The Nebraska Public Employees Retirement Board was created in 1971 to administer Nebraska retirement plans for school employees, State employees, Judges, and the State Patrol. Administration of the retirement system for Nebraska county employees was assumed by the Board in 1973.

The Board has seven members appointed by the Governor, with legislative approval, to five-year terms. Members include: three participants of retirement systems administered by the Board; a retired participant of a retirement system administered by the Board; three public representatives who are not State employees or employees of its subdivisions; and the State Investment Officer as a nonvoting, ex officio member. The Board meets monthly. Members are not paid, but are reimbursed for their expenses. The Board hires a director to equitably distribute expenses among the retirement systems it administers. All expenses must be provided from investment income earned by various retirement funds, unless other fund sources to pay expenses are specified by law.

Our report included seven Comments and Recommendations. A summary of the Comments is 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.
- **NPERS Information System:** Areas of concern or areas where improvement to the NPERS Information System is needed to ensure system integrity and operational efficiency were identified.
- **Incorrect Reported Compensation from School Districts:** Five of ten school districts tested reported compensation that was not in compliance with the definition of compensation in the statutes. The errors resulted in overstatements of the members’ annual compensation ranging from $76 to $15,627, and excess annual retirement contributions ranging from $11 to $2,277.
- **Resolution of Prior Audit Findings:** NPERS did not adequately address all of the specific findings at school districts tested and identified in prior audit findings.
- **Purchase of Service Calculations:** Two of three purchase of service calculations tested were not accurate. One member overpaid to NPERS in excess of $20,000 and the other member overpaid in excess of $5,700 for the service they purchased.
- **COLA Calculation:** NPERS calculated the COLA increases based on a methodology provided by the actuary. However, the methodology and the statutes did not appear to be in agreement.
- **Travel Expenses:** Four of six travel documents tested contained reimbursements for meal expenses without adequate documentation, or provided reimbursement for a meal when the same meal was paid for and provided by the conference or was an unreasonable meal expense. NPERS also continued to provide lodging for Board members and staff for their annual retreat when the lodging was less than 60 miles from their home or headquarter city.

We have detailed our findings and the Board’s responses in the Comments and Recommendations section of the report, which can be found at [www.auditors.state.ne.us](http://www.auditors.state.ne.us).