

**ATTESTATION REPORT
OF THE
NEBRASKA MOTOR VEHICLE INDUSTRY
LICENSING BOARD**

JULY 1, 2005 THROUGH JUNE 30, 2006

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Issued on August 2, 2006

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

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NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

BACKGROUND

The Nebraska Motor Vehicle Industry Licensing Board is a self-supporting Board created during the 1957 legislative session. Members of the Board include the Director of the Department of Motor Vehicles, who serves as chairperson, and nine members appointed by the Governor, with the consent of the Legislature. The nine members, who serve three-year terms, include three new motor vehicle dealers, one from each congressional district; two licensed used motor vehicle dealers, from different congressional districts; one trailer dealer or combination motor vehicle or trailer dealer; a factory representative; a licensed motorcycle dealer; and a member representing the public.

The Board has the responsibility of protecting the public interest in connection with the activities of the manufacture, distribution, and sale of motor automobiles, motorcycles, trailers, and mobile homes. The Board exercises its responsibilities through the issuance, denial, supervision, or revocation of the following licenses: motor vehicle dealers – new and used, salespersons, manufacturers, factory branches, factory representatives, distributors, distributors' representatives, motorcycle dealers, motor vehicle auction dealers, wreckers and salvage dealers, finance companies, and supplemental motor vehicle dealers. The Board also controls the distribution of dealer license plates by means of a statutory formula.

The Board generally meets once per month to approve and deny license applications and to take actions on complaints. The Board also conducts hearings for new motor vehicle franchise applications, for the termination of any franchise, and for advertising violations. These powers were granted to the Board in order to prevent fraud and other abuses upon the citizens of the State.

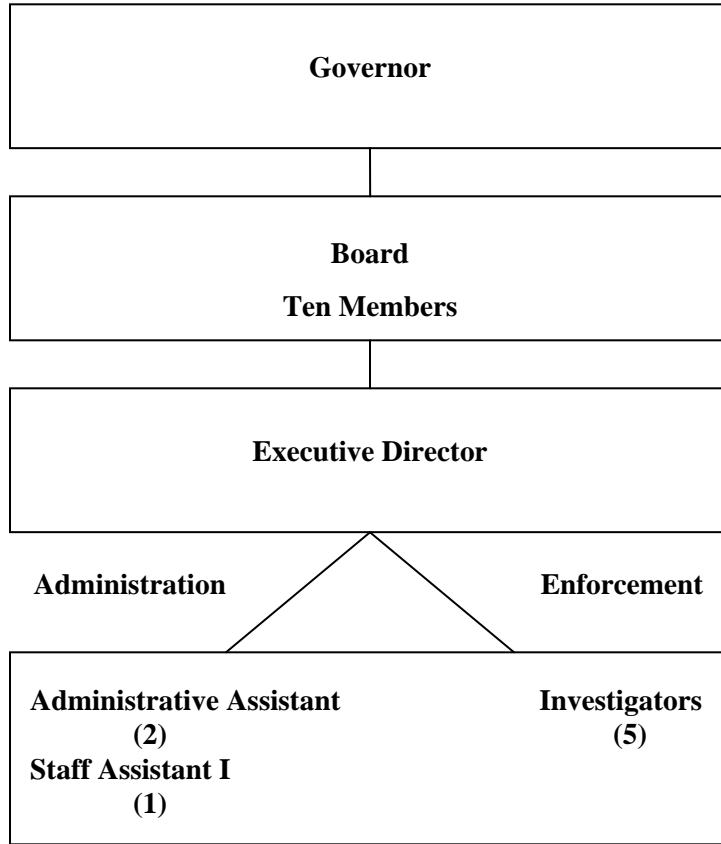
At June 30, 2006, the office and field staff consisted of an Executive Director, two Administrative Assistants, a Staff Assistant, and five Field Investigators who investigate complaints and inspect dealerships for compliance with the law.

MISSION STATEMENT

The mission of the Motor Vehicle Industry Licensing Board is the regulation, investigation, and education matters involving the selling of motor vehicles in the State. Protection of the general public interest is the main priority.

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

ORGANIZATIONAL CHART



NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

EXIT CONFERENCE

An exit conference was held July 11, 2006, with the Board to discuss the results of our examination. Those in attendance for the Nebraska Motor Vehicle Industry Licensing Board were:

NAME	TITLE
William Jackson	Executive Director
Joan Zachek	Administrative Assistant

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

SUMMARY OF COMMENTS

During our examination of the Nebraska Motor Vehicle Industry Licensing Board, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. ***Fines and Penalties:*** There is a conflict between the Board statutes and the Nebraska Constitution. If fines are deposited into the Permanent School Fund as provided by statute, the monies are not being distributed as required by the Nebraska Constitution. During fiscal year 2006, the Board deposited \$65,000 into the Permanent School Fund.
2. ***No Written Contract:*** The Board paid \$1,600 a month to retain the services of an attorney, or \$19,200 a year. The Board does not have a written contract or agreement with the attorney.
3. ***Deposits Not Timely:*** Six of fifteen receipts were not deposited within the three to seven day requirement. The amount the Board received on the days tested ranged from \$5,855 to \$15,680. This was a prior year comment.
4. ***Timesheets:*** The one employee tested did not have the hours worked reflecting a forty hour work week recorded on their timesheet.
5. ***Reconciliation of Licenses:*** We noted no reconciliation was performed between the licenses issued to the amount of licenses entered into the Motor Vehicle Industry Licensing Board computer system. This was a prior year comment.
6. ***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.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement.

Draft copies of this report were furnished to the Board to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The Board declined to respond.

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

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

COMMENTS AND RECOMMENDATIONS

1. Fines and Penalties

The Nebraska Constitution Article VII, Section 5(1) states, "... all fines, penalties, and license money arising under the general laws of the state ... shall belong and be paid over to the counties respectively where the same may be levied or imposed ... All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue ..."

Neb. Rev. Stat. Section 79-1035.01 R.R.S. 2003 created the Permanent School Fund and states the principal balance of the fund "shall be held and invested in perpetuity by the state in trust for the support of its common schools. The annual interest and other income, but not the principal, is subject to use for the support and maintenance of the common schools in each public school district of the state as the Legislature provides in accordance with Article VII, Section 9, of the Constitution of Nebraska."

Neb. Rev. Stat. Section 60-1415 R.R.S. 2004 directs the Board to deposit fines and penalties into the Permanent School Fund.

During fiscal year 2006, the Board deposited \$65,000 into the Permanent School Fund.

There is a conflict between the Board statutes and the Nebraska Constitution. If fines are deposited into the Permanent School Fund as provided by statute, the monies are not being distributed as required by the Nebraska Constitution.

We recommend the Board request a legal opinion from the Attorney General requesting guidance for the appropriate fund to deposit all fines and penalties. We also recommend the Board work with the Legislature to resolve the apparent conflict between State statutes and the Nebraska Constitution.

2. No Written Contract

2003 Neb. Laws LB 626, Section 3 was codified under Neb. Rev. Stat. Section 73-503 R.R.S. 2004 and states, "All state agencies shall process and document all contracts for services through the state accounting system.

Neb. Rev. Stat. Section 73-506(2) R.R.S. 2004 states, "State agencies may not enter into contracts for services with an unspecified or unlimited duration ..."

Department of Administration Services (DAS) Materiel Division LB 626 instructions state, "All State Agencies which include any state agency, board, or commission, ... are required to process and document all service contracts, no matter the dollar amount, through the procurement of services section of NIS." (Nebraska Information System – Nebraska's State Accounting System).

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

COMMENTS AND RECOMMENDATIONS

(Continued)

2. No Written Contract (Concluded)

Neb. Rev. Stat. Section 60-1404 R.R.S. 2004 states, “The executive director, with the approval of the board, is authorized to employ an attorney ...” Good internal control requires a written contract or agreement between such attorney and the Board to document each party’s responsibility and the agreed upon fee.

The Board paid \$1,600 a month to retain the services of an attorney, or \$19,200 a year. We noted the Board does not have a written contract or agreement with the attorney. This was a prior year finding.

Without a written contract, there is an increased risk of loss or misuse of State funds as well as noncompliance with LB 626 and DAS Materiel Division LB 626 instructions.

We recommend the Board obtain a written service contract with the attorney. The contract should include such items as the responsibilities of each party, the monthly fee, and a termination clause. This service contract should also be entered into NIS to comply with LB 626 and DAS Materiel Division LB 626 instructions.

3. Deposits Not Timely

Neb. Rev. Stat. Section 84-710 R.R.S. 1999 states, “It shall be unlawful for any ... board ... to receive any fees, proceeds from the sale of any public property, or any money belonging to the state or due for any service rendered by virtue of state authority without paying the same into the state treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars.”

Neb. Rev. Stat. Section 84-710 R.R.S. 1999 states, “The State Treasurer may, upon a written request from an executive department, state institution, board, or officer stating that the applicable time period cannot be met, grant additional time to remit the funds to the state treasury.”

During testing of receipts, we noted six of fifteen receipts were not deposited within the three to seven day requirement. Deposits should have been deposited in three days according to statute. Two of the receipts were deposited in four days and the other four receipts were deposited in six days. The amount the Board received on the days tested ranged from \$5,855 to \$15,680. This was a prior year comment

The Board is not in compliance with State statute.

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Deposits Not Timely (Concluded)

We recommend the Board deposit all funds received in compliance with State statute or consider requesting additional time to remit funds to the State Treasury.

4. Timesheets

Neb. Rev. Stat. Section 84-1001(1) R.R.S. 1999 requires all State officers and heads of departments, 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. Good internal control requires procedures to ensure adequate documentation is on file to support forty hours of work each week.

We tested one employee and found the employee did not have the hours worked reflecting a forty hour work week recorded on their timesheet. The Board had a total of nine employees during fiscal year 2006, five investigators and four office staff. Based on further inquiries of management and our review we noted all five investigators recorded their hours worked, reflecting a forty hour work week, but only one of the four office staff employees recorded their hours worked.

Without adequate procedures to ensure there is documentation to support a forty hour work week for all employees, there is an increased risk for inaccurate payroll.

We recommend the Board report actual hours worked or include a statement on each timesheet that certifies the employee worked or was on approved leave for at least forty hours each week to support compliance with State statute.

5. Reconciliation of Licenses

Good internal control requires procedures to ensure the number of licenses issued agrees to licenses recorded in the Board's records.

We noted no reconciliation was performed between the pre-numbered licenses issued to the licenses entered into the Motor Vehicle Industry Licensing Board computer system. The APA calculated the number of licenses issued during fiscal year 2006 to be 11,333, but according to the Board's computer system, only 11,271 licenses were issued. After accounting for voids, pre-numbered licenses not received from the vendor and other differences, the variance was reduced to 39. This was a prior year comment.

Without a reconciliation of licenses used to the computer system report, the risk of misuse or loss of State funds increases.

COMMENTS AND RECOMMENDATIONS

(Continued)

5. Reconciliation of Licenses (Concluded)

We recommend the Board implement procedures to reconcile the licenses issued to the computer system report. We further recommend the Board continue to track voids and to identify the pre-numbered licenses which the Board never received from the vendor.

6. Reconciliation of Bank Records to the Nebraska Information System

During the audit of the Comprehensive Annual Financial Report (CAFR) of the State of Nebraska, the Auditor of Public Accounts (APA) noted the absence of reconciliation between the Nebraska State Treasurer's actual bank statements and Nebraska accounting records (in both the Nebraska Information System (NIS) and the Nebraska Accounting System (NAS), system before NIS). This has been an issue for the Department of Administrative Services Accounting Division (State Accounting) for many years. The APA's previous comments noted monthly reconciliations have not been completed in a timely manner and reconciliations performed have shown significant unknown variances between the bank records and the accounting records, with the bank being short compared to the accounting records. Although State Accounting continues to work on correcting the reconciliation of bank records to NIS, the APA continues to note areas where improvement is still needed in the reconciliation process to ensure NIS integrity and operational efficiency. Specifically, the APA noted the status of the reconciliation process as of December 19, 2005, to be as follows:

State Accounting has worked on the reconciliation process, but continued progress is needed. State Accounting's reconciliation process has developed into a very detailed process of analyzing bank activity, compared to activity recorded on NIS, to identify reconciling items. State Accounting has completed their reconciliation process for the months of July of 2004 and May, June, and July of 2005. The APA has reviewed these reconciliations. The months of May, June, and July show variances of \$3,425,381, \$3,405,702, and \$3,405,862, respectively. Again, the reconciliations show the bank being short compared to the accounting records. Per inquiry of management, State Accounting has started the reconciliation process for various months of the fiscal year ended June 30, 2006; however, the reconciliation process has not been a continuous monthly process and no monthly reconciliation has been completed since July of 2005.

Good internal control requires a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial information. Without a timely and complete reconciliation of bank records to the NIS, there is a greater risk for fraud and errors to occur and to remain undetected.

COMMENTS AND RECOMMENDATIONS

(Continued)

6. Reconciliation of Bank Records to the Nebraska Information System (Concluded)

Although State Accounting has worked on the reconciliation process, the process is still not done in a timely manner. The reconciliation continues to reflect unknown variances and shortages. Complete and timely reconciliation procedures between bank records and accounting records are required to provide control over cash and accurate financial information.

We recommend State Accounting continue their reconciliation process, in a more timely manner, and on at least a monthly basis, to ensure all financial information is correct on NIS. We also recommend, when a consistent cash variance between the bank records and the accounting records is obtained (based on at least six months of reconciliations), DAS submit their plan for adjusting NIS to the Governor and the Legislature so they may take appropriate action to correct NIS and resolve the variances noted.

This issue is the responsibility of State Accounting; however, as the variances have not been identified by fund or agency, this issue directly affects all Nebraska State agencies' financial information and must be disclosed in this report.

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

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

Kate Witek
State Auditor
Kate.Witek@apa.ne.gov

INDEPENDENT ACCOUNTANT'S REPORT

Deann Haeffner, CPA
Deputy State Auditor
Deann.Haeffner@apa.ne.gov

Don Dunlap, CPA
Asst. Deputy Auditor
Don.Dunlap@apa.ne.gov

Pat Reding, CPA
Asst. Deputy Auditor
Pat.Reding@apa.ne.gov

Tim Channer, CPA
Asst. Deputy Auditor
Tim.Channer@apa.ne.gov

Mary Avery
SAE/Finance Manager
Mary.Avery@apa.ne.gov

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
Dennis.Meyer@apa.ne.gov

Mark Avery, CPA
Subdivision Audit
Review Coordinator
Mark.Avery@apa.ne.gov

Perry Pirsch, JD, MPA
Legal Counsel
Perry.Pirsch@apa.ne.gov

Nebraska Motor Vehicle Industry Licensing Board
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Motor Vehicle Industry Licensing Board (Board) for the fiscal year ended June 30, 2006. The Board'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.

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.


In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Nebraska Motor Vehicle Industry Licensing Board for the fiscal year ended June 30, 2006, 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 July 11, 2006, on our consideration of the Nebraska Motor Vehicle Industry Licensing Board's 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 the Board and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

July 11, 2006


Assistant Deputy Auditor

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006

	Motor Vehicle Industry Licensing Board Fund 24010	Permanent School Fund 63340	Totals (Memorandum Only)
REVENUES:			
Sales & Charges	\$ 573,573	\$ -	\$ 573,573
Miscellaneous	9,752	65,000	74,752
TOTAL REVENUES	583,325	65,000	648,325
EXPENDITURES:			
Personal Services	472,916	-	472,916
Operating	62,753	-	62,753
Travel	54,852	-	54,852
TOTAL EXPENDITURES	590,521	-	590,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,196)	65,000	57,804
OTHER FINANCING SOURCES (USES):			
Sales of Assets	1,017	-	1,017
Deposit to/from Common Fund	-	(65,000)	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,017	(65,000)	(63,983)
Net Change in Fund Balances	(6,179)	-	(6,179)
FUND BALANCES, JULY 1, 2005	194,494	-	194,494
FUND BALANCES, JUNE 30, 2006	<u>\$ 188,315</u>	<u>\$ -</u>	<u>\$ 188,315</u>
FUND BALANCES CONSIST OF:			
General Cash	\$ 187,573	\$ -	\$ 187,573
Deposits with Vendors	742	-	742
TOTAL FUND BALANCES	\$ 188,315	\$ -	\$ 188,315

The accompanying notes are an integral part of the schedule.

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2006

1. Criteria

The accounting policies of the Nebraska Motor Vehicle Industry Licensing Board (Board) 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.S.Supp., 2004, 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 the Nebraska State Accounting Manual published by DAS – Accounting Division and available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances for the Board 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, 2006, includes only those payables posted to NIS before June 30, 2006, and not yet paid as of that date. The amount recorded as expenditures as of June 30, 2006, **does not** include amounts for goods and services received before June 30, 2006, which had not been posted to NIS as of June 30, 2006.

The Board had no accounts receivable at June 30, 2006. The NIS system does not include liabilities for accrued payroll and compensated absences.

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

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.

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.

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

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

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 fines.

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

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

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.

Capital Outlay – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

Other significant object account codes established by NIS and used by the Board 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.

Other Financing Sources – Proceeds of fixed asset dispositions.

2. State Agency

The Nebraska Motor Vehicle Industry Licensing Board is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board.

The Nebraska Motor Vehicle Industry Licensing Board is part of the primary government for the State of Nebraska.

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

NOTES TO THE SCHEDULE
(Continued)

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 Board 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 \$1,500 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 the asset's life is not capitalized.

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

Capital asset activity of the Board for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 20,787	\$ -	\$ 15,698	\$ 5,089
Less accumulated depreciation for:				
Equipment				4,095
Total capital assets, net of depreciation				<u>\$ 994</u>

5. Deposits to/from Common Funds

Deposits to the Permanent School Fund include fines assessed on advertising violations required to be deposited in the fund by Neb. Rev. Stat. Section 60-1415(2) R.R.S. 2004.

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
Kate.Witek@apa.ne.gov

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Deann Haeffner, CPA
Deputy State Auditor
Deann.Haeffner@apa.ne.gov

Nebraska Motor Vehicle Industry Licensing Board
Lincoln, Nebraska

Don Dunlap, CPA
Asst. Deputy Auditor
Don.Dunlap@apa.ne.gov

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Motor Vehicle Industry Licensing Board for the fiscal year ended June 30, 2006, and have issued our report thereon dated July 11, 2006. 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.

Pat Reding, CPA
Asst. Deputy Auditor
Pat.Reding@apa.ne.gov

Tim Channer, CPA
Asst. Deputy Auditor
Tim.Channer@apa.ne.gov

Mary Avery
SAE/Finance Manager
Mary.Avery@apa.ne.gov

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
Dennis.Meyer@apa.ne.gov

Mark Avery, CPA
Subdivision Audit
Review Coordinator
Mark.Avery@apa.ne.gov

Perry Pirsch, JD, MPA
Legal Counsel
Perry.Pirsch@apa.ne.gov

Internal Control Over Financial Reporting

In planning and performing our examination, we considered the Nebraska Motor Vehicle Industry Licensing Board'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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Motor Vehicle Industry Licensing Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. A reportable condition is described in the Comments Section of the report as Comment Number 6 (Reconciliation of Bank Records to the Nebraska Information System).

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 the reportable condition described above is not a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Motor Vehicle Industry Licensing Board'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 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 also noted certain additional items that we reported to management of the Nebraska Motor Vehicle Industry Licensing Board in the Comments Section of this report as Comment Number 1 (Fines and Penalties), Comment Number 2 (No Written Contract), Comment Number 3 (Deposits Not Timely), Comment Number 4 (Timesheets), and Comment Number 5 (Reconciliation of Licenses).

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

July 11, 2006


Assistant Deputy Auditor

NEBRASKA MOTOR VEHICLE INDUSTRY LICENSING BOARD

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.

