

## FINANCIAL CONTROLS IN STATE AGENCIES: DHS/DIVISION OF JUVENILE JUSTICE SERVICES

EXECUTIVE OFFICES AND CRIMINAL JUSTICE APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

1. **Control Environment:** The Department of Human Services (DHS), Division of Juvenile Justice Services (JJS) strives to hire employees to oversee the fiscal operations of the division who possess the highest degree of integrity, ethical values, and fiscal competency to ensure that funds appropriated to and received by JJS are accounted for properly and expended appropriately. Financial forecasts are prepared monthly and reviewed with the Division's executive and deputy directors. Other leadership responsible for portions of the budget are also updated monthly on financial forecasts. Key budget indicators are monitored on a regular basis—not only by JJS staff, but also by the Department's Office of Fiscal Operations. Any procurement issues are documented by the Department and corrective action plans implemented. The Division's Fiscal Administrative Team meets on a monthly basis to review procedures, ensure consistency, and resolve fiscal issues. All financial processes follow State Finance and DHS financial guidelines. Despite hiring competent personnel, internal controls are implemented to ensure accountability of public funds.
2. **Separation of Duties:** JJS requires separation of duties in all financial transactions. Following are JJS procedures as they pertain to certain financial functions:
  - A. **Cash Receipts:** JJS deposits cash receipts into the following revenue sources or expenditure object codes:
    - 2934 – Non-Federal Grants—Local municipal government contributions to Washington County Youth Crisis Center
    - 2974 – Contributions from Private—Private donations to purchase items for youth in our programs such as holiday gifts or school supplies
    - 2981 – Sundry Revenue Collection—This includes restitution paid by juveniles for damages to a JJS facility and payment for out-of-state youth staying in shelter
    - 2802 – Contracts for Services—JJS has two contracts for which payments are received:
      - Salt Lake Observation & Assessment prepares meals for the University Neuropsychiatric Institute girls' group home
      - Genesis youth provide grounds maintenance for the Utah National Guard
    - Other payments are received as offsets to expenditures and deposited to expenditure accounts. Examples include:
      - A private provider repaying an audit finding
      - A vendor repaying an overcharge or duplicate payment

The process for depositing to these accounts is as follows:

- Envelopes are opened in the presence of two assigned employees and entered into a JJS log
  - Cash receipts are entered into "Receipt Writer", an Access database used by DHS
  - Cash receipt along with a transmittal receipt is taken to DHS/Office of Fiscal Operations (OFO)
  - DHS/OFO staff signs transmittal receipt, gives copy to JJS staff, then makes the deposit
  - "Cash Receipt" is created in FINET by DHS/OFO
  - JJS Accountant reconciles log, "Receipt Writer", FINET, and Bank Statement monthly
  - For rural parts of the state, the same process is followed, but with different employees
  - The State Division of Finance sends out an "Internal Control Questionnaire" biannually for review
- B. **Cash Disbursements:** Process in place so that every transaction is reviewed by at least two employees
    - Payments to vendors and providers are made via FINET, CAPS (DHS payment system for client service providers that interfaces with FINET), or by utilizing P-Cards
    - Five JJS employees can set-up vendors in FINET. State Finance reviews vendor applications for appropriateness. DHS staff set-up vendors in CAPS based on contracts. JJS administration determines which employees can have P-Cards.
    - JJS uses a purchase order (P.O.) process for every purchase (vendor, P-Card, contract, other state agency, or private provider) with the exception of utilities. P.O.'s are approved by a supervisor.
    - At least two levels of approval are required based on amounts of purchases and procurement regulations.

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C. **Client Trust Funds:** When the Juvenile Court orders youth to JJS custody who are receiving SSA (deceased parent) or SSI (disability) benefits from the Social Security Administration, JJS becomes the “Representative Payee” for those funds.

- Funds are received from the Social Security Administration as either a check remitted to JJS Administration or as a direct deposit into an account at Mountain America Credit Union. Checks are deposited as described above in Cash Receipts, except that a designated JJS finance staff deposits to the credit union and returns the deposit receipt to JJS Federal Revenue staff for reconciliation.
- On a case-by-case basis, a JJS Financial Analyst determines amounts that can be retained by JJS as a reimbursement of expenditures for the youth’s cost-of-care and how much, if any, should be reimbursed to the Social Security Administration.
- If funds are to be returned to the Social Security Administration, a check is written after approval from the Division’s Federal Revenue Manager and Administrative Services Director. All checks require two signatures. Three JJS employees are authorized to sign checks.
- If funds are to be retained by JJS, a check is written to the Division and deposited per the Cash Receipts procedures. All deposits are posted to object code 7114.
- A monthly statement is received by the Department of Human Services, Office of Fiscal Operations, and is delivered to the Division’s Financial Analyst. That person reconciles the statement to individual client accounts and submits to the Federal Revenue Manager for review. It is then returned to the Office of Fiscal Operations.
- Every six months an Independent Verification of the Client Trust Accounts is conducted by a JJS Administrative Services Manager not affiliated with the process.

3. **Purchasing Cards (P-Cards):** P-Card Transactions: P-Cards are used as a mechanism to pay for certain purchases. Their use was meant to replace petty cash funds in facilities and programs. JJS has currently assigned P-Cards to 85 of its employees. P-Card limits are typically set at \$500 per transaction with a monthly limit of \$2,000. Procedures include:

- Administration reviews requests for P-Cards.
- An annual review of existing P-Cards is conducted to ensure appropriate distribution.
- Every P-Card transaction requires a purchase order approved by the supervisor.
- The P-Card holder fills out a monthly log as transactions occur. Monthly log and monthly statement are submitted to supervisor for review and approval. A new requirement is that the finance personnel receive the statements instead of the employee with the P-Card.
- Approved logs and statements are submitted to finance personnel to “code-out” the charges to appropriate FINET coding and ensure that the log, statement, and FINET reconcile.

4. **Written Policy:** As a division of the Department of Human Services, JJS adheres to policies and procedures established and maintained by the Department which can be found at: [hsofo.utah.gov/services/fiscal-procedures-2/](http://hsofo.utah.gov/services/fiscal-procedures-2/). JJS also adheres to policies and procedures of the Utah Department of Administrative Services, Division of Finance found at [finance.utah.gov](http://finance.utah.gov).

5. **Other Policies:** As mentioned in #2 above, for youths committed to the custody of JJS that are receiving SSA or SSI benefits from the Social Security administration, JJS becomes the Representative Payee for those funds. JJS is allowed to keep those funds as a reimbursement of expense under certain conditions. DHS/Office of Fiscal Operations’ policy 03-004 identifies procedures for this process. A copy is attached.

Other attachments include:

1. A copy of JJS’ most recent cash disbursements questionnaire
2. A copy of JJS’s most recent cash receipts questionnaire
3. A copy of JJS’ most recent independent verification of the Client Trust Accounts