



Auston G. Johnson, CPA  
UTAH STATE AUDITOR

STATE OF UTAH  
**Office of the State Auditor**

211 STATE CAPITOL  
SALT LAKE CITY, UTAH 84114  
(801) 538-1025  
FAX (801) 538-1383

**AUDIT DIRECTORS:**

Joe Christensen, CPA  
H. Dean Eborn, CPA  
Deborah A. Empey, CPA  
Stan Godfrey, CPA  
John C. Reidhead, CPA

**REPORT NO. 01-627**

March 27, 2001

Ms. Camille Anthony, Executive Director  
Commission on Criminal and Juvenile Justice  
101 State Capitol  
Salt Lake City, Utah 84114

Dear Ms. Anthony:

**Federal Compliance Audit**

We have completed the Commission on Criminal and Juvenile Justice's (CCJJ's) portion of the statewide federal compliance audit for the year ended June 30, 2000. The federal program tested as a major program was the Violent Offenders Incarceration and Truth in Sentencing (VOI/TIS) incentive grant. The purpose of this audit was to issue an opinion on the State's Schedule of Expenditures of Federal Awards in relation to the State's general purpose financial statements and to test for compliance with federal laws and regulations. A *Statewide Single Audit Report* will be issued by April 2001.

In planning and performing our audit, we considered CCJJ's internal control over the administration of major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on the State's compliance with the requirements of its major programs and not to provide assurance on internal control. We noted no matters involving CCJJ's internal control over the administration of federal programs that we consider to be a material weakness. However, our consideration of the internal control over the administration of federal programs would not necessarily disclose all matters in the internal control that might be material weaknesses.

**Agency Review**

In addition, we performed the procedures described below to certain aspects of CCJJ's internal control for the period July through December 2000. The purpose of these procedures is to assist CCJJ in evaluating its internal control. The departmental review procedures performed were as follows:

1. We reviewed the cash receipting, cash disbursing, recording, and reconciliation duties for adequacy of separation of duties for internal control purposes.

2. We reviewed the internal control over cash receipting procedures, including accounts receivable as applicable. We also tested a sample of cash receipts transactions.
3. We reviewed internal control over CCJJ's bank account, specifically procedures concerning bank reconciliations.
4. We tested a sample of cash disbursements for propriety, reasonableness, and compliance with certain internal and State purchasing policies.
5. We reviewed compliance with certain laws and policies and procedures regarding personnel and payroll issues, such as nepotism, annual evaluations, compensation increases, bonuses, and incentive awards.
6. We reviewed the internal control over fixed assets and tested the completeness and accuracy of the fixed assets listing.
7. We reviewed CCJJ's services contract management including internal control and compliance with certain policies and procedures.
8. We reviewed internal control and tested compliance with laws for the Juvenile Accountability Incentive Block Grant (JAIBG) trust fund.

Our finding resulting from the above procedures is included in the attached finding and recommendation section of this report.

Our procedures were more limited than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of CCJJ's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the finding resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of CCJJ's internal control, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of CCJJ and is not intended to be and should not be used by anyone other than this specified party.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by the personnel of CCJJ during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please call Stan Godfrey, Audit Director, at 538-1356.

Sincerely,

Auston G. Johnson, CPA  
Utah State Auditor

cc: Dave Walsh, Director of Programs and Budget

# **COMMISSION ON CRIMINAL AND JUVENILE JUSTICE**

## **FINDING AND RECOMMENDATION FOR THE PERIOD JULY THROUGH DECEMBER 2000**

### **SEPARATION OF DUTIES WEAKNESS**

The Commission on Criminal and Juvenile Justice's (CCJJ) budget and accounting officer handles received checks, records deposits in FINET, and performs bank reconciliations. Inadequate separation of duties occurs when the same individual has custody of assets, access to the accounting records, and reconciling responsibilities. Recording deposits and performing bank reconciliations should be performed by someone who does not have access to cash receipts. Failure to adequately separate these duties can allow a misappropriation of funds to occur without detection.

#### **Recommendation:**

**We recommend that CCJJ separate conflicting responsibilities currently held by the budget and accounting officer or implement a compensating control, such as an independent review of the conflicting responsibilities.**

#### **CCJJ's Response:**

*Currently, CCJJ provides an independent review of the cash receipts and deposits. Each month, the Administrative Assistant reconciles a copy of the Budget and Accounting Officer's cash deposit ledger with the cash receipt book maintained by the Executive Secretary who documents receipt of the funds.*

*To enhance this reconciliation in the future, the Budget and Accounting Officer will also provide a copy of the monthly FINET deposit record and Bank Reconciliation for the Administrative Assistant to include in the review. The addition to the current process will provide an independent review of the receipt funds.*