

**ATTESTATION REPORT  
OF THE  
NEBRASKA EQUAL OPPORTUNITY COMMISSION  
JULY 1, 2005 THROUGH JUNE 30, 2006**

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**Issued on February 28, 2007**

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

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# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## **BACKGROUND**

The Nebraska Equal Opportunity Commission was created in 1965 and consists of seven members appointed by the Governor. The Commission enforces compliance with the Nebraska Fair Housing Act, Nebraska Fair Employment Act, Equal Pay Act of Nebraska, Civil Rights Act of 1969 relating to housing and public accommodations, and the Act Prohibiting Unjust Discrimination in Employment Because of Age.

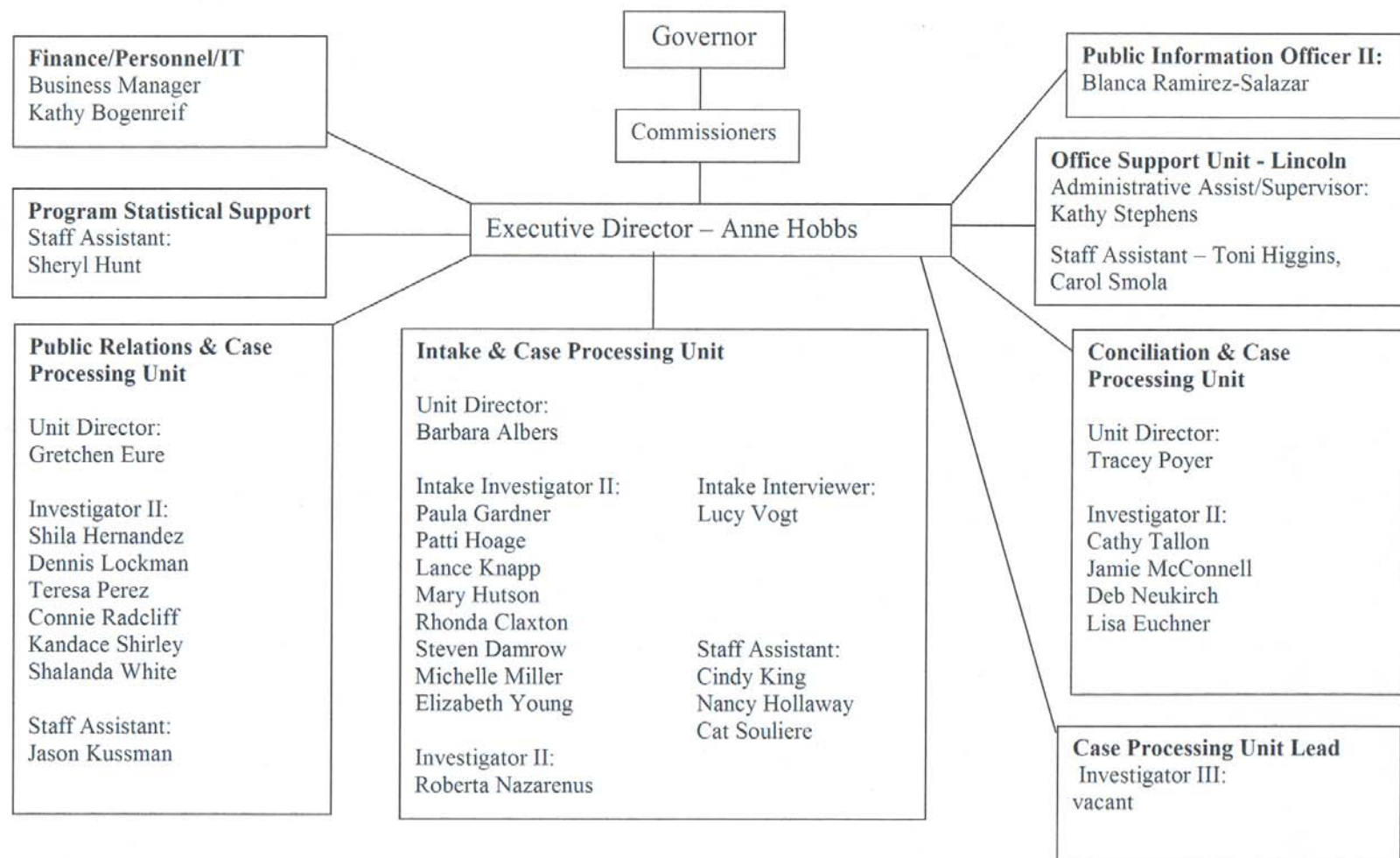
Pursuant to investigation by the staff of the Commission, the Commission rules on complaints of discrimination in employment, housing, and public accommodations. The Commission has offices in Lincoln, Omaha, and Scottsbluff.

## **MISSION STATEMENT**

The mission of the agency is to receive, investigate, and make decisions on charges of unlawful employment, housing, and public accommodations practices occurring within the boundaries of the State of Nebraska. The agency principles include: 1) Dealing with all Nebraska citizens in a respectful and timely manner; 2) Recognizing that the government has a role to play in guaranteeing equal opportunity and treatment of all Nebraska citizens in the employment, housing, and public accommodations arenas; 3) Ensuring accurate and up-to-date information is disseminated to the public; and 4) Providing quality service to the public.

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## ORGANIZATIONAL CHART



# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## EXIT CONFERENCE

An exit conference was held February 8, 2007, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Equal Opportunity Commission were:

<b>NAME</b>	<b>TITLE</b>
Anne M. Hobbs	Executive Director
Kathleen Bogenreif	Business Manager
Sheryl Hunt	Staff Assistant

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## SUMMARY OF COMMENTS

During our examination of the Nebraska Equal Opportunity Commission, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here.

1. ***Allocation of Expenditures:*** The Commission did not have a reasonable basis for the allocation of expenditures between the State General Fund and Federal funds and did not perform a monthly documented review of the General Ledger Detail Report. We also noted journal entries were not completed to allocate April and May expenses of \$129,415. Due to this, a journal entry for \$20,000 was completed to move rent expense from the General Fund to the Housing and Urban Development Grant Fund in order to cover payroll for the General Fund.
2. ***A-87 Compliance:*** The Commission did not have procedures to track the amount of time employees worked on Fair Housing activities in accordance with OMB Circular A-87. Four employees' salaries were paid from the Housing and Urban Development Grant Fund for a total of \$180,488.
3. ***Internal Control Over Revenues:*** We noted a general lack of internal controls over the Commission's revenues. There was no independent review of the initial listing of monies received, all checks written to the Commission were not deposited, checks deposited were not done so in a timely manner, checks retained were not adequately safeguarded, and there was no documented review of the general ledger or open accounts receivable reports.

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 Commission 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. The 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 EQUAL OPPORTUNITY COMMISSION

## COMMENTS AND RECOMMENDATIONS

### 1. Allocation of Expenditures

Good internal control and sound business practice require a reasonable basis for the allocation of expenditures between funds and all transfers of expenses be done properly. Good internal control also requires a documented monthly review of the General Ledger Detail Report to ensure all transactions posted properly.

The Commission utilized the State General Fund and two Federal funds to account for the activity of the Commission. Each employee of the Commission was paid from only one of the three funds based upon the position they held. When the position was created, the coding for the position was determined generally by the amount of money in each of the funds. All expenses were coded directly to these funds based on the position. As of January 1, 2006, the Commission began using subsidiary business units on NIS to track expenses for Equal Employment, Fair Housing, and the individual offices, within the State General Fund. All expenses were paid out of the State General Fund. A monthly journal entry was then done to move the expenses for the Equal Employment and Fair Housing subsidiaries into the appropriate Federal fund. Travel expenses of the Commission's employees were paid from the same fund as their payroll unless it could be specifically attributed to Equal Employment or Fair Housing activities. Other operating expenses were generally paid from the State General Fund.

We noted the following during our review of Commission expenditures:

- The Commission did not have a reasonable basis for the allocation of expenses. The allocation of payroll expenses was determined when positions were created and has not been reviewed on a periodic basis. This was noted in our prior report.
- The Commission did not allocate April and May 2006 expenses of \$129,415 to the Equal Employment and Housing and Urban Development Grant Funds. These expenses were originally paid from the General Fund in the appropriate subsidiary business unit. Due to these entries not being completed, there was not enough appropriations to pay June payroll expenses out of the State General Fund. The Commission then did a journal entry of \$20,000 to transfer rent expense from the General Fund to the Housing and Urban Development Grant Fund in order to cover the June payroll. The financial schedule was adjusted for the errors noted.
- There was not a monthly documented review of the General Ledger Detail Report to ensure all expenditures posted properly. An independent review of this report would have shown the journal entries to allocate April and May expenses were not completed.

Without a reasonable basis for allocation of expenditures, there is an increased risk a fund will be improperly charged for expenditures. Also, without procedures to ensure expenses are coded correctly, there is an increased risk of loss or misuse of State funds.

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 1. Allocation of Expenditures (Continued)

We recommend the Commission implement procedures to ensure expenditures are allocated to the proper fund and the allocation is reviewed on a regular basis for reasonableness. We further recommend the Commission perform a monthly review of the General Ledger Detail Report and document this review to ensure all expenditures posted properly.

*Commission's Response: Following past procedures, the NEOC continued to allocate salary, benefits and expenses to the funds as assigned when the positions were originally set up. This practice was followed except for the payment of expenses in situations where specific training or conferences were sponsored or funded directly by a particular federal agency. Although the agency has reviewed position funding at least every two years during budget preparation, a lack of additional general funds has prevented the agency from making substantial changes to this funding structure. Now, after the agency has experienced a few years of utilizing our accumulated federal fund balances in lieu of normal general funding levels, the agency finds itself in a situation where declining federal funds will most likely initiate the loss of positions and may cause possible layoffs in the near future.*

*The previous audit covering FY 03-04 indicated a need for the agency to keep track of time worked by our staff on EEOC and HUD cases in order to accurately allocate expenses. However, the agency does not work on EEOC and HUD cases. Rather, the NEOC investigates cases filed under Nebraska state statutes. We have the advantage of receiving payments from EEOC and HUD for cases that are dual filed with those agencies for which they accept our level of investigative work and subsequently issue their own findings based on our legwork.*

*Based on the reasoning presented during the last audit covering FY 03-04, and working with State Accounting, a decision was made to pay all agency expenditures through the state general funds with a subsequent transfer of expenditures (after month end) to the EEOC and HUD funds. These expenditures are tracked through the use of subsidiary coding when paid through NIS. The only exception would be that specific Type II funding, granted for individual projects, would be paid directly from the HUD fund since they are not received as a result of case investigations. These Type II funds are issued by HUD primarily to accomplish outreach projects, such as the New Immigrant Orientation Conference held in May, 2006. This transfer procedure was implemented on January 1, 2006.*

*Because this was a new procedure, and because of other personal responsibilities of the business manager that cropped up during this time frame, she failed to initiate the journal entries necessary to process the transfer of applicable expenses to federal funds for April and May. This then caused shortages of general funds in June, which had to be otherwise accommodated in*



# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 1. Allocation of Expenditures (Concluded)

*Commission's Response, Concluded:*

*order to process payroll. The agency financial staff will work with State Accounting to correct this situation. We shall also begin March 1 of this year to set aside the time to document our review of the general ledger detail report to ensure that this oversight will not occur again in the future.*

### 2. A-87 Compliance

The United States Office of Management and Budget (OMB) Circular No. A-87, Attachment B, Section 8(h)(4) states, "where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation . . . unless a statistical sampling system . . . or other substitute system has been approved by the cognizant Federal agency."

The Commission's contract with the US Department of Housing and Urban Development (HUD) states ". . . all activities for which FHAP funds are used must address, or have relevance to, matters affecting fair housing which are cognizable under the Fair Housing Act (42 U.S.C. 3600-19)."

The Commission did not have procedures to track the amount of time employees worked on Fair Housing activities. Four employees' salaries, totaling \$180,488, were paid from the Housing and Urban Development Grant Fund 46740 during fiscal year 2006. These employees may have worked on other activities of the Commission; however, there was no documentation to show the amount of time actually spent on Fair Housing activities.

Without proper documentation of actual hours worked on Federal programs, the Commission is not in compliance with OMB Circular A-87.

We recommend the Commission document the actual hours worked on Fair Housing activities and allocate payroll costs accordingly.

*Commission's Response: During this audit, the auditors discovered specific information which found that the HUD grants fall under A-87 regulations. Therefore, HUD requires us to substantiate that our use of funds from that agency are being used to promote fair housing purposes. Based on this information, the agency is working to set up a Housing Unit where particular staff will work primarily on housing related investigations and outreach. In addition to this, we will require more information from the rest of the staff detailing how much time is spent on housing related duties so the appropriate amount of time is charged off to our HUD fund. This will sufficiently bring us into A-87 compliance.*

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 3. Internal Control Over Revenues

Neb. Rev. Stat. Section 84-710 R.R.S. 1999 requires money received to be deposited with the State Treasurer within 3 business days when the total is \$500 or more and within seven days when the total amount is less than \$500.

Good internal control requires an adequate segregation of duties to ensure no one individual is able to both perpetrate and conceal errors or irregularities. Good internal control also requires checks received be adequately safeguarded and a documented review of the general ledger and open accounts receivable reports to ensure receipts and invoices posted correctly.

During the fiscal year ended June 30, 2006, the Commission recorded \$442 in subpoena fees and \$356,891 in Federal grants. The Federal grants were processed electronically through the Automated Clearinghouse. We noted the following regarding internal control over the Commission's revenues:

- There was no independent comparison of the checks received by the Commission to the amount deposited on NIS. No one other than the individual who endorsed the checks and prepared the deposit document reviewed the initial listing of checks received. Additionally, the list was maintained on the Commission's server so all individuals in the office had the ability to manipulate the listing. A similar finding was noted in our prior report.
- All checks written to the Commission were not deposited. When unable to fulfill a subpoena the Commission would send the check back to the individual rather than depositing the check and issuing a refund.
- Checks were not deposited in a timely manner in accordance with State Statute. The time between receipt and deposit of checks ranged from 2 weeks to 9 months. Additionally, checks were not adequately safeguarded. When checks were held and not deposited, they were maintained in a desk drawer.
- There was not a documented review of the general ledger or open accounts receivable reports to ensure all deposits and invoices posted correctly.

There is an increased risk of loss or theft of State funds when there is not an adequate segregation of duties, no documented review of reports, and checks are held and not adequately safeguarded. The Commission is also not in compliance with State Statutes.

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 3. Internal Control Over Revenues (Concluded)

We recommend the following:

- The Commission implement procedures to ensure there is an adequate segregation of duties over revenues, including an independent documented review of the initial listing of monies received to ensure all funds are deposited.
- All checks written to the Commission be deposited and where necessary a refund be issued to the individual.
- All checks be deposited in a timely manner in accordance with State Statute and be adequately safeguarded.
- The Commission establish procedures for a documented review of the general ledger and open accounts receivable reports to ensure all deposits and invoices posted correctly.

*Commission's Response: Because of the large workload of the NEOC staff that process the financial transactions, as well as a myriad of other additional duties, the agency admits that we have not been timely in our handling of checks. This relatively small amount of checks (less than \$500 for the entire year) are mainly subpoena fees received from some attorneys when they file a subpoena for document requests. Many of the attorneys we routinely deal with already know that we do not require a check in order to honor the subpoena. To limit the number of checks received, we will make an effort to educate the other attorneys who deal with our agency as to the fact that a check is not required. This should cut down on the number of checks received by the agency. We will also, have the clerical staff document any checks received by adding them to a list and sending an email to the person who does not process the initial step of the receipt transaction. Therefore this second person can double check the receipt document to ensure all checks received are being processed in a timely manner.*

STATE OF NEBRASKA  
**Auditor of Public Accounts**



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**NEBRASKA EQUAL OPPORTUNITY COMMISSION**

**INDEPENDENT ACCOUNTANT'S REPORT**

Nebraska Equal Opportunity Commission  
Lincoln, Nebraska


We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Equal Opportunity Commission (Commission) for the fiscal year ended June 30, 2006. The Commission'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 Equal Opportunity Commission 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 February 8, 2007, on our consideration of the Nebraska Equal Opportunity Commission'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 Commission and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

  
Assistant Deputy Auditor

February 8, 2007

NEBRASKA EQUAL OPPORTUNITY COMMISSION  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2006

	State General Fund 10000	Equal Employment Opportunity Grant Fund 46730	Housing and Urban Development Grant Fund 46740	<b>Totals (Memorandum Only)</b>
REVENUES:				
Appropriations	\$ 1,152,230	\$ -	\$ -	\$ 1,152,230
Intergovernmental	-	247,300	109,591	356,891
Sales & Charges	442	-	-	442
Miscellaneous	-	11,090	19,211	30,301
TOTAL REVENUES	<u>1,152,672</u>	<u>258,390</u>	<u>128,802</u>	<u>1,539,864</u>
EXPENDITURES:				
Personal Services	849,066	559,061	180,488	1,588,615
Operating	278,971	1,704	57,426	338,101
Travel	20,345	6,478	14,981	41,804
Capital Outlay	3,848	-	-	3,848
TOTAL EXPENDITURES	<u>1,152,230</u>	<u>567,243</u>	<u>252,895</u>	<u>1,972,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>442</u>	<u>(308,853)</u>	<u>(124,093)</u>	<u>(432,504)</u>
OTHER FINANCING SOURCES (USES):				
Deposit to General Fund	(442)	-	-	(442)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(442)</u>	<u>-</u>	<u>-</u>	<u>(442)</u>
Net Change in Fund Balances	-	(308,853)	(124,093)	(432,946)
FUND BALANCES, JULY 1, 2005	<u>2,307</u>	<u>387,303</u>	<u>540,597</u>	<u>930,207</u>
FUND BALANCES, JUNE 30, 2006	<u><u>\$ 2,307</u></u>	<u><u>\$ 78,450</u></u>	<u><u>\$ 416,504</u></u>	<u><u>\$ 497,261</u></u>
FUND BALANCES CONSIST OF:				
General Cash	\$ -	\$ 76,950	\$ 416,504	\$ 493,454
Deposits with Vendors	2,307	-	-	2,307
Accounts Receivable Invoiced	-	1,500	-	1,500
TOTAL FUND BALANCES	<u><u>\$ 2,307</u></u>	<u><u>\$ 78,450</u></u>	<u><u>\$ 416,504</u></u>	<u><u>\$ 497,261</u></u>

The accompanying notes are an integral part of the schedule.

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2006

### 1. Criteria

The accounting policies of the Nebraska Equal Opportunity Commission (Commission) 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 Commission was obtained directly from 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 Commission had accounts receivable not included in the Schedule of \$365,790 representing amounts due from the Federal government. DAS did not require the Commission to record their receivables on the NIS system and these amounts are not reflected in revenues or fund balances on the Schedule. The NIS system does not include liabilities for accrued payroll and compensated absences.

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

**10000 – General Fund** – accounts for all financial resources not required to be accounted for in another fund.

**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 EQUAL OPPORTUNITY COMMISSION

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Concluded)

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

**Appropriations** – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

**Intergovernmental** – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

**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.

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

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

**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 Commission include:

**Assets** – Resources owned or held by a government that have monetary value. Assets include cash accounts, deposits with vendors, and receivable accounts. Accounts receivable are recorded as an increase to revenues and an increase to fund balance on the schedule. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded on NIS.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions increase expenditures and decrease fund balance.

**Other Financing Sources** – Deposits to the State General Fund.



# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## NOTES TO THE SCHEDULE

(Continued)

### 2. State Agency

The Nebraska Equal Opportunity Commission is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The schedule includes all funds of the Commission.

The Nebraska Equal Opportunity Commission 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.

### 4. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

### 5. 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 Commission 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 \$1,000 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 to ten years.

# NEBRASKA EQUAL OPPORTUNITY COMMISSION

## NOTES TO THE SCHEDULE

(Continued)

### 5. Capital Assets (Concluded)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 250,428	\$ 3,195	\$ 26,867	\$ 226,756
Less accumulated depreciation for:				
Equipment				205,510
Total capital assets, net of depreciation				\$ 21,246

### 6. Reconciliation of Bank Records to the Nebraska Information System

Through their bank reconciliation procedures, DAS State Accounting Division (State Accounting) has identified a large unknown state-wide variance between the State Treasurer's bank statements and the State's balances in the general ledger. This unknown variance indicates the bank records are short as compared to the accounting records. Some adjustments to the accounting records may be needed and may affect the fund balances of the Commission. At this time, it has not been determined how or when adjustments to the accounting records might be made. State Accounting is unable to determine the affect of such adjustment, if any, on the Commission's balances; however, State Accounting believes it will not have a material impact on the Commission's operations.

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**Auditor of Public Accounts**



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**NEBRASKA EQUAL OPPORTUNITY COMMISSION  
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**

Nebraska Equal Opportunity Commission  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Equal Opportunity Commission for the fiscal year ended June 30, 2006, and have issued our report thereon dated February 8, 2007. 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 Equal Opportunity Commission'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 Equal Opportunity Commission'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 3 (Internal Control Over Revenues).

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 Equal Opportunity Commission'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 Equal Opportunity Commission in the Comments Section of this report as Comment Number 1 (Allocation of Expenditures) and Comment Number 2 (A-87 Compliance).

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

Handwritten signature of Timothy J. Channer CPA in black ink.

Assistant Deputy Auditor

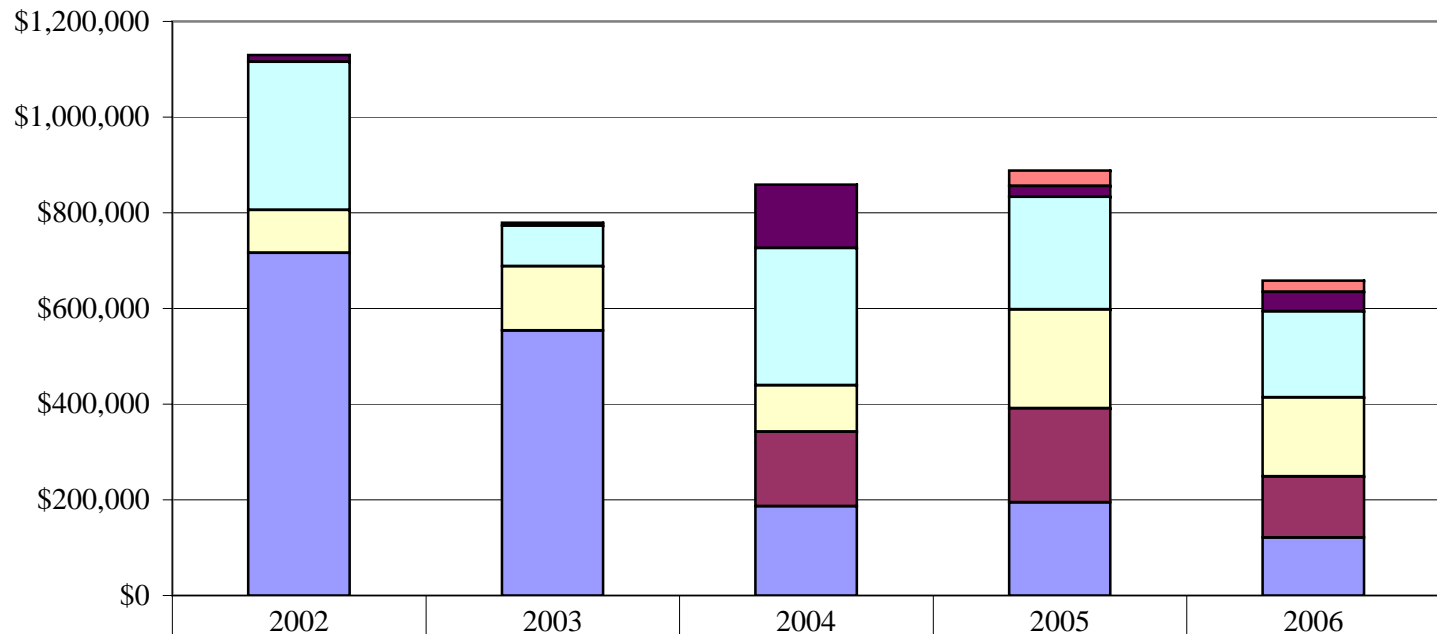
February 8, 2007

## NEBRASKA EQUAL OPPORTUNITY COMMISSION

### **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.

**NEBRASKA EQUAL OPPORTUNITY COMMISSION**  
**TOTAL MONETARY RELIEF OBTAINED**  
Fiscal Years Ended June 30, 2002 Through 2006



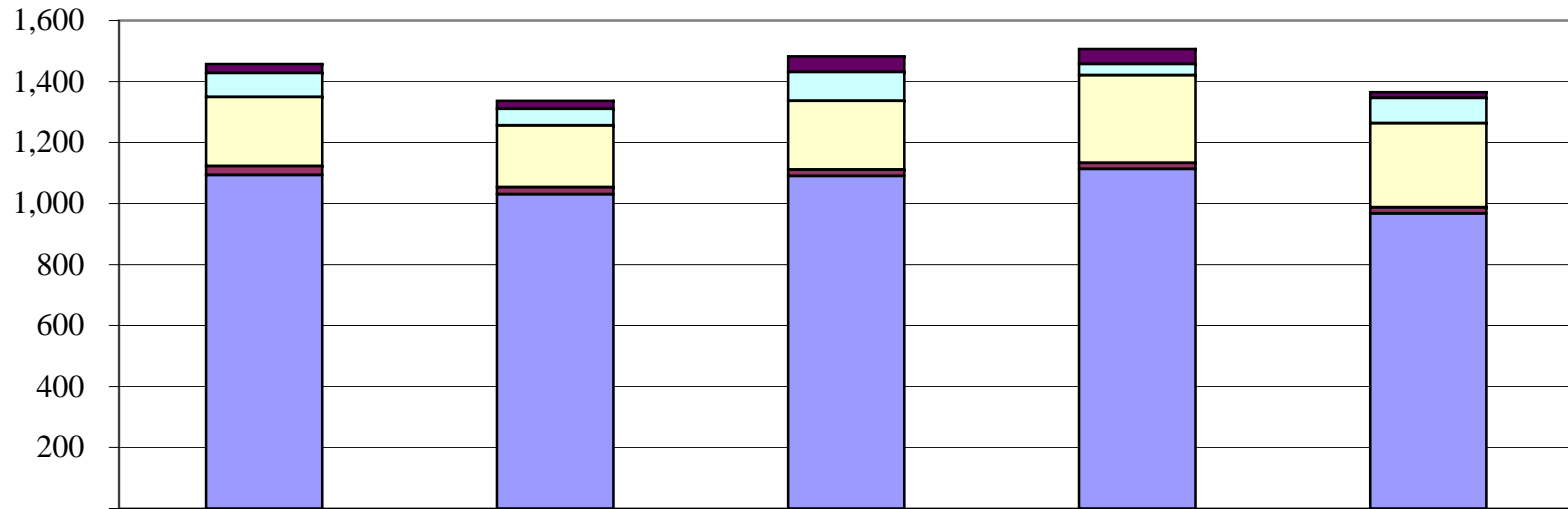
	2002	2003	2004	2005	2006
Litigation	\$-	\$6,130	\$-	\$32,300	\$23,500
Public Hearing	\$13,656	\$-	\$132,392	\$22,800	\$41,000
Conciliations	\$309,859	\$84,900	\$286,403	\$235,215	\$179,810
Withdrawals with Settlement	\$89,300	\$134,538	\$97,516	\$206,407	\$165,027
* Mediation	\$-	\$-	\$155,733	\$197,098	\$128,201
Pre-Determination Settlements	\$716,645	\$554,011	\$186,508	\$194,423	\$120,856

\* Mediation amounts were accounted for in Pre-Determination Settlements until 2004.

\*\* Monetary relief obtained is not represented in the Financial Schedule, money goes to the complainant from the respondent and is not deposited with NEOC.

Source: NEOC Annual Report

**NEBRASKA EQUAL OPPORTUNITY COMMISSION**  
**CASE ACTIVITY BREAKDOWN**  
Fiscal Years Ended June 30, 2002 through 2006



	2002	2003	2004	2005	2006
<span style="color: purple;">■</span> PUBLIC ACC.	29	27	52	50	19
<span style="color: lightblue;">■</span> HOUSING	79	54	94	36	83
<span style="color: yellow;">■</span> AGE	226	203	226	288	276
<span style="color: darkred;">■</span> EQ PAY	30	23	21	20	20
<span style="color: blue;">■</span> FEPA	1,093	1,030	1,090	1,113	967

Public ACC. - Nebraska Civil Rights Act of 1969 (Public Accommodations)

Housing - Nebraska Fair Housing Act

Age - Act Prohibiting Unjust Discrimination in Employment Because of Age

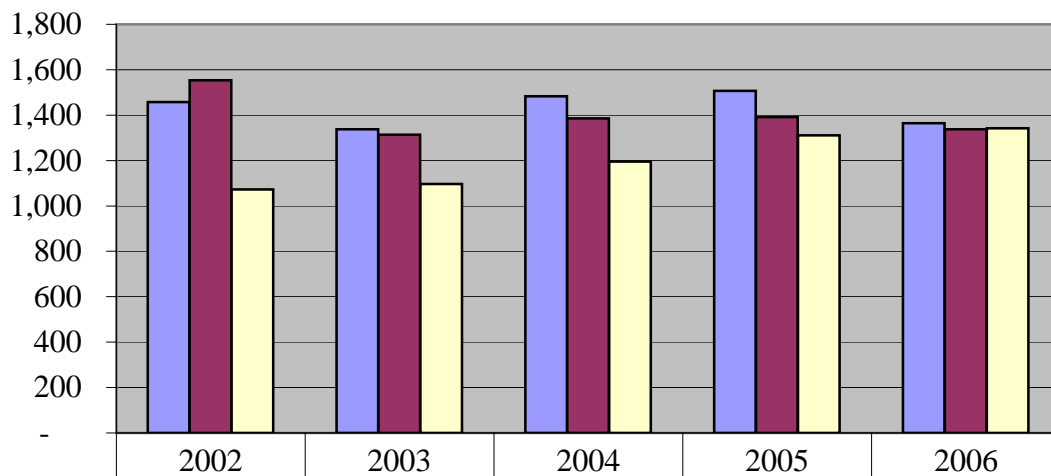
EQ Pay - Equal Pay Act of Nebraska

FEPA - Fair Employment Practice Act

Source: NEOC Annual Report

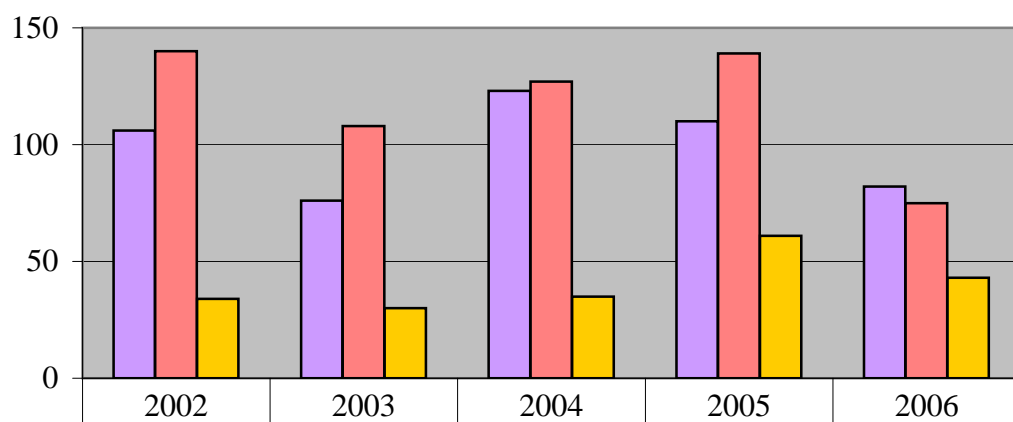
**NEBRASKA EQUAL OPPORTUNITY COMMISSION**  
**CASE ACTIVITY AND DISPOSITION**  
Fiscal Years Ended June 30, 2002 through 2006

**CASE ACTIVITY**



	2002	2003	2004	2005	2006
New Cases Filed	1,457	1,337	1,483	1,507	1,365
Cases Closed	1,553	1,313	1,385	1,391	1,337
Cases To Be Completed	1,073	1,096	1,195	1,311	1,342

**CASE DISPOSITION**



	2002	2003	2004	2005	2006
Conciliations Attempted	106	76	123	110	82
P.D.S./Mediation	140	108	127	139	75
Public Hearings	34	30	35	61	43

P.D.S. = Pre-Disposition Settlement

NOTE: Source for both graphs - NEOC Annual Report