

**ATTESTATION REPORT
OF THE
NEBRASKA COMMISSION FOR THE
DEAF AND HARD OF HEARING
JULY 1, 2005 THROUGH JUNE 30, 2006**

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on July 11, 2007

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1 - 2
Mission Statement	3
Organizational Chart	4
Comments Section	
Exit Conference	5
Summary of Comments	6
Comments and Recommendations	7 - 10
Financial Section	
Independent Accountant's Report	11 - 12
Schedule of Revenues, Expenditures, and Changes in Fund Balances	13
Notes to the Schedule	14 - 17
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	18 - 19
Statistical Section	20
2006 Census Breakdown by County of Deaf and Hard of Hearing Citizens of Nebraska	21
Expenditures by Major Account Category	22
Interpreter Referral Services	23

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

BACKGROUND

The Nebraska Commission for the Deaf and Hard of Hearing advocates public policies and programs to improve existing services for the deaf and hard of hearing, and it promotes development of new services. The Commission provides information on hearing loss and available services to the public.

The Commission has nine members appointed by the Governor to three-year terms with approval of the Legislature. Members include three deaf persons, three hard of hearing persons and three persons who have an interest in and knowledge of deafness and hearing loss issues. A majority of the members who are deaf and hard of hearing shall be able to express themselves through sign language. Members must be familiar with the problems deaf and hard of hearing face in Nebraska.

The Commission meets four times a year. Members are not paid but are reimbursed for expenses.

The following is a partial listing of services mandated by State statutes:

- 1. Inventory services available for meeting the problems of persons with a hearing loss and assist them with obtaining services.** Services the Nebraska Commission for the Deaf and Hard of Hearing (Commission) offers include hearing aid banks for individuals with financial needs, text telephones (TTYs), assistive device loan programs, newsletters, and making information available to the general public regarding hearing loss.
- 2. License interpreters under sections 20-150 to 20-159 and prepare and maintain a roster of licensed interpreters.** The roster shall include the type of employment the interpreter generally engages in. The roster is made available to local, State, and Federal agencies and is used for referrals to private organizations and individuals seeking interpreters.
- 3. Promote the training of interpreters for deaf and hard of hearing persons.** The Commission receives funds from the U.S. Department of Education, Regional Interpreter Training Consortium Grant that is used to conduct training workshops for interpreters. The Commission also conducts evaluations of interpreters through the Quality Assurance Screening Test (QAST).
- 4. Provide counseling to deaf and hard of hearing persons or refer deaf and hard of hearing people to private or governmental agencies that provide counseling services.** The Commission collaborates with mental health programs and provides technical assistance to help them better serve deaf and hard of hearing people.

BACKGROUND

(Continued)

5. **Conduct a voluntary census of deaf and hard of hearing persons in Nebraska and maintain a current registry.** The Commission makes an effort to identify deaf and hard of hearing Nebraskans throughout the state.
6. **Promote awareness and understanding of the rights of deaf and hard of hearing persons.** The Americans with Disabilities Act (ADA), passed by the Federal government in 1990, protects qualified individuals with disabilities from discrimination on the basis of disability. To promote an understanding and awareness regarding a hearing loss, the Commission provides presentations, distributes information through fairs and conventions, conducts sensitivity training, such as ACCESS 2000 workshops, and develops informational brochures.
7. **Promote expanded adult education opportunities in cooperation with community colleges or higher education programs throughout the State.** The Commission conducts several major events that expand adult education opportunities, including seminars on national issues, technology, and computer training opportunities.
8. **Promote statewide communication services for deaf and hard of hearing individuals.** The Commission drafted legislation that established the statewide telecommunication relay system and the equipment distribution program. The Commission offers sign communication classes to State agencies.
9. **Appoint advisory committees to do in-depth studies on particular problems and receive reports on findings.** Collect and share information on deaf and hard of hearing persons by doing studies, gathering information, and conducting research related to training, placement, and social and economic adjustment for deaf and hard of hearing persons.
10. **Assist deaf and hard of hearing persons in accessing comprehensive mental health, alcoholism, and drug abuse services.** A Mental Health Specialist provides assistance, education, and training to mental health therapists regarding deaf and hard of hearing individuals' communication needs. There is a five-member advisory committee that quarterly reviews the activities of the program.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

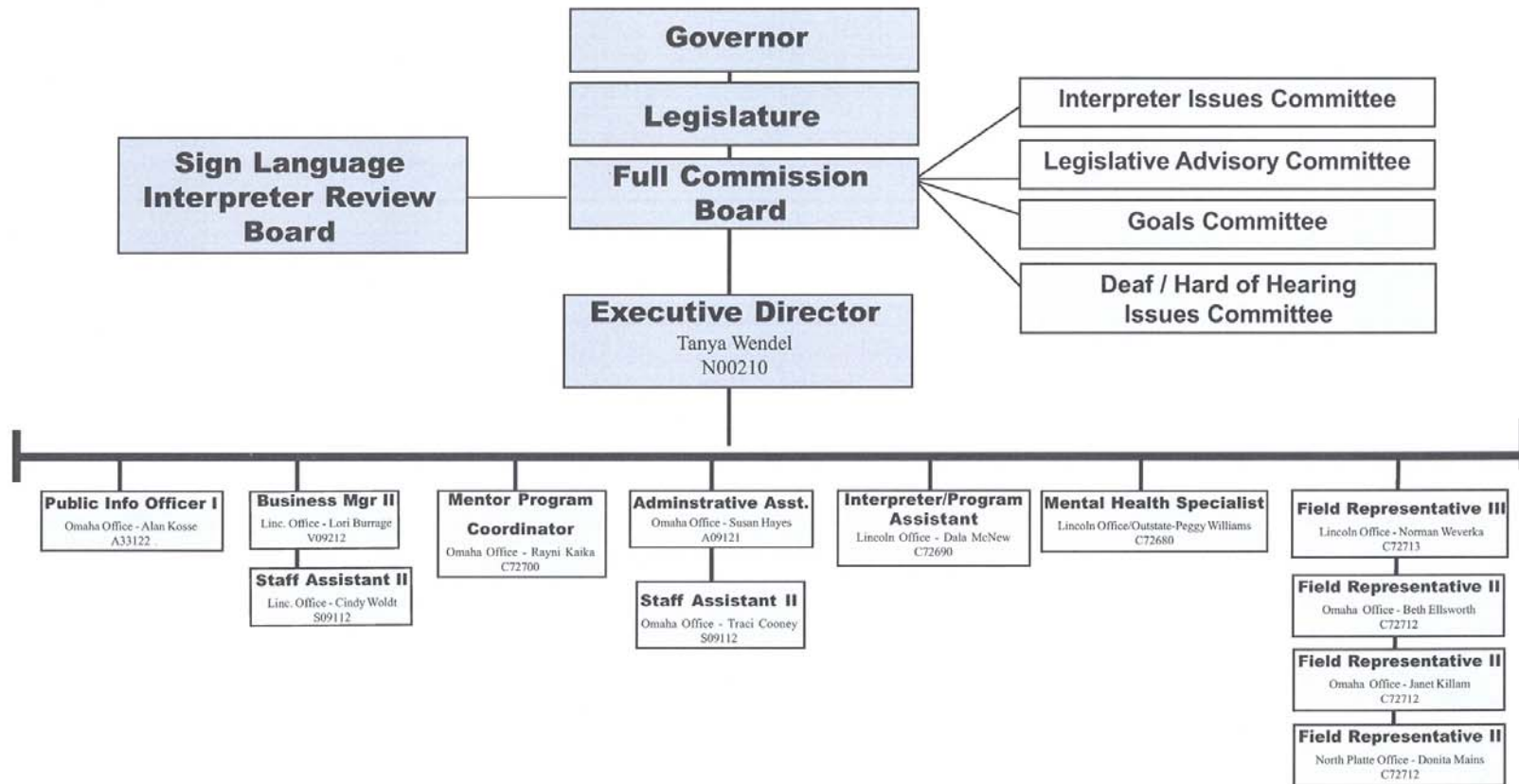
MISSION STATEMENT

As a State agency, we work cooperatively with deaf and hard of hearing people and the public to promote awareness of and to meet the identified needs of this population.

The Commission's overall purpose is to create the conditions that will allow deaf and hard of hearing people to be productive citizens of the State of Nebraska.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

ORGANIZATIONAL CHART



NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

EXIT CONFERENCE

An exit conference was held June 19, 2007, with the Commission to discuss the results of our examination. Those in attendance for the Nebraska Commission for the Deaf and Hard of Hearing were:

NAME	TITLE
Tanya Wendel	Executive Director
Lori Burrage	Business Manager
Luana Duennerman	NCDHH Commissioner

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

SUMMARY OF COMMENTS

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

1. ***Internal Control Over Online Lending Items:*** The Commission did not have sufficient internal controls over items available for lending listed online as a part of the Nebraska Assistive Technologies Partnership (Partnership). The Commission had 2,168 items valued at \$117,614 listed as available for loan or demonstration on the Partnership's website as of August 11, 2005.
2. ***Excessive Cash Fund Balance:*** The Hearing Impaired Cash Fund balance appears excessive as it was more than \$16,517, one-half of the fiscal year 2006 expenditures. The Hearing Impaired Cash Fund balance increased from \$30,829 at June 30, 2005, to \$35,494 at June 30, 2006.
3. ***Review of Interpreter Service Rates:*** The interpreter service rates charged by the Commission had not been reviewed since December 1999.
4. ***Capital Assets – Lack of Segregation of Duties:*** One individual performed all capital asset transactions including maintaining, adding and deleting items, and completion of the physical inventory. There was no independent review of key NIS capital asset reports. The individual responsible for all capital asset transactions did review certain capital asset reports; however, the reviews were not documented.
5. ***Travel Expenditures:*** Two of five documents tested included expense reimbursements that were not submitted monthly. Two of four expense reimbursement documents were not signed for approval.

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. Where no response has been included, the Commission 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.

COMMENTS AND RECOMMENDATIONS

1. Internal Control Over Online Lending Items

Good internal control requires reviews to ensure items available to be loaned out through the Nebraska Assistive Technologies Partnership are properly entered into the online system. Good internal control also requires a periodic inventory of items to be loaned to ensure items entered into the system are on hand, or in a borrower's possession, as stated.

The Commission did not have sufficient internal controls over items available for lending listed online as a part of the Nebraska Assistive Technologies Partnership (Partnership). No review is done by the Commission to ensure purchased items are properly entered online. Further, the Commission did not take a periodic inventory of the items listed online. No review is done to ensure items listed as available are physically on hand at the Commission's office.

The Commission had 2,168 items valued at \$117,614 listed as available for loan or demonstration on the Partnership's website as of August 11, 2005. This website is a free online classifieds listing of assistive technology and computers to be used by and distributed to individuals with a disability. The Commission's items are available to be loaned out to individuals so they may try these items before purchasing them. These items were originally purchased from State General Funds as a supplies expense or are on loan to the Commission from individuals or groups.

Without adequate review of the items available for loan from the Commission, there is an increased risk of loss or misappropriation of State assets.

We recommend the Commission conduct documented independent reviews to ensure items purchased or received for use in the Nebraska Assistive Technologies Partnership are properly entered online. We further recommend the Commission conduct a documented inventory of all items in the program periodically to ensure they are accounted for.

2. Excessive Cash Fund Balance

Good fiscal policy and good internal control requires fund balances be periodically reviewed. Sound accounting practice requires expenses for services provided to be charged to the fund where the fees for the services provided are deposited.

The Hearing Impaired Cash Fund balance increased from \$30,829 at June 30, 2005, to \$35,494 at June 30, 2006. The Hearing Impaired Cash Fund balance appears excessive as it was more than \$16,517, one-half of the fiscal year 2006 expenditures. Program 578 (Hearing Impaired) is supported by General Fund appropriations and the Hearing Impaired Cash Fund. Revenues for

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Excessive Cash Fund Balance (Concluded)

interpreter services are deposited in the Hearing Impaired Cash Fund, but payroll expenditures for the interpreters are paid out of the General Fund. This was a comment in the Commission's prior report.

The excessive fund balance in the Hearing Impaired Cash Fund may indicate fees were too high, administrative costs were not properly charged to the Hearing Impaired Cash Fund, or General Fund appropriations were excessive.

We recommend the Commission utilize the Hearing Impaired Cash Fund to pay costs until the balance is reduced to a reasonable level. We also recommend the Commission pay expenses associated with interpreter service fees, collected and deposited into the Hearing Impaired Cash Fund, out of the Hearing Impaired Cash Fund.

Commission's Response: The majority of the cash fund balance is connected to grants and can only be used for specific expenses. Revenue generated by the interpreter staff member for FY 06 was \$1,197 with \$1,186.43 paid toward operating expenses (postage, printing, and communication). For FY 07, \$617.00 has been generated with the current balance less than \$20.00. Grant monies will be spent which will reduce the cash fund balance significantly. Revenues collected by the Commission (interpreter services, QAST, donations) will continue to be monitored and spent toward the expenses of those programs. The Commission will review the current procedures and may implement the recommendations provided in this report.

3. Review of Interpreter Service Rates

Good internal control and sound business practice requires the Commission to review the rates they charge on a periodic basis to ensure they are adequate to cover the costs associated with the services provided.

We noted the interpreter service rates charged by the Commission had not been reviewed since December 1999. The Billing Practices for Staff Interpreters policy stated "The Billing Practice will be reviewed on a bi-annual basis." The authorized rates ranged from \$40 to \$50 for the first hour and \$20 to \$35 for each additional hour. The date on the document was December 3, 1999.

The rates charged by the Commission may not be adequate to cover the costs associated with the services provided.

We recommend the Commission review the interpreter service rates on a periodic basis to ensure the fees charged for interpreter services cover the costs of such services.

COMMENTS AND RECOMMENDATIONS

(Continued)

4. Capital Assets – Lack of Segregation of Duties

Good internal control requires an adequate segregation of duties over capital assets to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities. If an adequate segregation of duties cannot be obtained, compensating controls should be placed in operation.

During our review of the Commission's capital asset procedures, we noted the following:

- One individual performed all capital asset transactions including maintaining, adding and deleting items, and was also responsible for the completion of the physical inventory.
- There was no independent review of the Additions and Retirements Report to ensure all items were properly added to or deleted from NIS. There was also no independent review of the Unposted Fixed Asset Report or the No Cost Integrity Report.
- The individual responsible for all capital asset transactions did review certain capital asset reports; however, the reviews were not documented. Copies of reports were maintained, but there were no signatures, initials, or other markings to document a review had been completed.

There was a similar comment in the Commission's prior report.

Without an adequate segregation of duties, there is an increased risk of loss or misuse of State assets.

We recommend the Commission implement procedures to ensure an adequate segregation of duties is in place over capital assets. These procedures should require an individual separate from the capital asset process review the NIS capital asset reports including the Additions and Retirements Report and the integrity reports. These reviews should be documented. We also recommend an individual not involved with the capital asset process complete the annual physical inventory.

5. Travel Expenditures

Neb. Rev. Stat. Section 81-1174 R.S.Supp., 2006 states, "Whenever any state officer, employee, or member of any commission, council, committee, or board of the state is entitled to be reimbursed for actual expenses incurred by him or her in the line of duty, he or she shall be

COMMENTS AND RECOMMENDATIONS

(Continued)

5. Travel Expenditures (Concluded)

required to present a request for payment or reimbursement each month to the Director of Administrative Services.” Good internal control requires expense reimbursements be reviewed and approved by an immediate supervisor. The approval should be made by staff with direct knowledge of the responsibilities and duties of the employee requesting reimbursement.

During our testing of travel documents, we noted:

- Two of five documents tested included expense reimbursements that were not submitted monthly. One employee submitted two reimbursement documents at the beginning of March which covered travel expenses from January 1, 2006, to February 28, 2006. Another employee submitted four reimbursement documents at the beginning of May which covered travel expenses from January 7, 2006, to April 28, 2006.
- Two of the four expense reimbursement documents submitted in May of 2006 were not signed for approval. The four documents were attached and processed together as one NIS document.

Without adequate procedures to ensure travel reimbursement is accurate, there is an increased risk of loss or misuse of State funds. The Commission is not in compliance with State Statute.

We recommend the Commission implement procedures to ensure expense reimbursements are submitted monthly in accordance with State Statute. We also recommend the Commission ensure expense reimbursements are reviewed and approved. The review and approval should be documented.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@apa.ne.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Commission for the Deaf and Hard of Hearing
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Commission for the Deaf and Hard of Hearing (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 Commission for the Deaf and Hard of Hearing 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 June 19, 2007, on our consideration of the Nebraska Commission for the Deaf and Hard of Hearing'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.

June 19, 2007


Assistant Deputy Auditor

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006

	State General Fund 10000	Hearing Impaired Cash Fund 28210	Totals (Memorandum Only)
REVENUES:			
Appropriations	\$ 721,052	\$ -	\$ 721,052
Intergovernmental	-	32,491	32,491
Sales & Charges	-	4,412	4,412
Miscellaneous	21	797	818
TOTAL REVENUES	<u>721,073</u>	<u>37,700</u>	<u>758,773</u>
EXPENDITURES:			
Personal Services	539,841	-	539,841
Operating	158,022	29,390	187,412
Travel	19,454	611	20,065
Capital Outlay	3,735	3,034	6,769
TOTAL EXPENDITURES	<u>721,052</u>	<u>33,035</u>	<u>754,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21</u>	<u>4,665</u>	<u>4,686</u>
OTHER FINANCING SOURCES (USES):			
Sales of Assets	4,603	-	4,603
Deposit to General Fund	(4,624)	-	(4,624)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Net Change in Fund Balances	-	4,665	4,665
FUND BALANCES, JULY 1, 2005	<u>829</u>	<u>30,829</u>	<u>31,658</u>
FUND BALANCES, JUNE 30, 2006	<u>\$ 829</u>	<u>\$ 35,494</u>	<u>\$ 36,323</u>
FUND BALANCES CONSIST OF:			
General Cash	\$ -	\$ 35,282	\$ 35,282
Petty Cash	-	125	125
NSF Items	-	37	37
Deposits with Vendors	829	-	829
Accounts Receivable Invoiced	-	50	50
TOTAL FUND BALANCES	<u>\$ 829</u>	<u>\$ 35,494</u>	<u>\$ 36,323</u>

The accompanying notes are an integral part of the schedule.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2006

1. Criteria

The accounting policies of the Nebraska Commission for the Deaf and Hard of Hearing (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 \$194 from interpreter services. DAS did not require the Commission to record their receivables on NIS and these amounts are not reflected in revenues or fund balances on the Schedule. NIS 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.

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.

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Continued)

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.

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

Other Financing Sources – Proceeds of fixed asset dispositions and deposits to General Fund.

2. State Agency

The Nebraska Commission for the Deaf and Hard of Hearing 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 Commission for the Deaf and Hard of Hearing 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 \$1,500 at the date of acquisition and has an expected useful life of two or more

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

NOTES TO THE SCHEDULE
(Continued)

5. Capital Assets (Concluded)

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.

Capital asset activity of the Commission 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	\$ 71,726	\$ 6,769	\$ 36,097	\$ 42,398
Less accumulated depreciation for:				
Equipment				<u>32,831</u>
Total capital assets, net of depreciation				<u>\$ 9,567</u>

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 statewide 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.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@apa.ne.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

**NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING
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 Commission for the Deaf and Hard of Hearing
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Nebraska Commission for the Deaf and Hard of Hearing for the fiscal year ended June 30, 2006, and have issued our report thereon dated June 19, 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 Commission for the Deaf and Hard of Hearing'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nebraska Commission for the Deaf and Hard of Hearing'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 noted certain additional items that we reported to management of the Nebraska Commission for the Deaf and Hard of Hearing in the Comments Section of this report as Comment Number 1 (Internal Control Over Online Lending Items), Comment Number 2 (Excessive Cash Fund Balance), Comment Number 3 (Review of Interpreter Service Rates), Comment Number 4 (Capital Assets - Lack of Segregation of Duties), and Comment Number 5 (Travel Expenditures).

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.

June 19, 2007


Assistant Deputy Auditor

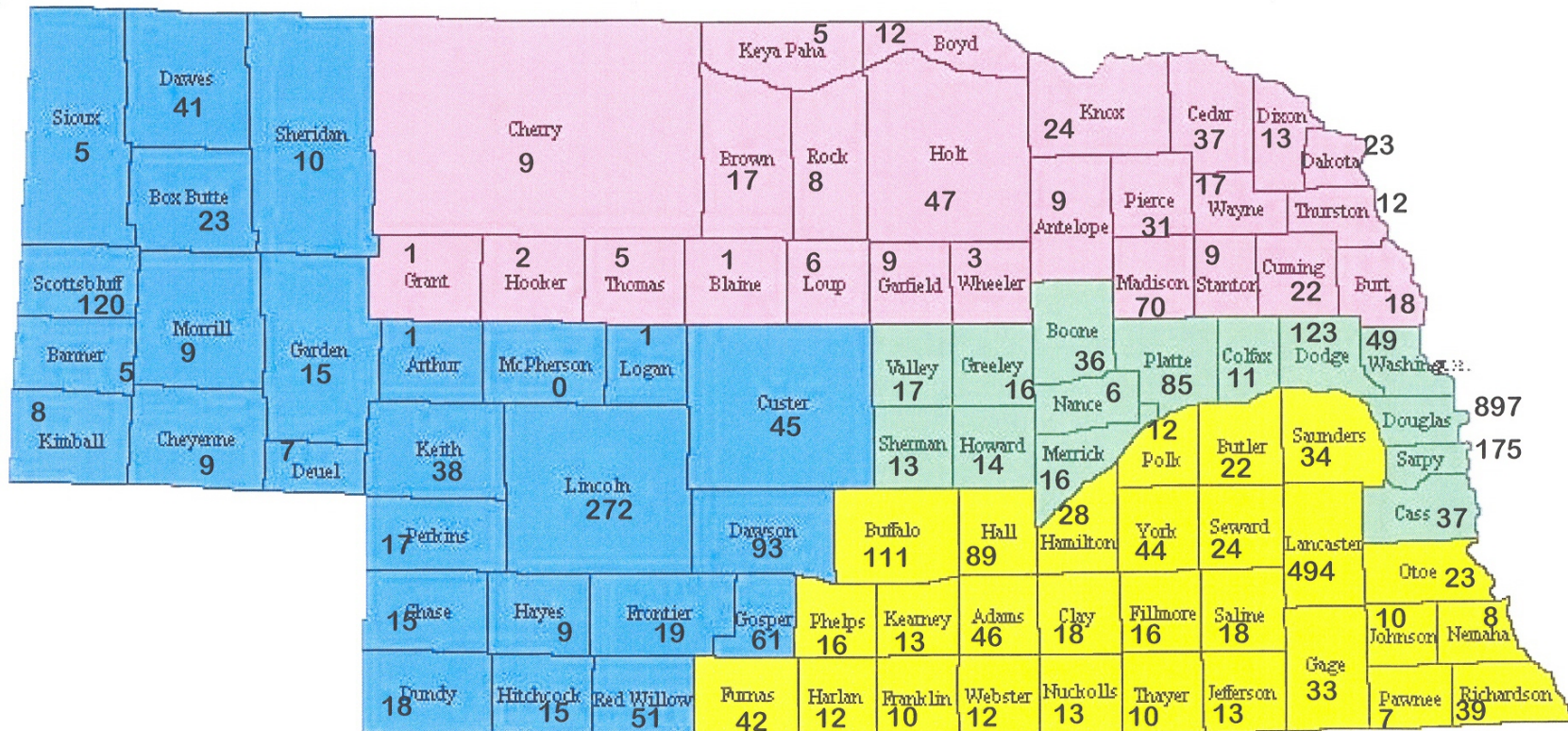
STATISTICAL SECTION

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.

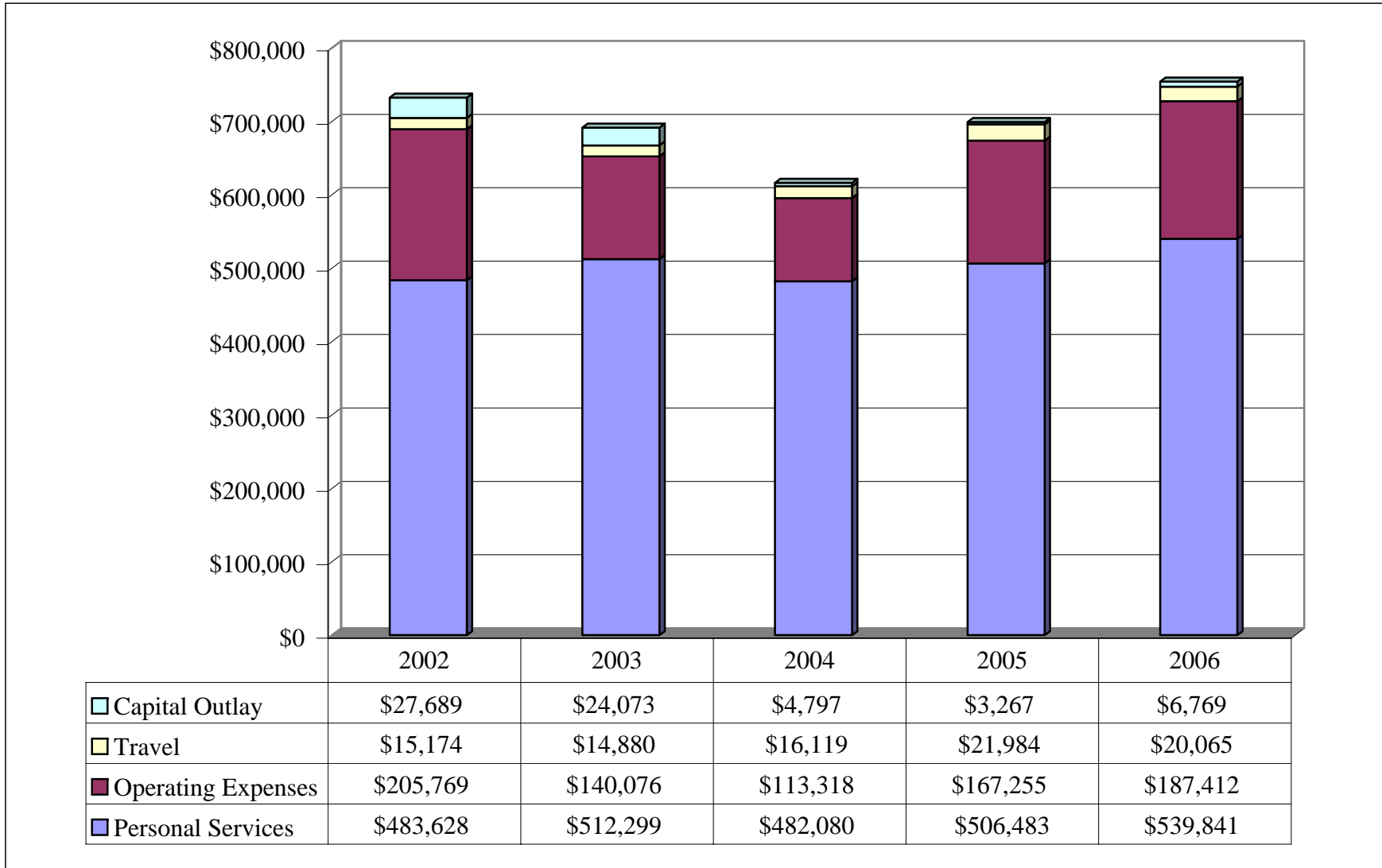
NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

2006 CENSUS BREAKDOWN BY COUNTY OF DEAF AND HARD OF HEARING CITIZENS OF NEBRASKA

The Nebraska Commission for the Deaf and Hard of Hearing conducts a statewide voluntary census of deaf and hard of hearing individuals. The numbers listed for each county indicate the number of deaf and hard of hearing Nebraskans located in each county. The census total number of deaf and hard of hearing individuals for the entire State of Nebraska is 4,029.



NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING
EXPENDITURES BY MAJOR ACCOUNT CATEGORY
 Fiscal Years Ended June 30, 2002 Through 2006



NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING
INTERPRETER REFERRAL SERVICES
 Calendar Years 2002 Through 2006

