



Attestation Report of the State of Nebraska Office of the Secretary of State July 1, 2003 through June 30, 2004

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Report Highlights

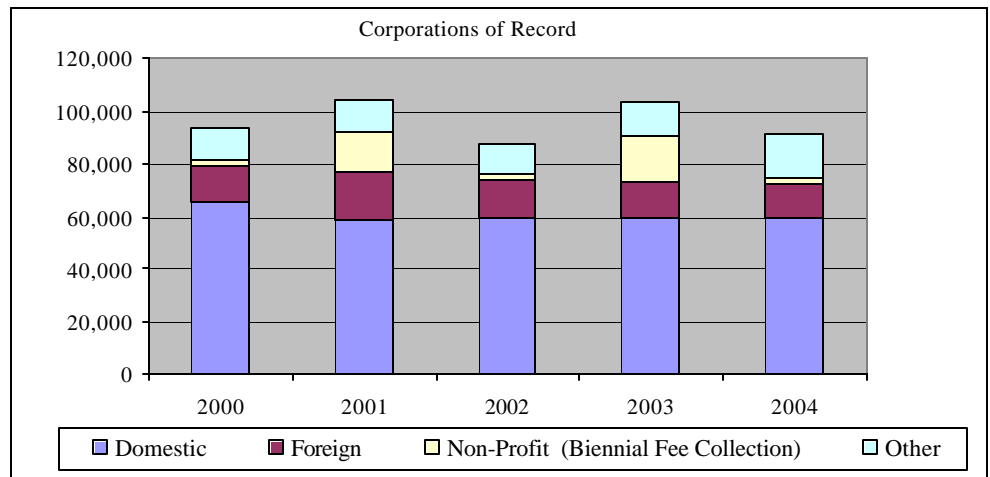
Issued October 2004

The authority and responsibilities of the Secretary of State, an elected official, are derived from the State Constitution and Nebraska Statutes. The Office of Secretary of State, created in 1867, administers laws in the areas of elections, business and farm corporations, trademarks and trade names, debt management, and State records management. The Office issues licenses to private detectives, notaries, debt managers, truth and deception examiners, and collection agencies. Official filings are maintained in a variety of areas including official bonds and uniform commercial code documents. The Secretary of State is the keeper of the Great Seal of the State of Nebraska and is the repository for the State Constitution, legislative bills, State agency rules and regulations, and other official documents of the State.

Election Administration, a program established by the Office, is responsible with the assistance of local election officials, for the conduct of elections within the State. This includes overall responsibility for the registration of voters, candidate filings, ballot design, and compilation of results as well as ensuring compliance with various Federal mandates such as the Voting Rights Act, Americans with Disabilities Act (as it applies to polling places), the National Voter Registration Act, and the recently passed (2003) "Help America Vote Act."

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

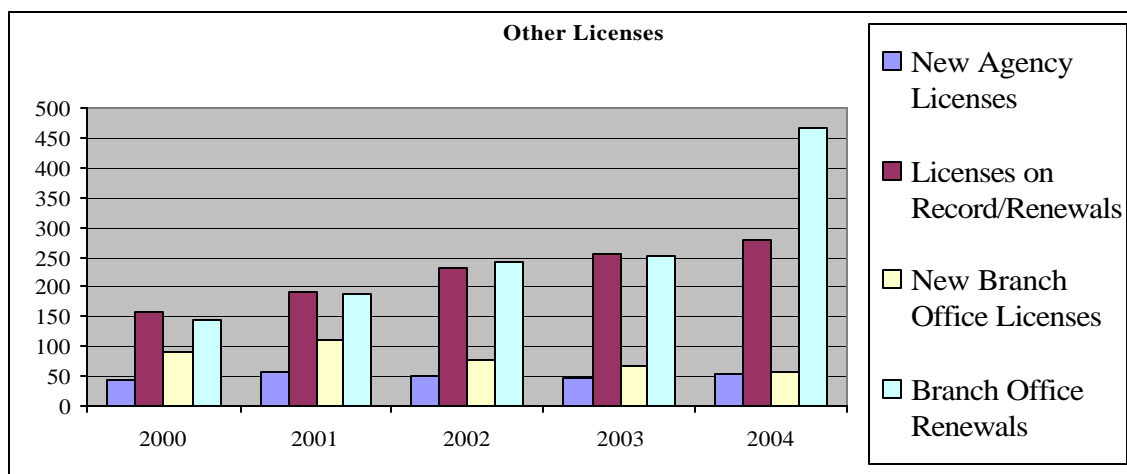
1. **Nebraska Information System and Accounting Procedures:** Significant areas of concern where improvement to the Nebraska Information System (NIS) is needed to ensure NIS integrity and operational efficiency were identified.



2. **Pre-Billing of Services:** The Records Management Division billed two agencies for services well in advance of the service actually being provided.
3. **Contractual Services:** We noted the Secretary of State entered into a contract with a consultant. The following exceptions related to the contract were noted: Open competition was not used to enter into the contract, adequate public notice was not given, the contract was not pre-reviewed by DAS Materiel Division, the basis for selecting the vendor was not on file, and documentation of a request for potential vendor was not filed with DAS Materiel Division for access to potential vendors.
4. **Billings and Payments Were Not Made in a Timely Manner:** On the ten receipts tested for the Records Management Division, the invoice date was over one month after the requisition date. Two of seven expenditures tested were not made within the statutory time requirements.

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5. **Internal Control Over Payroll:** There was a lack of segregation of duties over the payroll process. The allocation of payroll costs to business units was based on budget amounts, not on actual time worked. Vacation leave balances were still recorded on NIS for two terminated employees tested. The Secretary of State had sick and vacation leave balances recorded on NIS. Supporting documentation was not on file for two employees tested, who used more than ten consecutive days of sick leave. One terminated employee received a severance package. The adjusted service date recorded in NIS was incorrect for two employees.
6. **Segregation of Duties Over Revenues and Related Receivables:** There was a lack of segregation of duties over revenues and related receivables in the Business Services Division, Licensing and Administration Division, and Records Management Division.
7. **Fixed Assets:** There was a lack of segregation of duties over fixed assets and items were incorrectly coded to fixed asset object account codes. No physical inventory was performed for assets under the control of the Records Management Division. There was no review of NIS Fixed Asset Integrity Reports.
8. **Travel Expenses:** Two employees had three days and one employee had one day of meal reimbursement that was over the General Services Administration Federal meal reimbursement guidelines. Two of the employees did not have receipts to support their expense reimbursements, therefore creating taxable income when over the guidelines. One of seven expense reimbursements did not include the name of the restaurants where the meals were purchased. An employee was reimbursed for the double occupancy room rate when their spouse traveled with them on a trip.
9. **Federal Funds Were Not Posted Timely:** \$5,000,000 in Federal Funds were not posted to NIS until over 4 months after they were received.
10. **Accounts Receivable Functional Matrix Code 36:** There were six individuals with an accounts receivable functional matrix code 36 in NIS, which is to be used only by agencies that are not able to segregate their duties.



Program 53 - Enforcement of Standards - Collection Agencies

	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
Number of Licenses/Renewals:					
New Agency Licenses	45	56	49	46	55
Licenses on Record/Renewals	157	192	230	254	278
New Branch Office Licenses	89	111	78	67	57
Branch Office Renewals	143	187	243	253	468

More detailed information on the comments summarized above are included in the Comments and Recommendations section of the published report. The report, in its entirety, is available on the Auditor of Public Accounts website (www.auditors.state.ne.us) under "What's New."