

**ATTESTATION REPORT
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER**

JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

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Issued on September 18, 2014

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
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BACKGROUND

The Nebraska Department of Health and Human Services (DHHS) administers the Hastings Regional Center, which provides residential mental health and substance abuse treatment for adolescent males through the Hastings Juvenile Chemical Dependency Program (HJCDP). The program was licensed for 40 beds and has had an average length of stay of approximately 4 to 6 months. The population served has had multiple failed community-based treatment experiences, and has advanced in the juvenile justice system.

The DHHS Hastings Regional Center was originally established in 1887. There are eighteen buildings on the Hastings campus but only a few are currently utilized for functional operations. Building #3 is the current location for the HJCDP. It is a former psychiatric hospital which has received minor modification for the current youth facility function.

A proposed project will provide selective remodel work to enable a stand-alone facility of the HJCDP currently located at the DHHS Hastings Regional Center. This component will be a staff secure 24-bed full service chemical dependency treatment center. The remaining campus buildings at the DHHS Hastings Regional Center will be demolished as State funds allow. The demolition of the existing campus buildings will necessitate the addition of a heating system, indoor recreation, administration spaces, and a full-service kitchen to the HJCDP building.

The DHHS Hastings Regional Center is accredited by the Joint Commission, a health care accrediting body which evaluates the compliance of health care organizations with a developed set of standards. The standards set forth performance expectations that address the safety and quality of patient care, such as administration of medication, evaluation and appropriate treatment of pain, sufficient staffing and staff training, and infection control.

The primary sources of revenue for the DHHS Hastings Regional Center are from General Fund appropriations and Federal (Medicaid/Medicare) reimbursements. The DHHS Hastings Regional Center also receives cash fund revenues from other third party payers. Personnel services comprise 70% of the DHHS Hasting Regional Center's expenditures.

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EXIT CONFERENCE

An exit conference was held August 26, 2014, with DHHS to discuss the results of our examination. Those in attendance for the DHHS were:

NAME	TITLE
Kerry Winterer	Chief Executive Officer
Matt Clough	Chief Operating Officer
Scot Adams	Director of Division of Behavioral Health
Bill Gibson	Division of Behavioral Health – Regional Centers – Chief Executive Officer
Marj Colburn	Hastings Regional Center – Facility Operating Officer (by phone)
Randy Willey, CPA	Division of Behavioral Health – Regional Centers – Administrator of Financial Management
Steve Shively	Finance Administrator
Kevin R. Nelson, CPA	Internal Audit Administrator
Brad Gianakos	Agency Counsel
Jennifer Monroe	Human Resource Regional Manager
LaDene Madson	Human Resource Manager (by phone)

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SUMMARY OF COMMENTS

During our examination of the DHHS Hastings Regional Center, we noted certain deficiencies and other operational matters that are presented here.

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

1. ***Average Annual Cost per Patient:*** The DHHS Hastings Regional Center served 64 youth throughout calendar year 2013 at an average cost of \$118,435 per patient. We are recommending the Legislative Performance Audit Committee consider reviewing the Hastings Regional Center to determine if greater efficiencies can be obtained.
2. ***Payroll Issues:*** Several issues were noted during the processing of payroll including timesheets not approved by employees, lack of written policies, no documentation to support deductions, taxes withheld at the incorrect rate, and no substantiating evidence for sick leave usage.
3. ***Vehicle Mileage Logs:*** Mileage logs were incomplete, inaccurate, and did not have a documented review.
4. ***Internal Control over Cash Receipts:*** The mail was opened by one individual, an initial listing of monies received was not prepared, and checks were not immediately restrictively endorsed.
5. ***Accounts Receivable:*** Accounts receivables were not timely or appropriately followed up in accordance with collection policies.

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

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

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COMMENTS AND RECOMMENDATIONS

1. Average Annual Cost per Patient

Neb. Rev. Stat. § 84-304(5) (Supp. 2013) states it is the duty of the Auditor of Public Accounts:

To report promptly to the Governor and the appropriate standing committee of the Legislature the fiscal condition shown by such examinations conducted by the auditor, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts. The report submitted to the committee shall be submitted electronically. In addition, if, in the normal course of conducting an audit in accordance with subdivision (3) of this section, the auditor discovers any potential problems related to the effectiveness, efficiency, or performance of state programs, he or she shall immediately report them electronically to the Legislative Performance Audit Committee which may investigate the issue further, report it electronically to the appropriate standing committee of the Legislature, or both.

While performing the attestation, the APA compiled statistical information regarding the costs and counts of the DHHS Hastings Regional Center. This information can be found on pages 19 through 24 in the statistical section of the report. We noted that in calendar year 2009, the average cost for treating a resident at the DHHS Hastings Regional Center was \$59,861, whereas in calendar year 2013, the average cost was \$118,435. We also noted in calendar year 2009, the DHHS Hastings Regional Center served 149 youth throughout the year, whereas, in calendar year 2013, 64 youth were served throughout the year, which is less than half the youth served in calendar year 2009. Finally, we noted DHHS Hastings Regional Center had 131 staff in calendar year 2009 and 102 staff in calendar year 2013, only decreasing by 22%.

The APA is forwarding this to the Legislative Performance Audit Committee who may wish to review the DHHS Hastings Regional Center to determine if greater efficiencies can be obtained in providing services to residents.

Management Response: The costs per person during the attestation period were unusually high for several reasons, and are known to the legislative, judicial, and executive branches. Among some of the additional considerations for this report are:

- 1) Every young man served at the Hastings Regional Center (HRC) has had at least 3 prior placements in community settings, and, on average 5.2. The intensity of services and nature of person served is objectively documented.*
- 2) In July, 2011, due to a Corrective Action Plan between DHHS and the Centers for Medicare and Medicaid Services, HRC was required, in order to Medicaid payment for services, to begin operating as a Psychiatric Residential Treatment Facility (PRTF). Meeting the heightened programming requirements resulted in an increase in costs.*
- 3) Due to the new eligibility criteria for PRTF services, HRC's census decreased due to a decrease in referrals and a decrease in eligibility determinations.*
- 4) Although outside the review period, it should be noted that 100% occupancy occurred in 2014 and per person costs were significantly lower as a result.*
- 5) References in this report to decreasing numbers of persons served while staffing has not kept pace do not consider the fact that certain functions are not related to number of persons served, e.g., lawn care, laundry, records management and more, all of which are*

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Average Annual Cost per Patient (Concluded)

at minimal levels and cannot further be reduced. Thus the trend line presented does acknowledge a reduction in staff over time to the minimum threshold for this programming.

- 6) *In 2013, the Nebraska Legislature passed LB 198, which authorized HRC renovations. Prior to passing the bill the Legislature was provided a Program Statement by DHHS which contained detailed HRC operational costs.*

2. Payroll Issues

Neb. Rev. Stat. §84-1001 (Reissue 2008) states:

All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur.

The Nebraska Department of Revenue's 2013 Circular EN provides, "[State] withholding allowances are the same number as the employee claims on his or her Federal Forms W-4."

DHHS Work Place Policies Manual states: "Employees must provide substantiating evidence, which includes medical facts, when the sick leave absence exceeds three consecutive workdays."

A good internal control plan and sound accounting practice require adequate approved policies and procedures to ensure payroll is processed properly and supporting documentation is on file.

We selected 14 of 102 employees of the DHHS Hastings Regional Center for payroll testing and noted:

- Three employees did not approve their timesheets. The three employees were salaried and therefore, the payroll system, Kronos, automatically input their time worked.
- DHHS lacked an approved, written policy regarding the facility's shift times to verify the 7 of the 14 employees paid 2nd, 3rd, or weekend shift differentials were paid correctly.
- DHHS lacked documentation to support the practice of a teacher earning a year's worth of sick leave on one paycheck. There were seven teachers employed at the DHHS Hastings Regional Center during the calendar year.
- DHHS lacked documentation to support the allocation of one employee's salary. The salary was allocated 95% to the DHHS Hastings Regional Center, 2.5% to the Youth Rehabilitation Treatment Center in Kearney and 2.5% to the Youth Rehabilitation Treatment Center in Geneva.

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COMMENTS AND RECOMMENDATIONS
(Continued)

2. Payroll Issues (Continued)

- Six employees did not have adequate supporting documentation for all their deductions.
 - Four employees did not have documentation in their personnel file to support a deduction for American Family insurance ranging \$9 to \$26 per pay period. This was not an employer-sponsored insurance; employees enroll with American Family and request DHHS deduct the premium from their paycheck.
 - One of the four employees noted in the bullet above also did not have an updated W-4 on file to support an additional \$10 deduction in Federal income tax per pay period.
 - Three employees (two of which are noted in the first bullet) did not have an authorization form on file to support a combined campaign contribution ranging from \$2 to \$5 per pay period.
 - One employee did not have documentation on file to support a \$4 deduction per pay period for a zoo membership.

We also tested three terminated employees and noted:

- One employee's State and Federal taxes were not withheld at the same marital status rate. Per the W-4, the employee's Federal and State taxes should have been withheld at the single status rate; however, DHHS incorrectly entered the information and State taxes were withheld at a married status rate causing the employee's taxes to be under-withheld by \$9 on the paycheck tested.
- One employee did not provide substantiating evidence for the use of 56 hours of sick leave beginning on September 23, 2013, as required per DHHS policy since it was more than three consecutive days. During other testing, we also noted an individual who did not provide substantiating evidence for the use of 72 hours of sick leave taken during the pay period ending September 22, 2013. Documentation existed for some of the employee's absence beginning on June 26, 2013, but not for the 72 hours tested. A doctor's note was on file that stated they could return to work on September 23, 2013, but the note did not list a beginning date for the leave to verify the approved length of the employee's absence.

When approved policies and adequate documentation is not on file to support hours worked, payroll policies, deductions, or salary allocation determinations, there is an increased risk of noncompliance with State statute, misuse of funds, and incorrect employee pay.

We recommend DHHS implement procedures to ensure adequate documentation is maintained for payroll policies, all deductions, salary allocations, sick leave usage and timesheet approvals to ensure compliance with State statute and DHHS policies. We also recommend DHHS ensure information is properly entered into the payroll system.

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COMMENTS AND RECOMMENDATIONS
(Continued)

2. Payroll Issues (Continued)

Management Response: The Department does not agree with several of the issues identified in the report. The Department would note the following items:

- Under the Federal Fair Labor Standards Act, DHHS's obligation to pay an exempt, salaried employee is not dependent on the number of hours worked by the employee during the pay period. Exempt employees are required to enter their sick and vacation leave time used as a report of non-productive hours.*
- Shift times are identified by the Department's timekeeping system of record, known as Kronos. Based on the time entered, Kronos determines the appropriate shift differentials to be paid, if applicable.*
- The Department's practice has been to give teachers sick leave earnings at the beginning of the school year. This allows teachers to use sick leave throughout the year and prevents earning sick leave during the months in which they are not on duty. This practice is consistent with other State Agencies who employ staff covered by the SCATA contract.*
- Regarding the employee allocating time between the HRC and the Youth Rehabilitation and Treatment Centers in Kearney and Geneva, this employee is expected to provide some of his time and services to the Youth Rehabilitation and Treatment Centers. This allocation has been documented in previous Governing Board meeting minutes.*

Regarding supporting documentation for payroll deductions, the documentation is scanned into the employee's personnel file. The documents mentioned in the report could have been misplaced or scanned incorrectly. Human Resources staff have been trained and are aware of the necessary steps to ensure documents are appropriately placed in the employee's file to prevent future errors. Additionally, it is every employee's responsibility to review their pay stubs each pay period to ensure the proper deductions are being taken. If a deduction appears to be inaccurate, it is the employee's responsibility to contact Human Resources.

Human Resources staff are aware of the Department's policy requiring an employee to provide substantiating evidence (such as a doctor's note) when an absence exceeds three consecutive workdays. Staff in Human Resources make every effort to collect such documentation from either the employee or the employee's supervisor. Once collected, the information is scanned into the employee's medical file.

APA Response:

- As noted above, per State Statute full-time employees are required to work forty hours a week, the only way to ensure this occurs is to have it documented.**
- A policy regarding shift times should be documented to determine the system is calculating time correctly and employees are paid appropriately.**

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COMMENTS AND RECOMMENDATIONS
(Continued)

2. Payroll Issues (Concluded)

- **A policy regarding teacher's earning sick leave at the beginning of the year should be documented to ensure compliance and should also be reviewed to determine this is the best practice.**
- **Auditors asked for documentation regarding the employee's allocation and were not provided with any support.**
- **It is DHHS's responsibility to determine that its employees are paid correctly.**

3. Vehicle Mileage Logs

Neb. Rev. Stat. §81-1025 (Cum. Supp. 2012) states:

(1) Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned (3) Such travel reports shall be transmitted at the end of each month by every operator to the director or designated head of the operator's state agency, and such reports, after review by the director or designated head of the agency, shall be retained by the agency

A good internal control plan, as well as sound business practices, requires policies and procedures for a thorough review of mileage logs to ensure travel expenses are reasonable and proper.

The APA tested the mileage for each vehicle permanently assigned to DHHS Hastings Regional Center, which could be used by any DHHS Hastings Regional Center employee, and the mileage for three billings from the Transportation Services Bureau (TSB). We noted that in several instances, there was not enough information on the Official Travel Log to determine the exact address of the destinations; therefore, the trip mileage could not be properly recalculated. There were also several instances in which the purpose of the trip on the Official Travel Log was blank, illegible, or did not sufficiently describe the purpose for the trip. Furthermore, none of the Official Travel Logs was approved by an employee in a supervisory role. Due to the lack of documentation and approval it could not be determined if the travel was appropriate for several trips. See Exhibit F on page 25 for an example of the Travel Log.

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COMMENTS AND RECOMMENDATIONS
(Continued)

3. Vehicle Mileage Logs (Continued)

There were also several discrepancies discovered during the APA's recalculation of mileage per the Official Travel Logs:

Date	Odometer Reading		Miles Traveled per Log	Actual Miles per Odometer	Difference	Mileage per MapQuest*	Mileage Variance between MapQuest and Odometer	Percent Variance between MapQuest and Odometer	Destination	
	Start	Finish							From	To
2/28/2013	14396	14404	8	8	0	2	6	300%	YMCA***	HRC
3/3/2013	15154	15202	52	48	(4)	60	(12)	(20%)	Omaha	Lincoln
3/5/2013	16654	16710	46	56	10	49	7	14%	HRC	Kearney
3/13/2013	17522	17646	124	124	0	103	21	20%	Lincoln	HRC
3/29/2013	19720	19777	57	57	0	51	6	12%	York	Lincoln
4/2/2013	20575	20754	129	179	50	158	21	13%	Omaha	HRC
4/3/2013	18521	18642	120	121	1	103	18	17%	HRC	Lincoln
4/12/2013	19686	19972	186	286	100	206	80	39%	South Sioux City	HRC
5/14/2013	26579	26721	142	142	0	106**	36	34%	HRC	Holdrege
6/8/2013	27974	28177	102	203	101	158	45	28%	Omaha	HRC
7/12/2013	38152	38169	117	17	(100)	113	(96)	(85%)	Indianola	HRC
9/21/2013	45091	45101	10	10	0	2	8	400%	YMCA***	HRC
9/27/2013	41126	41151	35	25	(10)	26	(1)	(4%)	HRC	Grand Island
10/6/2013	22308	22321	13	13	0	17	(4)	(24%)	HRC	Kenesaw
10/16/2013	42813	42848	35	35	0	26	9	35%	Grand Island	HRC
11/19/2013	46744	46847	3	103	100	3	100	3,333%	HRC	AA***
12/5/2013	47876	47896	20	20	0	6**	14	233%	HRC	AA***

Note: HRC represents DHHS Hastings Regional Center.

*Mileage was calculated to the city, as the exact address was not listed on the mileage log. For items with a location name, auditor searched the internet for a location address.

**Trip listed as round trip on one line on log.

***Auditor used the location in Hastings, NE for calculation of the mileage as city was not specified on the mileage log and other trips to the same destination appeared to be in Hastings. Alcoholics Anonymous was used when AA was listed.

If the travel logs for permanently assigned vehicles are not complete and legible it is not possible to recalculate mileage and perform a proper review. Without an adequate supervisory review and approval process of mileage documentation there is an increased risk of misuse of assets.

We recommend DHHS implement procedures to properly complete, review, and approve travel logs for vehicles.

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COMMENTS AND RECOMMENDATIONS
(Continued)

3. Vehicle Mileage Logs (Concluded)

Management Response: The Department is currently working with the Department of Administrative Services, Transportation Service Bureau to revise the current process for submitting, approving, and paying vehicle mileage on state owned vehicles.

4. Internal Control over Cash Receipts

A good internal control plan requires that two individuals open the mail, an initial listing of monies received is prepared, and checks are restrictively endorsed immediately upon receipt.

The DHHS Hastings Regional Center received money at two locations, the DHHS Hastings Regional Center and the DHHS Lincoln Regional Center, which performed the billing functions for the DHHS Hastings Regional Center. Auditors noted the following regarding cash receipts for the two locations:

- At both locations, only one individual opened the mail.
- At both locations, an initial listing of monies received was not prepared when the mail was opened.
- Checks received at the DHHS Lincoln Regional Center were not restrictively endorsed immediately upon receipt. They were first received at the DHHS Lincoln Regional Center and then sent to the State Office Building in Lincoln where they were then endorsed.

When a good internal control plan is not in place regarding receiving money there is an increased risk for loss or misuse of State funds.

We recommend that two individuals open the mail and prepare an initial listing of the monies received. We also recommend DHHS restrictively endorse checks immediately upon receipt.

Management Response: The Department will review its current procedures regarding cash receipts and enhance its current internal controls as deemed feasible.

5. Accounts Receivables

Per the DHHS Collection Policy:

The following procedure will be followed for accounts which are 90 days overdue, unless suitable arrangements have been made for payment:

- DHHS will send the Debtor a letter, signed by the appropriate Director, requesting payment.*

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COMMENTS AND RECOMMENDATIONS
(Continued)

5. Accounts Receivables (Continued)

- b. *If no response is received within 30 days of the initial letter, DHHS will send the Debtor a second letter, signed by a DHHS Legal and Regulatory Services (LRS) attorney, again requesting payment. The letter will contain appropriate advisement regarding further action that may be taken.*
- c. *If no response is received within 30 days of the second letter, DHHS will take the following action, based on the dollar value of the account:*
 - i. *Less than \$100.00 – Continue to send billing statements until payment is received or the debt is written off.*
 - ii. *\$100.00 to \$1,000.00 – Referral to the DHHS collection agency.*
 - iii. *\$1,000.00 to \$2,000.00 – Referral to the DHHS collection agency or, with the approval of LRS, to LRS.*
 - iv. *More than \$2,000.00 – Referral to LRS for decision on further collection efforts. LRS will initiate legal action or refer the account to the DHHS collection agency.*

A good internal control plan and sound accounting practices require that receivables be followed up on in a timely manner to determine collectability.

We tested eight receivables that were more than 120 days outstanding at December 31, 2013. We asked for support for the follow up on these receivables on March 10, 2014. From this support, we noted for one of the three self-pay receivables, DHHS did not follow up on it in a timely manner. The receivable totaled \$1,670 and was forwarded to DHHS's Legal and Regulatory Services on December 31, 2010 with no further collection efforts performed.

Additionally, on March 28, 2014, the APA requested additional documentation to support DHHS adhered to its collection policy for the other five receivables, which were outstanding with insurance companies. DHHS provided documentation that showed the receivables were followed up on April 2, 2014, April 3, 2014, and April 7, 2014, which was after the documentation request was made by the APA. After the follow up it was determined that:

- For a receivable of \$7,917, DHHS had received a statement in July 2013 that stated that the insurance company denied payment because the policy did not cover residential treatment; however, the receivable was not removed from the open accounts receivable list and the balance was not transferred to Medicaid.
- For a receivable of \$16,385, all insurance payments had been received and the balance was billed to Medicaid on April 22, 2014.
- For a receivable of \$17,715, the insurance company reversed its decision to pay these types of claims and the balance was billed to Medicaid on April 22, 2014.
- For a receivable of \$32,586, it was noted the claims were denied because the policy did not cover residential treatment.

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COMMENTS AND RECOMMENDATIONS
(Concluded)

5. Accounts Receivables (Concluded)

- For a receivable of \$24,300, a DHHS employee called the insurance company on April 2, 2014, to inquire about the claim and the insurance company stated they would review.

When procedures to follow up on receivables are not performed timely and in accordance with policies, there is increased risk that amounts due to the State will not be collected and that receivables will be misstated.

We recommend DHHS implement procedures to ensure that receivables are followed up in a timely manner and in accordance with policies.

Management Response: Expectations for following up on receivables and adherence to the Department's Collection Policy has been communicated to staff in the Financial Responsibility section. A written procedure will be completed by September 12, 2014.



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DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

INDEPENDENT ACCOUNTANT'S REPORT

Department of Health and Human Services
Hastings Regional Center
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes to Fund Balances of the Nebraska Department of Health and Human Services (DHHS) Hastings Regional Center for the calendar year ended December 31, 2013. DHHS's management is responsible for the Schedule of Revenues, Expenditures, and Changes to Fund Balances. 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 to Fund Balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

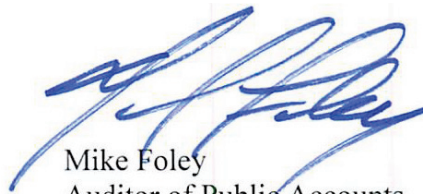
In our opinion, the schedule referred to above presents, in all material respects, the Schedule of Revenues, Expenditures, and Changes to Fund Balances of the DHHS Hastings Regional Center for the calendar year ended December 31, 2013, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Revenues, Expenditures, and Changes to Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes to Fund Balances is presented in accordance with the

criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes to Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

This report is intended solely for the information and use of management, others within the Department of Health and Human Services, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

September 5, 2014



Mike Foley
Auditor of Public Accounts

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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Schedule of Revenues, Expenditures, and Changes to Fund Balances
For the Year Ended December 31, 2013

	<u>Total</u>	<u>10000 - State General Fund</u>	<u>22520 - DHHS Cash Fund</u>	<u>22531 - School District Reimbursement</u>	<u>48100 - Medicare HRC</u>	<u>48121 - Medicaid HRC</u>
Fund Balances at December 31, 2012			\$ 205,628	\$ 308,770	\$ 305,433	\$ 1,374,543
<u>Revenues:</u>						
Appropriation (1)	\$ 2,743,252	\$ 2,743,252	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,954,545	-	-	-	54,232	2,900,313
Sales & Charges	849,246	-	388,452	460,794	-	-
Investment Income	41,221	-	6,020	5,069	4,517	25,615
Total Revenues	<u>\$ 6,588,264</u>	<u>\$ 2,743,252</u>	<u>\$ 394,472</u>	<u>\$ 465,863</u>	<u>\$ 58,749</u>	<u>\$ 2,925,928</u>
<u>Expenditures:</u>						
Salaries & Benefits	\$ 5,280,016	\$ 1,511,374	\$ -	\$ 518,116	\$ -	\$ 3,250,526
Contractual Services	1,020,973	818,601	-	-	-	202,372
Depreciation Surcharge	837,591	411,119	26,377	-	201,784	198,311
Food Expense	48,750	2,635	-	23,881	-	22,234
Information Technology Consulting	42,078	3,780	-	38,298	-	-
Communication Expense	41,892	(19,111)	-	42,816	-	18,187
Non-Capitalized Asset Purchases	39,241	833	18,667	19,741	-	-
Repairs & Maintenance	32,523	(725)	3,260	4,290	-	25,698
Household & Institutional Expense	29,321	38	27,649	1,634	-	-
Educational Services	18,830	3,905	14,770	-	-	155
Publication and Printing	13,945	(1,082)	-	-	-	15,027
Laboratory Services	12,923	(5,357)	15,950	-	2,330	-
Laundry/Uniform Services	11,054	-	-	11,054	-	-
Other Operating Expenses	82,025	20,574	27,784	19,393	23	14,251
Travel Expense	43,215	2,258	40,957	-	-	-
Machinery & Equipment	25,441	(5,590)	15,757	-	-	15,274
Total Expenditures	<u>\$ 7,579,818</u>	<u>\$ 2,743,252</u>	<u>\$ 191,171</u>	<u>\$ 679,223</u>	<u>\$ 204,137</u>	<u>\$ 3,762,035.00</u>
<u>Other Financing Sources:</u>						
Sale of Fixed Assets	\$ 191	\$ 191	\$ -	\$ -	\$ -	\$ -
Transfers to State General Fund (1)	(191)	(191)	-	-	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change to Fund Balances	<u>\$ (991,554)</u>	<u>\$ -</u>	<u>\$ 203,301</u>	<u>\$ (213,360)</u>	<u>\$ (145,388)</u>	<u>\$ (836,107)</u>
Fund Balances at December 31, 2013			<u>\$ 408,929</u>	<u>\$ 95,410</u>	<u>\$ 160,045</u>	<u>\$ 538,436</u>

(1) - Amount calculated and not reflected in EnterpriseOne.

The accompanying notes are an integral part of the schedule.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2013

1. Criteria

The accounting policies of the Nebraska Department of Health and Human Services (DHHS) are on the basis of accounting, as prescribed by State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the duties of the State of Nebraska's Director of the Department of Administrative Services 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, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes to Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead accounts are maintained on a cash basis. As transactions occur, DHHS records the expenditures in the general ledger. The revenues and expenditures recorded in the general ledger, as of December 31, 2013, include only those revenues and expenditures posted in the general ledger as of December 31, 2013. The amount recorded as revenues or expenditures, as of December 31, 2013, **does not** include amounts received or expended before December 31, 2013, which had not been posted to the general ledger as of December 31, 2013.

The fund types established by the State that are used by the DHHS Hastings Regional Center are:

10000 – General Fund – to account for activities funded by general tax dollars, primarily sales and income taxes. Since this fund is utilized for programs in addition to the DHHS Hastings Regional Center, it is not feasible to assign a beginning or ending fund balance on the Schedule of Revenues, Expenditures and Changes to Fund Balances.

20000 – Cash Funds – to account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis.

40000 – Federal Funds – to account for the financial resources related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

NOTES TO THE SCHEDULE
(Concluded)

1. Criteria (Concluded)

The major revenue account classifications established by State Accounting and used by the DHHS Hastings Regional Center are:

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

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

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

2. Reporting Entity

DHHS is a State agency established under and governed by the laws of the State of Nebraska. As such, the DHHS Hastings Regional Center is exempt from State and Federal Income taxes. The schedule includes all funds of the DHHS Hastings Regional Center, a program, included in the general ledger as identified in EnterpriseOne.

DHHS is part of the primary government for the State of Nebraska.

3. Expenditures

DHHS reports expenditures as detailed in the Nebraska State Accounting Manual published by State Accounting. This manual is available to the public on the DAS website.

Depreciation charges assessed by the Administrative Services – Building Division under the Deferred Building Renewal Act are recorded as Depreciation Surcharge.

4. Reclassifications

Several expenditures are typically paid from general funds and then annually the amount to be paid from other sources is calculated and corresponding entries are completed. These calculations and entries are done in June, corresponding with the DHHS's fiscal year. Since these financial statements are prepared on a calendar year rather than the DHHS's fiscal year, several general fund expenditures are reported as a negative balance.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

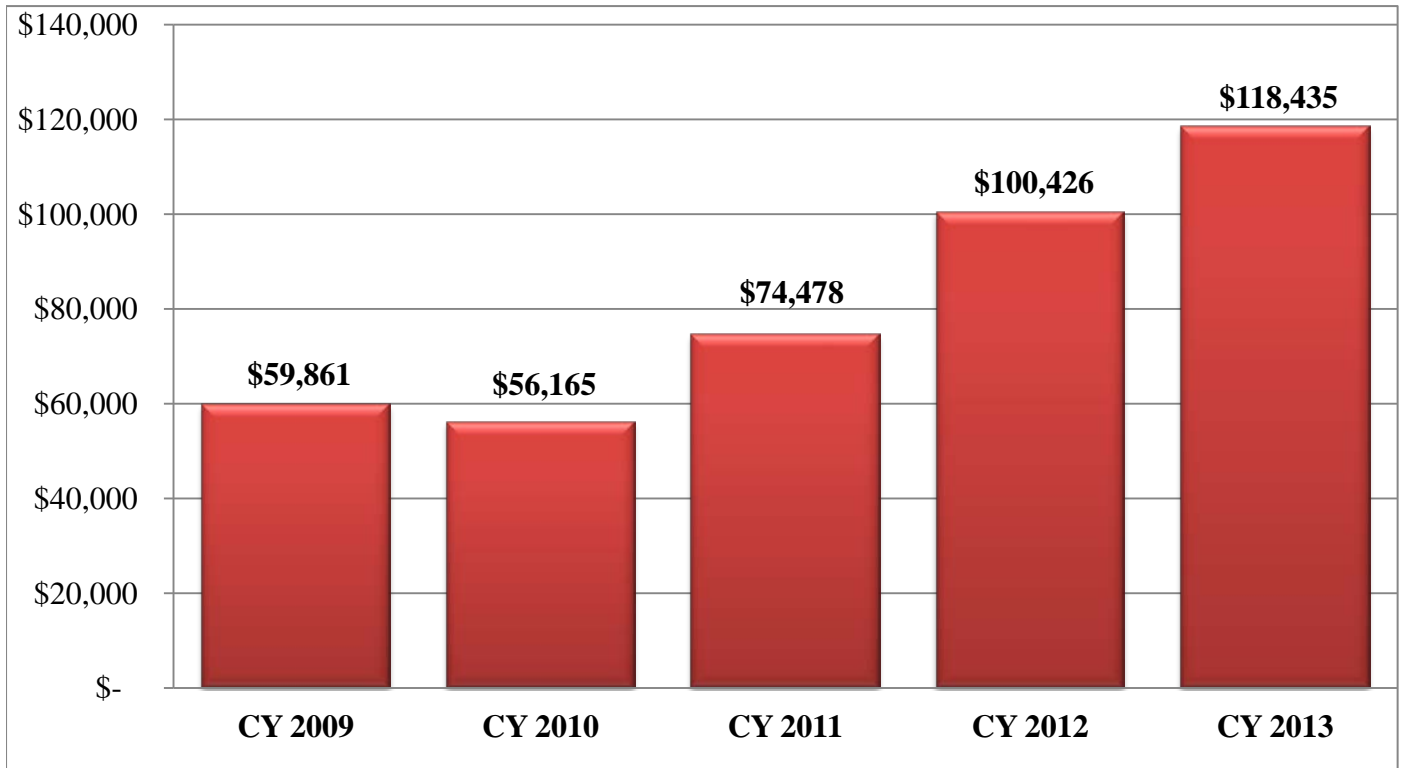
SUPPLEMENTARY INFORMATION

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

Exhibit A - Average Annual Cost Per Patient

For Calendar Years 2009 through 2013

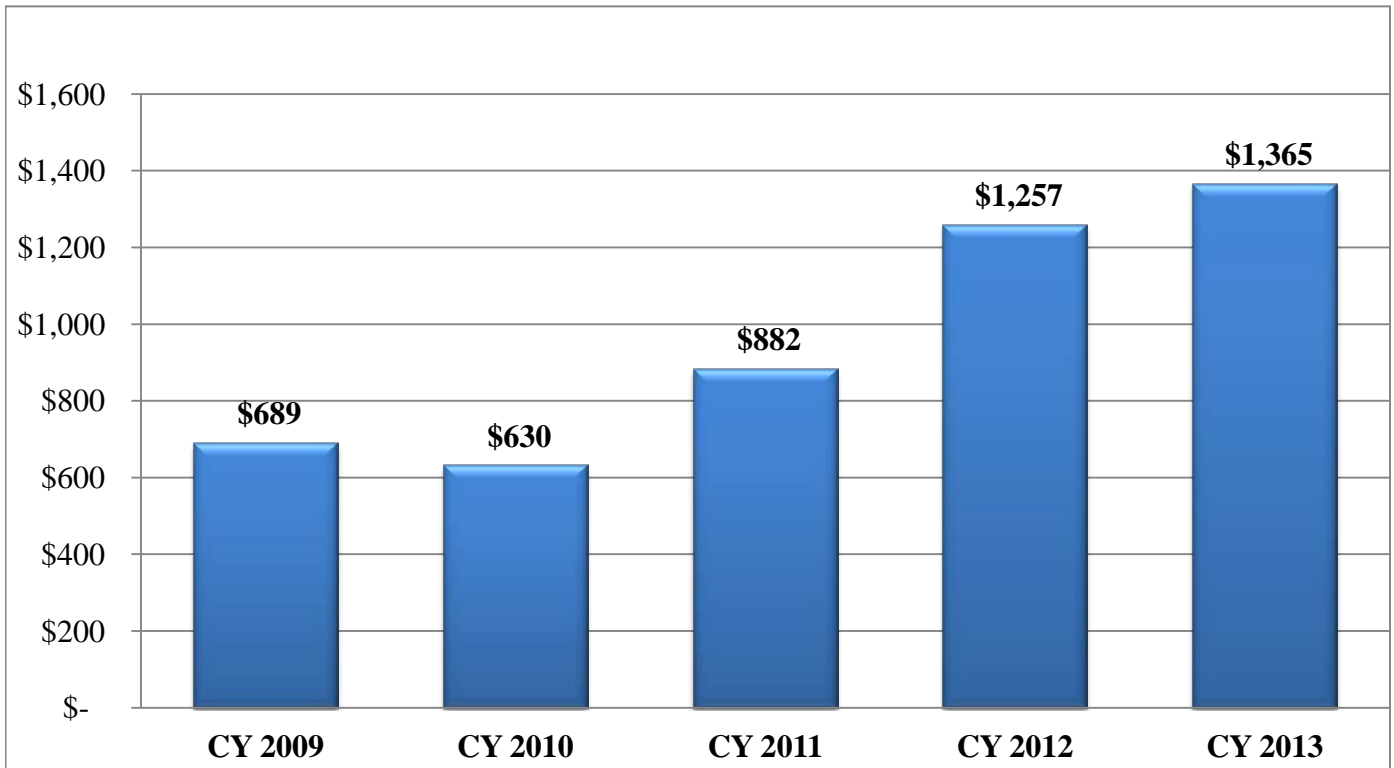


	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>	<u>CY 2012</u>	<u>CY 2013</u>
HRC Expenditures	\$ 8,919,218	\$ 7,919,266	\$ 8,267,073	\$ 7,431,519	\$ 7,579,818
Total Patients Served	149	141	111	74	64
Average Annual Cost Per Patient	\$ 59,861	\$ 56,165	\$ 74,478	\$ 100,426	\$ 118,435

Note: Total expenditures were those expenditures coded to the DHHS Hastings Regional Center (Program 361) and did not include personnel located at the DHHS Hastings Regional Center but paid from other DHHS programs.

Source: EnterpriseOne and DHHS Hastings Regional Center Census Reports

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER
Exhibit B - Average Cost Per Patient Day
For Calendar Years 2009 through 2013

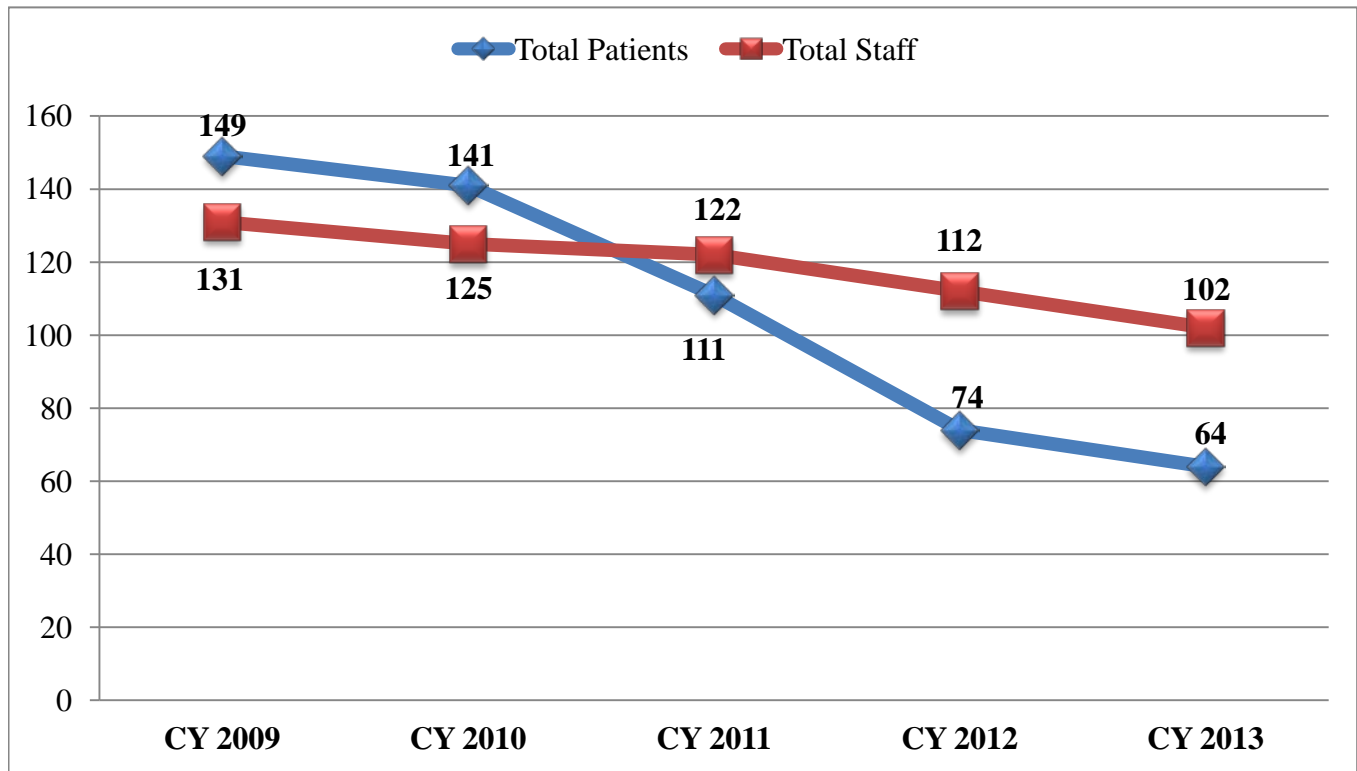


	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>	<u>CY 2012</u>	<u>CY 2013</u>
HRC Expenditures	\$ 8,919,218	\$ 7,919,266	\$ 8,267,073	\$ 7,431,519	\$ 7,579,818
Total Patient Days	12,948	12,565	9,371	5,911	5,552
Average Cost per Patient Day	\$ 689	\$ 630	\$ 882	\$ 1,257	\$ 1,365

Note: Total expenditures were those expenditures coded to the DHHS Hastings Regional Center (Program 361) and did not include personnel located at the DHHS Hastings Regional Center but paid from other DHHS programs.

Source: EnterpriseOne and DHHS Hastings Regional Center Census Reports

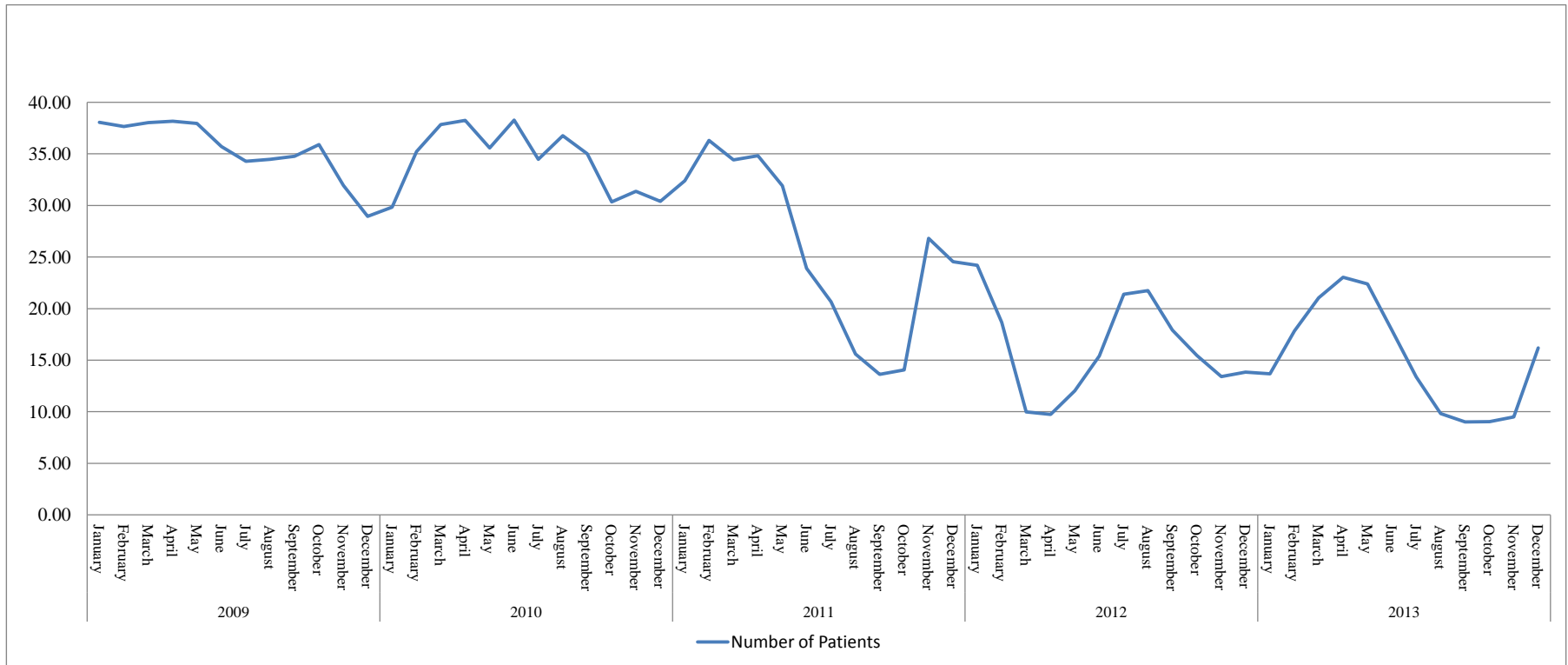
DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER
Exhibit C - Total Patients vs. Total Staff
For Calendar Years 2009 through 2013



Note: Total staff were those paid from the DHHS Hastings Regional Center (Program 361) funds and did not include staff located at the DHHS Hastings Regional Center but paid from other DHHS programs.

Source: EnterpriseOne and DHHS Hastings Regional Center Reports of Patients

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER
Exhibit D - Average Daily Census
For Calendar Years 2009 through 2013



Source: DHHS Hastings Regional Center Census Reports

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER
Exhibit D - Average Daily Census
For Calendar Years 2009 through 2013

	January	February	March	April	May	June	July	August	September	October	November	December
CY 2009	38.06	37.64	38.03	38.17	37.94	35.70	34.29	34.48	34.77	35.90	31.93	28.94
CY 2010	29.84	35.21	37.84	38.23	35.58	38.27	34.48	36.77	35.00	30.35	31.37	30.39
CY 2011	32.39	36.29	34.42	34.83	31.90	23.90	20.65	15.58	13.63	14.06	26.80	24.55
CY 2012	24.19	18.66	9.97	9.73	12.03	15.40	21.39	21.74	17.90	15.45	13.40	13.84
CY 2013	13.68	17.82	21.03	23.03	22.39	17.87	13.39	9.81	9.00	9.03	9.50	16.19

Source: DHHS Hastings Regional Center Census Reports

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER

Exhibit E - Revenue Breakdown
For Calendar Years 2009 through 2013

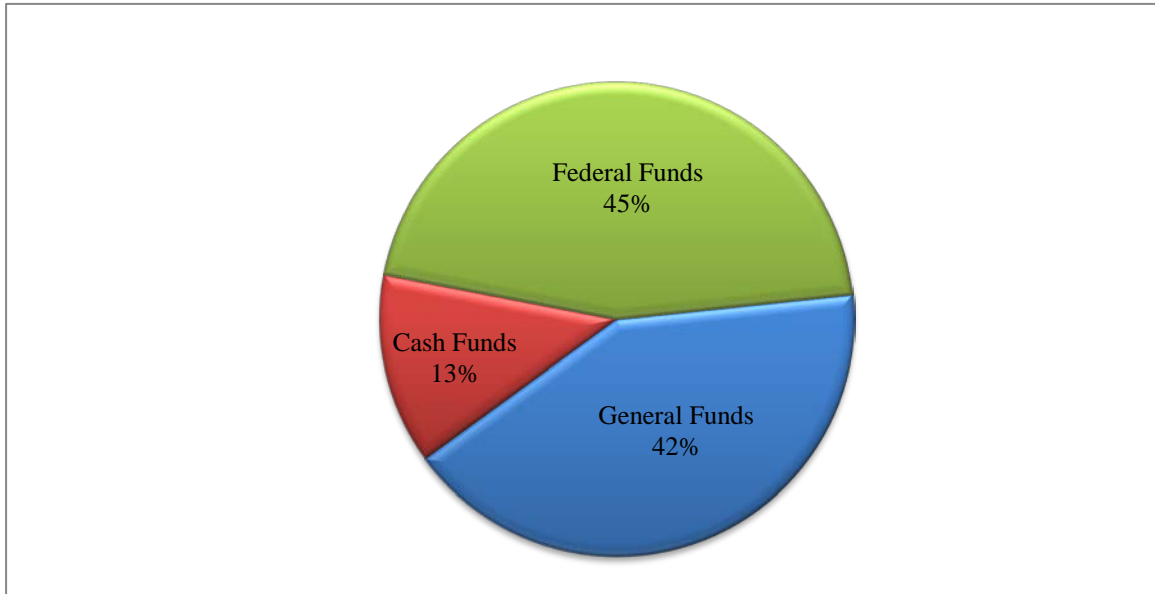
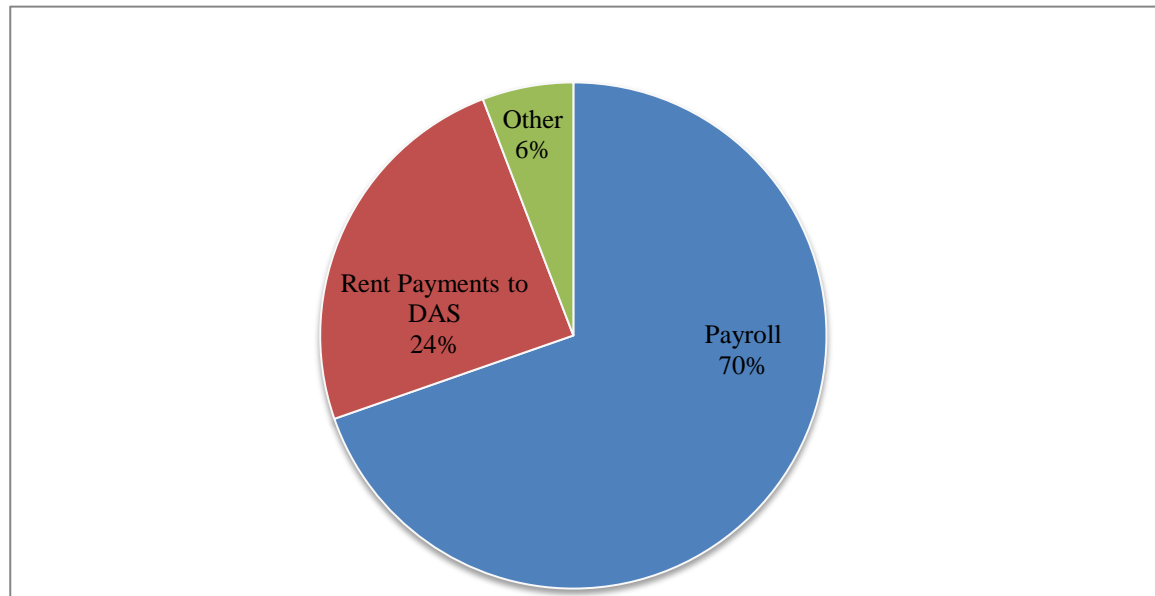


Exhibit E - Expenditure Breakdown
For Calendar Years 2009 through 2013



DEPARTMENT OF HEALTH AND HUMAN SERVICES
HASTINGS REGIONAL CENTER
Exhibit F – Travel Log Example

VEHICLE INFORMATION	
TSB License No. 17946	Equip. no. 23108
MAKE CARAVAN	YEAR 2012
County Where Vehicle is Located (note if change) ADAMS	

TRANSPORTATION SERVICES BUREAU
OFFICIAL TRAVEL LOG
COMPLETE AND ATTACH MAINTENANCE RECORD FORM
NOTE: An entry must be made each time the vehicle is driven per
State Statute 81-1025

MONTH March	YEAR 2014
Agency Name (Permanent Assignment Only) HASTINGS REGIONAL CENTER	
Agency Number 25/08	

DAY OF MONTH	ODOMETER READING		MILES TRAVELED	TIME		DESTINATION		PURPOSE OF TRIP	DRIVER'S SIGNATURE	PARKING STALL NO
	START	FINISH		START	FINISH	FROM	TO			
2/18	52671	52674	3	7:25 AM	8:31 AM	HRC	HRC	Work	[Signature]	
2/19	52674	52680	6	7:24 AM	7:42 AM	HRC	HRC	Work	[Signature]	
2/19	52680	52686	6	8:03 AM	8:16 AM	HRC	Hastings	Holiday Inn	[Signature]	
2/19	52686	52692	6	8:18 AM	8:37 AM	Hastings	HRC	Return	[Signature]	
2/20	52692	52698	6	8:35 AM	8:47 AM	HRC	Hastings	Pick up 2 youth for parents	[Signature]	
2/20	52698	52703	5	8:50 AM	9:00 AM	Hastings	HRC	Return parents	[Signature]	
2/20	52703	52808	105	2:30 PM	4:44 PM	HRC	Columbus	Pick up 2 youth for parents	[Signature]	
2/20	52808	52842	34	4:44 PM	6:30 PM	Columbus	Lincoln	Pick up youth	[Signature]	
2/20	52842	53007	115	6:30 PM	8:30 PM	Lincoln	HRC	Return youth	[Signature]	
2/21	53007	53013	6	8:35 AM	11:00 AM	HRC	PFSK	Work	[Signature]	
2/21	53013	53016	3	11:45 AM	11:57 AM	HRC	Hast	AA mt	[Signature]	
2/21	53016	53019	3	1:05 PM	1:15 PM	HRC	HRC	Work	[Signature]	
2/21	53019	53032	13	3:51 PM	4:04 PM	HRC	HRC	Work	[Signature]	
2/21	53032	53038	6	4:14 PM	4:47 PM	HRC	HRC	Work	[Signature]	
2/22	53038	53048	10	7:20 AM	8:35 AM	HRC	HRC	Work	[Signature]	
2/22	53048	53045	3	9:24 AM	9:35 AM	HRC	HRC	Work	[Signature]	
2/22	53045	53048	3	12:30 PM	12:45 PM	HRC	YMCA	YMCA	[Signature]	
2/22	53048	53065	17	1:40 PM	2:10 PM	YMCA	HRC	Return	[Signature]	
2/23	53065	53072	7	6:50 AM	8:12 AM	HRC	CMA	CMA	[Signature]	
This report must be submitted to your agency Vehicle Coordinator on assigned date: Vehicle Coordinator will submit it to TSB (State Statute 81-1025)			TOTAL MILES							
Approved by Agency Head or Authorized Agent										