



Attestation Report of the Nebraska Department of Correctional Services July 1, 2004 through June 30, 2005

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Report Highlights

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The Department of Correctional Services (Department) was established as a separate agency of State government in 1973. The Department has responsibility for custody, control, study, correctional treatment, training, and rehabilitation of persons committed to it so they may be prepared for lawful and productive community living. The Governor appoints the Department's Director. The Department's operating funds come from State general funds, supplemented by Federal funds, and certain cash funds. The Department maintains and administers the Nebraska State Penitentiary, the Lincoln Correctional Center, the Diagnostic and Evaluation Center, and the Community Corrections Center, all located in Lincoln. The Department maintains and administers the following facilities outside of Lincoln: the Omaha Correctional Center, the Community Corrections Center in Omaha, the Nebraska Correctional Center for Women in York, the Nebraska Correctional Youth Facility in Omaha, the Work Ethic Camp in McCook, and the Tecumseh State Correctional Institution in Tecumseh. The Department also supervises adults on parole, administers parole services, and operates Cornhusker State Industries and Federal Surplus Property. The Hastings Correctional Center was operated until June 2005.

Our report included 24 Comments and Recommendations as summarized below.

Disbursements

1. Documents Not Received: Documents requested by auditors were not received in a timely manner or were never received at all. One document and two miscellaneous receipts requested were not received.

2. NIS Batch Management: During review of NIS Batch Management, we noted two individuals with the ability to prepare, post, and approve their own documents during the fiscal year ended June 30, 2005. On May 17, 2005, auditors verified this had been corrected.

3. Medical Service Payments: The Department was not performing a review of the medical billing to ensure all services rendered were to persons who were incarcerated at the time of treatment, and that expenses were reasonable based on inmate medical history.

4. Travel Disbursements: Reimbursements for travel were not in compliance with requirements or were not reasonable.

Payroll

5. Segregation of Duties Over Payroll: The review of the final payroll register is not adequate to detect errors or irregularities.

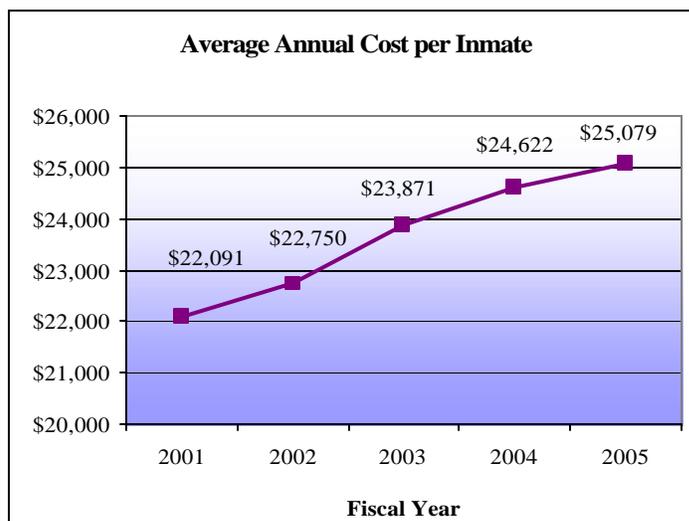
6. Payroll Not Calculated Correctly: Two of thirty employees tested were not properly compensated for actual hours worked at the correct pay rate. One employee had a salary change during a pay period and payroll did not calculate correctly. Another employee was paid for 2.25 hours when the timesheet showed the employee was clocked in for 2 hours. There was no explanation as to why this occurred.

7. Timesheets Not Maintained: Two of thirty employees tested did not maintain timesheets or other documentation to record at least 40 hours of labor was worked each week.

8. Overtime Rate Calculation: Shift differential is not taken into consideration when the overtime rate is calculated.

9. Procedures for Termination: Eight of sixteen terminated employees tested were not paid correctly and four did not have adequate documentation.

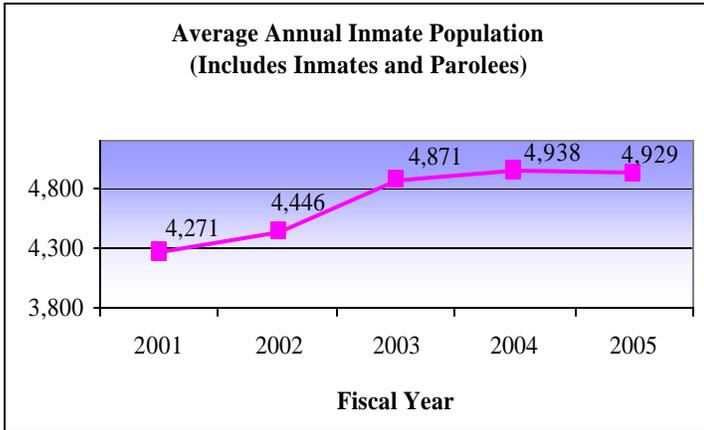
10. Leave Usage and Accruals: Four of thirty employees tested did not have adequate support for adjustments made to leave balances.



Receipts

11. Controls Over Receipts: Checks were not endorsed immediately, the same person opens the mail and receipts money, and the reconciliation of deposits to the General Ledger was not documented or performed on a regular basis.

12. Usage of Pre-Numbered Receipts: During testing of miscellaneous receipts and inmate trust receipts, we noted pre-numbered miscellaneous receipt books were used out of order or pre-numbered receipts were not being used at all.



13. Depositing of Receipts: Receipts were not timely deposited in accordance with Statute.

14. NIS Security - Accounts Receivable: During review of NIS Security Access for Accounts Receivable, we noted five individuals with AR Code 36. This code is only for agencies that are not able to segregate duties.

15. Accounts Receivable Review: During testing of Cornhusker State Industries (CSI) Accounts Receivable it was noted there are outstanding accounts dating back to 1994 and there are no documented procedures in place to review, collect, or write-off outstanding balances.

16. Petty Cash Fund: Petty Cash Fund Application from DAS State Accounting authorized a temporary increase from \$500 to \$6,000 from November 15, 1999 to January 15, 2000. The Department is not in compliance with the amount approved for this petty cash fund.

Fixed Assets and Inventories

17. Controls Over Fixed Assets: There was not an adequate segregation of duties over fixed assets and the Fixed Asset Listing was not accurate.

18. CSI Rate Documentation Not Received: Requested supporting documentation for the establishment of rates charged by CSI was not received.

19. CSI Inventory Counts: The inventory counted by our staff did not agree to CSI records for 9 of 16 items selected.

Inmate Trusts

20. Documentation of Maintenance Rates: There was no documentation to support the amount of the maintenance fees assessed to inmates.

21. Counterfeit Checks: Counterfeit checks totaling \$10,336 were discovered during the May 2001 Inmate Trust Fund bank reconciliation. These checks still remain as an adjustment on the Inmate Trust Fund reconciliation as of June 30, 2005.

22. HDC Inmate Trust Fund: Transactions in the Inmate Trust Fund for detainees from Hastings Detention Center were not entered into NIS in a timely manner.

23. Timely Transfer of Canteen Profits: The profits from fiscal year 2002 and 2003 were not transferred to the Inmate Welfare Fund until fiscal year 2005.

Nebraska Information System

24. Reconciliation of Bank Records to the Nebraska Information System: The Department of Administrative Services' reconciliation process is still not done in a timely manner and continues to reflect unknown variances.

The complete report is available on the Auditor of Public Accounts Web site: www.auditors.state.ne.us.

Annual Cost Per Inmate By Facility

