

**ATTESTATION REPORT
OF THE
NEBRASKA COMMISSION ON THE
STATUS OF WOMEN**

JULY 1, 2003 THROUGH JUNE 30, 2004

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NEBRASKA COMMISSION ON THE STATUS OF WOMEN

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NEBRASKA COMMISSION ON THE STATUS OF WOMEN

BACKGROUND

The Nebraska Commission on the Status of Women was statutorily created in 1971, and consists of 30 Commission members with five of the Commissioners from each of Nebraska's six Supreme Court districts. The Commissioners are appointed by the Governor to three-year terms, with no more than half the members belonging to the same political party. No member may serve more than six consecutive years. The Commission meets four times a year. Members are not paid but may be reimbursed for their expenses.

The Commission works to assess the needs of Nebraska women and their families and to promote, develop, and assist other entities to provide programs or services to meet those needs. The Commission also gives out information and makes referrals for agencies, organizations, and individuals seeking help in solving personal, job-related, and legal problems. Policies and programs are guided by the Commission.

The programs or services may address:

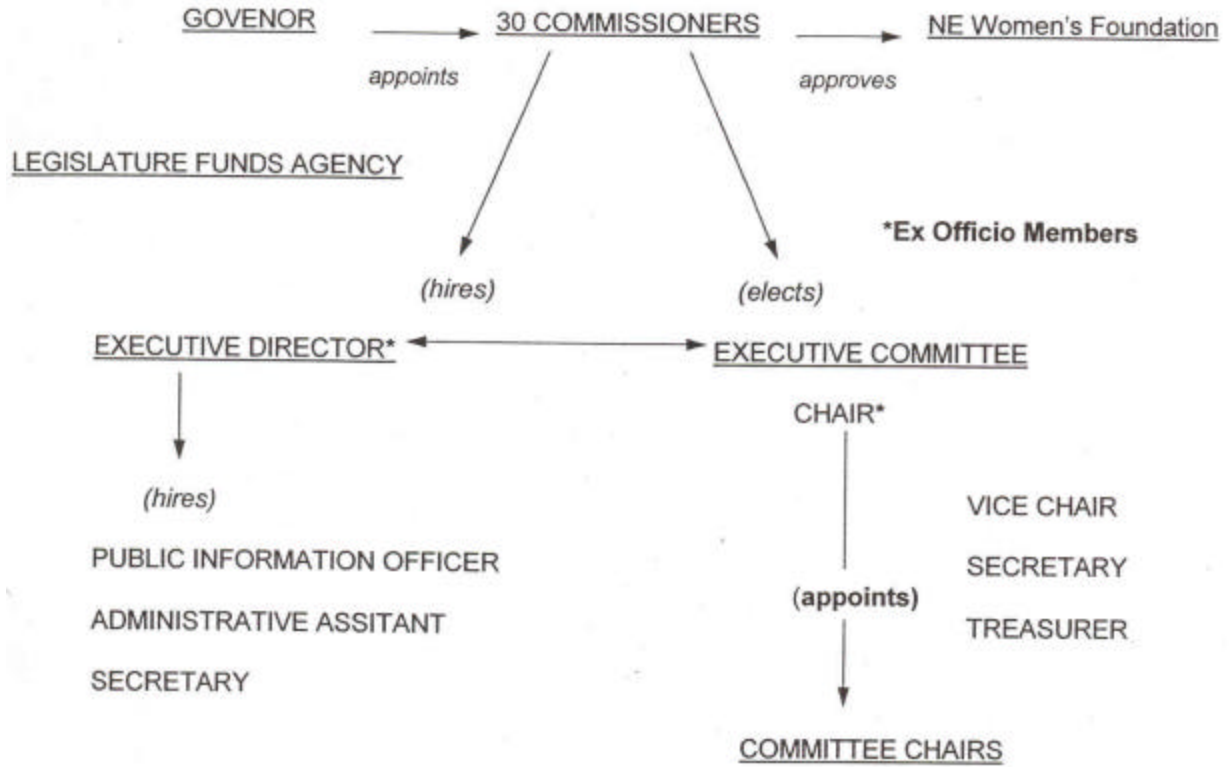
1. Recognition of socio-economic factors that influence the status of women and their families;
2. Development of individual potential and responsibility;
3. Encouragement of women to utilize their capabilities and assume leadership roles;
4. Coordination of efforts of numerous organizations interested in the welfare of women and their families;
5. Identification and recognition of contributions made by Nebraska women to the community, State, and nation;
6. Implementation of the foregoing subdivisions when improved working conditions, financial security, and legal status of both sexes are involved; and
7. Promotion of legislation and policies to improve any situation where this is a need for change.

MISSION STATEMENT

Identify, comprehend, assess, and communicate the current status of women and their families in Nebraska to the public, policy-makers and others. For problem areas identified, generate, explore, and evaluate possible solutions. Implement and or assist others in implementing, maintaining, and or improving programs or actions, based on solution strategies chosen, to decrease disadvantage and increase justice and support for Nebraska women and their families.

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

ORGANIZATIONAL CHART



NEBRASKA COMMISSION ON THE STATUS OF WOMEN

EXIT CONFERENCE

An exit conference was held July 15, 2004 with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Commission on the Status of Women were:

NAME	TITLE
Janice Price	Vice-Chair
Lisa Good	Executive Director

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

SUMMARY OF COMMENTS

During our examination of the Nebraska Commission on the Status of Women, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here.

1. ***Nebraska Accounting Procedures:*** Significant concerns or areas where improvement to the Nebraska Accounting Procedures (NIS) is needed to ensure NIS integrity and operational efficiency were identified.
2. ***Lack of Internal Controls:*** Accounting errors were not corrected in a timely manner and controls should be implemented to ensure accurate financial records.

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 examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

COMMENTS AND RECOMMENDATIONS

1. Nebraska Accounting Procedures

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Without adequate training, written procedures, and controls, there is a risk that employees may unintentionally corrupt critical data and that errors could occur and go undetected.

During the fiscal year ended June 30, 2003, the State of Nebraska implemented significant components of a new information system called the "Nebraska Accounting Procedures" (NIS). Three major components were the Payroll, Fixed Asset, and Financial components, which went live during the fiscal year ended June 30, 2003. During the fiscal year ended June 30, 2004 the Procurement and Employee Self-Service components were partially implemented. NIS affects all Nebraska State agencies.

A consultant hired by the Auditor of Public Accounts (APA) with expertise in studying large computer systems performed a study of NIS processes and controls prior to June 30, 2003. The APA also performed a preliminary examination of internal controls as of June 30, 2003 at all State agencies in July and August of 2003. In addition, while performing examination procedures the APA obtained a further understanding of NIS.

From these studies and examinations, the APA has identified concerns and areas where improvement to NIS is needed. During the fiscal year ended June 30, 2004, the Department of Administrative Services (DAS) Accounting Division addressed some areas of concern previously reported. However, the following are the more significant concerns or areas where improvement is still needed to ensure NIS integrity and operational efficiency:

- a. The reconciliation between the State Treasurer's actual bank statements and records, the Nebraska Accounting System (NAS-the previous accounting system before NIS), NIS accounting records, and the related disposition of reconciling items was not completed for November 2002 through December 2003 in a timely manner. Subsequent to December 2003, the DAS Accounting Division performed some reconciliation procedures. As of July 2004, the June 30, 2003 reconciliation indicates an unknown variance between the bank records and the accounting records of \$3,654,783, with the bank being short compared to the accounting records.

During the fiscal year ended June 30, 2004, DAS Accounting Division began performing a daily reconciliation of activity recorded on NIS compared to the activity recorded in the bank on a limited test basis. For those days tested, the activity recorded on NIS can be reconciled to the activity in the bank. The monthly reconciliations for the months of July 2003 through February 2004 for the fiscal year ended June 30, 2004 have been performed and indicate fluctuations in the variance amounts. The latest monthly reconciliation performed, February 2004, indicates an

COMMENTS AND RECOMMENDATIONS

(Continued)

1. Nebraska Accounting Procedures (Continued)

unknown variance between the bank records and the accounting records of \$5,112,201, with the bank being short compared to the accounting records. This variance was provided to us by DAS Accounting Division and its accuracy has not been verified by the APA.

Although some reconciliation procedures have been performed (daily reconciliation of activity going through NIS to the activity recorded through the bank), the monthly reconciliation for the months March 2004 through June 2004 have not been started as of July 2004. Complete and timely reconciliation procedures between bank records and accounting records provides control over cash and accurate financial information. The reconciliation procedures should be completed timely and on at least a monthly basis to ensure all financial information is correct in NIS.

- b. During the early implementation months of NIS, DAS Accounting Division did not have a comprehensive written NIS policy and procedures manual available for users. During the fiscal year ended June 30, 2004, DAS Accounting Division made progress in this area and significant policies and procedures can be found by users on the DAS Accounting Division website. However, the APA, after reviewing the old accounting procedures manual, did note some procedures still being performed under those policies that have not been incorporated as NIS policies. We recommend DAS Accounting Division continue to update their NIS policies and procedures to include all policies and procedures in place to help ensure consistent and accurate accounting of the State's financial transactions.
- c. During the early implementation of NIS it was determined the NIS Payroll application was not allocating salaries and benefits appropriately to salaried employees who incur hours that are distributed across multiple business units. This would apply to many State agencies' funds, programs, and grants. During the fiscal year ended June 30, 2004, agencies developed "work around" solutions to this problem, however, there has been no system change to resolve this problem. The "work around" solutions can be very time consuming. We recommend DAS Accounting Division consider obtaining a system change to allocate salaries and benefits appropriately to salaried employees who incur hours that are distributed across multiple business units.
- d. During the first year of NIS implementation an outside consultant noted a detailed analysis had not been performed to determine whether users received adequate training to enable them to appropriately perform their job functions. The APA is not aware of any detailed analysis of user training conducted by the DAS Accounting Division during the fiscal year ended June 30, 2004, but do acknowledge a significant training effort by the DAS Accounting Division during this period. We recommend the DAS Accounting Division continue their training efforts as well as identifying user training needs.

COMMENTS AND RECOMMENDATIONS

(Continued)

1. Nebraska Accounting Procedures (Continued)

- e. Since the implementation of NIS, DAS Accounting Division has not updated their records retention and disposition schedule with the Records Management Division of the Secretary of State (Secretary of State). The records retention schedule on file with the Secretary of State covers the records under the old accounting system and was last updated in 1986.

Neb. Rev. Stat. Section 84-1207 R.R.S. 1999 states the head of any State agency shall make, and submit to the administrator, (administrator means the State Records Administrator) schedules proposing the length of time each record series warrants retention for administrative, legal, historical or fiscal purposes, after it has been made in or received by the agency, and lists of records in the custody or under the control of the agency which are not needed in the transaction of current business, and do not possess sufficient administrative, legal, historical or fiscal value to warrant their further retention.

Since many of the records (and their titles) are significantly different under NIS than they were under the old accounting system we do not believe the DAS Accounting Division is in compliance with the above statute with the current retention schedule on file with the Secretary of State. In addition, for legal purposes and for good business practices we believe a comprehensive DAS Accounting Division records retention schedule is imperative. We recommend the DAS Accounting Division work with the Secretary of State to develop a comprehensive records retention schedule for all records they maintain.

- f. The payroll component is not designed to promote an effective segregation of duties. We recommend the DAS Accounting Division consider implementing the compensating control as identified in the k. section of this comment.
- g. During the first year of NIS implementation an outside consultant noted access to sensitive General Accounting functions had been provided to individuals who may not require such access as a part of their job responsibilities. Based on our inquiries, DAS Accounting Division management noted, "All critical function access rights have been secured down to the appropriate high level matrix codes." We could not verify the accuracy of this statement as requested information and documentation has not been provided to us.
- h. During the first year of NIS implementation an outside consultant noted the State had not documented or formalized comprehensive information security procedures for NIS. Based on our inquiries, DAS Accounting Division management noted, "The NIS CNC's and the NIS Security team have developed a comprehensive security policy." We could not verify the accuracy of this statement as requested information and documentation has not been provided to us.

COMMENTS AND RECOMMENDATIONS

(Continued)

1. Nebraska Accounting Procedures (Continued)

- i. During the first year of NIS implementation an outside consultant noted the State had not implemented a formal, comprehensive business continuity or disaster recovery plan that comprehends both NIS and its supporting infrastructure. Based on our inquiries, DAS Accounting Division management noted, "We have now contracted with an outside vendor for business continuity planning." Documentation provided to us by DAS management indicates the State has a disaster recovery plan, however, it is not complete and the business continuity plan is in the draft stage but has not yet been tested. We recommend the State continue to implement formal, comprehensive business continuity and disaster recovery plans.
- j. The APA reviewed certain data in the NIS address book in July 2004. We noted the following related vendor information:
 1. Duplicate Name and Address – Our review noted a total of 4,435 duplicate records. However, all have different address book numbers.
 2. Duplicate Bank Information – 4,118 vendors had duplicate bank information.
 3. Vendors with no Federal Tax Identification Number (FTIN) in NIS and Vendors with an FTIN of 000000000 – 3,789 vendors either had no FTIN or an FTIN with all zeros. The vendors with zeros as their FTIN were all PW (welfare) vendor types. Out of the 3,789 records 3,408 had no FTIN at all.

When duplicate records are in the NIS address book database there is a greater risk of duplicate payments being made and not being detected and queries of the database for vendor information may not be complete because the queries may not include all vendor information. In addition, when the database does not include FTIN numbers for all vendors there is a greater risk of payments to a fictitious vendor. DAS Accounting Division should correct the database for duplicate records and ensure all vendors included in the database have an FTIN.

- k. DAS Accounting Division payroll procedures require each State agency to certify its payroll for each pay period to ensure payroll is processed accurately and completely. This certification is to be in writing, either through an email or letter to the DAS Accounting Administrator. In our review of the final payroll notification and certification procedures processed in July 2003 and May of 2004 and discussion with DAS Accounting Division personnel, the certification procedures were not always performed. Our review also noted that the DAS Accounting Division did not have a policy on the information that should be included in the written certification. We noted during our testing, when there was a certification, there was no consistency in the information provided by State agencies.

COMMENTS AND RECOMMENDATIONS

(Continued)

1. Nebraska Accounting Procedures (Concluded)

DAS Accounting Division should establish a policy on detailing the information to be included in the certification, should ensure all State agencies consistently follow this policy, and ensure all payroll expenditures are certified.

The issues identified above are the responsibility of the DAS Accounting Division and NIS Functional Team as they relate directly to NIS; however, they directly affect all Nebraska State agencies' financial information and must be disclosed in this report. The results of the consultant's study of NIS were communicated in a separate report to DAS, who is responsible for NIS. Letters to each State agency communicated the results of the APA's preliminary examination of internal controls at the State agency level. Additional concerns identified by the APA were communicated to the appropriate State officials.

2. Lack of Internal Controls

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A good system of internal control would also include adequate segregations of duties so no one individual can handle all phases of a transaction. When adequate segregation of duties is not possible due to a limited number of personnel, compensating controls should be implemented.

We noted the following:

- Three quarterly donations totaling \$24,620 were not receipted to the proper business unit on the State system (NIS). This error was detected five months after the first donation had been receipted and has since been corrected.
- Two journal entries were prepared, approved, and posted for the same transaction. This resulted in personnel services being overstated by \$2,968 and operating expenses being understated by \$2,968.
- The General Ledger Post Report and the Pre-Audit Verification Report were not utilized by the Commission. A detailed review of these reports would likely have detected the errors noted above.
- One employee had the ability to prepare, approve, and post all phases of a transaction. Although the Commission reviewed the Budget Status Report on a quarterly basis, there was an increased risk for errors to occur and not be detected in a timely manner. We further noted that only one individual was authorized to prepare documents and there was no back-up individual authorized.

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Lack of Internal Controls (Concluded)

Commission staff consists of a Director and an Administrative Assistant. These individuals have not received formal training on NIS.

Without adequate controls there is an increased risk for loss or errors to occur.

We recommend the Commission implement procedures to ensure accurate and complete financial records. Where segregation of duties is not feasible, compensating controls should be developed and implemented.

Commission's Response: The Nebraska Commission on the Status of Women recognizes the importance of internal organizational control and segregation of duties. The Commission intends to implement the following compensating procedures to provide a safeguard for assets and to compensate for limited personnel:

- 1. Commission staff of one Director and one Administrative Assistant will attend formal training opportunities for NIS whenever possible.*
- 2. Commission staff will begin frequent reviews of General Ledger Post Report and Pre-Audit Verification Reports to confirm transactions and detect errors in a timely fashion.*
- 3. Commission staff will formally explore opportunities with NIS Security to determine:
 - a. Identification and assignment of authorized back-up individual.*
 - b. NIS Security check of log-in ID's to ensure post and authorization procedures in NIS are not performed by the same person.**

The Nebraska Commission on the Status of Women intends to continue operations with the assistance of donations to the Nebraska Women's Foundation and will pursue reinstatement of state appropriation funding.

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NEBRASKA COMMISSION ON THE STATUS OF WOMEN

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INDEPENDENT ACCOUNTANT'S REPORT

Don Dunlap, CPA
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We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Commission on the Status of Women (Commission) for the fiscal year ended June 30, 2004. The Commission's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

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Tim Channer, CPA
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Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of revenues, expenditures, and changes in fund balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Mary Avery
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Dennis Meyer, CGFM
Subdivision Budget
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In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Commission on the Status of Women for the fiscal year ended June 30, 2004, based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services as described in Note 1.

Mark Avery, CPA
Subdivision Audit
Review Coordinator
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As discussed in Note 5 to the schedule, elimination of General Fund appropriations for the Commission raises doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The schedule of revenues, expenditures, and changes in fund balances does not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2004, on our consideration of the Nebraska Commission on the Status of Women'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 attestation engagement performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our examination.

This report is intended solely for the information and use of the Commission and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Pat Reding, CPA

Assistant Deputy Auditor

July 15, 2004

NEBRASKA COMMISSION ON THE STATUS OF WOMEN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2004

	General Fund 10000	Cash Fund 23810	Total (Memorandum Only)
REVENUES:			
Appropriations	\$ 32,475	\$ -	\$ 32,475
Sales & Charges	-	5,310	5,310
Miscellaneous	174	47,177	47,351
TOTAL REVENUES	32,649	52,487	85,136
EXPENDITURES:			
Personal Services	21,932	48,239	70,171
Operating	10,416	11,360	21,776
Travel	127	239	366
TOTAL EXPENDITURES	32,475	59,838	92,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	174	(7,351)	(7,177)
OTHER FINANCING SOURCES (USES):			
Deposit to General Fund	(174)	-	(174)
TOTAL OTHER FINANCING SOURCES (USES)	(174)	-	(174)
Net Change in Fund Balances	-	(7,351)	(7,351)
FUND BALANCES, JULY 1, 2003	1,682	22,729	24,411
FUND BALANCES, JUNE 30, 2004	<u>\$ 1,682</u>	<u>\$ 15,378</u>	<u>\$ 17,060</u>
FUND BALANCES CONSIST OF:			
General Cash	\$ -	\$ 15,022	\$ 15,022
NSF Items	-	374	374
Deposits with Vendors	1,682	-	1,682
Due to Vendors	-	(18)	(18)
TOTAL FUND BALANCES	\$ 1,682	\$ 15,378	\$ 17,060

The accompanying notes are an integral part of the schedule.

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2004

1. Criteria

The accounting policies of the Nebraska Commission on the Status of Women are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. Section 81-1107 (2) R.R.S. 1999, the State of Nebraska Director of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

The Nebraska Accounting Procedures (NIS) is the official accounting system prescribed by DAS for the State of Nebraska. Policies and procedures are detailed in NIS manuals and Nebraska Accounting System Concepts published by DAS and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances for the Commission was obtained directly from the NIS. NIS records accounts receivable and accounts payable as transactions occur. As such certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounts payable liability recorded on NIS, and thus recorded as expenditures, as of June 30, 2004 includes only those payables posted to NIS before June 30, 2004 and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2004 **does not** include amounts for goods and services received before June 30, 2004 which had not been posted to NIS as of June 30, 2004.

NIS also records other liabilities in accounts titled Due to Vendors. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity.

The NIS system does not include liabilities for accrued payroll and compensated absences.

The fund types established by NIS that are used by the Commission are:

10000 – General Fund – accounts for all financial resources not required to be accounted for in another fund.

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

The major revenue object account codes established by NIS used by the Commission are:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income and donations.

The major expenditure object account titles established by NIS used by the Commission are:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Commission.

Operating – Expenditures directly related to a program's primary service activities.

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

Other significant object account codes established by NIS and used by the Commission include:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts and deposits with vendors. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions increase expenditures and decrease fund balance. Other liabilities recorded on NIS for the Commission's funds at June 30, 2004 included Due to Vendors. The activity of this account is not recorded on the Schedules of Revenues, Expenditures, and Changes in Fund Balances as it is not recorded through revenue and expenditure accounts.

Other Financing Sources – Deposits to State General Fund.

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

NOTES TO THE SCHEDULE

(Continued)

2. State Agency

The Nebraska Commission on the Status of Women (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 schedule includes all funds of the Commission.

The Nebraska Commission on the Status of Women is part of the primary government for the State of Nebraska.

3. 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 because interfund balances and transactions have not been eliminated.

4. Capital Assets

Under NIS, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures. Capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) would be reported for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). The Commission values all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$300 at the date of acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses would be reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Equipment is depreciated using the straight-line method with estimated useful lives of three to ten years.

Capital asset activity of the Commission for the fiscal year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets,				
Equipment	\$ 28,059	\$ -	\$ -	\$ 28,059
Less accumulated depreciation for:				
Equipment				22,306
Total capital assets, net of depreciation				<u>\$ 5,753</u>

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

NOTES TO THE SCHEDULE

(Continued)

5. Going Concern/Foundation

2004 Neb. Laws LB 1089, Section 159 eliminated General Fund appropriations for the Nebraska Commission on the Status of Women. This raises doubt about the Commission's ability to continue as a going concern. Neb. Rev. Stat. Section 81-8,255 R.R.S. 2003, which created the Commission, is still in effect. Management plans to continue operations with the assistance of donations received. During the fiscal year ended June 30, 2004, the Commission received \$45,474 from the Nebraska Women's Foundation. The Nebraska Women's Foundation is a private non-profit entity from which the Nebraska Commission on the Status of Women is the primary beneficiary.

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NEBRASKA COMMISSION ON THE STATUS OF WOMEN REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN EXAMINATION OF THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Commission on the Status of Women for the fiscal year ended June 30, 2004, and have issued our report thereon dated July 15, 2004. The report notes the elimination of General Fund appropriations. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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Compliance

As part of obtaining reasonable assurance about whether the Nebraska Commission on the Status of Women's schedule of revenues, expenditures, and changes in fund balances, is 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 schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, 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*.

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Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Commission on the Status of Women's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of revenues, expenditures, and changes in fund balances, and not to

provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Nebraska Commission on the Status of Women's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. Reportable conditions are described in the Comments Section of the report as Comment Number 1 (Nebraska Accounting Procedures) and Comment Number 2 (Lack of Internal Controls).

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 schedule being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Commission and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Pat Reding, CPA

Assistant Deputy Auditor

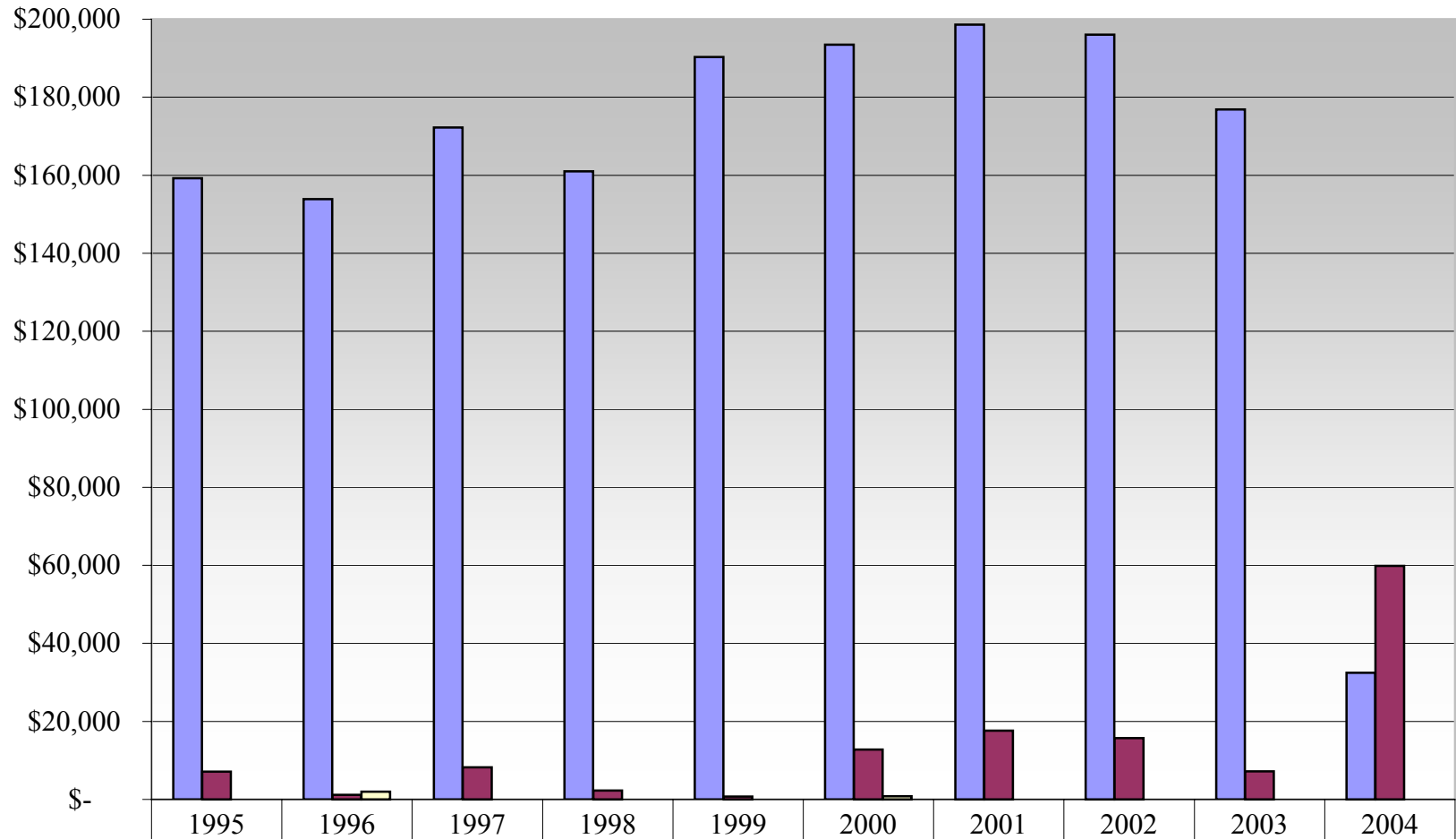
July 15, 2004

NEBRASKA COMMISSION ON THE STATUS OF WOMEN

STATISTICAL SECTION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Statistical Section information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.

**NEBRASKA COMMISSION ON THE STATUS OF WOMEN
TEN-YEAR SCHEDULE OF EXPENDITURES**



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General Fund	\$159,220	\$153,844	\$172,269	\$160,975	\$190,292	\$193,470	\$198,574	\$196,059	\$176,885	\$32,475
Cash Fund	\$7,108	\$1,176	\$8,194	\$2,253	\$745	\$12,789	\$17,640	\$15,689	\$7,216	\$59,838
Federal Fund	\$28	\$2,000				\$824				