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**Audit Report of the Nebraska Public Employees Retirement Systems**  
**School Employees, Judges, and State Patrol Retirement Plans**  
**July 1, 1999 through June 30, 2000**

**Report Highlights**

**Comments and Recommendations**

- School District Payroll Records
- School Employee Contribution Procedures
- Benefit Processing
- Controls Over Court Fees
- Computer Controls
- Accounting Information
- Service Years
- Outstanding Warrants
- Disbursement Procedures

The Nebraska Public Employees Retirement Board (NPERB) is responsible for the administration of the Nebraska retirement plans for school employees, State employees, Judges, and the State Patrol. The Board has seven members appointed by the Governor, with legislative approval, to five-year terms. The Board hires a Nebraska Public Employees Retirement Systems (NPERS) Director to equitably distribute expenses among the retirement systems which NPERS administers. All expenses must be provided from investment income earned by various retirement funds, unless other fund sources to pay expenses are specified by law.

◆ NPERS procedures did not ensure all eligible and only eligible employees were added to the School Employees Retirement Plan. Seven of twenty-seven non-contributing employees tested worked more than the required 516 hours and did not contribute to the Plan. Seven of twenty-two members tested contributed an incorrect amount.

◆ Controls over the processing of contributions were inadequate to ensure all money was deposited intact. There was no reconciliation to ensure amounts deposited to NAS agreed to amounts posted to the NPERS mainframe system. Five of fifteen school employees tested had contributions posted late by NPERS.

◆ The procedures to prevent unauthorized benefit payments were not adequate. One of twenty-three benefit payments tested was calculated incorrectly. Three of twenty-three first payments to retirees were made more than 90 days after the effective date of retirement, in contradiction of an NPERB policy requiring first payments within 60 days.

◆ There were no procedures to ensure court fees received were deposited intact.  
 ◆ Controls over access to NPERS computer systems were not adequate. Staff had access to both the mainframe and to NAS. Reports of changes to the mainframe were not adequately reviewed.

◆ The amount of cash per NPERS records was approximately \$30,000 less than per NAS. NPERS cash basis and accrual basis financial statements prepared by NPERS were incorrect.

◆ Inaccurate member service years were noted for 15 of 27 members tested, ranging from .08 years to 7.83 years.

◆ At June 2000, NPERS had 190 outstanding warrants for a total of \$55,697. NPERS procedures to follow up on outstanding warrants were not timely and adequate.

◆ There was a lack of segregation of duties over the disbursement process at NPERS. We also noted unreasonable expense reimbursements.

Our report included nine Comments and Recommendations outlining various concerns. The Comments and Recommendations were based upon auditing standards relating to internal controls and compliance with State laws. Specific areas of concern included:

We have detailed our findings in the Comments and Recommendations section of the report. See our website at [www.nol.org/home/auditor/index.html](http://www.nol.org/home/auditor/index.html).



