

**ATTESTATION REPORT  
OF THE  
ADMINISTRATIVE OFFICE OF PROBATION  
JANUARY 1, 2015, THROUGH DECEMBER 31, 2015**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on June 30, 2016**

*The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Charlie Janssen was elected in November 2014, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th State Auditor.*

*The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.*

*We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.*

*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

## Audit Staff Working On This Examination

Zach Wells, CPA, CISA – Audit Manager  
Stephanie Todd, CPA, CFE – Senior Auditor-In-Charge  
Steve Fricke – Auditor II  
Jennifer Van Hove – Auditor II  
Terence Heiser – Auditor

Our reports can be found electronically at: <http://www.auditors.nebraska.gov>

Additionally, you may request them by contacting us at:

**Nebraska Auditor of Public Accounts**  
State Capitol, Suite 2303  
P.O. Box 98917  
Lincoln, Nebraska 68509  
Phone: 402-471-2111

ADMINISTRATIVE OFFICE OF PROBATION

TABLE OF CONTENTS

	<u>Page</u>
<b>Background Information Section</b>	
Background	1 - 2
Mission Statement	2
Vision Statement	2
<b>Comments Section</b>	
Exit Conference	3
Summary of Comments	4 - 7
Comments and Recommendations	8 - 52
<b>Financial Section</b>	
Independent Accountant's Report	53 - 54
Schedule of Revenues and Expenditures	55
Notes to the Schedule	56 - 59
<b>Supplementary Information</b>	60
<b>Exhibit A</b> – Summary of Family Services Access Inventory (FSAI) Reports For Probationers Tested	61 - 62
<b>Exhibit B</b> – Comparison of FSAI Income Reported to NDOL and DHHS Systems	63 - 67
<b>Exhibit C</b> – Services that Exceeded Normal Service Period Thresholds Without Proper Approvals	68
<b>Exhibit D</b> – Administrative Office of Probation Vouchers Paid by Type of Service Provided	69 - 71
<b>Exhibit E</b> – Top 10 Service Providing Agencies by Service Provided	72 - 74
<b>Exhibit F</b> – Exhibit of Revenues, Expenditures, and Changes in Fund Balances	75
<b>Exhibit G</b> – Exhibit of Adjustments to Revenues and Expenditures	76

## ADMINISTRATIVE OFFICE OF PROBATION

### BACKGROUND

In 1957, under LB 568, Nebraska adopted a general statewide system that provided for a planned, uniform system of presentence investigations, case studies, and coordinated supervision of offenders eligible for probation under court suspension of sentence. Organizationally, the Nebraska District Court Judges Association was initially granted power to exercise general supervision over probation in all district courts. District judges within each probation district appointed chief probation officers who served at the pleasure of the judges. From 1958 to 1971, the statewide probation system functioned primarily for adult felons; the supervision of misdemeanants from the county courts was performed as a courtesy.

In 1971, the Legislature passed LB 680, which provided for the following: 1) administration of probation in district, county, and juvenile courts, except for the separate juvenile courts; 2) creation of the Administrative Office of Probation (AOP) and designation of the office's duties; creation of the Field Service and designation of its duties as well as the procedures for discharging offenders from probation; and 3) establishment of a mechanism for the supervision of offenders through the Interstate Compact. In 1972, LB 1032 created a unified county court system and formally allowed for supervision of probation cases from the county court.

In 1986, the Legislature, via LB 529, placed District Courts/Probation (Agency 06) under the Nebraska Supreme Court (Agency 05). The bill called for the Nebraska Probation System Committee to serve as an advisory committee until its duties were taken over by the Nebraska Probation Advisory Committee on July 1, 1988. The committee's role was to provide advice to the Probation Administrator and Supreme Court regarding probation matters. This committee was abolished by the Supreme Court in May 1998, when the Court elected alternatively to designate a Supreme Court judge as a liaison to the probation system.

The 2003 Legislature passed LB 46, referred to as the Community Corrections Act, which created a number of criminal justice reforms that directly affected the administration of probation services. Key components of LB 46 included the following:

- Establishment of probation and parole enrollment and monthly programming fees to support enhanced programming and services, as well as the establishment of procedures and criteria for determining the probationer's ability to pay for court ordered services and a Probation Program Cash Fund.
- Alignment of probation districts with judicial districts as of July 1, 2009.

Within the juvenile intake field, division probation officers are statutorily obligated to respond to law enforcement requests 24 hours a day, seven days a week, to make decisions regarding detention, alternative placement, or release of a juvenile held in temporary custody. This is accomplished through an assessment of the juvenile's background using a standardized instrument.

In the traditional probation field division, probation officers have a dual responsibility to provide thorough presentence and readjudication investigative reports to the courts as well as adult and juvenile supervision. Such supervision entails appropriate probationer intervention and redirection, victim restitution, community service, and regulated monitoring of probationer behavior to ensure that probationers who are not in compliance with their probation orders are returned to court and held accountable for their actions. Within the supervision arena, probation officers are assisted by case monitors who are responsible for a higher caseload of low-risk probationers.

## ADMINISTRATIVE OFFICE OF PROBATION

### **BACKGROUND**

(Concluded)

In 2006, the Fee for Service Voucher Program was created to provide individuals on probation or parole and problem-solving courts financial assistance for treatment. The purpose of the Fee for Service Voucher Program was to increase community safety by reducing recidivism through creating an environment of structured support and accountability, thereby lowering the probationer's propensity to reoffend. The program was designed so the funding would follow the probationer, providing not only clarity as to cost, but also to assure appropriate matching of service to the probationer.

The Interstate Commission for Juveniles was federally enacted on August 26, 2008. Nebraska became signatory to the compact on August 31, 2009, pursuant to Neb. Rev. Stat. § 43-1011 (Cum. Supp. 2014). This compact replaced a compact previously written in 1955. The Juvenile Interstate Compact was developed to assist in the safe return of runaways to their homes and the supervision of juveniles on probation and parole while residing in other states.

Legislative Bill 561, passed in May of 2013, charged the Nebraska Juvenile Probation System to treat and rehabilitate court-involved youth, as opposed to punishing them. The Nebraska Juvenile Service Delivery Project, established as a pilot in 2009, was expanded statewide in a three-step phase-in process beginning July 1, 2013, with full implementation July 1, 2014. The expansion of the project resulted in the Administrative Office of Probation taking over the duties of the Office of Juvenile Services with respect to its previous functions of community supervision and parole of juvenile law violators and providing evaluations for such juveniles. The Office of Juvenile Services continues to operate the Youth Rehabilitation and Treatment Centers and provides the care and custody of the juveniles placed at these facilities. Expansion of the project was possible with the transfer of funds from the Department of Health and Human Services and the Office of Juvenile Services. These funds were used to provide community-based services and juvenile parole to the AOP. This charge allows Nebraska to assess current gaps in the system and create a continuum of care that includes diversion services, mental health treatment and reentry programming that is evidence based.

LB 605 ("The Justice Reinvestment Act") was enacted in 2015. LB 605 expands the use of adult probation in lieu of incarceration, ensures that more people receive supervision upon release from prison, and bolsters supervision practices to improve accountability and reduce recidivism. Signed on May 27, 2015, the law was the result of "justice reinvestment," a data-driven approach designed to reduce corrections spending and reinvest a portion of savings in strategies that reduce recidivism and increase public safety.

### **MISSION STATEMENT**

We, the leaders in community corrections, juvenile and restorative justice, are unified in our dedication to delivering a system of seamless services which are founded on evidence-based practices and valued by Nebraska's communities, victims, offenders, and courts. We create constructive change through rehabilitation, collaboration, and partnership in order to enhance safe communities.

### **VISION STATEMENT**

Be a nationally recognized leader in the field of Justice committed to excellence and safe communities.

ADMINISTRATIVE OFFICE OF PROBATION

**EXIT CONFERENCE**

An exit conference was held June 15, 2016, with the Administrative Office of Probation (AOP) to discuss the results of our examination. The following were in attendance for the AOP:

<b>NAME</b>	<b>TITLE</b>
Ellen Brokofsky	State Probation Administrator
Corey Steel	State Court Administrator
Jeanne K. Brandner	Deputy Administrator, Juvenile Probation
Steve Rowoldt	Deputy Administrator, Probation Operations
Gene Cotter	Assistant Deputy Administrator
Kari Rumbaugh	Assistant Deputy Administrator
Eric Asboe	Administrative Fiscal Analyst
Janet Bancroft	Public Information Officer
Ralene Cheng	Director of Finance
John W. Danforth	Probation Funding Specialist
Julie M. Scott	Justice Behavioral Health Specialist
Joyce Welsch	Personnel Administrator

ADMINISTRATIVE OFFICE OF PROBATION

SUMMARY OF COMMENTS

During our examination of the Administrative Office of Probation (AOP), we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. **Ability to Pay Determination – Juvenile Probationer:** During testing of 237 juvenile vouchers, totaling \$1,543,872, none of the families contributed to the cost of the probationers’ services.
2. **Ability to Pay Determination – Adult Probationer:** The testing of three adult vouchers identified the AOP paid \$2,330 that should have been paid by the adult probationers.
3. **Medicaid:** For 10 of 11 juvenile probationers tested who received Medicaid eligible treatments, the AOP lacked documentation to support that they had exhausted all options for Medicaid to pay for the treatment before payment was made. For the 10 juvenile probationers, the AOP paid \$560,011 for Medicaid-eligible treatments.
4. **Juvenile Social Security Benefits:** The AOP paid \$36,237 for services that could have been paid by the probationer had the service provider applied to become the payee of the probationer’s Social Security benefit. The AOP did not have a procedure to identify when a probationer received a Social Security benefit.
5. **Voucher Rates Paid:** The rates charged on 62 of the 237 juvenile vouchers tested did not agree to the normal rates. Additionally, the AOP did not have a policy that identified the employees authorized to approve rate changes. It was also noted that for 13 of the 237 juvenile vouchers tested, the AOP did not have a contract or agreement with the providers that supported the rate charged.
6. **Transportation Vouchers:** For 58 of 60 transportation vouchers tested, totaling \$18,194, the AOP did not have documentation to support the household could not provide the necessary transport.
7. **Excess Authorized Service Period Approvals:** Twenty-four of 43 probationers tested had services provided that exceeded service thresholds and were not properly approved.
8. **Weaknesses in the Design of Voucher Processes:** The AOP’s Fee for Service Financial Assistance system was not adequately designed to restrict the approval of vouchers to the proper employees. As a result, 93 employees had access to approve vouchers. The AOP did not implement a compensating control until August 2015.
9. **Improper Payments:** Two of 240 vouchers tested included payments for services that never occurred, for a total of \$1,386.

ADMINISTRATIVE OFFICE OF PROBATION

SUMMARY OF COMMENTS

(Continued)

10. ***Lack of Monitoring Procedures for Parolee Expenditures:*** The AOP did not adequately review vouchers paid for parolees. During the calendar year ended December 31, 2015, the AOP paid \$972,202 on vouchers for parolees, yet neither verified the service was required per the order of parole nor whether the parolee had an ability to pay.
11. ***Health Insurance Consideration:*** Five of 40 juvenile probationers tested appeared to be covered by private health insurance, but the AOP had nothing documenting why the insurance had not paid for the service provided to the probationer. In addition, vouchers tested for three adult probationers lacked documentation to support that private health insurance had been considered prior to paying for the service.
12. ***Incorrect Voucher Payments:*** A payment made to Douglas County Youth Center appeared to be overpaid by \$6,317.
13. ***FSAIs Not Completed Every Six Months:*** Fourteen of the 40 juvenile probationers tested did not have a Family Services Access Inventory (FSAI) Report completed every six months, as required by the AOP's policy.
14. ***Voucher Coding Issues:*** The AOP did not have procedures in place to ensure voucher payments were properly recorded in the correct fiscal year for the compilation of the Nebraska Comprehensive Annual Financial Report.
15. ***Problem Solving Court Voucher Expenditures:*** Voucher expenditures totaling \$2,194,360 for Problem Solving Courts, which falls under Program 420, were improperly coded to Program 435, Probation Community Corrections.
16. ***Policies on Providers with Disciplinary Action:*** The AOP approved a service provider who had been subject to disciplinary action by the licensing authority, Nebraska Department of Health and Human Services (DHHS), and did not have documentation to support how the determination had been made.
17. ***State Wards:*** In certain situations, wards of the State who are on probation should have probation services paid for by DHHS. For one ward of the State tested, there was no documentation to support why the AOP paid for all the probationer's services during the calendar year 2015. Services provided to this probationer amounted to \$131,620.
18. ***Probation Cash Fund Usage:*** The AOP did not have a policy that provided guidance in determining the amount of Cash Funds to be used to pay for probationer services. This increases the risk General Funds are used when Cash Funds are available.
19. ***Service Provider Approved Services:*** The AOP's Fee for Service Financial Assistance system, used to process voucher payments, did not verify providers were properly approved to provide a service before payment was made. Six of ten service entities received payment for services provided by staff that were not approved to provide those services. In addition, 4 of 34 vouchers tested were paid to entities for services provided by staff that were not approved to provide the service.

ADMINISTRATIVE OFFICE OF PROBATION

SUMMARY OF COMMENTS

(Continued)

20. ***Rounding Service Hours:*** The AOP did not have a policy that specified when or how services for fractional time periods would be paid. During testing, 5 of 240 vouchers tested were rounded, which resulted in an overpayment of \$77.
21. ***Incorrect Contract Payments:*** Two of four payments to an AOP contractor included rates for services that did not agree to the contract that resulted in an underpayment of \$1,144. The AOP made 46 payments totaling \$2,253,678 to this contractor during the calendar year.
22. ***Lack of Purchasing Policy:*** The AOP did not have policies that outlined the purchasing process for all purchases necessary to support its administrative operations. Five vendors tested were paid a total of \$3,019,569 during the calendar year, without a policy that documented the process these purchases were to follow.
23. ***Lack of Documentation to Support Expenditure:*** A payment was made to the University of Nebraska Lincoln's Center on Children, Families, and the Law when the invoice did not include the proper documentation as specified in the contract. The AOP paid this vendor \$109,715 during the calendar year.
24. ***Reimbursed Meals:*** One of three meal reimbursements tested reimbursed an employee \$18 more for meals than what was allowable per the U.S. General Service Administration.
25. ***Permanently Assigned Vehicles:*** Nine of 86 permanently assigned vehicles were not driven in accordance with Department of Administrative Services Transportation Services Bureau guidelines. In addition, mileage logs for the permanently assigned vehicles were not adequately completed for the trip destinations.
26. ***Payroll Lack of Segregation of Duties:*** One individual was responsible for completing the payroll process from beginning to end. Payroll expenditures for the calendar year ended December 31, 2015, totaled \$39.8 million.
27. ***Incorrect Compensatory Time Earned:*** The AOP's payroll process was inadequate, as approximately 550 hours and \$11,000 of compensatory time were improperly allowed to be earned during the calendar year.
28. ***Timecard Approvals:*** Of 18 employees tested, 2 employees' timecards were not approved by a supervisor, 2 timecards were not signed by the employee, and 1 employee's 1.5 hours of compensatory time earned was not approved by a supervisor.
29. ***JUSTICE Receipts Not Reconciled to Deposits:*** The AOP lacked procedures to verify that probation fees collected by the county and district courts and remitted to the State Treasurer for deposit were for the correct amounts. The AOP received \$2,789,969 from county and district courts during the calendar year.

ADMINISTRATIVE OFFICE OF PROBATION

**SUMMARY OF COMMENTS**

(Concluded)

- 30. *Incorrect Invoiced Amounts:*** During testing of receipts, two instances were noted of the AOP incorrectly overbilling entities a total of \$3,539.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the AOP.

Draft copies of this report were furnished to the AOP to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

## ADMINISTRATIVE OFFICE OF PROBATION

### COMMENTS AND RECOMMENDATIONS

#### Voucher Comments

When an individual is placed on probation, there is an investigation that looks into the probationer's likelihood to reoffend. The investigation includes assessments and screenings which identify an individual's risk and need. If a behavioral health need is identified the probation officer can recommend that the court order an evaluation to identify the behavioral health service that can address the need. After that evaluation is completed, the court uses the resulting information to order the probationer to obtain services as a condition of his or her probation.

Part of the probation process for juveniles involves the probationer's family completing the Family Services Access Inventory Report (FSAI). The FSAI is to include the members of the household, household income and expenses, any private health insurance, whether the juvenile is on Medicaid, and whether the family has a reliable vehicle. The FSAI categorizes household income by employment, Social Security income, other income, and any other available resources. The FSAI is not required to be completed for adult probationers.

The accurate completion of the FSAI is integral in the Administrative Office of Probation's (AOP) ability to determine if the household has the ability to contribute to the cost of the services the probationer requires. The AOP created the Family Service Access Protocol (Protocol) (April 2014), which requires the FSAI to be used to determine the options for family payment, insurance, and Medicaid eligibility. The Protocol goes further to state, "Families should participate financially in their juvenile's care."

The AOP did not complete a FSAI for adult probationers. Instead, it relied on the provider to determine if the adult had private health insurance that covered the service or if the probationer should financially contribute to the cost of the service. The AOP created a sliding fee scale that identified the percent of the service cost the adult was to pay based upon income and the number of dependents.

Court-ordered services are based upon the AOP's Juvenile Services Guide (May 2014) (Guide) and Attachment 6 of the Standardized Model for Delivery of Substance Use Services (July 2014) (Standardized Model). The Guide describes the different services, the cost, and the normal service length. Attachment 6 of the Standardized Model details the types and average length of service for substance use services for adult probationers. When a court orders a service and, based upon the FSAI, the probationer is deemed unable to contribute to the cost, the AOP creates a voucher in order to pay for the required service. This voucher is reduced for any amount the household, insurance, or Medicaid pays.

The table below summarizes the amount of vouchers paid by the AOP during the calendar year ended December 31, 2015, and the testing performed.

Type of Voucher Paid	Cost of Vouchers Tested	Total Voucher Amount	Number of Vouchers Tested	Total Number of Vouchers	Number of Probationers Tested	Total Number of Probationers
Juvenile Probationer	\$1,543,872	\$59,708,589	237	31,180	40	3,734
Adult Probationer	3,816	2,318,242	3	2,665	3	1,426
Parolee	-	1,088,793	-	912	-	516
<b>Total</b>	<b>\$1,547,688</b>	<b>\$63,115,624</b>	<b>240</b>	<b>34,757</b>	<b>43</b>	<b>5,676</b>

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**Exhibit A** is provided to show the different probationers tested and the types of vouchers tested.

The following acronyms will be used throughout the report to describe the services provided to probationers:

- JSH – Juvenile Who Sexually Harms
- MH – Mental Health
- SUD – Substance Abuse
- PRTF – Psychiatric Residential Treatment Facility
- TGH – Therapeutic Group Home

**1. Ability to Pay Determination – Juvenile Probationer**

Testing of \$1,543,872 in services provided to juvenile probationers revealed that the AOP paid the entirety of that amount, even though some of the juveniles' households appeared to have an ability to pay for a portion of the cost. A total of 54 FSAs were completed for the 237 vouchers tested that were paid for 40 probationers.

A summary of the weaknesses noted is presented here and more detailed information is provided in the paragraphs to follow:

- ***Income Available to Contribute to Costs:*** FSAs identified the household had resources available to contribute to probationer service costs but no support was provided.
- ***No Income Reported:*** FSAs were completed listing no household income and the AOP did not have documentation to support this was accurate.
- ***Expenses Not Verified:*** The AOP did not verify expenses reported on the FSAs were accurate.
- ***Income Verification:*** The AOP did not verify the reported household income on the FSAI was accurate.
- ***Paystubs on File:*** The AOP had documentation to support wages but either it did not agree to the FSAI or the wages for the entire household were not reported.

A good internal control plan and sound business practices require supporting documentation be reviewed to ensure the FSAI information reported is complete and accurate. Sound business practices also require the AOP to verify the information reported on the FSAI is complete and accurate. When the AOP does not verify the FSAI information there is an increased risk inaccurate information will be used to make ability to pay decisions.

The overall testing result is that the AOP lacked policies and procedures to ensure that households capable of contributing to the probationer service cost did contribute. As a result, the AOP used State General Funds to pay the entire cost of all vouchers tested.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

We recommend the AOP implement policies and procedures to ensure the cost of services for probationers is properly shared between the household and the AOP.

*AOP’s Response: The Administrative Office of Probation (AOP) will continue its on-going process of improving its policies, procedures and documentation regarding ability to pay. For example, a revised FSAI has been drafted and is under consideration. However, at this time, the AOP does not have the human, financial and data resources to implement this comment to the extent recommended by the Auditor of Public Accounts (APA). For example, as stated by the APA, the AOP does not have access to NFOCUS.*

*The APA statement that includes the amount of \$1,543,872, could imply that parents never contribute to payment of services. This would not be an accurate conclusion for two reasons. First, some families pay for services and do not request financial assistance. In this circumstance, there is no voucher in the AOP system. Last, the audit focused on vouchers paid by the AOP, however, vouchers are divided into two types, monetary and non-monetary. Monetary vouchers are always funded entirely by the AOP. As the APA states, they can be adjusted for payments made by third parties. However, non-monetary vouchers are also issued, in some cases, and they can document third party involvement. A search of selected non-monetary vouchers shows other funding sources involved such as family private insurance and county funds.*

**APA Response: The APA requested documentation to support that juveniles’ households contributed to other services and, as a result could not contribute to the 237 vouchers tested. The AOP was unable to provide this documentation. While households not tested may have contributed to the cost of the probationer’s treatment, no instances were noted during the APA’s testing.**

***Income Available to Contribute to Costs***

Twenty-five of the 54 FSAIs, used to determine if the household had resources available to pay all or a portion of the probationer’s service cost indicated the household had resources available to contribute. The table below summarizes the 25 FSAIs.

Probationer	FSAI Date	Household Monthly Net Income (Note 1)	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 2)
Probationer #1	10/31/2013	\$2,891	\$5,558	\$-	Hospital PRTF
Probationer #3	8/5/2014	1,465	155,823	-	MH TGH, Foster Care, JSH Risk Assessment, Transportation
Probationer #5	2/18/2015	552	59,071	-	Hospital PRTF, Group Home A, Transportation

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

Probationer	FSAI Date	Household Monthly Net Income (Note 1)	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 2)
Probationer #6	5/15/2015	927	57,962	-	Hospital PRTF
Probationer #8	7/15/2015	109	39,458	-	Hospital PRTF, JSH TGH, Transportation
Probationer #9	2/18/2014	441	91,516	-	Hospital PRTF, Secure/Staff Detention, Transportation
Probationer #9	7/7/2015	325	47,640	-	Hospital PRTF
Probationer #10 Parent #1	6/10/2014	380	35,697	-	Hospital PRTF, Secure/Staff Detention
Probationer #10 Parent #2	6/10/2014	983		-	
Probationer #10 Parent #2	10/2/2015	490	21,285	-	Hospital PRTF, Family Support Worker
Probationer #12	12/22/2014	300	2,448	-	SUD TGH
Probationer #13	2/4/2015	1,140	8,160	-	SUD TGH
Probationer #14	1/28/2015	2,000	10,906	-	Group Home A, Secure/Staff Detention
Probationer #19	11/3/2014	2,111	7,728	-	Secure/Staff Detention
Probationer #23	6/2/2014	1,814	3,000	-	Group Home B
Probationer #25	3/5/2015	200	3,000	-	Group Home B
Probationer #27	6/20/2014	96	2,363	-	Foster Care
Probationer #30	1/5/2015	991	1,160	-	Electronic Monitoring GPS
Probationer #30	2/19/2015	866	1,160	-	Electronic Monitoring GPS
Probationer #31	8/20/2014	1,685	3,781	-	Day Reporting
Probationer #32	11/6/2014	4,610	4,200	-	Crisis Stabilization Center
Probationer #36	6/3/2014	1,776	11,910	-	Hospital PRTF
Probationer #37	2/9/2015	377	104	-	Family Support Worker
Probationer #38	5/4/2015	900	676	-	Transportation
Probationer #39	12/18/2014	1,421	353	-	Transportation
<b>Total</b>			<b>\$574,959</b>		

*Note 1: The amount in this column is the household income less expenses reported on the FSAI.*

*Note 2: Some probationers have multiple services provided in the column “Services Provided”. This is caused by the APA’s method of testing. For 10 probationers, the APA tested every voucher paid for the probationer during the calendar year ended December 31, 2015. For other probationers, the APA selected a single voucher.*

For more detailed information on each probationer, see **Exhibit A**.

The Family Service Access Protocol (April 2014) (Protocol) states, “Families should participate financially in their juvenile’s care.” Nevertheless, the AOP lacked a policy that defined how the probation officer was to determine the amount the household should contribute to the service cost. Without, there is an increased risk the AOP will pay the entire service cost when a household has the resources to contribute.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

***No Income Reported***

Testing also revealed certain households did not report any monthly income and the AOP lacked documentation to support whether this was accurate or reasonable. In addition, the AOP lacked a policy instructing the probation officer of the steps to be taken when no income was reported on the FSAI. The following table summarizes the 20 FSAs tested with no income reported.

Probationer	FSAI Date	FSAI Monthly Household Income	FSAI Household Net Income (Expense) (Note 1)	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 2)
Probationer #2	2/14/2014	\$ -	\$ -	\$110,328	\$ -	Hospital PRTF, Transportation
Probationer #2	3/5/2015	-	-	69,636	-	JSH TGH, Foster Care, Day Reporting, Enhanced Shelter Care, Family Support Worker, Transportation
Probationer #4	2/24/2014	-	-	156,255	-	Hospital PRTF, JSH Risk Assessment, Transportation
Probationer #5	7/1/2014	-	-	87,212	-	MH TGH, Hospital PRTF, Transportation
Probationer #5	10/23/2015	-	(200)	5,600	-	Group Home A, Transportation
Probationer #6	12/16/2014	-	-	62,058	-	Secure/Staff Detention, Hospital PRTF, Transportation
Probationer #7	10/21/2014	-	-	131,620	-	Hospital PRTF, JSH TGH, Transportation
Probationer #8	1/23/2015	-	-	86,661	-	Secure/Staff Detention, Hospital PRTF, Psychological Evaluation, Transportation
Probationer #10 Parent #2	2/6/2015	-	-	87,690	-	Hospital PRTF
Probationer #10 Parent #1	10/2/2015	-	-	21,285	-	Hospital PRTF, Family Support Worker
Probationer #11	7/16/2014	-	(245)	1,296	-	Tracker Medium
Probationer #17	2/3/2015	-	(1,115)	4,500	-	Shelter Care
Probationer #18	11/19/2014	-	-	26,109	-	Secure/Staff Detention
Probationer #20	3/3/2015	-	-	57,200	-	Secure/Staff Detention
Probationer #26	4/23/2014	-	-	4,050	-	Group Home A
Probationer #28	10/23/2014	-	-	1,300	-	Family Support Worker
Probationer #33	5/3/2015	-	-	9,131	-	Hospital PRTF
Probationer #34	11/17/2014	-	-	10,322	-	Hospital PRTF

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

Probationer	FSAI Date	FSAI Monthly Household Income	FSAI Household Net Income (Expense) (Note 1)	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 2)
Probationer #35	3/5/2015	-	-	11,910	-	Hospital PRTF
Probationer #40	5/8/2015	-	-	1,531	-	Transportation
<b>Total</b>				<b>\$858,004</b>		

*Note 1: The amount in this column is the household income less expenses reported on the FSAI.*

*Note 2: Some probationers have multiple services provided in the column "Services Provided". This is caused by the APA's method of testing. For 10 probationers, the APA tested every voucher paid for the probationer during the calendar year ended December 31, 2015. For other probationers, the APA selected a single voucher.*

For more detailed information on each probationer, see **Exhibit A**.

Without a policy that defines the procedures a probation officer is to perform when a FSAI is returned without income reported, there is an increased risk the AOP will pay unnecessarily for the probationer's services.

***Expenses Not Verified***

Testing also revealed the AOP does not require any substantiating evidence for expenses reported on the FSAs. The Protocol requires paystubs to support the household income reported on the FSAI, but the Protocol does not require the probation officer to verify expenses reported. Failure to verify that household expenses are reasonable and accurate increases the risk the household will inflate its expenses in order to appear unable to contribute to the probationer's service cost.

Eight of the 54 FSAs tested reported expenses that exceeded the household income amounts. These 8 FSAs do not include the instances when the household did not report any income. The table below summarizes the 8 FSAs.

Probationer	FSAI Date	FSAI Monthly Household Income	FSAI Monthly Household Expense	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 1)
Probationer #6	5/7/2014	\$1,998	\$2,248	\$17,053	\$ -	Electronic Monitoring GPS, Tracker Low, Secure/Staff Detention, Relative/Kinship Home Assessment, Transportation
Probationer #10 Parent #1	2/6/2015	2,140	2,495	87,690	-	Hospital PRTF
Probationer #15	7/17/2015	99	1,436	950	-	Secure/Staff Detention
Probationer #16	9/19/2014	296	750	9,420	-	Specialty PRTF

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**1. Ability to Pay Determination – Juvenile Probationer** (Continued)

Probationer	FSAI Date	FSAI Monthly Household Income	FSAI Monthly Household Expense	Cost of Vouchers Tested Paid by the AOP	Amount Household Paid for Services	Services Provided (Note 1)
Probationer #21	7/8/2014	5,652	6,034	8,160	-	MH TGH
Probationer #22	10/27/2014	400	1,295	1,720	-	Intensive Family Preservation
Probationer #24	12/10/2014	1,600	2,100	1,800	-	Group Home B
Probationer #29	9/22/2014	721	793	5,400	-	Enhanced Shelter Care
<b>Total</b>				<b>\$132,193</b>		

*Note 1: Some probationers have multiple services provided in the column “Services Provided”. This is caused by the APA’s method of testing. For 10 probationers, the APA tested every voucher paid for the probationer during the calendar year ended December 31, 2015. For other probationers, the APA selected a single voucher.*

For more detailed information on each probationer, see **Exhibit A**.

According to some of the FSAIs, the household has substantial income; however, because of large household expenses, the household does not appear to have the resources to pay for the probationer’s service cost.

***Income Verification***

The Protocol directed the probation officer to obtain paystubs to support the household’s reported monthly income. The Protocol required paystubs for wages and failed to define what, if any, evidence was required for Social Security, child support, unemployment, or any other form of income reported on the FSAI.

Of the 54 FSAIs reviewed, 51 lacked support for the reported household income. For those 51 FSAIs that lacked support, the APA compared the household income reported on the FSAI to the employee wages that were quarterly reported by businesses to the Nebraska Department of Labor (NDOL). The AOP had access to the NDOL wage data through the Nebraska Criminal Justice Information System (NCJIS).

When the family reported Social Security benefits (SSB) and child support the APA compared the amounts to systems maintained by the Nebraska Department of Health and Human Services (DHHS). The AOP stated that it did not have access to data maintained on these systems.

For 32 of the 54 FSAIs reviewed, the household income reported did not agree with what was observed in the NDOL and DHHS systems. The difference in household income fell under the following categories:

- 21 FSAIs were completed where the reported household income did not agree to what was observed in the NDOL or DHHS systems.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

- For 3 FSAIs, the household refused to complete the FSAI and the AOP did nothing to determine the household’s available resources.
- 8 FSAIs incorrectly listed the probationer as the sole member of the household.

The 21 FSAIs that reported less household income than that identified by the APA are summarized in the table below:

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #2	2/14/2014	\$ -	\$646	\$(646)	No wages for the mother were found. The APA identified the probationer received a \$646 monthly Social Security benefit during the calendar year 2014.
Probationer #5	2/18/2015	752	1,196	(444)	The \$752 reported on the FSAI was Unemployment Income. The APA identified the probationer received a \$444 monthly Social Security benefit during the calendar year 2015. The APA identified unemployment income of \$752.
Probationer #5	10/23/2015	-	444	(444)	The APA identified the probationer received a \$444 monthly Social Security benefit during calendar year 2015.
Probationer #6	12/16/2014	-	2,083	(2,083)	No income was reported on the FSAI. The APA identified wages of \$357 and Social Security benefits of \$1,726, of which \$721 was paid to the probationer.
Probationer #6	5/15/2015	1,697	2,612	(915)	The FSAI reported \$350 in wages and \$1,347 in Social Security benefits, of which \$447 was paid to the probationer. The APA identified wages of \$857 and Social Security benefits of \$1,755, of which \$733 was paid to the probationer.
Probationer #6	11/3/2015	1,597	2,492	(895)	The FSAI reported \$350 in wages and \$1,247 in Social Security benefits, of which \$347 was paid to the probationer. The APA identified wages of \$737 and Social Security benefits of \$1,755, of which \$733 was paid to the probationer.
Probationer #9	2/18/2014	1,129	1,466	(337)	The APA identified household wages of \$1,466, which was greater than what was reported on the FSAI.
Probationer #9	7/7/2015	1,050	1,066	(16)	The APA identified household wages of \$1,066, which was \$16 more than reported on the FSAI.
Probationer #10 Parent #1	6/10/2014	650	752	(102)	APA identified wages of \$752 which is \$102 more than reported on the FSAI.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #10 Parent #2	2/6/2015	-	2,043	(2,043)	The AOP did not have a FSAI on file for this parent for this period. The APA identified wages of \$2,043.
Probationer #10 Parent #2	10/2/2015	1,500	2,411	(911)	The APA identified wages of \$2,411, which is greater than the wages reported on the FSAI.
Probationer #11	7/16/2014	-	476	(476)	No income was reported on the FSAI. The APA identified household wages of \$476.
Probationer #15	7/17/2015	99	4,480	(4,381)	The only income reported on the FSAI was \$99 in child support. The APA identified household wages of \$4,480. The child support could not be verified.
Probationer #21	7/8/2014	5,652	9,733	(4,081)	The FSAI reported household wages of \$5,652. The APA identified household wages of \$9,733.
Probationer #30	1/5/2015	1,266	1,687	(421)	The FSAI reported wages of \$260 and Social Security benefits of \$1,006. The APA identified household wages of \$573 and \$1,114 in Social Security benefits.
Probationer #30	2/19/2015	1,966	3,630	(1,664)	The FSAI reported wages of \$1,966 and no Social Security benefit. This FSAI included one more wage earner than the one above and the prior Social Security recipient was not included. The APA identified wages of \$2,516 and \$1,114 in Social Security benefits.
Probationer #31	8/20/2014	4,990	7,356	(2,366)	Household wages reported on the FSAI did not agree to the wages identified on the NDOL system. No other income was reported on the FSAI.
Probationer #34	11/17/2014	-	730	(730)	No income was reported on the FSAI. The APA identified household wages of \$377 as well as a \$353 monthly Social Security benefit paid to the probationer during the calendar year 2014.
Probationer #36	6/3/2014	4,967	6,131	(1,164)	The household wages reported did not agree to what was identified on the NDOL system.
Probationer #37	2/9/2015	2,740	4,224	(1,484)	The household wages reported did not agree to what was identified on the NDOL system.
Probationer #38	5/4/2015	1,600	2,544	(944)	The \$1,600 of wages reported on the FSAI was less than the \$2,316 identified by the APA. The FSAI did not include a \$228 monthly Social Security benefit the probationer received during calendar year 2015.

**Note 1:** Wages reported to NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at the monthly wage amount.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

A possible explanation for some of the variances above may be caused by the NDOL records containing gross wages when the household may have reported net wages. Neither the Protocol nor any other AOP policy specified whether the household should report gross or net wages. During testing, both net and gross wages were reported on the FSAI. Because no paystubs were obtained, the impact of this could not be determined.

The table below summarizes the household income for the 3 households that refused to complete the FSAI.

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #26	4/23/2014	\$ -	\$ 2,087	\$(2,087)	Per the FSAI, the family refused to complete the FSAI. The APA identified household wages of \$2,087.
Probationer #28	10/23/2014	-	3,431	(3,431)	The FSAI stated that the father’s response was “personal information regarding finances and expenses are not any of probation [sic] concern as he is not the one who is on probation.” The APA identified household wages of \$3,431.
Probationer #33	5/3/2015	-	5,874	(5,874)	A note on the FSAI states “[U]nwilling to provide his current information as [the probationer] is not his son and this should not financially be his problems [sic].” The APA identified household wages of \$5,874.

**Note 1:** Wages reported to NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at the monthly wage amount.

The table below summarizes the differences in household income for the 8 FSAs that incorrectly reported the probationer as the sole member of the household.

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #2	3/5/2015	\$ -	\$1,875	\$(1,875)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$1,218 and the probationer received a \$657 monthly Social Security benefit during calendar year 2015.
Probationer #4	2/24/2014	-	-	-	The AOP incorrectly included only the probationer on the FSAI. The APA did not identify any wages for the household on the NDOL or DHHS systems.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Continued)

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #5	7/1/2014	-	1,625	(1,625)	The AOP incorrectly included only the probationer on the FSAI. The APA identified the father had \$1,189 in wages and the probationer received a \$436 monthly Social Security benefit during calendar year 2014.
Probationer #7	10/21/2014	-	4,611	(4,611)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$4,611.
Probationer #8	1/23/2015	-	642	(642)	The AOP incorrectly included only the probationer on the FSAI. The APA did not identify any household wages but did identify the probationer received a \$642 monthly Social Security benefit during calendar year 2015.
Probationer #12	12/22/2014	300	2,694	(2,394)	The AOP incorrectly included only the probationer on the FSAI. The FSAI listed the probationer's wages of \$300. The APA identified the household had wages of \$2,694, of which the probationer had wages of \$61.
Probationer #35	3/5/2015	-	3,242	(3,242)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$3,242.
Probationer #40	5/8/2015	-	1,364	(1,364)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$1,364.

*Note 1: Wages reported to NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at the monthly wage amount.*

Sound business practices require policies and procedures be in place to ensure complete and accurate information is obtained in order to make sound decisions. When the AOP does not verify the accuracy of household income reported on the FSAI there is an increased risk they will use inaccurate data to make ability to pay decisions.

***Paystubs on File***

Even when the AOP obtained paystubs, for 2 of 54 FSAs tested, it did not always compare those paystubs to the FSAI or verify that those paystubs were for the only wage earners in the household.

For 1 of the 54 FSAs tested, the household reported \$400 in wages even though the AOP obtained a tax return that identified \$83,443 in annual household wages. The table below summarizes the difference in the FSAI wages and the wages identified by the APA.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Ability to Pay Determination – Juvenile Probationer** (Concluded)

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #22	10/27/2014	\$400	\$7,430	\$(7,030)	The FSAI included only the mother's wages of \$400. The AOP obtained a tax return that identified annual income of \$83,443, which is approximately \$6,954 a month. The APA identified the father's wages were \$7,020 and the mother's wages were \$410.

*Note 1: Wages reported to NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at the monthly wage amount.*

Another FSAI listed the mother's household income and paystubs were obtained that supported the wages; however, the FSAI did not list the probationer's wages. The table below summarizes the difference between the household wages reported on the FSAI and those identified:

Probationer	FSAI Date	FSAI Monthly Household Income	Monthly Income Identified by APA (Note 1)	Variance	Variance Explanation
Probationer #23	6/2/2014	\$1,994	\$2,590	\$(596)	The FSAI did not include the probationer's wages of \$595 a month.

*Note 1: Wages reported to NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at the monthly wage amount.*

2. **Ability to Pay Determination – Adult Probationer**

The AOP did not have a process in place to verify that the provider applied the sliding fee scale correctly based on the probationer's income or that the service was not covered under the probationer's insurance. In addition, the AOP did not have a policy in place that specified whether gross or net income should be considered when determining the probationer's ability to pay.

As a result of the lack of procedures noted, all three adult vouchers tested overpaid providers \$2,330. The following is a breakdown of the overpayment:

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Ability to Pay Determination – Adult Probationer (Concluded)

Probationer	Service Type	Service Cost	Amount Paid by the AOP	Amount Paid by Probationer	Amount to be Paid by the Probationer (Note 1)
Probationer #41	SUD Short-Term Residential	\$1,800	\$1,800	\$ -	\$1,800
Probationer #42	SUD Outpatient Treatment	440	396	44	88
Probationer #43	SUD Intensive Outpatient	1,620	1,620	-	486

*Note 1: This amount was calculated using the AOP's Sliding Fee Schedule and the probationer's income information found in the NPACS system.*

For Probationer #41, the Court's Probation Order stated the defendant was to pay the entire cost of the service needed. Per discussion with the AOP, this was paid because the probationer was not working while receiving the service; however, the AOP had nothing on file to support that this was verified. According to the AOP's case management system, the Nebraska Probation Application for Community Safety (NPACS) system, the probationer had a job and, based on wages received, should have been liable for at least 5% of the service cost, had the court not specifically ordered the probationer to pay the entire amount.

A good internal control plan requires procedures to ensure State funds are being used appropriately and probationers are contributing the proper amount towards their service cost or private insurance is being utilized. Without procedures in place to ensure adult probationers pay the appropriate portion of service costs incurred, there is an increased risk the AOP will pay for services that should be paid by probationers or their health insurance.

We recommend the AOP implement procedures to ensure an adult probationer's income and health insurance is properly considered prior to payment. If the AOP does not make this initial determination, then it should verify that the determination made was correct. Additionally, we recommend the AOP implement a policy on whether gross or net income should be used when determining the probationer's ability to pay.

*AOP's Response: The AOP will review documentation requirements as well as policy and procedure to determine what improvements can be made within existing resources.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**3. Medicaid**

Juveniles who were placed in out-of-home treatment facilities, such as PRTF and TGH, became eligible for Medicaid because they were considered a low income, household of one. During the calendar year ended December 31, 2015, the AOP paid approximately \$10.2 million in PRTF and TGH treatments provided in Nebraska to Medicaid-eligible juveniles. In addition, the AOP paid \$6 million for juvenile probationers to receive PRTF and TGH treatments out-of-state and due to this, the treatment was not eligible to be paid by Nebraska Medicaid. For the juvenile probationers tested that were placed at out-of-state PRTF and TGH, the out-of-state placement was done because the facility was nearest to the household or specifically ordered by a judge.

The AOP also paid \$872,408 for Medicaid eligible treatments when the child may or may not have been eligible for Medicaid. Whereas receiving out-of-home treatments made the juvenile Medicaid eligible, receiving outpatient treatments did not automatically make a juvenile Medicaid eligible. To become Medicaid eligible, these juveniles' households had to meet specific income requirements.

When it became evident that a juvenile required out-of-home treatment or the household's income was below certain thresholds, the probation officer was to work with the family to apply for Medicaid. This initial eligibility application and determination was done through DHHS, which has contracted with Magellan to manage publicly funded mental health and substance abuse treatment for eligible children and adults across the state.

When a Medicaid-eligible juvenile or adult required treatment, the provider was to apply to Magellan for payment of the treatment provided. Magellan then determined whether the individual had the medical need for the treatment, paying the provider if that criterion was met.

The AOP's Guide, Overview of Juvenile Services, and its Juvenile Out-of-Home Policy, Section IV.E.1, require Medicaid to be considered in determining the resources available to pay for a juvenile's treatment.

The AOP has also created a document, the Pre-planning and Applying for Medicaid and Magellan Financial Assistance form, to assist all officers investigating and supervising youth on probation as to what is expected of them when a youth is in need of financial or medical assistance. This document states the following:

*[I]t is the expectation that the probation officer has signed a release and is actively working with Magellan and the evaluation provider to ensure all appropriate placements are approved and application is made the day of admission, if approval is not received prior to admission.*

Per the Pre-Planning and Applying for Medicaid and Magellan Financial Assistance document, the AOP expected registered treatment providers to comply with Magellan requirements and to file appeals when treatments were denied. The document also stated that treatment providers were responsible for filing the necessary documents with Magellan; however, it was the responsibility of the probation officers to ensure this was done timely.

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**3. Medicaid** (Continued)

For 10 of the 11 probationers tested, who received Medicaid-eligible treatments, the AOP lacked documentation to support they were denied by Magellan. The following table lists the different Medicaid-eligible treatments paid by the AOP:

<b>Probationer</b>	<b>Treatment</b>	<b>Treatment Period</b>	<b>Cost of Vouchers Tested Paid by the AOP</b>	<b>Denial of Magellan Application on file</b>	<b>Documentation to Support Magellan Denial Was Appealed</b>
Probationer #2	Hospital PRTF	5/29/2014 to 3/3/2015	109,572	No	No
Probationer #2	JSH TGH	3/4/2015 to 8/13/2015	53,627	Yes	No
Probationer #3	MH TGH	10/29/2014 to 9/17/2015	147,420	No	No
Probationer #3	JSH Risk Assessment	7/13/2015	1,200	No	No
Probationer #5	Hospital PRTF	12/30/2014 to 6/5/2015	62,329	No	No
Probationer #7	Hospital PRTF	10/8/2013 to 12/6/2013 and 7/11/2014 to 10/6/2014	58,756	No	No
Probationer #7	JSH TGH	12/1/2014 to 7/8/2015	72,380	No	No
Probationer #8	JSH TGH	10/19/2015 to 11/17/2015	11,168	Yes	No
Probationer #10	Hospital PRTF	6/11/2014 to 7/10/2014	11,910	No	No
Probationer #12	SUD TGH	6/22/2015 to 6/30/2015	2,448	No	No
Probationer #13	SUD TGH	5/31/2015 to 6/29/2015	8,160	No	No
Probationer #33	Hospital PRTF	6/8/2015 to 6/30/2015	9,131	No	No
Probationer #35	Hospital PRTF	3/8/2015 to 4/6/2015	11,910	Yes	No
<b>Total</b>			<b>\$560,011</b>		

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Medicaid** (Continued)

In addition, three adult probationers were tested, and the AOP did not have documentation to support that the AOP had considered whether those individuals qualified for Medicaid.

Probationer	Treatment	Treatment Period	Cost of Vouchers Tested Paid by the AOP	Denial of Magellan Application on File	Documentation to Support Magellan Denial Was Appealed
Probationer #41	SUD Short Term Residential	11/11/2015 to 11/20/2015	\$1,800	No	No
Probationer #42	SUD Outpatient Treatment	5/4/2015 to 5/18/2015 and 6/15/2015 to 6/29/2015	396	No	No
Probationer #43	SUD Intensive Outpatient	3/9/2015 to 4/7/2015 and 4/8/2015 to 5/6/2015	1,620	No	No
<b>Total</b>			<b>\$3,816</b>		

When Medicaid-eligible treatments are not submitted to Magellan for payment, there is an increased risk the AOP will only use State funds to pay for treatments when Federal funds are available. In addition, when documentation is not received or maintained to support that Magellan denied both the initial application for treatment and the appeal of the denial, there is an increased risk Medicaid eligible treatments will be paid entirely by State funds. Furthermore, when documentation is not obtained to support that Magellan denied payment for treatments, there is an increased risk that the provider could receive duplicate payment from DHHS and the AOP for the same treatment.

We recommend the AOP implement policies and procedures to ensure all Medicaid-eligible treatments are applied for and appealed, if denied. We also recommend the AOP maintain documentation to support that treatments were denied, appealed, and denied again before payment is made.

*AOP's Response: The ability of the AOP to fully implement this recommendation is currently limited as there are additional barriers to overcome. However, the AOP has been, and will continue, working to improve documentation and with the Department of Health and Human Services (DHHS) to reduce barriers and address issues that can be resolved.*

*In response to the APA comment stating the amount paid for Medicaid-eligible treatments, it should be emphasized, Medicaid eligibility does not guarantee Medicaid payment. For example, it is not unusual for a Medicaid-eligible service to be denied because it was determined to not be medically necessary. To illustrate the potential barriers regarding funding, the steps that must be completed before payment is made are listed below.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

3. **Medicaid** (Concluded)

- Youth is enrolled in Medicaid
- Service is covered by Medicaid
- Service provider is enrolled in Medicaid
- Service provider is contracted with Magellan
- Magellan medical necessity standards are met

*In addition, because, as the APA noted, out-of-state placements are not eligible to be paid by Nebraska Medicaid, the AOP will continue its focus on using in-state facilities to serve youth.*

*In response to the APA recommendation regarding documentation, particularly that it should be received before payment, the following issues are examples of current barriers to implementation. First, some Medicaid services require payment before a determination of reimbursement is made. Therefore, documentation could not be received before payment. Second, some Medicaid services do not require completion of the approval/denial/appeal application process. Last, there are issues related to access to information from providers, Magellan and parents.*

**APA Response: The APA agrees that there are situations when Medicaid may deny an eligible probationer’s treatment; however, when Medicaid eligible treatments are provided to Medicaid eligible probationers the AOP should obtain documentation to support that Medicaid ultimately denied the treatment.**

4. **Juvenile Social Security Benefits**

For services that fall under the Other Treatment Services and Out of Home Placement categories, the Guide states that, if a juvenile receives Federal financial assistance, such as Social Security benefits, service providers should seek to become the payee of the benefit and apply the amount received to the juvenile’s service cost.

During the calendar year, 6 of 40 juvenile probationers tested received \$36,237 in Social Security benefits that could have been used to pay for services provided to the probationer, if the provider had applied to become the payee of the probationer’s Social Security benefit, as required by the Guide.

Probationer	FSAI Identified Social Security Benefits Received	Social Security Benefits Received	Social Security Benefits Applied to Service Costs
Probationer #2	No	\$ 12,278	\$ -
Probationer #5	No	8,507	-
Probationer #6	Yes	7,927	-
Probationer #8	Yes	6,419	3,852
Probationer #34	No	3,590	-
Probationer #38	No	1,368	-
<b>Total</b>		<b>\$ 40,089</b>	<b>\$ 3,852</b>

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**4. Juvenile Social Security Benefits (Concluded)**

The AOP explained that probation officers do not have the ability to view Social Security benefits. However, two of the six juveniles had the Social Security benefit reported on the FSAI. The APA obtained the amount of Social Security benefits received from a DHHS system.

When unable to identify probationers receiving a Social Security benefit, the AOP will not know to notify the provider to apply to become the payee of the benefit. As a result, the AOP will expend State funds when other resources are available.

We recommend the AOP work with DHHS to gain access to Social Security information to be used to identify when a probationer is receiving a Social Security benefit. If this is not possible, we recommend the AOP pursue other alternatives for identifying when the probationer receives a Social Security benefit.

*AOP's Response: The AOP agrees with the APA that it does not have the access to fully utilize Social Security benefits and will continue efforts to gain access.*

**5. Voucher Rates Paid**

All approved service providers agree to follow the service definitions and rates set out in the Guide.

The AOP lacked policies that documented the process for approving any rates that differed from those contained in the Guide and to identify the employees authorized to approve such rates. Without such a policy, there is an increased risk that voucher payments may be made for improper or incorrect rates. In addition, the AOP lacked documentation to support how the current rates were determined.

Below is a summary of the 62 of 237 juvenile vouchers tested where the rates paid by the AOP did not agree to the Guide.

Probationer	Service Provided	Guide Rate	Rate Paid	Units of Service	Total Paid Over/(Under) the Guide	Number of Vouchers Paid
Probationer #2	Foster Care	\$69/day	\$78.76/day	70 days	\$683	3
Probationer #2	JSH TGH	272/day	329/day	163 days	9,291	6
Probationer #3	Foster Care	69/day	78.76/day	60 days	586	2
Probationer #3 *	JSH Risk Assessment	1,000	1,200	1 assessment	200	1
Probationer #3 *	MH TGH	272/day	455/day	324 days	59,292	12
Probationer #4 *	JSH Risk Assessment	1,000	1,200	1 assessment	200	1

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

5. Voucher Rates Paid (Continued)

Probationer	Service Provided	Guide Rate	Rate Paid	Units of Service	Total Paid Over/(Under) the Guide	Number of Vouchers Paid
Probationer #4	Hospital PRTF	397/day	467.45/day	3 days	211	1
Probationer #4	Hospital PRTF	397/day	463.79/day	181 days	12,089	6
Probationer #4	Hospital PRTF	397/day	449.42/day	153 days	8,020	6
Probationer #6 *	Relative/Kinship Home Assessment	150	200	1 assessment	50	1
Probationer #7	JSH TGH	272/day	329/day	220 days	12,540	9
Probationer #8	JSH TGH	272/day	372.28/day	30 days	3,008	1
Probationer #10 *	Hospital PRTF	397/day	370/day	327 days	(8,829)	11
Probationer #27	Foster Care	69/day	78.76/day	30 days	293	1
Probationer #31	Day Reporting	120/day	210.08/day	18 days	1,621	1
<b>Total</b>					<b>\$99,255</b>	

\* The AOP lacked written approval letters to support the different rate paid.

For a majority of the services in the table above, the AOP did have letters written to the providers approving the different rate, but those letters were not from the Administrator; moreover, as pointed out already, there was no policy documenting the employees authorized to approve rates that differed from those contained in the Guide.

It was also noted that Probationer #10 received 25 days of Hospital PRTF service at a rate of \$397 per day instead of the correct \$370 identified in the table above. As a result, the AOP paid an excess \$675. Additionally, it was noted that the court had originally ordered a Psychological Evaluation for Probationer #4 and not the JSH Risk Assessment that was performed and for which the AOP paid. The AOP paid \$1,200 for the JSH Risk Assessment when a Psychological Evaluation cost \$750.

Additionally, the Guide did not include rates for Secure/Staff Detention services and the AOP did not have separate contracts or agreements that documented the approved service rates. Thirteen of the 237 juvenile vouchers tested were for Secure/Staff Detention services

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

5. **Voucher Rates Paid** (Continued)

Probationer	Service Provided	Provider	Rate Paid	Units of Service	Total Paid for Vouchers Tested	Number of Vouchers Paid
Probationer #6	Secure/Staff Detention	Lancaster County Youth Services	\$276/day	60.5 days	\$16,698	3
Probationer #8	Secure/Staff Detention	Lancaster County Youth Services	276/day	86.25 days	23,805	3
Probationer #9	Secure/Staff Detention	Scotts Bluff County Detention Center	200/day	54 days	10,800	1
Probationer #10	Secure/Staff Detention	Lancaster County Youth Services	276/day	5.75 days	1,587	1
Probationer #14	Secure/Staff Detention	Sarpy County Juvenile Justice Center	256/day	31 days	7,936	1
Probationer #15	Secure/Staff Detention	Northeast Nebraska Juvenile Services	200/day	4.75 days	950	1
Probationer #18	Secure/Staff Detention	Douglas County Youth Center	210.56/day	124 days	26,109	1
Probationer #19	Secure/Staff Detention	Lancaster County Youth Services	276/day	28 days	7,728	1
Probationer #20	Secure/Staff Detention	Scotts Bluff County Detention Center	200/day	286 days	57,200	1
<b>Total</b>					<b>\$152,813</b>	

During the calendar year, the AOP paid \$10,035,364 in Secure/Staff Detention services without a contract or agreement. The following table lists the Secure/Staff Detention providers during the calendar year:

Secure/Staff Detention Provider	Amount Paid
Lancaster County Youth Services	\$3,747,390
Douglas County Youth Center	3,440,761
Northeast Nebraska Juvenile Services	1,136,545
Sarpy County Juvenile Justice Center	851,118
Scotts Bluff County Detention Center	798,000
Woodbury County Juvenile Detention Facility	61,550

Sound business practice requires the maintenance of documentation to support how the Guide’s service rates paid were determined and the implementation of a process for reviewing those rates periodically to ensure that they are reasonable. The review and subsequent determination, whether to continue with the Guide’s existing rates or to adjust them accordingly, should be documented. In addition, sound business practice requires that policies be in place to document the process for approving any rates that differ from those contained in the Guide and to identify the employees authorized to approve such different rates.

Without policies specifying the employees approved to adjust rates paid to providers, there is an increased risk voucher payment amounts may be improper. In addition, when the AOP does not have contracts, agreements, or services specified in the Guide, there is an increased risk the service will be billed at a higher rate than if a contract or agreement were in place.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

5. **Voucher Rates Paid** (Concluded)

We recommend the AOP implement a policy specifying the process to be followed when a service rate needs to differ from that specified in the Guide. We also recommend the AOP enter into contracts with detention providers to ensure the lowest possible price for services obtained.

*AOP's Response: The AOP does have a process for review and approval of rates. The AOP will consider a formal written policy for authorization and documentation of rate changes. Regarding the APA's statement on rate change letters, the AOP believes they were sent by the appropriate persons. Regarding detention centers, the AOP has been unsuccessful in previous attempts to enter into contracts with detention centers.*

6. **Transportation Vouchers**

The AOP's Juvenile Transportation Services Expectation and Rules (June 1, 2014) states the following:

*[W]henever possible juveniles and their families are to be responsible for transportation. Only juveniles identified by the Probation Officer and approved by the Juvenile Justice Resource Supervisor/designee are eligible for funding for transportation services.*

For 58 of 60 juvenile transportation vouchers tested, the AOP did not have documentation to support why the household could not provide the juvenile transport. The FSAI stated whether the household had access to transportation and if the vehicle was reliable; however, nothing was noted on the voucher or on NPACS as to why the AOP paid for transportation.

The table below summarizes the transportation vouchers tested:

Probationer	FSAI Indicated the Family Had a Vehicle	FSAI Indicated the Vehicle Was Reliable	Number of Transportation Vouchers Without Documentation to Support Why Transport was Provided	Total Cost of the Transportation Vouchers
Probationer #2	Note 1	Note 1	15	\$ 2,852
Probationer #3	Yes	Yes	13	2,478
Probationer #4	Note 1	Note 1	2	946
Probationer #5	Yes	Yes	16	6,204
Probationer #6	Yes	Yes	3	2,225
Probationer #7	Yes	Yes	3	484
Probationer #8	Yes	Yes	4	555
Probationer #9	Yes	No	1	919
Probationer #40	Yes	No	1	1,531
<b>Total</b>			<b>58</b>	<b>\$ 18,194</b>

*Note 1: FSAI section on transportation was not completed.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

6. **Transportation Vouchers** (Concluded)

For the two probationer FSAIs that identified the vehicle was not reliable, the AOP lacked documentation to support that this was accurate.

When the AOP does not document why transportation services are necessary, there is an increased risk the AOP may pay for transportation that could be provided by the household.

We recommend the AOP implement procedures to document why transportation services are necessary.

*AOP's Response: The AOP will consider procedures that increase documentation regarding transport. However, an indication that a household has a vehicle does not necessarily mean that it, or a driver, is available at all times to transport a juvenile probationer to treatment or other services, especially if there is a safety issue.*

**APA Response: We reiterate our recommendation that documentation should be maintained to support why it is necessary for the AOP to pay for a probationer's transportation.**

7. **Excess Authorized Service Period Approvals**

The Guide and the Standardized Model outline the services available for probationers and the normal period for those services. The Guide is used for juvenile probationers, and the Standardized Model addresses services for adult probationers.

The AOP's Juvenile Services Fee for Service Delivery Process required a voucher that exceeded the authorized service period, as identified in the Guide, to go through a separate approval process. The additional approval process was performed by an AOP Quality Compliance Reviewer (QCR), and the purpose was to review the service reports to ensure the extended service was necessary. This same process was to be done for adult probationers as well. The additional approval was documented within the Fee for Service Financial Assistance system.

Twenty-four of the 43 probationers tested had services provided that exceeded the thresholds established in the Guide and did not have documentation to support that they were properly approved by a QCR. The treatment periods that exceeded the Guide and did not have the additional QCR approval ranged from 30 hours to 15 months.

For some services, the AOP explained, the additional approval was not prompted in the Fee for Service Financial Assistance system after the services exceeded the Guide thresholds. For instance, if the Guide threshold for a service was six months, the additional approval may not be prompted until the ninth voucher, which would likely be for the ninth month.

**Exhibit C** provides more detail regarding services provided that exceeded the Guide thresholds and did not have the additional approval documented.

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**7. Excess Authorized Service Period Approvals (Concluded)**

When the additional QCR approval is not performed, there is an increased risk the AOP will pay for services that the probationer no longer requires.

We recommend the AOP implement procedures to ensure the additional QCR approvals are performed, and all services that exceed the Guide thresholds are reviewed for appropriateness.

*AOP's Response: Although the AOP contends that the risk of improper payments is low, it has been aware that the automated voucher process can be improved in this area. Plans for IT projects to correct deficiencies were in process prior to the audit.*

**8. Weakness in Design of Voucher Processes**

Service providers must be approved and entered into the AOP's Fee for Service Financial Assistance system before they can provide probationer services. Once approved, the providers must then be set up in EnterpriseOne, the State's accounting system, which is used to process the provider payment. When it was determined that a probationer required a voucher, a probation officer created the voucher. Vouchers for juvenile probationers were approved by a Juvenile Justice Resource Supervisor (JJRS). The JJRS reviewed the voucher and, if funding was available, approved the voucher, which allowed the probationer to obtain the needed services. Upon completing the service, the provider submitted a report on the Fee for Service Financial Assistance system and applied for payment. After the provider submitted the report, the probation officer was responsible for reviewing and approving the service for payment. Following the probation officer's review, the payment was reviewed and approved by a QCR to ensure the payment was proper. Once approved by the QCR, the payment was transmitted to EnterpriseOne, so the payment could be made.

While various approvals were performed before a voucher was paid, the AOP did not have written procedures that specified what the JJRS, probation officer, or the QCR were to verify during their review in order to approve the voucher payment.

Furthermore, while the approvals appear to be separate and to involve multiple individuals, the Fee for Service Financial Assistance system's design made it possible for a single user to process transactions from beginning to end. During review of the AOP's controls over vouchers, the following was noted:

- Sixty-one users had the ability to create and approve a provider. These same 61 users were also able to complete a voucher transaction from beginning to end without any additional approval required.
- The Fee for Service Financial Assistance system's design allowed 93 users, including the QCRs, to adjust vouchers prior to payment. The Fee for Service Financial Assistance system was not designed to prompt an additional review when vouchers were adjusted.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

8. **Weakness in Design of Voucher Processes** (Continued)

- The 93 users noted previously could also approve vouchers for payment, which should be done only by QCRs. Contrary to the AOP's standard process, six of eight vouchers tested were neither initially nor subsequently approved by a QCR. The six vouchers cost a total of \$6,434.

It was also noted that the Fee for Service Financial Assistance system did not require another user to review and approve adjustments made to voucher payment amounts. In addition, the AOP did not have written policies or procedures that documented how adjustments for prior voucher payment errors should be addressed. The AOP's process was for a QCR to adjust a current voucher payment for the prior over or underpayment, but the adjustment was never reviewed and approved by another QCR.

During voucher testing, 2 of 240 vouchers tested had incorrect adjustments made that resulted in a \$2,250 overpayment. One voucher was incorrectly reduced by \$30, and the other voucher was incorrectly increased by \$2,280.

Another voucher tested was adjusted down \$88 for a prior payment after the provider notified the AOP that Medicaid paid for \$88 of the prior service's cost. The AOP did not have documentation to support that Medicaid paid only \$88 or any explanation for why that amount alone was paid when the service provided cost \$750.

In August 2015, the AOP began reviewing a report that identified vouchers for which the final approval was not made by a QCR. This process reduced the risk of unauthorized users approving vouchers for payments without a QCR's review and approval; however, it did not reduce the risk that a QCR might improperly or inaccurately create and approve a voucher.

A good internal control plan requires an adequate segregation of duties, so no one individual is able to create and approve a voucher for payment. A good internal control plan also requires a secondary review to be performed when a voucher payment is adjusted. When an adequate segregation of duties or a secondary review for adjusted vouchers is not in place, there is an increased risk that improper or incorrect voucher payments may be made.

We recommend the AOP implement procedures to ensure a proper segregation of duties with regard to voucher payments. In addition, we recommend the AOP implement procedures to ensure voucher adjustments are subject to a secondary review.

*AOP's Response: The AOP has been aware that the automated voucher process can be improved in this area. Plans for IT projects to correct deficiencies were in process prior to the audit. The AOP was aware, in each instance, of the six vouchers mentioned by the APA and resolved each situation, at the time, without an improper payment being made. In addition, as the APA stated, compensating controls were put in place during 2015. Regarding the risk of one of the three QCR positions creating and approving a voucher, the AOP contends, although technically possible, the risk is very low given the controls and barriers within the voucher process.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

8. **Weakness in Design of Voucher Processes** (Concluded)

APA Response: Although the AOP may have been aware of why the six vouchers were approved by someone other than a QCR, there was no documentation on file to support that the QCR reviewed and approved these vouchers to ensure the payments were proper.

9. **Improper Payments**

Two of 240 vouchers tested included payments for services not provided which resulted in \$1,386 being improperly paid to service providers.

Probationer	Service Period	Service	Improper Payment Amount	Description
Probationer #2	7/29/2015 to 8/13/2015	Foster Care	\$1,260	The AOP paid for both Therapeutic Group Home and Foster Care services for the same time period. Both services include overnight care and should not have both been paid. The AOP indicated that the Foster Care payments should have started on 8/14/2015.
Probationer #6	10/26/2014 to 11/1/2014	Tracker Low	\$126	The AOP paid for a week of Tracker Low services, even though the service provider report indicated that services for that week had not been obtained.

Additionally, during testing it was noted that one voucher paid was for the incorrect level of service resulting in an underpayment of \$1,050. The voucher paid for 30 days of Group Home B services instead of the correct Group Home A.

A good internal control plan requires procedures be in place to ensure services are paid at the appropriate level and only services provided are paid. Without adequate procedures in place, the AOP was not able to identify incorrect or improper payments.

We recommend the AOP implement procedures to ensure providers are only paid for the correct level of services and for services actually rendered.

*AOP's Response: The AOP will review current processes and make necessary improvements.*

10. **Lack of Monitoring Procedures for Parolee Expenditures**

The AOP contracted with the Department of Correctional Services (Corrections) so that parolees could gain access to the AOP's service providers. Under this contract, the AOP paid for services provided to the parolee. As part of the contract, for the period April 1, 2012, to March 31, 2015, Corrections paid the AOP \$21,906 per month regardless of the total parolee voucher cost. The

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**10. Lack of Monitoring Procedures for Parolee Expenditures** (Continued)

AOP ended the contract after March 31, 2015. Between April 1, 2015, and June 30, 2015, no contract was in place between the AOP and Corrections, but the AOP continued to pay for parolees already receiving services and received no reimbursement from Corrections. A new contract was entered into for the period July 1, 2015, to February 29, 2016, in which Corrections was to reimburse the AOP for vouchers issued on or after June 12, 2015.

Testing of one invoice to Corrections, effective for the July 1, 2015, to February 29, 2016, contract, revealed that the AOP did not bill Corrections for all parolee service vouchers issued after June 12, 2015. In the Corrections receipt tested, nine vouchers, totaling \$11,586, were not invoiced. The AOP stated that Corrections was not to pay for parolee services that originated before June 12, 2015; however, this was not specified in the contract.

During the AOP's contract with Corrections, a thorough review of parolee vouchers was not performed. When parolee vouchers in the Fee for Service Financial Assistance System were ready for a QCR review, the QCRs would ensure that the voucher payment amount was correct based upon the dates of service and the maximum rate payable, as noted on the Adult Sliding Fee Scale. No review was performed by the AOP to ensure the service provided agreed to the order of parole or whether the parolee had an ability to pay for the service provided through income, private insurance, Medicare, or Medicaid.

The table below shows the amount paid by the AOP and the amount received from Corrections during the calendar year ended December 31, 2015:

<b>Month</b>	<b>Amount Paid by AOP</b>	<b>Amount Received From Corrections</b>
January	\$ 115,117	\$ 21,906
February	140,172	21,906
March	115,536	21,906
April	97,393	21,906
May	147,406	-
June	231,405	-
July	195,310	-
August	15,800	4,150
September	18,006	13,058
October	11,568	8,945
November	1,080	2,010
December	-	804
<b>Total</b>	<b>\$ 1,088,793</b>	<b>\$ 116,591</b>

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**10. Lack of Monitoring Procedures for Parolee Expenditures (Concluded)**

A good internal control plan requires that adequate monitoring procedures be in place to ensure expenditures are reasonable and necessary.

Without such procedures, there is greater risk for the loss or misuse of State funds.

If the AOP continues to pay vouchers for parolees, we recommend the AOP specify clearly what services will be billed to Corrections.

*AOP's Response: This finding relates to a prior contract with the Crime Commission through the Community Corrections Council which no longer exists. At that time parolees were automatically eligible to use AOP services. The goal was to provide community corrections programs to as many as could benefit from those services. The AOP will always make sure payments are reviewed, but based on the original intent of the program, it is the AOP's position that determining parolee eligibility for funding is an executive branch function and therefore the duty of the Department of Correctional Services (DCS).*

*As noted, DCS usage of these services has decreased significantly. If DCS continues to request services, the AOP will consider clarifying procedures.*

**11. Health Insurance Consideration**

The Guide states the following:

*During the investigative process, the probation officer will engage the family to determine if there are resources available to pay for needed services. This will include, but is not limited to the following: private pay, health care insurance, use of sliding-fee scales, and Medicaid/Medicare.*

The AOP's Rules Governing the Adult Fee for Service Voucher Program states, "If an offender has private insurance, Medicaid, etc. they are not voucher eligible."

Five of 40 juvenile probationers tested appeared to be covered by private health insurance, but there was no documentation to support why the private health insurance was not considered. For all three adult probationers tested, there was no documentation in the case file to support whether the AOP determined if the probationers were covered under private health insurance.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

11. Health Insurance Consideration (Continued)

Probationer	Service	Service Period	Cost of Vouchers Tested Paid by the AOP	AOP Documentation Identified the Probationer Had Health Insurance	AOP Documented Why Private Health Insurance Was Not Used
Probationer #12	SUD TGH	6/22/2015 to 6/30/2015	\$2,448	Yes	No
Probationer #16	Specialty PRTF	12/7/2014 to 1/5/2015	9,420	Yes	No
Probationer #21	MH TGH	10/29/14 to 11/27/14	8,160	Yes	No
Probationer #22	Intensive Family Preservation	3/9/2015 to 4/5/2015	1,720	Yes	No
Probationer #32	Crisis Stabilization Center	2/12/2015 to 3/3/2015	4,200	Yes	No
Probationer #41	SUD Short Term Residential	11/11/2015 to 11/20/2015	1,800	No	No
Probationer #42	SUD Outpatient Treatment	5/4/2015 to 5/18/2015 and 6/15/2015 to 6/29/2015	396	No	No
Probationer #43	SUD Intensive Outpatient	3/9/2015 to 5/6/2015	1,620	No	No
<b>Total</b>			<b>\$29,764</b>		

While none of the probationer vouchers selected for testing were reduced for health insurance benefits, it was noted that the AOP did have a sliding fee scale for juveniles who were covered under private health insurance. The sliding fee scale identified how much the household should contribute to the deductible or copay. The sliding fee schedule had not been updated since 2012 and was based on the 2011 U.S. Department of Health and Human Services poverty guidelines. The AOP did not have any documentation to support why the scale had not been updated.

Finally, it was also noted that the AOP did not have a policy that specified what procedures the probation officer should perform when a juvenile is not listed on the FSAI as having private health insurance. When the AOP does not have documentation to support whether a probationer may have private health insurance, there is an increased risk the AOP will pay for services that could have been covered by the private health insurance.

We recommend the AOP obtain documentation to support whether the probationer is covered by private health insurance. We also recommend voucher payments be accompanied by documentation for why private health insurance did not pay for the service.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**11. Health Insurance Consideration** (Concluded)

*AOP's Response: The AOP agrees that verification of health insurance is important. However, as stated previously, the AOP does not have the resources to implement this comment to the extent recommended by the APA. Additional barriers may also need to be resolved. For example, although the AOP may be aware that a probationer has insurance, access to specific information about what the policy will cover is sometimes unobtainable.*

**APA Response: If the AOP requires access to additional information we recommend the AOP work with the necessary parties in order to gain this access.**

**12. Incorrect Voucher Payments**

In the testing of a \$92,015 invoice from Douglas County Youth Center (DCYC), it appeared the AOP overpaid for detention services provided. When paying the invoice, the AOP only paid \$85,277, a reduction of \$6,738, because the AOP disagreed with the days billed for two probationers. Another review of the invoice, after the payment had been made, identified a third probationer that had been incorrectly billed \$10,107.

When the AOP requested reimbursement for the \$10,107 overpayment, the DCYC reduced the reimbursement by \$6,317 because they disagreed with \$6,317 of the \$6,738 reduced on the original invoice. As a result, the AOP was only reimbursed \$3,790. Based on documentation observed, it appeared the AOP was due the \$6,317 that was not reimbursed. The AOP was not able to provide any documentation to support it had further pursued the \$6,317 reimbursement.

A good internal control plan requires procedures to be in place to ensure payments to service providers are proper. When errors in invoices are not identified before payment, there is an increased risk that incorrect payments may be made and prove difficult to recoup.

We recommend the AOP strengthen its review process of invoiced services prior to making payment.

*AOP's Response: The AOP will make further attempts to receive reimbursement. The AOP did not have documentation that reimbursement was further pursued because this error was discovered during the audit, not before.*

**13. FSAIs Not Completed Every Six Months**

Fourteen of the 40 juvenile probationers tested did not have a FSAI completed every six months, as required by the Family Service Access Protocol.

Section III.F.1 of the Family Services Access Protocol states, "Formal updates of the FSAI shall occur at a minimum every 6 months during supervision."

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**13. FSAIs Not Completed Every Six Months (Concluded)**

When FSAIs are not completed in a timely manner, there is an increased risk the probation officer may be using inaccurate data to determine the household's ability to contribute to the cost of the probationer's service.

We recommend the AOP implement procedures to ensure FSAIs are completed every six months, as required by the Family Service Access Protocol.

*AOP's Response: The AOP will review protocol and update compliance procedures as needed.*

**14. Voucher Coding Issues**

The AOP's Fee for Service Financial Assistance system, which is used to track voucher payments, interfaces voucher information with the State's accounting system, EnterpriseOne, so that voucher payments can be made. When the Fee for Service Financial Assistance system interfaces with EnterpriseOne, all voucher payments are recorded as current-period obligations, regardless of when the service was provided.

Each year, the Nebraska Department of Administrative Services (DAS) compiles the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30. In order to do so, DAS must obtain accurate financial data either from EnterpriseOne or directly from the State agencies. Since all voucher payments are recorded as current-period expenditures, the AOP should inform DAS of voucher expenditures made after June 30 for services prior to that date. This is necessary so that DAS may properly record payables on the CAFR.

Vouchers paid in July 2015 totaled \$5,029,011.

Per the Government Accounting Standards Board Codification 1100, Summary State of Principles, paragraph .110(a), "Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable . . . ." Failure to record or track voucher payables correctly increases the risk the CAFR may be materially misstated.

We recommend the AOP implement procedures to ensure voucher payables are reported properly to DAS.

*AOP's Response: The AOP will implement procedures to ensure DAS receives the necessary information.*

**15. Problem Solving Court Voucher Expenditures**

Although Problem Solving Courts are separate from the probation services, the vouchers paid to both were recorded to the same State program in EnterpriseOne: Program 435, Probation Community Corrections. As a result, the AOP was not accurately tracking the expenditures incurred by the two different programs: Program 420, State Specialized Court Operations, which includes Problem Solving Courts, and Program 435, Probation Community Corrections.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**15. Problem Solving Court Voucher Expenditures (Concluded)**

During the calendar year ended December 31, 2015, Program 420 recorded \$1,296,224 in general fund expenditures and \$898,136 in cash fund expenditures to Program 435. The cash funds were paid out of the Probation Program Cash Fund, into which Program 420 receipts are required by Neb. Rev. Stat. § 29-2262.06 (2) (Reissue 2008) to be deposited.

Additionally, the AOP did not track Program 420 and Program 435 fund balances separately within the Probation Program Cash Fund. Because Program 420 and Program 435 both receipt and disburse funds from the Probation Program Cash Fund, the cash balance for each program within the fund should be tracked.

Sound accounting practice requires expenditures to be recorded properly so that correct data is used in decision making, and any necessary reporting is accurate. Failure to track program expenditures properly increases the risk of incorrect reporting and financial misstatements. Additionally, not tracking the cash balances within a fund that records multiple program activities increases the risk that a program may expend more funds than what is available.

We recommend the AOP implement procedures to record Problem Solving Court voucher expenditures to the correct program, Program 420. We also recommend the AOP begin tracking separately the fund balances within the Probation Program Cash Fund for Programs 420 and 435.

*AOP's Response: The AOP will consider shifting expenditures for problem-solving court participants to Program 420. At this time, the recommendation cannot be implemented until the Legislature establishes Cash Fund spending authority in Program 420. Although the AOP does not track fund balances to the extent recommended by the APA, the AOP was able to provide all revenue and expenditure information requested by the APA.*

**16. Policies on Providers with Disciplinary Action**

The AOP did not have a written policy that identified the procedures to be followed when a service provider subject to current disciplinary action, from a licensing authority, applied to become a registered service provider. The AOP had a policy for current juvenile and adult substance abuse providers; however, the AOP lacked a policy that specified the procedures to be followed when a current non-substance abuse provider was disciplined.

One of 10 registered service providers tested was under disciplinary action during the calendar year ended December 31, 2015. Per the AOP, that provider applied to become a registered service provider while still being disciplined. While the decision to approve the service provider did not appear unreasonable, the AOP had no documentation to support its decision to approve the service provider.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

16. **Policies on Providers with Disciplinary Action** (Concluded)

A good internal control plan and sound business practices require a written policy setting out for the procedures to be followed, including the appropriate documentation thereof, when a current or prospective service provider is identified as being subject to disciplinary action.

Without such a policy, there is an increased risk that the probationer may not receive adequate services.

We recommend the AOP implement a written policy that specifies the procedures to be followed, including the appropriate documentation thereof, when either a current service provider not covered under the standardized model or prospective service provider is identified as being subject to disciplinary action.

*AOP's Response: The AOP stands by its decision to approve the service provider on the basis that the provider was in good standing at the time and fully licensed to provide services. Therefore, no additional documentation was required at the time.*

*The AOP currently has a disciplinary process in place, when needed. However, to address the APA's specific recommendation regarding a lack of written policies for certain situations, the AOP will consider developing such policies.*

**APA Response: The service provider's license was reinstated on probation with a limitation in September 2012. The service provider completed probation in November 2015, and in December 2015 the limitation on their license was removed. The APA is not questioning whether the decision to approve the service provider was reasonable. Rather, during the examination it was noted that the AOP did not have a written policy that specified the procedures to be followed when service provider, subject to current disciplinary action, applied to become a registered service provider.**

17. **State Wards**

During testing of probationers, the AOP was found to be paying the service costs for a juvenile ordered to be in the custody of DHHS. The AOP had no documentation on file to support why DHHS did not pay for all, or even a portion, of the probationer's service costs. The AOP paid \$131,620 for this ward during the calendar year ended December 31, 2015.

Neb. Rev. Stat. § 43-290.01 (Cum. Supp. 2014) identifies the entity responsible for the payment of certain juvenile service costs. Subsection (1) of that statute requires the county to pay such costs prior to adjudication. The AOP is responsible, however, for post-adjudication service costs, as follows:

*Payment of costs for juveniles described in or alleged to be described in subdivision (1), (2), (3)(b), or (4) of section 43-247, except as ordered by the court pursuant to section 43-290, shall be paid by:*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

17. **State Wards** (Concluded)

*(a) The county for the period of time prior to adjudication, except as provided in subdivision (1)(b) of this section. Such costs paid for by the county include, but are not limited to, the costs of detention, services, detention alternatives, treatment, voluntary services, and transportation;*

*(b) The Office of Probation Administration for:*

*(i) The period of time after adjudication until termination of court jurisdiction, including, but not limited to, the costs of evaluations, detention, services, placement that is not detention, detention alternatives, treatment, voluntary services, and transportation, other than transportation paid under subdivision (1)(c) of this section;*

Per § 43-290.01(2), DHHS is responsible for service costs incurred as a result of a juvenile's court-ordered placement with that agency:

*For payment of costs involved in the adjudication and disposition of juveniles, other than those described in subsection (1) or (3) of this section:*

*(a) The Department of Health and Human Services shall pay the costs incurred during an evaluation or placement with the department that is ordered by the court except as otherwise ordered by the court pursuant to section 43-290;*

Unlike either the counties or the AOP, DHHS receives Federal funding that could be used to pay for eligible juveniles' service costs.

A good internal control plan requires procedures to be in place to ensure that proper funding sources are being used to pay for probationer service costs. Without such procedures, there is an increased risk that the AOP will pay for services that could be paid by DHHS, which receives Federal funds for that purpose.

We recommend the AOP implement procedures to ensure that proper funding sources are being used to pay for probationer service costs.

*AOP's Response: DHHS and the AOP interpret the current statute differently regarding which entity is responsible for the expenses of State wards that are under dual supervision. The AOP has been working with DHHS to resolve this issue.*

18. **Probation Cash Fund Usage**

Probation vouchers are paid from General Fund appropriations and from fees charged to probationers, which are deposited into the Probation Program Cash Fund. The AOP did not have a policy that documented how the AOP determined the amount of probation vouchers that would be paid from the General Fund and the Probation Program Cash Fund.

During the calendar year ended December 31, 2015, all juvenile probation vouchers were paid from the General Fund; however, adult and parolee probation vouchers had \$1,372,956 paid from the General Fund and \$2,034,079 paid from the Probation Program Cash Fund.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**18. Probation Cash Fund Usage (Concluded)**

The Probation Program Cash Fund began the calendar year with a balance of \$3,648,297 and ended with a balance of \$1,875,776.

Sound business practices require a formal policy to be in place to document how the AOP is to utilize both the General Fund and the Probation Program Cash Fund when paying juvenile, adult, and probation vouchers. Without such a policy, there is an increased risk that the Probation Program Cash Fund might be underutilized for the payment of vouchers, resulting in its accumulation of an unnecessarily large balance.

We recommend the AOP implement a formal policy to document how the AOP is to utilize both the General Fund and the Probation Program Cash Fund when paying juvenile, adult, and probation vouchers.

*AOP's Response: The AOP will consider creating a formal policy regarding General and Cash Fund usage. As noted by the APA, the Cash Fund balance has decreased, significantly reducing the risk of using General Funds unnecessarily or accumulating a large Cash Fund balance.*

**19. Service Provider Approved Services**

Probation vouchers were paid to the entity responsible for providing the service. Employed within that entity, however, might have been several individuals who were the actual service providers. Per the Guide, those within the entity who wish to become service providers must register separately with the AOP prior to providing services.

During testing, it was noted that the Fee for Service Financial Assistance system did not have an edit check designed to verify that providers performed only those services that they were approved to provide. The APA tested 10 of the largest individual service providers and found that 6 of them performed unapproved services during the calendar year ended 2015. Although the entities that were paid for the vouchers were approved to provide these types of services, it was the AOP's policy that the individual provider be approved for the service also.

The following table presents details regarding the six unapproved providers:

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

19. Service Provider Approved Services (Continued)

Individual Service Provider	Associated Entity	Services Provided by the Individual Service Provider That Were Not Approved	Total Amount Paid For Unapproved Services During Calendar Year 2015
Service Provider #1	Boys Town	Crisis Stabilization Center, Enhanced Shelter Care, Group Home B, Relative/Kinship Home Assessment	\$4,647,278
Service Provider #2	Heartland Family Services	Crisis Stabilization Center, Enhanced Shelter Care	826,295
Service Provider #3	Family Skill Building Services, Nebraska Youth Center	Electronic Monitoring CAM, Electronic Monitoring GPS, Tracker High, Tracker High Intensity, Tracker Low, Tracker Low/Mid Intensity, Tracker Medium	689,140
Service Provider #4	Cedars Youth Services	Crisis Stabilization Center, Enhanced Shelter Care, Relative/Kinship Home Assessment	495,160
Service Provider #5	KVC Behavioral Healthcare, Inc.	Family Support Worker, Respite Care	42,029
Service Provider #6	Omaha Home for Boys	Family Support Worker, Independent Living	32,632

Similarly, in a separate test of 34 vouchers, we noted four providers, not identified in the previous table, provided services that they were not listed as being approved for on the service provider listing. Again, the entities that were paid for the vouchers appear to have been approved to provide these types of services.

The table below presents more detail for the additional four unapproved providers:

Probationer	Service	Service Period	Cost	Service Provider Was Approved to Provide the Service	Entity Was Approved to Provide the Service
Probationer #13	SUD TGH	5/31/2015 to 6/29/2015	\$8,160	No	Yes
Probationer #16	Specialty PRFT	12/7/2014 to 1/5/2015	9,420	No	Yes
Probationer #33	Hospital PRFT	6/8/2015 to 6/30/2015	9,131	No	Yes
Probationer #41	SUD Short Term Residential	11/11/2015 to 11/20/2015	1,800	No	Yes

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**19. Service Provider Approved Services** (Concluded)

A good internal control plan requires the AOP to have procedures in place to ensure that it is paying only approved service providers. Without such procedures, there is an increased risk that the AOP will pay for services performed by unapproved providers.

We recommend the AOP implement procedures to ensure that payments are made only to entities for providers approved for the services they provide.

*AOP's Response: As noted by the APA, in each instance, the service entity was approved to provide the services. However, the AOP will consider strengthening current procedures to verify individual providers are approved for each service they provide.*

**20. Rounding Service Hours**

Five of 240 vouchers tested were rounded to the nearest hour, but the AOP lacked a policy allowing service hours to be adjusted in that manner. All five vouchers were for Family Support Worker hours.

The detail for the five adjusted vouchers is provided below:

<b>Voucher Number</b>	<b>Hours Billed</b>	<b>Hours Paid</b>	<b>Variance Over/(Under)</b>	<b>Over/(Under) Payment</b>
Voucher 1	15.75	16.00	0.25	\$ 13
Voucher 2	19.50	20.00	0.50	26
Voucher 3	23.50	24.00	0.50	26
Voucher 4	2.25	2.00	(0.25)	(13)
Voucher 5	4.52	5.00	0.48	25
<b>Total</b>	<b>65.52</b>	<b>67.00</b>	<b>1.48</b>	<b>\$ 77</b>

Sound business practices require a policy to be in place to document when and how to round or otherwise adjust the service hours provided. Without such a policy, there is an increased risk that improper payments will be made.

We recommend the AOP implement a policy that specifies when and how service hours are to be rounded or otherwise adjusted.

*AOP's Response: The AOP will consider the benefits and cost of changing IT programming to implement this recommendation.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS  
(Continued)

**Expenditure Comments**

**21. Incorrect Contract Payments**

The Master Service Agreement between the AOP and Capstone Consulting, Inc. (Capstone), states, "Customer shall pay Capstone fees pursuant to the schedule set forth on each Attachment to this Agreement."

The contract between the AOP and Capstone was based upon a Master Service Agreement, which utilized additional agreements to establish each project and the consultants' hourly rates. For two of four expenditures to Capstone tested, the rates invoiced did not agree to the contractual rates established in the agreements, and the AOP did not have any documentation to support that the rate changes had been approved.

One agreement required a Data Modeler and a Data Warehouse Architect, both of whom should have been paid \$115 per hour. The related invoice charged \$125 per hour for the Data Modeler and \$105 for the Data Warehouse Architect. Each employee worked 104 hours during the period, which resulted in a net effect of \$0.

Another agreement set the hourly rates of a Delivery Manager, a User Interface (UI) Designer, and a Scrum Master at \$111, \$106, and \$121, respectively. On the invoice tested, the Delivery Manager and UI Designer were paid \$118, and the Scrum Master was paid \$110. The difference in the agreement and invoice rates caused the invoice to be \$1,144 less than it contractually should have been.

The AOP made 46 payments, totaling \$2,253,678, to Capstone during the calendar year ended December 31, 2015.

A good internal control plan requires the AOP to have procedures in place for comparing the invoiced and contracted rates of all service agreements to ensure their uniformity. Without such procedures, there is an increased risk that the AOP may overpay for services.

We recommend the AOP implement procedures for comparing the invoiced and contracted rates of all service agreements to ensure their uniformity.

*AOP's Response: The AOP will enhance current procedures for monitoring contract payments. The APA statement of the total amount paid to the contractor could imply that payments to the contractor were improper. Nowhere is it stated that any payments were improper.*

**22. Lack of Purchasing Policy**

The AOP utilized Reporting Centers to provide many different services that probationers may have been required to receive as part of their probation. The AOP did have policies specifying the purchasing guidelines for Reporting Center services; however, no policy existed for purchases of general goods and services that would be used to support the AOP. For goods and services not specific to its Reporting Centers, moreover, the AOP did not have a policy that outlined when bids were required to be obtained and how the vendor selection was to be determined and documented.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**22. Lack of Purchasing Policy (Concluded)**

As provided under Chapter 73, Article 5, of the Nebraska Revised Statutes, this State's courts are not subject to the DAS contracting guidelines. However, the AOP should have internal policies and procedures in place to ensure that it is receiving the best price for all goods and services purchased.

The AOP made the following payments to vendors that provided general goods and services during the calendar year ended 2015:

- Capstone was paid \$2,253,678.
- Redwood Toxicology was paid \$503,409.
- University of Nebraska Lincoln Center for Children, Families, and the Law was paid \$109,715.
- Promodel was paid \$99,000.
- Temporary Chief Probation Officer for District 1 was paid \$53,767.

The Capstone, Redwood Toxicology, and Promodel contracts did not go through a formal bidding process before the vendor was selected. The other two vendors were sole service providers that were approved by the AOP Administrator.

It was also noted that the Capstone contract was not reviewed by legal counsel prior to entering into the contract. According to the AOP, a standard legal review of its contracts was not implemented until March 2014, and the Capstone contract was entered into in August 2013.

A good internal control plan and sound business practices require the AOP to implement uniform guidelines for its purchase of all goods and services. Those purchasing guidelines should include, at a minimum, the following: 1) when bids are required; 2) how many bids are necessary; 3) the vendor selection process; and 4) how the vendor selection process should be documented.

The AOP purchasing guidelines should also require a documented legal review of all contracts prior to acceptance.

Without such guidelines, there is an increased risk that the AOP may not receive the most competitive price for goods or services purchased, and certain contractual terms unfavorable to the State may be overlooked.

We recommend the AOP implement guidelines for its purchase of all goods and services to ensure that the most competitive price is received for goods or services purchased, and no contractual terms unfavorable to the State are overlooked.

*AOP's Response: The AOP has started to develop purchasing policies for certain goods and services. Formal guidelines will mention a legal review which is currently required. The APA statement of the total amount paid to certain vendors could imply that payments to the vendors were improper. Nowhere is it stated that any payments were improper.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**23. Lack of Documentation to Support Expenditure**

The services contract between the AOP and the University of Nebraska Lincoln's Center on Children, Families, and the Law (UNL) contains the following provision, in the Payment section:

*Contractor shall submit an itemized invoice and supporting reports listing all expenditures of funds received from this Contract to Probation Administration one month prior to the disbursement dates given above. Such reports shall provide sufficient detail to support the payment requested.*

Testing of a \$57,621 expenditure to UNL revealed insufficient documentation to support payment. The support provided was a report from the University's accounting system that did not include an itemized listing of expenditures, as required by the above contractual provision. Additionally, the AOP did not formally document its review and approval of the expenditure.

Total payments made to UNL during the calendar year amounted to \$109,715.

A good internal control plan requires procedures for ensuring that, pursuant to the terms of the contract, itemized invoices are received from UNL. Those itemized invoices should be reviewed by AOP employees with knowledge of the items purchased in order to ensure that all payments are properly supported.

We recommend the AOP implement procedures to ensure UNL submits itemized invoices sufficient to support all payments, as required by the terms of the contract.

*AOP's Response: The AOP terminated its contracts with the Center on Children, Families and the Law at UNL effective January 30, 2015. The functions are now performed by judicial branch staff.*

**24. Reimbursed Meals**

One of three meal reimbursements tested revealed that an AOP employee was reimbursed \$18 more than what was allowable per U.S. General Service Administration (GSA) guidelines.

The GSA guidelines limit meal reimbursements for Los Angeles, California, to \$12 for breakfast and \$36 for dinner; however, the employee was reimbursed \$66 instead of the \$48 GSA threshold.

A lunch provided by the conference was not reimbursed.

Section 5.E.(1) of the Nebraska Supreme Court's Other Personnel-Related Policies states the following:

*Reimbursements for meals will not exceed the U.S. General Services Administration (GSA) limits on meals . . . . Employees or officers will not be reimbursed for any meal that was provided as part of an event . . . .*

A similar comment was included in the prior report.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**24. Reimbursed Meals (Concluded)**

A good internal control plan and sound business practices require procedures for reviewing AOP meal expense reimbursements to ensure that they comply with applicable GSA guidelines.

Without such policies, there is an increased risk that employees will receive meal reimbursements in excess of what GSA guidelines allow.

We recommend the AOP strengthen its procedures for reviewing AOP meal expense reimbursements to ensure that they comply with applicable GSA guidelines.

*AOP's Response: This was an error that has been corrected. The employee has reimbursed the AOP.*

**25. Permanently Assigned Vehicles**

The AOP had 86 permanently assigned vehicles. Nine of those vehicles do not appear to have been driven enough to meet the DAS Transportation Services Bureau (TSB) criteria for a permanently assigned vehicle.

The nine vehicles were driven fewer than 800 miles per month, assigned to locations where there was a TSB pool, and were not used more than 17 occasions a month between April and November, 2015. Additionally, we noted there was no documented review of the utilization of permanently assigned vehicles.

Additionally, during testing of two payments to TSB for permanently assigned vehicles, six transportation services bureau mileage logs tested had 23 of 79 trips that could not be verified because the log did not include specific destinations. For the unsupported trips, a total of 395 miles were driven at a cost of \$105.

The AOP paid TSB \$437,119 during the calendar year.

TSB Policies and Procedures, Section 6, states, "Leasing Agencies are expected to use each lease vehicle more than 1000 miles per month when averaged over the life of the lease."

Additionally, Neb. Rev. Stat. § 81-1025(1) (Reissue 2014) provides the following:

*Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned.*

A good internal control plan requires procedures to ensure that all vehicles permanently assigned to the AOP are used in strict accordance with applicable TSB Policies and Procedures, and State law governing the documentation of such vehicle usage is followed.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**25. Permanently Assigned Vehicles** (Concluded)

Without such procedures, there is an increased risk of not only improper usage of or payments for vehicles permanently assigned to the AOP but also violation of State law.

We recommend the AOP strengthen its procedures to ensure that all vehicles permanently assigned to the AOP are used in strict accordance with applicable TSB Policies and Procedures, and State law governing the documentation of such vehicle usage is followed.

*AOP's Response: The AOP currently has a procedure that rotates vehicles within Nebraska in order to increase mileage and routinely reviews vehicle utilization. As a result, the number of vehicles in compliance with TSB policy has increased. The AOP will increase documentation of that review. The AOP also regularly meets with TSB to discuss and resolve issues. Regarding mileage log documentation, the AOP will continue to monitor the records and make changes as resources allow.*

**Payroll Comments**

**26. Payroll Lack of Segregation of Duties**

One individual entered AOP employee time worked into the accounting system, processed the pre-payroll report, reviewed the pre-payroll report, made changes to the pre-payroll report when required, and processed the final payroll. A secondary review of the employee hours or payroll information processed by the single individual in charge of entering that data was not performed.

During testing of 18 employees, we noted that leave recorded on 2 employees' timesheets did not agree to what was entered in EnterpriseOne. One employee's timesheets reflected 23 hours of leave; however, in EnterpriseOne, 24 hours of leave was recorded. For the other employee, one hour of sick leave was recorded on the employee's timesheet, but one hour of compensatory time used was recorded in the accounting system.

Total AOP payroll expenditures during calendar year 2015 were \$39,832,388.

A good internal control plan requires procedures to ensure an adequate segregation of duties over the payroll process to ensure that no one individual is in a position both to perpetrate and to conceal errors or irregularities. Among other things, the segregation of duties should include separate individuals entering and reviewing payroll inputs.

Without such procedures, there is a greater risk for errors or irregularities to occur during the payroll process.

We recommend the AOP implement procedures to ensure an adequate segregation of duties over the payroll process.

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**26. Payroll Lack of Segregation of Duties (Concluded)**

*AOP's Response: Although the AOP will review the current process and the resources needed to increase segregation of duties, it disagrees with the APA's statement that one person was responsible for the entire payroll process. The AOP payroll employee's salary is entered and reviewed by another person and the AOP's payroll is certified by yet another person. The certification process includes a review of payroll. The APA statement of the total amount of payroll could imply that payments to employees were improper. Nowhere is it stated that any payments were improper or unreasonable.*

**APA Response: The APA agrees that another employee entered the wage for the person responsible for processing payroll; however, the employee who processed payroll had the ability to adjust their wage during payroll processing. While the AOP did perform certain reviews, none of those were detailed enough to identify errors or improper payments. The reviews focused on whether overall payroll amounts for the AOP appeared reasonable but did not include a detailed review at the employee level.**

**27. Incorrect Compensatory Time Earned**

For calendar year 2015, we noted that 545 hours of compensatory time were improperly earned at one hour for a cost of approximately \$11,000. When compensatory time was earned in the same week that leave was used, the compensatory time was improperly earned at one hour. Only when more than 40 hours were worked during the week should compensatory time be earned at time and-a-half.

During payroll testing, we noted three AOP employees who earned compensatory time during a week in which they also used vacation or sick leave.

- One employee worked 34 hours during the week, used 8 hours of sick leave, and earned 2 hours of compensatory time.
- One employee worked 35 hours during the week, used 8 hours of vacation leave, and earned 3 hours of compensatory time.
- One employee worked 41 hours during the week, used 1 hour of sick leave, and earned 2.5 hours of compensatory time. The employee should have earned only 1.5 hours of compensatory time. Additionally, this employee terminated at the end of the week and was mistakenly paid \$25 for the incorrect compensatory time received.

The Nebraska Supreme Court's Personnel Policies and Procedures, Section 25, Workweek and Work Schedule, B. Non-Exempt Overtime/Compensatory Time, states the following:

*Overtime is considered time in excess of the designated 40-hour workweek. Leave time (vacation, sick, etc., with the exception of holiday leave) shall not be considered as hours worked. Before any time can be considered as overtime, an employee must work, not just get paid for, 40 hours during the designated workweek. Time in excess of the 40-hour workweek may then be considered overtime.*

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Continued)

**27. Incorrect Compensatory Time Earned** (Concluded)

Based upon the results of our testing, the AOP was not in compliance with the Nebraska Supreme Court's policies and procedures.

A similar comment was included in the prior report.

A good internal control plan requires procedures to ensure that AOP employees earn compensatory leave in compliance with the Nebraska Supreme Court's personnel policies and procedures.

Without such procedures, there is an increased risk of not only noncompliance with the Nebraska Supreme Court's personnel policies and procedures but also improper payments to AOP employees based upon incorrect compensatory leave calculations.

We recommend the AOP implement procedures to ensure its employees earn compensatory leave in compliance with the Nebraska Supreme Court's personnel policies and procedures.

*AOP's Response: The AOP will review compensatory time practices to ensure compliance.*

**28. Timecard Approvals**

The APA identified the following issues related to approval of time worked and leave earned:

- Weekly or monthly timecards for 2 of 18 employees tested were not approved by a supervisor.
- For 2 of 18 employees tested, timecards were not signed by the employee.
- One employee tested earned 1.5 hours of compensatory time that was not approved by a supervisor.

A similar comment was included in our prior report.

A good internal control plan requires procedures to ensure that employee timesheets, including any compensatory time earned, are signed by the employee and approved by an immediate supervisor.

Without such procedures, there is an increased risk for payroll errors.

We recommend the AOP strengthen its procedures to ensure that employee timesheets, including any compensatory time earned, are signed by the employee and approved by an immediate supervisor.

*AOP's Response: The AOP will review current procedures with the goal of reducing timecard errors.*

ADMINISTRATIVE OFFICE OF PROBATION

COMMENTS AND RECOMMENDATIONS

(Continued)

**Receipts Comments**

**29. JUSTICE Receipts Not Reconciled to Deposits**

When an individual is placed on probation, probation fees are ordered by a county or district court judge on a document called “Orders of Probation.” This document dictates what the probationer is to pay or do as part of his or her probation. Receipts of probation fees are collected and entered into the Judicial User System to Improve Court Efficiency (JUSTICE), which is used by the county and district courts to record all financial and case activity.

On a monthly basis, county and district courts ran reports from JUSTICE that identified the probation fees collected that were to be remitted to the State Treasurer for deposit to AOP funds.

The AOP relied solely on the State Treasurer to ensure all probation fees were receipted in JUSTICE and were deposited correctly to the AOP funds. Additionally, the AOP did not have a procedure to reconcile money deposited into its funds to probation fee receipts in JUSTICE.

The AOP received \$2,789,969 from the county and district courts during the calendar year ended December 31, 2015.

A similar comment was included in our prior report.

A good internal control plan and sound accounting practices require procedures to ensure that the AOP reconciles probation fees deposited into its funds to the appropriate probation fee receipts in JUSTICE.

Without such procedures, there is an increased risk that a probation fee may be recorded to the wrong fund or the amount deposited may be incorrect.

We recommend the AOP implement procedures to ensure probation fees deposited into its funds are reconciled to the appropriate probation fee receipts in JUSTICE.

*AOP’s Response: Although this comment relates to probation fees it involves all court fees collected. JUSTICE does produce a report that is used by each court to verify that the amount submitted to the Treasurer matches the amount received in JUSTICE. In addition, Cash Funds that receive probation fees are monitored. Any significant increases or decreases are reviewed. As stated in the prior audit, the judicial branch does recognize the issue regarding reconciliation and does not have the resources currently to fully implement this recommendation. However, the judicial branch is developing tools to monitor revenue collection and will review whether receipt reconciliation can be included in the development.*

ADMINISTRATIVE OFFICE OF PROBATION

**COMMENTS AND RECOMMENDATIONS**

(Concluded)

**30. Incorrect Invoiced Amounts**

Two of six AOP invoices sent to other entities were incorrect resulting in the two entities being overbilled a total of \$3,539.

- The AOP overbilled Lancaster County \$410 for the use of a probation officer's services from July 1, 2014, to June 30, 2015. This was caused by the AOP using the incorrect wages for the probation officer.
- The AOP overbilled DHHS for the Rural Improvement for Schooling and Employment (RISE) program by \$3,129. The AOP invoiced \$3,129 more in personnel costs than was supported.

A good internal control plan and sound business practices require procedures to ensure invoices are accurate. Without procedures, there is an increased risk the AOP will incorrectly invoice entities.

We recommend the AOP strengthen its procedures to ensure that the amounts it invoices are accurate.

*AOP's Response: The AOP is in the process of correcting these errors.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.nebraska.gov

### ADMINISTRATIVE OFFICE OF PROBATION

### INDEPENDENT ACCOUNTANT'S REPORT

Administrative Office of Probation  
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues and Expenditures of the Administrative Office of Probation for the calendar year ended December 31, 2015. The Administrative Office of Probation's management is responsible for the Schedule of Revenues and Expenditures. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Revenues and Expenditures and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues and expenditures of the Administrative Office of Probation for the calendar year ended December 31, 2015, based on the accounting system and procedures prescribed by the State of Nebraska's Director of the Department of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies and material weaknesses in internal control; instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement; and abuse that has a material effect on the subject matter

or an assertion about the subject matter of the examination engagement. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Revenues and Expenditures is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues and Expenditures or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Supreme Court, State Probation Administrator, others within the Administrative Office of Probation, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'C. J. Janssen', with a long horizontal flourish extending to the right.

Charlie Janssen  
Auditor of Public Accounts

June 27, 2016

**ADMINISTRATIVE OFFICE OF PROBATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
For the Calendar Year Ended December 31, 2015

	General Fund 10000	Probation Supervision Fund 20520	Probation Contractual Services Fund 20560	Probation Program Fund 20580	Probation Grants Fund 40520	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>						
Appropriations	\$ 106,027,734	\$ -	\$ -	\$ -	\$ -	\$ 106,027,734
Intergovernmental	-	-	91,315	246,977	232,305	570,597
Sales & Charges	170,194	486,370	-	2,250,946	-	2,907,510
Miscellaneous	174	3,649	692	78,254	1,143	83,912
<b>TOTAL REVENUES</b>	<b>106,198,102</b>	<b>490,019</b>	<b>92,007</b>	<b>2,576,177</b>	<b>233,448</b>	<b>109,589,753</b>
<b>EXPENDITURES:</b>						
Personal Services	39,658,512	-	34,816	-	139,060	39,832,388
Operating	65,162,261	593,770	11,683	3,575,457	10,053	69,353,224
Travel	1,206,961	-	166	7,980	15,622	1,230,729
<b>TOTAL EXPENDITURES</b>	<b>106,027,734</b>	<b>593,770</b>	<b>46,665</b>	<b>3,583,437</b>	<b>164,735</b>	<b>110,416,341</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,368	(103,751)	45,342	(1,007,260)	68,713	(826,588)
<b>OTHER FINANCING SOURCES (USES):</b>						
Deposit to General Fund	(170,368)	-	-	-	-	(170,368)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(170,368)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(170,368)</b>
Net Change in Fund Balances	\$ -	\$ (103,751)	\$ 45,342	\$ (1,007,260)	\$ 68,713	\$ (996,956)

The accompanying notes are an integral part of the schedule.

ADMINISTRATIVE OFFICE OF PROBATION

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2015

1. Criteria

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of the Department of Administrative Services (DAS) include:

*The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]*

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2014), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues and Expenditures was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Administrative Office of Probation to record all accounts receivable and related revenues in EnterpriseOne; as such, the Administrative Office of Probation's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2015, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2015, **does not** include amounts for goods and services received before December 31, 2015, which had not been posted to the general ledger as of December 31, 2015.

The fund types established by the State that are used by the Administrative Office of Probation are:

**10000 – General Fund** – Accounts for activities funded by general tax dollars and related expenditures and transfers.

**20000 – Cash Funds** – Account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

ADMINISTRATIVE OFFICE OF PROBATION

**NOTES TO THE SCHEDULE**

(Continued)

1. **Criteria** (Concluded)

**40000 – Federal Funds** – Account for the financial activities related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable Federal requirements.

The major revenue account classifications established by State Accounting and used by the Administrative Office of Probation are:

**Appropriations** – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

**Intergovernmental** – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

**Sales & Charges** – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

**Miscellaneous** – Revenue from sources not covered by other major categories, such as investment income and non-government grants.

The major expenditure account classifications established by State Accounting and used by the Administrative Office of Probation are:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed by the Administrative Office of Probation.

**Operating** – Expenditures directly related to a program's primary service activities.

**Travel** – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

2. **Reporting Entity**

The Administrative Office of Probation is a division of the Nebraska Supreme Court, which is a State agency, established under and governed by the laws of the State of Nebraska. As such, the Administrative Office of Probation is exempt from State and Federal income taxes. The schedule includes all funds of the Administrative Office of Probation included in the general ledger which includes the following State programs:

ADMINISTRATIVE OFFICE OF PROBATION

**NOTES TO THE SCHEDULE**

(Continued)

**2. Reporting Entity** (Concluded)

<b>Program Number</b>	<b>Program Description</b>
067	Probation Services
235	Probation Contractual Services
397	Statewide Probation
398	Intensive Supervision Probation
435	Probation Community Corrections

The Administrative Office of Probation does not include activity from Program 420, Specialized Court Operations, and the Program 420 activity that was recorded to Program 435, as identified in Comment 15, Problem Solving Court Voucher Expenditures. The Program 420 activity was removed from the Schedule of Revenues and Expenditures.

The Schedule does not purport to, and does not, present all the activity of the Nebraska Supreme Court.

The Administrative Office of Probation is part of the Nebraska Supreme Court, which is part of the primary government for the State of Nebraska.

**3. Totals**

The Totals “Memorandum Only” column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

**4. Capital Assets**

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Administrative Office of Probation takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$1,500 or more at the date of acquisition.

For the CAFR, the State requires the Administrative Office of Probation to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of

ADMINISTRATIVE OFFICE OF PROBATION

**NOTES TO THE SCHEDULE**  
(Concluded)

**4. Capital Assets** (Concluded)

acquisition and has an expected useful life of more than one year is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of three years.

Capital asset activity of the Administrative Office of Probation recorded in the State Accounting System for the calendar year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 68,862	\$ -	\$ -	\$ 68,862
Less accumulated depreciation for:				
Equipment				<u>66,126</u>
Total capital assets, net of depreciation				<u><u>\$ 2,736</u></u>

ADMINISTRATIVE OFFICE OF PROBATION

**SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues and Expenditures. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues and Expenditures, and, accordingly, we express no opinion on it.

ADMINISTRATIVE OFFICE OF PROBATION  
**SUMMARY OF FAMILY SERVICES ACCESS INVENTORY (FSAI) REPORTS  
 FOR PROBATIONERS TESTED**

**EXHIBIT A**

Probationer	FSAI Date	Paystubs on File to Support FSAI Income Amount	FSAI Monthly Income	FSAI Monthly Expense	Net Income (Expense)	Cost of Vouchers Tested Paid by the AOP	Cost of Services Paid by Family	Services Provided (Note 1)	Service Period
Probationer #1	10/31/2013	No	\$4,341	\$1,450	\$2,891	\$5,558	\$-	Hospital PRTF	7/1/2014 to 7/14/2014
Probationer #2	2/14/2014	No	-	-	-	110,328	-	Hospital PRTF, Transportation	5/29/2014 to 3/3/2015
Probationer #2	3/5/2015	No	-	-	-	69,636	-	JSH TGH, Foster Care, Day Reporting, Enhanced Shelter Care, Family Support Worker, Transportation	3/4/2015 to 11/3/2015
Probationer #3	8/5/2014	No	3,900	2,435	1,465	155,823	-	MH TGH, Foster Care, JSH Risk Assessment, Transportation	10/29/2014 to 11/16/2015
Probationer #4	2/24/2014	No	-	-	-	156,255	-	Hospital PRTF, JSH Risk Assessment, Transportation	11/10/2014 to 11/30/2015
Probationer #5	7/1/2014	No	-	-	-	87,212	-	MH TGH, Hospital PRTF, Transportation	5/14/2014 to 2/27/2015
Probationer #5	2/18/2015	No	752	200	552	59,071	-	Hospital PRTF, Group Home A, Transportation	2/28/2015 to 11/1/2015
Probationer #5	10/23/2015	No	-	200	(200)	5,600	-	Group Home A, Transportation	11/2/2015 to 12/1/2015
Probationer #6	5/7/2014	No	1,998	2,248	(250)	17,053	-	Electronic Monitoring GPS, Tracker Low, Secure/Staff Detention, Relative/Kinship Home Assessment, Transportation	10/29/2014 to 12/26/2014
Probationer #6	12/16/2014	No	-	-	-	62,058	-	Secure/Staff Detention, Hospital PRTF, Transportation	12/26/2014 to 5/29/2015
Probationer #6	5/15/2015	No	1,697	770	927	57,962	-	Hospital PRTF	5/30/2015 to 10/22/2015
Probationer #6	11/3/2015	No	1,597	1,809	(212)	Note 2	Note 2	Note 2	Note 2
Probationer #7	10/21/2014	No	-	-	-	131,620	-	Hospital PRTF, JSH TGH, Transportation	10/8/2013 to 7/8/2015
Probationer #8	1/23/2015	No	-	-	-	86,661	-	Secure/Staff Detention, Hospital PRTF, Psychological Evaluation, Transportation	12/1/2014 to 7/30/2015
Probationer #8	7/15/2015	No	3,159	3,050	109	39,458	-	Hospital PRTF, JSH TGH, Transportation	7/31/2015 to 11/17/2015
Probationer #9	2/18/2014	No	1,129	688	441	91,516	-	Hospital PRTF, Secure/Staff Detention, Transportation	11/17/2014 to 7/30/2015
Probationer #9	7/7/2015	No	1,050	725	325	47,640	-	Hospital PRTF	7/31/2015 to 11/27/2015
Probationer #10 Parent #1	6/10/2014	No	650	270	380	35,697	-	Hospital PRTF, Secure/Staff Detention	6/11/2014 to 2/3/2015
Probationer #10 Parent #2	6/10/2014	No	1,700	717	983		-		
Probationer #10 Parent #1	2/6/2015	No Note 3	2,140	2,495	(355)	87,690	-	Hospital PRTF	2/4/2015 to 9/28/2015
Probationer #10 Parent #2	2/6/2015	FSAI was not completed for Parent #2			-				
Probationer #10 Parent #1	10/2/2015	No	-	-	-	21,285	-	Hospital PRTF, Family Support Worker	9/29/2015 to 11/22/2015
Probationer #10 Parent #2	10/2/2015	No	1,500	1,010	490		-		
Probationer #11	7/16/2014	No	-	245	(245)	1,296	-	Tracker Medium	10/8/2014 to 11/30/2014
Probationer #12	12/22/2014	No	300	-	300	2,448	-	SUD TGH	6/22/2015 to 6/30/2015
Probationer #13	2/4/2015	No	1,440	300	1,140	8,160	-	SUD TGH	5/31/2015 to 6/29/2015
Probationer #14	1/28/2015	Yes	3,600	1,600	2,000	10,906	-	Group Home A, Secure/Staff Detention	1/29/2015 to 2/20/2015 & 3/1/2015 to 3/31/2015
Probationer #15	7/17/2015	No	99	1,436	(1,337)	950	-	Secure/Staff Detention	9/26/2015 to 9/30/2015
Probationer #16	9/19/2014	No	296	750	(454)	9,420	-	Specialty PRTF	12/7/2014 to 1/5/2015
Probationer #17	2/3/2015	No	-	1,115	(1,115)	4,500	-	Shelter Care	7/31/2015 to 8/29/2015

ADMINISTRATIVE OFFICE OF PROBATION  
**SUMMARY OF FAMILY SERVICES ACCESS INVENTORY (FSAI) REPORTS  
 FOR PROBATIONERS TESTED**

**EXHIBIT A**

Probationer	FSAI Date	Paystubs on File to Support FSAI Income Amount	FSAI Monthly Income	FSAI Monthly Expense	Net Income (Expense)	Cost of Vouchers Tested Paid by the AOP	Cost of Services Paid by Family	Services Provided (Note 1)	Service Period
Probationer #18	11/19/2014	No	-	-	-	26,109	-	Secure/Staff Detention	9/24/2014 to 1/26/2015
Probationer #19	11/3/2014	No	4,258	2,147	2,111	7,728	-	Secure/Staff Detention	2/1/2015 to 2/28/2015
Probationer #20	3/3/2015	No	-	-	-	57,200	-	Secure/Staff Detention	8/13/2014 to 5/25/2015
Probationer #21	7/8/2014	No	5,652	6,034	(382)	8,160	-	MH TGH	10/29/2014 to 11/27/2014
Probationer #22	10/27/2014	Yes	400	1,295	(895)	1,720	-	Intensive Family Preservation	3/9/2015 to 4/5/2015
Probationer #23	6/2/2014	Yes	1,994	180	1,814	3,000	-	Group Home B	12/28/2014 to 1/26/2015
Probationer #24	12/10/2014	No	1,600	2,100	(500)	1,800	-	Group Home B	6/13/2015 to 6/30/2015
Probationer #25	3/5/2015	No	800	600	200	3,000	-	Group Home B	5/24/2015 to 6/22/2015
Probationer #26	4/23/2014	No	-	-	-	4,050	-	Group Home A	7/1/2015 to 7/30/2015
Probationer #27	6/20/2014	No	1,413	1,317	96	2,363	-	Foster Care	9/29/2015 to 10/28/2015
Probationer #28	10/23/2014	No	-	-	-	1,300	-	Family Support Worker	2/24/2015 to 3/18/2015
Probationer #29	9/22/2014	No	721	793	(72)	5,400	-	Enhanced Shelter Care	2/4/2015 to 3/5/2015
Probationer #30	1/5/2015	No	1,266	275	991	1,160	-	Electronic Monitoring GPS	1/8/2015 to 3/6/2015
Probationer #30	2/19/2015	No	1,966	1,100	866	1,160	-	Electronic Monitoring GPS	1/8/2015 to 3/6/2015
Probationer #31	8/20/2014	No	4,990	3,305	1,685	3,781	-	Day Reporting	3/2/2015 to 3/31/2015
Probationer #32	11/6/2014	No	6,660	2,050	4,610	4,200	-	Crisis Stabilization Center	2/12/2015 to 3/3/2015
Probationer #33	5/3/2015	No	-	-	-	9,131	-	Hospital PRTF	6/8/2015 to 6/30/2015
Probationer #34	11/17/2014	No	-	-	-	10,322	-	Hospital PRTF	6/5/2015 to 6/30/2015
Probationer #35	3/5/2015	No	-	-	-	11,910	-	Hospital PRTF	3/8/2015 to 4/6/2015
Probationer #36	6/3/2014	No	4,967	3,191	1,776	11,910	-	Hospital PRTF	2/26/2015 to 3/27/2015
Probationer #37	2/9/2015	No	2,740	2,363	377	104	-	Family Support Worker	6/16/2015 to 6/27/2015
Probationer #38	5/4/2015	No	1,600	700	900	676	-	Transportation	10/3/2015
Probationer #39	12/18/2014	No	1,421	-	1,421	353	-	Transportation	4/12/2015
Probationer #40	5/8/2015	No	-	-	-	1,531	-	Transportation	7/2/2015 & 7/9/2015

**Note:** This information was used to support the findings reported in Comment 1 - Ability to Pay Determination - Juvenile Probationer.

**Note 1:** Some probationers have multiple services provided in the column "Services Provided". This is caused by the APA's method of testing. For 10 probationers, the APA tested every voucher paid for the probationer during the calendar year ended December 31, 2015. For other probationers, the APA just selected a single voucher to test.

**Note 2:** No services were paid by the AOP during this time.

**Note 3:** Paystubs supporting the \$800 of employment income were on file. Support for the other income of \$1,340 was not on file.

(Concluded)

ADMINISTRATIVE OFFICE OF PROBATION  
COMPARISON OF FSAI INCOME REPORTED TO NDOL AND DHHS SYSTEMS

**EXHIBIT B**

Probationer	FSAI Date	Support on File for FSAI Income Amount	FSAI Income (Monthly)	Income Identified by APA Note 2 (Monthly)	Variance	Explanation of Variance
Probationer #1	10/31/2013	No	\$4,341	\$0	\$4,341	The FSAI noted \$1,420 of employment income and \$2,921 of other income. The APA did not identify any income in the NDOL or DHHS systems.
Probationer #2	2/14/2014	No	-	646	(646)	No wages for the mother were found. The APA identified the probationer received a \$646 monthly Social Security benefit during the calendar year 2014.
Probationer #2	3/5/2015	No	-	1,875	(1,875)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$1,218 and the probationer received a \$657 monthly Social Security benefit during calendar year 2015.
Probationer #3	8/5/2014	No	3,900	1,325	2,575	The APA identified the mother's wages were \$1,325. No wages were found for the father, though the FSAI reported wages of \$2,700. It appeared the father was self employed and these wages are not required to be reported to NDOL.
Probationer #4	2/24/2014	No	-	-	-	The AOP incorrectly included only the probationer on the FSAI. The APA did not identify wages for the household on the NDOL or DHHS systems.
Probationer #5	7/1/2014	No	-	1,625	(1,625)	The AOP incorrectly included only the probationer on the FSAI. The APA identified the father had \$1,189 in wages and the probationer received a \$436 monthly Social Security benefit during calendar year 2014.
Probationer #5	2/18/2015	No	752	1,196	(444)	The \$752 reported on the FSAI was Unemployment Income. The APA identified the probationer received a \$444 monthly Social Security benefit during the calendar year 2015. The APA identified Unemployment Income of \$752.
Probationer #5	10/23/2015	No	-	444	(444)	The APA identified the probationer received a \$444 monthly Social Security benefit during calendar year 2015.
Probationer #6	5/7/2014	No	1,998	1,983	15	The FSAI reported \$292 of wages and \$1,706 of Social Security benefits, of which \$701 was paid to the probationer. This was similar to what the APA observed on the NDOL and DHHS systems.
Probationer #6	12/16/2014	No	-	2,083	(2,083)	No income was reported on the FSAI. The APA identified wages of \$357 and Social Security benefits of \$1,726, of which \$721 was paid to the probationer.
Probationer #6	5/15/2015	No	1,697	2,612	(915)	The FSAI reported \$350 in wages and \$1,347 in Social Security benefits, of which \$447 was paid to the probationer. The APA identified wages of \$857 and Social Security benefits of \$1,755, of which \$733 was paid to the probationer.

(Continued)

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT B

COMPARISON OF FSAI INCOME REPORTED TO NDOL AND DHHS SYSTEMS

Probationer	FSAI Date	Support on File for FSAI Income Amount	FSAI Income (Monthly)	Income Identified by APA Note 2 (Monthly)	Variance	Explanation of Variance
Probationer #6	11/3/2015	No	1,597	2,492	(895)	The FSAI reported \$350 in wages and \$1,247 in Social Security benefits, of which \$347 was paid to the probationer. The APA identified wages of \$737 and Social Security benefits of \$1,755, of which \$733 was paid to the probationer.
Probationer #7	10/21/2014	No	-	4,611	(4,611)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$4,611.
Probationer #8	1/23/2015	No	-	642	(642)	The AOP incorrectly included only the probationer on the FSAI. The APA did not identify any household wages but did identify the probationer received a \$642 monthly Social Security benefit during calendar year 2015.
Probationer #8	7/15/2015	No	3,159	642	2,517	The FSAI only included Social Security and other income for the probationer and his siblings. The APA did not identify wages for the head of the household. The APA identified the probationer received a \$642 monthly Social Security benefit during the calendar year 2015.
Probationer #9	2/18/2014	No	1,129	1,466	(337)	The APA identified household wages of \$1,466, which was greater than what was reported on the FSAI.
Probationer #9	7/7/2015	No	1,050	1,066	(16)	The APA identified household wages of \$1,066, which was \$16 more than reported on the FSAI.
Probationer #10 Parent #1	6/10/2014	No	650	752	(102)	APA identified wages of \$752 which is \$102 more than reported on the FSAI.
Probationer #10 Parent #2	6/10/2014	No	1,700	1,699	1	Wages identified by the APA were similar to what was reported.
Probationer #10 Parent #1	2/6/2015	No Note 1	2,140	656	1,484	The FSAI reports \$800 in wages and \$1,340 in other income. The FSAI did not identify what the other income included. The APA identified wages of \$656. Neither NDOL nor DHHS systems identified any other income.
Probationer #10 Parent #2	2/6/2015	No	-	2,043	(2,043)	The AOP did not have a FSAI on file for this parent for this period. The APA identified wages of \$2,043.
Probationer #10 Parent #1	10/2/2015	No	-	-	-	No income was reported on this FSAI. The APA did not identify any income on either the NDOL or the DHHS systems.
Probationer #10 Parent #2	10/2/2015	No	1,500	2,411	(911)	The APA identified wages of \$2,411, which is greater than the wages reported on the FSAI.
Probationer #11	7/16/2014	No	-	476	(476)	No income was reported on the FSAI. The APA identified household wages of \$476.

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT B

COMPARISON OF FSAI INCOME REPORTED TO NDOL AND DHHS SYSTEMS

Probationer	FSAI Date	Support on File for FSAI Income Amount	FSAI Income (Monthly)	Income Identified by APA Note 2 (Monthly)	Variance	Explanation of Variance
Probationer #12	12/22/2014	No	300	2,694	(2,394)	The AOP incorrectly included only the probationer on the FSAI. The FSAI listed the probationer's wages of \$300. The APA identified the household had wages of \$2,694, of which the probationer had wages of \$61.
Probationer #13	2/4/2015	No	1,440	1,410	30	Wages identified by the APA were similar to what was reported.
Probationer #14	1/28/2015	Yes	3,600	3,600	-	Wages identified by the APA were similar to what was reported.
Probationer #15	7/17/2015	No	99	4,480	(4,381)	The only income reported on the FSAI was \$99 in child support. The APA identified household wages of \$4,480. The child support could not be verified.
Probationer #16	9/19/2014	No	296	296	-	The FSAI reported \$296 in child support and that agreed to what the APA identified.
Probationer #17	2/3/2015	No	-	-	-	No household income was reported on the FSAI and the APA did not identify any income on either the NDOL or DHHS systems.
Probationer #18	11/19/2014	No	-	-	-	No household income was reported on the FSAI and the APA did not identify any income on either the NDOL or DHHS systems.
Probationer #19	11/3/2014	No	4,258	3,892	366	Wages reported on the FSAI exceeded the wages identified by the APA on the NDOL system.
Probationer #20	3/3/2015	No	-	-	-	No household income was reported on the FSAI and the APA did not identify any wages or income on the NDOL or DHHS systems. The AOP did make a note that the juvenile's foster family is no longer supporting the juvenile, the biological mother is in jail, and the biological father is not involved either.
Probationer #21	7/8/2014	No	5,652	9,733	(4,081)	The FSAI reported household wages of \$5,652. The APA identified household wages of \$9,733.
Probationer #22	10/27/2014	Yes	400	7,430	(7,030)	The FSAI included only the mother's wages of \$400. The AOP obtained a tax return that identified annual income of \$83,443, which is approximately \$6,954 a month. The APA identified the father's wages were \$7,020 and the mother's wages were \$410.
Probationer #23	6/2/2014	Yes	1,994	2,590	(596)	The FSAI did not include the probationer's wages of \$595 a month.
Probationer #24	12/10/2014	No	1,600	-	1,600	The APA did not identify any wages or income on either the NDOL or DHHS systems.
Probationer #25	3/5/2015	No	800	745	55	Only income reported on the FSAI was a \$800 Social Security benefit which was more than what was identified by the APA on the DHHS system.

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT B

COMPARISON OF FSAI INCOME REPORTED TO NDOL AND DHHS SYSTEMS

Probationer	FSAI Date	Support on File for FSAI Income Amount	FSAI Income (Monthly)	Income Identified by APA Note 2 (Monthly)	Variance	Explanation of Variance
Probationer #26	4/23/2014	No	-	2,087	(2,087)	Per the FSAI, the family refused to complete the FSAI. The APA identified household wages of \$2,087.
Probationer #27	6/20/2014	No	1,413	1,298	115	FSAI reported a \$1,293 Social Security benefit and \$120 in other income. The APA identified a \$1,298 Social Security benefit but did not identify the \$120 in other income.
Probationer #28	10/23/2014	No	-	3,431	(3,431)	The FSAI stated that the father's response was "personal information regarding finances and expenses are not any of probation [sic] concern as he is not the one who is on probation". The APA identified household wages of \$3,431.
Probationer #29	9/22/2014	No	721	721	-	The \$721 Social Security benefit reported on the FSAI agreed to what the APA identified on the DHHS system.
Probationer #30	1/5/2015	No	1,266	1,687	(421)	The FSAI reported wages of \$260 and Social Security benefits of \$1,006. The APA identified household wages of \$573 and \$1,114 in Social Security benefits.
Probationer #30	2/19/2015	No	1,966	3,630	(1,664)	The FSAI reported wages of \$1,966 and no Social Security benefit. This FSAI included one more wage earner than the one above and the prior Social Security recipient was not included. The APA identified wages of \$2,516 and \$1,114 in Social Security benefits.
Probationer #31	8/20/2014	No	4,990	7,356	(2,366)	Household wages reported on the FSAI did not agree to the wages identified on the NDOL system. No other income was reported on the FSAI.
Probationer #32	11/6/2014	No	6,660	6,474	186	Household wages reported on the FSAI were similar to what was identified by the APA on the NDOL system.
Probationer #33	5/3/2015	No	-	5,874	(5,874)	A note on the FSAI states "[U]nwilling to provide his current information as [the probationer] is not his son and this should not financially be his problems [sic]." The APA identified household wages of \$5,874.
Probationer #34	11/17/2014	No	-	730	(730)	No income was reported on the FSAI. The APA identified household wages of \$377 as well as a \$353 monthly Social Security benefit paid to the probationer during the calendar year 2014.
Probationer #35	3/5/2015	No	-	3,242	(3,242)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$3,242.
Probationer #36	6/3/2014	No	4,967	6,131	(1,164)	The household wages reported did not agree to what was identified on the NDOL system.
Probationer #37	2/9/2015	No	2,740	4,224	(1,484)	The household wages reported did not agree to what was identified on the NDOL system.

ADMINISTRATIVE OFFICE OF PROBATION  
COMPARISON OF FSAI INCOME REPORTED TO NDOL AND DHHS SYSTEMS

**EXHIBIT B**

Probationer	FSAI Date	Support on File for FSAI Income Amount	FSAI Income (Monthly)	Income Identified by APA Note 2 (Monthly)	Variance	Explanation of Variance
Probationer #38	5/4/2015	No	1,600	2,544	(944)	The \$1,600 of wages reported on the FSAI was less than the \$2,316 identified by the APA. The FSAI did not include a \$228 monthly Social Security benefit the probationer received during calendar year 2015.
Probationer #39	12/18/2014	No	1,421	1,220	201	The FSAI reported \$700 in wages that was not identified by the APA on the NDOL system. The FSAI did not include the probationer's income of \$401 identified by the APA. The FSAI did not include a \$98 Social Security benefit the mother received.
Probationer #40	5/8/2015	No	-	1,364	(1,364)	The AOP incorrectly included only the probationer on the FSAI. The APA identified household wages of \$1,364.

**Note:** This information was used to support the findings reported in Comment 1 - Ability to Pay Determination - Juvenile Probationer.

**Note 1:** Paystubs supporting the \$800 of employment income were on file. Support for the other income of \$1,340 was not on file.

**Note 2:** Income identified by the APA came from employee wages reported to the Nebraska Department of Labor (NDOL) and Child Support and Social Security benefits reported to the Nebraska Department of Health and Human Services (DHHS). This information was obtained from NDOL and DHHS systems.

The wages reported to the NDOL are quarterly amounts so to determine the monthly wages, the APA averaged the quarterly amounts to arrive at a monthly wage amount.

(Concluded)

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT C

**SERVICES THAT EXCEEDED NORMAL SERVICE PERIOD THRESHOLDS  
WITHOUT PROPER APPROVALS**

Probationer	Type of Service Provided	Maximum Service Period	Period the Probationer Received the Service	Period that Exceeded the Service Threshold	Period that Exceeded the Service Threshold Without Proper Approvals
Probationer #2	Hospital PRTF	6 months	9 months	3 months	1 month
Probationer #3	MH TGH	6 months	14 months	8 months	6 months
Probationer #6	Hospital PRTF	6 months	10 months	4 months	3 months
Probationer #7	JSH TGH	6 months	7 months	1 month	1 month
Probationer #8	Hospital PRTF	6 months	8 months	2 months	1 month
Probationer #10	Hospital PRTF	6 months	12 months	6 months	2 months
Probationer #16	Specialty PRFT	6 months	13 months	7 months	1 month
Probationer #17	Shelter Care	30 days	279 days	249 days	30 days
Probationer #21	MH TGH	6 months	16 months	10 months	6 months
Probationer #22	Intensive Family Preservation	15 weeks	34 weeks	19 weeks	5 weeks
Probationer #23	Group Home B	6 months	9 months	3 months	1 month
Probationer #25	Group Home B	6 months	21 months	15 months	15 months
Probationer #26	Group Home A	6 months	14 months	8 months	2 months
Probationer #27	Foster Care	8 months	18 months	10 months	2 months
Probationer #28	Family Support Worker	5 months	13 months	8 months	5 months
Probationer #29	Enhanced Shelter Care	30 days	156 days	126 days	60 days
Probationer #30	Electronic Monitoring GPS	42 days	118 days	76 days	60 days
Probationer #31	Day Reporting	30 days	61 days	31 days	31 days
Probationer #32	Crisis Stabilization Center	30 days	110 days	80 days	60 days
Probationer #35	Hospital PRTF	6 months	10 months	4 months	2 months
Probationer #36	Hospital PRTF	6 months	20 months	14 months	3 months
Probationer #41	SUD Short Term Residential	30 days	40 days	10 days	10 days
Probationer #42	SUD Outpatient Treatment	12 sessions	41 sessions	29 sessions	17 sessions
Probationer #43	SUD Intensive Outpatient	90 hours	120 hours	30 hours	30 hours

**Note:** This information was used to support the findings reported in Comment 7 - Excess Authorized Service Period Approvals.

**Note 1:** Services provided are described in the Juvenile Services Guide (Guide) and the Standard Model (Model). The Guide describes services available for juveniles while the Model describes services available for adults. Both the Guide and Model identify the maximum service periods for each service. Services provided in excess of either the Guide or Model limits must have an additional approval. This table shows the services that did not have this additional approval.

ADMINISTRATIVE OFFICE OF PROBATION  
**ADMINISTRATIVE OFFICE OF PROBATION VOUCHERS PAID**  
**BY TYPE OF SERVICE PROVIDED**

**EXHIBIT D**

The following table lists the amounts paid for the different services provided to juvenile and adult probationers. The table also includes the number of probationers that received each service.

Service Provided	Amount Paid	Number of Probationers that Received the Service
Hosp. Psychiatric Residential Treatment Facility	\$ 10,122,948	269
Secure/Staff Detention	10,035,364	1,255
Group Home A	7,284,833	403
Group Home B	6,166,288	393
MH Therapeutic Group Home	2,155,266	51
Family Support Worker	2,045,702	855
SUD Therapeutic Group Home	2,019,526	84
Enhanced Shelter Care	1,894,897	337
Intensive Family Preservation	1,825,391	396
Tracker Medium	1,737,822	987
SUD Short Term Residential	1,716,821	292
Foster Care	1,667,600	166
Electronic Monitoring GPS	1,495,067	1,190
Shelter Care	1,230,695	180
Spec. Psychiatric Residential Treatment Facility	1,195,129	45
Day Reporting	1,030,019	544
Crisis Stabilization Center	889,413	144
Transportation	858,170	1,040
SUD Outpatient Treatment	833,518	880
SUD Intensive Outpatient	827,723	535
JSH Therapeutic Group Home	704,737	18
Tracker High	627,234	525
Tracker Low	562,382	545
Tracker Low/Mid Intensity	535,381	669
Evening Reporting	448,919	323
Multisystemic Therapy - Non Treatment	312,250	112
Tracker High Intensity	283,990	300
EM Sarpy CARE	261,360	86
Independent Living	247,401	48
JSH Therapeutic Group Home - Room and Board	209,420	9
Psychological Evaluation	206,527	323
SUD Assessment/Evaluation	201,946	1,101
Multisystemic Therapy	197,483	47

ADMINISTRATIVE OFFICE OF PROBATION  
**ADMINISTRATIVE OFFICE OF PROBATION VOUCHERS PAID**  
**BY TYPE OF SERVICE PROVIDED**

**EXHIBIT D**

Service Provided	Amount Paid	Number of Probationers that Received the Service
SUD Therapeutic Group Home - Room & Board	194,155	26
Continuous Alcohol Monitoring (CAM)	162,459	256
Electronic Monitoring Cell Phone	141,034	232
MH Outpatient Services	103,689	143
Case Managed Tutoring	75,274	45
Juvenile Who Sexually Harm Risk Assessment	64,120	63
Supervised Visitation	61,204	11
Mileage	54,487	228
Co-Occurring Evaluation	50,838	171
Tracker	43,644	19
Family Partner	32,500	19
Adults Who Sexually Harm Risk Assessment	29,798	25
Respite Care	28,842	18
Educational Tutoring	24,000	42
Outpatient Psychiatric Evaluation	19,390	58
Maternity Group Home Parenting	18,240	1
Electronic Monitoring CAM	16,950	20
Employment Placement Program	16,644	12
Therapeutic Foster Care	15,360	1
Community Treatment Aide	13,916	9
Adult SUD/MH Co-Occurring Eval	13,634	44
Maternity Group Home Non-Parenting	11,745	1
MH Therapeutic Group Home - Room & Board	10,947	1
Adult MH Outpatient Treatment	9,047	10
Expedited Family Group Conference	8,650	5
Adult MH Psychological Eval	8,327	12
General Education Class	7,863	98
Relative/Kinship Home Assessment	6,200	25
JSH Outpatient	5,998	8
SUD Partial Care - Juvenile	4,516	5
Electronic Monitoring (EM)	3,860	11
Adults Who Sexually Harm OP Treatment	3,859	5
Adult MH PreTx Assessment (Biopsychosocial)	3,662	12
Medication Management	3,291	20
Continuous Alcohol Monitoring (CAM) with EM	2,361	4
JSH Intensive Outpatient	2,280	1
Mental Status Exam (MSE)	2,162	23

ADMINISTRATIVE OFFICE OF PROBATION  
**ADMINISTRATIVE OFFICE OF PROBATION VOUCHERS PAID**  
**BY TYPE OF SERVICE PROVIDED**

**EXHIBIT D**

Service Provided	Amount Paid	Number of Probationers that Received the Service
Juvenile Offender/Victim/Conflict Mediation	1,950	8
Psychiatric Interview Only	1,213	8
Outpatient Services	1,012	2
Transport Company	922	3
Summer School Tuition	900	6
Pre-Treatment Assessment	861	3
Electronic Monitoring Land Line	726	2
Bus Pass	675	31
SUD Intervention/Education	650	8
Alternative School	400	3
MH Intensive Outpatient	108	1
Anger Management Class	39	1
<b>Total</b>	<b>\$ 63,115,624</b>	

(Concluded)

## TOP 10 SERVICE PROVIDING AGENCIES BY SERVICE PROVIDED

This table identifies the top 10 agencies that provided service to adult and juvenile probationers. The table also includes the type of service and the amount the agency was paid.

Agency	Service Provided	Amount Paid
Boys Town	Group Home B	\$4,251,188
Boys Town	Hosp. Psychiatric Residential Treatment Facility	3,434,913
Boys Town	Enhanced Shelter Care	884,284
Boys Town	Shelter Care	695,195
Boys Town	Group Home A	584,990
Boys Town	Family Support Worker	265,911
Boys Town	Foster Care	96,576
Boys Town	Crisis Stabilization Center	28,560
Boys Town	SUD Intensive Outpatient	22,773
Boys Town	Psychological Evaluation	6,582
Boys Town	SUD Outpatient Treatment	6,288
Boys Town	Outpatient Psychiatric Evaluation	4,795
Boys Town	MH Outpatient Services	2,442
Boys Town	Supervised Visitation	1,872
Boys Town	SUD Assessment/Evaluation	1,330
Boys Town	Juvenile Who Sexually Harm Risk Assessment	548
Boys Town	Psychiatric Interview Only	451
Boys Town	Relative/Kinship Home Assessment	400
Boys Town	Co-Occurring Evaluation	313
Boys Town	Pre-Treatment Assessment	287
Boys Town	Medication Management	260
Boys Town	Mental Status Exam (MSE)	218
<b>Boys Town Total</b>		<b>\$10,290,176</b>
Lancaster County Youth Services Center	Secure/Staff Detention	3,747,390
<b>Lancaster County Youth Services Center Total</b>		<b>\$3,747,390</b>
Douglas County Youth Center	Secure/Staff Detention	3,440,761
Douglas County Youth Center	Tracker	37,400
<b>Douglas County Youth Center Total</b>		<b>\$3,478,161</b>
Rite of Passage	Group Home A	2,556,765
<b>Rite of Passage Total</b>		<b>\$2,556,765</b>
CEDARS Youth Services	Enhanced Shelter Care	466,200
CEDARS Youth Services	Tracker Medium	364,752
CEDARS Youth Services	Electronic Monitoring GPS	345,560
CEDARS Youth Services	Group Home A	297,790
CEDARS Youth Services	Tracker Low	194,652
CEDARS Youth Services	Foster Care	191,151
CEDARS Youth Services	Tracker Low/Mid Intensity	117,796
CEDARS Youth Services	Independent Living	116,940
CEDARS Youth Services	Day Reporting	45,120
CEDARS Youth Services	Tracker High	37,640
CEDARS Youth Services	Electronic Monitoring Cell Phone	35,336

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT E

TOP 10 SERVICE PROVIDING AGENCIES BY SERVICE PROVIDED

Agency	Service Provided	Amount Paid
CEDARS Youth Services	Crisis Stabilization Center	28,560
CEDARS Youth Services	Evening Reporting	19,665
CEDARS Youth Services	Tracker High Intensity	17,430
CEDARS Youth Services	Family Support Worker	16,224
CEDARS Youth Services	Shelter Care	4,500
CEDARS Youth Services	Electronic Monitoring CAM	4,380
CEDARS Youth Services	Respite Care	2,001
CEDARS Youth Services	Mileage	1,744
CEDARS Youth Services	Electronic Monitoring Land Line	660
CEDARS Youth Services	Relative/Kinship Home Assessment	400
<b>CEDARS Youth Services Total</b>		<b>\$2,308,501</b>
Cathedral Home for Children	Hosp. Psychiatric Residential Treatment Facility	2,094,578
<b>Cathedral Home for Children Total</b>		<b>\$2,094,578</b>
Owens Educational Services	Tracker Medium	465,685
Owens Educational Services	Electronic Monitoring GPS	351,176
Owens Educational Services	Family Support Worker	251,524
Owens Educational Services	Tracker High	241,326
Owens Educational Services	Day Reporting	147,600
Owens Educational Services	Tracker Low	102,171
Owens Educational Services	Tracker Low/Mid Intensity	93,135
Owens Educational Services	Tracker High Intensity	64,645
Owens Educational Services	Electronic Monitoring Cell Phone	26,626
Owens Educational Services	Evening Reporting	23,085
Owens Educational Services	Mileage	7,819
Owens Educational Services	Electronic Monitoring CAM	3,495
Owens Educational Services	General Education Class	1,428
Owens Educational Services	Electronic Monitoring (EM)	810
Owens Educational Services	Supervised Visitation	260
Owens Educational Services	SUD Intervention/Education	210
<b>Owens Educational Services Total</b>		<b>\$1,780,995</b>
Heartland Family Service	Crisis Stabilization Center	832,293
Heartland Family Service	Enhanced Shelter Care	241,293
Heartland Family Service	Group Home A	240,030
Heartland Family Service	Shelter Care	82,350
Heartland Family Service	Tracker Medium	56,496
Heartland Family Service	Electronic Monitoring GPS	42,700
Heartland Family Service	Family Support Worker	35,776
Heartland Family Service	Family Partner	31,356
Heartland Family Service	Tracker Low/Mid Intensity	24,045
Heartland Family Service	Tracker Low	23,148
Heartland Family Service	Tracker High Intensity	11,900
Heartland Family Service	Tracker High	11,872
Heartland Family Service	Psychological Evaluation	6,630
Heartland Family Service	Electronic Monitoring Cell Phone	5,866
Heartland Family Service	SUD Outpatient Treatment	2,274

ADMINISTRATIVE OFFICE OF PROBATION  
**TOP 10 SERVICE PROVIDING AGENCIES BY SERVICE PROVIDED**

**EXHIBIT E**

Agency	Service Provided	Amount Paid
Heartland Family Service	Co-Occurring Evaluation	2,191
Heartland Family Service	SUD Assessment/Evaluation	1,159
Heartland Family Service	General Education Class	395
Heartland Family Service	Electronic Monitoring (EM)	120
Heartland Family Service	Mental Status Exam (MSE)	99
<b>Heartland Family Service Total</b>		<b>\$1,651,993</b>
Southern Peaks Regional Treatment Center	MH Therapeutic Group Home	1,615,408
<b>Southern Peaks Regional Treatment Center Total</b>		<b>\$1,615,408</b>
Omaha Home for Boys	Group Home B	1,379,700
Omaha Home for Boys	Independent Living	24,120
Omaha Home for Boys	Family Support Worker	13,676
<b>Omaha Home for Boys Total</b>		<b>\$1,417,496</b>

(Concluded)

ADMINISTRATIVE OFFICE OF PROBATION

EXHIBIT F

EXHIBIT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2015 and Calendar Year Ended December 31, 2015

	July 1, 2014 through December 31, 2014	January 1, 2015 through June 30, 2015	Total Fiscal Year Ended June 30, 2015	July 1, 2015 through December 31, 2015	Total Calendar Year Ended December 31, 2015
<b>REVENUES:</b>					
Appropriations	\$ 49,820,503	\$ 55,343,496	\$ 105,163,999	\$ 51,980,462	\$ 107,323,958
Intergovernmental	162,754	386,985	549,739	183,612	570,597
Sales & Charges	1,420,001	1,659,552	3,079,553	1,380,833	3,040,385
Miscellaneous	44,105	35,598	79,703	48,314	83,912
<b>TOTAL REVENUES</b>	<b>51,447,363</b>	<b>57,425,631</b>	<b>108,872,994</b>	<b>53,593,221</b>	<b>111,018,852</b>
<b>EXPENDITURES:</b>					
Personal Services	18,530,697	19,354,919	37,885,616	20,477,469	39,832,388
Operating	33,174,291	39,008,278	72,182,569	32,539,306	71,547,584
Travel	560,962	633,990	1,194,952	596,739	1,230,729
<b>TOTAL EXPENDITURES</b>	<b>52,265,950</b>	<b>58,997,187</b>	<b>111,263,137</b>	<b>53,613,514</b>	<b>112,610,701</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(818,587)	(1,571,556)	(2,390,143)	(20,293)	(1,591,849)
<b>OTHER FINANCING SOURCES (USES):</b>					
Deposit to General Fund	(80,016)	(85,191)	(165,207)	(85,177)	(170,368)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(80,016)</b>	<b>(85,191)</b>	<b>(165,207)</b>	<b>(85,177)</b>	<b>(170,368)</b>
Net Change in Fund Balances	(898,603)	(1,656,747)	(2,555,350)	(105,470)	(1,762,217)
<b>BEGINNING FUND BALANCES</b>	<b>4,759,734</b>	<b>3,861,131</b>	<b>4,759,734</b>	<b>2,204,384</b>	<b>3,861,131</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 3,861,131</b>	<b>\$ 2,204,384</b>	<b>\$ 2,204,384</b>	<b>\$ 2,098,914</b>	<b>\$ 2,098,914</b>
<b>FUND BALANCES CONSIST OF:</b>					
General Cash	\$ 3,872,189	\$ 2,161,032	\$ 2,161,032	\$ 2,067,496	\$ 2,067,496
Accounts Receivable Invoiced	43,577	43,320	43,320	38,155	38,155
Due From Other Government	37	32	32	50	50
Due to Vendors	(54,672)	-	-	(6,787)	(6,787)
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,861,131</b>	<b>\$ 2,204,384</b>	<b>\$ 2,204,384</b>	<b>\$ 2,098,914</b>	<b>\$ 2,098,914</b>

Source: Information obtained from the State accounting system, EnterpriseOne.

**Note:** The activity for the Calendar Year Ended December 31, 2015, in this Exhibit, does not agree to the Schedule of Revenues and Expenditures (Schedule) because this Exhibit includes Program 420 activity that was either recorded as Program 435 expenditures or recorded in one of the cash funds shown on the Schedule. It was necessary to include the Program 420 activity in order to show the asset and liabilities of the funds shown on the Schedule. **Exhibit G** shows the adjustments necessary to reconcile the totals on the Schedule and this Exhibit.

ADMINISTRATIVE OFFICE OF PROBATION  
**EXHIBIT OF ADJUSTMENTS TO REVENUES AND EXPENDITURES**  
For the Calendar Year Ended December 31, 2015

**EXHIBIT G**

	Schedule General Fund 10000	Program 420 Activity ADJUSTMENT Fund 10000	Exhibit General Fund Fund 10000	Schedule Probation Program Fund 20580	Program 420 Activity ADJUSTMENT Fund 20580	Exhibit Probation Program Fund 20580
<b>REVENUES:</b>						
Appropriations	\$ 106,027,734	\$ 1,296,224	\$ 107,323,958	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	246,977	-	246,977
Sales & Charges	170,194	-	170,194	2,250,946	132,875	2,383,821
Miscellaneous	174	-	174	78,254	-	78,254
<b>TOTAL REVENUES</b>	<b>106,198,102</b>	<b>1,296,224</b>	<b>107,494,326</b>	<b>2,576,177</b>	<b>132,875</b>	<b>2,709,052</b>
<b>EXPENDITURES:</b>						
Personal Services	39,658,512	-	39,658,512	-	-	-
Operating	65,162,261	1,296,224	66,458,485	3,575,457	898,136	4,473,593
Travel	1,206,961	-	1,206,961	7,980	-	7,980
<b>TOTAL EXPENDITURES</b>	<b>106,027,734</b>	<b>1,296,224</b>	<b>107,323,958</b>	<b>3,583,437</b>	<b>898,136</b>	<b>4,481,573</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,368	-	170,368	(1,007,260)	(765,261)	(1,772,521)
<b>OTHER FINANCING SOURCES (USES):</b>						
Deposit to General Fund	(170,368)	-	(170,368)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(170,368)</b>	<b>-</b>	<b>(170,368)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ (1,007,260)	\$ (765,261)	\$ (1,772,521)

Source: Information obtained from the State accounting system, EnterpriseOne.

**Note:** The adjustments shown above are necessary to reconcile the total activity reported on the Schedule of Revenues and Expenditures (Schedule) and **Exhibit F**.

As mentioned in Footnote 2 and Comment 15, during the calendar year Program 420 expenditures were recorded as Program 435 expenditures even though Program 420 is not a part of the Administrative Office of Probation. In order to summarize the activity of the State funds identified on the Schedule of Revenues and Expenditures (Schedule) and show the assets and liabilities of those funds, the APA had to adjust the Schedule. The adjustment necessary was to add the Program 420 expenditures, recorded as Program 435 expenditures, to Fund 10000, General Fund, and Fund 20580, the Probation Program Cash Fund. Another adjustment was made to add \$132,875 Program 420 receipts that were recorded to Fund 20580.