

**ATTESTATION REPORT  
OF THE  
NEBRASKA BOARD OF PARDONS  
AND BOARD OF PAROLE**

**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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**Issued on April 20, 2011**

NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

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# NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

## BACKGROUND

The Agency is comprised of two (2) separate Boards: the Board of Pardons and the Board of Parole.

The Board of Pardons was created by the Constitution of the State of Nebraska, Article IV, § 13. The Board of Pardons is comprised of the Governor, Attorney General, and Secretary of State. The Board of Pardons has the authority to:

1. Remit fines and forfeitures; and
2. Grant respites, reprieves, pardons, or commutations after conviction.

The Board of Parole was created in 1969 by LB 1307 and for administrative purposes was placed within the Board of Pardons. The Board of Parole consists of five (5) full-time members appointed by the Governor to six-year terms. The duties of the Board of Parole include:

1. Review the records of each confined adult offender, whether eligible for parole or not;
2. Grant or revoke parole as deemed appropriate by a majority vote of the Board; and
3. Review all institutional requests to ascertain if approval is warranted for all furloughs and community placements of offenders leaving the confines of a facility.

On November 1, 1992, under LB 13, the Parole Board staff was merged with the Department of Correctional Services personnel, under the supervision of the Parole Administration. The Records personnel were merged with Central Records under the Department of Correctional Services. The Board of Parole remained an independent agency.

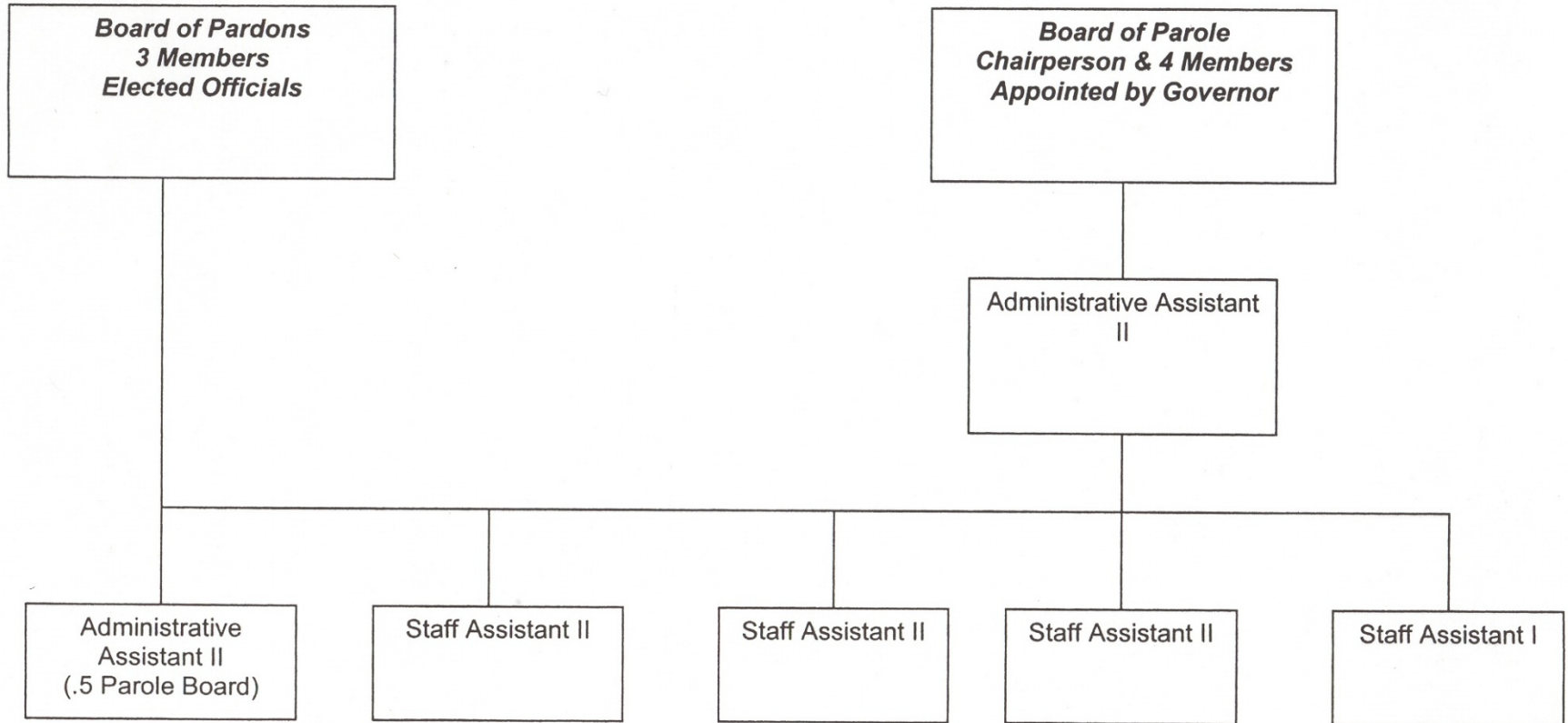
On July, 4, 1994, under LB 677, staff returned to the jurisdiction of the Parole Board with the exception of the Records personnel who remained under Central Records with the Department of Correctional Services. The Department of Correctional Services continues to support the Agency with legal, budget, and payroll matters.

## MISSION STATEMENT

The Nebraska Board of Parole is an integral part of the criminal justice system. The actions of the Board affect all society including those who are confined and paroled, victims, and the general public. The Board is dedicated to ensuring public safety by returning qualified offenders into the community through supervised conditional release. It is the Agency's objective to provide the offender with a successful transition from confinement to responsible citizenship.

NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

**ORGANIZATIONAL CHART**



NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

**EXIT CONFERENCE**

An exit conference was held April 4, 2011, with the Agency to discuss the results of our examination. Those in attendance for the Nebraska Board of Pardons and Board of Parole were:

<b>NAME</b>	<b>TITLE</b>
Inga Hookstra	Controller, Department of Correctional Services
Esther L. Casmer	Chairperson, Board of Parole
Trudy A. Clark	Administrative Assistant, Board of Parole

# NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

## COMMENT AND RECOMMENDATION

During our examination of the Nebraska Board of Pardons and Board of Parole, we noted a certain matter involving the internal control over financial reporting and other operational matters that is presented here.

### **General Ledger Detail Report Review**

A good internal control plan requires procedures be in place to ensure all expenditure transactions are authorized.

Neither the Nebraska Department of Correctional Service's Business Manager nor the Parole Board Chair reviewed the EnterpriseOne General Ledger Detail Report for expenditures to ensure all transactions posted to the Agency's business units were authorized and correct. The Business Manger did review the Agency's EnterpriseOne Budget Status Report, but this review was not documented.

There is an increased risk unauthorized or incorrect transactions could be posted to the Agency's business units when the EnterpriseOne General Ledger Detail Report is not reviewed. This was also a comment in the previous report.

We recommend the Agency and the Nebraska Department of Correctional Services implement policies and procedures to review the EnterpriseOne General Ledger Detail Report for all expenditures to ensure all financial transactions are authorized and accurate. We also recommend this review be documented.

*Agency's Response: Correctional Services designated staff will complete a monthly review of the Parole Board's financial status. The review will be documented on an Excel Spreadsheet indicating the month and year reviewed, date review was completed, and note any issues. A copy of this review and a high level financial status will be forwarded to the Board of Parole Chairperson.*

It should be noted this report is critical in nature as it contains only our comment and recommendation on the area noted for improvement.

Draft copies of this report were furnished to the Agency to provide them an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.state.ne.us](http://www.auditors.state.ne.us)

### NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

#### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Board of Pardons and Board of Parole  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Board of Pardons and Board of Parole (Agency) for the year ended December 31, 2010. The Agency's management is responsible for the schedule of revenues, expenditures, and changes in fund balance. 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, expenditures, and changes in fund balance 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, expenditures, and changes in fund balance of the Nebraska Board of Pardons and Board of Parole for the year ended December 31, 2010, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2011, on our consideration of the Nebraska Board of Pardons' and Board of Parole's internal control over financial reporting (internal control) and our tests of its compliance with certain provisions of laws, regulations, and contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of management, the Board of Pardons and the Board of Parole, others within the Agency, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

April 12, 2011

Timothy J. Channer, CPA  
Assistant Deputy Auditor



NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE  
**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**  
For the Year Ended December 31, 2010

	General Fund 10000
REVENUES:	
Appropriations	\$ 769,384
Sales & Charges	130
Miscellaneous	29
TOTAL REVENUES	769,543
EXPENDITURES:	
Personal Services	704,828
Operating	61,163
Travel	3,393
TOTAL EXPENDITURES	769,384
Excess of Revenues Over Expenditures	159
OTHER FINANCING SOURCES (USES):	
Sales of Assets	159
Deposit to General Fund	(318)
TOTAL OTHER FINANCING SOURCES (USES)	(159)
Net Change in Fund Balance	-
FUND BALANCE, JANUARY 1, 2010	231
FUND BALANCE, DECEMBER 31, 2010	\$ 231
FUND BALANCE CONSISTS OF:	
Deposits with Vendors	\$ 231
TOTAL FUND BALANCE	\$ 231

The accompanying notes are an integral part of the schedule.

NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

NOTES TO THE SCHEDULE

For the Year Ended December 31, 2010

**1. Criteria**

The accounting policies of the Nebraska Board of Pardons and Board of Parole (Agency) are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the State of Nebraska Director of Administrative Services duties 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 2008), 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 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, expenditures, and changes in fund balance was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. As transactions occur, the agencies record the accounts receivables and accounts payable in the general ledger. As such, certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The expenditures and related accounts payables recorded in the general ledger as of December 31, 2010, include only those payables posted in the general ledger before December 31, 2010, and not yet paid as of that date. The amount recorded as expenditures as of December 31, 2010, **does not** include amounts for goods and services received before December 31, 2010, which had not been posted to the general ledger as of December 31, 2010.

The Agency had no accounts receivable at December 31, 2010. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The fund type established by the State that is used by the Agency is:

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

The major revenue account classifications established by State Accounting used by the Agency 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.

NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

**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.

The major expenditure account classifications established by State Accounting used by the Agency are:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed by the Agency.

**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.

Other significant accounting classifications and procedures established by State Accounting and used by the Agency include:

**Assets** – Resources owned or held by a government that have monetary value. Assets include deposits with vendors. Deposits with vendors are also included in the fund balance and are reported as recorded in the general ledger.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures resulting in a decrease to the fund balance.

**Other Financing Sources** – Proceeds of fixed asset dispositions.

**2. Reporting Entity**

The Nebraska Board of Pardons and Board of Parole makeup one State agency established under and governed by the laws of the State of Nebraska. As such, the Agency is exempt from State and Federal income taxes. The schedule includes all funds of the Agency included in the general ledger.

The Nebraska Board of Pardons and Board of Parole is part of the primary government for the State of Nebraska.

NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

**NOTES TO THE SCHEDULE**

(Continued)

**3. Capital Assets**

Capital assets are composed of equipment. 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 Agency takes an annual inventory and accounts for all equipment that has a cost of \$1,500 or more at the date of acquisition in the State Accounting System.

For the CAFR, the State requires the Agency 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 acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire 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 to ten years.

Capital asset activity of the Agency recorded in the State Accounting System for the year ended December 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 18,626	\$ -	\$ 10,671	\$ 7,955
Less accumulated depreciation for:				
Equipment				<u>7,955</u>
Total capital assets, net of depreciation				<u>\$ -</u>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

**NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE  
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION  
OF THE SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Nebraska Board of Pardons and Board of Parole  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Board of Pardons and Board of Parole as of and for the year ended December 31, 2010, and have issued our report thereon dated April 12, 2011. We conducted our examination 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.

### Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Board of Pardons and Board of Parole's internal control over financial reporting (internal control) as a basis for designing our procedures for the purpose of expressing our opinion on the schedule of revenues, expenditures, and changes in fund balance, but not for the purpose of expressing an opinion on the effectiveness of the Nebraska Board of Pardons and Board of Parole's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nebraska Board of Pardons and Board of Parole's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Board of Pardons and Board of Parole's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain additional item that we reported to management of the Nebraska Board of Pardons and Board of Parole in the Comments Section of this report as General Ledger Detail Report Review.

The Nebraska Board of Pardons and Board of Parole's written response to the finding identified in our examination is described in the Comments Section of the report. We did not examine the Nebraska Board of Pardons and Board of Parole's response and accordingly, we express no opinion on it. Where no response is indicated, the Board declined to respond.

This report is intended solely for the information and use of management, the Board of Pardons and Board of Parole, others within the Agency, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

April 12, 2011

Timothy J. Channer, CPA  
Assistant Deputy Auditor

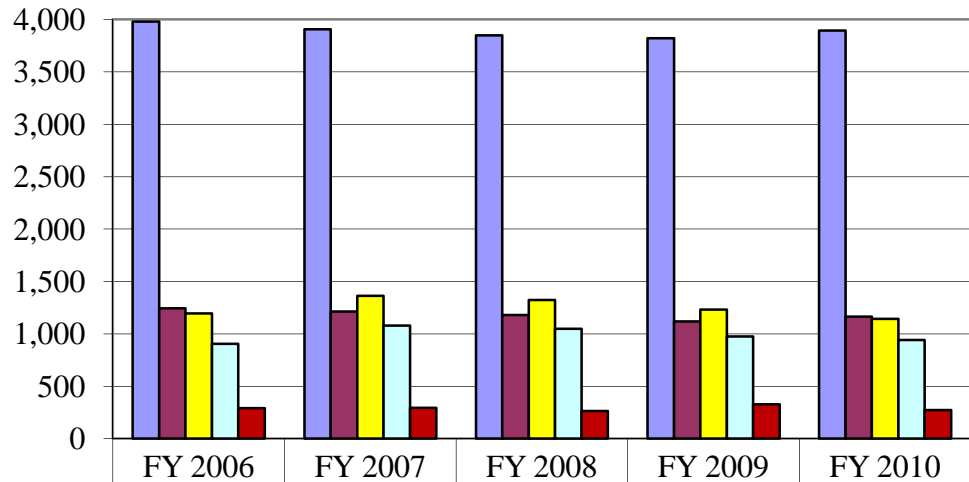
NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE

**STATISTICAL SECTION**

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balance. Statistical Section 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, expenditures, and changes in fund balance, and, accordingly, we express no opinion on it.

**NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE**  
**BOARD OF PAROLE CASE ACTIVITY**

For the Fiscal Years Ended June 30, 2006, 2007, 2008, 2009, and 2010



■ Offender Board Reviews Conducted	3,978	3,905	3,849	3,820	3,895
■ Parole Hearings Scheduled as result of Offender Board Reviews	1,245	1,214	1,179	1,119	1,164
■ Parole Hearings Conducted	1,194	1,363	1,322	1,230	1,143
■ Paroles Granted as a result of Parole Hearings	906	1,078	1,047	976	943
■ Review of Parole (Violation) Hearings Conducted	291	295	264	329	274

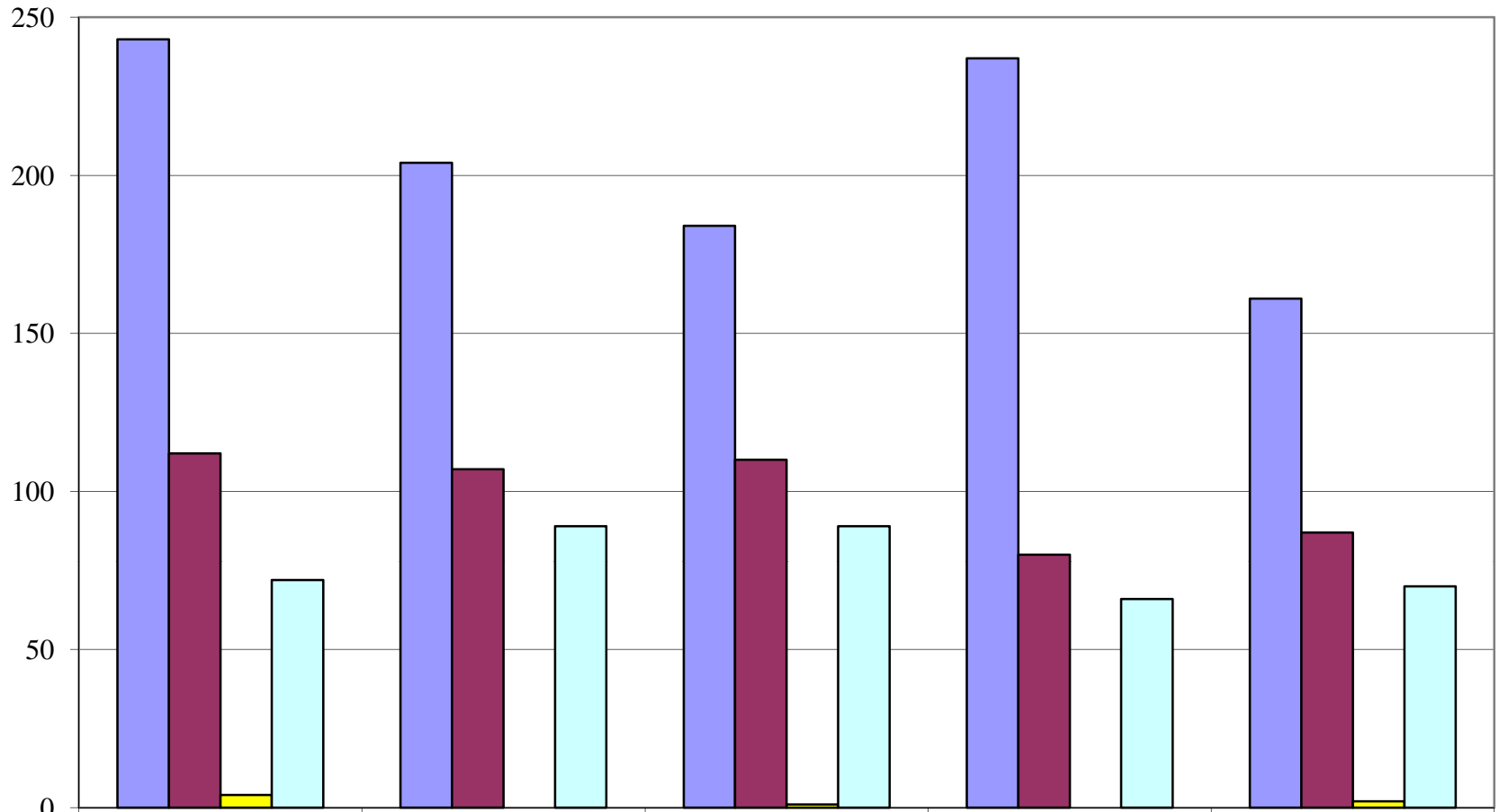
Offender Board Reviews are statutorily mandated interviews to determine whether an inmate shall be scheduled for a Parole Hearing or deferred to another Offender Board Review for further parole consideration. An initial Offender Board Review is scheduled within the first year of incarceration, regardless of the parole eligibility date. Thereafter, all Offender Board Reviews are scheduled by the Board in accordance with State statutes, including cases not eligible for parole due to serving a Life/Death/Flat Sentence.

Parole Hearings are public hearings wherein an offender is considered for actual release to serve the remainder of the court-imposed sentence in the community under the supervision of a Parole Officer.

Review of Parole Hearings are public hearings wherein a parolee has violated the condition(s) of parole. After weighing the mitigating and aggravating factors as to what best benefits society and the parolee, a determination is made by the Board to revoke parole or continue on parole.



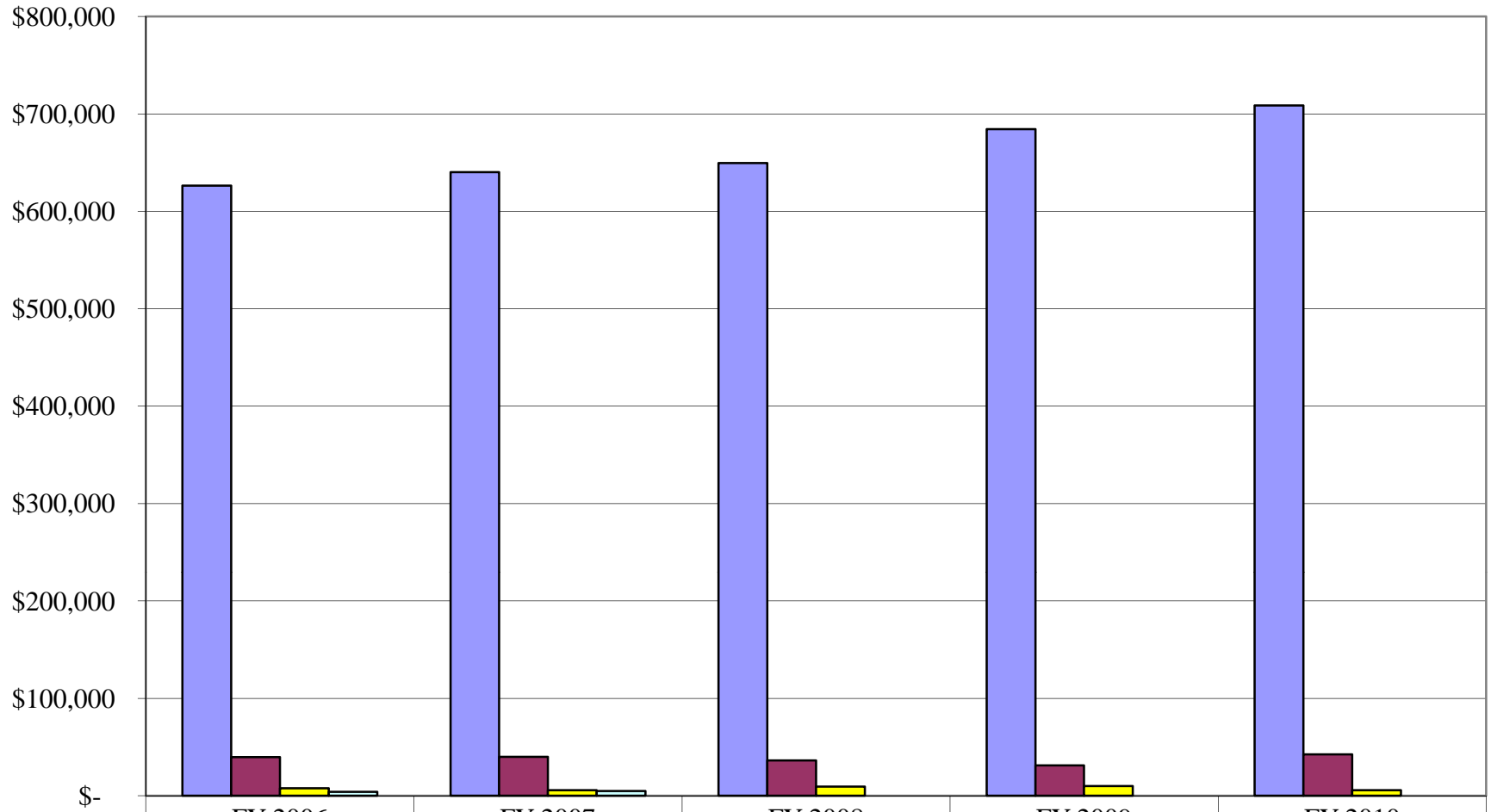
**NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE**  
**BOARD OF PARDONS CASE ACTIVITY**  
 For the Fiscal Years ended June 30, 2006, 2007, 2008, 2009, 2010



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
■ Cases Presented	243	204	184	237	161
■ Cases Heard	112	107	110	80	87
■ Commutations Granted	4	0	1	0	2
■ Pardons Granted	72	89	89	66	70

**NEBRASKA BOARD OF PARDONS AND BOARD OF PAROLE  
EXPENDITURES BY TYPE**

For the Fiscal Years ended June 30, 2006, 2007, 2008, 2009, 2010



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	\$626,290	\$640,098	\$649,534	\$684,216	\$708,674
Operating Expenses	\$39,690	\$40,018	\$36,327	\$31,255	\$42,585
Travel	\$7,898	\$5,920	\$9,592	\$9,908	\$5,663
Capital Outlay	\$3,962	\$4,816	\$-	\$-	\$-