

**ATTESTATION REPORT
OF THE
NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES**

JULY 1, 2003 THROUGH JUNE 30, 2004

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Issued on May 20, 2005

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

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BACKGROUND

The Nebraska Partnership for Health and Human Services Act, Neb. Rev. Stat. Sections 81-3001 through 81-3014 R.R.S. 1999, was passed by the Legislature in April 1996. This Act eliminated the Aging, Health, Public Institutions, and Social Services departments and the Office of Juvenile Services in the Department of Correctional Services on December 31, 1996, and created a unified system of three new “functionally” organized agencies beginning January 1, 1997. The agencies that make up the Health and Human Services System are the Department of Health and Human Services, the Department of Health and Human Services Regulation and Licensure, and the Department of Health and Human Services Finance and Support.

The Nebraska Health and Human Services System currently employs approximately 6,000 individuals. Human Resource departments are located throughout Nebraska in the following areas:

| Location | Approximate Number of Employees |
|--|------------------------------------|
| Central Office – Services | 360 |
| Central Office – Regulation and Licensure | 350 |
| Central Office – Finance and Support | 630 |
| Southeast Service Area – Gold’s Building (Lincoln) | 430 |
| Eastern Service Area – Omaha State Office Building | 630 |
| Northern Service Area – Norfolk | 260 |
| Central Service Area – Kearney | 230 |
| Western Service Area – Gering | 250 |
| Beatrice State Developmental Center | 770 |
| Norfolk Regional Center | 280 |
| Hastings Regional Center | 250 |
| Lincoln Regional Center | 490 |
| Youth Rehabilitation and Training Center – Geneva | 100 |
| Youth Rehabilitation and Training Center – Kearney | 150 |
| Norfolk Veterans’ Home | 180 |
| Grand Island Veterans’ Home | 350 |
| Thomas Fitzgerald Veterans’ Home – Omaha | 120 |
| Western Nebraska Veterans’ Home – Scottsbluff | 100 |

MISSION STATEMENT

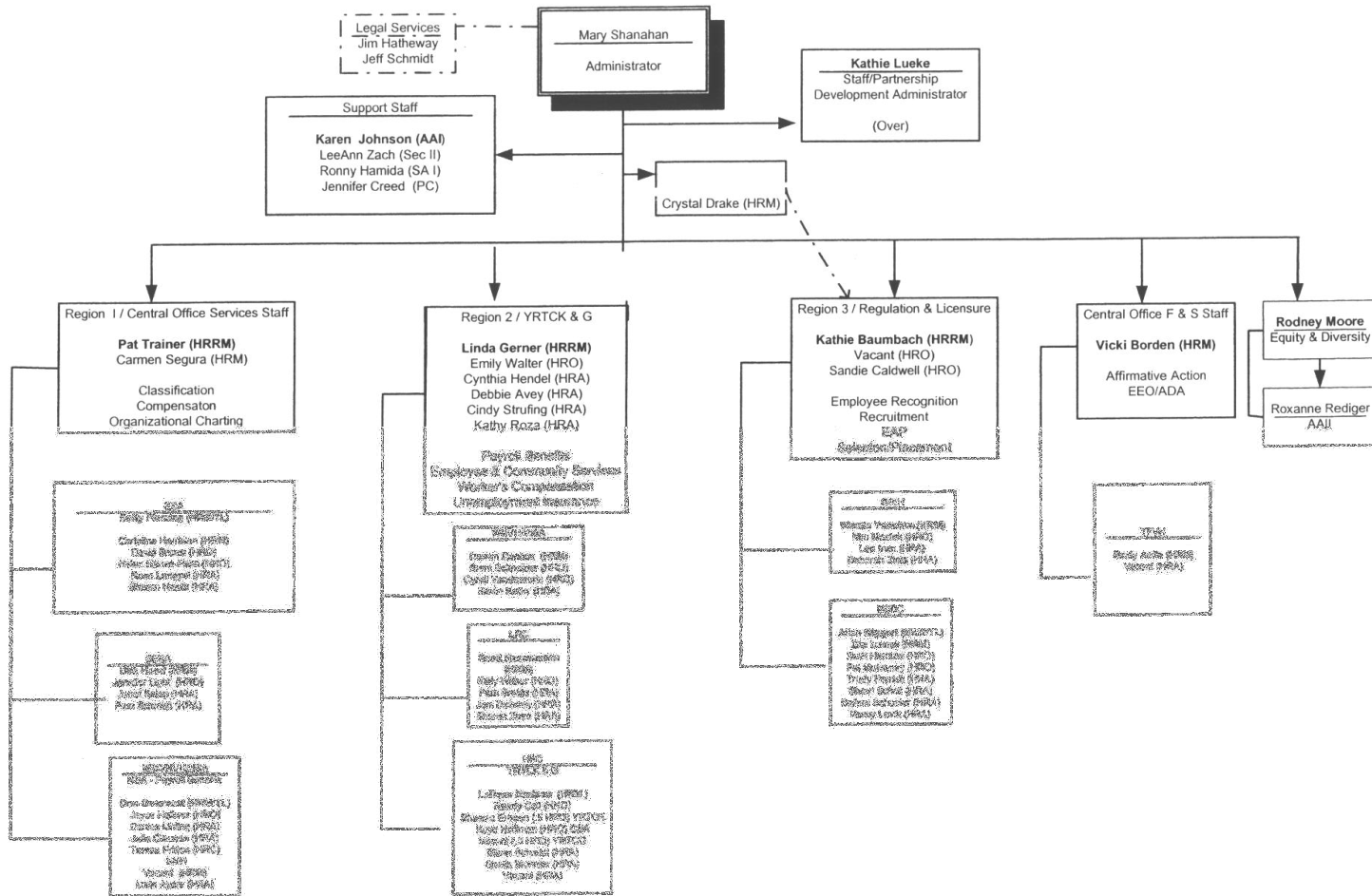
The mission of the Nebraska Health and Human Services System is:

“We help people live better lives through effective health and human services.”

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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ORGANIZATIONAL CHART

Human Resources & Development



NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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EXIT CONFERENCE

An exit conference was held April 7, 2005 with the Health and Human Services System (HHSS) to discuss the results of our examination. Those in attendance for the Nebraska Health and Human Services System were:

| NAME | TITLE |
|-------------------|---------------------------------------|
| Daniel Albrect | HHS Budget |
| Linda Gerner | HR Regional Manager |
| Larry D. Morrison | Cost Accounting Manager |
| Jane Quiring | Controller |
| Mary Shanahan | HR Administrator |
| Duane Singsaas | Performance Measurement Consultant |
| Emily Walter | HR Officer |

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SUMMARY OF COMMENTS

During our examination of the Nebraska Health and Human Services System - Personal Services Expenditures, we noted certain matters involving the internal control over financial reporting and other operational matters which are presented here.

1. ***Kronos Timekeeping System:*** There were several significant concerns related to the timekeeping system used by the 24-hour facilities of HHSS, including whether shift differential payments are made in accordance with the labor contract.
2. ***Leave Usage and Accruals:*** Various leave issues were noted including employee vacation, sick, and compensatory leave earnings and usage not always being recorded on the Nebraska Information System (NIS), leave earnings not being adjusted for leave without pay, compensatory balances not being carried over from the Nebraska Employee Information System (NEIS) to NIS, leave payout not being coded to the correct account, leave not being zeroed out at termination, and incorrect payout of leave at termination.
3. ***Premium Pay for 24-Hour Facilities:*** APA's calculation of premium pay did not always agree to the amount paid out on NIS. APA's calculation was based on the hours worked as recorded on employee timesheets and the rates to be paid according to the labor agreement.
4. ***Timesheets:*** Not all HHSS employees were required to turn in timesheets showing at least 40 hours were worked each week. It was also noted that some timesheets were not signed by the employee and approved by the employee's supervisor.
5. ***Personnel Records:*** Various personnel records retention issues were noted including missing employee benefit deduction forms, missing Employment Eligibility Verification Form I-9, no documentation an employee had declined benefits, missing W-4 forms, and missing supporting documentation for salary pay rates and leave adjustments.
6. ***Distribution of Payroll Costs:*** Seven of sixty-seven employees tested had payroll costs charged to a fund and program and the journal entries to allocate the payroll costs were not accurate. Correcting entries were made, but in some cases an incorrect amount was transferred and the home business unit was not zeroed out.
7. ***Nebraska Information System and Accounting Procedures:*** Significant areas of concern where improvement to NIS is needed to ensure NIS integrity and operational efficiency were identified.

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SUMMARY OF COMMENTS

(Continued)

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 HHSS 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, HHSS 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.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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COMMENTS AND RECOMMENDATIONS

1. Kronos Timekeeping System

HHSS uses Kronos, an attendance collection software system to record employee hours worked at all 24-hour facilities. Employees clock in and out each day via designated telephones and badge readers at each facility. Kronos records hours worked each day, and calculates regular, overtime, shift differential, and leave hours. Kronos information is then exported to NIS. There are approximately 3,200 employees currently using Kronos at the Veterans' Homes, both Youth Rehabilitation Treatment Centers, and the Regional Centers.

The labor contract between the State of Nebraska and the Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE-AFSCME) defines when and how much shift differential should be paid. Article 7.7 states, "Bargaining unit members on duty and working fifty percent or more of a shift between the hours of 6:00 p.m. and 6:00 a.m. shall receive sixty cents per hour shift differential for all hours worked on that shift." Article 7.7.1 establishes shift differential for all direct care staff for the 2nd and 3rd shifts weekdays and 1st, 2nd, and 3rd shift weekends and holidays. The labor contract does not establish specific shift times for direct care staff. Kronos defines the shifts for direct care staff as follows: 1st shift is from 6:30 a.m. to 3:00 p.m., 2nd shift is from 3:00 p.m. to 11:00 p.m., and 3rd shift is from 11:00 p.m. to 7:00 a.m.

We noted the following concerning shift differential payments:

- Five of sixty-five employees tested for the months of September 2003 and March 2004 were overpaid shift differential. These direct care employees were paid 2nd shift differential for hours worked prior to 3:00 p.m. The largest overpayment tested was \$5 for one pay period. The overpayment was made because Kronos was set up to pay 2nd shift differential for contiguous hours worked during the 1st shift for direct care staff.
- Two of an additional seven employees tested for March 2004 were overpaid shift differential for contiguous hours worked prior to 3:00 p.m. The largest overpayment tested was \$18 for one pay period.
- One of the additional seven employees tested for March 2004 was paid shift differential without adequate documentation to support the shift differential. The employee was set up in Kronos in a class that did not earn shift differential. The shift differential was not recorded in Kronos; it was recorded directly into NIS. The employee's wife had access in NIS to process his payroll transactions. The overpayment for the period tested was \$21, but we noted the employee was paid shift differential from at least February 2003 through at least July 2004.
- Three of thirteen termination payments tested were overpaid shift differential. All three employees were paid 2nd shift differential for contiguous hours worked prior to 3:00 p.m. The largest overpayment tested was \$9 for the pay period.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Kronos Timekeeping System** (Continued)

- Two of sixty-five employees tested for the months of September 2003 and March 2004 were overpaid shift differential. These employees were paid sixty cents for shift differential for days when less than fifty percent of the shift was worked between the hours of 6:00 p.m. and 6:00 a.m. The largest overpayment tested was \$37 for one pay period. The overpayment was made because Kronos was set up to pay shift differential based on the employees' standard shift and not actual hours worked.
- Kronos has established standard shift times that are the same for all facilities and are used to calculate shift differential payments; however, each facility can and does set its own shift times. Shift differential is paid based on the standard Kronos shift times and not on the shift times set at each facility.
- Two of sixty-five employees tested for September 2003 were underpaid regular hours worked. The largest underpayment tested was \$165 for one pay period. The underpayment was made because hours worked were not correctly entered into Kronos. These errors appear to have occurred when a facility first began using Kronos to record time worked.
- One of the additional seven employees tested for March 2004 was overpaid. The employee was paid 7 hours of regular pay and 7.75 hours of overtime. The employee should have been paid 8 hours of regular pay and 6.75 hours of overtime. The overpayment was \$9 for the pay period tested.

Hours paid and shift differential payments were not made in accordance with the NAPE contract. Without adequate procedures to ensure shift differential payments calculated by Kronos agree with the terms of the labor contract, there is an increased risk of loss or misuse of State funds.

We recommend HHSS review Kronos procedures to ensure shift differential is paid in accordance with the NAPE contract and shift times established at each facility, and also to ensure hours worked are recorded correctly. We also recommend HHSS consider whether timekeepers at certain facilities need additional Kronos training to accurately record hours worked and shift differential. We further recommend HHSS consult with their legal counsel to determine whether incorrect payments to employees need to be adjusted.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Kronos Timekeeping System** (Continued)

HHSS's Response:

- *Specific shift times are set in Kronos to give employees who clock in or out between the hours established for each shift the appropriate shift differential. Each employee is then assigned a daily rule in Kronos by the payroll staff at that facility. These daily rules are used to identify what shift the employee is assigned and will pay shift differential according to this daily rule. For instance, the 2nd shift in Kronos is set at 3:00 p.m. to 11 p.m. However, the 2nd shift daily rule at the Norfolk Regional Center is set to pay anyone who works from 2:45 p.m. to 10:30 p.m. It is the daily rule that determines whether the employee receives shift differential, not the set shift times in Kronos.*

I believe the Audit does not clarify that a 2nd shift employee can work the hours of 2:45 p.m. to 10:30 p.m. and receive 2nd shift differential for all of these hours worked because that employee is working the 2nd shift for that facility. It appears the report believes that if the employee is paid shift differential for the 15 minutes prior to 3 p.m. that is not appropriate. However, it is appropriate because that is the 2nd shift established by that facility.

- *Second and third shift employees are sometimes required to report for their shifts earlier than their normal start times. In those situations, these employees are paid shift differential for reporting earlier than normal. This was an agency decision to pay them shift differential for those hours required to report for work earlier than normal which were contiguous to their normal 2nd or 3rd shift starting times. This directive was issued in October 2001 and a copy of that directive was provided to the Auditors.*
- *The report states "Shift differential is paid based on the standard Kronos shift times and not on the shift times set at each facility." (Page 7). This statement is incorrect. Each employee is assigned a daily rule which dictates what shift that employee works. Each facility sets their own shift times and employees assigned to that facility's second shift would be assigned the daily rule for 2nd shift differential pay. Unless the employee's daily rule was changed, that employee would receive 2nd shift differential pay for any hours worked.*

The Auditors have recommended that continued training be provided to timekeepers. This is a practice already in place. The Auditors also recommend that the appropriate shift differential be paid. Payroll offices were instructed on 3/25/05 to review employee daily rules in Kronos for appropriate shift differential payments.

APA's Response: We concur with the clarification made by HHSS in bullet number one above in regard to the shift set by Kronos and the daily rule assigned to each employee. However, bullet numbers two and three indicate that an employee on the 2nd shift daily rule will receive 2nd shift differential for any hours worked. Under the current practice any employee regularly

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Kronos Timekeeping System (Concluded)

APA's Response, Concluded:

assigned to the 2nd or 3rd shift, will receive that shift differential for any hours they work in the 1st shift. We do not feel the payment of shift differential for hours worked outside of the assigned shift or "rule" is in accordance with the provisions of the Labor Contract as noted in our comment.

2. Leave Usage and Accruals

Title 273 NAC 11-002 requires each agency maintain certain personnel records including individual vacation and sick leave records. The Nebraska Information System (NIS) is the official accounting system for the State of Nebraska and records employee leave earnings and usage. Good internal controls require records of leave usage, accruals, and balances be accurately maintained in the accounting system. Good internal controls also require leave balances be reduced to zero upon termination and the calculation of leave balance payments at termination be correct.

We noted the following pertaining to HHSS's employee leave records:

- Most facilities did not record employee leave usage, earnings, and balances on NIS and consequently kept separate manual leave records. These facilities would adjust NIS leave accounts to manual balances if there was a discrepancy between the manual records and NIS. This was done only at the beginning of each calendar year. This was a prior report finding.
- Ten of sixty-four employees tested had vacation, sick, or compensatory leave earnings and usage that were not accurately recorded on NIS. This was a prior report finding.
- Six of sixty-four employees tested had leave earnings recorded on NIS that were not appropriately adjusted for leave without pay. This was a prior report finding.
- Eight of sixty-four employees tested had incorrect compensatory balances carried over from the old accounting records to NIS in January 2003.
- We obtained a listing of terminated employees with vacation balances still on NIS. We tested 16 terminated employees on the list. Of the 16 terminated employees tested, 13 were paid correctly, but their balance was not appropriately reduced in the system. There were various reasons the vacation balances remained on NIS after termination, including improper coding of the vacation payment in the system in which the proper code was not used or hours were not

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COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Leave Usage and Accruals** (Continued)

entered; incorrect adjustments (or no adjustment) of the final month earnings when the employee does not work the entire month; and incorrect recording of leave used, earnings, or lapses of leave within NIS. Additionally, three of sixteen employees tested were not paid the correct amount at termination. Two of the employees are still owed vacation payments and one employee was overpaid. This was a prior report finding.

- We also tested 13 employees who terminated in our examination period. One terminated employee tested did not have their vacation payoff coded correctly and also still had a vacation balance on NIS. Additionally, the same employee was not correctly paid the vacation balance at termination. The employee was overpaid \$44. One employee overpaid health insurance and then terminated. The overpayment of health insurance has not been repaid to the employee. This was a prior report finding.

As a result, the correct employee vacation, sick, and compensatory leave balances were not accurately recorded on NIS. Additionally, without reducing the vacation balance to zero upon termination and without adequate controls over leave activity and balances on NIS, there is an increased risk of improper payments upon termination.

We recommend all HHSS employee leave earnings, accruals, and balances be maintained on NIS for efficient, accurate, consistent, and complete reporting of leave transactions. In addition, vacation leave balances should be appropriately reduced to zero at termination and payment of leave should be appropriately recorded using the vacation payout code on NIS.

HHSS's Response:

- *During the time period reviewed by the Auditors (July 1, 2003 - June 30, 2004), the leave balances in NIS, which were downloaded from NEIS, were still being audited by payroll staff to ensure accuracy. With those audits completed, NIS was notified to adjust incorrect balances. Therefore, NIS is the official record of leave balances and employee's may view their correct leave balances now through employee self service within NIS. Additionally, the comp time balance carryover from 2002 to 2003 was added in NIS within the earnings PDDBA code of 90 and not the accrual PDDBA code. Thus the reason for exceptions regarding the comp time balances.*
- *HHSS payroll staff received instructions that any leave payoffs need to include the hours to be paid rather than a lump sum so that NIS will accurately eliminate the balance.*

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Leave Usage and Accruals (Concluded)

HHSS's Response, Concluded:

- *Former employees who are owed unpaid vacation leave have now been paid. We disagree with the overpayment to the one employee because the 8 hours of vacation used should have been charged to injury leave. Therefore, the amount of vacation leave paid to the employee was correct.*

- *HHSS is working with NIS on the appropriate procedure to use to eliminate leave balances from prior calendar years.*

3. Premium Pay for 24-Hour Facilities

Fair Labor Standards Act Section 7(g)(2) and (3) states, "the amount paid . . . in the case of an employee performing two or more kinds of work for which different hourly rates or piece rates have been established, is computed at rates not less than one and one-half times such bona fide rates applicable to the same work when performed during non-overtime hours; or is computed at a rate not less than one and one-half times the rate established by such agreement or understanding as the basic rate to be used in computing overtime compensation thereunder . . ." HHSS employees at 24-hour facilities earn a base salary and also receive shift differential for hours worked during specific shifts and on weekends and holidays. As a result, an average hourly earnings rate is calculated and multiplied by 1.5 to determine a premium rate. This premium rate is then used to pay all overtime hours worked.

We noted the following concerning premium pay:

- Twelve of 65 employees tested received premium pay. Seven of these twelve employees tested were paid an incorrect premium pay rate. All seven employees were tested for September 2003, when the premium pay calculation did not include holiday hours and pay. Six of the seven exceptions noted resulted in overpayments to the employee. HHSS identified this error and attempted to correct the problem; however, we continued to note problems with the premium pay calculations through June 2004.

- Two of an additional six employees tested had their premium pay rates incorrectly calculated in March 2004. Both employees were underpaid by less than \$1 per hour, as a result of shift differential variances.

Without adequate procedures to ensure premium pay calculations are accurate, there is an increased risk employees will not be paid accurately.

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(Continued)

3. Premium Pay for 24-Hour Facilities (Concluded)

We recommend HHSS ensure the premium pay calculation is accurate and periodically review the calculation to ensure its accuracy. We also recommend HHSS consult with their legal counsel to determine whether corrections for incorrect payments need to be made.

HHSS's Response: It is correct that in September 2003 HHSS discovered the overtime premium program in NIS was not including hours or dollars earned when an employee worked a holiday. The program was corrected. The Auditors have identified other employees who still have overtime premium errors in June, 2004. One of the individuals identified did not have their shift differential hours added until after the overtime premium program processed, which resulted in the overtime rate miscalculation. The second individual now works for another state agency and their payroll record cannot be accessed by HHSS to either confirm or deny this finding.

4. Timesheets

Neb. Rev. Stat. Section 84-1001(1) R.R.S. 1999 states, "All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur." Title 273 NAC 9-002 states each agency shall maintain an attendance record for each employee, accounting for time worked and all absences from work.

In addition, sound business practices, as well as good internal control, requires hours worked be adequately documented, for example, via timesheets, time logs, etc., and such documentation kept on file to provide evidence of compliance with the requirements of Section 84-1001. Good internal controls also require that timesheets be signed by the employee and approved by the employee's supervisor.

We noted the following:

- Seven of sixty-five employees tested did not have timesheets or similar supporting documentation on file to support at least forty hours of labor each week. Instead, these employees only reported times leave was used during the period. HHSS indicated all exempt staff utilized this method of time reporting.
- Two of sixty-five employees tested did not have supervisor approval on their timesheets.

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(Continued)

4. Timesheets (Concluded)

- Four of sixty-five employees tested did not have the employee's signature on their timesheets.
- One of sixty-five employees tested did not have the employee's signature or supervisor's approval on their timesheets.

As a result, there was no support to indicate all staff rendered not less than forty hours of labor each week as required by Statute and that hours worked by an employee were approved by the employee and the employee's supervisor. Without adequate documentation to support actual time worked, there is an increased risk of loss or misuse of State funds, especially at times when terminated employees request vacation leave balance payoffs.

This was a prior report finding.

We recommend HHSS establish a policy requiring all employees maintain adequate supporting documentation that indicates each staff member rendered forty hours of labor each week. We also recommend this supporting documentation be signed by the employee and approved by a supervisor.

HHSS's Response: The Fair Labor Standards Act does not require exempt staff to record hours worked. The statute cited does not require the documentation of hours worked. HHSS receives leave used by exempt staff and records that information. The NAC reference addresses leave records and the exempt staff does report leave used. HHSS does not believe it is necessary for exempt staff to record hours worked each week.

APA's Response: Good internal control requires documentation to support the 40 hours of work rendered by each employee. We would not expect each employee to record all hours actually worked, but to simply include a certification that is signed by each employee and their supervisor that they, in fact, rendered 40 hours of service each week. When employees expect payment of unused vacation and/or sick leave upon termination or retirement, there must be adequate records to support the leave balances paid to employees.

5. Personnel Records

The U.S. Department of Justice's Employment Eligibility Verification form OMB No. 1115-0136 states, "All employees, citizens and non-citizens, hired after November 6, 1986, must complete Section 1 of this form [I-9] at the time of hire . . ." and "Employers must retain completed I-9s for three (3)

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(Continued)

5. Personnel Records (Continued)

years after the date of hire or one (1) year after the date employment ends, whichever is later.” Title 273 NAC 11-002 states, “Each agency covered by the State Classified Personnel System shall maintain certain personnel records . . . The required records are . . . copies of documents initiated by the employee that affect pay (W-4’s, authorized deductions, etc.) . . .” Good internal controls require that payroll deductions, salary pay rates, and leave adjustments have supporting documentation on file.

We noted the following concerning personnel records:

- Eleven of sixty-four employees tested who were hired after 1986, did not have Form I-9 on file.
- Two of sixty-four employees tested did not have a W-4 on file.
- Five of sixty-four employees tested did not have an authorization on file for each deduction from their salary. The deductions included life and long-term disability insurance, deferred compensation withholding, and withholding for the combined campaign.
- One of sixty-four employees tested did not have documentation on file for their pay rate.
- Two of sixty-four employees tested did not have documentation on file for leave adjustments.

Without adequate controls to ensure personnel records are complete, there is an increased risk for loss or misuse of State funds. Lack of supporting documentation for adjustments and payroll deductions could result in improper payments to employees and unauthorized deductions from employees pay.

We recommend HHSS implement procedures to ensure required information is properly maintained in the personnel records of each employee. We also recommend each payroll deduction have a signed authorization on file and supporting documentation be maintained for pay rates and leave adjustments.

HHSS’s Response:

- *All I-9s for employees with none on file have now been received. HHSS is checking the files of all current employees who started after 1986 to ensure I-9s are on file.*

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(Continued)

5. Personnel Records (Concluded)

HHSS's Response, Concluded:

- *New W-4s have been requested of employees who did not have one in their file.*
- *Follow-up was made with the employees who did not have documents authorizing deductions. Employees confirmed the deductions were correct and new forms have been completed.*
- *All leave adjustments will result in having documentation within the employee's personnel file.*
- *Lack of documentation of the pay rate was due to Maintenance employees being returned to HHSS from DAS. Employees did not change pay rates or titles.*

6. Distribution of Payroll Costs

Good internal control requires procedures to ensure payroll costs are charged to the correct fund and program.

Business units are defined on NIS as, "The lowest level in your business where you record assets, liabilities, income, expenses and equities. The 'where' of the organization that will be impacted by a transaction. The attributes of a business unit are: (1.) it can belong to only one fund, (2.) there may be several business units to a fund, and (3.) each fund must have at least one business unit for the Balance Sheet." The payroll component of NIS utilizes "home" business units. Each employee is assigned to a home business unit. For monthly employees, the home business unit is charged with the difference between the actual hours worked per month and the system defined 173.33 hours per month. The home business unit is also charged with the cost of each employee's benefits. For employees who do work associated with more than one fund or program, NIS will allow agencies to split costs to more than one business unit. However, the labor distribution feature on NIS does not allocate salaries and benefits appropriately to salaried employees who incur hours that are distributed across multiple funds and programs. Therefore, agencies must create journal entries or other "work around" solutions after the payroll has processed to charge the payroll costs to the correct fund and program.

Seven of sixty-seven employees tested had their payroll costs charged to a fund and program and the journal entries to allocate the payroll costs were not accurate. The following funds and programs contain inaccurate correcting journal entries:

- \$253,767 too much was transferred from the General Fund, Program 33, Administration for the Southeast Service Area.

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(Continued)

6. Distribution of Payroll Costs (Continued)

- \$19,577 remained in the General Fund, Program 33, Administration for the Western Service Area.
- \$256,528 remained in the General Fund, Program 33, Administration for the Northern Service Area.
- \$12,376 too much was transferred from the General Fund, Program 33, Administration for the Central Service Area.

Although the net difference in the fund and program is small, the process to allocate payroll costs could affect other funds and programs as well.

We also tested ten journal entries and one of the journal entries to correct payroll allocations was incorrect. Fund 28002, Program 177, had \$67,827 too much transferred out for payroll costs.

Without adequate procedures to ensure all payroll costs are charged to the correct fund and program, there is an increased risk of loss or misuse of State funds. Additionally, there is an increased risk certain funds and programs will incur more or less expenditures than they should.

We recommend HHSS implement procedures to ensure correcting journal entries to charge payroll costs to the correct fund and program are accurate. Procedures should include a periodic review of the home business units to ensure costs are appropriately transferred.

HHSS's Response: As the finding indicates, NIS does not properly allocate salaries and benefits appropriately for monthly employees charging time to more than one work function or grant. As the finding indicates, portions of the employee's salary and benefits may be charged to the appropriate division's payroll home business unit (HBU) during the payroll process. The agency implemented an automated "work around" in June 2004 that reallocates most but not all salary and benefits charged to the division's HBU. Prior to June 2004, HBU salary and benefit charges were reallocated via a manual journal entry process. The errors cited in the finding occurred during the manual journal entry process and indicated the agency either doubled up on May HBU charges (journal entried it manually and via the automated process), did not journal entry via either method for May HBU charges, or the automated process resulted in costs remaining in the HBU as of June 2004.

For the fiscal year ended June 30, 2004, the agency monitored the manual and automated journal entry process to correct the HBU charges via the legislatively appropriated program.

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(Continued)

6. Distribution of Payroll Costs (Concluded)

HHSS's Response, Concluded:

Since the automated "work around" journal entry was implemented in June 2004, the agency regularly reviews the HBU balances and activity. The agency determined the automated journal entry reallocates most but not all salary and benefits charged to the division's HBU. The NIS team is pursuing a system correction for the allocation problem.

7. Nebraska Information System and 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 Information System (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.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **Nebraska Information System and Accounting Procedures** (Continued)

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 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 are still in the preliminary stages and are not complete as of July 2004. Complete and timely reconciliation procedures between bank records and accounting records provide 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 on 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 for salaried employees who incur hours that are distributed across multiple business units.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **Nebraska Information System and Accounting Procedures** (Continued)

- 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 does 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.
- 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. 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 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 have not been provided to us.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **Nebraska Information System and Accounting Procedures** (Continued)

- 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 have not been provided to us.
- 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) on 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.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

COMMENTS AND RECOMMENDATIONS

(Continued)

7. **Nebraska Information System and Accounting Procedures** (Concluded)

- 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.

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.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM PERSONAL SERVICES EXPENDITURES

INDEPENDENT ACCOUNTANT'S REPORT

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmeyer@mail.state.ne.us

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Perry Pirsch, JD, MPA
Legal Counsel
ppirsch@mail.state.ne.us

Health and Human Services System
Lincoln, Nebraska

We have examined the accompanying schedule of personal services expenditures of the Nebraska Health and Human Services System (HHSS) for the fiscal year ended June 30, 2004. HHSS's management is responsible for the schedule of personal services expenditures. Our responsibility is to express an opinion based on our examination.

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 personal services expenditures and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the personal services expenditures of the Nebraska Health and Human Services System 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2005, on our consideration of the Nebraska Health and Human Services Systems' internal control over financial reporting and our

tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of HHSS 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

April 7, 2005

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
SCHEDULE OF PERSONAL SERVICES EXPENDITURES
For the Fiscal Year Ended June 30, 2004

| | State General Fund Fund 10000 | Total Cash Funds 20000 | Total Federal Funds 40000 | Total Trust Funds 60000 | Total (Memorandum Only) |
|---|-------------------------------------|------------------------------|---------------------------------|-------------------------------|--|
| Personal Services Expenditures: | | | | | |
| Program 177 Administration | \$ 4,210,760 | \$ 5,249,508 | \$ 6,117,815 | \$ - | \$ 15,578,083 |
| Program 178 Professional Licensure | 27,864 | 1,831,087 | - | - | 1,858,951 |
| Total Regulation and Licensure, Agency 20 | <u>4,238,624</u> | <u>7,080,595</u> | <u>6,117,815</u> | <u>-</u> | <u>17,437,034</u> |
| Program 33 Administration | 32,543,961 | 774,776 | 54,380,568 | - | 87,699,305 |
| Program 35 Respite Care | 31,404 | 38,945 | 32,616 | - | 102,965 |
| Program 39 Protection & Safety of Children | - | 2,496 | 3,408 | - | 5,904 |
| Program 315 Office of Juvenile Services | 234,085 | - | - | - | 234,085 |
| Program 361 Mental Health Operations - Hastings Regional Center | 13,798,017 | - | 318,416 | - | 14,116,433 |
| Program 362 Mental Health Operations - Norfolk Regional Center | 12,352,151 | 99 | 17,053 | - | 12,369,303 |
| Program 363 Mental Health Operations - Lincoln Regional Center | 21,693,355 | 285,359 | 35,452 | - | 22,014,166 |
| Program 364 Juvenile Parole Administration | 453,028 | - | - | - | 453,028 |
| Program 371 Youth Rehabilitation & Treatment Center - Geneva | 3,861,185 | 73,590 | 40,529 | - | 3,975,304 |
| Program 374 Youth Rehabilitation & Treatment Center - Kearney | 5,621,708 | 353,164 | 232,920 | - | 6,207,792 |
| Program 379 Mental Health Operations - Omnibus Budget Reconciliation Act/Community Based Rehabilitation Services | 36,012 | - | 32,056 | - | 68,068 |
| Program 421 Beatrice State Developmental Center | 15,474,327 | 1,357,144 | 15,533,804 | - | 32,365,275 |
| Program 510 Veterans' Home Administration | 116,816 | - | - | - | 116,816 |
| Program 519 Nebraska Veterans' Home - Grand Island | 4,468,075 | 7,599,106 | 2,519,145 | - | 14,586,326 |
| Program 520 Nebraska Veterans' Home - Norfolk | 2,963,734 | 2,063,364 | 1,533,156 | - | 6,560,254 |
| Program 521 Nebraska Veterans' Home - Scottsbluff | 2,184,664 | 369,423 | 963,091 | - | 3,517,178 |
| Program 522 Nebraska Veterans' Home - Douglas County | 2,298,827 | 2,173,682 | 610,688 | - | 5,083,197 |
| Total Health and Human Services, Agency 25 | <u>118,131,349</u> | <u>15,091,148</u> | <u>76,252,902</u> | <u>-</u> | <u>209,475,399</u> |
| Program 341 Administration | 11,609,940 | 776,821 | 17,589,766 | - | 29,976,527 |
| Program 514 Health Aid | - | - | (6,953) | - | (6,953) |
| Program 558 Trust Funds | - | - | - | 144,463 | 144,463 |
| Program 622 Cancer Research | - | 52,722 | - | - | 52,722 |
| Total Finance and Support, Agency 26 | <u>11,609,940</u> | <u>829,543</u> | <u>17,582,813</u> | <u>144,463</u> | <u>30,166,759</u> |
| Total HHSS Personal Services Expenditures | <u>\$ 133,979,913</u> | <u>\$ 23,001,286</u> | <u>\$ 99,953,530</u> | <u>\$ 144,463</u> | <u>\$ 257,079,192</u> |

The accompanying notes are an integral part of the financial statement.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2004

1. Criteria

The accounting policies of the Nebraska Health and Human Services System 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 Information System (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 personal services expenditures for HHSS was obtained directly from NIS. NIS records accounts payable as transactions occur. As such certain 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.

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

The fund types established by NIS that are used by HHSS 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.

40000 – Federal Funds – account for all federal grants and contracts received by the State. Expenditures must be made in accordance with applicable federal requirements.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

The major expenditure object account title established by NIS used by HHSS for this examination is:

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

2. State Agency

The Nebraska Health and Human Services System is a State agency established under and governed by the laws of the State of Nebraska. As such, HHSS is exempt from State and Federal income taxes. The schedule includes all funds of HHSS.

The Nebraska Health and Human Services System 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.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmeyer@mail.state.ne.us

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Perry Pirsch, JD, MPA
Legal Counsel
ppirsch@mail.state.ne.us

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
EXAMINATION OF THE SCHEDULE OF PERSONAL SERVICES
EXPENDITURES**
**PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Health and Human Services System
Lincoln, Nebraska

We have examined the accompanying schedule of personal services expenditures of the Nebraska Health and Human Services System for the fiscal year ended June 30, 2004, and have issued our report thereon dated April 7, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Health and Human Services Systems' internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the schedule of personal services expenditures, and not to provide an opinion 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 Health and Human Services Systems' 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 (Kronos Timekeeping System) and Comment Number 7 (Nebraska Information System and Accounting Procedures).

A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Health and Human Services Systems' schedule of personal services expenditures, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional items that we reported to management of the Nebraska Health and Human Services System in the Comments Section of this report as Comment Number 2 (Leave Usage and Accruals), Comment Number 3 (Premium Pay for 24-Hour Facilities), Comment Number 4 (Timesheets), Comment Number 5 (Personnel Records), and Comment Number 6 (Distribution of Payroll Costs).

This report is intended solely for the information and use of HHSS 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

April 7, 2005

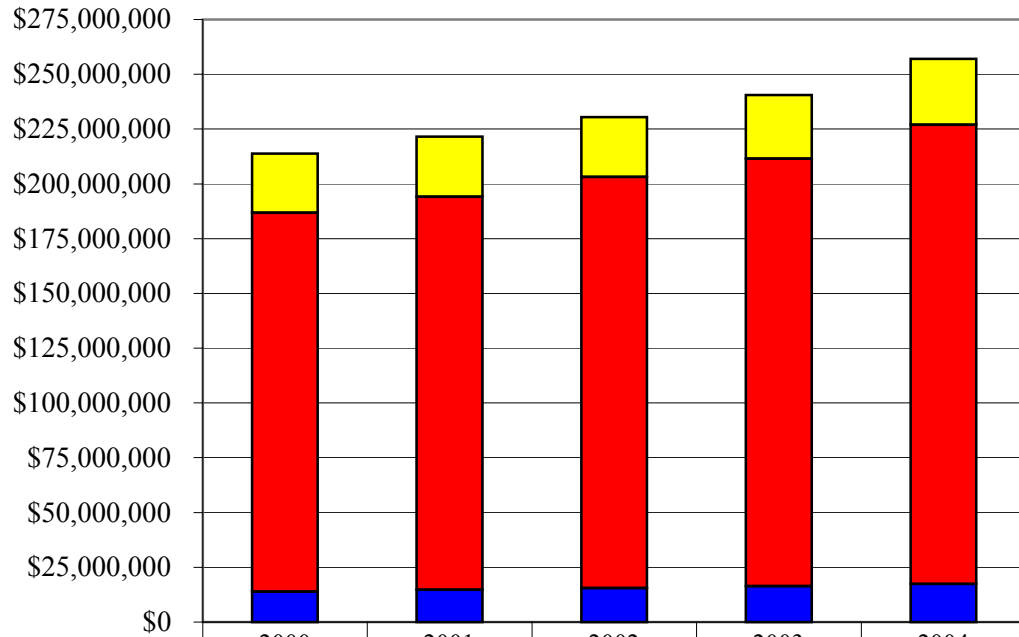
NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM
PERSONAL SERVICES EXPENDITURES

STATISTICAL SECTION

Our examination was conducted for the purpose of forming an opinion on the schedule of personal services expenditures. 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 personal services expenditures, and, accordingly, we express no opinion on it.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM

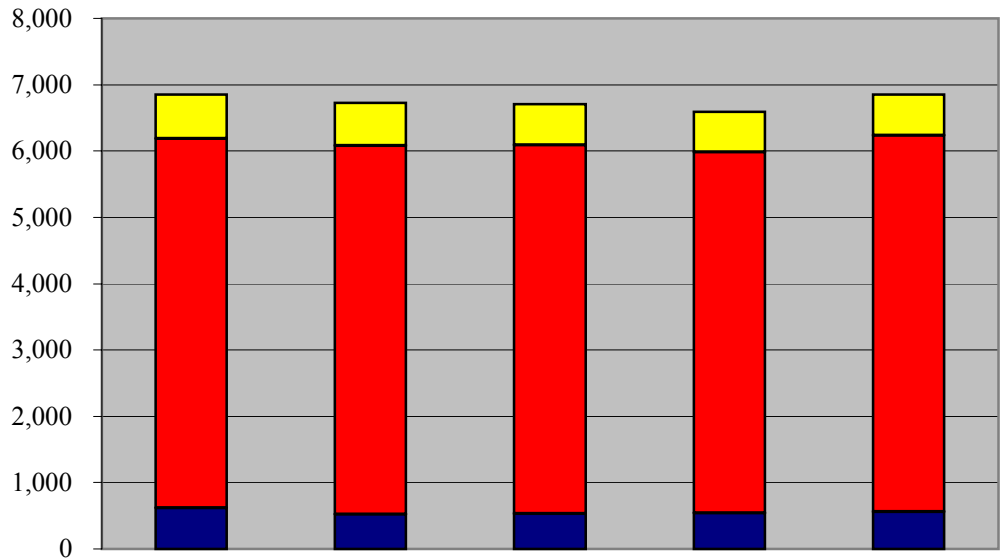
**Total Personal Services Expenditures by Agency
For Fiscal Years 2000 Through 2004**



| | 2000 | 2001 | 2002 | 2003 | 2004 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| ■ 26 - Finance and Support | \$26,974,826 | \$27,384,889 | \$27,380,811 | \$28,998,039 | \$30,166,759 |
| ■ 25 - Health and Human Services | \$172,970,091 | \$179,398,772 | \$187,641,595 | \$195,124,738 | \$209,475,399 |
| ■ 20 - Regulation and Licensure | \$13,889,017 | \$14,726,714 | \$15,437,215 | \$16,366,229 | \$17,437,034 |

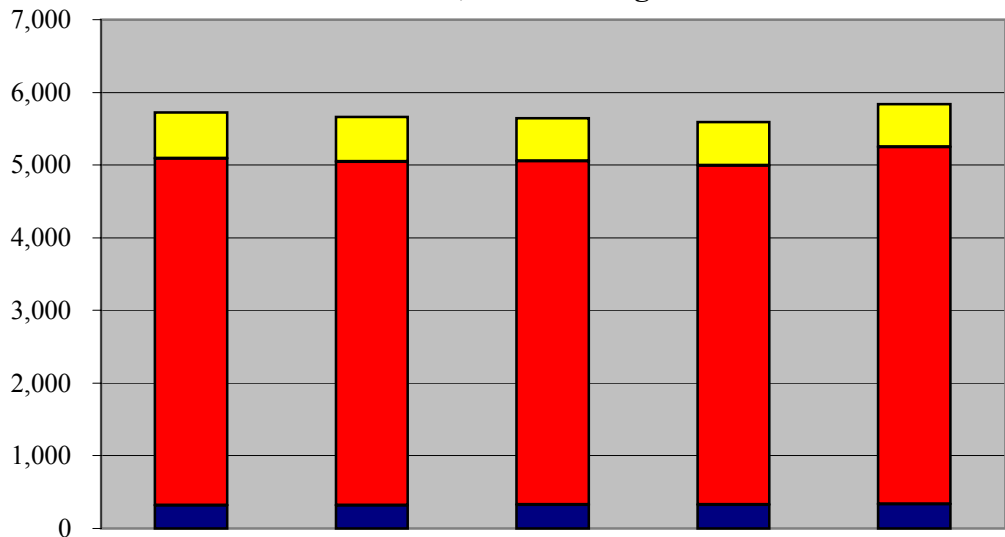
NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM

**Number of Employees
For the Years Ended December 31, 1999 Through 2003**



| | 12/31/1999 | 12/31/2000 | 12/31/2001 | 12/31/2002 | 12/31/2003 |
|--------------------------------|------------|------------|------------|------------|------------|
| 26 - Finance and Support | 670 | 646 | 620 | 614 | 621 |
| 25 - Health and Human Services | 5,562 | 5,555 | 5,555 | 5,435 | 5,675 |
| 20 - Regulation Licensure | 622 | 522 | 535 | 544 | 560 |

**Number of Permanent Full-Time Equivalents
For the Years Ended December 31, 1999 Through 2003**



| | 12/31/1999 | 12/31/2000 | 12/31/2001 | 12/31/2002 | 12/31/2003 |
|--------------------------------|------------|------------|------------|------------|------------|
| 26 - Finance and Support | 634 | 613 | 588 | 593 | 586 |
| 25 - Health and Human Services | 4,767 | 4,725 | 4,725 | 4,670 | 4,916 |
| 20 - Regulation and Licensure | 319 | 321 | 330 | 326 | 332 |