

**ATTESTATION REPORT  
OF THE  
NEBRASKA COMMISSION ON  
PROBLEM GAMBLING**

**JANUARY 1, 2013 THROUGH DECEMBER 31, 2013**

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**Issued on June 17, 2014**

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# NEBRASKA COMMISSION ON PROBLEM GAMBLING

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# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## BACKGROUND

The Gamblers Assistance Program (Program) was initially created in 1992 as part of the Nebraska Lottery Act, administered by the Department of Revenue. In 1995, the Program was transferred to the Department of Health and Human Services (Department), and in 2004 the State Advisory Committee on Problem Gambling and Addiction Services (Committee) was created. The Committee was under the direction of the Department's Division of Behavioral Health and consisted of twelve members appointed by the Governor.

Effective July 1, 2013, the Program was moved to the Nebraska Commission on Problem Gambling (Commission) in accordance with the LB 6 (2013). The Commission is within the Charitable Gaming Division of the Department of Revenue, for administrative purposes, and consists of nine members appointed by the Governor to three year terms. The Commission appoints a director for the Program who is then charged with the hiring of staff.

The Program is established to perform the following duties:

- Contract with providers of problem gambling treatment services to Nebraska consumers;
- Promote public awareness of the existence of problem gambling and the availability of treatment services;
- Evaluate the existence and scope of problem gambling in Nebraska and its consequences through means and methods determined by the Commission; and
- Perform such other duties and provide such other services as the Commission determines.

The Compulsive Gamblers Assistance Fund was created for the Program and is primarily funded through transfers from the State Lottery Operation Trust Fund and the Charitable Gaming Operations Fund. On or before November 1 of each year, a transfer of \$50,000 is required from the Charitable Gaming Operations Fund. Each fiscal year, the Lottery Operation Trust Fund is required to transfer \$500,000 and one percent of the money remaining after the payment of prizes, operating expenses, and the \$500,000 transfer.

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### EXIT CONFERENCE

An exit conference was held May 27, 2014, with the Nebraska Commission on Problem Gambling (Commission) and the Department of Health and Human Services (Department) to discuss the results of our examination. Those in attendance for the Commission and the Department were:

<b>NAME</b>	<b>TITLE</b>
<b><u>Commission:</u></b>	
David Geier	Director
Ed Hoffman	Chairperson
<b><u>Department:</u></b>	
Kerry Winterer	CEO
Scot Adams	Director of Division of Behavioral Health
Sheri Dawson	Deputy Director of Community-Based Services
Karen Harker	Federal and Fiscal Administrator of Division of Behavioral Health
Brad Gianakos	Legal Counsel
Kevin R. Nelson	Internal Audit Administrator

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### SUMMARY OF COMMENTS

During our examination of the Gamblers Assistance Program (Program) administered by the Nebraska Commission on Problem Gambling (Commission) and the Department of Health and Human Services (Department), we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Conflict of Interest (Commission):*** The Commission contracted with the Nebraska Council on Compulsive Gambling (NCCG) for training and helpline services and also hired NCCG's Executive Director, who took a temporary leave of absence while he served as the Commission's Interim Executive Director.
2. ***Lack of Support for NCCG Payments (Commission):*** The Commission did not obtain supporting documentation for training and helpline payments made to NCCG.
3. ***Lack of Support for Counseling Services (Commission):*** There was a lack of supporting documentation for payments made to counselors, and rates charged were not contained within the contracts.
4. ***Inadequate Support for Payments (Department):*** The Department did not obtain supporting documentation for contractual payments. Furthermore, one payment for training appeared excessive, as several trainings had been cancelled due to lack of registrations.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission or Department.

Draft copies of this report were furnished to the Commission and Department to provide their management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Where no response has been included, the Commission and/or Department declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

### **Findings for the Nebraska Commission on Problem Gambling (Commission):**

#### **1. Conflict of Interest**

Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2010) states:

*A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated . . . .*

Neb. Rev. Stat. § 49-1408 (Reissue 2010) defines a “business with which the individual is associated” as follows:

*Business with which the individual is associated or business association shall mean a business: (1) In which the individual is a partner, limited liability company member, director, or officer . . . .*

Furthermore, Neb. Rev. Stat. § 49-1499.02 (Reissue 2010) requires the following when a potential conflict arises:

*(1) An official or employee of the executive branch of state government who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:*

*(a) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict; and*

*(b) Deliver a copy of the statement to the commission [Nebraska Accountability and Disclosure Commission] and to his or her immediate superior, if any, who shall assign the matter to another . . . .*

The Nebraska Commission on Problem Gambling (Commission) was created to run the Problem Gambling Program (Program) on July 1, 2013. The Program was previously run by the Department of Health and Human Services (Department) through June 30, 2013. All service contracts ended on June 30, 2013; therefore, the Commission entered into new contracts with service providers.

At the Commission’s first meeting on July 16, 2013, the Commission hired an Interim Director. The Interim Director was the Executive Director of the Nebraska Council on Compulsive Gambling (NCCG), a not-for-profit organization. The Interim Director did not terminate employment with NCCG; instead, he took a leave of absence from NCCG to perform the duties for the Commission, with the understanding that he would return to NCCG when a permanent executive director was hired. The permanent executive director was hired on March 3, 2014, and the interim director returned to NCCG.

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 1. **Conflict of Interest** (Continued)

During the same meeting, the Commission entered into two separate contracts with NCCG – one for workforce development (training) (see **Exhibit A**) and the other for helpline services (see **Exhibit B**).

Prior to the creation of the Commission in 2013, the Department of Health and Human Services had contracted with two other vendors for training and helpline services. Unlike the current contracts with NCCG, those earlier agreements had been awarded through the competitive bidding process.

Instead of going through a similar bidding process for the training contract with NCCG, the Commission designated it an “emergency contract.” Pursuant to Neb. Rev. Stat. § 73-507(1)(a) (Cum. Supp. 2012), such contracts are exempt from mandatory competitive bidding procedures. Nevertheless, Neb. Rev. Stat. § 73-508 (Cum. Supp. 2012) requires:

*In case of an emergency . . . [a] copy of the contract and state agency justification of the emergency shall be provided to the Director of Administrative Services within three business days after contract approval. The state agency shall retain a copy of the justification with the contract in the state agency files.*

The Commission failed to document compliance with this particular statutory directive for emergency contracts.

Likewise, § 73-507(2)(e) provides an exception to the competitive bidding requirement for:

*Contracts with a value of fifteen million dollars or less with direct providers of medical, behavioral, or developmental health services, child care, or child welfare services to an individual[.]*

By designating the helpline services contract as an agreement for the provision of behavioral health service, the Commission did not have to competitively bid it either.

Both of the Commission’s contracts with NCCG may have given rise to not only a conflict of interest for the Interim Director but also a possible misuse of public office for the financial gain of both NCCG and himself.

To start, by signing both NCCG contracts for the Commission on August 9, 2013, the Interim Director took an action in the discharge of his official duties that resulted in a financial benefit for a company with which he remained associated. Section 49-1499.02 directs individuals in such a position to prepare and deliver to the Nebraska Accountability and Disclosure Commission (NADC) a written statement “describing the matter requiring action . . . and the nature of the potential conflict[.]” However, the Interim Director provided no such statement.

It appears also that the Interim Director may have played a role in securing for NCCG both the training and the helpline services contracts for NCCG. Depending upon the circumstances, doing so could have contravened § 49-14,101.01(1) as a misuse of either public office or information received through it to obtain financial gain for NCCG. Moreover, given that a portion of his salary upon return to active employment with NCCG was comprised of funds obtained through the two contracts with the Commission, the Interim Director may well have secured a financial benefit for himself in the process.



# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 1. Conflict of Interest (Continued)

The issues noted in Comment Number 2 (Lack of Support for NCCG Payments) call further into question the independence of the Interim Director. Those issues pertain to a lack of adequate supporting documentation for services claimed to have been provided under both the training and the helpline services contracts with the Commission.

The mere appearance of a conflict of interest on the part of the Interim Director could spawn concerns regarding the propriety and legality of the Commission's two contracts with NCCG; however, an actual conflict of interest would place State funds at risk of misuse. Because this comment addresses possible noncompliance with the Nebraska Political Accountability and Disclosure Act (NPADA), the Auditor of Public Accounts is forwarding this report to both the NADC and the Nebraska Attorney General.

We recommend the Commission ensure all of its contracts are negotiated and awarded in compliance with applicable State laws, including those pertaining to competitive bidding procedures and the relevant provisions of the NPADA. The issues noted in this comment will be reported to both the NADC and the Nebraska Attorney General.

*Commission Response: The Commission welcomes suggestions regarding compliance with applicable state laws and contracting procedures, and will comply in all respects. The Commission wishes to add some background information regarding the events leading up to the decisions to award contracts to the Nebraska Council on Compulsive Gambling, and to employ its executive director as interim director of the Gamblers Assistance Program.*

*Enabling legislation was signed by the Governor on May 25, 2013, with an effective date of July 1, but members of the new Commission were not appointed until June 27, 2013. Between May 25 and July 1, the NCCG was approached to find out whether that organization was available to perform contracts to operate the helpline and to present training programs since the previous administration of the program made it clear that prior contracts expired on June 30, and would not be renewed or assigned. The NCCG had done both of these effectively in prior years. Therefore, the NCCG agreed to present a proposal to the Commission at its first meeting. When the Commission held its first meeting, on July 16, 2013, its primary focus was on organizing continued service to the public with no interruption. Therefore, they concluded there was an immediate need to organize training programs, which constituted an emergency within the standards of State contracting rules. The Commission also concluded that the contract for telephone helpline service could be awarded without competitive bidding because the vendor was a direct provider of services in a behavioral health field, and exempt from statutory bidding requirements. The Commission made these decisions at a public meeting after public discussion. The interim director signed these contracts on behalf of the Commission and at its direction, and not on his own initiative. A form that is required by State contracting procedures that explains*

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 1. **Conflict of Interest** (Concluded)

*the emergency involving the workforce development contract was overlooked, but this oversight has been rectified by the completion and filing of this document. There was also a need to hire staff to take over management of the program on short notice. After others, including the previous manager of the program, declined to apply for the position of interim director, the executive director of the NCCG was asked to consider it. He agreed to accept the position temporarily, until the Commission could make a permanent hire.*

### 2. **Lack of Support for NCCG Payments**

According to the Commission's contracts for both training and helpline services:

*The contractor will submit billings . . . for reimbursement for actual, allowable, and reasonable expenditures in accordance with NCPG [Nebraska Commission on Problem Gambling] conditions . . . provided . . . NCPG approval of reimbursement request and supporting documentation. (Emphasis added.)*

In addition, the training contract states:

*The Contractor shall do the following:*

*1. Will develop, operate and implement Problem Gambling Workforce Development services. It is anticipated contractor will provide 90 hours of "core" or certification training in compliance with certification requirements for gambling certification . . . In addition 30 hours of "advanced" or recertification training are required. Total hours of training required 120. A calendar of workforce development service trainings for the year shall be submitted to the NCPG for approval within 30 days of signing of this contract. All changes in the training calendar shall be pre approved by the NCPG or their designate . . . .*

During testing of payments made to NCCG under both contracts during the second half of the calendar year, we noted the following:

#### **Training Contract**

For one payment tested, for training services provided in October 2013, the Commission did not obtain documentation to support the amounts charged. The invoice for training included the following:

Category	Amount Invoiced
Salaries & Benefits	\$ 3,291
Supplies	\$ 34
Travel	\$ 774
Occupancy/Utilities	\$ 1,213
Other (Presenter Fees, Equipment, Etc.)	\$ 11,496
<b>Total Payment</b>	<b>\$ 16,808</b>

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Lack of Support for NCCG Payments (Continued)

Upon further inquiry, we learned *no* training was provided in October 2013 – despite NCCG’s calendar, which stated 16 hours would be performed during the month. In all, it appears that of the six days of required training during the second half of the calendar year, only two days were provided. Because so little training was given, it is questionable whether the training contract was necessary to proclaim as an emergency, as noted in Comment Number 1, or whether competitive bidding could have been performed. The total paid to NCCG under the training contract during the second half of the calendar year was \$38,850.

Included in “Other (Presenter Fees, Equipment, Etc.)” of \$11,496 was the Commission’s \$10,000 contribution to the June 2014 Midwest Conference on Problem Gambling and Substance Abuse. According to the Commission, a similar expenditure had been made in previous years. However, it was unknown why or what benefit the Commission was receiving for the contribution.

Furthermore, instead of providing the training established in the contract, NCCG focused on working with Bellevue University (Bellevue) to prepare materials for future online core training. This was not an allowable expenditure under the contract, and the online training contract was to be competitively bid at a future date. According to the Interim Director, the Commission approved the change in NCCG’s contract scope to include online training preparation; however, that approval was not supported by Commission meeting minutes or an amended contract.

According to meeting minutes for August 30, 2013, the Commission directed the Interim Director to move forward on gathering information to determine all the components needed to create online courses. However, it appears NCCG was preparing materials necessary to obtain the *next* contract with the Commission. On February 6, 2014, NCCG presented its preliminary work to the Commission and indicated any agreement with Bellevue would be with NCCG, and the Commission would continue to pay NCCG for the training. The Commission had not yet released a formal Request for Proposal for online training as of April 2014.

It was also necessary for NCCG to be an authorized Post Secondary Career School in accordance with the Private Postsecondary Career School Act, which is set out at Neb. Rev. Stat. §§ 85-1601 through 85-1658 (Reissue 2008, Cum. Supp. 2012, Supp. 2013). The previous contractor had obtained the necessary authorization; however, NCCG had not and, therefore, would not be authorized to provide core training courses.

### Helpline Contract

We tested one payment for helpline services provided in October 2013, totaling \$5,217.

Category	Amount Invoiced
Salaries & Benefits	\$ 3,291
Travel	\$ 713
Occupancy/Utilities	\$ 1,213
<b>Total</b>	<b>\$ 5,217</b>

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Lack of Support for NCCG Payments (Continued)

The Commission did not obtain documentation to support these amounts. We further noted the “Salaries & Benefits” for \$3,291 and “Occupancy/Utilities” for \$1,213 were the exact same amounts as those claimed above for the training services. This is unusual and could be indicative that the amounts billed were not for actual, allowable, or reasonable costs for both the training and helpline contracts.

During our review of NCCG's cost proposals for each contract, it was noted that salaries and benefits for training would include 50% of the executive director's salary. For the helpline contract the salaries and benefits would be 20% of the Executive Director and 100% of the helpline director salaries. We also noted the occupancy and utilities budgeted for training was \$4,850, but the helpline was budgeted for \$17,130. The differences in the budgeted amounts would indicate the actual expenditures remitted for payment would vary; however, they did not.

We also noted NCCG's cost proposal stated the total costs for the year would be \$95,600; however, the detail of the budget only calculated to \$95,500, a \$100 variance. The variance was not identified and resolved. The total paid to NCCG for the helpline was \$32,646 during the first six months of the contract; July 1, 2013, through December 31, 2013.

Without adequate policies and procedures to ensure supporting documentation is obtained and reviewed, there is an increased risk of misuse or loss of State funds.

We recommend the Commission ensure adequate supporting documentation is obtained for payments to contractors. Furthermore, inconsistencies in charges should be identified and questioned prior to payment being made.

*Commission Response: The Commission agrees that adequate supporting documentation must be supplied with vendor payment requests. The Commission will enforce the audit provisions in each vendor contract. A recommendation will be presented at the next Commission meeting to establish an Internal Audit Committee to develop and monitor the internal audit functions. Regarding the training programs, the Commission wishes to add a few points.*

*The advanced training programs offered to currently certified counselors will have all been presented by the end of this fiscal year. The “core” training project has evolved during this fiscal year. The original contract with the vendor specifies that these programs could be presented either online or in face-to-face sessions. In subsequent Commission meetings, the vendor reported to the Commission on the development of a series of online training presentations jointly with Bellevue University, and the Commission gave its approval for this project. These programs are now in an advanced stage of development, and the Commission expects them to be available for enrollees by the second quarter of the upcoming fiscal year. The Commission has decided to amend the present contract with the vendor, to extend its duration and clarify the terms of this project. Bellevue University will present the programs as one of its*

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Lack of Support for NCCG Payments (Concluded)

*online educational programs, and the current vendor will supply course materials and keep the program content current. In place of one-time, face-to-face classroom sessions, this training program will be presented by Bellevue University for four years. Nebraska residents will be charged a reduced tuition rate. This new training program will ensure a long-lasting benefit to the Gamblers Assistance Program and to the certificate candidates and add to the pool of qualified problem gambling counselors in Nebraska.*

**APA Response:** As noted in the comment, the Commission did not document the approval to change the NCCG contract scope to include online training preparation. Furthermore, it appears the Commission intends to extend the training contract through, at minimum, December 31, 2014. However, we question the propriety of this arrangement as the original contract was not competitively bid and there is a question as to the appearance of a conflict of interest. In discussions with the Commission during the engagement they implied the contract would be competitively bid for public response.

### 3. Lack of Support for Counseling Services

According to the Commission's contracts with providers of counseling services:

*Up to 10% of the contract is allowed for administration purposes. Contractor must be able to provide proof of the cost of administration they submit. The NCPG [Nebraska Commission on Problem Gambling] has the right to audit for this item at anytime.*

A good internal control plan requires policies and procedures to ensure payments are only made when adequate supporting documentation is obtained. Furthermore, good internal controls require agreed-upon rates for services provided to be contained within the contracts with providers.

We tested five payments to counselors for services provided, such as crisis sessions, prevention services, assessments, etc. We noted the following issues:

- For all five payments tested, administrative costs were charged totaling \$5,448. No supporting documentation was on file to support these charges, in accordance with the contracts, and the Commission had not performed any audit procedures during the calendar year. Amounts charged were as follows:

Counselor	Month Services Were Provided	Administrative Costs	Total Invoice
1	July 2013	\$2,117	\$33,339
2	July 2013	893	9,906
3	July 2013	875	12,850
4	July 2013	813	8,943
5	October 2013	750	9,810
	<b>Totals</b>	<b>\$5,448</b>	<b>\$74,848</b>

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 3. **Lack of Support for Counseling Services** (Concluded)

- Prevention services were charged for three of the five payments tested, for a total of \$2,860. The hourly rate charged by the three contractors was \$55; however, the rate was not established in the contracts agreed upon by the Commission, and there was no documentation of discussions regarding this rate in Commission meetings.
- One counselor charged five hours of crisis sessions at \$90 per hour, for a total of \$450. However, the counselor did not provide supporting documentation that five hours of service were provided, as was documented for other services the counselor provided.

Without adequate supporting documentation, there is a risk that costs paid are not actual, allowable, or reasonable. Furthermore, without documented rates established in contracts, there is an increased risk of inaccurate reimbursements.

We recommend the Commission implement procedures to ensure adequate supporting documentation is obtained for payments to counselors, and service rates are documented in contracts with providers.

*Commission Response: Counselors are required to submit supporting documentation using basically the same format that was used under the previous management of the program, and any oversights in this documentation will be corrected. Although a provider rate for education and outreach activities was not listed on a schedule of rates attached to the contracts, the rate is pre-printed on the payment voucher form that each provider is required to use. The Commission will rely on its internal audit process to ensure that all payment requests are based on actual services provided and allowable costs incurred.*

#### **Finding for the Department of Health and Human Services (Department):**

#### 4. **Lack of Supporting Documentation for Contractor Payments**

According to the workforce development (training) and public awareness campaign contracts:

*Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. Invoices must be submitted no more frequently than monthly seeking reimbursement for actual, allowable expenses as defined in this contract. (Emphasis added.)*

A good internal control plan requires policies and procedures to ensure adequate supporting documentation is obtained for payments.

The Department did not obtain adequate supporting documentation for expenses paid to contractors for the training and public awareness campaign contracts.

NEBRASKA COMMISSION ON PROBLEM GAMBLING

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**4. Lack of Supporting Documentation for Contractor Payments** (Continued)

**Training Contract**

The Department contracted for training services, which consisted mainly of core training and continuing education courses. The contractor was paid \$68,359 for services provided during the first half of the calendar year.

We tested one payment for \$29,922 for March and April 2013 services, which consisted of "Personal Services," according to the invoice. The Department did not obtain further supporting documentation or perform any financial reviews, such as reviewing the contractor's accounting records, etc., to ensure the charges were for actual or allowable expenses.

Upon further review, we determined the amount paid appears to be excessive for the services provided. According to training documentation on file, the contractor only provided 11 hours of outreach activities and one four-day conference attended by two participants. We determined the four-day conference would have been approximately 30 hours of training. The other conferences that were scheduled to take place (one four-day conference and one three-day conference) were canceled due to no participants registering for the courses.

**Public Awareness Campaign Contract**

The Department contracted for a Public Awareness Campaign, which consisted mainly of identifying and implementing a marketing strategy for awareness of the Problem Gambling Program. The contractor was paid \$139,686 for services provided during the first half of the calendar year.

We tested one payment for \$24,002, which was identified as "Implementation Budget" on the invoice. The Department did not obtain further supporting documentation or perform any financial reviews, such as reviewing the contractor's accounting records, etc., to ensure the charges were for actual or allowable expenses.

Without adequate policies and procedures to ensure expenses are supported, there is an increased risk of misuse or loss of State funds.

We recommend the Department implement policies and procedures to ensure adequate supporting documentation is obtained and reviewed for expenses paid.

*Department Response: In regards to the finding of "Lack of Supporting Documentation for Contractor Payments," the two contracts in question were awards from requests for proposals (RFPs) resulting in fixed price contracts for these services. Per Administrative Services practices and guidance, part of the evaluation and selection process of the RFP for a fixed price award is a determination if the costs proposed are reasonable and allowable, whether that be for designated milestones in a project, as in the case of the public awareness campaign, or by establishing set rates for services performed, as in the case of the training contract in question. This must be determined before a contract is issued.*

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### COMMENTS AND RECOMMENDATIONS

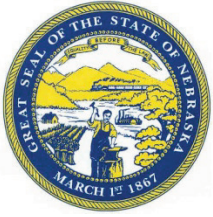
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#### 4. **Lack of Supporting Documentation for Contractor Payments** (Concluded)

*At the point of a payment being made, the question becomes if the contractor performed the service for which they were retained to determine if a payment per the cost proposal adopted into the contract from the RFP (emphasis added) is justified. Language in both contracts indicates that payment would be made based on the accepted cost proposal. Sufficient documentation to determine that the contract deliverable was met had been received prior to payments being issued. In regards to the concern raised calling into question the low attendance or cancelation of training classes, participation is beyond the control of the contractor. Given the passage of LB 6 moving the program, there was no incentive for current Compulsive Gambling Counselors to be proactive to retain any certification through the Department's approved training contract. The contractor attempted to complete the obligations required under the contract by scheduling, securing facilities, trainers and materials, as well as promoting training activities, thus meeting contract expectations and deliverables. The Department had no legal basis for withholding payment for these activities.*

**APA Response: Both the training and Public Awareness Campaign contracts not only discussed fixed price proposals, but also that reimbursement would be for actual and allowable expenses. Therefore, the Department should have performed further procedures to ensure expenses paid were actual, allowable, and reasonable. Furthermore, according to the payment schedule in both contracts, "The Division reserves the right to request, inspect and deny payment for which expenditure documentation is not produced, relevant, appropriate or accurate."**





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### NEBRASKA COMMISSION ON PROBLEM GAMBLING

### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Commission on Problem Gambling  
Lincoln, Nebraska

Nebraska Department of Health and Human Services  
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Commission on Problem Gambling (Commission) and the Department of Health and Human Services (Department) for the calendar year ended December 31, 2013. The Commission's and Department's management are responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Our responsibility is to express an opinion based on our examination.

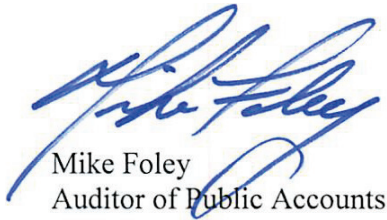
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, 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 Commission and Department for the calendar year ended December 31, 2013, based on the accounting system and procedures prescribed by the State of Nebraska's Director of the Department of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Revenues, Expenditures, and Changes in Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

This report is intended solely for the information and use of management, those individuals charged with governance, others within the Commission and Department, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

June 9, 2014



Mike Foley  
Auditor of Public Accounts

NEBRASKA COMMISSION ON PROBLEM GAMBLING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

For the Calendar Year Ended December 31, 2013

	Compulsive Gamblers Assistance Fund 21750	Nebraska Health Care Cash Fund 22640	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>			
Sales & Charges	\$ 160	-	160
Miscellaneous	38,928	-	38,928
<b>TOTAL REVENUES</b>	<b>39,088</b>	<b>-</b>	<b>39,088</b>
<b>EXPENDITURES:</b>			
Personal Services	72,539	134	72,673
Operating	3,232	-	3,232
Travel	2,350	-	2,350
Government Aid	1,110,550	141,830	1,252,380
<b>TOTAL EXPENDITURES</b>	<b>1,188,671</b>	<b>141,964</b>	<b>1,330,635</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,149,583)</u>	<u>(141,964)</u>	<u>(1,291,547)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In (Note 4)	1,422,279	-	1,422,279
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,422,279</b>	<b>-</b>	<b>1,422,279</b>
Net Change in Fund Balances	272,696	(141,964)	130,732
<b>FUND BALANCES, January 1, 2013</b>	<b>1,650,066</b>	<b>141,964</b>	<b>1,792,030</b>
<b>FUND BALANCES, December 31, 2013</b>	<b>\$ 1,922,762</b>	<b>\$ -</b>	<b>\$ 1,922,762</b>
<b>FUND BALANCES CONSIST OF:</b>			
General Cash	\$ 1,930,304	\$ -	\$ 1,930,304
Due to Vendors	(7,542)	-	(7,542)
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,922,762</b>	<b>\$ -</b>	<b>\$ 1,922,762</b>

The accompanying notes are an integral part of the schedule.

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2013

### 1. Criteria

The accounting policies of the Gamblers Assistance Program (Program) administered by the Nebraska Commission on Problem Gambling (Commission) and the Department of Health and Human Services (Department) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the duties of DAS 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[.]*

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2008), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned regardless of the timing of related cash flows. State Accounting does not require the Commission or Department to record all accounts receivable and related revenues in EnterpriseOne; as such, the schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payables posted in the general ledger as of December 31, 2013, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2013, **does not** include amounts for goods and services received before December 31, 2013, which had not been posted to the general ledger as of December 31, 2013.

The Program had no accounts receivable at December 31, 2013. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The fund types established by the State that are used by the Program 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.

NEBRASKA COMMISSION ON PROBLEM GAMBLING

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

The major revenue account classifications established by State Accounting and used by the Program 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.

The major expenditure account classifications established by State Accounting and used by the Program are:

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

**Operating** – Expenditures directly related to the 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.

**Government Aid** – Payment of State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

Other significant accounting classifications and procedures established by State Accounting and used by the Program include:

**Assets** – Resources owned or held by a government that has monetary value. Assets include cash accounts, which are included in the fund balance and are reported as recorded in the general ledger.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balance.

**Other Financing Sources** – Operating transfers.

**2. Reporting Entity**

The Program is established under and governed by the laws of the State of Nebraska. As such, the Program is exempt from State and Federal income taxes. The schedule includes all funds of the Program included in the general ledger.

The Commission and Department are part of the primary government for the State of Nebraska.

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### NOTES TO THE SCHEDULE

(Concluded)

#### 3. 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, which 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.

#### 4. Transfers

The Program is primarily funded through transfers from the State Lottery Operation Trust Fund (Lottery) and the Charitable Gaming Operations Fund (Charitable Gaming). The Compulsive Gamblers Assistance Cash Fund received \$1,422,279 during the calendar year – \$1,372,279 from the Lottery and \$50,000 from Charitable Gaming, in accordance with Neb. Rev. Stat. §§ 9-812 and 9-1,101 (Supp. 2013), respectively.

## NEBRASKA COMMISSION ON PROBLEM GAMBLING

### **SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary 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 ON PROBLEM GAMBLING

**NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
FINANCIAL ACTIVITY**

For the Period January 1, 2013, through December 31, 2013

	Compulsive Gamblers Assistance Fund 21750	Nebraska Health Care Cash Fund 22640	<b>Totals (Memorandum Only)</b>
REVENUES:			
Sales & Charges	\$ 160	-	\$ 160
Miscellaneous	21,854	-	21,854
TOTAL REVENUES	22,014	-	22,014
EXPENDITURES:			
Personal Services	30,940	134	31,074
Operating	550	-	550
Travel	1,641	-	1,641
Government Aid	587,660	141,830	729,490
TOTAL EXPENDITURES	620,791	141,964	762,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	(598,777)	(141,964)	(740,741)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	591,801	-	591,801
TOTAL OTHER FINANCING SOURCES (USES)	591,801	-	591,801
Net Change in Fund Balances	(6,976)	(141,964)	(148,940)
FUND BALANCES, January 1, 2013	1,650,066	141,964	1,792,030
REMAINING FUND BALANCES	\$ 1,643,090	\$ -	\$ 1,643,090

Note: The Department of Health and Human Services (Department) no longer administered the program effective June 30, 2013, in accordance with the LB 6 (2013). There were remaining expenditures to be paid for obligations that occurred prior to July 1, 2013. The majority of the activity was recorded during July 2013; however, there were a few remaining transactions throughout the end of the year.



NEBRASKA COMMISSION ON PROBLEM GAMBLING

**NEBRASKA COMMISSION ON PROBLEM GAMBLING  
FINANCIAL ACTIVITY**

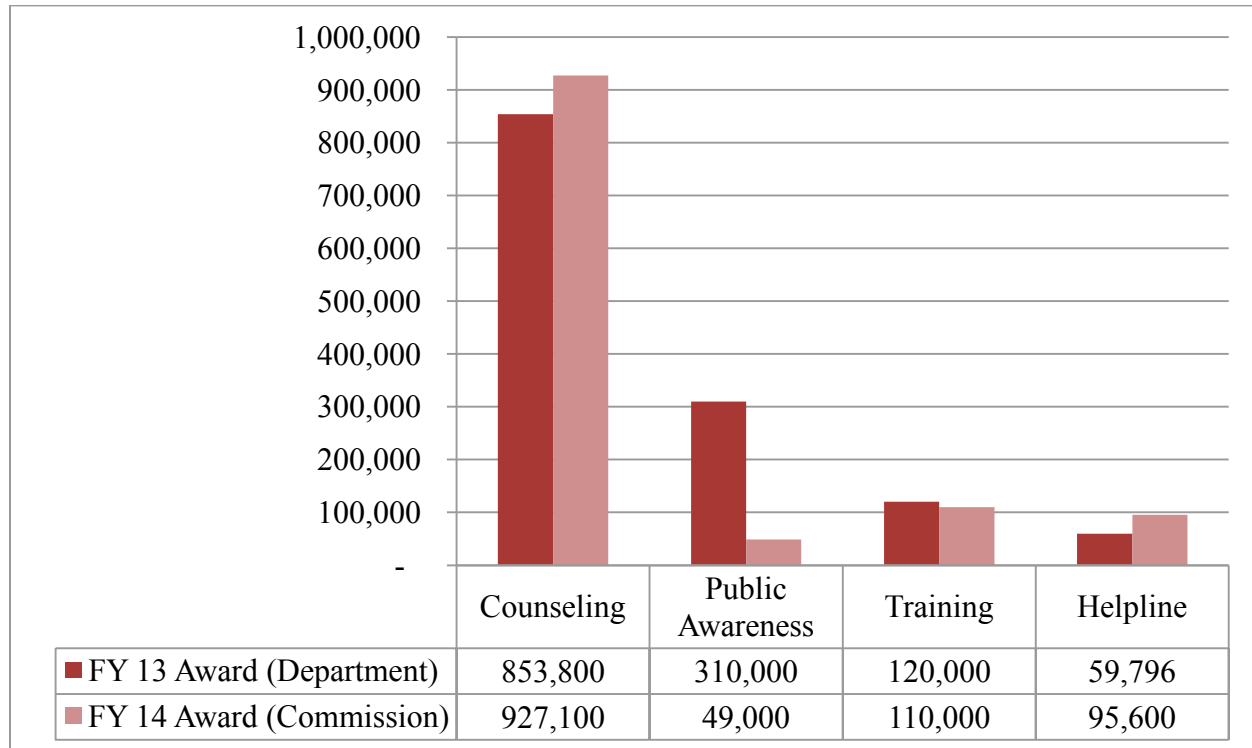
For the Period July 1, 2013, through December 31, 2013

	Compulsive Gamblers Assistance Fund 21750
REVENUES:	
Miscellaneous	\$ 17,074
TOTAL REVENUES	<u>17,074</u>
EXPENDITURES:	
Personal Services	41,599
Operating	2,682
Travel	709
Government Aid	522,890
TOTAL EXPENDITURES	<u>567,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(550,806)</u>
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	<u>830,478</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>830,478</u>
Net Change in Fund Balance	279,672
REMAINING FUND BALANCE, After Department of Health and Human Services Activity	<u>1,643,090</u>
FUND BALANCE, DECEMBER 31, 2013	<u><u>\$ 1,922,762</u></u>

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## BREAKDOWN OF AMOUNTS AWARDED BY GOVERNMENT AID CATEGORY

For Fiscal Years Ended June 30, 2013, and 2014



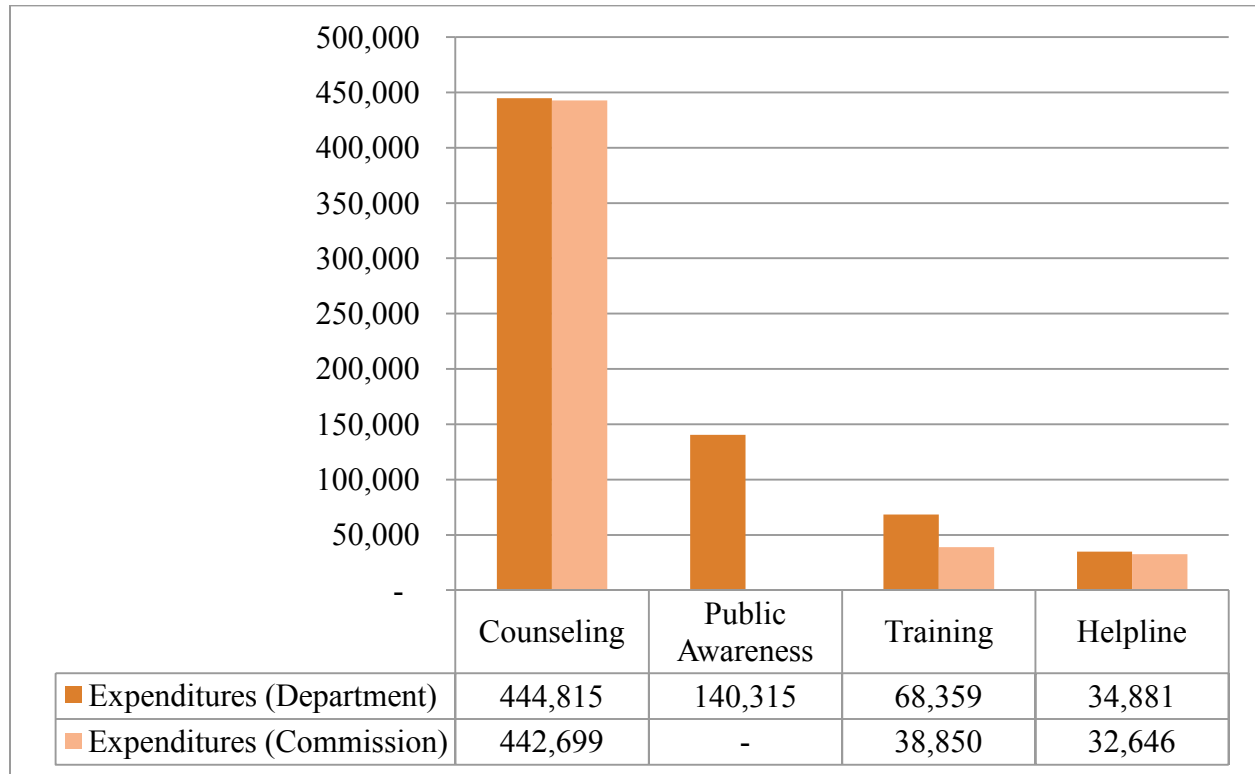
Source: Contracts awarded by the entities.

Note: The Department of Health and Human Services (Department) awarded contracts for fiscal year ended June 30, 2013. The Nebraska Commission on Problem Gambling (Commission) was charged with running the program effective July 1, 2013. The Commission awarded the contracts for the fiscal year ended June 30, 2014. This chart depicts the differences in the counseling, public awareness, training, and helpline contracts for the different entities.

# NEBRASKA COMMISSION ON PROBLEM GAMBLING

## BREAKDOWN OF AMOUNTS EXPENDED BY GOVERNMENT AID CATEGORY

For Calendar Year Ended December 31, 2013



Source: State Accounting System, EnterpriseOne.

Note: The first six-month period (January 1, 2013, through June 30, 2013) were expended by the Department. The second six-month period (July 1, 2013, through December 31, 2013) were expended by the Commission.

# **NCPG-14-GAP-CONTRACT**

## **BETWEEN THE**

## **NEBRASKA COMMISSION ON PROBLEM GAMBLING AND**

## **Nebraska Council on Compulsive Gambling**

This contract is entered into by and between the **Nebraska Commission on Problem Gambling** (hereinafter "NCPG"), and the **Nebraska Council on Compulsive Gambling** (hereinafter "Contractor").

**PURPOSE.** The purpose of this contract is to provide core and advanced workforce development trainings to aid in competency of the problem gambling workforce. An emergency exists and there are no problem gambling training services presently contracting with the NCPG. Further the contract is declared a service exempted by state law from RFP requirements. The contract is to provide workforce and training to aid in the competency of the problem gambling workforce and the Gamblers Assistance Program (GAP) in compliance with the requirements set forth by the NCPG.

### **I. TERM AND TERMINATION**

- A. **TERM.** This contract is in effect from July 1, 2013 until June 30, 2014.
- B. **TERMINATION.** This contract may be terminated at any time upon mutual written consent or by either party for any reason upon submission of written notice to the other party at least Thirty (30) days prior to the effective date of termination. NCPG may also terminate this contract in accord with the provisions designated "FUNDING AVAILABILITY" and "BREACH OF CONTRACT." In the event either party terminates this contract, the Contractor shall provide to NCPG all work in progress, work completed, and materials provided to it by NCPG in connection with this contract immediately.

### **II. CONSIDERATION**

- A. **TOTAL PAYMENT.** NCPG shall pay the Contractor a total amount not to exceed \$110,000 (One Hundred Ten Thousand Dollars) for the services specified herein; total amount not to exceed \$110,000 (One Hundred Ten Thousand Dollars) for the FY14 (July 1, 2013-June 30, 2014). Services and reimbursement rates are on an actual allowable rate.
- B. **PAYMENT STRUCTURE.** Payment shall be structured as follows:

1. The Contractor will submit billings no later than the 15th day of the month following the month service was delivered for reimbursement for actual, allowable, and reasonable expenditures in accordance with NCPG conditions. NCPG shall make reimbursement, subject to the following conditions:

- a. Contractor shall submit the monthly reimbursement requests to person and address listed under Notices in this Contract.
- b. Payment shall be made within forty-five (45) days from the date on the invoice of the reimbursement request provided: (a) the timely submission and receipt of the reimbursement request and required supporting documentation; and (b) NCPG approval of reimbursement request and supporting documentation.
- c. If the reimbursement request and supporting documentation are not submitted according to the timeframe stated in B.1. the reimbursement payment may be delayed.
- d. All services provided for which the Contractor seeks reimbursement must be in compliance with GAP program standards as approved by the NCPG. Any services deemed to be in non-compliance with those terms may be ineligible for reimbursement or be subject to repayment.
- e. All reimbursement requests for services provided thru May must be submitted no later than June 15th of that fiscal year; and the final reimbursement request of the fiscal year must only be for services provided in June and must be submitted no later than July 15th following the fiscal year.

2. The Contractor agrees that reimbursement for services shall not be processed should NCPG be billed for said services ninety (90) days or more beyond the implementation of the actual service delivery with the exception of the last month of the fiscal year which must be billed for by July 15th.

3. Any requests for an alteration or additional funds beyond this Contract agreement must be submitted to NCPG no later than fourteen (14) business days in advance of the next scheduled Nebraska Commission on Problem Gambling Meeting utilizing the approved Request for Funding document. Requests received beyond this date may, at the sole discretion of the NCPG, not be considered as valid and may not be processed. This Request for Funding document and the Nebraska Committee on Problem Gambling meeting dates are made available on the NCPG website.

### **III. SCOPE OF SERVICES**

A. The Contractor shall do the following:

1. Will develop, operate and implement Problem Gambling Workforce Development services. It is anticipated contractor will provide 90 hours of “core” or certification training in compliance with certification requirements for gambling certification. These 90 hours can be either online or face to face trainings. In addition 30 hours of “advanced” or recertification training are required. Total hours of training required 120. A calendar of workforce development service trainings for the year shall be submitted to the NCPG for approval within 30 days of signing of this contract. All changes in the training calendar shall be pre approved by the NCPG or their designate.

2. Will manage fiscal operations, compliance and quality assurance for all operations, Scope of work requirements and approved subcontractors.
3. Will collect, monitor and submit required data elements and manage reporting systems. Contractor will submit for NCPG approval forms for managing quality of trainings and monthly reporting within 30 days of approval of this contract.
4. Will provide quarterly reports to NCPG including:
  - a. Reporting of participant satisfaction of workforce development services outlined in A-1.
  - b. Reporting of workforce development services performed in the previous quarter within 30 days of the end of the quarter and; a year end report of all workforce development services within 30 days of completion of the contract.
5. The Contractor will participate in all mandatory trainings to ensure the accurate collection, entry and reporting of the data set for future analysis by NCPG. Related travel costs associated with NCPG required trainings will be reimbursed upon timely and appropriate submission and NCPG approval.
  - a. The Contractor agrees to report, in the required manner, all information pertaining to the services for all consumers that are funded by this contract including but not limited to data, financial, and programmatic reports. Minimum data determined by NCPG must also be kept on record for nonregistered and non-admitted consumers funded under this contract.
  - b. The Contractor shall be responsible for implementing processes to ensure that accurate and reliable data is reported under this contract.
  - c. The Contractor agrees to participate in NCPG approved program evaluation processes and collaborate with the NCPG approved vendor for evaluation services.
6. The Contractor agrees to assist NCPG, following reasonable notice, in the preparation of material necessary for periodic ad-hoc reports as required by NCPG, Federal and/or other State authorities.
7. The Contractor agrees to meet with NCPG staff, as requested in advance, to review the progress, performance and compliance of the Contractor in meeting the requirements of the Contract. The Contractor shall provide NCPG access to any and all information pertaining to services purchased under this Contract and shall allow NCPG to conduct site visits, as applicable, in order to review contract compliance, assess management controls, evaluate applicable services and activities, and provide technical assistance as needed.
8. The Contractor agrees to reductions in payments based upon any failure to comply with the Contract conditions herein, as determined by audits, reviews conducted under this Contract, and/or any reviews conducted by NCPG under federal and/or state rules and regulations.

9. The Contractor agrees to comply with the requirements of P.L. 103-327, also known as "the Pro-Children Act of 1994," and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act.

B. NCPG shall do the following:

1. Provide consultation and technical assistance to the Contractor. Consultation and technical assistance may be provided via teleconference, videoconference, individual and/or group environments as deemed appropriate based upon Contractor need and NCPG agreement to method of delivery, length of consultation and ongoing requests.

2. Perform an Audit of Contract Services.

a. The Audit of Services Purchased for Contract Services shall be completed by NCPG no less frequently than once per fiscal year. The Audit of Services Purchased shall include a review of services billed to NCPG under this Contract. The Services Purchased Audit process is described in the most current GAP Program Manual.

b. The Audit of Program Fidelity for Contract Services shall be completed by NCPG no less frequently than once every three fiscal years. The Audit of Program Fidelity shall include a review of services billed to NCPG under this Contract. The Program Fidelity Audit process is described in the most current GAP Program Manual.

3. Provide the Contractor with access to the most current GAP Program Manual prior to the start of the contract and ensure timely notification of changes to the Contractor. NCPG will provide timely access to training and/or technical assistance pertaining to program expectations outlined within the Provider Manual. NCPG will provide notification to the Contractor of changes to the Manual within fourteen (14) days of such revision.

4. Delay, reduce or withhold, reimbursement request, or repayment of funds paid to the Contractor if the Contractor is unable to meet contractual requirements, deadlines or file reports on a timely basis as set forth in this contract. If a Contractor is found to not have met or be in non-compliance with any of the conditions of this contract, NCPG will notify the Contractor in writing of said failure to meet requirements and the Contractor shall be allowed twenty (20) working days to submit response.



#### IV. GENERAL PROVISIONS

##### A. ACCESS TO RECORDS AND AUDIT RESPONSIBILITIES.

1. All Contractor books, records, and documents regardless of physical form, including data maintained in computer files or on magnetic, optical or other media, relating to work performed or monies received under this contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by NCPG. Contractor shall maintain all records for five (5) years from the date of final payment, except that records that fall under the provisions of the Health Insurance Portability and Accountability Act (HIPAA) shall be maintained for six (6) full years from the date of final payment. In addition to the foregoing retention periods, all records shall be maintained until all issues related to an audit, litigation or other action are resolved to the satisfaction of NCPG. All records shall be maintained in accordance with generally accepted business practices.

2. The Contractor shall provide NCPG any and all written communications received by the Contractor from an auditor related to Contractor's internal control over financial reporting requirements and communication with those charged with governance including those in compliance with or related to Statement of Auditing Standards (SAS) 112 *Communicating Internal Control related Matters Identified in an Audit* and SAS 114 *The Auditors Communication with Those Charged With Governance*. The Contractor agrees to provide NCPG with a copy of all such written communications immediately upon receipt or instruct any auditor it employs to deliver copies of such written communications to NCPG at the same time copies are delivered to the Contractor, in which case the Contractor agrees to verify that NCPG has received a copy.

3. The Contractor shall immediately correct any material weakness or condition reported to NCPG in the course of an audit and notify NCPG that the corrections have been made.

4. In addition to, and in no way in limitation of any obligation in this contract, the Contractor shall be liable for audit exceptions, and shall return to NCPG all payments made under this contract for which an exception has been taken or which has been disallowed because of such an exception, upon demand from NCPG.

5. The above provisions shall survive termination of the contract.

B. AMENDMENT. This contract may be modified only by written amendment, executed by both parties. No alteration or variation of the terms and conditions of this contract shall be valid unless made in writing and signed by the parties.

C. ANTI-DISCRIMINATION. The Contractor shall comply with all applicable local, state and federal statutes and regulations regarding civil rights and equal opportunity employment, including Title VI of the Civil Rights Act of 1964; the Rehabilitation Act of 1973, Public Law 93-112; the Americans With Disabilities Act of 1990, Public Law 101336; and the Nebraska Fair Employment Practice Act, NEB.REV.STAT. §§ 48-1101 to



48-1125. Violation of said statutes and regulations will constitute a material breach of contract. The Contractor shall insert this provision in all subcontracts.

- D. ASSIGNMENT. The Contractor shall not assign or transfer any interest, rights, or duties under this contract to any person, firm, or corporation without prior written consent of NCPG. In the absence of such written consent, any assignment or attempt to assign shall constitute a breach of this contract.
- E. ASSURANCE. If NCPG, in good faith, has reason to believe that the Contractor does not intend to, is unable to, or has refused to perform or continue to perform all material obligations under this contract, NCPG may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at NCPG's option, be the basis for terminating this contract.
- F. BREACH OF CONTRACT. NCPG may terminate the contract, in whole or in part, if the Contractor fails to perform its obligations under the contract in a timely and proper manner. NCPG may, by providing a written notice of default to the Contractor, allow the Contractor to cure a failure or breach of contract within a period of thirty (30) days or longer at NCPG's discretion considering the gravity and nature of the default. Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the Contractor time to cure a failure or breach of contract does not waive NCPG's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. NCPG may, at its discretion, contract for any services required to complete this contract and hold the Contractor liable for any excess cost caused by Contractor's default. This provision shall not preclude the pursuit of other remedies for breach of contract as allowed by law.
- G. CONFIDENTIALITY. Any and all information gathered in the performance of this contract, either independently or through NCPG, shall be held in the strictest confidence and shall be released to no one other than NCPG without the prior written authorization of NCPG, provided, that contrary contract provisions set forth herein shall be deemed to be authorized exceptions to this general confidentiality provision. This provision shall survive termination of this contract.
- H. CONFLICTS OF INTEREST. In the performance of this contract, the Contractor shall avoid all actual conflicts of interest. The Contractor shall immediately notify NCPG of any such instances encountered.
- I. DATA OWNERSHIP AND COPYRIGHT. All data collected as a result of this project shall be the property of NCPG. The Contractor shall not copyright any of the copyrightable material produced in conjunction with the performance required under this contract without written consent from NCPG. NCPG hereby reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the copyrightable material for state government purposes. This provision shall survive termination of this contract.

- J. DEBARMENT, SUSPENSION OR DECLARED INELIGIBLE. The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- K. DOCUMENTS INCORPORATED BY REFERENCE. All references in this contract to laws, rules, regulations, guidelines, directives, and attachments which set forth standards and procedures to be followed by the Contractor in discharging its obligations under this contract shall be deemed incorporated by reference and made a part of this contract with the same force and effect as if set forth in full text, herein.
- L. DRUG-FREE WORKPLACE. Contractor certifies that it maintains a drug-free workplace environment to ensure worker safety and workplace integrity. Contractor shall provide a copy of its drug-free workplace policy at any time upon request by NCPG.
- M. FORCE MAJEURE. Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under this contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of this contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. Upon such notice, all obligations of the affected party under this contract which are reasonably related to the Force Majeure Event shall be suspended, and the affected party shall do everything reasonably necessary to resume performance as soon as possible. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under this contract.
- N. FUNDING AVAILABILITY. NCPG may terminate the contract, in whole or in part, in the event funding is no longer available. Should funds not be appropriated, NCPG may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. NCPG shall give the Contractor written notice thirty (30) days prior to the effective date of any termination. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.
- O. GOVERNING LAW. The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against NCPG or the State of Nebraska regarding this contract shall be brought in Nebraska administrative or judicial forums as defined by Nebraska State law. The Contractor shall comply with all Nebraska statutory and regulatory law.

P. HOLD HARMLESS.

1. The Contractor shall defend, indemnify, hold, and save harmless NCPG and/or the State of Nebraska and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against NCPG and/or the State of Nebraska, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such Contractor liability is attenuated by any action of NCPG and/or the State of Nebraska which directly and proximately contributed to the claims.

2. NCPG's liability is limited to the extent provided by the Nebraska Tort Claims Act, the Nebraska Contract Claims Act, the Nebraska Miscellaneous Claims Act, and any other applicable provisions of law. NCPG does not assume liability for the action of its Contractors.

3. The above provisions shall survive termination of the contract.

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R. INVOICES. Invoices for payments submitted by the Contractor shall contain sufficient detail to support payment. Any terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties.

S. INTEGRATION. This written contract represents the entire agreement between the parties, and any prior or contemporaneous representations, promises, or statements by the parties, that are not incorporated herein, shall not serve to vary or contradict the terms set forth in this contract.

T. NEBRASKA NONRESIDENT INCOME TAX WITHHOLDING. Contractor acknowledges that Nebraska law requires NCPG to withhold Nebraska income tax if payments for personal services are made in excess of six hundred dollars (\$600) to any contractor who is not domiciled in Nebraska or has not maintained a permanent place of business or residence in Nebraska for a period of at least six months. This provision applies to individuals, to a corporation if 80% or more of the voting stock of the corporation is held by the shareholders who are performing personal services, and to a partnership or limited liability company if 80% or more of the capital interest or profits interest of the partnership or limited liability company is held by the partners or members who are performing personal services.

The parties agree, when applicable, to properly complete the Nebraska Department of Revenue Nebraska Withholding Certificate for Nonresident Individuals Form W-4NA or its successor. The form is available at: <http://www.revenue.ne.gov/tax/current/f w-4na.pdf>; or <http://www.revenue.ne.gov/tax/current/fill-in/f w-4na.pdf>

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Automated Clearing House (ACH) Enrollment Form Requirements for Payment. The vendor shall complete and sign the State of Nebraska ACH Enrollment Form and obtain the necessary information and signatures from their financial institution. The completed form must be submitted before payments to the vendor can be made. Download ACH Form: <http://www.das.state.ne.us/accounting/nis/addressbookinfo.htm>

- X. PUBLIC COUNSEL. In the event Contractor provides health and human services to individuals on behalf of NCPG under the terms of this contract, Contractor shall submit to the jurisdiction of the Public Counsel under NEB.REV.STAT. §§ 81-8,240 through 818,254 with respect to the provision of services under this contract. This provision shall not apply to contracts between NCPG and long-term care facilities subject to the jurisdiction of the state long-term care ombudsman pursuant to the Long-Term Care Ombudsman Act. This provision shall survive termination of the contract.
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- Z. SEVERABILITY. If any term or condition of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this contract did not contain the particular provision held to be invalid.
- AA. SUBCONTRACTORS. The Contractor shall not subcontract any portion of this contract without prior written consent of NCPG. The Contractor shall ensure that all subcontractors comply with all requirements of this contract and applicable federal, state, county and municipal laws, ordinances, rules and regulations.
- BB. TIME IS OF THE ESSENCE. Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by NCPG shall not waive any rights of NCPG nor constitute a waiver of the requirement of timely performance of any obligations on the part of the Contractor remaining to be performed.

NOTICES. Notices shall be in writing and shall be effective upon receipt. Written notices, including all reports and other written communications required by this contract shall be sent to the following addresses:



FOR NCPG:


Program Director, Nebraska Commission on Problem Gambling.  
Gamblers Assistance Program  
Nebraska Department of Revenue  
1313 Farnam Street  
Omaha, NE 68102-1871

FOR CONTRACTOR:


David Hoppe  
Nebraska Council on Compulsive Gambling  
1025 South 216 street  
Elkhorn, NE 68022  
(402) 493-3599

**IN WITNESS THEREOF**, the parties have duly executed this contract hereto, and each party acknowledges the receipt of a duly executed copy of this contract with original signatures.

FOR NCPG:

 Date 8-9-13  
Executive Director  
Nebraska Commission on Problem Gambling

FOR CONTRACTOR:

 Date 7-31-13  
David Hoppe  
Director  
NCCG

**NCPG-14-GAP-CONTRACT**

**BETWEEN THE**

**NEBRASKA COMMISSION ON PROBLEM GAMBLING  
AND**

**Nebraska Council on Compulsive Gambling**

This contract is entered into by and between the **Nebraska Commission on Problem Gambling** (hereinafter "NCPG"), and Nebraska Council on Compulsive Gambling (hereinafter "Contractor").

**PURPOSE.** The purpose of this contract is to provide live call referral services to Nebraska problem gamblers and their families. An emergency exists and there are no problem gambling referral services presently contracting with the NCPG. Further the contract is declared a service exempted by state law from RFP requirements. The contract is to provide community based problem gambling helpline services for the Gamblers Assistance Program (GAP) in compliance with the requirements set forth by the NCPG.

**I. TERM AND TERMINATION**

- A. **TERM.** This contract is in effect from July 1, 2013 until June 30, 2014.
- B. **TERMINATION.** This contract may be terminated at any time upon mutual written consent or by either party for any reason upon submission of written notice to the other party at least Thirty (30) days prior to the effective date of termination. NCPG may also terminate this contract in accord with the provisions designated "FUNDING AVAILABILITY" and "BREACH OF CONTRACT." In the event either party terminates this contract, the Contractor shall provide to NCPG all work in progress, work completed, and materials provided to it by NCPG in connection with this contract immediately.

**II. CONSIDERATION**

- A. **TOTAL PAYMENT.** NCPG shall pay the Contractor a total amount not to exceed \$95,600 (Ninety Five Thousand Six Hundred Dollars) for the services specified herein; total amount not to exceed \$95,600 (Ninety Five Thousand Six Hundred Dollars) for the FY14 (July 1, 2013-June 30, 2014). Services and reimbursement rates are on an actual allowable rate.
- B. **PAYMENT STRUCTURE.** Payment shall be structured as follows:
1. The Contractor will submit billings no later than the 15th day of the month following the month service was delivered for reimbursement for actual, allowable, and reasonable expenditures in accordance with NCPG conditions. NCPG shall make reimbursement, subject to the following conditions:
    - a. Contractor shall submit the monthly reimbursement requests to person and address listed under Notices in this Contract.

- b. Payment shall be made within forty-five (45) days from the date on the invoice of the reimbursement request provided: (a) the timely submission and receipt of the reimbursement request and required supporting documentation; and (b) NCPG approval of reimbursement request and supporting documentation.
- c. If the reimbursement request and supporting documentation are not submitted according to the timeframe stated in B.1. the reimbursement payment may be delayed.
- d. All services provided for which the Contractor seeks reimbursement must be in compliance with GAP program standards as approved by the NCPG. Any services deemed to be in non-compliance with those terms may be ineligible for reimbursement or be subject to repayment.
- e. All reimbursement requests for services provided thru May must be submitted no later than June 15th of that fiscal year; and the final reimbursement request of the fiscal year must only be for services provided in June and must be submitted no later than July 15th following the fiscal year.

2. The Contractor agrees that reimbursement for services shall not be processed should NCPG be billed for said services ninety (90) days or more beyond the implementation of the actual service delivery with the exception of the last month of the fiscal year which must be billed for by July 15th.

3. Any requests for an alteration or additional funds beyond this Contract agreement must be submitted to NCPG no later than fourteen (14) business days in advance of the next scheduled Nebraska Commission on Problem Gambling Meeting utilizing the approved Request for Funding document. Requests received beyond this date may, at the sole discretion of the NCPG, not be considered as valid and may not be processed. This Request for Funding document and the Nebraska Committee on Problem Gambling meeting dates are made available on the NCPG website.

### III. SCOPE OF SERVICES

A. The Contractor shall do the following:

- 1. Will operate a 24/7/365 helpline for Nebraska citizens seeking help for problem or disordered gambling. Contractor will use approved 800 numbers 800-522-4700 and 1-800 gambler. Contractor shall be responsible for all costs associated with the use of the approved number(s).
- 2. Will manage fiscal operations, compliance and quality assurance for all operations including scope of work compliance.
- 3. Will collect, manage and submit all data required by NCPG. Data will be submitted on a timeline determined by NCPG. A year end report is required to be completed within 30 days of completion of the contract.



4. Participate in all reporting and record keeping systems, including the web-based data collection system, and information requests required by NCPG.
5. The Contractor will participate in all mandatory trainings to ensure the accurate collection, entry and reporting of the data set for future analysis by NCPG. Related travel costs associated with NCPG required trainings will be reimbursed upon timely and appropriate submission and NCPG approval.
  - a. The Contractor agrees to report, in the required manner, all information pertaining to the services for all consumers that are funded by this contract including but not limited to data, financial, and programmatic reports. Minimum data determined by NCPG must also be kept on record.
  - b. The Contractor shall be responsible for implementing processes to ensure that accurate and reliable data is reported under this contract.
  - c. The Contractor agrees to participate in NCPG approved program evaluation processes and collaborate with the NCPG approved vendor for evaluation services.
6. The Contractor agrees to assist NCPG, following reasonable notice, in the preparation of material necessary for periodic ad-hoc reports as required by NCPG, Federal and/or other State authorities.
5. The Contractor agrees to meet with NCPG staff, as requested in advance, to review the progress, performance and compliance of the Contractor in meeting the requirements of the Contract. The Contractor shall provide NCPG access to any and all information pertaining to services purchased under this Contract and shall allow NCPG to conduct site visits, as applicable, in order to review contract compliance, assess management controls, evaluate applicable services and activities, and provide technical assistance as needed.
6. The Contractor agrees to reductions in payments based upon any failure to comply with the Contract conditions herein, as determined by audits, reviews conducted under this Contract, and/or any reviews conducted by NCPG under federal and/or state rules and regulations.
7. The Contractor agrees to comply with the requirements of P.L. 103-327, also known as "the Pro-Children Act of 1994," and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act.

B. NCPG shall do the following:

1. Provide consultation and technical assistance to the Contractor. Consultation and technical assistance may be provided via teleconference, videoconference, individual and/or group environments as deemed appropriate based upon Contractor need and NCPG agreement to method of delivery, length of consultation and ongoing requests.

2. Perform an Audit of Contract Services.

- a. The Audit of Services Purchased for Contract Services shall be completed by NCPG no less frequently than once per fiscal year. The Audit of Services Purchased shall include a review of services billed to NCPG under this Contract. The Services Purchased Audit process is described in the most current GAP Program Manual.
- b. The Audit of Program Fidelity for Contract Services shall be completed by NCPG no less frequently than once every three fiscal years. The Audit of Program Fidelity shall include a review of services billed to NCPG under this Contract. The Program Fidelity Audit process is described in the most current GAP Program Manual.

3. Delay, reduce or withhold, reimbursement request, or repayment of funds paid to the Contractor if the Contractor is unable to meet contractual requirements, deadlines or file reports on a timely basis as set forth in this contract. If a Contractor is found to not have met or be in non-compliance with any of the conditions of this contract, NCPG will notify the Contractor in writing of said failure to meet requirements and the Contractor shall be allowed twenty (20) working days to submit response.

#### IV. GENERAL PROVISIONS

##### A. ACCESS TO RECORDS AND AUDIT RESPONSIBILITIES.

1. All Contractor books, records, and documents regardless of physical form, including data maintained in computer files or on magnetic, optical or other media, relating to work performed or monies received under this contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by NCPG. Contractor shall maintain all records for five (5) years from the date of final payment, except that records that fall under the provisions of the Health Insurance Portability and Accountability Act (HIPAA) shall be maintained for six (6) full years from the date of final payment. In addition to the foregoing retention periods, all records shall be maintained until all issues related to an audit, litigation or other action are resolved to the satisfaction of NCPG. All records shall be maintained in accordance with generally accepted business practices.

2. The Contractor shall provide NCPG any and all written communications received by the Contractor from an auditor related to Contractor's internal control over financial reporting requirements and communication with those charged with governance including those in compliance with or related to Statement of Auditing Standards (SAS) 112 *Communicating Internal Control related Matters Identified in an Audit* and SAS 114 *The Auditors Communication with Those Charged With Governance*. The Contractor agrees to provide NCPG with a copy of all such written communications immediately upon receipt or instruct any auditor it employs to deliver copies of such written communications to NCPG at the same time copies are delivered to the Contractor, in which case the Contractor agrees to verify that NCPG has received a copy.

3. The Contractor shall immediately correct any material weakness or condition reported to NCPG in the course of an audit and notify NCPG that the corrections have been made.

4. In addition to, and in no way in limitation of any obligation in this contract, the Contractor shall be liable for audit exceptions, and shall return to NCPG all payments made under this contract for which an exception has been taken or which has been disallowed because of such an exception, upon demand from NCPG.

5. The above provisions shall survive termination of the contract.

B. AMENDMENT. This contract may be modified only by written amendment, executed by both parties. No alteration or variation of the terms and conditions of this contract shall be valid unless made in writing and signed by the parties.

C. ANTI-DISCRIMINATION. The Contractor shall comply with all applicable local, state and federal statutes and regulations regarding civil rights and equal opportunity employment, including Title VI of the Civil Rights Act of 1964; the Rehabilitation Act of 1973, Public Law 93-112; the Americans With Disabilities Act of 1990, Public Law 101336; and the Nebraska Fair Employment Practice Act, NEB.REV.STAT. §§ 48-1101 to

48-1125. Violation of said statutes and regulations will constitute a material breach of contract. The Contractor shall insert this provision in all subcontracts.

- D. ASSIGNMENT. The Contractor shall not assign or transfer any interest, rights, or duties under this contract to any person, firm, or corporation without prior written consent of NCPG. In the absence of such written consent, any assignment or attempt to assign shall constitute a breach of this contract.
- E. ASSURANCE. If NCPG, in good faith, has reason to believe that the Contractor does not intend to, is unable to, or has refused to perform or continue to perform all material obligations under this contract, NCPG may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at NCPG's option, be the basis for terminating this contract.
- F. BREACH OF CONTRACT. NCPG may terminate the contract, in whole or in part, if the Contractor fails to perform its obligations under the contract in a timely and proper manner. NCPG may, by providing a written notice of default to the Contractor, allow the Contractor to cure a failure or breach of contract within a period of thirty (30) days or longer at NCPG's discretion considering the gravity and nature of the default. Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the Contractor time to cure a failure or breach of contract does not waive NCPG's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. NCPG may, at its discretion, contract for any services required to complete this contract and hold the Contractor liable for any excess cost caused by Contractor's default. This provision shall not preclude the pursuit of other remedies for breach of contract as allowed by law.
- G. CONFIDENTIALITY. Any and all information gathered in the performance of this contract, either independently or through NCPG, shall be held in the strictest confidence and shall be released to no one other than NCPG without the prior written authorization of NCPG, provided, that contrary contract provisions set forth herein shall be deemed to be authorized exceptions to this general confidentiality provision. This provision shall survive termination of this contract.
- H. CONFLICTS OF INTEREST. In the performance of this contract, the Contractor shall avoid all actual conflicts of interest. The Contractor shall immediately notify NCPG of any such instances encountered.
- I. DATA OWNERSHIP AND COPYRIGHT. All data collected as a result of this project shall be the property of NCPG. The Contractor shall not copyright any of the copyrightable material produced in conjunction with the performance required under this contract without written consent from NCPG. NCPG hereby reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the copyrightable material for state government purposes. This provision shall survive termination of this contract.

- J. DEBARMENT, SUSPENSION OR DECLARED INELIGIBLE. The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- K. DOCUMENTS INCORPORATED BY REFERENCE. All references in this contract to laws, rules, regulations, guidelines, directives, and attachments which set forth standards and procedures to be followed by the Contractor in discharging its obligations under this contract shall be deemed incorporated by reference and made a part of this contract with the same force and effect as if set forth in full text, herein.
- L. DRUG-FREE WORKPLACE. Contractor certifies that it maintains a drug-free workplace environment to ensure worker safety and workplace integrity. Contractor shall provide a copy of its drug-free workplace policy at any time upon request by NCPG.
- M. FORCE MAJEURE. Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under this contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of this contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. Upon such notice, all obligations of the affected party under this contract which are reasonably related to the Force Majeure Event shall be suspended, and the affected party shall do everything reasonably necessary to resume performance as soon as possible. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under this contract.
- N. FUNDING AVAILABILITY. NCPG may terminate the contract, in whole or in part, in the event funding is no longer available. Should funds not be appropriated, NCPG may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. NCPG shall give the Contractor written notice thirty (30) days prior to the effective date of any termination. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.
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FOR NCPG:

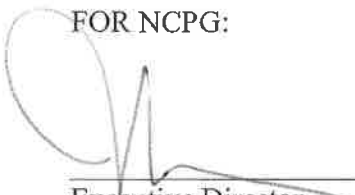
Program Director, Nebraska Commission on Problem Gambling.  
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FOR CONTRACTOR:

David Hoppe  
Nebraska Council on Compulsive Gambling  
1025 South 216<sup>th</sup> Street  
Elkhorn, NE 68022  
(402) 493-3599

**IN WITNESS THEREOF**, the parties have duly executed this contract hereto, and each party acknowledges the receipt of a duly executed copy of this contract with original signatures.

FOR NCPG:

 Date 8-9-13  
Executive Director  
Nebraska Commission on Problem Gambling

FOR CONTRACTOR:

 Date 7-31-13  
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Director  
NCCG