

**ADVISORY LETTER
OF THE
DOUGLAS COUNTY INFORMATION SERVICES
FOR THE PERIOD
JULY 1, 2000 THROUGH DECEMBER 31, 2001**

DOUGLAS COUNTY INFORMATION SERVICES

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Dear Douglas County Commissioners and Director Carpenter:

Deann Haeffner, CPA
Deputy State Auditor
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In accordance with Neb. Rev. Stat. Section 84-304 R.S. Supp., 2000, we have performed certain procedures related to the objectives enumerated below for the Douglas County Information Services (DCIS). We conducted those procedures in accordance with Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (AICPA) Management Consulting Services Executive Committee.

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The scope of the procedures was to evaluate certain procedures of DCIS for the period July 1, 2000 to December 31, 2001. The objectives of the engagement were to evaluate the procedures outlined in the November 13, 2001 agreement, signed December 11, 2001, between Douglas County and the Auditor of Public Accounts regarding the DCIS. The objectives were:

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1. Account for all Douglas County Treasurer miscellaneous receipt numbers assigned to DCIS.
2. Conduct a cash count of all monies on hand at DCIS on a specific date.
3. Verify contracts were approved for all DCIS clients and trace to a client identification number.
4. Test account coding of Douglas County Treasurer's receipts as identified by DCIS client identification number.
5. Test DCIS charge amounts based on rates and calculations back to the computer generated (CPU) reports.
6. Test DCIS billing rate calculations based on Budget worksheets for reasonableness.
7. Test DCIS monthly billing to the total monthly CPU report for total usage.
8. Test and evaluate DCIS write-offs and adjustments. Done in connection with reconciling the accounts receivable report to Douglas County Treasurer's receipts.
9. Send and collect confirmations from DCIS clients to verify collections/billing amounts for specific periods of time.

10. Prepare a trend analysis of DCIS collections over the last five fiscal years, if possible.
11. Evaluate DCIS internal controls over the receipt and billing process.
12. Attempt to account for as many DCIS invoice numbers as possible and trace to client billings.
13. Attempt to reconcile the DCIS accounts receivable report to Douglas County Treasurer's receipts in total.
14. Reconcile the DCIS accounts receivable ledger of unpaid balances to the actual DCIS unpaid invoices file folder and identify variances.
15. Trace DCIS salary/payroll amounts to approved set salaries.
16. Test DCIS employee's timesheets back to computer generated reports.
17. Test DCIS personnel policies for compliance and usage of vacation/sick/comp time/administrative leave.
18. Trace DCIS organizational chart to payroll register.
19. Test DCIS timesheets for appropriate approval signatures.
20. Test DCIS vendor disbursements for appropriate supporting documentation.
21. Test DCIS vendor disbursements for appropriate approvals.
22. Test DCIS internal control of credit card purchases and test purchase requirements.
23. Test DCIS fixed asset purchases to the inventory lists.
24. Prepare a final advisory report with our findings.

We performed certain procedures we considered necessary to meet the objectives enumerated above. Those procedures consisted primarily of evaluating accounting records, obtaining an understanding of internal control procedures and accounting systems, communicating with various Douglas County management staff, and testing of transactions.

Based on the procedures performed, we noted numerous issues that Douglas County and DCIS should consider relative to the procedures performed. For detailed information of our comments and recommendations see the Summary of Comments and the Comments and Recommendations section of this letter.

We compiled the accompanying financial data on the schedules shown on pages 29 and 30 from the records of the DCIS. We have not audited, examined, or reviewed the accompanying data and, accordingly, do not express an opinion or any other form of assurance on this data.

This advisory letter is intended for the information of Douglas County; however, this advisory letter is a matter of public record and its distribution is not limited.

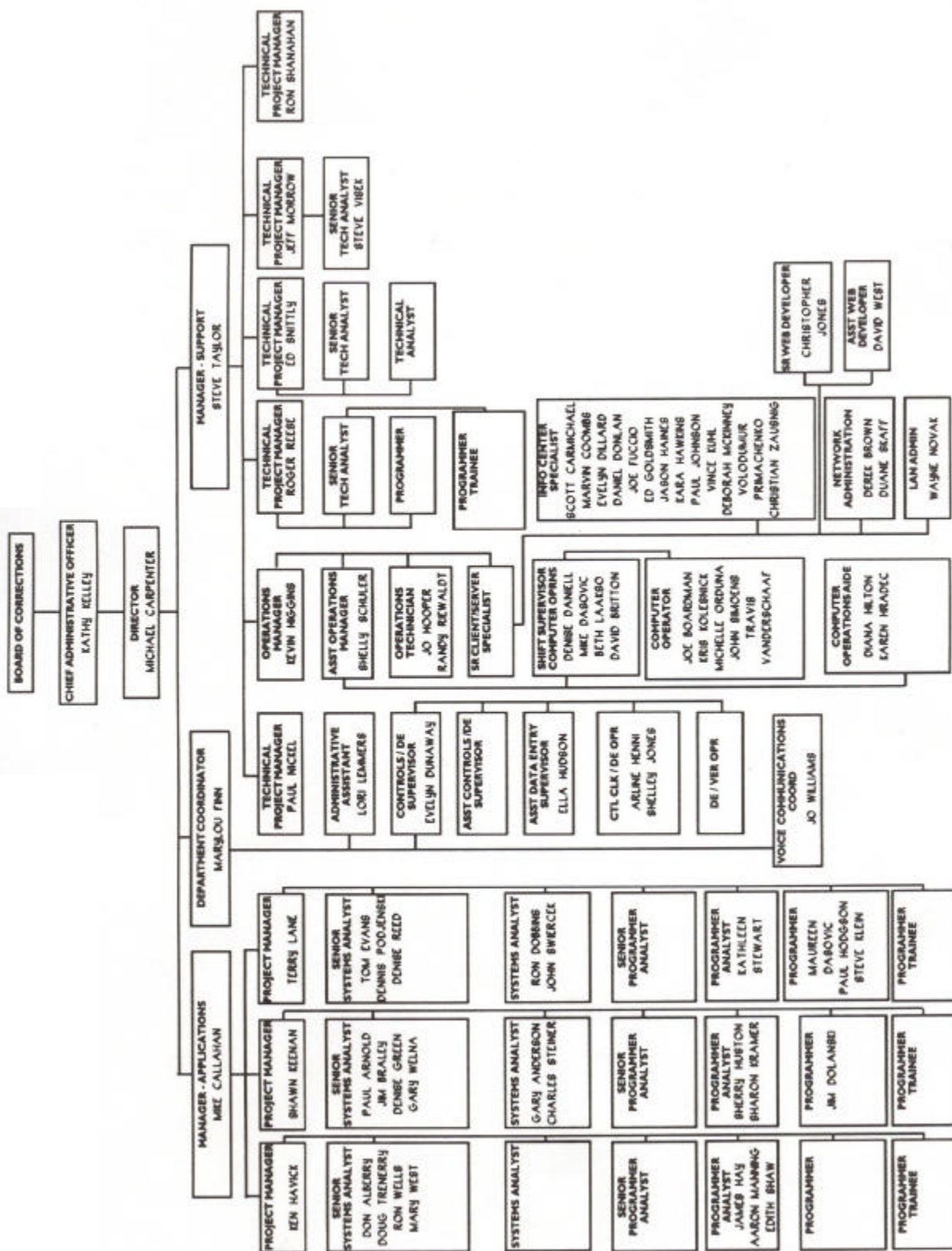


Deann Haeffner, CPA
Deputy State Auditor

February 11, 2002

DOUGLAS COUNTY INFORMATION SERVICES

ORGANIZATIONAL CHART



Source: Prepared by DCIS.

DOUGLAS COUNTY INFORMATION SERVICES

SUMMARY OF COMMENTS

In performing the procedures related to the advisory service objectives enumerated in our transmittal letter for the DCIS, we noted certain matters involving the internal control and other operational matters that are presented here. Comments and recommendations are intended to improve internal controls, ensure compliance, or result in operational efficiencies.

RECEIPTS

1. ***Determination of Billing Rates:*** There was inaccurate or a lack of documentation:
 - to support that all costs were billed to the users. Certain personnel rates on the budget worksheet did not reflect allocated costs of personnel services.
 - regarding the cost of the financial accounting software package shared by Douglas County and the City of Omaha.
 - to support amounts billed to users for disk space.
 - regarding the allocation of personnel rates.
 - regarding the allocation of non-personnel rates.
 - regarding the allocation of operating costs.

Inaccurate information was presented on the Budget worksheets' summary page. Teleprocessing rates were not based on current costs.

Based on all information provided, without documentation to support figures used, the overstatement of some figures, and the understatement of unused figures, it appears the billing rates used by DCIS were not accurate and equitable to all users.

2. ***Internal Control Over Billing Procedures:*** DCIS billing statements were not accounted for or consecutively numbered. A reconciliation was not conducted to ensure all the billing statements generated were downloaded into the accounts receivable subsidiary ledger. Billing statements for three dummy client ID's in the amount of \$31,800 were not collected. Dummy client ID's should not be set up or generated.
3. ***Internal Control Over Receipts:*** DCIS billing statements lacked information regarding payments received and outstanding balances. No cash receipts were issued. The accounts receivable subsidiary ledger was not reconciled to the Douglas County Treasurer's records. There was no transaction coding to support which revenue account codes the clients' receipts should be deposited to.
4. ***Outstanding Account Balances:*** Service was not terminated for ten DCIS clients with balances exceeding 60 days, as per the terms of written contracts. DCIS and Douglas County did not have a documented policy regarding the write-off of uncollectable accounts.
5. ***Client Credit Balance:*** One DCIS client with a credit balance had cancelled their service in August 2001. The credit had not been refunded to the client.

DOUGLAS COUNTY INFORMATION SERVICES

SUMMARY OF COMMENTS

(Continued)

RECEIPTS (Concluded)

6. ***Overcharged Teleprocessing Costs:*** The DCIS teleprocessing rate, for one of fifteen client billing statements tested, was overcharged by \$23.00.
7. ***Billing Audit Report Documentation:*** The DCIS Support Manager did not document his review of the monthly billing statements for accuracy before they were printed.
8. ***“Monthly Computer Run” Rate Determination Report:*** Documentation was not available to support CPU time and printing rates as charged by DCIS for July 2000 through January 2001.
9. ***CPAN Client Contracts:*** Two of ten Douglas County Public Access Network (CPAN) client contracts selected for testing could not be located at the Douglas County Clerk’s office. One of the eight CPAN client contracts on file with the Douglas County Clerk did not have a date documenting when either party signed the contract.

DISBURSEMENTS

10. ***Internal Control Over Disbursements:*** DCIS had individuals with authorization to both create and approve a purchase order. In addition, there was not a documented review of Expense Issue Slips.
11. ***Travel Reimbursement Procedures:*** We tested five DCIS purchase orders requesting reimbursement for travel expenses. Exceptions were noted on all five documents. The exceptions include reimbursements exceeding actual receipt amounts, the lack of receipts, and non-sufficient documentation to support the payments.
12. ***Internal Control Over Credit Card Usage:*** One DCIS individual was capable of handling all phases of a DCIS credit card transaction from beginning to end. Exceptions were noted on credit card statements tested, including charges for personal uses, and a lack of receipts or supporting documentation.
13. ***Douglas County Meal Reimbursement Policy:*** The existing Douglas County policy did not specify when reimbursements for meals while conducting Douglas County business are allowable, such as overnight travel, one-day travel, or time of day. We have no indication that Douglas County addresses the issue of taxable income to employees for meal reimbursements.
14. ***Douglas County Air Travel Policy:*** The existing Douglas County policy pertaining to air travel was not being followed. In addition, the Douglas County policy did not specify when air travel should be used instead of surface travel.

DOUGLAS COUNTY INFORMATION SERVICES

SUMMARY OF COMMENTS

(Concluded)

FIXED ASSETS

15. ***Fixed Asset Procedures:*** DCIS did not conduct a physical inventory of its fixed assets as reflected in the annual listing filed with the Douglas County Clerk. We also noted additions, deletions, or modifications to the fixed asset records were not verified.

PAYROLL

16. ***Internal Control Over Payroll:*** DCIS employees did not always sign attendance records to verify the actual hours they worked and there was no documentation of DCIS supervisory or managerial level review of some attendance records. Additionally, there were no policies or guidelines pertaining to the advanced approval or usage of sick and vacation leave.

More detailed information on the above items is provided hereafter. It should be noted this advisory letter is critical in nature since it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this advisory letter were furnished to the DCIS to provide them an opportunity to review the advisory letter and respond to the comments and recommendations included in this advisory letter. Formal responses received from the Douglas County Board have been incorporated into this advisory letter. DCIS declined to respond in a timely manner. Responses have been objectively evaluated and recognized, as appropriate, in the advisory letter. Responses that indicate corrective action has been taken were not verified at this time.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS

1. Determination of Billing Rates (Please refer to Exhibits C and F)

Good internal control and sound business practice requires procedures and accurate records to provide reliable financial information and to ensure the costs of providing data processing services are adequately and accurately billed to users. Good internal control also requires more than one individual be involved in the determination of rates to ensure the calculations are accurate and all costs are considered. A review of all rates billed to users should be completed on an annual basis. Good internal control requires adequate documentation to support all costs of providing the service and to support the allocation of costs billed to the users. Sound business practice requires rates be sufficient to cover the actual costs of providing the service and also requires that rates for one function are not used to cover the costs of a separate function.

We evaluated the DCIS budget worksheets used to determine the rates billed to users of data processing services. We were told the budget worksheets provided to the State Auditor's Office in September 2001 were used to determine the billing rates for fiscal year 2002. On January 14, 2002, DCIS provided us with "updated" budget worksheets, which they indicated included the adopted salary increases and corrected budget figures. The billing rates relating to personnel did not change between the two worksheets we received.

The worksheets we evaluated in detail were dated January 14, 2002, as reflected on Exhibit F. The following concerns relate to the budget worksheets evaluation:

- A. We found no documentation to indicate that all costs of providing data services were billed to the users. DCIS allocated personnel and non-personnel costs to certain functions. (See F and G below for concerns related to allocation methods.) It did not appear DCIS billed for amounts allocated for AS400 personnel (\$277,138) and non-personnel (\$183,852) costs, for LAN administration non-personnel costs (\$589,533), or for data entry non-personnel costs (\$7,404). Therefore, the total amount of \$1,057,927 would need to be requested for the DCIS function of the Douglas County General Fund.

We recommend DCIS evaluate the method of determining rates and ensure all costs associated with providing data processing services are billed to users.

- B. Certain personnel rates on the budget worksheets, dated January 14, 2002, did not reflect the allocated costs of the personnel services. DCIS allocated personnel costs and hours to the functions billed. (See F and G below for concerns relating to allocation methods.) The following represents the actual calculation of the personnel rates based on the costs and hours allocated by DCIS compared to the rates actually billed for each function:

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

	Actual cost <u>per hour</u>	Amount billed <u>per hour</u>	Variance <u>per hour</u>
Systems Analysis	\$46.47	\$42.00	(\$4.47)
Data Entry	\$21.96	\$20.00	(\$1.96)
Programming	\$35.27	\$35.00	(\$0.27)
LAN Administration	\$35.24	\$35.00	(\$0.24)

If DCIS does not bill users the actual cost of providing services, other means such as the Douglas County General Fund will be needed to recover the costs of providing the services.

We recommend DCIS implement procedures to ensure the personnel rates more closely reflect the actual cost of providing the services.

- C. There was not adequate documentation to support the cost of the financial accounting software package for Douglas County and the City of Omaha. Each month Douglas County was allocated \$9,706 of the cost of the software, and the City of Omaha was billed \$4,706 for the cost of the software. There was no documentation to support the total amount, \$14,412, billed each month for the accounting software. Additionally, DCIS could not provide documentation to support the amount billed to Douglas County and the amount billed to the City of Omaha. DCIS provided a memorandum, dated April 30, 1990, that indicated Douglas County and the City of Omaha should each pay 50% of the accounting software package. A second memorandum, dated January 29, 1991, specifically indicated the computer charges for the accounting software would be \$9,706 for both Douglas County and the City of Omaha. However, according to DCIS, it was determined that through a "gentlemen's agreement" the City of Omaha's share was reduced by \$5,000. DCIS could not provide documentation to support this "agreement." Therefore, it appears the Douglas County General Fund would have to cover the \$5,000 of the accounting software package that is no longer paid by the City of Omaha.

We recommend DCIS obtain adequate documentation to support the monthly amount billed for the financial accounting software package. We also recommend DCIS obtain adequate documentation to support the amount billed to Douglas County and the amount billed to the City of Omaha to ensure both entities are paying the agreed upon portion of the cost of the software.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

- D. Teleprocessing use costs are billed to users for Douglas County mainframe access and dial up connections to the mainframe. DCIS allocated personnel (\$782,467) and non-personnel (\$1,079,909) costs for teleprocessing use. (See F and G below for concerns related to allocation methods.) The rates billed by DCIS for teleprocessing costs were not based on the current teleprocessing costs of \$1,862,376. DCIS indicated the teleprocessing rates had not been reviewed for 3 or 4 years. DCIS estimated teleprocessing revenues at \$2,957,349 for fiscal year 2002. The actual teleprocessing costs billed to all users during fiscal year 2001 were \$2,739,225. It appears DCIS is overcharging for the cost of teleprocessing use because DCIS billed \$876,849 more than costs for fiscal year 2001.

We recommend DCIS evaluate the rates it bills for teleprocessing costs to ensure the costs accurately reflect the cost of providing teleprocessing services. We also recommend DCIS implement procedures to ensure the teleprocessing rates are reviewed on an annual basis.

- E. DCIS bills users for disk space or Direct Access Storage Device (DASD). There was not proper documentation to support the amount billed to users for disk space. DCIS allocated non-personnel costs to DASD (\$374,057). (See F and G below for concerns related to allocation methods.) DCIS determined a rate per megabyte to bill users. DCIS did not provide documentation to support the rate it charged per megabyte of disk space. DCIS charged \$.6719 per megabyte from July to December 2001. For January 2002, DCIS increased the rate to \$.7749 per megabyte. There was also no documentation to support the increase in the DASD rate. We obtained the actual number of megabytes (534,881 MB) allocated to users for the fiscal year 2001. We calculated a rate based on the cost DCIS allocated to DASD and the actual number of megabytes used ($\$374,057 / 534,881 \text{ MB}$). The rate we calculated was \$.6993 per megabyte.

If DCIS does not adequately bill users the actual cost of a megabyte of disk space, users could be over-billed for disk space or under-billed for disk space, which would require additional General Fund money to the DCIS function.

We recommend DCIS evaluate and document the method used to determine the rate charged for disk space. The actual megabytes used should be considered in the rate calculation.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

F. As indicated previously, DCIS determined and allocated personnel costs in order to bill users. The following concerns relate to the personnel costs section of the budget worksheets:

- There was no documentation to support the allocation of personnel costs. DCIS billed personnel costs, as noted above, for systems analysis, data entry, programming, and LAN administration. DCIS allocated each employee's annual salary to one of these functions. There was no documentation to support the percentages used to allocate the salary amounts to each function. DCIS indicated the percentages used were historical. Without proper documentation to support the allocation percentages used for personnel costs, we were unable to determine if the percentages were reasonable.

We recommend DCIS annually evaluate the percentages used to allocate salary amounts to ensure the allocation is reasonable. DCIS should document the method it uses to allocate the salary amounts.

- DCIS calculated the personnel rates by taking the personnel costs divided by the personnel hours. The same allocation percentages were used to allocate the personnel hours for each employee to each function. Therefore, there was also no documentation to support the allocation of personnel hours. Additionally, DCIS only allocated 1,664 hours per employee for the year. Each employee actually works 2,080 hours per year. The result was 416 hours for each DCIS employee was not used in determining the personnel costs. DCIS had 77 employees at June 30, 2001. Therefore, a significant amount of hours (32,032) was not considered when determining the rates billed to users. We also could not find documentation that these hours were considered as indirect costs. Without considering all possible employee hours, the rates set may not be reasonable.

We recommend DCIS annually evaluate the percentages used to allocate personnel hours to ensure the allocation is reasonable. DCIS should document the method it uses to allocate the hours.

Douglas County Board's Response: Billings can only be charged to departments for hours actually worked. The 1,664 hours allocated for each employee represents reductions for vacations, sick leave, holidays and continuing education time. Taking the employees total salary and fringe benefit costs and dividing by the actual billable hours provides an hourly rate that will recover the entire salary expense.

Auditors' Response: We were unable to determine if DCIS billed 1,664 hours for each employee.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

- It appeared the allocation of personnel hours was not accurate. The hours allocated to data entry was 5,158 hours. However, DCIS only estimated using 2,855 hours for data entry. Based on the allocation of data entry hours, it does not appear the allocation of personnel hours was reasonable. The hours allocated should reflect actual hours used in the prior year.

We recommend DCIS implement procedures to ensure the allocation of personnel hours reasonably reflects the actual hours worked.

- The personnel costs allocated to operating costs (\$978,084) were further allocated between operating costs and teleprocessing costs. Twenty percent of the total (\$195,617) was allocated to operating costs and eighty percent of the total (\$782,467) was allocated to teleprocessing costs. There was no documentation to support the allocation of personnel operating costs. DCIS again indicated the percentages were historical. Without proper documentation to support the allocation percentages used for operating costs, we were unable to determine if the percentages were reasonable.

We recommend DCIS evaluate and document the method used to allocate operating costs between operating costs and teleprocessing costs to ensure the allocation is reasonable.

- One employee had an incorrect annual salary amount included in the budget worksheet. The error occurred because an incorrect date used to calculate a salary increase was entered into the spreadsheet. The salary was overstated by \$1,064, which had a negligible effect on the rates. However, there was no independent review of the budget worksheets to ensure amounts used in determining rates were accurate. The risk for errors in the budget worksheet increases significantly without an independent review.

We recommend DCIS implement procedures to ensure more than one individual is involved in the preparation or review of the budget worksheets to ensure their accuracy.

- G. DCIS also determined and allocated non-personnel costs in order to bill users. The following concerns are related to the non-personnel costs section of the budget worksheets:

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

- The budget worksheets indicated the non-personnel costs were derived from the adopted budget. However, the rates were determined for the fiscal year July through June, before the final Douglas County budget was adopted. Therefore, the budgeted non-personnel costs used in the budget worksheets could not be the actual approved budgeted non-personnel costs. Prior year actual costs would provide a more accurate basis to set the rates.

We recommend DCIS evaluate the source used for non-personnel costs to ensure the costs used in determining rates accurately reflect the actual cost of non-personnel expenses.

- We verified the non-personnel costs included in the budget worksheets to the approved budget for DCIS. We noted two variances. The office supplies expense per the budget worksheet was \$68,550 and per the approved budget was \$78,550. The tuition and training expense per the budget worksheet was \$20,000 and per the approved budget was \$66,891. The total variance (\$56,891) represents 3.9% of the approved direct non-personnel expenses (\$1,464,351).

Again, we recommend DCIS implement procedures to ensure more than one individual is involved in the preparation or review of the budget worksheets to ensure their accuracy.

- There was no documentation to support the allocation of non-personnel costs. DCIS billed non-personnel costs in several different ways, but allocated the non-personnel costs to functional areas which included LAN administration, operations, teleprocessing use, DASD, AS400, and data entry. There was no documentation to support the percentages used to allocate the non-personnel costs to each function. DCIS indicated the percentages used were historical.

We recommend DCIS annually evaluate the percentages used to allocate non-personnel costs to ensure the allocation is reasonable. DCIS should document the method it uses to allocate the non-personnel costs.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

- DCIS had determined the non-personnel costs related to administration, general office, systems analysts and programmers, and technical support were minimal. However, we noted \$185,456 in non-personnel costs budgeted to these cost centers. DCIS allocated all non-personnel costs; however, there was no documentation provided to determine whether non-personnel costs should be allocated and billed to these cost centers or whether the costs should be billed with the functions they are currently billed.

We recommend DCIS document their determination that non-personnel costs related to administration, general office, systems analysts and programmers, and technical support are minimal.

- We could not determine or find documentation to identify \$194,700 that was allocated to DCIS in the County's indirect cost allocation plan.

We recommend DCIS provide documentation to support the \$194,700 allocated to the department in indirect costs from the indirect cost allocation plan.

- We noted a portion of indirect costs was not allocated to each functional area listed above. For example, LAN Administration and data entry did not have a portion of the indirect cost allocation charged to them. Likewise, data entry did not have a portion of the administration personnel costs allocated to it. DCIS indicated the portion associated with these areas was minimal, but did not have documentation to support this assessment.

We recommend DCIS document their determination that the indirect costs related to LAN administration and data entry are minimal.

H. DCIS bills users for personnel and non-personnel operating costs. The operating costs are allocated as described previously. (See F and G above for concerns related to the allocation methods.) These rates changed monthly and were listed on the monthly billing as "computer runs." The following concerns are related to the operating costs:

- The non-personnel operating costs (\$575,085) were further allocated to printing (38.77%), software maintenance (46.89%), input/output (6.03%), memory (2.98%), and CPU (5.33%). There was no documentation to support the allocation percentages to these functions.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Continued)

We recommend DCIS annually evaluate the percentages used to allocate operating costs to ensure the allocation is reasonable. DCIS should document the method it uses to allocate the operating costs.

- The three functions actually billed included printing, input/output, and CPU and memory, which are billed together. The operating personnel costs and software maintenance were considered overhead and were allocated to the three billable costs. A spreadsheet was used to calculate the allocation to the three functions. We noted there was no operations overhead allocated to the printing function. The printing function was the largest of the three and should have had the most overhead allocated to it. There was no independent review of the determination of the rates billed as “computer runs.”

We recommend DCIS implement procedures to ensure the allocation of overhead operating costs is reasonable and also ensure there is an independent review of the overhead operating cost allocation.

- We noted two rates charged to a user in April 2001 did not agree to the rate calculated based on prior month actual usage. The rates billed for “CPU time” and “reads and writes” did not agree to the amount calculated for that month. The “CPU time” rate billed was \$18.8034 per CPU minute and the actual rate calculated was \$18.5178 per CPU minute. The “reads and writes” rate billed was \$2.0369 and the actual rate calculated was \$2.0006. DCIS indicated these rates were adjusted without documentation to support the adjustment.

We recommend DCIS bill the “computer run” rates based on the actual usage in the prior month and document any variance from that rate.

- I. Finally, we noted information presented on the summary page of the budget worksheet dated January 14, 2002 was inaccurate. DCIS included \$840,227 in overhead costs in the personnel costs column of the worksheet, but that amount had already been allocated in the personnel costs. Therefore, \$840,227 was included in personnel costs twice. This resulted in the total costs to be overstated. The rates were not affected by the error, but the error gave the appearance that costs were more than the projected revenues. Actually, the projected revenues exceeded the costs on the budget worksheet by \$668,765. We also noted the projected revenues from non-general fund sources is not compared to the actual amount received from the non-general fund users.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

1. Determination of Billing Rates (Please refer to Exhibits C and F) (Concluded)

We recommend DCIS implement procedures to ensure the budget worksheets are accurate so that users of the worksheets are provided accurate data regarding the costs of providing data processing services. A review of the worksheets by another individual who has knowledge of the budget worksheets could aid in ensuring the worksheets are accurate.

- J. Overall, based on items A through I; there was insufficient or inadequate documentation to support figures used, some figures were overstated, some figures were understated, some items were not included at all. Therefore, it appears the billing rates used by DCIS were not accurate or equitable to all users.

We recommend DCIS completely review all items related to the billing worksheets and document the information to ensure the budget worksheets are accurate and equitable to all users.

Douglas County Board's Response: The City of Omaha and Douglas County through an interlocal agreement have created a joint technology commission to consolidate the delivery of electronic information, voice and data communication services for City and County operations and public services. An interim CIO has been selected to implement the technology commission by January 2, 2003.

Among the initial duties of the interim CIO is to create the billing algorithms to be utilized in determining information service charges to City and County user departments. All items recommended in items 1A through 1J will be reviewed by the interim CIO for future implementation.

2. Internal Control Over Billing Procedures

Sound internal control over a billing system requires an assurance that all monies due to DCIS are being collected.

DCIS has three separate billing cycles: (1) General Fund informational statements, (2) Non-general fund billing statements, and (3) Douglas County Public Access Network (CPAN) billing statements. These statements are generated at three different time periods during the month.

All three statement types begin with the last two digits of the fiscal year, then the fiscal month, and then a four-digit number. (Example for December 2001 statements, 01 12 XXXX) The General Fund information statement's four-digit number begins with 0001 every month, the Non-general Fund billing statement's four-digit number begins with 2001 every month, and the CPAN billing statements begin with 5001 every month. (Refer to Exhibit C for an example of Non-general Fund billing statements.)

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

2. Internal Control Over Billing Procedures (Continued)

The billing statements are consecutively numbered during the month they are generated. However, the following month does not continue the number sequence from where the billing statements ended from the prior month. The computer does not generate the starting number. The employee who generates the monthly statements manipulates this number. Therefore, the billing statements will start over every month with 0001, 2001, and 5001.

DCIS creates the monthly billing statements for all three statement types. Since September 2001, they have begun to download that information into the accounts receivable subsidiary ledger. The billing statements generated in the billing program will include an invoice for each client project and a summary invoice. Only the summary invoices are downloaded into the accounts receivable subsidiary ledger. DCIS could not provide the State Auditor's Office with a listing of billing statements prepared. They did regenerate the billing statements themselves for us to evaluate. However, without control numbers we have no assurance that all statements billed were regenerated. Also, each client may have numerous invoices with one final invoice summary attached which serve as billing statements.

During our evaluation of the DCIS' billing procedures, we noted the following lack of internal controls over the billing process:

- Billing statements were not consecutively numbered for the entire fiscal year. There is no assurance that all statements generated by DCIS are accounted for.
- A reconciliation was not conducted to ensure the billing statements generated in the billing program agree to billing statements downloaded into the accounts receivable subsidiary ledger.
- We noted for the period July 1, 2000 through December 31, 2001 that three dummy client ID's generated billing statements. A dummy client ID is an account set up for work performed in which no address or client information is available to send the billing statement to. One dummy ID was set up for client ID 0190 (a General Fund client) with a CFAS project code (this project code bills the City for its share of the accounting software shared by Douglas County and City). During the 18-month period, a monthly \$1,750 billing statement was generated, for a total of \$31,500. To date, this amount has not been collected. The other two dummy ID's were set up as General Fund clients. They generated a total of three billing statements over the 18-month period in the amount of \$300.

Without proper internal controls over billing procedures there is the increased risk that all monies due to DCIS will not be collected.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

2. Internal Control Over Billing Procedures (Concluded)

We recommend DCIS:

- Implement a computer generated, consecutively numbered, billing statement system for the entire fiscal year. This means each billing statement, regardless of type, can be adequately accounted for.
- Develop a procedure to provide assurance that all billing statements generated for the month agree to the number downloaded into the accounts receivable ledger.
- Investigate all current dummy accounts to ensure that monies due to DCIS are being billed and collected. In the future, client ID's should be properly set up prior to work being initiated or billed.

Douglas County Board's Response: In February of 2001, the City and County through an interlocal agreement purchased Oracle Financial Management Software. Phase 1 of the installation of that software will be completed by June 30, 2002. Included, as part of the financial management software is an accounts receivable module. Implementation of this module will provide solutions to recommendation outlined in sections 2 and 3. County customers will also pay invoices directly to the County Treasurer.

3. Internal Control Over Receipts

Good internal control requires DCIS have adequate procedures to ensure all monies collected are properly receipted and deposited with the Douglas County Treasurer.

During our evaluation of the DCIS' accounts receivable procedures, we noted the following lack of internal controls over the receipts process:

- DCIS' billing statements lacked information regarding payments received and outstanding balances. The computer generated billing statements did not reflect any past due amounts or previous balances due. The employee mailing the billing statements hand wrote any outstanding or credit balances each month.
- When DCIS receipted the money from the clients, cash receipts were not issued. This is essential since the monthly billing statements do not give the client any detail information regarding their account.
- DCIS did not reconcile the accounts receivable subsidiary ledger to the Douglas County Treasurer's records to ensure that the funds collected were deposited into the correct revenue account codes.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

3. Internal Control Over Receipts (Concluded)

- DCIS did not have a comprehensive list of the clients assigned to specific revenue account codes. Therefore, we were unable to reconcile six revenue account codes (4401, 4403, 4516, 4530, 4536, and 5331) from Douglas County Treasurer's records to DCIS' accounts receivable subsidiary ledger. DCIS could not provide transaction coding to support to which revenue account codes the clients' receipts should be deposited.

Without proper internal controls over the receipts process there is the increased risk or loss of funds due to DCIS. Also, there is an increased risk that all monies are not adequately accounted for in the General Fund.

We recommend that DCIS:

- Include payment and outstanding balance information on all billing statements.
- Issue cash receipts.
- For all monies collected, DCIS should reconcile on a monthly basis the money receipted to the Douglas County Treasurer's records.
- Maintain a comprehensive list of all clients and the revenue account codes associated with them.

Douglas County Board's Response: In February of 2001, the City and County through an interlocal agreement purchased Oracle Financial Management Software. Phase 1 of the installation of that software will be completed by June 30, 2002. Included, as part of the financial management software is an accounts receivable module. Implementation of this module will provide solutions to recommendation outlined in sections 2 and 3. County customers will also pay invoices directly to the County Treasurer.

4. Outstanding Account Balances

Sound business practice requires policies and procedures should be in place for collecting outstanding account balances and writing off uncollectable accounts.

We noted that each Douglas County Public Access Network (CPAN) client enters into a contractual agreement with Douglas County. A stipulation of the agreement states that if the client's account balance is outstanding more than 60 days, service will be terminated until the balance is paid in full. During our evaluation, we noted ten clients had outstanding balances past 60 days and service had not been terminated. (Refer to Exhibit D for a listing of clients with outstanding balances for Fiscal Years 2000 and 2001.)

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

4. Outstanding Account Balances (Concluded)

We also noted Douglas County did not have an adopted policy regarding the write off of uncollectable accounts during our evaluation period. However, it is our understanding that a documented policy is being developed at this time. Additionally, DCIS did not have procedures in place to collect outstanding balances and the write-off of uncollectable accounts.

DCIS may be failing to collect on revenues without procedures in place regarding outstanding balances and uncollectable accounts.

We recommend DCIS enforce contract terms by terminating service if a client's account is more than 60 days past due. Furthermore, we recommend DCIS and Douglas County adopt a written policy regarding procedures to write off uncollectable accounts.

Douglas County Board's Response: Final policies will be adopted in conjunction with the implementation of the Oracle Financial Management System account receivable module.

5. Client Credit Balance

Sound business and accounting practice requires that credit balances on closed accounts be refunded to the clients.

One DCIS client, IDI (client ID 6648), cancelled their service in August 2001. The client had a \$25 credit balance at the time the service was cancelled. We noted DCIS did not refund the \$25 to the client.

DCIS' revenues may be misstated if credit balances are not refunded to clients when service has been terminated.

We recommend the DCIS refund the \$25 to the client.

6. Overcharged Teleprocessing Costs

Sound business practice requires that the correct rates should be charged to DCIS clients. Furthermore, a review should be conducted periodically to ensure that the system is charging the correct rates for all services performed.

During our evaluation of fifteen client billing statement charges, we recalculated the rate for teleprocessing for one client project. We noted a \$23.00 overcharge for Dial Up Costs By Time on March 2001, invoice 01032058.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Continued)

6. Overcharged Teleprocessing Costs (Concluded)

Without conducting a periodic review of the billing system charges there is the increased risk that DCIS clients will be over or under charged.

We recommend DCIS periodically review all charges within the billing system to ensure that the correct rates are charged to the clients.

7. Billing Audit Report Documentation

Sound business practice requires that adequate documentation be on file to support a managerial review of the billing statements before they are generated and mailed to the client.

During our evaluation of monthly billing statement charges, we noted that a billing audit report was generated. The DCIS Support Manager reviewed the report to ensure all changes made to client projects were reflected in the new monthly statement. The DCIS Support Manager did not document this review.

A lack of supporting documentation for the review of monthly invoices may indicate the review was not completed.

We recommend DCIS adequately document the review of the billing statements before they are generated.

8. “Monthly Computer Run” Rate Determination Report

During our evaluation of charges on monthly billing statements, we noted DCIS could not provide support for CPU time and printing rates per the “Rate Determination Report” for July 2000 through January 2001.

Sound accounting practice requires adequate supporting documentation to be on file to support the monthly rates charged to clients.

Without adequate documentation available to support rates there is an increased risk that incorrect rates could be charged.

We recommend DCIS review procedures to ensure they are adequately documenting the rates charged to their clients.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

RECEIPTS (Concluded)

9. CPAN Client Contracts

During our evaluation of ten CPAN client contracts, we noted the Douglas County Clerk's office could not locate contracts for Jay Welch (client #6366) and Gage Financial Services (client #6408). DCIS did have a copy of the contracts; however, each one only had the client's signature and not the Douglas County Board's. We also noted the contract for James Crampton (client #6362) on file with the Clerk's office did not have a date documenting when either party signed it. (Refer to Exhibit E.)

Sound business practice requires all contractual agreements be properly signed and dated by both parties to the agreement and a legally binding copy be on file with the official record keeper of Douglas County.

Without a legally binding agreement, Douglas County may not be able to enforce the terms or conditions of the agreement.

We recommend all contractual agreements be properly signed and dated, and filed with the Douglas County Clerks' office. Additionally, DCIS should keep a copy of the official contract for their records.

DISBURSEMENTS

10. Internal Control Over Disbursements

Good internal controls require a plan of organization and procedures that would prevent any single individual from both perpetuating and concealing an error or irregularity. A system of internal controls should include a segregation of duties so no one individual can handle all phases of a transaction from beginning to end. If a segregation of duties is not possible, a supervisory review of the office's disbursements should be conducted as a compensating control.

In addition, every invoice paid should be reviewed and approved by someone who does not have the authorization to create a purchase requisition. This review should be documented on each invoice so it is clear the invoice is approved for payment. Finally, a system of internal controls should include a documented review of disbursements charged to the office by other Douglas County offices via "Expense Issue Slips."

During our evaluation of disbursement procedures, a detail test of 22 invoices and five expense reimbursements, we noted:

- Two individuals had the authorization to both create a purchase requisition and approve a purchase order. There were no compensating controls.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

10. Internal Control Over Disbursements (Concluded)

- Not every invoice paid was reviewed and approved for payment. For those invoices reviewed, the approval was not documented. Additionally, the review of “Expense Issue Slips” was not documented.
- The same individual prepared and approved the purchase orders for 17 invoices and all five expense reimbursements selected for testing.

Without a proper segregation of duties and an adequate review and approval of Douglas County purchase orders and Expense Issue Slips, there is an increased risk of loss or misuse of Douglas County funds. Without a proper segregation of duties or compensating controls, a claim could be paid to a fictitious vendor and go undetected. If approval is not documented on all invoices and expense reimbursement documents paid, invoices could be paid that are not a proper expenditure for the office, or there could be confusion regarding which invoices are approved for payment and invoices that have not yet been reviewed. If the review of “Expense Issue Slips” is not documented, the review may not be performed and incorrect disbursements could be charged to the office without their knowledge.

We recommend DCIS review internal control procedures over disbursements to ensure no one individual is capable of handling all phases of a disbursement transaction from beginning to end. This should include a documented approval of the Douglas County purchase order by someone other than the individual who prepared the purchase order. It should also include a monthly supervisory level review of the detail ledger, which should also be documented. Further, a review of all “Expense Issue Slips” should be completed and documented.

11. Travel Reimbursement Procedures

Douglas County Travel Policy requires itemized receipts for disbursements over \$9.99 that include the name of the restaurant, the individual item costs, and the date. Additionally, it requires disbursements to be itemized on a form prescribed by Douglas County and attached to the department’s requisition signed by the department head prior to submission. The policy does not allow for personal disbursements that are not related to Douglas County business. Sound business practice requires adequate supporting documentation be available to increase the accountability for the disbursement of Douglas County funds.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

11. Travel Reimbursement Procedures (Continued)

During our detail testing of five DCIS purchase orders that requested reimbursement for travel expenses, we noted the following:

- On DCIS purchase order # 211, Jonathan Jones was reimbursed for six nights of lodging at \$118.87 per night. The actual cost per night was \$111.87. A total difference of \$42. He was also reimbursed \$4.99 for two long distance phone calls to his personal residence. He was reimbursed \$14.05 for a meal for which an itemized receipt was not provided. He was reimbursed \$615.35 for personal mileage for a trip to Atlanta, Georgia. No supporting documentation was available for why the employee did not travel by commercial airline.
- On DCIS purchase order # 368, Ed Snittly was reimbursed \$503 for two plane tickets, for which a credit card bill was the only supporting documentation available. DCIS indicated one of the tickets was to fly home for the weekend from a trip that extended more than one week. However, per the report for reimbursable travel expenses, the employee claimed dinner on Friday and breakfast on Sunday, indicating he was only home for one day – Saturday. The meal reimbursements for dinner were considered to be a per diem type claim as \$10 was claimed for each of the 14 days of the trip; however, they were each adjusted by \$0.01 by the Douglas County Clerk/Comptroller to comply with the Douglas County policy of not requiring receipts for amounts of \$9.99 and under.
- On DCIS purchase order # 421, Joseph Fuccio was reimbursed \$47.14 and \$25.95 in Schaumburg, Illinois for two meals for which itemized receipts were not provided. The \$47.14 meal was above the Federal maximum standard per diem of \$46.00 for the entire day (three meals combined) in Chicago, Illinois.
- On DCIS purchase order # 452, Steve Visek was reimbursed \$20.75 for a meal for which an itemized receipt was not provided. (See Exhibit B for a copy of the receipt provided.) He was also reimbursed \$20 for the March 28, 2001 purchase of a 150-minute pre-paid phone card. This was the 5th day of a 7-day business trip.
- On DCIS purchase order # 602, Kevin Higgins was reimbursed \$16.25 for a meal for which an itemized receipt was not provided. He was reimbursed for meals on June 11, 2001 totaling an amount of \$67.50, which exceeded the Washington D.C. federal maximum standard daily per diem of \$46.00.
- Overall, on five of five DCIS purchase orders tested, there was not sufficient information to conclude that the purpose of the trip and all related expenses were reasonable and necessary. No conference or training agendas were attached or provided to disclose if any meals were provided or the time frames of the activities.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

11. Travel Reimbursement Procedures (Concluded)

There was \$51,298 in total DCIS purchase orders that requested reimbursement for travel expenses during the period July 1, 2000 to December 31, 2001. Our detail test of five of those purchase orders totaled \$7,858.

Without an adequate review of Douglas County purchase orders requesting reimbursement for travel expenses, there is an increased risk that unsubstantiated disbursements will be reimbursed and an increased risk of a loss or misuse of Douglas County funds. Further, travel policies as adopted by the Douglas County Board were not being followed.

We recommend DCIS review procedures to ensure they are adequately checking expense reimbursements for sufficient supporting documentation, mathematical accuracy, and reasonableness. We also recommend the Douglas County Clerk/Comptroller review their audit of claim procedures to ensure they are adequately checking expense reimbursements for sufficient supporting documentation, mathematical accuracy, and reasonableness. Further, we recommend Douglas County take the necessary steps to recover any amounts that were overpaid. Meal reimbursements that exceed the federal maximum standard per diem rates may need to be reported as taxable income to the employee.

Douglas County Board's Response: Douglas County will review existing travel reimbursement policies and procedures.

12. Internal Control Over Credit Card Usage

Good internal controls require a plan of organization and procedures that would prevent any single individual from both perpetuating and concealing an error or irregularity. A system of internal control should include a segregation of duties so no one individual can handle all phases of a transaction from beginning to end. If a segregation of duties is not possible, a supervisory review should be conducted as a compensating control. In addition, the review of all charges on each credit card billing statement should include a determination of the reasonableness of each purchase and should be verified to an actual receipt or documentation for the charge.

Douglas County Credit Card Policy indicates that all receipts for credit card purchases must accompany the billing statement for payment. Sound business practice requires adequate supporting documentation to increase the accountability for the expenditure of Douglas County funds.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

12. Internal Control Over Credit Card Usage (Continued)

During a review of credit card procedures and a detail test of four months of credit card statements, we noted the following:

- One DCIS employee was able to handle all phases of a credit card transaction from beginning to end, including making the purchase, reviewing the monthly statement, creating the purchase requisition, and approving the purchase order for payment.
- There was no documented review of credit card statements or supporting documentation for the credit card charges.
- On the statement closing March 21, 2001, paid on DCIS purchase order # 566, there were no itemized receipts to support charges of \$105 and \$29 from Southwest Air, a \$195 charge for Microsoft Online Support, and a \$140 charge at Scotts Restaurant in Omaha.
- On the statement closing May 23, 2001, paid on DCIS purchase order # 438, there was a \$13 charge for movies included in a hotel bill for Derek Brown. Also, there were no itemized receipts to support a \$28 charge for a meal at Phillips Haborplace, and purchases of \$96 and \$39 from Breakpoint Books.

There were \$9,564 in total credit card transactions during the period July 1, 2000 to December 31, 2001. The detail test of four months included \$4,910 in transactions. None of the items noted above were recovered by Douglas County.

Without an adequate segregation of duties and procedures in place to ensure there is sufficient documentation to support all disbursements, there is an increased risk of loss or misuse of Douglas County funds.

We recommend DCIS review procedures to ensure no one individual is capable of handling all phases of a credit card transaction. This could include an independent review of the credit card statements by someone other than the individual who prepared the DCIS purchase order. The review should be documented, possibly by initialing and dating the date the review is completed. We also recommend DCIS review procedures to ensure they are sufficiently documenting each credit card charge, and reviewing it for reasonableness. Further, we recommend the Douglas County Clerk/Comptroller review their audit of claim procedures to ensure they are adequately checking credit card payments to ensure adequate supporting documentation is available to justify payments. Douglas County should also take the necessary steps to recover the amounts that were paid and deemed inappropriate Douglas County disbursements.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

12. Internal Control Over Credit Card Usage (Concluded)

Douglas County Board's Response: Douglas County will review credit card usage policies and procedures.

13. Douglas County Meal Reimbursement Policy

The Internal Revenue Service (IRS) has ruled that certain amounts paid to employees for meal expenses, including those incurred on non-occasional one-day travel, and unsubstantiated meal expenses, which exceed the Federal maximum per diem standards, may be taxable income to the employee. Sound accounting and business practices require policies and guidelines be in place to increase the accountability over Douglas County disbursements.

Douglas County Travel Policies allow for the reimbursement of the actual amount paid for a meal for a Douglas County employee or for those who are conducting Douglas County business. However, the policies do not offer any guidelines as to when this policy applies (e.g. overnight travel, one-day travel, and times of day). They also do not establish specific guidelines for the limits for reasonable meal expenses.

Without established guidelines there is an increased risk of the loss or misuse of Douglas County funds. Further, there is no assurance that Douglas County and its employees are in compliance with the Internal Revenue Code.

We recommend Douglas County establish guidelines to ensure there is adequate accountability for disbursements of Douglas County Funds. Such guidelines should provide employees assistance on determining what disbursements are considered reasonable while conducting allowable Douglas County business. If an employee is reimbursed for meals that exceed the IRS per diem standards, the amount may need to be reported as taxable income to the IRS.

Douglas County Board's Response: It is Douglas County's understanding, that if meal reimbursements exceed \$10 and an itemized receipt is provided, compliance with the Internal Revenue Code has been met. Review will be made of any meal receipts exceeding \$10 that are not itemized.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

14. Douglas County Air Travel Policy

Douglas County Airline Travel Policy indicates that frequent users of airline travel will be issued and shall utilize the Douglas County United Airline Travel Card. Non-frequent users are to make travel arrangements and call the Purchasing Department with the vendor. The Purchasing Department will then return the call to the vendor with the Air Travel Card number. Sound business practice requires guidelines to be in place to increase the accountability for disbursements of Douglas County funds.

We evaluated two travel reimbursements for DCIS. For both travel reimbursements tested, airline travel was used, and the employees were not required to utilize the Douglas County United Airline Travel Cards or inform the Purchasing Department of their air travel arrangements in order for them to call the vendor with the Air Travel Card number. Per the Douglas County Clerks Office, it is common practice for employees not to follow the Airline Travel Policy. In addition, the Douglas County Airline Travel Policy does not offer guidelines on when air travel should be used instead of surface travel.

Without established guidelines and policies that are followed there is an increased risk of loss or misuse of Douglas County funds. There is also an increased risk when guidelines and policies are not followed. Further, if comparisons of air travel and related disbursements compared to surface travel and related costs are not done, it could cost Douglas County and its taxpayers more money than necessary.

First, we recommend DCIS follow the Douglas County Air Travel Policy. We also recommend Douglas County review policies to ensure there are guidelines pertaining to which types of travel are considered reasonable when conducting allowable Douglas County business. We further recommend Douglas County review procedures to ensure all employees are following existing Douglas County policies.

Douglas County Board's Response: Douglas County will review existing air travel policy for possible additional direction regarding air travel versus surface travel decisions. The majority of air travel reservations are made using the Douglas County United Airline Travel Card.

15. Fixed Asset Procedures

Good internal control and sound business practice requires an accurate fixed assets listing (inventory) be maintained and a periodic physical inventory be conducted. It would also require changes, including all additions and deletions of the fixed asset listing and modifications to existing asset records, be verified to ensure accuracy.

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Continued)

15. Fixed Asset Procedures (Continued)

As of December 31, 2001, DCIS had 2033 fixed assets worth \$4,898,317. We noted the following during our evaluation of ten assets, valued at \$817,922:

- DCIS did not conduct a physical inventory of fixed assets as reflected on the annual inventory listing filed with the Douglas County Clerk's Office. The Douglas County Clerk furnishes DCIS a listing of their fixed assets annually; however, DCIS did not verify the assets on the list to the actual fixed asset items on hand, they only lined through items they knew were being sent to the Douglas County auction.
- DCIS did not verify additions, deletions, or modifications to existing asset records. DCIS requested all changes on a form sent to the Douglas County Purchasing Department. Internal Auditors from the Douglas County Clerk's office then verified the changes made by the Douglas County Purchasing Department. DCIS did not review or verify the changes were made correctly; and therefore, they did not verify the accuracy of their fixed asset listing.
- One of the ten assets selected from the inventory list, #45504, an optical jukebox valued at \$171,379, could not be located. DCIS did provide documentation that the item had been transferred from their office to be put in the 2001 Douglas County auction; however, the asset had not been properly removed from the fixed asset listing. DCIS acknowledged there were several other items on the inventory list that were no longer in their possession, but were not properly removed from the fixed asset listing at the time they were disposed.

Inadequate controls over fixed assets increases the risk of loss or theft of Douglas County property. Without verifying the assets on the inventory listing to the actual property items during the annual inventory, the office cannot be sure each asset on the list is still in their possession. If changes requested are not verified to the changes made, an asset could be added with incorrect information, the wrong asset could be deleted, a modification could be made incorrectly, or the value of the fixed assets could be wrong; all of which would not be detected. Also, if the inventory listing includes items that are no longer in the possession of the office, the fixed assets of Douglas County are being overstated on the annual financial report.

We recommend the DCIS fixed assets inventory listing be verified to the actual property items on hand by physical inspection before filing the approved complete fixed asset listing with the Douglas County Clerk. We further recommend DCIS update their inventory listing and work with the Douglas County Clerk's office

DOUGLAS COUNTY INFORMATION SERVICES

COMMENTS AND RECOMMENDATIONS

DISBURSEMENTS (Concluded)

15. Fixed Asset Procedures (Concluded)

to determine what procedures are necessary to remove or correct fixed asset items that are no longer in their possession. Finally, we recommend DCIS implement procedures to ensure additions, deletions, and modifications to existing fixed asset records are made in accordance with requests submitted to the Douglas County Purchasing Department; thereby assuring the accuracy of the fixed asset listing amounts and quantities.

16. Internal Control Over Payroll

Good internal controls require procedures to be in place to ensure adequate records are maintained to support payroll information, including signed and approved time records. Sound business practice requires policies and guidelines to be in place to increase the accountability over leave usage.

During detail testing of payroll, we noted instances where employees had not signed the payroll attendance reports to verify the hours recorded were the actual hours worked. (Refer to Exhibit A.) We noted there was no documentation of a supervisory or managerial level review of hours worked. Additionally, we noted there were no policies or guidelines for the advanced approval or use of sick and vacation leave.

Without signed and approved time records there is an increased risk of employees being paid for unsubstantiated time. Without established policies and guidelines pertaining to advanced approval of leave usage or approval of leave used, there is an increased risk of misuse of leave.

We recommend DCIS review payroll procedures to ensure adequate controls are in place. This would include detailed timesheets signed by employees and a documented supervisory or managerial level review. Further, we recommend DCIS establish policies and guidelines pertaining to the advanced approval or use of sick and vacation leave.

DOUGLAS COUNTY INFORMATION SERVICES
UNAUDITED - SCHEDULE OF RECEIPTS BY ACCOUNT CODE
For Fiscal Years 1999, 2000, 2001, and the First Half of Fiscal Year 2002

	Tourism Development 4322	Douglas County Hospital 4401	Prime Health 4402	Region VI Mental Health Human Services 4403
FY 1999	\$ 1,320.10	\$ 330,089.15	\$ 731.59	\$ 35,840.28
FY 2000	\$ 8,879.20	\$ 288,511.07	\$ -	\$ 45,935.08
FY 2001	\$ 6,968.10	\$ 291,303.70	\$ -	\$ 46,144.13
July 2001-December 2001	2,542.40	165,829.42	-	19,299.53
	Fire Division 4505	City Finance 4506	City Property 4507	Central Garage 4509
FY 1999	\$ 4,135.89	\$ 219,217.35	\$ 26,386.43	\$ 24,637.14
FY 2000	\$ 3,876.94	\$ 247,715.73	\$ 26,137.66	\$ 46,628.26
FY 2001	\$ 1,081.76	\$ 249,287.31	\$ 27,987.06	\$ 47,196.90
July 2001-December 2001	\$ 655.55	\$ 79,090.24	\$ 11,941.97	\$ 23,833.44
	Sarpy Election 4522	Federal Probation 4524	YMCA 4525	F.B.I. 4528
FY 1999	\$ 19,981.29	\$ 1,937.81	\$ -	\$ 462.73
FY 2000	\$ 25.00	\$ 1,593.45	\$ -	\$ 667.93
FY 2001	\$ -	\$ 1,955.14	\$ -	\$ 1,057.67
July 2001-December 2001	\$ -	\$ 1,124.68	\$ -	\$ 412.00
	MUD 4547	IRS 4548	District Court 4706	Unidentified 5321
FY 1999	\$ 638.14	\$ 286.00	\$ 25.00	\$ 3,143.00
FY 2000	\$ 2,873.47	\$ 250.00	\$ -	\$ -
FY 2001	\$ 4,510.74	\$ 275.00	\$ -	\$ -
July 2001-December 2001	\$ 919.80	\$ 150.00	\$ -	\$ -
	Aksarben 4412	City Public Works 4501	Environmental Service 4502	City Planning 4503
FY 1999	\$ 115.40	\$ 50,659.66	\$ 13,102.27	\$ 23,609.49
FY 2000	\$ -	\$ 51,605.70	\$ 19,827.48	\$ 40,043.69
FY 2001	\$ -	\$ 46,981.39	\$ 13,960.59	\$ 34,088.59
July 2001-December 2001	-	21,283.65	5,362.41	\$ 16,996.98
	Land Reutilization Commission 4516	US District Court 4517	State Welfare 4518	State Court 4519
FY 1999	\$ 11,334.39	\$ 1,011.05	\$ 19,403.48	\$ 90,992.51
FY 2000	\$ 8,140.65	\$ 1,205.06	\$ 27,381.21	\$ 53,442.10
FY 2001	\$ 8,761.64	\$ 1,675.27	\$ 32,758.15	\$ 35,290.06
July 2001-December 2001	\$ 1,695.51	\$ 1,405.93	\$ 14,211.80	\$ 17,401.61
	Boys Town 4541	Ralston 4542	OPPD 4543	United States Secret Service 4544
FY 1999	\$ 262.47	\$ 786.22	\$ 614.01	\$ 325.00
FY 2000	\$ 349.20	\$ 772.21	\$ 695.87	\$ 300.00
FY 2001	\$ 225.00	\$ 1,026.42	\$ 465.94	\$ 325.00
July 2001-December 2001	\$ 125.00	\$ 125.00	\$ 270.27	\$ 125.00

Source: Prepared by the Auditor of Public Accounts from DCIS Records.

Schedule 1

County Roads 4404	General Assistance 4405	County Health Department 4407
\$ 7,332.51	\$ 63,918.85	\$ 100,465.04
\$ 8,720.57	\$ 73,126.56	\$ 108,047.48
\$ 8,031.58	\$ 81,638.66	\$ 117,311.65
5,347.31	36,123.77	67,265.18
Omaha Police Division 4510	City Prosecutor 4511	911 Communication Center 4512
\$ 468,040.26	\$ 64,006.41	\$ 39,762.20
\$ 530,722.33	\$ 115,267.20	\$ -
\$ 517,449.62	\$ 94,770.13	\$ -
\$ 272,041.20	\$ 40,216.67	\$ -
Miscellaneous 4530	C.P.A.N. 4536	Policy Study 4538
\$ 4,908.18	\$ 266,241.41	\$ 37,945.20
\$ 21,234.15	\$ 252,758.25	\$ 45,836.40
\$ 15,533.53	\$ 308,210.19	\$ 57,138.60
\$ 9,327.27	\$ 183,788.19	\$ 24,190.80
Other Receipts 5331	Corrections 4319-4408	Veterans Service 4411
\$ -	\$ -	\$ 16,945.65
\$ -	\$ -	\$ 20,079.57
\$ 467.01	\$ -	\$ 13,639.22
\$ -	\$ -	\$ 5,949.28
City Personnel 4504	City Data Processing 4514	Public Safety 4515
\$ 25,792.02	\$ 1,278.54	\$ -
\$ 29,169.69	\$ 3,084.82	\$ -
\$ 5,682.03	\$ 5,847.56	\$ 90.77
\$ 1,015.74	\$ 2,782.05	\$ -
Sarpy Clerk 4521	LaVista 4539	Law Drug Enforcement 4540
\$ 669.00	\$ 250.00	\$ 250.00
\$ 1,297.48	\$ 325.00	\$ 300.00
\$ -	\$ 300.00	\$ 300.00
\$ -	\$ 125.00	\$ 150.00
NE Department of Labor 4546	Total Receipts Collected	
\$ 200.00	\$ 1,979,053.12	
\$ -	\$ 2,086,826.46	
\$ -	\$ 2,079,736.11	
\$ -	\$ 1,033,124.65	

DOUGLAS COUNTY INFORMATION SERVICES
UNAUDITED - SCHEDULE OF DISBURSEMENTS BY ACCOUNT CODE
For Fiscal Years 1999, 2000, 2001, and the First Half of Fiscal Year 2002

	Regular Time Pay 601	Over-Time Pay 602	On-Call Pay 605	Shift Differential 606	Temporary/ Part-Time Pay 607
FY 1999	3,024,272.26	17,854.84	-	1,901.26	-
FY 2000	3,126,565.97	40,591.63	7,596.00	5,529.80	-
FY 2001	3,252,925.63	28,724.12	643.04	1,588.27	19,975.80
July 2001- December 2001	1,882,382.88	14,592.52	2,268.80	940.76	18,502.58

	Auto-Gas Oil Supplies 671	Office Equipment 673	Other Equipment 675	Equip Service Contract 676	Janitorial Supplies 681
FY 1999	\$ -	\$ -	\$ -	\$ 286,668.18	\$ 49.25
FY 2000	\$ 10.00	\$ -	\$ 140.80	\$ 257,763.72	\$ 53.45
FY 2001	\$ -	\$ 115.50	\$ -	\$ 277,356.21	\$ 68.60
July 2001- December 2001	\$ -	\$ -	\$ -	\$ 225,092.08	\$ 60.02

	Telephone 710	Cellular Phone 712	Postage 720	Books and Subscriptions 800	Travel 801
FY 1999	\$ 68,055.97	\$ 501.14	\$ 1,783.52	\$ 7,899.46	\$ 7,937.18
FY 2000	\$ 43,512.94	\$ 744.90	\$ 1,785.13	\$ 9,822.10	\$ 11,164.76
FY 2001	\$ 108,124.04	\$ 993.91	\$ 1,947.99	\$ 24,468.84	\$ 11,397.87
July 2001- December 2001	\$ 53,614.97	\$ 260.92	\$ 3,208.84	\$ 8,455.51	\$ 4,933.36

	Professional Fees 840	Freight 841	Other Expenses 846	Credit Adjustment 861	Purchase Discounts 862
FY 1999	\$ 17,729.58	\$ 1,792.04	\$ 28,690.29	\$ (7,880.74)	\$ (1,925.19)
FY 2000	\$ 8,660.00	\$ 4,955.54	\$ 13,436.16	\$ (48,510.87)	\$ (6,172.77)
FY 2001	\$ 32,287.08	\$ 1,848.62	\$ 3,558.72	\$ (13,507.92)	\$ (75.84)
July 2001- December 2001	\$ 96,494.92	\$ 1,224.17	\$ 1,052.50	\$ (32,269.87)	\$ -

Source: Prepared by Auditor of Public Accounts from DCIS Records.

Schedule 2

Office Supplies 630	Paper Supplies 632	Copier Supplies 636	Printing 641	Graphics 642	Other Med Supplies 656
106,295.46	-	10,086.70	668.76	28.00	16.34
70,007.65	26.25	3,695.65	1,591.62	35.00	-
75,602.31	22.54	4,562.57	549.29	28.00	18.74
29,556.48	101.85	3,423.74	304.26	\$ 7.00	\$ 11.90
Electrical Supplies 682	Maint/Repair Land/Bldgs 686	Minor (Non-Deprec) 690	Rental 691	Computer Hdwr <\$500 694	Computer Sftwr<\$500 695
\$ 329.28	\$ 13,466.25	\$ 306,566.38	\$ -	\$ -	\$ -
\$ -	\$ 11,121.61	\$ 26,256.87	\$ -	\$ 128,998.06	\$ 84,792.68
\$ 384.90	\$ 11,640.50	\$ 14,584.93	\$ 2,280.00	\$ 50,932.67	\$ 28,926.26
\$ -	\$ 3,208.80	\$ 5,445.36	\$ 6,930.00	\$ 17,782.47	\$ 9,670.83
Membership and Dues 802	Tuition and Training 803	Mileage 804	Meal Reimburse 805	Lodging 806	Other Contracts 813
\$ 538.95	\$ 81,125.63	\$ 1,654.16	\$ 2,417.22	\$ 13,163.11	\$ 219,515.32
\$ 588.90	\$ 95,984.19	\$ 3,838.14	\$ 3,371.16	\$ 20,570.31	\$ 262,461.78
\$ 612.85	\$ 115,060.63	\$ 4,092.11	\$ 3,230.11	\$ 18,428.77	\$ 269,480.34
\$ 50.00	\$ 15,538.02	\$ 1,520.93	\$ 1,409.10	\$ 6,286.18	\$ 110,377.22
Fixed Equipment 904	Major Mvble Equipment 905	Lease Purchase 912	Computer Hrdwr > \$500 913	Computer Sftwr > \$500 914	Total Disbursements
\$ -	\$ 219,372.96	\$ 219,514.05	\$ -	\$ -	\$ 4,650,087.61
\$ -	\$ 176,476.62	\$ 301,662.24	\$ 3,818.69	\$ 10,809.59	\$ 4,683,756.27
\$ 655.00	\$ 33,203.59	\$ 227,072.96	\$ 60,672.14	\$ 121,780.93	\$ 4,796,262.62
\$ -	\$ -	\$ 26,383.65	\$ 4,814.78	\$ 4,355.94	\$ 2,527,993.47

Exhibit A



11-12-00 TO 11-25-00

- 32 -

DOUGLAS COUNTY INFORMATION SERVICES
DOCUMENTATION ATTACHED TO A PURCHASE ORDER

Exhibit B

001-061-00-00452

ACCOUNT INFORMATION

help log off edit profile change password add/remove account

RECENT STATEMENTS PAYMENT CENTER CASH CENTER CUSTOMER SATISFACTION CENTER ACCOUNT

LL Bean Warmup Jacket

Up-to-the-Minute
Account Snapshot Registered Accounts Register Additional Account

Choose another account: Platinum Plus Visa ending in 1988

Platinum Plus Visa
STEPHEN E VISEK
PAPILLION NE NEB

Change Address

Balance Information		Payment Information	
Credit Line		Last Payment Date	
Current Balance		Last Payment Amount	
Temporary Authorizations (rounded)	\$0.00	Past Due Amount	
Disputed Amount	\$0.00	Current Payment Amount	

Available for Cash or Purchases	Total Minimum Payment Due
	\$15.00 by 04/15/200

Transactions appearing below will be included in your next statement scheduled to close on 04/16/2001.

Posting Date	Transaction Date	Ref	Card	Category	Transaction Type	Charges
*** POSTED TRANSACTIONS ***						
03/17/2001	03/15/2001	0364	VS	10	DEWACO INC 84502220175 - PAPILLION NE	\$24.17
03/20/2001	03/17/2001	7101	VS	C	GORDMANS STORE #24 - LA VISTA NE	\$22.61
03/21/2001	03/20/2001	14003	VS	C	TARGET 00000532 - PAPILLION NE	\$20.95
03/21/2001	03/20/2001	1102	VS	C	TARGET 00000532 - PAPILLION NE	\$40.00
03/22/2001	03/20/2001	6398	VS	C	EXCEL SPORTS BOULDER - 303-446137 CO	\$35.82
03/24/2001	03/22/2001	1017	VS	C	FAMOUS FOOTWEAR #14003 - LAVISTA NE	\$45.24
03/24/2001	03/23/2001	6407	VS	C	LL BEAN MAIL ORDER VISA - 800-341434 ME	\$73.00
03/26/2001	03/23/2001	0011	VS	C	QT 596 04005963 - OMAHA NE	\$23.21
03/26/2001	03/25/2001	0659	VS	C	WALGREEN 00000090 - SAN FRANCISCO CA	\$7.57
03/27/2001	03/25/2001	4747	VS	C	SOTANO GRILL - SAN FRANCISCO CA	\$16.05
03/27/2001	03/25/2001	4276	VS	C	THE SPORTS AUTHORITY # - OMAHA NE	\$39.90
03/27/2001	03/25/2001	8531	VS	C	BLAZING SADDLES BIKE R - SAN FRANCISCO CA	\$68.00
03/27/2001	03/25/2001	8866	VS	C	KOHES DENT STORE #226 - OMAHA NE	\$160.97
03/28/2001	03/26/2001	3388	VS	C	SWEET FACTORY 00102566 - SAN FRANCISCO CA	\$11.73
03/28/2001	03/26/2001	1299	VS	C	ASHEE STRAWBERRY - SAN FRANCISCO CA	\$20.75
03/28/2001	03/26/2001	1006	VS	C	BAYFRONT BREWERY - SAN FRANCISCO CA	\$27.55
03/28/2001	03/26/2001	0652	VS	C	JCPENNEY CAT OUTLET 3016 - BELLEVUE NE	\$21.29
03/28/2001	03/26/2001	1265	VS		TARGET 00000532 - PAPILLION NE	
03/29/2001	03/26/2001	2655	VS	C	WALGREEN 00000090 - SAN FRANCISCO CA	\$23.01
03/30/2001	03/27/2001	0345	VS	C	BAYFRONT BREWERY - SAN FRANCISCO CA	\$8.17
03/30/2001	03/27/2001	9468	VS	C	COPPINOS - SAN FRANCISCO CA	\$39.10
03/30/2001	03/28/2001	7042	VS	C	SOTANO GRILL - SAN FRANCISCO CA	\$15.97
03/30/2001	03/29/2001	6962	VS	C	TARGET 00000532 - PAPILLION NE	\$26.40

Dinner 3-26-01

Source: DCIS Documentation Attached to a Purchase Order.

DOUGLAS COUNTY INFORMATION SERVICES

408 SOUTH 18 STREET - OMAHA, NEBRASKA 68102-2501
 PHONE 402-444-7135 FAX 402-444-6276
 MICHAEL CARPENTER - DIRECTOR

Invoice Number 01092064

Client:

County Health Department
 1819 Farnam ST
 Omaha NE 68183-0401

Account Number 3501

Billing Period 2001/09/01 To 2001/09/30

	Total		Rate		Charge
MVS CPU MINUTE	6.69	\$	6.1268	\$	41.00
LGFS COMPUTER TIME				\$	1,455.90
TOTAL READS & WRITES	97,434	\$	0.6034/M	\$	58.79
MVS LINES PRINTED	32,532	\$	0.9410/M	\$	30.61
CTD LINES PRINTED	1,072	\$	0.9410/M	\$	1.01
*** SUB-TOTAL COMPUTER RUNS				\$	1,587.31
DISK SPACE ALLOCATED (MB)	1,730.6240	\$	0.6719	\$	1,162.84
*** SUB-TOTAL DISK SPACE CHARGES				\$	1,162.84
EQUIPMENT				\$	162.36
TP USAGE				\$	3,850.00
DIAL UP MINUTES	2,980				
DIAL UP TRANSACTIONS	3,005				
DIAL UP COST BY TIME				\$	520.87
*** SUB-TOTAL TP CHARGES				\$	4,533.23
LAN ADMINISTRATION	87.00	\$	35.00	\$	3,045.00
MAINFRAME SYSTEMS ANALYSIS	15.15	\$	42.00	\$	636.30
PC SYSTEMS ANALYSIS	5.00	\$	42.00	\$	210.00
MAINFRAME Y2K SYSTEMS ANALYSIS	0.15				
MAINFRAME PROGRAMMING	5.22	\$	35.00	\$	182.70
PC PROGRAMMING	2.10	\$	35.00	\$	73.50
DATA ENTRY RECORDS	4,843				
DATA ENTRY KEYSTROKES	13,694				
DATA ENTRY ERRORS	73				
DATA ENTRY HOURS	2.9448	\$	20.00	\$	58.90
*** SUB-TOTAL MANPOWER CHARGES				\$	4,206.40
AS 400 CPU	5,648.47				

-Continued on next page-

PLEASE REMIT AS PREVIOUSLY AGREED

8501 - Rev. 6/97

Source: DCIS Billing Statement.

DOUGLAS COUNTY INFORMATION SERVICES

408 SOUTH 18 STREET - OMAHA, NEBRASKA 68102-2501
 PHONE 402-444-7135 FAX 402-444-6276
 MICHAEL CARPENTER - DIRECTOR

Invoice Number 01092064

(Continued)

Client:

County Health Department
 1819 Farnam ST
 Omaha NE 68183-0401

Account Number 3501

Billing Period 2001/09/01 To 2001/09/30

	Total	Rate	Charge
AS 400 TRAN TIME	9,026		
AS 400 NUM TRANS	2,832		
AS 400 AUX IO	1,518,921		
AS 400 PRINT LINES	219		
AS 400 DB UPDATES	93,432		
AS 400 PRINT FILES	27		
AS 400 DB PUTS & GETS	1,605,495		
AS 400 COMM PUTS & GETS	14,014		
AS 400 ACTIVE HOURS	1,824,91525		

*** SUB-TOTAL AS/400 CHARGES

\$

Amount-Due ----- \$ 11,489.78

PLEASE REMIT AS PREVIOUSLY AGREED

DOUGLAS COUNTY INFORMATION SERVICES
UNCOLLECTABLE ACCOUNTS LISTING AS OF NOVEMBER 27, 2001

Exhibit D

NOVEMBER 27, 2001

USER NAME	ACCOUNT NUMBER	FISCAL YEAR	INVOICE NUMBER	AMOUNT NOT COLLECT
<i>Fiscal Year 2000:</i>				
<i>* Customers receiving service with outstanding balances exceeding 60 days.</i>				
VETERANS SERVICE	0701	2000	00102030	\$ 1,344.00
VETERANS SERVICE	0701	2000	00112030	\$ 924.00
VETERANS SERVICE	0701	2000	00122029	\$ 1,764.00
VILLAGE OF BOYS TOWN	6024	2000	00072172	\$ 25.00
VILLAGE OF BOYS TOWN	6024	2000	00122171	\$ 25.00
SARPY CO SHERIFF DEPT	6032	2000	1	\$ 271.53
SARPY CO SHERIFF DEPT	6032	2000	00082183	\$ 259.60
SARPY CO SHERIFF DEPT	6032	2000	00092179	\$ 275.73
SARPY CO SHERIFF DEPT	6032	2000	00102180	\$ 286.13
SARPY CO SHERIFF DEPT	6032	2000	00112182	\$ 291.67
SARPY CO SHERIFF DEPT	6032	2000	00122179	\$ 240.20
SARPY CO SHERIFF DEPT	6032	2000	01012176	\$ 31.40
SARPY CO SHERIFF DEPT	6032	2000	01022192	\$ 25.00
SARPY CO SHERIFF DEPT	6032	2000	01032193	\$ 25.00
SARPY CO SHERIFF DEPT	6032	2000	01042188	\$ 25.00
SARPY CO SHERIFF DEPT	6032	2000	01062189	\$ 25.00
SARPY CO PROBATION	6034	2000	00082187	\$ 125.00
SARPY CO PROBATION	6034	2000	00092183	\$ 125.00
SARPY CO PROBATION	6034	2000	00112186	\$ 125.00
SARPY CO PROBATION	6034	2000	00122183	\$ 125.00
SARPY CO PROBATION	6034	2000	01012180	\$ 133.07
SARPY CO PROBATION	6034	2000	01022196	\$ 201.73
SARPY CO PROBATION	6034	2000	01032197	\$ 177.07
SARPY CO PROBATION	6034	2000	01042192	\$ 153.80
SARPY CO PROBATION	6034	2000	01062194	\$ 180.80
US ATTORNEYS OFFICE	6045	2000	00112194	\$ 467.01
US ATTORNEYS OFFICE	6045	2000	00122191	\$ 910.00
CLASSIC TITLE CO	6103	2000	01065273	\$ 400.00
CLASSIC TITLE CO	6103	2000	01055269	\$ 600.00
CLASSIC TITLE CO	6103	2000	01045274	\$ 900.00
CLASSIC TITLE CO	6103	2000	01035274	\$ 350.00
O & H INVESTMENTS	6232	2000	00075019	\$ 0.90
WILLIAM M. MILLER	6277	2000	01045045	\$ 7.40
PALMER & ASSOCIATES	6323	2000	01045065	\$ 62.50
ALTEGRA CREDIT CORP	6445	2000	00125126	\$ 25.00
ALTEGRA CREDIT CORP	6445	2000	01015126	\$ 25.00
ALTEGRA CREDIT CORP	6445	2000	01025126	\$ 25.00
CREIGHTON UNIV LEGAL	6473	2000	01045142	\$ 25.00
CASH RECOVERY UNIV	6508	2000	00075173	\$ 25.00
CASH RECOVERY UNIV	6508	2000	00085170	\$ 25.00
CASH RECOVERY UNIV	6508	2000	00095170	\$ 25.00
CASH RECOVERY UNIV	6508	2000	00105169	\$ 25.00
ED BUSCH	6555	2000	00105194	\$ 25.00

Source: DCIS Uncollectable Accounts Listing as of November 27, 2001.

DOUGLAS COUNTY INFORMATION SERVICES
UNCOLLECTABLE ACCOUNTS LISTING AS OF NOVEMBER 27, 2001
(Continued)

Exhibit D

ED BUSCH	6555	2000	00115189	\$	25.00
ED BUSCH	6555	2000	00125190	\$	25.00
ED BUSCH	6555	2000	01015190	\$	25.00
ED BUSCH	6555	2000	01025190	\$	25.00
PIONEER TITLE	6565	2000	00075206	\$	39.60
PIONEER TITLE	6565 *	2000	00085202	\$	25.60
PIONEER TITLE	6565	2000	01045193	\$	27.30
CHOICE POINT	6572	2000		\$	25.00
MARK SMITH	6577	2000		\$	79.40
M. ELIZABETH PETERS	6608	2000	00105227	\$	25.00
M. ELIZABETH PETERS	6608	2000	00095229	\$	25.00
AAMES FUNDING CORP.	6621	2000	01015230	\$	25.00
AAMES FUNDING CORP.	6621	2000	01025230	\$	25.00
AAMES FUNDING CORP.	6621	2000	01035229	\$	25.00
AAMES FUNDING CORP.	6621	2000	01045227	\$	25.00
GEICO DEVELOPMENT	6639	2000	00075256	\$	25.00
GEICO DEVELOPMENT	6639	2000	00085251	\$	25.00
RESIDENTIAL MTG SVC.	6658	2000	00105262	\$	41.60
RESIDENTIAL MTG SVC.	6658	2000	00115252	\$	25.00
RESIDENTIAL MTG SVC.	6658	2000	00125253	\$	25.00
RESIDENTIAL MTG SVC.	6658	2000	01015254	\$	25.00
RESIDENTIAL MTG SVC.	6658	2000	01025255	\$	25.00
M & W TOWERS	6671	2000	01035260	\$	25.00
M & W TOWERS	6671	2000	01045257	\$	25.00
RANDELL ROGERS	6672	2000	01035261	\$	25.00
RANDELL ROGERS	6672	2000	01045258	\$	25.00
RANDELL ROGERS	6672	2000	01055251	\$	25.00
RANDELL ROGERS	6672	2000	01065252	\$	25.00
STREET LEGAL RESEARCH	6685	2000	01045269	\$	25.00
STREET LEGAL RESEARCH	6685	2000	01065263	\$	25.00
STREET LEGAL RESEARCH	6685	2000	01075259	\$	25.00
TOTAL 2000				\$	11,971.04
 <i>Fiscal Year 2001:</i>					
SARPY CO PROBATION	6034 *	2001	01072193	\$	169.20
MUNDY ASSOCIATES	6498	2001	01105165	\$	25.00
IDI	6648	2001	01075236	\$	(25.00)
TOTAL 2001				\$	169.20
GR TOTAL				\$	12,140.24

DOUGLAS COUNTY
PUBLIC ACCESS NETWORK CONTRACT

Exhibit E

EXHIBIT A
AGREEMENT WITH ATTORNEYS, REALTORS,
SURVEYORS, TITLE INSURANCE AGENCY
OR UNDERWRITERS AND APPRAISERS

THIS AGREEMENT made and entered into this ____ day
of February, 1997, by and between the County of Douglas,
a political subdivision of the State of Nebraska, (hereinafter
"County"), and JAMES W. CRAMER, (hereinafter
"Contractor"), is as follows:

WHEREAS: County desires to allow access to County public records and to print a hard copy of same if required, and Contractor desires to obtain such information speedily, efficiently and conveniently for use only in connection with Contractor's professional work as a member of the Nebraska Bar Association and a practicing attorney engaged in the private practice of law, realtors engaged in the sale of real property, surveyors in verifying that the owner, legal and lot size are correct, licensed title insurance agency or underwriters and appraisers in establishing a current market value. To achieve those ends, County proposes to provide certain services and facilities of County's Information Services Department, (hereinafter "ISD"), and Contractor proposes to reimburse County its costs.

IN CONSIDERATION of the mutual promises herein contained, COUNTY and CONTRACTOR agree as follows:

1. SERVICES PROVIDED BY COUNTY.

A. County shall provide Contractor with access to ISD's teleprocessing system, on the terms and conditions herein contained, through dial up phone lines connected to equipment at locations at which Contractor carries on business. It is understood that County shall provide no programming or processing services hereunder.

B. County will provide Contractor with specifications for equipment to insure the compatability of such equipment with the equipment of ISD (see attachment). Contractor shall secure the specified equipment at Contractor's expense. County shall provide central site modem, security equipment and phone lines.

Source: Douglas County Clerk's File.

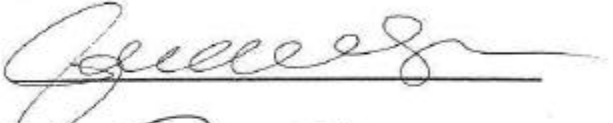
DOUGLAS COUNTY
PUBLIC ACCESS NETWORK CONTRACT
(Continued)

Exhibit E

Contractor shall apply to any claims, suits or actions by officers, employees or agents of Contractor as well as claims, suits or actions of third parties.

Signed this ____ day of _____, 19__.

CONTRACTOR



THE COUNTY OF DOUGLAS, NEBRASKA

By: 
Chairman, Board of
County Commissioners

ATTEST:


DOUGLAS COUNTY CLERK

APPROVED AS TO FORM:


DEPUTY COUNTY ATTORNEY

859/95-101

DOUGLAS COUNTY INFORMATION SERVICES
BUDGET WORKSHEETS

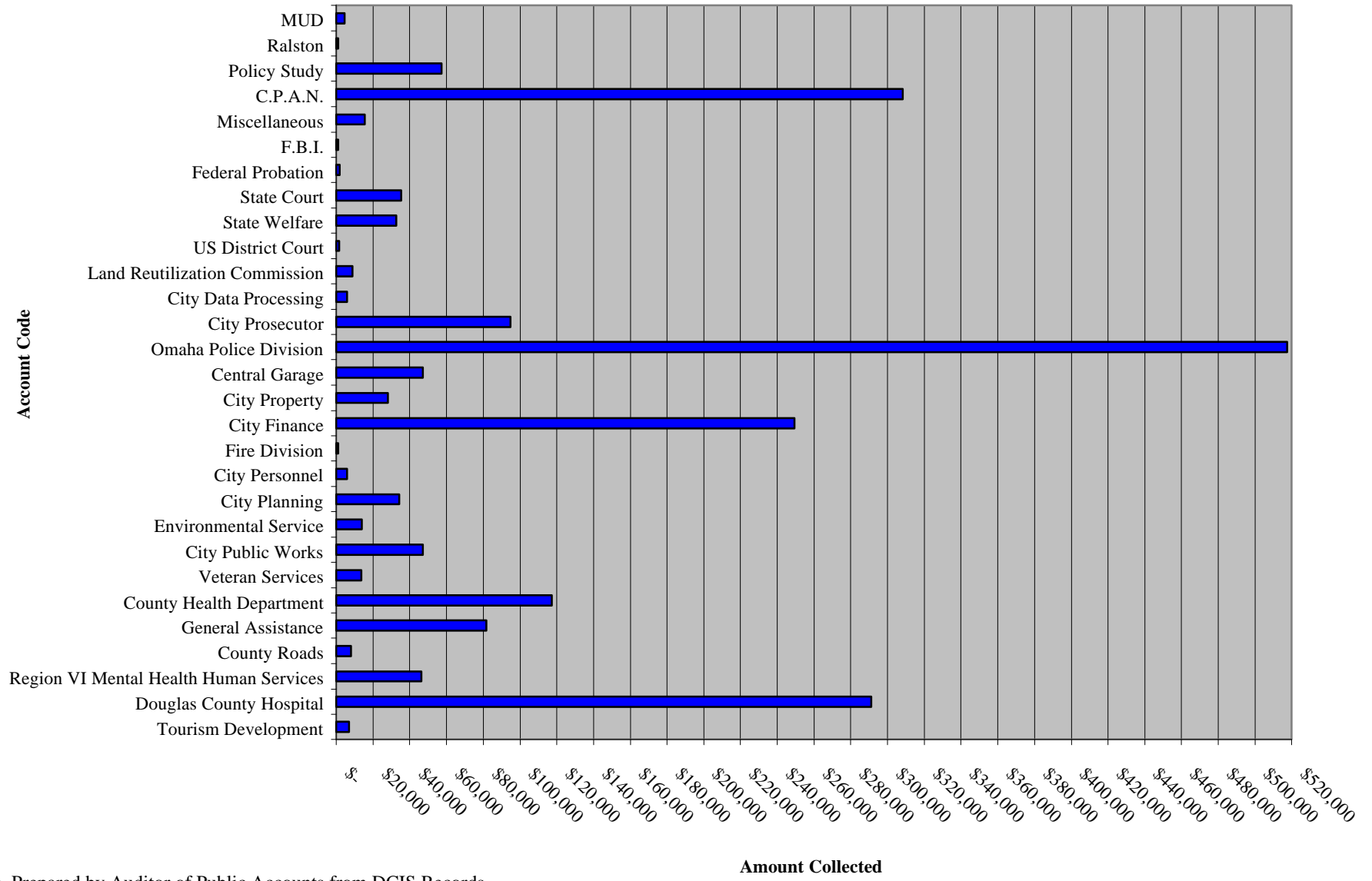
Exhibit F

DOUGLAS COUNTY INFORMATION SERVICES 2001-2002 BUDGET WORKSHEETS

Rate Structure For 2000-2001		RESOURCE ALLOCATION WORKSHEET for 2000-2001					RESOURCES REQUESTED	
Resource Billed	USED	From Pay:	Resource Description	Personnel	Non-Personnel	Total	REQUESTED	DIFFERENCE
ADMINISTRATION	\$35.00	\$35.87						
SYSTEM ANALYST/HR	\$42.00	\$46.47	Systems Analyst Hours	20,134		20,134	22,364	(2,230)
PROGRAMMER/HR	\$35.00	\$35.27	Programmer Hours	27,456		27,456	28,867	(1,411)
DATA ENTRY/HR	\$20.00	\$21.96	Data Entry Hours	5,158		5,158	2,855	2,303
DASD	\$9.30	\$0.78	LAN Admin Hours	29,702		29,702		29,702
LAN ADMIN	\$35.00	\$35.24	AS/400 Admin Hours	6,906		6,906		6,906
AS400	\$50.00	\$40.13	Operations Hours	30,950		30,950		30,950
HOURS/YR	1664	1.664	Administration Hours	9,485		9,485		9,485
MACHINE PER CENT	100%		TOTAL Hours	129,792		129,792	54,086	75,706
TP USAGE MULTIPLIER	1		Systems Analyst Cost	\$935,701		\$935,701	\$939,288	(\$3,587)
CPAN RATE MULTIPLIER	1		Programmer Cost	\$968,248		\$968,248	\$1,010,345	(\$42,097)
HOURS PER PC PER YEAR	25		Data Entry Cost	\$113,259	\$7,404	\$120,663	\$57,100	\$63,563
			LAN Admin Costs	\$1,046,804	\$889,533	\$1,636,337	\$686,525	\$949,812
			AS/400 Costs	\$277,138	\$183,852	\$460,990	\$604,600	(\$143,610)
			Operations Cost	\$195,617	\$575,085	\$770,702	\$1,204,467	(\$433,765)
			TP Use Cost	\$782,467	\$1,079,909	\$1,862,377	\$2,957,349	(\$1,094,972)
			Overhead Costs	\$840,227		\$840,227		\$840,227
			Hardware Costs		\$252,911	\$252,911	\$252,911	\$0
			DASD		\$374,057	\$374,057	\$338,166	\$35,891
			TOTAL \$\$\$\$	\$5,159,461	\$3,062,751	\$8,222,212	\$8,050,750	\$171,462
	\$850		REVENUE GENERATED					
MICROCOMPUTER PRINTERS	\$400				\$2,253,396			
P/C LASER PRINTERS (SMALL)	\$0							
P/C LASER PRINTERS (LARGE)	\$160							
P/C PRINTERS COLOR	\$400							
P/C DOT MATRIX PRINTERS	\$5,000							
PC UPGRADE- SMALL <\$500	\$0							
PC UPGRADE- LARGE > \$500	\$45							
PC MODEMS (various types)	\$850							
SOFTWARE FOR NEW PCS	\$98							
WINDOWS 95/98/NT	\$490							
SUITE SOFTWARE	\$350							
ADDITIONAL LICENSES (APPLICATIONS)	\$150							
LICENSE UPGRADES	\$180							
COMMUNICATION SOFTWARE	\$66							
LOTUS CLIENT	\$387							
LOTUS DESIGNER	\$150							
CD ROM DRIVES	\$130							
NETWORK CONNECTION	\$0							
FRADS (Frame relay devices)								

Source: DCIS January 14, 2002 Budget Worksheet

DOUGLAS COUNTY INFORMATION SERVICES
Fiscal Year 2001 Receipts Greater than \$1,000 by Account Code



Source: Prepared by Auditor of Public Accounts from DCIS Records.