

**AUDIT REPORT  
OF THE  
NEBRASKA COMMISSION ON  
PUBLIC ADVOCACY**

**JULY 1, 1999 THROUGH JUNE 30, 2000**

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

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## NEBRASKA COMMISSION ON PUBLIC ADVOCACY

### BACKGROUND

On January 1, 1996, the Nebraska Commission on Public Advocacy became operational pursuant to Neb. Rev. Stat. Section 29-3919 through 29-3931. The Nebraska Commission on Public Advocacy was created pursuant to 1995 Neb. Laws LB 646, to provide property tax relief to counties by having the State pay two-thirds of the costs of defense for indigent defendants. The Commission represents individual defendants at trial and on direct appeal. In addition, the Commission provides legal assistance to public defenders and court-appointed attorneys. Property tax relief comes from the fact that the counties are required to pay only one-third of the cost of defense, while the State absorbs the other two-thirds of the cost.

The Commission received legal aid service fees from the courts pursuant to 1997 Neb. Laws LB 729. These fees are charged by the courts for certain types of cases processed by the courts. The fees are passed through the providers certified by the Commission to provide legal aid and services to indigent persons in civil cases.

The Commission consists of nine members appointed by the Governor, who receives recommendations from the Nebraska State Bar Association after consultation with the Nebraska Criminal Defense Attorneys Association. One member is appointed from each of the six State Supreme Court Districts and three members are appointed at large. Members serve six-year terms. The members must be members of the Nebraska State Bar Association and have substantial experience in criminal defense work and substantial experience in civil legal matters that commonly affect low-income persons.

The Commission staff consists of six attorneys, including the Chief Counsel, along with three support staff and full-time investigator.

### MISSION STATEMENT

The mission of the agency is to assist the counties of Nebraska in providing indigent defense services, which are mandated by the State and Federal constitutions and State laws establishing crime and penalties, and to assist indigent citizens who are in need of civil legal services and cannot afford to hire an attorney.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

**ORGANIZATIONAL CHARTS**

**As of June 30, 2000**

**COMMISSIONERS**

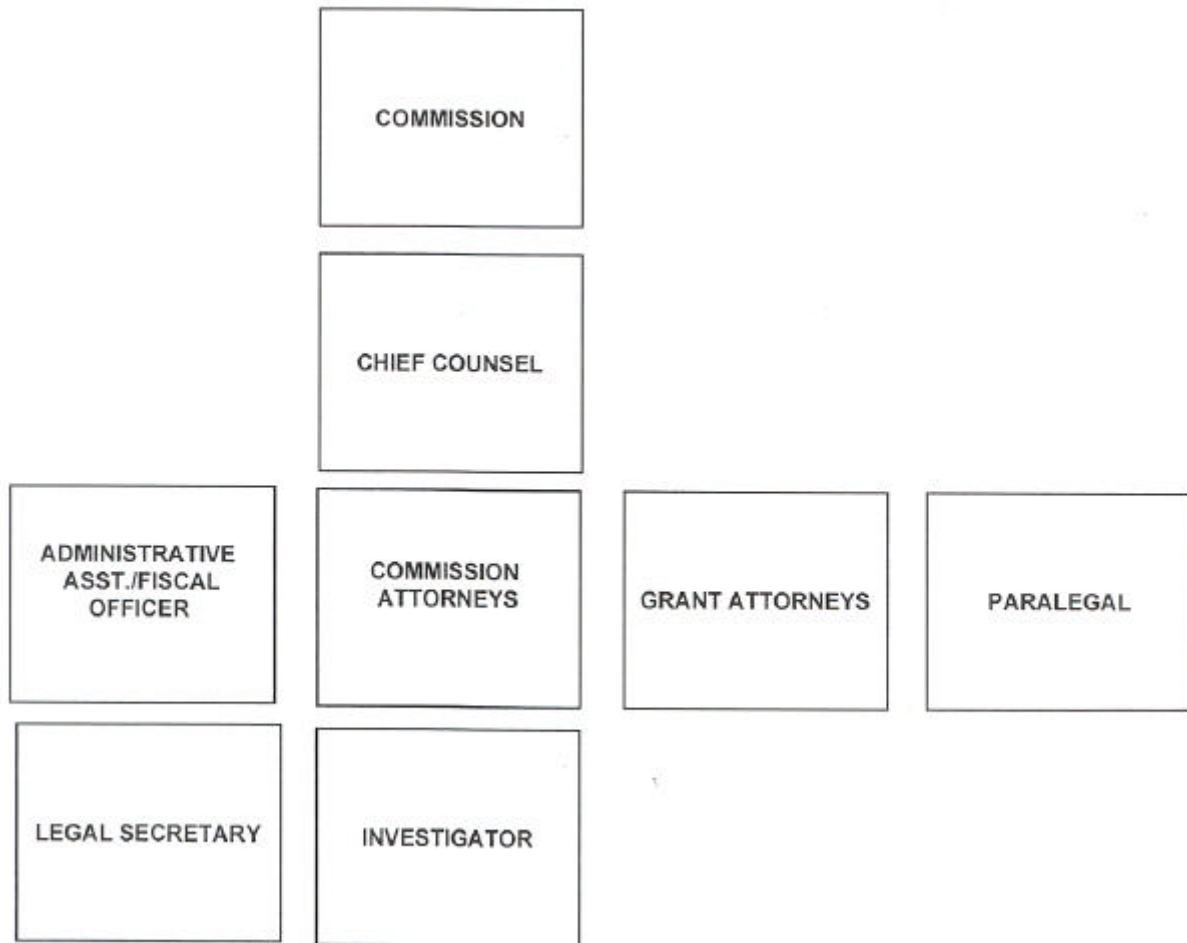
<b>MEMBERS</b>	<b>REPRESENTS</b>	<b>TERM EXPIRES</b>
<b>Susan Jacobs, Lincoln, Chair</b>	<b>At Large</b>	<b>November 3, 2001</b>
<b>Hal Anderson, Lincoln</b>	<b>District 1</b>	<b>November 3, 2005</b>
<b>Edward G. Warin, Omaha</b>	<b>District 2</b>	<b>November 3, 2001</b>
<b>Michael J. Shaughnessy, St. Paul</b>	<b>District 3</b>	<b>November 3, 2003</b>
<b>David R. Stickman, Omaha</b>	<b>District 4</b>	<b>November 3, 2003</b>
<b>David B. Downing, Superior</b>	<b>District 5</b>	<b>November 3, 2001</b>
<b>Nancy S. Freburg, Kearney</b>	<b>District 6</b>	<b>November 3, 2005</b>
<b>Robert F. Lindemeier, North Platte</b>	<b>At Large</b>	<b>November 3, 2003</b>
<b>Dana C. "Woody" Bradford, Omaha</b>	<b>At Large</b>	<b>November 3, 2005</b>

**COMMISSION STAFF**

James R. Mowbray, Chief Counsel  
Jeffrey A. Pickens, Attorney, Capital Litigation Division  
Jerry L. Soucie, Attorney, Appellate Division  
Robert W. Kortus, Attorney, Major Case Resource Center  
Kelly S. Breen, Attorney, Grant Litigation Division  
Nancy K. Peterson, Attorney, Grant Litigation Division  
J. Stevan Worster, Investigator  
Rita J. Wesely, Administrative Assistant/Fiscal Officer  
Carol S. Stohlmann, Paralegal  
Michelle R. Mueller, Legal Secretary

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

**ORGANIZATIONAL CHARTS**



## NEBRASKA COMMISSION ON PUBLIC ADVOCACY

### SUMMARY OF COMMENTS

During our audit of the Nebraska Commission on Public Advocacy, we noted certain matters involving the internal control over financial reporting and other operational matters Nebraska Commission on Public Advocacy are presented here. Comments and recommendations are intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

1. ***Supplanting of Federal Funds:*** In our 1998 audit report of the Nebraska Commission on Public Advocacy (Commission) our report noted the Commission was using federal grant (Byrne grant) funds from the Nebraska Crime Commission to supplant (replace) funds already available, since the grant funds were used to supplant local funds that were otherwise available. This was in non-compliance with the grant agreements' special conditions. The Commission received a Byrne grant for Fiscal Year Ending June 30, 2000, for the same purpose (the costs of defense for indigent clients) and with the same restriction on not using the grant to supplant State, local, or any other funds that would otherwise be available. Our review noted this issue still exists, and has not been resolved by the Nebraska Crime Commission (State granting agency) and the U.S. Department of Justice (Federal granting agency).
2. ***Cash Fund Disbursements:*** There have been no disbursements made out of the County Revenue Assistance Cash Fund (Fund number 2941) for the last two fiscal years ending June 30, 2000 and June 30, 1999. The Commission received money into the cash fund from counties for costs of defense. The total received into this fund for the two fiscal years was \$122,312. The June 30, 2000 fund balance was \$189,930.
3. ***Legal Aid (Fund 2942):*** In our test of grant files for this fund we noted Quarterly Grant Activity Summary reports from the grantee were being filed with the Commission; however, the Commission did not have written procedures on how these reports should be reviewed, and there was no documentation of the Commission's review of these reports. In addition, fourteen grants were awarded during calendar year 1999 and twelve during 2000. Audits of the grantees receiving these grants were not obtained and reviewed by the Commission.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Commission to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the Commission declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time but will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## COMMENTS AND RECOMMENDATIONS

### 1. Supplanting of Federal Funds

In our 1998 audit report of the Nebraska Commission on Public Advocacy (Commission) our report noted the Commission was using federal grant (Byrne grant) funds from the Nebraska Crime Commission to supplant (replace) local funds that were otherwise available. This was in non-compliance with the grant agreement's special conditions. The Commission received a Byrne grant for Fiscal Year Ending June 30, 2000, for the same purpose (the defense of indigent clients) and with the same restriction on not using the grant to supplant State, local or any other funds that would otherwise be available (Subgrant Special Conditions, paragraph 8, Grant # 99-DA-321). Our prior audit comment read in part:

The Subgrant Special Conditions for Grant # 97-DA-307, Crime Commission, for the period January 1, 1998 through December 31, 1998, requires in paragraph 8 that, "Federal grant funds will not be used to supplant State, local or any other funds that would otherwise be available." By not billing counties for one-third of the defense costs, as required under State Statute Sections 29-3930 to 29-3931, the Commission was not in compliance with Subgrant Special Conditions paragraph 8 since the grant funds were used to supplant local funds that were otherwise available. However, we recognize the Commission may have been relying upon the Crime Commission's Committee Comments and Recommendations of the Summary Comment Sheet, paragraph 1, which states, "The agency cannot bill the county for any attorney time for those attorneys paid by the grant" in those instances when the Commission failed to bill the counties for one-third of the Commission's defense costs.

In an attempt to address this issue, the Commission introduced legislation which was passed and became effective March 31, 2000, which amends Neb. Stat. Rev. Section 29-3931 R.R.S. 2000 and states in part, "In cases in which commission staff is using money to represent indigent clients and that money is associated with any federal grant money or state match money, the chief counsel shall only bill counties for actual expenditures for litigation support, such as expert witnesses, depositions, photocopying, printing, and travel and lodging expenses."

Based on the statute change, it appears the Commission is required to bill the county for the cost of litigation support for cases associated with any federal grant or state match money, instead of the normal one-third for costs of defense. However, this does exclude the grant-funded staff, and other operating costs not specifically cited in the above paragraph.

Our understanding of the use of the grant has not changed. It still appears the Byrne grant funds are not supplementing the local funds previously available, but are instead replacing (supplanting) the local funds. In the absence of Byrne grant funding, we believe county funds would have to be made available to pay for the costs of indigent defense.

## NEBRASKA COMMISSION ON PUBLIC ADVOCACY

### COMMENTS AND RECOMMENDATIONS

#### 1. Supplanting of Federal Funds (Continued)

The Nebraska Crime Commission was made aware of this issue at the time of the issuance of our 1998 audit report. In a letter dated February 16, 2001, the Nebraska Crime Commission wrote a letter to the U.S. Department of Justice outlining the above issue and requesting a determination whether the use of the Byrne funds by the Commission constitutes supplanting in violation of the grant agreement.

As of the date of this report, the Crime Commission has not received a formal response from the U.S. Department of Justice.

If it is determined the Commission was in non-compliance with grant agreements there is a potential for questioned costs (grant funds may be required to be returned to the granting agency).

We recommend the Commission continue to work with the Nebraska Crime Commission to ensure the supplanting requirements of the federal Byrne grants are not violated.

*Commission's Response: At the present time both the Commission and your office are waiting for a response from the Bureau of Justice Assistance as to whether or not we are supplanting the federal Byrne grants conditions. Since I have not heard from Washington as of the date of this letter, I am going to comment on that part of your report and recommendation as it is currently written. The Commission is complying with state law and it is not violating the federal Byrne grants. There are a number of state agencies that receive Byrne money, including the Attorney General's office. For some reason the Commission is being singled out on the issue of supplanting since the Commission is doing nothing different than other agencies who are receiving Byrne money. To date, no other agency that has been audited in the last two years has had this issue a part of its audit report. According to your office's interpretation, then at the least, the Attorney General's office is violating the federal grant, but I am not aware of any challenge by your office for this potential violation. I continue to reiterate that we are not supplanting local funds. We are supplementing local funds with grant dollars. The commission staff has nothing to with the grant work, in that the two lawyers and the support staff work only on cases assigned to them that are from appointment by the court for cases the commission staff are not authorized to do.*

*The legislature created three divisions to assist counties with the costs of high profile death penalty cases. In the original appropriation of general fund dollars, the Legislature specifically defined the Commission staff to consist of the Chief Counsel, Litigation Attorney, Appellate Attorney, Resource Attorney, Investigator, Legal Secretary, and Administrative Assistant. The Act became effective January 1, 1996. The authority to bill the counties for any costs is found in §29-3931 that reads in part as follows:*



# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## COMMENTS AND RECOMMENDATIONS

### 1. **Supplanting of Federal Funds** (Concluded)

*The chief counsel shall make a showing to the county or district court for the county in which the prosecution arose regarding the commission's cost of defense . . . The cost shall be based upon (1) the actual time spent by commission staff attorneys at their hourly rates of pay, including benefits, (2) a reasonable amount for administrative and support staff time, (3) the actual expenditures for litigation support, such as expert witnesses, depositions, photocopying, printing, and travel and lodging expenses, and (4) a reasonable amount for office overhead, including rent, telephone, and utilities . . . (emphasis supplied)*

*Therefore, the Legislature authorized the Commission to bill for its costs of defense of capital murder cases; nothing more, nothing less.*

*In 1984, Congress passed an omnibus crime bill which, among other things, was to fund different laws to reduce drug and street crime. Some of the funds were earmarked for state and local law enforcement and prosecution. Those funds are known as Byrne Funds. Byrne Funds are used by law enforcement and prosecution to enforce certain violent crimes and drug offenses. Law enforcement agencies throughout Nebraska, as well as the Attorney General's office, have been receiving these federal funds, with state match, since 1987. With this money, additional policy officers have been hired as well as prosecutors to arrest and prosecute more criminals charged with the aforementioned crimes. This had an immediate impact on counties who are completely responsible for paying for indigent defense costs. No money from Congress was designated specifically for states like Nebraska. The policies behind the funds talked about making sure a balance existed between prosecution and defense, but because the Commission did not exist, those funds for defense services were being added to the prosecution side.*

*This clearly impacted the counties who simply did not have extra property tax money available to cover the increased costs of defense, due to the increase in arrests and prosecutions associated with the Byrne Fund money. Recognizing that there were no local funds available on the county level to offset these new costs, in 1996, the Commission began applying for grant money to balance the scale. The grants have been needed so that the Commission could provide direct legal representation for the trial and appeal costs of certain violent felony and drug crimes. These grants have allowed the Commission to hire two attorneys and one paralegal to handle certain violent felony crimes and drug offenses. In other words, the Commission's applications have asked for funds to provide defense services for indigent citizens of the State of Nebraska who were being arrested and prosecuted as a result of the increase caused by the injection of Byrne Fund money into law enforcement and prosecution. Since there were not local funds available, the Byrne Fund money was the answer to help the counties cover these increasing defense service costs.*

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## COMMENTS AND RECOMMENDATIONS

### 2. Cash Fund Disbursements

There have been no disbursements made out of the County Revenue Assistance Cash Fund (Fund number 2941) for the last two fiscal years ending June 30, 2000 and June 30, 1999. The Commission received money into the cash fund from counties for costs of defense. The total received into this fund for the two fiscal years noted above was \$122,312. The June 30, 2000 fund balance was \$189,930.

Good business practice requires receipts be used to offset any disbursements. The money received by the Commission for work performed for counties should be disbursed for expenses incurred for performing the work.

The cash fund was allowed to accumulate while general fund appropriations by the Legislature were being spent.

We recommend the Commission make disbursements relating to client defense expenses from the cash fund based on the amount of receipts the Commission receives from the counties for costs of defense.

*Commission's Response: The Commission is following the law. There is no Nebraska law that requires agencies to make disbursements from its cash fund. The Legislature, by not so requiring such mandatory disbursements, recognizes that such decisions should be left to the discretion for the agency director who is charged with responsibility of making such budgetary decisions. Therefore, this recommendation should be removed from the report.*

**Auditors' Response: We agree with the Commission that no Nebraska law requires agencies to make disbursements from its cash fund. However, as noted in our comment and recommendation, the cash fund was established to receive reimbursement from counties for certain costs incurred by the Commission. Good accountability and management practices for the fund would require receipts received for services performed be used to pay for the cost of providing those services.**

### 3. Legal Aid (Fund 2942)

Neb. Rev. Stat. Section 25-3002 R.S. Supp., 2000 states in part, "The Legal Aid and Services Fund is created. Money in the fund shall be used to provide civil legal services to eligible low-income persons. The Commission on Public Advocacy shall distribute all money in the fund periodically in the form of grants to service providers of civil legal services to eligible low-income persons as determined by the commission. . ."

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## COMMENTS AND RECOMMENDATIONS

### 3. Legal Aid (Fund 2942) (Continued)

In our test of grant files for this fund we noted the following:

- Quarterly Grant Activity Summary Reports from the grantee were being filed with the Commission; however, the Commission did not have written procedures on how these reports should be reviewed, and there was no documentation of the Commission's review of these reports.
- Fourteen grants were awarded during calendar year 1999 and twelve during 2000. Audits of the grantees receiving these grants were not obtained and reviewed by the Commission.

Good internal control requires monitoring procedures be established and implemented to ensure aid payments disbursed were expended in accordance with laws and regulations. These procedures should be documented.

Neb. Rev. Stat. Section 25-3004(3) R.S. Supp., 2000 states, "A service provider which has received funds from the Legal Aid and Services Fund shall be audited annually."

When monitoring procedures were not written and monitoring reviews were not documented, there was more risk procedures may not have been adequate, or not performed to ensure all grant funds were spent appropriately.

When audits of grantees were not received in accordance with state statute, the Commission had no assurance the grantee was in compliance with the above statutory requirement. In addition, the Commission should review the audit reports received and use the audit reports as another monitoring tool to ensure grantees are spending grant money in accordance with the Commission's grant agreements.

We recommend the Commission document monitoring procedures of the quarterly Grant Activity Summary Reports. The monitoring procedures should include receiving and reviewing an annual audit of each grantee. We also recommend the Commission receive an audit report of each grantee to ensure the service providers are audited annually according to Neb. Rev. Stat. Section 25-3004(3) R.S. Supp., 2000.

*Commission's Response: The Commission is following the law. By requiring quarterly reports, the Commission wanted to make sure that the grantees were in compliance. Although there has been no written documentation reflecting specifically that the quarterly reports were read by the Commissioners in the minutes, when the Commission was discussing new grants in January*

**COMMENTS AND RECOMMENDATIONS**

**3. Legal Aid (Fund 2942) (Concluded)**

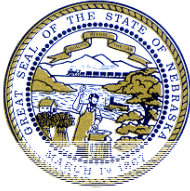
*1999, the minutes do reflect that the quarterly reports were reviewed by the Commissioners. The quarterly reports were reviewed to determine how the grantees had performed in the prior grant period, according to the data contained therein, to assist in determining what should be awarded on future grants. I do not have a problem with making sure the minutes specifically reflect that the Commissioners have reviewed the quarterly reports. However, this was not brought to our attention during the last audit. If it had been and we were not following the recommendation, I can understand why it should be included in the report. Since it was not brought to our attention, I believe the point should be removed from the final report.*

*Neb. Rev. Stat. §25-3004(3) does not require the Commission to receive annual audit reports, thus, under our current practices, the Commission is following the law. However, I believe that we should make this a condition of future grants, I do not believe that this recommendation should be reflected in this audit report. If during the next audit you find the Commission is still not receiving audit reports from grantees, then it would be appropriate to include this recommendation in the next audit report.*

**Auditors' Response:** We agree the law does not require the Commission to receive the audit reports. As noted in the comment the statute requires that a service provider be audited annually. It is the auditor's opinion the Commission is responsible to ensure these audits are done annually when the service provider received funds from the Commission's Legal Aid and Services Fund. The best way for the Commission to ensure compliance with this granting process and to monitor this requirement is by obtaining the audit report from the service provider when it is completed.

STATE OF NEBRASKA  
Auditor of Public Accounts

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NEBRASKA COMMISSION ON PUBLIC ADVOCACY

**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of the Nebraska Commission on Public Advocacy as of and for the fiscal year ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also as discussed in Note 1, the financial statements present only the Nebraska Commission on Public Advocacy, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting. In our opinion, the financial statements referred to above present

fairly, in all material respects, the fund balances of the Nebraska Commission on Public Advocacy as of June 30, 2000, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2001, on our consideration of the Nebraska Commission on Public Advocacy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

April 12, 2001

  
Manager

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**COMBINED STATEMENT OF ASSETS AND FUND BALANCES AND OTHER CREDITS**  
**ARISING FROM CASH TRANSACTION**  
**ALL FUND TYPES AND GENERAL FIXED ASSETS ACCOUNT GROUP**  
June 30, 2000

	<u>Governmental</u> <u>Fund Type</u>	<u>Account Group</u>	
	Special Revenue	General Fixed Assets	<b>Totals</b> (Memorandum Only)
<b><u>Assets</u></b>			
Cash in State Treasury	\$ 373,941	\$ -	\$ 373,941
Property, Plant, and Equipment	<u>-</u>	<u>68,177</u>	<u>68,177</u>
 Total Assets	 <u><u>\$ 373,941</u></u>	 <u><u>\$ 68,177</u></u>	 <u><u>\$ 442,118</u></u>
 <b><u>Fund Balances and Other Credits</u></b>			
Other Credits:			
Investment in Fixed Assets	\$ -	\$ 68,177	\$ 68,177
Fund Balances:			
Unreserved, Undesignated	<u>373,941</u>	<u>-</u>	<u>373,941</u>
 Total Fund Balances and Other Credits	 <u><u>\$ 373,941</u></u>	 <u><u>\$ 68,177</u></u>	 <u><u>\$ 442,118</u></u>

See Notes to Financial Statements.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2000

	<u>Governmental Fund Types</u>		<b>Totals</b> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
RECEIPTS:			
Appropriations	\$ 579,132	\$ -	\$ 579,132
Intergovernmental	-	155,000	155,000
Sales and Charges	-	741,207	741,207
Miscellaneous	-	17,478	17,478
TOTAL RECEIPTS	<u>579,132</u>	<u>913,685</u>	<u>1,492,817</u>
DISBURSEMENTS:			
Personal Services	426,266	110,737	537,003
Operating	114,340	28,031	142,371
Travel	33,000	9,736	42,736
Capital Outlay	5,526	-	5,526
Government Aid	-	702,399	702,399
TOTAL DISBURSEMENTS	<u>579,132</u>	<u>850,903</u>	<u>1,430,035</u>
Excess of Receipts Over Disbursements	-	62,782	62,782
FUND BALANCE, JULY 1, 1999	<u>-</u>	<u>311,159</u>	<u>311,159</u>
		-	
FUND BALANCE, JUNE 30, 2000	<u>\$ -</u>	<u>373,941</u>	<u>\$ 373,941</u>

See Notes to Financial Statements.



NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
 BUDGET AND ACTUAL  
 General, Cash, and Federal Funds  
 For the Year Ended June 30, 2000

	GENERAL FUND			CASH FUNDS		
	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)		ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	
	BUDGET			BUDGET		
RECEIPTS:						
Appropriations	\$ 579,132			\$ -		
Intergovernmental	-			-		
Sales and Charges	-			741,207		
Miscellaneous	-			17,478		
TOTAL RECEIPTS	<u>579,132</u>			<u>758,685</u>		
DISBURSEMENTS:						
Personal Services	426,266			-		
Operating	114,340			-		
Travel	33,000			-		
Capital Outlay	5,526			-		
Government Aid	-			700,781		
Total Budgeted	<u>467,854</u>	<u>579,132</u>	<u>(111,278)</u>	<u>70,000</u>	<u>700,781</u>	<u>(630,781)</u>
Under Budgeted (Note 6)	<u>182,300</u>	<u>-</u>	<u>182,300</u>	<u>870,000</u>	<u>-</u>	<u>870,000</u>
TOTAL DISBURSEMENTS	<u>650,154</u>	<u>579,132</u>	<u>71,022</u>	<u>940,000</u>	<u>700,781</u>	<u>239,219</u>
Excess of Receipts Over (Under)						
Disbursements	-			57,904		
FUND BALANCES, JULY 1, 1999	<u>-</u>			<u>289,157</u>		
FUND BALANCES, JUNE 30, 2000	<u>\$ -</u>			<u>\$ 347,061</u>		

See Notes to Financial Statements.

(Continued)

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE**  
 BUDGET AND ACTUAL  
 General, Cash, and Federal Funds  
 For the Year Ended June 30, 2000

	FEDERAL FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:						
Appropriations		\$ -			\$ 579,132	
Intergovernmental		155,000			155,000	
Sales and Charges		-			741,207	
Miscellaneous		-			17,478	
TOTAL RECEIPTS		<u>155,000</u>			<u>1,492,817</u>	
DISBURSEMENTS:						
Personal Services		110,737		\$ 385,094	537,003	\$ (151,909)
Operating		28,031		114,339	142,371	(28,032)
Travel		9,736		27,300	42,736	(15,436)
Capital Outlay		-		11,121	5,526	5,595
Government Aid		1,618		-	702,399	(702,399)
Total Budgeted	-	150,122	(150,122)	537,854	1,430,035	(892,181)
Under Budgeted (Note 6)	235,802	-	235,802	1,288,102	-	1,288,102
TOTAL DISBURSEMENTS	<u>235,802</u>	<u>150,122</u>	<u>85,680</u>	<u>1,825,956</u>	<u>1,430,035</u>	<u>395,921</u>
Excess of Receipts Over (Under) Disbursements		4,878			62,782	
FUND BALANCES, JULY 1, 1999		<u>22,002</u>			<u>311,159</u>	
FUND BALANCES, JUNE 30, 2000		<u>\$ 26,880</u>			<u>\$ 373,941</u>	

See Notes to Financial Statements.

(Concluded)

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2000

### 1. Summary of Significant Accounting Policies

The accounting policies of the Nebraska Commission on Public Advocacy are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. Reporting Entity.** The Nebraska Commission on Public Advocacy (the Commission) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The financial statements include all funds of the Commission. The Commission has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Commission, or the significance of their relationship with the Commission are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Commission.

These financial statements present the Nebraska Commission on Public Advocacy. No component units were identified. The Nebraska Commission on Public Advocacy is part of the primary government for the State of Nebraska's reporting entity.

- B. Basis of Accounting.** The accounting records of the Commission are maintained and the Commission's financial statements were prepared on the basis of cash receipts and disbursements. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.
- C. Fund Accounting.** The accounts and records of the Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which records receipts, disbursements, and the fund balance. The fixed asset account group is a financial reporting device designed to provide accountability over fixed assets. The fund types and account group presented on the financial statements are those required by GAAP, and include:

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

**General Fund.** Reflects transactions related to resources received and used for those general operating services traditionally provided by state government and which are not accounted for in any other fund.

**Special Revenue Funds.** Reflect transactions related to resources received and used for restricted or specific purposes.

**General Fixed Assets Account Group.** Used to account for general fixed assets of the Commission.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Commission are:

**1000 - General Fund** - accounts for all financial resources not required to be accounted for in another fund.

**2000 - Cash Funds** - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

**4000 - Federal Funds** - account for all federal grants and contracts received by the State.

- D. Budgetary Process.** The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Commission and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 1. Summary of Significant Accounting Policies (Continued)

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. The central accounting system maintains this control. A separate publication entitled "Annual Budgetary Report" shows the detail of this level of control. This publication is available from the Department of Administrative Services, Accounting Division.

Appropriations are usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

All State budgetary disbursements for the general, cash, and federal fund types are made pursuant to the appropriations which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts, except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total general and cash fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

The Commission utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system, and, as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements, except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Commission's current procedure is to include in the budget columns, Total Disbursements line, of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Commission's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2000, there were no budgetary funds in which disbursements exceeded appropriations.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

Budgets for object of expenditure accounts are included in the Nebraska Department of Administrative Services Budget Status Report. They are budgeted at the program level and not within separate budgetary fund types for the program. As a result, for financial reporting purposes, budget amounts for object of expenditure accounts are shown only for total budgeted funds.

Receipts are not budgeted. Therefore, there are no budgeted amounts shown on the Budget and Actual Statement.

There is no difference between the fund balance of the Budgetary Statement and the Financial Statement. The Cash and Federal funds on the Budgetary Statement are appropriately classified as Special Revenue funds for Financial Statement purposes.

- E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost, where historical records are available, and at an estimated historical cost, where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2000 have been recorded at cost or estimated cost by the Commission. Generally, equipment which has a cost in excess of \$500 at the date of acquisition and has an expected useful life of two or more years is capitalized.

Assets in the general fixed assets account group are not depreciated. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

- F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer, on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Commission were designated for investment during fiscal year 2000.

- G. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

**H. Compensated Absences.** All permanent employees working for the Commission earn sick and annual leave. Support Staff are allowed to accumulate compensatory leave rather than being paid overtime; all other staff are not eligible for compensatory leave (attorneys and investigator). Temporary and intermittent employees and Board and Commission members are not eligible for paid leave. Under GAAP, the vested portion of the employee's compensated absences is recorded in the Long Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would otherwise be reported in the Long Term Debt Account Group are not reported since they do not represent balances arising from Cash Transactions.

**I. Receipts.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Commission are:

**Appropriations.** Appropriations are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

**Intergovernmental.** Receipts from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements. For the Commission the Intergovernmental receipts are a grant from the Nebraska Crime Commission.

**Sales and Charges.** Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees. For the Commission, the Sales and Charges receipts included amounts billed to the Counties for services provided to Counties and Legal Aid fees received from Courts throughout the State.

**Miscellaneous.** Receipts from sources not covered by other major categories. For the Commission, the miscellaneous receipt amounts are for investment interest.

**J. Disbursements.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Commission are:

**Personal Services.** Salaries, wages, and related employee benefits provided for all persons employed by a government.

**Operating.** Disbursements directly related to a program's primary service activities.

# NEBRASKA COMMISSION ON PUBLIC ADVOCACY

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 1. Summary of Significant Accounting Policies (Concluded)

**Travel.** All travel disbursements for any state officer, employee, or member of any commission, council, committee, or board of the State.

**Capital Outlay.** Disbursements which result in the acquisition of or an addition to fixed assets. Fixed assets are resources of a long-term character, owned or held by the government.

**Government Aid.** Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

### 2. Totals

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

### 3. Contingencies and Commitments

**Risk Management.** The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, natural disasters, and health care insurance. The Commission, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance for:

1. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage, and uninsured and underinsured motorists with various limits and deductibles.
2. Health care insurance for employees selecting certain coverage options. All health care insurance was purchased.
3. Crime coverage, with a limit of \$1 million for each loss, and a \$10,000 retention per incident.



## NEBRASKA COMMISSION ON PUBLIC ADVOCACY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 3. **Contingencies and Commitments (Concluded)**

4. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$100,000 per loss occurrence. The perils of flood and earthquake are covered up to \$9,000,000. Newly-acquired properties are covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Risk Management Internal Service Fund through a combination of employee and State contributions. Worker's compensation is also funded in the Risk Management Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Commission on Public Advocacy's financial statements.

**Litigation.** The potential amount of liability involved in litigation pending against the Commission, if any, could not be determined at this time. However, it is the Commission's opinion that final settlement of those matters should not have an adverse effect on the Commission's ability to administer current programs. Any judgment against the Commission would have to be processed through the State Claims Board and be approved by the Legislature.

#### 4. **State Employees Retirement Plan (Plan)**

The Plan is a single-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the State Employees Retirement Act and may be amended by legislative action. In the defined contribution plan, retirement benefits depend on total contributions, investment earnings, and the investment options selected. Membership in the Plan is required of all permanent full-time employees on reaching the age of thirty and completion of twenty-four months of continuous service, and voluntary participation is permitted for all permanent full-time or part-time employees upon reaching age twenty and completion of twelve months of service within a five-year period, except any individual appointed by the Governor may elect to not become a member of the Plan.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **State Employees Retirement Plan (Plan) (Concluded)**

Employees contribute 4.33% of their monthly compensation until such time as they have paid during any calendar year a total of eight hundred sixty four dollars, after which time they shall pay a sum equal to 4.8% of their monthly compensation for the remainder of such calendar year. The Commission matches the employee's contribution at a rate of 156% of the employee's contribution.

The employee's account is fully vested. The employer's account is vested 100% after five years participation in the plan or at retirement.

For the Fiscal Year Ended June 30, 2000, employees contributed \$18,449 and the Commission contributed \$28,780.

5. **Fixed Assets**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 1999	Additions	Retirements	Balance June 30, 2000
Equipment	\$ 62,793	\$ 5,384	\$ -	\$ 68,177

6. **Under Budgeted**

The under budgeted amounts recorded on the Statement of Receipts, Disbursements, and Changes in Fund Balance, Budget and Actual are amounts of the Commission's appropriations not budgeted on the Budget Status Report.

7. **Full Accountability of the General Fund**

Only the cash transactions are reported on the financial statements for this fund. They do not show appropriations. To show the full accountability over this fund the following schedules reflect appropriations. Appropriations do not represent cash transactions.

<b>General Fund</b>	
Beginning (Reappropriated) Balance July 1, 1999	\$ 131,798
New Appropriations	518,356
Total Appropriations	<u>650,154</u>
Disbursements	(579,132)
Ending (Appropriations) Balance June 30, 2000	<u>\$ 71,022</u>

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**COMBINING STATEMENT OF ASSETS AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
 ALL SPECIAL REVENUE FUNDS  
 June 30, 2000

	County Revenue Assistance Fund 2941	Legal Aid And Services Fund 2942	Bryne Grant Fund 4941	Totals Special Revenue Funds
<hr/> <b>Assets</b> <hr/>				
Cash in State Treasury	<u>\$ 189,930</u>	<u>\$ 157,131</u>	<u>\$ 26,880</u>	<u>\$ 373,941</u>
Total Assets	<u><u>\$ 189,930</u></u>	<u><u>\$ 157,131</u></u>	<u><u>\$ 26,880</u></u>	<u><u>\$ 373,941</u></u>
 <hr/> <b>Fund Balances</b> <hr/>				
Fund Balances:				
Unreserved, Undesignated	<u>\$ 189,930</u>	<u>\$ 157,131</u>	<u>\$ 26,880</u>	<u>\$ 373,941</u>
Total Fund Balances	<u><u>\$ 189,930</u></u>	<u><u>\$ 157,131</u></u>	<u><u>\$ 26,880</u></u>	<u><u>\$ 373,941</u></u>

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
For the Fiscal Year Ended June 30, 2000

	County Revenue Assistance Fund 2941	Legal Aid And Services Fund 2942	Bryne Grant Fund 4941	Training Grant Fund 4942	Total Special Revenue Funds
RECEIPTS:					
Intergovernmental	\$ -	\$ -	\$ 155,000	\$ -	\$ 155,000
Sales and Charges	67,747	673,460	-	-	741,207
Miscellaneous	7,596	9,882	-	-	17,478
TOTAL RECEIPTS	<u>75,343</u>	<u>683,342</u>	<u>155,000</u>	<u>-</u>	<u>913,685</u>
DISBURSEMENTS:					
Personal Services	-	-	110,737	-	110,737
Operating	-	-	27,386	645	28,031
Travel	-	-	9,736	-	9,736
Government Aid	-	700,781	-	1,618	702,399
TOTAL DISBURSEMENTS	<u>-</u>	<u>700,781</u>	<u>147,859</u>	<u>2,263</u>	<u>850,903</u>
Excess of Receipts Over (Under) Disbursements	75,343	(17,439)	7,141	(2,263)	62,782
FUND BALANCE, JULY 1, 1999	<u>114,587</u>	<u>174,570</u>	<u>19,739</u>	<u>2,263</u>	<u>311,159</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 189,930</u>	<u>\$ 157,131</u>	<u>\$ 26,880</u>	<u>\$ -</u>	<u>\$ 373,941</u>

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**SCHEDULE OF BILLAGE HOURS AND COMMISSION COSTS**  
For the Fiscal Years Ended June 30, 2000, 1999, 1998, and 1997  
UNAUDITED

	Fiscal Year 2000	Fiscal Year 1999	Fiscal year 1998	Fiscal Year 1997
<b>Billage Hours</b>				
Commission Attorneys and Investigator	3,697	2,587	2,345	3,007
Grant Attorneys	4,189	2,460	2,866	2,261
Total Billage Hours	7,886	5,047	5,211	5,268

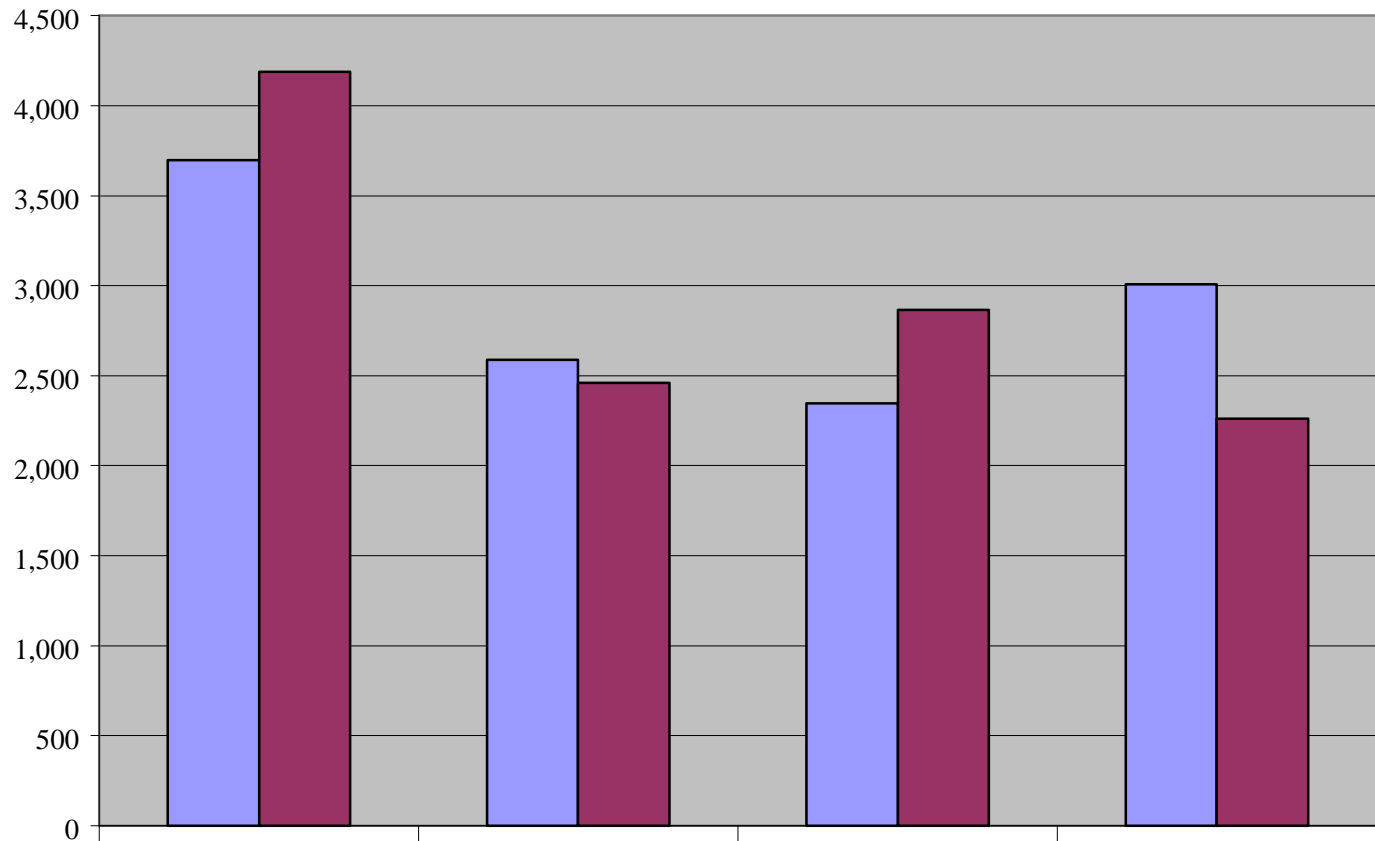
<b>Commission Costs</b>				
Total Costs	\$ 1,430,034	\$ 1,252,024	\$ 679,124	\$ 659,365
(1) Less Legal Aid	\$ (700,781)	\$ (612,420)	\$ (50,743)	N/A
Less Training Grant	\$ (2,263)	\$ (3,437)	N/A	N/A
Case Related Costs	\$ 726,990	\$ 636,167	\$ 628,381	\$ 659,365

	Fiscal Year 2000	Fiscal Year 1999	Fiscal year 1998	Fiscal Year 1997
(2) Funding Sources for Case Costs:				
Paid with Federal Funds	\$ 147,859	\$ 135,626	\$ 121,534	\$ 109,401
(3) Reimbursed by Counties	\$ 67,747	\$ 54,565	\$ 45,307	\$ 9,496
Paid with State Funds	\$ 511,384	\$ 445,976	\$ 461,540	\$ 540,468

Percentage Paid by Funding Source:				
Federal	20.34%	21.32%	19.34%	16.59%
Counties	9.32%	8.58%	7.21%	1.44%
State	70.34%	70.10%	73.45%	81.97%

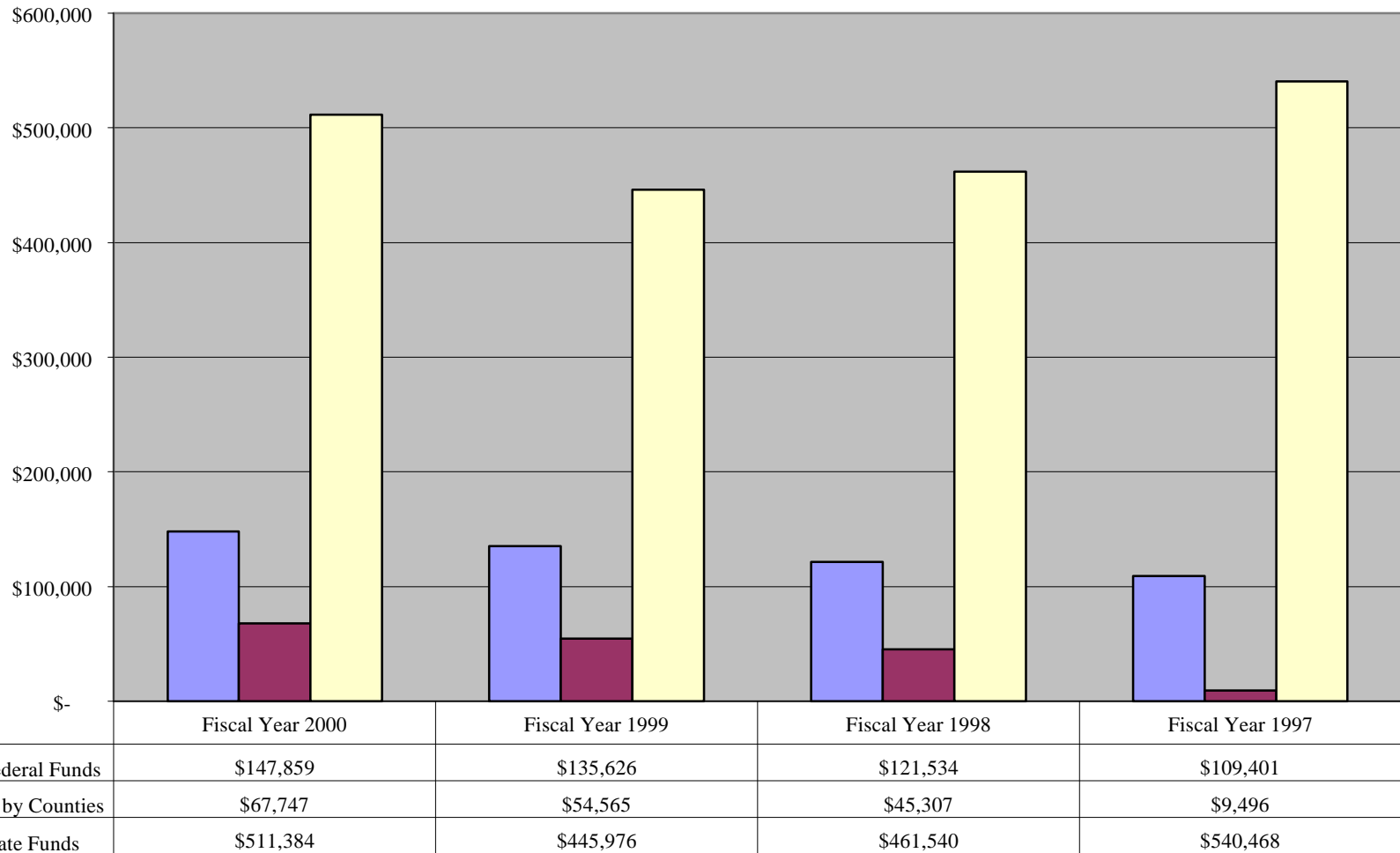
- Note:
- (1) Per Neb. Rev. Stat. Section 25-3002 R.S. Supp., 2000, money collected by the courts is distributed to service providers of civil legal services.
- (2) Does not include investment interest.
- (3) Per Neb. Rev. Stat. Section 29-3931 R.S. Supp., 2000, counties are required to pay 1/3 of the Commission's costs. However, counties are not billed by the Commission until the case is closed.

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**SCHEDULE OF BILLABLE HOURS**  
For the Fiscal Years Ended June 30, 2000, 1999, 1998, and 1997  
**UNAUDITED**



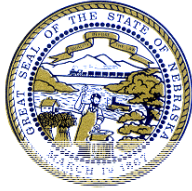
	Fiscal Year 2000	Fiscal Year 1999	Fiscal Year 1998	Fiscal Year 1997
Commission Attorneys and Investigator	3,697	2,587	2,345	3,007
Grant Attorneys	4,189	2,460	2,866	2,261

NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**SCHEDULE OF FUNDING SOURCES FOR CASE COSTS**  
For the Fiscal Years Ended June 30, 2000, 1999, 1998, 1997  
UNAUDITED



STATE OF NEBRASKA  
Auditor of Public Accounts

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NEBRASKA COMMISSION ON PUBLIC ADVOCACY  
**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Nebraska Commission on Public Advocacy as of and for the year ended June 30, 2000, and have issued our report thereon dated April 12, 2001. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and was modified to emphasize that the financial statements present only the funds of the Nebraska Commission on Public Advocacy. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Nebraska Commission on Public Advocacy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted a certain immaterial instance of noncompliance that we have reported to management of the Nebraska Commission on Public Advocacy in the Comments Section of this report as Comment Number 1 (Supplanting of Federal Funds).



### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Commission on Public Advocacy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Nebraska Commission on Public Advocacy in the Comments Section of this report as Comment Number 3 (Legal Aid (Fund 2942)).

This report is intended solely for the information and use of the agency, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

April 12, 2001

  
Manager