

DEPARTMENT OF JUVENILE JUSTICE

**REPORT ON AUDIT
FOR THE TWO-YEAR PERIOD ENDED
JUNE 30, 2012**



AUDIT SUMMARY

Our audit of the Department of Juvenile Justice, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

Background Information

The Department of Juvenile Justice (Juvenile Justice) provides custody and care for juveniles in the correctional system. Juvenile Justice has a central office in Richmond and regional offices. The central office provides administrative support, while the regional offices oversee court service units. Juvenile Justice also assists in funding the following facilities and programs.

- Five Juvenile Correctional Centers provide 24-hour secure custody and supervision, treatment services, recreational services, and a variety of special programs.
- A Reception and Diagnostic Center serves as the central intake facility for all juveniles committed to Juvenile Justice. The facility provides psychological, educational, social, and medical evaluations and classification to determine appropriate treatment needs, security requirements, institutional placement, and length of stay.
- Thirty-five Court Service Units provide intake, supervision, counseling, and a variety of other special services. The Commonwealth operates 32 units and localities operate three.
- Two halfway houses provide transitional living arrangements and skill development to juveniles returning to their communities.
- Twenty-four secure detention homes provide temporary care of juveniles requiring secure custody pending court disposition or placement. Twelve of these facilities are locally operated and 12 are run by a regional commission, which are political entities comprised of three or more localities.

Financial Information

Over 97 percent of Juvenile Justice's total funding in both fiscal years 2011 and 2012 came from General Fund appropriations. Juvenile Justice also receives federal grants and collects some miscellaneous revenues. The following schedules provide information on the operating budget and expenses for fiscal years 2011 and 2012.

Fiscal Year 2011 Budget and Actual Expense Analysis by Program

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
Operation of Community Residential and Nonresidential Services	\$ 1,912,041	\$ 1,930,010	\$ 1,446,992
Supervision of Offenders and Re-entry Services	51,042,864	52,414,030	48,870,708
Financial Assistance to Local Governments for Juvenile Justice Services	47,188,620	45,595,199	45,192,661
Operation of Secure Correctional Facilities	80,154,903	80,587,214	78,329,427
Administrative and Support Services	<u>16,682,177</u>	<u>18,999,773</u>	<u>17,888,285</u>
Total	<u>\$196,980,605</u>	<u>\$199,526,226</u>	<u>\$191,728,073</u>

Source: Commonwealth Accounting and Reporting System

Fiscal Year 2012 Budget and Actual Expense Analysis by Program

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
Operation of Community Residential and Nonresidential Services	\$ 1,912,041	\$ 2,032,270	\$ 1,965,183
Supervision of Offenders and Re-entry Services	51,717,864	51,295,275	48,798,999
Financial Assistance to Local Governments for Juvenile Justice Services	47,988,620	45,547,512	44,985,162
Operation of Secure Correctional Facilities	80,177,903	79,711,778	78,850,399
Administrative and Support Services	<u>16,682,177</u>	<u>16,315,342</u>	<u>15,846,481</u>
Total	<u>\$198,478,605</u>	<u>\$194,902,177</u>	<u>\$190,446,224</u>

Source: Commonwealth Accounting and Reporting System

Information on each of Juvenile Justice's program areas is below.

Operation of Community Residential and Nonresidential Services

The Operation of Community Residential and Nonresidential Services program represents efforts to prevent and reduce the number of juvenile repeat offenders by providing community-based residential and nonresidential services. Juvenile Justice contracts with private providers and government agencies to provide residential substance abuse services, mental health services, and alternatives to juvenile correctional facilities. Non-residential services include educational support services, employment services, treatment services, mentoring, surveillance, and relapse prevention services. Juvenile Justice provides services based on individual case needs as determined by the supervising probation or parole officer in the court service units.

Supervision of Offenders and Re-entry Services

The Supervision of Offenders and Re-entry Services program provides funding to the state-operated court services units. Court service units provide a variety of services including intake services for juvenile offenses and domestic relations and child welfare matters. In addition, court service units provide probation services to juveniles placed on probation by the local courts and parole services for juveniles released from state commitment. The court service units also conduct investigations, provide counseling and file petitions for citizens regarding civil matters as well as file petitions for child welfare agencies.

Financial Assistance to Local Governments for Juvenile Justice Services

The Financial Assistance to Local Governments program provides financial support for the 24 juvenile detention facilities that local governments and commissions operate. Juvenile Justice provides partial funding for construction and operations and serves as the regulatory agency for these facilities. This program also funds the three locally operated court service units that provide intake services and probation and parole services.

Lastly, Juvenile Justice provides funding to local governments through the Virginia Juvenile Community Crime Control Act to design and implement services to meet the needs of juveniles in their localities. With a plan approved by the Board of Juvenile Justice, localities may purchase or develop and

operate a variety of programs for juveniles. Since January 1996, Juvenile Justice has allocated funding to each local governing body through a formula based on factors including the number and types of arrests in a locality and the average daily cost for serving a child. However, the formula is no longer part of the funding calculation and funding has remained relatively consistent for each governing body for the past several years.

Operation of Secure Correctional Facilities

The Operation of Secure Correctional Facilities program has several service areas including the management of secure juvenile correctional centers, food and dietary services, medical and clinical services, facility maintenance and service, offender classification and time computation services, juvenile supervision and management services, and juvenile rehabilitative and treatment services. During fiscal years 2011 and 2012, Juvenile Justice operated a reception and diagnostic center and five juvenile correction centers.

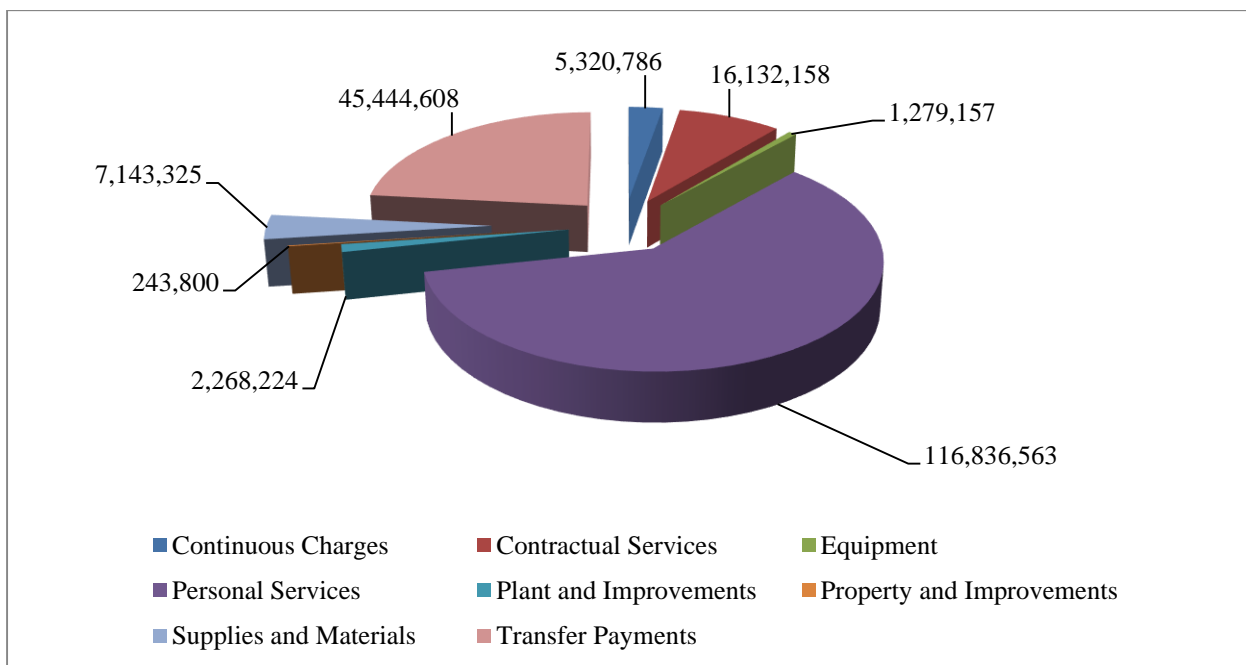
Administrative and Support Services

Administrative and Support Services represents the various administrative functions necessary to operate the agency. These include Human Resources, Accounting and Budgeting, Procurement, Information Technology, Planning and Evaluation, and Emergency Preparedness.

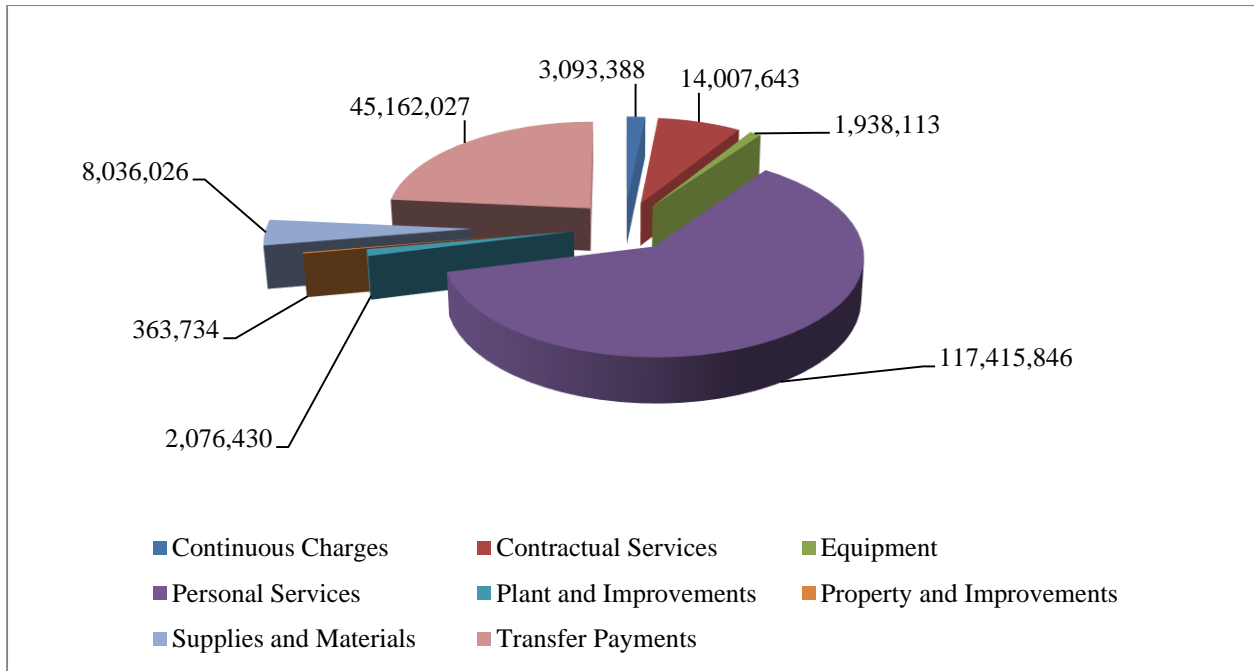
Operating Expenses

The following charts show total operating expense by type for fiscal years 2011 and 2012.

Fiscal Year 2011 Operating Expenses by Type



Fiscal Year 2012 Operating Expenses by Type





Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 15, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Department of Juvenile Justice** (Juvenile Justice) for the years ended June 30, 2011, and June 30, 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of Juvenile Justice's internal controls, test compliance with applicable laws and regulations and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

Juvenile Justice's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Appropriations
- Capital Outlay
- Contractual Services
- Financial Assistance and Payments to the Localities
- Information System Security
- Payroll Expenses
- Systems Access

We performed audit tests to determine whether Juvenile Justice's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of Juvenile Justice's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that Juvenile Justice properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. Juvenile Justice records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Juvenile Justice has taken adequate corrective action with respect to audit findings reported in the prior year.

Exit Conference and Report Distribution

We discussed this report with management on May 30, 2013.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LJH/alh

AGENCY OFFICIALS

BOARD MEMBERS

As of June 30, 2012

Heidi W. Abbott
Chairman

Barbara J. Myers
Vice Chairman

Tamara Neo
Secretary

Anythong W. Bailey	Kenneth W. Stolle
Kecia N. Brothers	Justin M. Wilson

ADMINISTRATIVE OFFICERS

Mark A. Gooch, Director
Lionel F. Jackson, Jr, Chief Deputy Director
Darryl W. Francis, Deputy Director of Administration and Finance