



Attestation Report of the Nebraska Public Service Commission July 1, 2004, through June 30, 2005

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Report Highlights

The report in its entirety can be found on our website: www.auditors.state.ne.us

The Public Service Commission was created in 1906 by a constitutional amendment as the Nebraska State Railway Commission. The constitutional powers and duties of the Public Service Commission include regulatory authority over certain aspects of the following industries: grain warehouses and grain dealers; manufacturers and sellers of manufactured homes, modular homes, and recreational vehicles; motor transportation carriers of household goods and passengers; natural gas utilities; private water companies; railroads; and telecommunication carriers.

The report included 13 Comments and Recommendations, following is a summary of the comments:

1. Nebraska Universal Service Fund Remittances: The Commission received \$61,205,319 from the universal service surcharge; however, the Commission was unable to ensure the billing collection and remittance of a surcharge for universal service was in accordance with statutes.

2. Nebraska Universal Service Fund Disbursements: The Commission disbursed \$68,699,673 in aid from the universal service fund. The Commission did not receive an attestation that companies were using the funds in accordance with Commission rules and regulations. There were several areas in which the Commission could improve the documentation of the review of the fund disbursements.

3. Enhanced Wireless 911 Services Remittances: The Commission was unable to ensure all money owed to the Commission was actually collected. The Commission did not record the surcharge in the proper fund in a timely manner. The Commission did not collect unpaid surcharges by customers.

4. Enhanced Wireless 911 Services Disbursements: There was a lack of documentation to support compliance with Commission rules and regulations. There was also a lack of internal controls and procedures over enhanced wireless 911 payments.

5. Telecommunications Relay System Remittances: The Commission has not audited any of the companies who remitted the surcharge. The Commission did not contact registered companies that were not remitting the surcharge. Finally, the Commission did not collect surcharges from customers who refused payment to the telecommunications companies.

6. Internal Control Over Revenues: We noted several areas where internal control over the money received by the Commission could be improved.

7. Internal Control Over Payroll: We noted several areas where internal control over the payroll process could be improved.

8. Internal Control Over Expenditures: The Commission did not have adequate documentation to support the allocation of expenses between funds and programs. There were also other areas where internal control over the expenditure process could be improved.

9. Travel Expenditures: One document tested exceeded the Federal guideline for meals, which was not reasonable and also contained reimbursement for a meal that was not allowable. Two documents tested were not completed in accordance with statutory provisions. Finally, one document was for lodging in Nebraska and could have been direct billed so the sales, use, and lodging taxes were avoided.

10. Commission-Owned Vehicles Mileage Logs: The Commission could not provide the mileage logs for 4 of its 14 vehicles. The mileage driven for the time period without a log ranged from 266 miles to 4,627 miles.

11. Internal Control Over Fixed Assets: There was a lack of segregation of duties over the fixed asset process. We also noted several other areas where internal control over the fixed asset process of the Commission could be improved.

12. Penalties: The Commission followed the language in the statutes and deposited penalties assessed and collected into the Permanent School Fund. There is a conflict between the Commission statutes and the Nebraska Constitution.

13. Reconciliation of Bank Records to the Nebraska Information System: The Department of Administrative Services' reconciliation process is still not done in a timely manner and continues to reflect unknown variances.

**Nebraska Enhanced Wireless 911
Revenues and Expenditures**

