

MANAGEMENT'S RESPONSE TO THE AGREED-UPON PROCEDURES AUDIT  
PERFORMED BY ROGERS AND LABAN, PA, CERTIFIED PUBLIC ACCOUNTANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

**1. INVENTORY CLOSING PACKAGE DEFICIENCIES**

- A. The Division of Industries made adjustments to the value of its year end inventory after the inventory closing had been filed. The staff of Prison Industries has been informed of the importance of reporting any change in closing package information to the appropriate accounting staff personnel so that closing packages can be amended.
- B. Errors were found in the tabulation of medical supplies inventories from Northside and Perry. Also, the summation of the institutional inventories was incorrect. In the future, the accounting staff personnel preparing the inventory closing will review all documentation for accuracy.

**2. REFUND RECEIVABLES CLOSING PACKAGE DEFICIENCY**

The Department included two items twice on the refund receivables closing package. A review of this error has found that the procedure used to gather data was flawed and allowed a receivable at June 30 to be included on more than one line item on the closing package. Procedures will be put in place that should prevent this error in the future.

**3. ACCRUED COMPENSATED ABSENCES CLOSING PACKAGE DEFICIENCY**

The Department has data input and fiscal year-end cut-off procedures in place to ensure that all leave taken is properly recorded and the Division of Human Resources goes to great effort to ensure data is entered in a timely manner. The importance of timely completion and filing of time sheets will be stressed, however, the Division of Human Resources will not enter data until proper documentation is received. The Financial Accounting Branch will delay the creation of the accrued compensated absences until July 24, allowing one week to complete, review and deliver the report.

**4. PAYROLL DEFICIENCY**

The Department will review procedures to ensure that I-9's are completed in all instances for new employees and will review new hire files to prevent further exceptions. The Division of Human Resources will make every effort to ensure that there is adequate documentation for all voluntary deductions.