ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
PROGRAM 250 – JUVENILE SERVICES OPERATIONS
AND RELATED TRUST FUNDS

JULY 1, 2018, THROUGH APRIL 30, 2020

Issued on August 24, 2020

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BACKGROUND

The Office of Juvenile Services (OJS) was originally established in 1994 within the Department of Correctional Services. The programs and functions of OJS were transferred to the Department of Health and Human Services (DHHS) in 1997.

Beginning in FY 13, with the passage of LB 561 (2013), OJS became responsible for only the Youth Rehabilitation and Treatments Centers (YRTC) at Kearney and Geneva, Nebraska. Juvenile Parole and community-based services were moved to the State Probation division of the Nebraska Supreme Court.

Appropriations for juvenile services are made to Program 250 – Juvenile Services Operations. Those appropriations are then allocated to three different programs: Program 315 – OJS; Program 371 – YRTC – Geneva; and Program 374 – YRTC – Kearney.

> Program 315 – provides administrative and operating costs for central office staff at OJS.
>
> Program 371 – supports the operation of the YRTC for women in Geneva. The YRTC at Geneva provides for the supervision, care, and treatment of female juvenile offenders placed at the facility upon commitment to OJS or pursuant to a judicial recommitment.
>
> Program 374 – supports the operation of the YRTC in Kearney. The YRTC in Kearney provides for the supervision, care, and treatment of male juvenile offenders placed at the facility upon commitment to OJS or pursuant to a parole revocation.

On August 19, 2019, female youth from YRTC – Geneva were relocated to YRTC – Kearney after conditions on the Geneva campus were deemed insufficient. Vandalism incidents in early August, coupled with existing programming and staffing issues, created a critical situation at Geneva. The move to Kearney was needed to ensure the safety and well-being of the youth. DHHS then re-established services at Geneva for female youth who will be transitioning back into the community.

In October 2019, DHHS announced that services would be established at the Lancaster County Youth Services Center, which has 20 individual rooms divided between two separate pods, a day room, and a separate secure outdoor recreational space. This location will be known as YRTC – Lincoln.

YRTC – Lincoln will provide intensive programming for youth who are not responding to treatment at Kearney. New programming will be developed to serve both male and female youth with high behavioral acuity and will include intensive behavioral modification programming, family treatment, and family support. The facility provides the appropriate physical structure and security required to serve high-acuity youth. Once the youths' behaviors have stabilized, and they are responding to programming, they will return to the main campus at Kearney for continuation of the treatment program. Operations were phased into this location starting in January 2020.

Juveniles younger than 18 who are adjudicated as delinquent by a Nebraska court may be placed in one of the YRTC facilities. They must be released on or before their 19th birthday.

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Executive Management

Name	Title
Dannette R. Smith	Chief Executive Officer
Stephanie Beasley	Director, Division of Children and Family Services
Bo Botelho	Chief Operating Officer
Mike Michalski	Chief Financial Officer
John Meals	Comptroller

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SUMMARY OF COMMENTS

During our examination of the Nebraska Department of Health and Human Services (DHHS) Program 250 – Juvenile Services Operations and Related Trust Funds (Program 250), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2, "Compensation to Employees Not Approved," which is considered to be a significant deficiency, and Comment #1, "Private Vending Machines," which is considered to be noncompliance that warrants the attention of those charged with governance.

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

1. ***Private Vending Machines:*** Money collected from on-site vending machines was deposited into the West Kearney Employees (WKE) account. There was no rental agreement with the Department of Administrative Services (DAS) Building Division. In addition, WKE purchased soft drinks at cost from the YRTC – Kearney canteen. Public resources were being used for the personal benefit of employees, which would appear to conflict with Neb. Rev. Stat. § 49-14,101.02 (2010). Finally, the Auditor of Public Accounts (APA) is unaware of any authority, statutory or otherwise, authorizing YRTC – Kearney to permit this activity.

2. ***Compensation to Employees Not Approved:*** During our review of payroll, we tested three employees who were receiving shift differential pay without DAS approval. We also noted that one employee's contract was not signed, and her wages were not paid properly.

3. ***Improper Sick Leave Payout:*** We tested six terminations and noted two employees who received improper sick leave payouts of $2,588.56 and $38.26, respectively.

4. ***Contract Issues:*** Competitive bidding requirements were not adhered to, and a $59,355 payment tested lacked adequate documentation to support that charges were proper.

5. ***Juvenile Trust Bank Accounts:*** Errors were noted in accounting for monies held in trust for juveniles, and items were not reconciled timely.

6. ***Inadequate Controls Over Petty Cash:*** Petty cash expenses were not reasonable and necessary, signature cards were not current, and bank reconciliations were not completed timely. In addition, there was no written policy regarding the process for awarding youth incentives.

7. ***Travel Expenses:*** A duplicate travel reimbursement for $315.96 was paid to an employee, and meal costs were not supported by itemized receipts.

8. ***Vehicle Usage:*** Excessive vehicle mileage was claimed, and DHHS purchased a vehicle without approval from DAS Transportation Services Bureau.

9. ***YRTC – Kearney Canteen Procedures:*** Procedures were inadequate to ensure that canteen profit and losses were accurate.

More detailed information on the above items is provided hereinafter. 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 Program 250.

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 they will be verified in the next examination.

COMMENTS AND RECOMMENDATIONS

1. Private Vending Machines

During our review of petty cash accounts, we noted that YRTC – Kearney operates seven private vending machines on facility grounds. Monies collected from those vending machines is deposited into the West Kearney Employees (WKE) account.

When asked about the WKE account, the YRTC – Kearney Business Manager offered the following explanation:

> *This account is not a DHHS account. It is strictly an employee account with a separate Federal ID Number, and no state funds are used for this account. Many years ago when the YRTC's were part of the Department of Corrections, this account was established for the benefit of the employees . . . . This account is used for activities for the employees, such as memorials for an employee or an employee's family member that passes away, for a staff Christmas party, for other staff activities, for staff fundraisers where money is raised to help fund these activities/memorials or to help a local charity or other worthy community causes. These are expenses that the State of Nebraska does not provide for employees.*

We noted that there was no written agreement with the Department of Administrative Services (DAS) Building Division to lease space at YRTC – Kearney for the private vending machines. In November 2019, a payment of $168 was made to the Department of Health and Human Services (DHHS) from the WKE account for rent due in 2018 and 2019. That amount was based on a 1995 memo by the former Department of Correctional Services Assistant Director, who authorized an annual fee of $12 per vending machine to defray expenses for electricity and other expenses. Twenty-five years later, however, it is unlikely that $1 per month is sufficient to cover those expenses.

Additionally, Neb. Rev. Stat. § 81-1108.15(4)(a) (Cum. Supp. 2018) requires proceeds from the rental of State facilities to be deposited to the State Building Revolving Fund; instead, DHHS deposited the rental payments to the Kearney YRTC Cash Fund. Moreover, that same statute makes DAS Building Division responsible for providing the centralized procurement, operation, maintenance, and management of State-owned facilities, as follows:

> *(4) Facilities administration shall include the following powers and duties:*
>
> > *(a) To serve as state leasing administrator or agent for all facilities to be leased for use by the state and for all state-owned facilities to be rented to state agencies or other parties subject to section 81-1108.22. The division shall remit the proceeds from any rentals of state-owned facilities to the State Treasurer for credit to the State Building Revolving Fund and the State Building Renewal Assessment Fund;*

Furthermore, Neb. Rev. Stat. § 71-8611 (Supp. 2019) gives priority for operating vending facilities on State property to blind persons:

> *Blind persons licensed by the commission pursuant to its rules and regulations are authorized to operate vending facilities in any federally owned building or on any federally owned or controlled property, in any state-owned building or on any property owned or controlled by the state, or on any property owned or controlled by any county, city, or municipality with the approval of the local governing body, when, in the judgment of the director of the commission, such vending facilities may be properly and satisfactorily operated by blind persons. With respect to vending facilities in any state-owned building or on any property owned or controlled by the state, priority shall be given to blind persons, except that this shall not apply to the Game and Parks Commission or the University of Nebraska.*

We noted also that money from the WKE account has been used to purchase soft drinks from the YRTC – Kearney canteen to stock the vending machines at issue. Per the check register provided, from July 1, 2018, through April 30, 2020, the WKE account paid $2,976.39 to the canteen for soft drinks. During that same period, $5,551.95 in vending machines receipts was deposited to the WKE bank account.

COMMENTS AND RECOMMENDATIONS
(Continued)

1. Private Vending Machines (Continued)

The purpose of the canteen fund is not to provide services for a private enterprise. The soft drinks and other stock items therein were purchased initially with public funds, which were expended by public employees, who utilized public resources while doing so. Consequently, using the YRTC – Kearney canteen as a supplier of soft drinks for vending machines located on State property and operated by State employees to raise money for a privately held account used for their own benefit appears to be an inappropriate use of public resources.

Additionally, we noted that the soft drinks were purchased at YRTC – Kearney's cost and not at the retail value, resulting in significant underpayments. We examined two purchases and found total underpayments of $401.92, as detailed in the table below:

Item	# of Bottles	WKE Paid	WKE Total	Canteen Retail	Total Retail	Underpaid
Purchase November 1, 2019:						
Coke Soda	174	$ 1.167	$ 203.06	$ 1.75	$ 304.50	$ 101.44
Coke Tea	6	$ 1.292	$ 7.75	$ 1.75	$ 10.50	$ 2.75
Coke Water	16	$ 1.167	$ 18.76	$ 1.75	$ 28.00	$ 9.33
Total for Purchase			**$ 229.48**		**$ 343.00**	**$ 113.52**
Purchase January 24, 2020:						
Coke Soda	454	$ 1.167	$ 529.82	$ 1.75	$ 794.50	$ 264.68
Coke Tea	8	$ 1.292	$ 10.34	$ 1.75	$ 14.00	$ 3.66
Pepsi Soda	52	$ 1.494	$ 77.69	$ 1.75	$ 91.00	$ 13.31
Pepsi Gatorade	24	$ 1.469	$ 35.26	$ 1.75	$ 42.00	$ 6.74
Total for Purchase			**$ 653.10**		**$ 941.50**	**$ 288.40**

We examined a third purchase from the canteen on March 26, 2020, totaling $171.65. This included a purchase of a soft drink and snack item from the canteen for employees who worked a double shift due to staffing shortages. These items were also purchased at cost and not the retail value.

We noted also that the WKE account received $231.34 during the audit period from a private vendor for operating a candy vending machine at the facility. When stocking that machine, the vendor retrieves the money collected from sales during the preceding weeks; every quarter, the WKE account receives a commission from those receipts based on the cash sales.

Linpepco, the company through which the candy machine is leased, offered the following description of the arrangement with YRTC – Kearney:

> *In 2009, we set up a handshake agreement that we would provide you [YRTC – Kearney] with our service for vending and would pay a 15% commission on total sale through the snack machine less tax. This payment is paid each quarter and is directly deposited to you [WKE account].*

Neb. Rev. Stat. § 49-14,101.01 (Reissue 2010), which is found within the Nebraska Political Accountability and Disclosure Act (Act), prohibits public officials and employees from using certain information or public resources, funds, or property for personal gain, as follows:

> *(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*

COMMENTS AND RECOMMENDATIONS
(Continued)

1. <u>Private Vending Machines</u> (Continued)

> *(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*
>
> * * * *
>
> *(7) Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.*

Per Neb. Rev. Stat. § 49-1442 (Reissue 2010) of the Act, "Public employee shall mean an employee of the state or a political subdivision thereof." This definition clearly includes YRTC – Kearney workers.

Similarly, according to the Nebraska Attorney General, "It is a longstanding principle of constitutional law in Nebraska that public funds cannot be expended for private purposes." Op. Att'y Gen. No. 97048 (Sept. 16, 1997). Emanating from the prohibition in Article XIII, § 3, of the Nebraska Constitution, which precludes loaning the credit of the State, this injunction appears applicable to the situation described herein.

Though not necessarily involving the direct expenditure of public funds per se, the WKE account is funded through revenues from vending machines located in a public facility. YRTC – Kearney is constructed, maintained, and operated with public funds. Likewise, the vending machines are stocked with soft drinks obtained from the YRTC – Kearney canteen, which is also maintained and operated with public funds. The vending machines themselves are, moreover, under the constant care, custody, and control of public employees. Given these circumstances, it is indisputable that, indirectly at least, public money is being used to support the WKE account, which is essentially a private fund that exists solely for the personal use and benefit of YRTC – Kearney workers.

Even if it could be argued that placing vending machines on State property to raise money for the WKE account is permissible under the provisions of the common and statutory law referenced above, the fact remains that DHHS lacks the underlying authority to permit such activity. Regarding the limited power of State agencies to take action of any sort, the Nebraska Attorney General has stated the following:

> *A state agency includes boards, commissions, departments, officers, divisions and other administrative offices of the state government. Unless they are constitutionally created officers or agencies, agencies have only that authority explicitly granted by statute.*

Op. Att'y Gen. No. 01041 (December 21, 2001). According to the Nebraska Supreme Court, "An administrative agency . . . has limited power, and its power is to be strictly construed." <u>Governor's Policy Research Office v. KN Energy</u>, 264 Neb. 924, 932, 652 N.W.2d 865, 872 (2002). The APA is unaware of any authority, statutory or otherwise, that permits YRTC – Kearney to use the public resources under its control to raise money for a private fund used exclusively for the personal benefit of its employees.

Due to the legal issues raised herein, we are forwarding this comment to both the Nebraska Accountability and Disclosure Commission and the Nebraska Attorney General for further review.

> We recommend DHHS immediately cease from selling canteen items to WKE. We recommend also that DHHS obtain legal guidance as to the lawfulness of using private vending machines at YRTC – Kearney as a source of funds for the WKE account. If determined legal, we recommend DHHS obtain a written lease agreement with DAS Building Division and work with the Commission for the Blind and Visually Impaired to ensure that blind persons are given a priority in the operation of vending machines at YRTC facilities.

COMMENTS AND RECOMMENDATIONS
(Continued)

1. <u>Private Vending Machines</u> (Concluded)

DHHS Response: The department will obtain legal guidance in regards to the use of private vending machines and work with DAS Building Division as necessary.

2. <u>Compensation to Employees Not Approved</u>

During our review of payroll, we tested three employees covered under Title 273, Classified System Personnel Rules and Regulations, who were receiving shift differential pay without DAS approval.

Title 273 NAC 8-008 provides the following:

> *In order to ensure equitable compensation programs, agencies shall obtain concurrence of the Director of Personnel, DAS-State Personnel Division before granting employees any additional benefits (shift differentials, stipends, officer of the day pay, uniforms, housing, vehicles, etc.).*

DHHS was unable to provide documentation of DAS approval for these classified employees to receive the shift differential. The employees tested were two Youth Security Supervisors and a Behavior Technician Lead. During the period July 1, 2018, through April 30, 2020, YRTC paid 38 Youth Security Supervisors and 8 Behavior Technician Leads a shift differential, totaling $71,436, without proper approval.

DHHS staff stated that a request was sent to DAS State Personnel in February 2020 and is pending approval.

We noted also that one YRTC teacher contract tested was unsigned. In addition, this contract specified an annual salary of $48,404. According to the agreement, that amount was supposedly specified by MA36, Step 13, of the 2019-2021 State Code Agencies Teachers Association (SCATA) Labor Contract. In actuality, though, the salary required in MA36, Step 13, is $65,844. Furthermore, the $48,404 provided in the YRTC teacher contract does not agree to the hourly rate of $28.812 reflected on the employee's bi-weekly paystubs. According to DHHS, this employee's pay was calculated for the period October 14, 2019, through July 28, 2020, per a provision in the teacher contracts. However, the contract period for the employee was October 21, 2019, through May 15, 2020, and no such provision appeared in her contract.

Good internal control requires procedures to ensure the following: 1) additional benefits, including shift differentials, for classified employees are approved by DAS, as required by 273 NAC 8-008; 2) employee contracts are signed by the parties thereto; and 3) proper documentation is kept to support that employee wages are paid in accordance with applicable contract provisions.

> We recommend DHHS implement procedures to ensure additional benefits, including shift differentials, for classified employees are approved by DAS, as required by 273 NAC 8-008. Those same procedures should ensure also that YRTC employee contracts are signed by the parties thereto, and proper documentation is kept to support that employee wages are paid in accordance with applicable contract provisions.

DHHS Response: The department will review procedures and work with DAS Human Resources to ensure wages and benefits are properly paid and documented.

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Improper Sick Leave Payout

There were 231 YRTC employee terminations for the period July 1, 2018, through April 30, 2020. We tested six of those terminations and noted two employees who received improper sick leave payouts of $2,588.56 and $38.26, respectively.

- One employee was placed on suspension on June 29, 2018, and was dismissed on November 20, 2018. The employee was paid one-fourth of his sick leave balance, totaling $2,588.56, at termination; however, as this was an involuntary dismissal, the employee did not qualify for sick leave payout per Neb. Rev. Stat. § 81-1325 (Reissue 2014).

- One employee retired on January 3, 2020, and was overpaid $38.26, as sick leave was not balanced properly on December 31, 2019. The calculation was based on one-fourth of 1,440 hours plus 9.24 hours earned from December 23, 2019, through January 5, 2020; however, the calculation should have been one-fourth of 1,440 hours plus earnings from January 1, 2020, through January 3, 2020.

Section 81-1325 states, in part, the following:

> *Each employee who meets the minimum age and service requirements for retirement under any existing state or federal retirement system shall, upon termination of employment with the state by reason of retirement or voluntary resignation in lieu of retirement, be entitled to a one-time payment of one-fourth his or her accumulated unused sick leave, with the rate of payment based upon his or her regular pay at the time of termination or retirement.*

Additionally, Title 273 NAC 10-005.03 reads as follows:

> *The sick leave amount of each employee shall be balanced to a maximum of 1440 hours on December 31 of each year. Sick leave may be accumulated in excess of 1440 hours during a year, but the excess shall be forfeited when balanced.*

DHHS did not comply with State regulations, resulting in overpayments.

> We recommend DHHS implement procedures to ensure that employees are paid the proper amount at termination. We further recommend DHHS attempt to recover the overpayments addressed in this comment.

DHHS Response: The department will review procedures to ensure employees are properly paid at termination.

4. Contract Issues

Contracts Not Competitively Bid
In September 2019, DHHS contracted with RMV Construction Company for $330,214 to make emergency repairs at the LaFlesche building located at YRTC – Geneva. The DAS Building Division Facilities Construction Coordinator II stated that this was an emergency contract, and three contractors were contacted to get bids, but only one could act in the time required to put the building back into service. The APA requested the Deviation from Contractual Service Contract Process form, but neither DAS nor DHHS could provide it.

In December 2019, DHHS contracted with Hausmann Construction Inc. for $118,100 to make interior updates at the Lincoln location. Three contractors were invited to place a bid, but only Hausmann Construction placed one. Per the State Procurement Manual, contracts for services over $50,000 must go through a competitive bidding process, which requires a public notice. Neither DAS nor DHHS could provide support that bid opportunities were published as required, nor could the agencies provide a Deviation from Contractual Service Contract Process form.

COMMENTS AND RECOMMENDATIONS
(Continued)

4. Contract Issues (Continued)

One transaction tested paid $66,545 to Stanley Security Solutions Inc. for video security equipment and installation at the Lincoln location and was not competitively bid.

Neb. Rev. Stat. § 73-504(2) (Reissue 2018) states, "All proposed state agency contracts for services in excess of fifty thousand dollars shall be bid in the manner prescribed by the division procurement manual or a process approved by the Director of Administrative Services."

Section 6.2 of the State of Nebraska Procurement Manual (Updated September 14, 2018) (Manual) requires that "the solicitation must be advertised to potential bidders/suppliers through a public notice, on the Material Website . . . . All bid opportunities are required to be published for a minimum of fifteen (15) calendar days between the first posting date and the date set for receipt and opening of bids."

Likewise, § 2.7.2 of the Manual provides the following:

> *An emergency service procurement is defined as one that is 'necessary to meet an urgent or unexpected requirement or when health and public safety or the conservation of public resources is at risk.' Agency Directors sign emergency contracts under their authority and do not need DAS approval prior to signing the emergency contract. The signed Deviation from Contractual Services form and the executed contract must be submitted to DAS within three (3) days of signing the contract.*

Medical Services
DHHS paid Family Practice Associates, P.C., $59,355 for medical services from July 1, 2018, through April 30, 2020. We tested one payment of $5,727 and noted that DHHS lacked documentation to support the propriety of those charges. Per Attachment 1 to the contract, physical exams cost $42 per youth, and sick call visits cost $31.50 per youth. Attachment 1 states also, "YRTC-Kearney will not pay more than the rates established in the Family Practice Associates P.C. annual standard fee schedule."

The invoice tested included physical exam charges ranging from $40 to $200 and sick calls charges ranging from $30 to $120. Charges for other services could not be verified because DHHS was unable to provide the annual standard fee schedule. DHHS staff admitted that they were not comparing invoices to a fee schedule.

Prepayment of Contract Services
In March 2020, DHHS signed an agreement with the Nebraska Department of Education (NDE) to oversee and administer the schools and education programs provided by DHHS facilities. The agreement, for the period March 6, 2020, through August 31, 2020, was not to exceed $500,000. In April 2020, per the agreement, DHHS paid $82,209.60 in advance for the first month of expenses and initial costs.

According to the Nebraska State Accounting Manual, AM-005, prepayments are "in conflict with the normal claims process since the State will give an asset in anticipation of goods or services being rendered at a later date." The present situation is somewhat unique, as the agreement between DHHS and NDE involves two State agencies, not an outside vendor. Nevertheless, good business practices and sound accounting principles generally discourage paying for goods or services prior to receiving them.

On May 31, 2020, NDE invoiced DHHS for services from March 6, 2020, to May 31, 2020, of $97,352.39 less $82,209.60 previously paid for a balance due of $15,142.79. DHHS paid NDE the $15,142.79 in July 2020.

Additionally, though setting out the responsibilities of DHHS and NDE, the agreement fails to identify specific deliverables that DHHS could monitor to ensure contractual objectives are being met.

COMMENTS AND RECOMMENDATIONS
(Continued)

4. Contract Issues (Concluded)

Good internal control requires procedures to ensure the following: 1) competitive bidding requirements are followed; 2) payments are made in accordance with contract terms; and 3) the contract terms not only reflect the preference against prepayments but also provide for specific deliverables that can be monitored effectively.

Without such procedures, there is an increased risk for improper payments, resulting in the possible loss of State funds, and noncompliance with State statute.

> We recommend DHHS implement procedures to ensure adherence to competitive bidding requirements. Those same procedures should ensure also that payments are in accordance with contract terms, which reflect the preference against prepayments and provide for specific deliverables subject to effective monitoring.

DHHS Response: The department will work with DAS Building division to ensure competitive bidding requirements are met. In this instance, the department believes that proper authority was obtained from DAS, albeit not in writing. The department will also review internal controls related to specifics in contract terms.

5. Juvenile Trust Bank Accounts

Money that a juvenile housed at YRTC – Geneva or YRTC – Kearney receives from family members and others is placed in individual trust funds for that individual. Also placed in that trust fund is other money received by the juvenile. For instance, juveniles receive compensation for work assignments, such as kitchen or laundry duty. In addition, juveniles receive a $5 to $15 monthly stipend.

Each facility maintains a bank account for the juvenile trust funds, and individual account information is maintained on NFOCUS. We noted the following:

YRTC – Geneva:

- The bank balance was not maintained on EnterpriseOne.
- The signature card for the bank account was not updated timely.
- Entries were made in the check register prior to receiving funds.
- Returned checks were not secured or added back to the youth's account timely.
- A complete listing of June 30, 2019, trust fund account balances could not be provided from NFOCUS.

YRTC – Kearney:

- The bank balance was not maintained on EnterpriseOne.
- The signature card for the bank account was not updated timely.
- Reconciling items have not been corrected timely.
- Bank charges have not been reimbursed timely.
- For 1 of 10 trust fund accounts tested, the balance was not current.

COMMENTS AND RECOMMENDATIONS
(Continued)

5. <u>Juvenile Trust Bank Accounts</u> (Continued)

A good internal control plan and sound business practices require procedures to ensure the following: 1) accounting records are accurate; 2) entries are timely and appropriate; 3) account balances are correct, documented, and properly maintained; and 4) bank signature cards are updated in a timely manner.

YRTC – Geneva
We noted one employee who was not removed timely as an authorized signer on the trust fund bank account. The employee retired on January 4, 2020, and had not been removed as an authorized signer as of June 2020.

We noted the following incorrect entries made in the check register:

- Miscellaneous income for youth, totaling $100, was recorded in the check register on June 28, 2018; however, the funds were not received until July 11, 2018. The youth left YRTC – Geneva on June 29, 2018, and a check was written to the youth on June 28, 2018, prior to her release. The check cleared the bank on July 2, 2018, before the money was deposited. Therefore, other youths' funds in the bank account were used to cover the amount paid to the youth on her release.

- One youth left YRTC – Geneva on July 28, 2017. Check 19424 for $37.05 was written on July 27, 2017, and check 19426 for $5.20 was written on August 17, 2017. These amounts were debited from the youth's account in NFOCUS to bring the trust fund account to $0. The checks were listed as outstanding checks on the bank reconciliations. The youth returned to YRTC – Geneva from September 10, 2018, through December 22, 2018. The December 2018 check register noted that on December 17, 2018, checks 19424 and 19426, were found in a desk drawer and had been returned as uncashed. These amounts were credited back to the youth's account on December 17, 2018, even though the youth had been at the facility since September 2018. Additionally, it appears the checks were not maintained in a secure location.

- Youth payroll, totaling $157, was recorded as a deposit on August 29, 2019; however, this deposit was not received in the bank until September 10, 2019. YRTC – Geneva closed the active youth accounts in NFOCUS on August 29, 2019, and wrote check 19620 for $1,600, which included this deposit amount. This check cleared the bank on September 3, 2019, prior to receiving the $157 deposit. The bank account did not go negative because there was at least $164 in outstanding checks.

- The June 2019 reconciliation included a one-page listing from NFOCUS noting a $2,374 balance of trust fund accounts; however, the listing included names of girls with $0 balances. The remaining pages of the report, which contained the names of youth at the facility and their account balances, was not maintained.

Without adequate control procedures, there is an increased risk of loss, theft, or misuse of funds and noncompliance with State statute.

YRTC – Kearney
We noted one employee who transferred from YRTC – Kearney to the Grand Island Veteran's Home effective October 12, 2018. This employee was still listed as an authorized signer on the trust fund bank account as of June 2020.

YRTC – Kearney completes a monthly reconciliation between the reconciled bank balance and the youth ledger balances. The reconciled bank balance is compared to the youths' trust fund account balance from NFOCUS. Several reconciling items have not been corrected timely.

COMMENTS AND RECOMMENDATIONS
(Continued)

5. <u>Juvenile Trust Bank Accounts</u> (Concluded)

- A check written in August 2010 for $128 was sent to the wrong youth, and the check was cashed. This amount has not been collected from the individual or reimbursed from the welfare fund, 10 years later.
- A check for $7 was written in February 2013. This amount was submitted to the welfare fund as an uncashed check, but was subsequently cashed in June 2019. The trust fund bank account needs to be reimbursed from the welfare fund.
- A check written to a youth cleared the bank in February 2019 for $.10 less than what it was written for. This amount should either be disbursed to the youth or submitted to the welfare fund to zero out the account.

We tested 10 trust fund account balances used in the April 2020 reconciliation and noted one balance was not current. One youth's balance of $2.50 is from October 2010. The youth was discharged from YRTC – Kearney on October 8, 2010, and a check for $2.50 was issued to him on January 28, 2011. The check was not cashed and was cancelled on March 9, 2011. This amount has not been turned over to the welfare fund, as required by Neb. Rev. Stat. § 83-154 (Cum. Supp. 2018). That statute says the following:

> *Upon failure to assert a claim for money within two years as prescribed by section 83-153, the Department of Health and Human Services . . . shall transfer such money to a special fund to be set up for the use and benefit of all the inmates or patients of the institution in which the deceased or discharged inmate or patient was confined.*

Bank charges of $27.75 were assessed during 2010 and 2011. YRTC – Kearney did not have these charges reversed or reimbursed from the welfare fund. Rather, DHHS has been offsetting the monthly interest received against the charges. As of April 30, 2020, there is $3.68 in remaining bank charges that have not been reimbursed. Based on an average of $.15 interest received each month, it would take another two years to offset the remaining bank charges with the interest received.

Per Neb. Rev. Stat. § 43-907 (Reissue 2016):

> *Unless a guardian shall have been appointed by a court of competent jurisdiction, the Department of Health and Human Services shall take custody of and exercise general control over assets owned by children under the charge of the department. Children owning assets shall at all times pay for personal items. Assets over and above a maximum of one thousand dollars and current income shall be available for reimbursement to the state for the cost of care. Assets may be deposited in a checking account, invested in United States bonds, or deposited in a savings account insured by the United States Government. All income received from the investment or deposit of assets shall be credited to the individual child whose assets were invested or deposited. The department shall make and maintain detailed records showing all receipts, investments, and expenditures of assets owned by children under the charge of the department.*

Without adequate control procedures, there is an increased risk of loss, theft, or misuse of funds and noncompliance with State statute.

> We recommend DHHS implement procedures to ensure the following: 1) bank account signature cards are updated regularly; 2) juvenile trust financial information is recorded properly, and reconciling items are resolved timely; and 3) youth trust fund balances are current and in compliance with State statute.

DHHS Response: A review and update of Juvenile Trust Bank Accounts policies and procedures will be completed to ensure that bank signature cards are updated timely, juvenile trust financial information is recorded properly and reconciling items are resolved timely, and youth trust fund balances are current and in compliance with State statute. The YRTC's will research the possibility of utilizing the MyAvatar system to account for the juvenile trust funds.

COMMENTS AND RECOMMENDATIONS
(Continued)

6. Inadequate Controls Over Petty Cash

DHHS maintains a $500 petty cash fund for YRTC – Geneva and a $1,500 petty cash fund for YRTC – Kearney.

We noted the following:

- The signature cards for the YRTC – Geneva and YRTC – Kearney petty cash accounts were not updated timely.
- The custodian on the YRTC – Geneva petty cash application was not current.
- The YRTC – Geneva petty cash bank reconciliations for December 2019 through April 2020 were not completed timely.
- There was no written or formal policy regarding the process for awarding youth incentives from the petty cash accounts.
- YRTC – Kearney petty cash reimbursements were not timely, and 39 of 49 expenses tested were not reasonable or adequately supported.
- YRTC – Geneva petty cash reimbursements were not timely, and 25 of 64 expenses tested were not reasonable or adequately supported.

YRTC – Geneva Petty Cash
An employee who retired on January 4, 2020, had not been removed from the petty cash bank account as an authorized signer as of June 2020. The custodian listed on the Petty Cash Fund Application terminated on January 3, 2020.

The December 2019 through April 2020 petty cash bank reconciliations were completed on June 18, 2020. These reconciliations were not completed until after requested by the APA on June 3, 2020.

Six expenses, totaling $293, from October 2019 through April 2020, had not been reimbursed as of July 14, 2020.

Petty cash expenses were not reasonable or adequately supported for 25 of 64 expenses tested:

- Nineteen payments made to various vendors did not have adequate documentation. It should be noted that the checks were signed by an authorized signer prior to the off-campus incentive or activity, with the amount and vendor left blank. The supervising staff would then complete the check after the meal or activity. Of these 19 payments, 12, totaling $894.38, made to various restaurants, did not include documentation noting the names of the participating youth and/or staff to ensure that the number of meals and the amount charged were correct. One additional payment of $355.40 to a restaurant did not include an itemized receipt, and documentation for another meal incentive for $36.96 had a different restaurant listed than what was submitted for reimbursement. Five additional payments for off-campus activities did not include a listing of youth participating.
- Two petty cash payments, totaling $25, did not appear to be of an emergency nature. One payment for $17 was made to Vital Records for a copy of a birth certificate. Vital Records is part of DHHS. Another $8 payment for propane was made to Geneva Welding & Supply, Inc., and the company sends bills for amounts due.

COMMENTS AND RECOMMENDATIONS
(Continued)

6. <u>Inadequate Controls Over Petty Cash</u> (Continued)

- Four checks, totaling $87, were written in order to get cash to wash vehicles owned by YRTC – Geneva. No receipt was obtained to ensure the vehicles went through a car wash.

The majority of payments made from the YRTC – Geneva petty cash account were for youth incentives at restaurants.

The following table shows the total amount paid to individual vendors and the number of times the vendor was used for incentives:

Vendor	Amount	# of Occasions
Molcajete Mexican Restaurant	$ 2,265.32	14
Casey's General Store	$ 415.11	9
China Buffet	$ 373.46	3
Subway	$ 365.69	9
Rialto Theater	$ 324.00	9
Valentino's	$ 166.82	2
McDonald's	$ 103.01	1
Other Petty Cash Expenses	$ 567.14	

These incentives are provided to the youth for achieving goals, getting good behavior scores, and performing extra work. YRTC – Geneva does not have a formal policy regarding incentives provided to youth, such as how often, dollar limit, location, and how the incentives are documented or monitored.

Additionally, YRTC – Geneva does not track the meals that are provided to staff when supervising and attending the off-campus incentives or activities in order to determine if the meal should be claimed as a fringe benefit and taxed according to 26 CFR § 1.132-6 and IRS guidelines. Based on the documentation that did include names of supervising staff, a recreation manager was provided a meal on at least 13 occasions from August 17, 2018, through August 6, 2019. The receipts did not identify which meal the staff was provided. Not only should YRTC – Geneva maintain a listing of youth and staff attending these incentives to ensure amounts are correct, but also the meals provided to staff need to be tracked, including the specific meal and dollar amount provided in order to ensure they are in compliance with IRS regulations.

We noted also that many of the staff who were attending or supervising these off-campus meal incentives or activities were paid overtime hours during the pay period of the meal. For example, an off-campus incentive on September 18, 2018, at the Molcajete Mexican Restaurant included meals provided for five youth and four staff. Per documentation obtained, the youth attending this incentive were high-risk; therefore, an additional staff member was needed to supervise. The facility administrator also attended this meal incentive. One of the supervising staff members received 21.25 hours of overtime for the week of this incentive and was paid 11 hours, including 2.5 hours of a second shift differential, for working on September 18, 2018. DHHS should have procedures to minimize staff overtime for youth incentive activities.

YRTC – Kearney Petty Cash
We noted one employee who transferred from YRTC – Kearney to the Grand Island Veteran's Home effective October 12, 2018. This employee was still listed as an authorized signer on the petty cash bank account as of June 2020.

COMMENTS AND RECOMMENDATIONS
(Continued)

6. <u>Inadequate Controls Over Petty Cash</u> (Continued)

Petty cash reimbursements were not timely for 14 of 49 expenses tested. The reimbursements were 91 to 203 days after the expense.

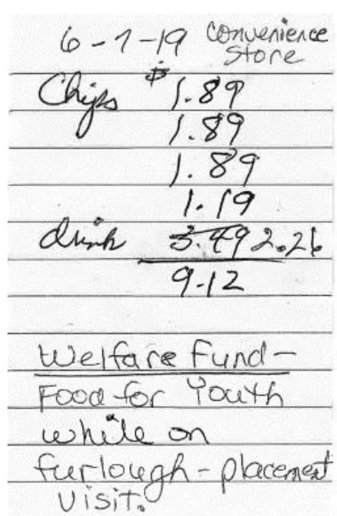
Petty cash expenses were not reasonable or adequately supported for 39 of 49 expenses tested:

- Sales tax, totaling $11, was paid for the purchase of t-shirts for two programming events at the Kearney Therapeutic Horse Program. Rather than paying the vendor directly as a tax-exempt entity, YRTC – Kearney reimbursed an individual in charge of the program who paid for the t-shirts, including sales tax.

- Twenty-six payments made to various restaurants did not include adequate documentation. The YRTC Business office received receipts and documentation, including the approval of various food incentives for the youth; however, the documentation did not include the names of the youth participating to ensure the number of meals and the amount being charged was correct. An additional two payments were made for holiday youth and staff activities; however, the documentation did not include the names of the participating youth or staff.

- Seven petty cash payments, totaling $645, did not appear to be of an emergency nature. One expense for $600 was for an inflatable water slide and could have been made through the warrant process, as the invoice was received prior to the event date. The remaining six expenses, totaling $45, were for official GED diplomas from the Nebraska Department of Education, another State agency.

- Two checks, totaling $25, were paid to the West Kearney Employees bank account as a reimbursement for cash given to YRTC – Kearney. This bank account is used to pay for activities for YRTC – Kearney staff, such as memorials, staff Christmas parties, or other activities. The account contains money that is collected through vending machine sales at the facility and fundraisers. YRTC – Kearney has used the cash from these vending machine sales in order to give cash to staff to use for youth on furlough. Per Rita Uldrich, the YRTC – Kearney Business Manager, "The use of the WKE cash is strictly for convenience due to the need for cash to pay for these items." However, the purpose of having the petty cash account is to make emergency purchases. Additionally, one receipt provided for documentation of how cash was spent was inadequate, as it was merely a handwritten note, as shown below:


6-1-19 Convenience Store
Chips $1.89
1.89
1.89
1.19
drink ~~3.49~~ 2.26
9.12

Welfare Fund – Food for Youth while on furlough - placement visit.

COMMENTS AND RECOMMENDATIONS
(Continued)

6. Inadequate Controls Over Petty Cash (Continued)

The majority of payments made from the YRTC – Kearney petty cash account are for youth food incentives. In addition to the food incentives being paid out of the petty cash fund, we also identified food incentives going through the warrant process.

We identified an additional $5,926.86 in payments to various restaurants. Those payments, which were coded to "programming," are detailed in the following table:

Vendor	Petty Cash	Warrant	# of Occasions
Raising Cane's Chicken Fingers	$ 875.78		12
Komal Mexican Tacqueria	$ 723.11		10
Sprocket's Famous Freedom Dogs	$ 215.22		1
McDonald's	$ 199.60		1
Kentucky Fried Chicken	$ 125.86		1
Other Restaurants	$ 129.97		3
Other Petty Cash Expenses	$ 1,454.12		
Little Caesars – Kearney		$ 2,818.03	
Sonic Drive In, Kearney		$ 1,203.29	
Valentino's, Kearney		$ 1,901.54	

Incentives are provided to the youth for achieving goals, getting good behavior scores, and performing extra work. YRTC – Kearney does not have a formal policy regarding incentives provided to youth, such as how often, dollar limit, location, and how the incentives are documented or monitored.

Neb. Rev. Stat. § 83-130 (Reissue 2014) provides the following:

> *An Emergency Revolving Fund, not to exceed three thousand dollars for any one institution, upon order of the Department of Health and Human Services, shall be drawn from the State Treasurer, to be used by the chief executive officer of each institution as an emergency cash fund. The fund shall be drawn from the general maintenance appropriation for the department. An accounting of this fund shall be made by each executive officer once each month to the department.*

Per the Petty Cash Fund Applications for both YRTC – Geneva and YRTC – Kearney, the fund is used for, "Emergency purchases when other payment options cannot be used. Majority of payments are to local business for youth activities."

Per the YRTC – Geneva Operational Memorandum 113.1.5c, Fiscal Management Emergency Cash Fund, III. Fund Reconciliation (A), "A replenishment request shall be initiated as needed or at the end of each month to replenish the fund balance."

A good internal control plan and sound accounting practices require that the petty cash funds be replenished on a timely basis.

Neb. Rev. Stat. § 77-2704.15(1)(a) (Reissue 2018) states, "Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state . . . ."

COMMENTS AND RECOMMENDATIONS
(Continued)

6. Inadequate Controls Over Petty Cash (Continued)

Per IRS Publication 15-B, a fringe benefit is a form of pay for the performance of services, and any fringe benefit is taxable and must be included in the recipient's pay unless the law specifically excludes it. The fringe benefit regulations are set out at 26 CFR § 1.132-6. Subsection (d)(2) of that regulation contains the following:

> *(2) Occasional meal money or local transportation fare –*
>
> *(i) General rule. Meals, meal money or local transportation fare provided to an employee is excluded as a de minimis fringe benefit if the benefit provided is reasonable and is provided in a manner that satisfies the following three conditions:*
>
> *(A) Occasional basis. The meals, meal money or local transportation fare is provided to the employee on an occasional basis. Whether meal money or local transportation fare is provided to an employee on an occasional basis will depend upon the frequency i.e., the availability of the benefit and regularity with which the benefit is provided by the employer to the employee. Thus, meals, meal money, or local transportation fare or a combination of such benefits provided to an employee on a regular or routine basis is not provided on an occasional basis.*
>
> *(B) Overtime. The meals, meal money or local transportation fare is provided to an employee because overtime work necessitates an extension of the employee's normal work schedule. This condition does not fail to be satisfied merely because the circumstances giving rise to the need for overtime work are reasonably foreseeable.*
>
> *(C) Meal money. In the case of a meal or meal money, the meal or meal money is provided to enable the employee to work overtime. Thus, for example, meals provided on the employer's premises that are consumed during the period that the employee works overtime or meal money provided for meals consumed during such period satisfy this condition.*

A good internal control plan requires procedures to ensure the following: 1) a formal written policy is maintained for administering youth incentives or off-campus activities, specifying how often they should be granted, location, staffing ratios and feasibility, and dollar amount; 2) meals provided to staff during incentives or youth activities are tracked in order to determine if the meal should be taxed as a fringe benefit to comply with IRS regulations; 3) petty cash applications are kept current to prevent the unauthorized use of petty cash and to provide accountability for those funds; 4) bank reconciliations are completed timely, or monthly; and 5) signature cards for bank accounts containing public funds are updated immediately after a designated signer terminates employment with the State or transfers to a different program.

Without such procedures, there is an increased risk for loss or misuse of State funds, inaccurate reporting on financial reports, and noncompliance with State statute or Federal regulations.

> We recommend DHHS implement procedures to ensure the signature cards for the petty cash bank accounts are updated regularly, replacing the names of former employees with their current counterparts. Those same procedures should ensure also that monthly bank reconciliations are completed for all bank accounts, and the petty cash account application is updated with current employees only. Additionally, the procedures should ensure that petty cash reimbursements are timely and adequately supported, and sales tax is not paid on State purchases. Finally, DHHS should implement procedures to ensure compliance with IRS regulations.

COMMENTS AND RECOMMENDATIONS
(Continued)

6. <u>Inadequate Controls Over Petty Cash</u> (Concluded)

DHHS Response: A review and update of Petty Cash policies and procedures will be completed to ensure that bank signature cards are updated timely, monthly bank reconciliations are completed timely, the petty cash account application is updated, petty cash reimbursements are timely and adequately supported, and tax exempt and IRS regulations are followed. Youth incentive policies and procedures will be developed for the YRTC's.

7. <u>Travel Expenses</u>

During testing of six travel expense reimbursements, we noted a duplicate payment to an employee for meals and mileage reimbursement. A duplicate Expense Reimbursement Document (ERD) was created and submitted by the employee when attempting to make changes to the original ERD. The duplicate was not removed properly or deleted and was paid along with the original ERD, as shown in the table below:

Expenses Incurred	Payment Date	Amount
12/20/2018 to 12/23/2018	2/12/2019	$ 315.96
12/20/2018 to 12/23/2018	2/21/2019	$ 436.22

Therefore, $315.96 was overpaid.

Furthermore, we noted that adequate documentation was not on file for the meals reimbursed. Four meals, totaling $86.77, did not have the required itemized receipts, and no signed written explanation for that deficiency was obtained. A similar finding was noted in the prior audit.

The State Accounting Manual (Manual), "Travel Polices," Section 6, *Meals*, states, in relevant part, "Agencies are responsible to see that all submitted claims for food/meals are adequately substantiated. Unsubstantiated food/meals should not be reimbursed. Receipts are required unless the cost of the food/meal is under $5.00."

The Manual, "Travel Polices," Section 8, *Receipts*, states, in relevant part:

> *Detailed receipt is defined as a receipt that shows a listing of each item purchased and the related cost. Detailed receipt does **not** include the receipt copy that only identifies an amount is being charged to the employee's credit card . . . . In the absence of **detailed** receipts supporting an employee's claim, State Accounting will require a **written** acknowledgment that after-the-fact documentation will be provided. This documentation may be a copy of:*
>
> - *Cancelled check;*
> - *Charge card slip and signed written explanation; or*
> - *Subsequently acquired receipt and signed written explanation.*
> - *If receipts have been lost, or where a receipt was not provided (such as when only one meal receipt is provided per table), the employee should create and present an affidavit.*

Good internal controls require procedures to ensure that travel expense reimbursements are proper and documented per State policies, and no duplicate payments are made.

> We recommend DHHS implement procedures to ensure travel expense reimbursements are proper and documented per State policies, and no duplicate payments are made.

COMMENTS AND RECOMMENDATIONS
(Continued)

7. <u>Travel Expenses</u> (Concluded)

DHHS Response: A review and update of travel expense-reimbursement procedures will be completed to ensure that expense reimbursements are accurate and receipts and other documentation is provided per state policies. Expense reimbursements will also be reviewed to ensure duplicate requests are not made. YRTC will work with DHHS HR and DAS Payroll to determine a plan for the employee to pay back the duplicate Expense Reimbursement payment.

8. <u>Vehicle Usage</u>

Mileage claimed was not reasonable, travel logs were not on file, and State statutes were not complied with.

TSB Vehicles
We selected two payments to the DAS Transportation Services Bureau (TSB) and selected five trips from each payment to review. For the first payment, neither TSB nor YRTC could locate the travel logs for three of the vehicles selected. TSB could provide the trip tickets, but they did not report points between which the vehicle traveled each time used, time and arrival of departure, or necessity and purpose for such travel.

We also noted excessive mileage for three trips tested, as shown in the table below:

Date	Points of Travel	Miles per Log/Trip Ticket	Miles per MapQuest	Variance
12/3/18	Lincoln-Kearney-Lincoln	363	266	97 miles
12/13/18-12/16/18*	Kearney-Lincoln-Kearney	352	266	86 miles
12/14/18*	Kearney-Geneva-Lincoln-Kearney	424	305	119 miles

*Due to the absence of a travel log, the mileage was determined by the trip ticket and destination per YRTC staff.

For the second TSB payment tested, mileage logs were available, which noted that the purpose of the travel was for training in December 2019 and January 2020; however, YRTC rented vehicles and was billed 24 days that the vehicles were not used. We noted one vehicle was checked out from January 13, 2020, through January 17, 2020, but was used only one day. As a result, YRTC incurred charges of $445 for days that vehicles were rented but not used.

Vehicle #	Days Rented	Days Used
20309	18	5
21032	21	10

Per YRTC staff:

> *Multiple vans were checked out from the TSB motor pool due to the number of YRTC-Lincoln staff involved in the trainings. Since the staff were leaving early before the motor pool office was open, the vans were checked out the day prior or if leaving early on a Monday morning were checked out on Friday (i.e. checked out 12/20/19 for use on Monday 12/23/19 to travel to Kearney). On weeks the staff were going to be driving out of Lincoln more than once, the vans were checked out for an extended period of time. If staff weren't able to come or travel was canceled due to weather, then the vans did not get used even though they were checked out.*

Neb. Rev. Stat. § 81-1025(1) (Reissue 2014) states, in part, the following:

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

COMMENTS AND RECOMMENDATIONS
(Continued)

8. <u>Vehicle Usage</u> (Concluded)

Good internal control requires procedures to ensure that mileage is recorded properly and in accordance with State statute. Those same procedures should ensure also that vehicle rentals are necessary, and vehicles not used are returned timely to TSB.

Without such procedures, there is an increased risk for misuse of State resources and noncompliance with State statute.

Agency-Purchased Vehicle
DHHS purchased a vehicle (2015 Ford Explorer SUV) from the Department of Corrections Federal Surplus Property for $18,900. However, DHHS did not have documentation that the purchase was approved by TSB.

Neb. Rev. Stat. § 81-1015 (Reissue 2014) provides the following:

> *Subject to section 81-1013, the bureau shall own and hold title, in the name of the State of Nebraska, to all state-owned vehicles. <u>All purchases of state-owned vehicles and automotive equipment shall be made or approved by the bureau</u>. The Director of Administrative Services shall not approve any voucher for the purchase of any passenger car unless submitted by the bureau.*

(Emphasis added.) Neb. Rev. Stat. § 81-1011(3) (Reissue 2014) states the following:

> *(a) State-owned vehicle means all passenger vehicles acquired primarily for the purpose of transporting state employees in their official duties from one job location to another.*
>
> *(b) State-owned vehicles does not include special-use vehicles, such as buses, laundry trucks, mail trucks, airport security vehicles, or military trucks and cars; vehicles which are considered a duty station, such as vehicles used by the Nebraska State Patrol, the Nebraska Oil and Gas Conservation Commission, or conservation officers of the Game and Parks Commission; or those vehicles which, by nature of their usage, require the installation or carrying of special equipment which precludes the use of such vehicles for multiple agency transportation usage.*

Because the vehicle purchased by DHHS falls within the definition of a "state-owned" vehicle, DHHS failed to comply with State statute by not obtaining TSB approval for that purchase.

Good internal control requires procedures to ensure that TSB approval is obtained for the purchase of all State-owned vehicles.

Without such procedures, there is an increased risk for misuse of State resources and noncompliance with State statute.

> We recommend DHHS implement procedures to ensure compliance with State statutes for both purchasing agency vehicles and recording the mileage thereof. We further recommend vehicles not used be returned timely to TSB.

DHHS Response: At the time of the vehicle purchase by YRTC, the YRTC staff had submitted documents that they believed had been approved by both DHHS and TSB. With a turnover in DHHS personnel, certain documentation regarding procedures used for the purchase of the vehicle could not be obtained. Future purchases of vehicles will follow DHHS and TSB policies to ensure State statutes are followed. Mileage logs and gas/maintenance receipts for YRTC agency-owned vehicles will be gathered and reconciled monthly for DHHS Vehicle Log Reports and Voyager Card purchase reports.

COMMENTS AND RECOMMENDATIONS
(Continued)

9. YRTC – Kearney Canteen Procedures

Approved items are sold in the YRTC – Kearney canteen to youth, staff, and visitors. The youth use institutional checks for those purchases. Staff and visitors use cash only. In October 2018, youth began purchasing canteen items on order forms that are turned into the canteen operator.

We reviewed the June 2019 and April 2020 monthly financial statements for the canteen. DHHS determined the income/loss for those months by taking the beginning inventory plus purchases, less the ending inventory, to obtain the cost of goods sold. The cost of goods sold was then subtracted from the gross sales to arrive at the gross profit/loss on sales. For both June 2019 and April 2020, there was a net loss of $1,650.72 and $2,061.71, respectively. Losses were also recorded in January 2019 and March 2019.

Per the YRTC – Kearney Business Manager, various "timing differences" contribute to the profits and losses noted:

These timing differences include:

- *Timing differences of when invoices are recorded in Supplies for Resale object code for canteen – items are received, counted in inventory, and some items have been sold but cost is not recorded in books until next month. In some months, the invoices get "caught up" in E1 creating increased COGS and a loss for those months.*

- *End of month sales are not recorded in E1 Sales object code until following month – these items would not be counted in month-end inventory and would increase cost of goods sold for the month.*

- *Various departments across the facility utilize items from the canteen for youth incentives or other uses, and a journal entry is created for these items to deduct them from the canteen inventory/cost of goods sold. Due to staff shortages and other factors, these entries are not made every month, thereby affecting the profit/loss for each individual month.*

Although the canteen operations are very important, particularly to the youth, the dollar amount and significance of the total sales and costs are not substantial enough to warrant a reconciliation of all timing differences each month. This can result in large profits one month and large losses in other months. There is a concentrated effort in June of each year to catch up any timing differences and have these recorded in the books prior to the fiscal year-end close out. Therefore, the canteen profit for the year is accurate, but the individual months may not be.

In addition to the timing differences discussed above, the cost of canteen items is not updated timely on the inventory count form, resulting in an inaccurate ending inventory amount. The APA compared the cost of 25 items on invoices from February and April 2020 to the April 2020 inventory count form, and 15 of these items had the incorrect cost on the inventory form. Moreover, candy purchases, totaling $17.14, in April 2020 were not included on the inventory form. Although the variance is small, the APA reviewed a limited number of items on the inventory form.

The April 2020 monthly financial statement noted gross canteen sales of $1,340.34. Per the Business Manager, YRTC – Kearney cannot provide a detailed listing of items sold during the month. Sales are entered into a cash register, and there is no description of what was sold. The cash register tape shows the price of the item, the total amount of tax charged for non-food items, and type of payment, cash or check. There would be no way to compare items sold to the inventory listing to help identify whether any items were being stolen.

An Inter-Institution form is completed noting who requested the item(s), what items were requested, approvals, youth the incentive is for, and the date fulfilled. However, the form does not say why the incentive is given. There is also not a formal policy regarding the issuance of incentives.

COMMENTS AND RECOMMENDATIONS
(Concluded)

9. <u>YRTC – Kearney Canteen Procedures</u> (Concluded)

A good internal control plan requires procedures to ensure the following: 1) complete monthly reconciliations are performed of the canteen's financial statements to ensure the profit/losses recorded are accurate; 2) the cost of items on the canteen inventory form are updated regularly; 3) policies are established for the issuance and monitoring of youth incentives through the canteen; and 4) the point of sale system is reviewed to determine if the detail of items purchased from the canteen could be tracked.

Without such procedures, there is an increased risk of not only the YRTC failing to obtain an accurate accounting of monthly canteen profits and losses, resulting in a likelihood of any issues not being identified timely, but also the monthly inventory amount being incorrect, which would affect the amount of profit or loss.

We recommend DHHS:

- Complete monthly reconciliations of the canteen financial statements to identify timing differences of sales and purchases that affect the cost of goods sold each month to ensure the profit/losses are accurate. Losses should be investigated timely.
- Update the cost of items on the canteen inventory form timely to ensure the cost of goods is accurate.
- Establish policies over the issuance and monitoring of youth incentives through the canteen.
- Review the point of sale system to determine if the detail of items purchased from the canteen could be tracked.

DHHS Response: A review and update of Canteen policies and procedures will be completed to include monthly financial statements, monthly reconciliation of sales and cost of goods sold, and monthly inventories and updates to cost of goods. Policies and procedures will be developed for youth incentives issued through the canteen. The point of sale system will be reviewed to determine if it is feasible to track individual items sold at the canteen.

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Department of Health and Human Services
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Department of Health And Human Services (DHHS) Program 250 – Juvenile Services Operations and Related Trust Funds for the period July 1, 2018, through April 30, 2020. DHHS's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2018, through April 30, 2020, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in 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 in Fund

Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

August 11, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2018, through April 30, 2020

	General Fund 10000	Geneva YRTC Cash Fund 22552	Kearney YRTC Cash Fund 22553	Nebr Health Care Fund 22640	HHS OJS Federal Fund 42520	HHS F&S Welfare/Club Trust Fund 62510	HHS Fin/Supt Welfare/Club Trust Fund 62520	**Totals (Memorandum Only)**
REVENUES:								
Appropriations	$ 36,252,066	$ -	$ -	$ -	$ -	$ -	$ -	$ 36,252,066
Intergovernmental	-	-	-	-	852,912	-	-	852,912
Sales & Charges	-	-	564	-	-	1,055	38,637	40,256
Miscellaneous	742	2,084	9,182	-	16,002	1,293	331	29,634
TOTAL REVENUES	36,252,808	2,084	9,746	-	868,914	2,348	38,968	37,174,868
EXPENDITURES:								
Personal Services	26,133,558	-	-	1,892,530	309,141	-	-	28,335,229
Operating	9,085,174	-	-	-	324,069	5,297	37,491	9,452,031
Travel	47,280	-	-	247	-	-	-	47,527
Capital Outlay	986,054	-	-	-	40,000	-	-	1,026,054
TOTAL EXPENDITURES	36,252,066	-	-	1,892,777	673,210	5,297	37,491	38,860,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	742	2,084	9,746	(1,892,777)	195,704	(2,949)	1,477	(1,685,973)
OTHER FINANCING SOURCES (USES):								
Deposit to General Fund	(742)	-	-	-	-	-	-	(742)
Operating Transfers In	-	-	-	2,000,000	-	2,730	-	2,002,730
Operating Transfers Out	-	-	-	-	-	-	(2,730)	(2,730)
TOTAL OTHER FINANCING SOURCES (USES)	(742)	-	-	2,000,000	-	2,730	(2,730)	1,999,258
Net Change in Fund Balances	-	2,084	9,746	$ 107,223	195,704	(219)	(1,253)	$ 313,285
FUND BALANCES, July 1, 2018	2,000	15,089	190,826		290,375	6,408	6,948	
FUND BALANCES, April 30, 2020	$ 2,000	$ 17,173	$ 200,572		$ 486,079	$ 6,189	$ 5,695	
FUND BALANCES CONSIST OF:								
General Cash	$ -	$ 17,819	$ 202,547		$ 414,063	$ 6,240	$ 9,666	
Petty Cash	2,000	-	-		-	-	-	
Accounts Receivable	-	-	(1,945)		80,375	-	-	
Due From Other Government	-	(577)	40		-	-	-	
Due to Vendors	-	-	-		(8,359)	-	(3,936)	
Due to Fund	-	(69)	(70)		-	(51)	(35)	
TOTAL FUND BALANCES	$ 2,000	$ 17,173	$ 200,572		$ 486,079	$ 6,189	$ 5,695	

The accompanying notes are an integral part of the schedule.

NOTES TO THE SCHEDULE

For the Period July 1, 2018, through April 30, 2020

1. Criteria

The accounting policies of the Nebraska Department of Health and Human Services (DHHS) Program 250 – Juvenile Services Operations and Related Trust Funds (Program 250) are on the basis of accounting, as prescribed by the Department of Administrative Services (DAS).

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

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

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

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in 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 modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require DHHS to record all accounts receivable and related revenues in EnterpriseOne; as such, the Program's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of April 30, 2020, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of April 30, 2020, **does not** include amounts for goods and services received before April 30, 2020, which had not been posted to the general ledger as of April 30, 2020.

The following fund types are established by the State and used by Program 250:

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

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

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

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

The following major revenue account classifications are established by State Accounting and used by Program 250:

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

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

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

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income.

The following major expenditure account classifications are established by State Accounting and used by Program 250:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by Program 250.

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.

Capital Outlay – Expenditures that result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

Other significant accounting classifications and procedures established by State Accounting and used by Program 250 include the following:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, and receivable accounts. Accounts receivable are recorded as an increase to revenues resulting in an increase to fund balance on the schedule. Cash accounts are also included in 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 fund balance. Other liabilities recorded in the general ledger at April 30, 2020, included amounts recorded in Due to Fund and Due to Vendors. The activity of these accounts are not recorded through revenue and expenditure accounts on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

Other Financing Sources – Deposits to General Fund and operating transfers.

NOTES TO THE SCHEDULE
(Concluded)

2. Reporting Entity

DHHS is a State agency established under and governed by the laws of the State of Nebraska. As such, Program 250 is exempt from State and Federal income taxes. Appropriations for juvenile services are made to Program 250 – Juvenile Services Operations. This appropriation is then allocated to three different programs: Program 315 – The Office of Juvenile Services, Program 371 – The Youth Rehabilitation and Treatment Center (YRTC) – Geneva, and Program 374 – The YRTC – Kearney. The schedule includes all funds of Program 250, Program 315, Program 371, Program 374, and YRTC Trust Funds 62510 and 62520 included in the general ledger.

Program 250 is part of the primary government for the State of Nebraska.

3. Totals

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

4. Nebraska Health Care Fund 22640 Balance

Fund balances are not recorded by Program but rather by a Fund in total. The Nebraska Health Care Fund 22640 includes many programs allowing revenues and expenditures to be recorded in different programs but still within the same fund and, therefore, fund balances for Fund 22640 are not shown on the financial schedule.

5. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

6. Transfers

Neb. Rev. Stat. § 71-7611(1) (Supp. 2019) provides, in relevant part, the following:

> *The State Treasurer shall transfer . . . (g) sixty-two million dollars on or before July 15, 2019, (h) sixty-one million four hundred fifty thousand dollars on or before July 15, 2020, and (i) sixty-one million one hundred thousand dollars on or before every July 15 thereafter from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Cash Fund . . . .*

The dollars transferred into the Nebraska Health Care Cash Fund are deposited to various programs supported by this fund, as legislatively appropriated. Program 250 had transfers in from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund of $1,000,000, as directed by LB 327 (2017), and $1,000,000, as directed by LB 294 (2019), for mental health services to juvenile offenders under Neb. Rev. Stat. § 43-407 (Reissue 2016).

7. YRTC Juvenile Trust Funds Not on EnterpriseOne

Each YRTC facility maintains a trust fund to account for money held in trust for the youth at the facility. These trust funds are not accounted for in the general ledger on EnterpriseOne but are maintained in separate bank accounts for each facility. These trust fund monies are not included on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. At April 30, 2020, the bank balance not included in the general ledger was $6,334.

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in 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 in Fund Balances, and, accordingly, we express no opinion on it.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES

PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS

REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period July 1, 2018, through June 30, 2019

Exhibit A

	General Fund 10000	Geneva YRTC Cash Fund 22552	Kearney YRTC Cash Fund 22553	Nebr Health Care Fund 22640	HHS OJS Federal Fund 42520	HHS F&S Welfare/Club Trust Fund 62510	HHS Fin/Supt Welfare/Club Trust Fund 62520	**Totals (Memorandum Only)**
REVENUES:								
Appropriations	$ 18,333,905	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,333,905
Intergovernmental	-	-	-	-	484,536	-	-	484,536
Sales & Charges	-	-	285	-	-	11	21,829	22,125
Miscellaneous	735	1,707	4,923	-	8,975	1,007	177	17,524
TOTAL REVENUES	18,334,640	1,707	5,208	-	493,511	1,018	22,006	18,858,090
EXPENDITURES:								
Personal Services	14,531,542	-	-	981,553	216,427	-	-	15,729,522
Operating	3,499,876	-	-	-	221,372	1,976	21,075	3,744,299
Travel	28,551	-	-	-	-	-	-	28,551
Capital Outlay	273,936	-	-	-	-	-	-	273,936
TOTAL EXPENDITURES	18,333,905	-	-	981,553	437,799	1,976	21,075	19,776,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	735	1,707	5,208	(981,553)	55,712	(958)	931	(918,218)
OTHER FINANCING SOURCES (USES):								
Deposit to General Fund	(735)	-	-	-	-	-	-	(735)
Operating Transfers In	-	-	-	1,000,000	-	2,439	-	1,002,439
Operating Transfers Out	-	-	-	-	-	-	(2,439)	(2,439)
TOTAL OTHER FINANCING SOURCES (USES)	(735)	-	-	1,000,000	-	2,439	(2,439)	999,265
Net Change in Fund Balances	-	1,707	5,208	$ 18,447	55,712	1,481	(1,508)	$ 81,047
FUND BALANCES, July 1, 2018	2,000	15,089	190,826		290,375	6,408	6,948	
FUND BALANCES, June 30, 2019	$ 2,000	$ 16,796	$ 196,034		$ 346,087	$ 7,889	$ 5,440	
FUND BALANCES CONSIST OF:								
General Cash	$ -	$ 17,439	$ 198,002		$ 297,864	$ 7,940	$ 7,157	
Petty Cash	2,000	-	-		-	-	-	
Accounts Receivable	-	-	(1,945)		56,582	-	-	
Due From Other Government	-	(577)	40		-	-	-	
Due to Vendors	-	-	-		(8,359)	-	(1,695)	
Due to Fund	-	(66)	(63)		-	(51)	(22)	
TOTAL FUND BALANCES	$ 2,000	$ 16,796	$ 196,034		$ 346,087	$ 7,889	$ 5,440	

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2019, through April 30, 2020

Exhibit B

	General Fund 10000	Geneva YRTC Cash Fund 22552	Kearney YRTC Cash Fund 22553	Nebr Health Care Fund 22640	HHS OJS Federal Fund 42520	HHS F&S Welfare/Club Trust Fund 62510	HHS Fin/Supt Welfare/Club Trust Fund 62520	**Totals (Memorandum Only)**
REVENUES:								
Appropriations	$ 17,918,161	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,918,161
Intergovernmental	-	-	-	-	368,376	-	-	368,376
Sales & Charges	-	-	279	-	-	1,044	16,808	18,131
Miscellaneous	7	377	4,259	-	7,027	286	154	12,110
TOTAL REVENUES	17,918,168	377	4,538	-	375,403	1,330	16,962	18,316,778
EXPENDITURES:								
Personal Services	11,602,016	-	-	910,977	92,714	-	-	12,605,707
Operating	5,585,298	-	-	-	102,697	3,321	16,416	5,707,732
Travel	18,729	-	-	247	-	-	-	18,976
Capital Outlay	712,118	-	-	-	40,000	-	-	752,118
TOTAL EXPENDITURES	17,918,161	-	-	911,224	235,411	3,321	16,416	19,084,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	7	377	4,538	(911,224)	139,992	(1,991)	546	(767,755)
OTHER FINANCING SOURCES (USES):								
Deposit to General Fund	(7)	-	-	-	-	-	-	(7)
Operating Transfers In	-	-	-	1,000,000	-	291	-	1,000,291
Operating Transfers Out	-	-	-	-	-	-	(291)	(291)
TOTAL OTHER FINANCING SOURCES (USES)	(7)	-	-	1,000,000	-	291	(291)	999,993
Net Change in Fund Balances	-	377	4,538	$ 88,776	139,992	(1,700)	255	$ 232,238
FUND BALANCES, July 1, 2019	2,000	16,796	196,034		346,087	7,889	5,440	
FUND BALANCES, April 30, 2020	$ 2,000	$ 17,173	$ 200,572		$ 486,079	$ 6,189	$ 5,695	
FUND BALANCES CONSIST OF:								
General Cash	$ -	$ 17,819	$ 202,547		$ 414,063	$ 6,240	$ 9,666	
Petty Cash	2,000	-	-		-	-	-	
Accounts Receivable	-	-	(1,945)		80,375	-	-	
Due From Other Government	-	(577)	40		-	-	-	
Due to Vendors	-	-	-		(8,359)	-	(3,936)	
Due to Fund	-	(69)	(70)		-	(51)	(35)	
TOTAL FUND BALANCES	$ 2,000	$ 17,173	$ 200,572		$ 486,079	$ 6,189	$ 5,695	

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES **Exhibit C**
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS
CHANGES IN FIDUCIARY NET ASSETS – YRTC JUVENILE TRUST
For the Period July 1, 2018, through April 30, 2020

	YRTC Juvenile Trust Funds
REVENUES:	
Juvenile Accounts	$ 50,516
Interest	10
TOTAL REVENUES	50,526
EXPENDITURES	
Juvenile Accounts	48,978
Other	21
TOTAL EXPENDITURES	48,999
Change in Net Assets Held in Trust	1,527
FIDUCIARY NET ASSETS - July 1, 2018	4,807
FIDUCIARY NET ASSETS - April 30, 2020	$ 6,334
FIDUCIARY NET ASSETS CONSIST OF:	
General Cash	$ 6,334

Note: Each YRTC facility maintains a trust fund to account for money held in trust for the youth at the facility. These trust funds are not accounted for in the general ledger on EnterpriseOne but are maintained in separate bank accounts for each facility.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES **Exhibit D**

PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS

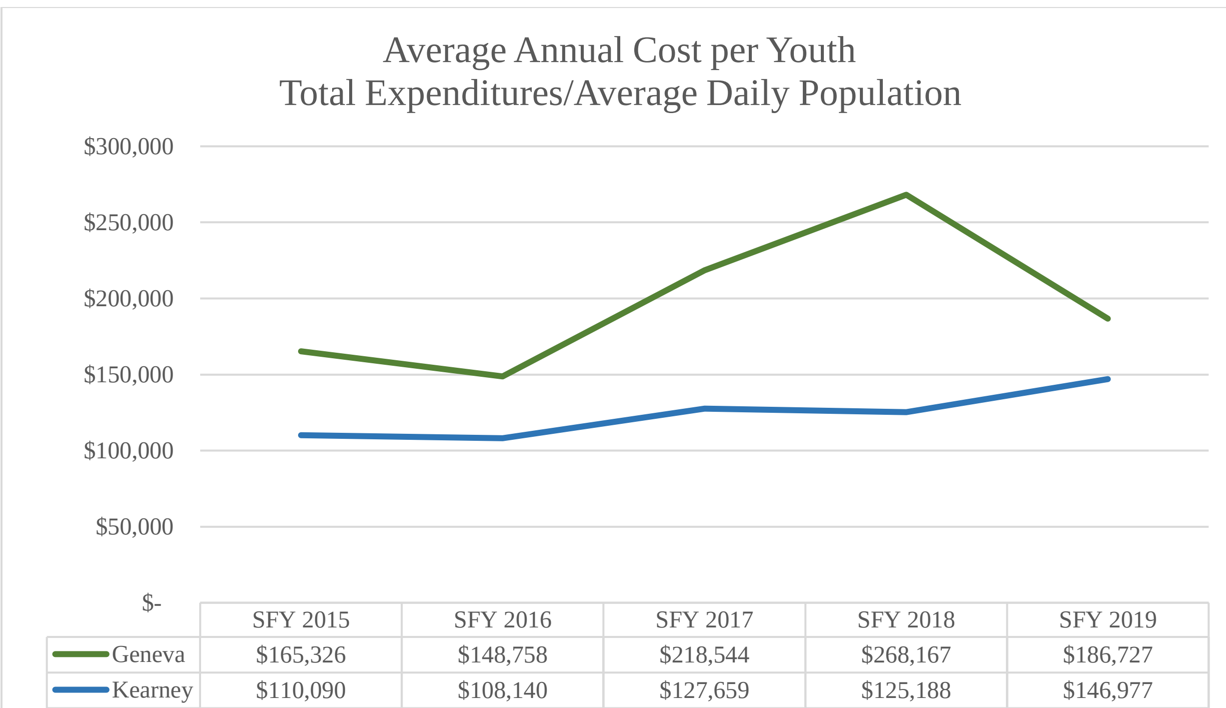
YRTC POPULATION AND EXPENDITURES

For Fiscal Years Ended June 30, 2015, through 2019

	YRTC Geneva Program 371				
	SFY 2015	**SFY 2016**	**SFY 2017**	**SFY 2018**	**SFY 2019**
Avg. Length of Stay	234 days	255 days	260 days	286 days	234 days
Avg. Daily Population	42 youth	49 youth	33 youth	26 youth	35 youth
Per Diem Costs*	$ 452.95	$ 406.44	$ 598.75	$ 734.70	$ 511.58
Total Expenditures	$ 6,943,691	$ 7,289,163	$ 7,211,943	$ 6,972,335	$ 6,535,430

*Per Diem Costs = total costs/# of days in the year/average daily population

	YRTC Kearney Program 374				
	SFY 2015	**SFY 2016**	**SFY 2017**	**SFY 2018**	**SFY 2019**
Avg. Length of Stay	240 days	287 days	283 days	266 days	299 days
Avg. Daily Population	102 youth	108 youth	97 youth	103 youth	87 youth
Per Diem Costs*	$ 301.62	$ 295.47	$ 349.75	$ 342.98	$ 402.68
Total Expenditures	$ 11,229,132	$ 11,679,164	$ 12,382,912	$ 12,894,389	$ 12,787,019

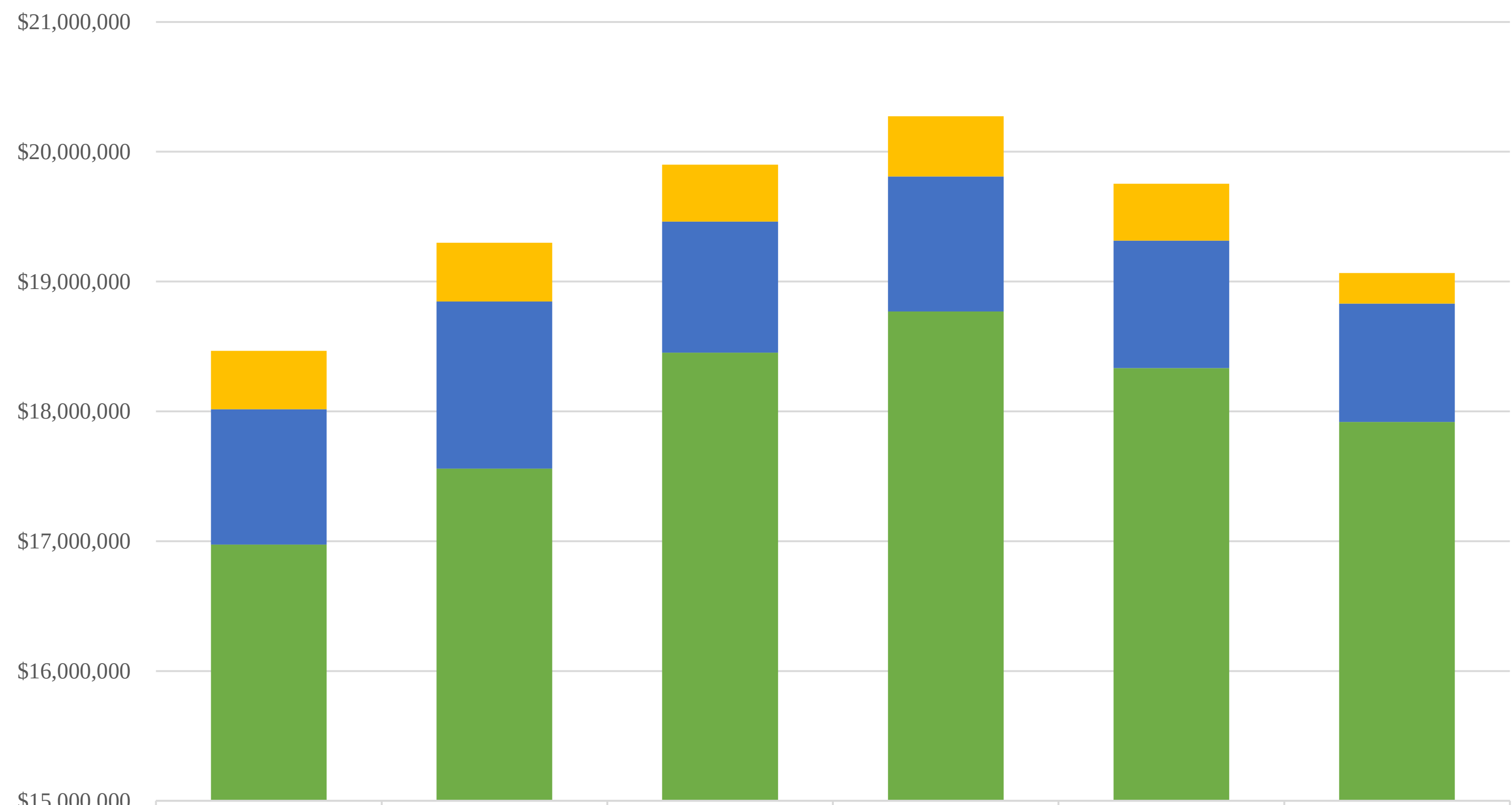


Note: Per DHHS, on April 30, 2020, there were 4 youth at Geneva, 90 youth at Kearney, and 4 youth at Lincoln.

Source: DHHS Office of Juvenile Services Annual Legislative Report SFY 2019

Exhibit E

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS
EXPENDITURES BY FUND TYPE – PROGRAMS 315, 371, AND 374
For Fiscal Year 2015 through April 30, 2020



	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	7/1/19-4/30/20
Federal Funds	$449,846	$453,360	$436,682	$463,211	$437,799	$235,411
Cash Funds	$1,042,292	$1,286,372	$1,010,764	$1,040,803	$981,553	$911,224
General Fund	$16,974,635	$17,560,080	$18,452,220	$18,769,411	$18,333,905	$17,918,161

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES **Exhibit F**
PROGRAM 250 – JUVENILE SERVICES OPERATIONS AND RELATED TRUST FUNDS
VENDORS OVER $50,000 AND EXPENDITURE TYPES OVER $500,000
For the Period July 1, 2018, through April 30, 2020

Payee		Total	Payee		Total
DAS - Building Division	$	3,701,756	Alpha Rehabilitation Pc	$	94,151
Duncan Theis Construction Inc	$	859,138	DAS - OCIO - Communications	$	91,327
Thompson Co	$	471,521	Voyager Fleet Systems Inc	$	83,062
Johnson Controls Inc	$	443,404	Education, Department Of	$	82,210
Rmv Construction Company	$	375,970	National Everything Wholesale	$	77,515
DAS - Risk Management Division	$	357,947	Maxim Staffing Solutions	$	69,930
Five Point Public Safety & Sec	$	349,440	DAS - OCIO - IMservices	$	69,270
US Foods Inc	$	255,302	Fillmore County Medical Center	$	68,021
Diamond Pharmacy Services	$	183,967	Herrmann Dental Associates Pc	$	67,624
Norix Group Inc	$	181,788	Stanley Security Solutions Inc	$	66,545
Cash Wa Distributing, Kearney	$	138,078	Fillmore County Hospital	$	62,156
Kearney Regional Medical Center	$	128,632	Correctional Services, Departm	$	61,789
Purchase Card Offset	$	126,172	Family Practice Associates Pc	$	59,355
CHI Health Good Samaritan	$	123,174	Midwest Special Services Inc	$	59,021
Hausmann Construction Inc	$	118,100	CDW Government	$	58,918
Hiland Dairy Foods Company	$	112,640	Wilkins Architecture Design Pl	$	58,790
DAS - Accounting Division	$	104,584	Bockmann Inc	$	53,757