LBA Financial Audit Report Summary:

Department of Corrections, Trust and Agency Funds Audit Report For the Nine Months Ended March 31, 1995

The Department of Corrections was established on July 1, 1983 pursuant to RSA 21-H. The Department is charged with maintaining and administering correctional facilities and programs for the benefit and rehabilitation of inmates. In addition, the Department is responsible for the supervision of all individuals placed on probation or released on parole and acts as an advisor to law enforcement agencies and communities in the prevention of crime.

For the purpose of this audit and audit report, we reported on the following trust and agency funds: Inmate Fund, Television Fund, Probation/Parole Fund, Canteen Fund, Recreation Fund, and accounts at the three Community Corrections Centers.

Our report included fourteen observations regarding weaknesses in the internal control structure and four management issues.

Major observations on the internal control structure included:

- employees cashing petty cash reimbursement checks made out to the Department;
- using checks from separate bank accounts to transfer money between funds;
- weaknesses in receipt and deposit procedures at the retail store;
- inadequate file reviews in probation/parole district offices; and
- inadequate segregation of duties over the Probation/Parole Fund.

We recommended that the Department:

- notify banks not to cash checks made out to the Department and determine the most efficient and controlled way to replenish the petty cash fund;
- use only one bank account for trust and agency funds or use electronic transfers to transfer monies between funds;
- restrictively endorse and record checks upon receipt and make daily deposits when receipts exceed $100 in cash and checks;
- take steps to ensure that district offices are performing adequate file reviews; and
- review job assignments and improve controls in the Probation/Parole Support System to ensure proper segregation of duties.