

Audit Report

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**Regional Institute for Children and Adolescents  
Baltimore**

October 2008

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**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

October 14, 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 Regional Institute for Children and Adolescents - Baltimore (RICA) for the period beginning November 1, 2005 and ending June 30, 2008. RICA provides mental health and educational services to emotionally disturbed adolescents, primarily from Baltimore City and Anne Arundel and Baltimore Counties.

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

We wish to acknowledge the cooperation extended to us during our audit by RICA.

Respectfully submitted,

Bruce A. Myers, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Regional Institute for Children and Adolescents – Baltimore (RICA) provides mental health and educational services to emotionally disturbed adolescents primarily from Baltimore City and Anne Arundel and Baltimore Counties. The services provided include inpatient and outpatient treatment and community service programs. RICA is licensed to treat a maximum of 45 inpatients. During fiscal year 2007, it had a daily average of 38 inpatients and 68 outpatients under treatment. According to the State's accounting records, RICA's fiscal year 2007 expenditures totaled approximately \$13 million.

### **Status of Findings From Preceding Audit Report**

Our audit included a review to determine the status of the finding contained in our preceding audit report dated April 5, 2006. We determined that RICA satisfactorily addressed this finding.

## **Findings and Recommendations**

Our audit did not disclose any significant deficiencies in the design or operation of RICA'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 RICA that did not warrant mention in this report.

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

## **Audit Scope, Objectives, and Methodology**

We have audited the Regional Institute for Children and Adolescents – Baltimore (RICA) for the period beginning November 1, 2005 and ending June 30, 2008. 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 RICA's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the finding contained in our preceding audit report.

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 RICA'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.

RICA'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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