



Attestation Report of the Nebraska Health & Human Services System (HHSS) Program 30 - Tobacco Prevention and Control July 1, 2002 through January 31, 2004

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Report Highlights

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The Tobacco Prevention and Control Program was established during the 2000 legislative session. Funding was provided from revenue from the Tobacco Settlement. The Program was to receive \$21 million over a three-year period. Future funding has been requested from the tobacco settlement funds. The purpose of the Program is to provide a comprehensive statewide tobacco-related public health program, including: programs to reduce tobacco use, chronic disease programs, community and school programs, enforcement, counter-marketing cessation programs, and surveillance and evaluation.

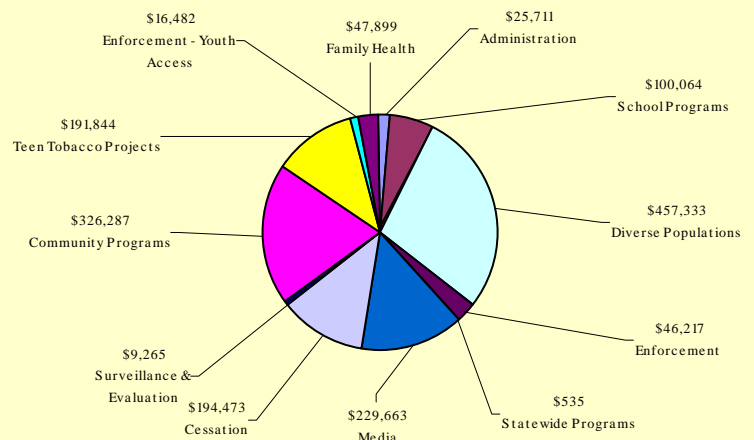
The Program also administers the Teen Tobacco Education and Prevention Project. This project was created to fund educational proposals developed and designed by high school students, to provide money for scholarships for students who develop the projects, and to provide award money to project proposal sponsors. Four projects are to be selected for funding of up to \$100,000 each per year. Scholarships of \$5,000 per student are awarded to the designers of projects and project sponsors are eligible for \$5,000 awards.

Our report included ten Comments and Recommendations. A summary of the Comments are listed below:

- **Nebraska Information System:** Significant areas of concern or areas where improvement to the Nebraska Information System (NIS) is needed to ensure NIS integrity and operational efficiency were identified.
- **Grantee Monitoring:** The Program was seriously deficient in its financial monitoring of grantees to such a degree there was an increased risk of loss, theft, or misuse of awarded funds.
- **Non-Competitive Selection of Contractor:** The System did not employ an open and competitive bidding process related to the selection of a contractor to provide services, coordination, and training related to smoking cessation.
- **Conflict of Interest/Breach of Ethics:** Serious financial conflicts of interest/breach of ethics issues were noted related to the vendor selected to operate the Nebraska Tobacco Cessation Quit Line and the System Program Manager who had direct oversight of the Quit Line project.

- **Alteration of Bid Scores:** Selection committee bid scores were altered, after the fact, resulting in the System's bid award to a vendor other than the one recommended by the selection committee after scoring of RFPs and oral interviews.
- **Contract Monitoring:** The Program did not adequately monitor contractor performance reporting requirements.
- **Grantee Site Visits:** Significant deficiencies were noted by the auditors during site visits to four Program grantees.
- **Contractor Overpayment:** A contractor overpayment of \$12,182 occurred and was not detected by Program personnel.
- **Expense Reimbursements:** Expense reimbursements tested were not in accordance with State Statutes and IRS regulations.
- **Dating of Contract Documents:** Contract documents were not properly dated.

**Schedule of Expenditures by Program Component
July 1, 2003 through January 31, 2004**



Program 30 received \$405,000 in general funds for the fiscal year ending June 30, 2004 from LB 285A. Expenditures noted consist of those expenses for the period from the General Fund and the Tobacco Prevention and Control Cash Fund.

We have detailed our findings in the Comments and Recommendations section of the report, which can be found at www.auditors.state.ne.us.