

Audit Report

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

September 2010

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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

September 30, 2010

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 December 1, 2007 and ending July 13, 2010. 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,

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 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. The Institute currently provides housing for approximately 32 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, agency expenditures for fiscal year 2010 totaled approximately \$11.7 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 December 1, 2007 and ending July 13, 2010. 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. The areas addressed by the audit included procurements and disbursements, cash receipts, equipment, materials and supplies, and payroll. 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.

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

**William R. Smith, CPA**  
Audit Manager

**Menachem Katz, CPA**  
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