

# **STATE OF NORTH CAROLINA**

## **DEPARTMENT OF PUBLIC SAFETY DIVISION OF JUVENILE JUSTICE DETENTION RECEIPTS**

### **FINANCIAL RELATED AUDIT**

**JUNE 2013**

**OFFICE OF THE STATE AUDITOR**

**BETH A. WOOD, CPA**

**STATE AUDITOR**

**DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF JUVENILE JUSTICE  
DETENTION RECEIPTS**

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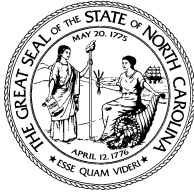
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**AUDITOR'S TRANSMITTAL**

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June 17, 2013

The Honorable Pat McCrory, Governor  
The General Assembly of North Carolina  
Kieran Shanahan, Secretary, Department of Public Safety

This report presents the results of our financial related audit at the Department of Public Safety - Division of Juvenile Justice. Our work was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the ways listed in the back of this report.

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

## TABLE OF CONTENTS

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	PAGE
BACKGROUND .....	1
AUDIT SCOPE AND OBJECTIVES .....	2
METHODOLOGY .....	3
RESULTS AND CONCLUSIONS .....	4
ORDERING INFORMATION .....	5

## BACKGROUND

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As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes*, we have conducted a financial related audit at the Department of Public Safety - Division of Juvenile Justice. There were no special circumstances that caused us to conduct the audit, but rather it was performed as part of our effort to periodically examine and report on the financial practices of state agencies and institutions.

According to the Department's website, the Division of Juvenile Justice works to provide the State of North Carolina with a comprehensive strategy that helps prevent and reduce juvenile crime and delinquency. Its strategy focuses to:

- strengthen families;
- promote delinquency prevention;
- support core social institutions;
- intervene immediately and effectively when delinquent behavior occurs;
- identify and control the small group of serious, violent, and chronic juvenile offenders in the local communities.

Thousands of youth encounter North Carolina's juvenile justice system through interaction with Juvenile Crime Prevention Council services, community programs, juvenile court services, and the Juvenile Justice Center for the Prevention of School Violence. Court counselors also work with undisciplined juveniles who are placed under protective supervision and with delinquent juveniles who are placed under court supervision. In each case, a juvenile's need for treatment and service is identified and local resources are mobilized.

The cost of detention for juveniles referred to the custody of the juvenile justice system is shared by the State and counties in accordance with Article 143B of Chapter 820 of the *North Carolina General Statutes*. This law requires the Division to pay counties that provide juvenile detention services a standard rate per juvenile. In general, the rate should be 50% of the total cost of caring for a juvenile from within the county or 100% of the total cost of caring for a juvenile from another county. Any county placing a juvenile in a detention facility in another county shall pay fifty percent 50% of the total cost of caring for the juvenile to the Division. The Division applies this same methodology when counties place juveniles within state-run facilities.

## AUDIT SCOPE AND OBJECTIVES

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The general objective of this financial related audit was to identify improvements needed in internal control over selected fiscal matters. Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that relevant objectives are achieved. Errors or fraud may nevertheless occur and not be detected because of the inherent limitations of internal control. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or that compliance with policies and procedures may deteriorate. Our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

Our audit scope covered the period July 1, 2012 through December 31, 2012. During our audit, we considered internal control related to the following account and organizational units:

*Detention Receipts* – These are fees collected by the Department for juvenile detention costs. When a county sends a juvenile to a state-run detention facility, the juvenile's home county is responsible for half of the detention costs incurred by the State. For the six months ended December 31, 2012, the Department reported \$2.4 million of detention receipts. We examined internal controls designed to ensure that the Department properly bills, collects, and accounts for detention receipts.

### Department of Public Safety – Controller's Office

This organizational unit is responsible for the general accounting functions of the Department. It provides oversight for the recording of the Department's detention receipts. The accounts receivable section processes and records county payments received.

### Division of Juvenile Justice – Facility Operations

This organization unit is responsible for ensuring the validity of case management data, invoicing and billing the counties, and collecting detention receipts.

## METHODOLOGY

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To accomplish our audit objectives, we gained an understanding of internal control over matters described in the *Audit Scope and Objectives* section of this report and evaluated the design of the internal control. We then performed further audit procedures consisting of tests of control effectiveness and substantive procedures that provide evidence about our audit objectives. Specifically, we interviewed personnel, observed operations, reviewed policies, analyzed accounting records, and examined documentation supporting recorded transactions and balances, as considered necessary in the circumstances. Whenever sampling was used, we applied a nonstatistical approach but chose sample sizes comparable to those that would have been determined statistically. As a result, we were able to project our results to the population but not quantify the sampling risk.

As a basis for evaluating internal control, we applied the internal control guidance contained in professional auditing standards. As discussed in the standards, internal control consists of five interrelated components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

We conducted this audit in accordance with generally accepted government auditing standards applicable to performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **RESULTS AND CONCLUSIONS**

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The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under generally accepted government auditing standards.



## ORDERING INFORMATION

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