numbers are missing from any items, those numbers can be replaced. Because the Youth Center at Atchison had not conducted the required inspections, the risk of property being gone without responsible employees being aware of it, and the risk of missing property numbers, was increased.

- ◇ *The Youth Center at Atchison did not properly check the accuracy of its property records.* The Division of Accounts and Reports also requires State agencies annually to check the total cost from the agency's State property list to make sure that it includes the cost of all recently purchased property, and does not include the cost of any property discarded or sold. If this check shows a disagreement in the amount of cost recorded, then the property list needs to be reviewed and corrected. We found that the Youth Center at Atchison had performed this check, but that it did not start with the proper amount from the previous year, did not include all property acquired during fiscal year 1992, and did not include any property discarded or sold during fiscal year 1992. As a result, the check did not serve its intended purpose, and the Youth Center's property records remained in error.

We were not able to find all the property items we selected from the agencies' State property lists for testing. To test the completeness and accuracy of the Youth Centers' property listings, we selected a sample of items listed and attempted to locate these items. In addition, we selected a sample of other property items we located, and attempted to find these items on the Youth Centers' State property lists. We found items missing at the Youth Centers at Atchison and Beloit.

- ◇ We could not find eight (20 percent) of the 40 items we attempted to locate at the Youth Center at Atchison. The items that we could not locate included two typewriters, two television sets, a refrigerator, and an air conditioner. The original costs of the missing items ranged from \$150 to \$1,600.
- ◇ We could not find two (five percent) of the 40 items we attempted to locate at the Youth Center at Beloit. These items were both film projectors, each with an original cost of between \$200 and \$250.

Not all State property items had property numbers on them as required by the Division of Accounts and Reports. The Division requires State agencies to assign a property number to each item of State property, and put that property number on the item itself. This helps State agencies identify individual property items during their periodic inspections of State property.

To test compliance with this requirement, we examined a sample of property items at each Youth Center. We found property numbers missing at each agency.

- ◇ At the Youth Center at Atchison, we found that property numbers were missing from three (seven percent) of the 42 items we located.
- ◇ At the Youth Center at Beloit, we found that the property number was missing from one (two percent) of the 45 items we located.
- ◇ At the Youth Center at Topeka, we found that the property numbers were missing from five (10 percent) of the 50 items we located.

Conclusions

Because of the problems with its property management procedures, the Youth Center at Atchison has not adequately safeguarded all property in its custody. Some basic property management control procedures were not followed, and some items of significant value could not be located. Lesser problems were noted at the Youth Centers at Beloit and Topeka.

State agencies have a stewardship responsibility over the property they acquire with taxpayer moneys. Although agencies cannot eliminate all risks, they should take steps commensurate with the likelihood that property could be lost, misused, or stolen. The State's Youth Centers have a large number of property items. In addition, those items are located in many different buildings spread across large campuses, and are under the direct custody of many different employees. Thus, the risk of loss or misuse occurring and going undetected is fairly large. Unless some actions are taken to address the problems we identified at the Youth Centers—particularly at the Youth Center at Atchison—some State property will remain at risk of loss or misuse.

Recommendations

1. To improve the Youth Centers' ability to carry out their property management procedures effectively, the following actions should be taken.
 - a. The Youth Center at Beloit should put all of its property management procedures in writing.

- b. The Youth Center at Atchison should put all of its property management procedures in writing, and train the employee responsible for those procedures.
- 2. To ensure that property at the State's Youth Centers is more adequately safeguarded from loss or misuse, the following actions should be taken.
 - a. The Youth Center at Atchison should record all property acquired and discarded, perform the required annual inspections, and properly check the accuracy of its property records.
 - b. The Youth Centers at Atchison and Beloit should review and test their State property lists to ensure that items listed can be located. The list should be corrected for any items found in a different location than shown on the list. Any items that cannot be located should be removed from the list.
 - c. The Youth Centers at Atchison, Beloit, and Topeka should take steps to ensure that State property items have property numbers as required by the Division of Accounts and Reports.

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 report made two audit recommendations to the Youth Center at Beloit and one audit recommendation to the Youth Center at Atchison. Our review indicated all prior audit recommendations had been fully implemented.

Youth Center at Atchison

The previous audit report recommended that the Youth Center at Atchison 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 transfer 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.

We found that this recommendation had been implemented.

Youth Center at Beloit

The previous audit report recommended that the Youth Center at Beloit present savings account balances and interest earnings of the canteen and benefit funds on the financial reports of the canteen and benefit funds.

We found that this recommendation had been implemented.

The previous audit report recommended that the Youth Center at Beloit present all interest earnings of the trust fund on the trust fund financial reports.

We found that this recommendation had been implemented.

Youth Center at Topeka

No prior audit findings or recommendations were addressed to the Youth Center at Topeka.

Appendix A

Agency Responses

On March 9, we provided copies of the draft audit report to the Youth Centers at Atchison, Beloit, and Topeka. Their written responses are included as this Appendix.

STATE OF KANSAS
JOAN FINNEY, GOVERNOR



SOCIAL AND
REHABILITATION SERVICES
DOCKING STATE OFFICE BLDG.
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 543-6300

March 23, 1993

BARBARA J HINTON
LEGISLATIVE DIVISION OF POST AUDIT
MERCHANTS BANK TOWER
800 SW JACKSON SUITE 1200
TOPEKA KS 66612-2212



Dear Ms. Hinton:

We at YCAA have been acutely aware for quite some time that we are unable to accomplish all the relevant work and procedures pertaining to inventory of state property. The youth center business office simply has insufficient levels of clerical staff to accomplish all the tasks required.

We have been attempting to rectify this situation by requesting an additional staff for the business office through the annual budget process since FY89. If this position had been funded as requested we would have been capable of meeting the requirements in the post audit report. However, since we were lacking the necessary level of staffing to do all that is required, we were faced with the necessity of making some decisions regarding the relative level of importance concerning the many tasks required of the business office. We were forced to decide which of those tasks would be put on a back burner and allowed to lapse in favor of more acute issues.

The tracking of physical property inventory was one of those areas we decided was of relatively less importance than many others. In short, this post audit report only tells us what we were already aware of and, in fact, had made a deliberate decision about quite some time ago and, most importantly, have been trying to correct by requesting the additional staff resources through the budget process.

With all that as our basic, general response, we now would like to proceed to comments regarding specific findings and recommendations in the report.

First, as to the recording of property, continual inspections and record accuracy checks, it is accurate as already acknowledged, these procedures have not been consistently followed. We can only continue to make budgetary requests for an additional staff for the business office as our primary plan to correct this situation.

Second, concerning the three out of forty-two items that did not have property numbers, all three items have now been issued a number.

Third, of the eight out of forty items not located during the inspection visit, one of those items has been located and the remaining seven items have been officially removed from the inventory.

In response to the specific numbered recommendations, we offer the following plans of action:

- 1) The youth center will expand its policy statement regarding "Inventory Control of Property" (FIS050.ACA) into a more comprehensive statement of actual property management procedures. We also note, however, that until we have the staff member to train to carry out the expanded written procedures, little headway will be possible in the actual accomplishment of the work.
- 2) These recommendations, while important, are precisely the very functions for which YCAA will need additional staffing to carry out on a consistent basis. We will, however, divert what staff time we can on a temporary, intermittent basis to address them. Any lasting, ongoing resolution will, in our opinion, require the additional staff position.

In closing, we appreciate the opportunity to elevate to a higher level this staffing shortage issue and the negative impact it has on our ability to carry out all the many, varied functions required of the business office. It is our intent to use this post audit report as additional documentation to support our ongoing request for the additional staffing needed in the YCAA business office. The fact such a highly placed and visible outside third party as the legislative Post Audit Division has recognized our lack of capacity to carry out these duties should greatly support and enhance our chances for getting the staff resource we have been requesting for the past five years.

Sincerely,



Philip D. Knapp
Superintendent

PDK:vj

cc: Commissioner Hill
Doris Ochoa

FIS050 ACA



**YOUTH CENTER
AT ATCHISON**

POLICY AND PROCEDURE MANUAL

SUBJECT: Inventory Control of Property

SECTION: Fiscal Management

ACA: 2-9050

YSM:

PAGE: 1 of 1

DATE: August, 1989

PURPOSE

K.S.A. 75-3729 requires certain procedures be followed in regards to all the fixed and moveable property belonging to the State.

POLICY

Accountability for the Youth Center's property and supplies shall be provided through the use of regular inventories.

PROCEDURE

All institutional property of a specific amount is assigned a property number and must be accounted for by activity and building. The Director of the Division of Accounts and Reports directs the agency to submit a physical inventory of all property belonging to the State as of June 30 each year.

Inventory cards are maintained on expendable items such as food supplies, stationery and office supplies, cleaning supplies, clothing, paper products, etc. in the Business Office. Periodically throughout the year the Business Administrator does a "spot check" of various items comparing the inventory cards against actual quantities on hand, a complete inventory is taken on June 30 each year.

Supplies in the Canteen are inventoried quarterly by the Activity Therapy Department staff. This inventory list is sent to the Business Office where it is figured and used in the quarterly reports.

STATE OF KANSAS
JOAN FINNEY, GOVERNOR



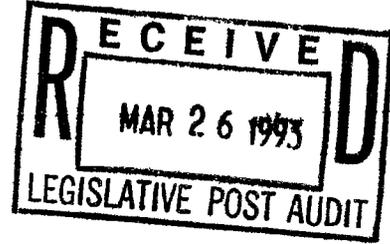
SOCIAL AND
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DONNA WHITEMAN, SECRETARY

YOUTH CENTER AT BELOIT

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March 24, 1993

Barbara J. Hinton
Legislative Post Auditor
Legislative Division of
Post Audit
Merchants Bank Tower
800 S.W. Jackson, Suite 1200
Topeka, KS 66612



Dear Ms. Hinton:

We have reviewed the draft copy of the compliance and control audit on the Youth Centers for FY1993. The Youth Center at Beloit concurs with the findings and recommendations made by your department in that draft.

We extend our appreciation to Mr. Fitzpatrick for the professional and courteous manner in which he conducted the audit. The process was conducted in such a fashion as to create the least amount of disruption as was possible to our operation. He also provided us with the answers to numerous questions and some helpful suggestions during his visit at our agency.

Please feel free to contact us if we may be of further assistance in this matter.

Sincerely,

Handwritten signature of Robert A. Schmidt.

Robert A. Schmidt
Business Administrator

Handwritten signature of Denis J. Shumate.
Denis J. Shumate
Superintendent

DJS:RAS:dw



JOAN FINNEY, GOVERNOR OF THE STATE OF KANSAS

KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

DONNA WHITEMAN, SECRETARY

March 23, 1993

Youth Center at Topeka
1440 NW 25th
Topeka, KS 66618-1499



Barbara J. Hinton
Legislative Post Auditor
Legislative Division of Post Audit
Merchants Bank Tower
800 SW Jackson, Suite 1200
Topeka, KS 66612-2212

RE: Compliance and Control Audit for FY 1992 at the Youth
Center at Topeka

Dear Ms. Hinton:

The Youth Center at Topeka would like to thank Mr.
Fitzpatrick for another excellent review at YCAT.

The following item was the only one that pertained to the
Youth Center in the draft report:

To insure that property at the State's Youth Center
is more adequately safeguarded from loss or misuse,
the following actions should be taken.

- c) The Youth Center should take steps to ensure
that State property items have property numbers
as required by the Division of Accounts and Reports.

In order to correct the missing decal problem, it was decided
the next physical inventory would be conducted by Fiscal
Office personnel and that missing or unreadable decals
would be replaced at that time. The physical inventory
process was started in January 1993 and will be continuing
through the first part of June 1993. We feel confident
that all items will then have the appropriate property
number decal/engraving.

Barbara Hinton
March 23, 1993
Page 2

The Youth Center is in agreement with all other aspects of the report as they pertain to YCAT and look forward to future visits from your staff to discuss how we can better serve the State of Kansas.

Sincerely,


Harold F. Allen
Superintendent

HFA:cdp
cc: Commissioner Hill

APPENDIX B

Additional Information Provided by the Department of Social and Rehabilitation Services

Agency officials provided the following information at the request of the Legislative Post Audit Committee. At its meeting on April 8, 1993, the Committee directed that this information be included in all subsequent copies of the report. The letter describes actions that the Department will take as oversight agency for the Youth Centers to encourage implementation of the audit's recommendations.



JOAN FINNEY, GOVERNOR OF THE STATE OF KANSAS

KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

DONNA WHITEMAN, SECRETARY

April 22, 1993



Barbara J. Hinton
Legislative Post Auditor
Merchants Bank Tower
800 S. W. Jackson, Suite 1200
Topeka, KS 66612-2212

Dear Ms. Hinton:

On April 9, 1993 you wrote expressing the concerns of the Post Audit Committee regarding the Youth Centers' ability to implement recommendations of your report on inventory management. In response to those concerns I asked Carolyn Hill, Commissioner of Youth and Adult Services, to consult with the Youth Center Superintendents. Together they prepared a plan to implement a collaborative effort with the Youth Centers working together. I have reviewed their plan and believe it responds to my concerns and the concerns of the Legislative Post Audit Committee.

Policies

All policies in the Youth Centers will be reviewed and either changed or supplemented as needed. Completion Date: May 30, 1993

Reconciliation and Physical Inventory

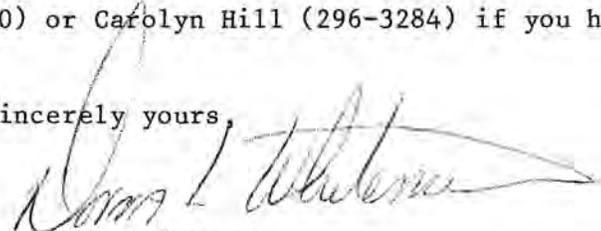
The Youth Center at Atchison (YCAA), with the assistance of staff from the Youth Center of Topeka and the central office, will undertake a complete physical inventory. The FY 1993 inventory report will be reconciled. Completion Date: September 30, 1993.

Long Term System Maintenance at YCAA

We recognize the problem of adequate resources at YCAA. Operational efficiency will be improved by the use of a micro-computer based inventory management system. The distribution of workload within the business office and between the business office and the other units at YCAA will be evaluated, and reassignments will be made if appropriate. Budget requests for additional resources will be made only if these steps prove to be inadequate. Completion date: December 31, 1993.

Please contact Bob Clawson (296-4640) or Carolyn Hill (296-3284) if you have any questions.

Sincerely yours,


Donna L. Whiteman
Secretary

DLW:RAC:br

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