

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
JULY 1, 2015, THROUGH DECEMBER 31, 2016**

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Issued on April 26, 2017

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

BACKGROUND

Program 261 – General Operations is a program under the Nebraska Department of Health and Human Services (DHHS). Program 261 is responsible for the administrative salaries, benefits, and operating expenses of the DHHS, including the following sections: a) the Office of the Chief Executive Officer (CEO), comprised of the Chief of Staff with the offices of Communications and Legislative Services, Internal Audit, and Workforce Capacity Planning; b) the Office of the Chief Operating Officer (COO), which is comprised of Human Resources (HR), Support Services, and Operations Consulting; c) the Office of the Chief Financial Officer (CFO); d) the Office of the Chief Information Officer; e) the Office of Legal and Regulatory Services; and f) the Office of the State Long-Term Care Ombudsman Program. Program 261 also includes the operating expenses of ServeNebraska. A separate attestation was performed on ServeNebraska for the time period July 1, 2015, through December 31, 2016.

The Office of the CEO directly oversees the following: 1) Communications and Legislative Services manages public, internal, and stakeholder communications; 2) Internal Audit assists agency staff with process and procedure improvements and provides a contact point and coordination for all external audits, reviews, attestations, or site visits; and 3) Workforce Capacity Planning provides short and long-term staffing strategy, as well as processes and models to help leadership develop the understanding needed to make operational decisions that align with and achieve the strategic goals of DHHS.

The Office of the COO is comprised of the following: 1) HR provides personnel support to DHHS employees and managers across the State and is responsible for training coordination, staff development, leadership and supervisory training, and meetings and team facilitation; 2) Support Services provide technical assistance and support for DHHS, including purchasing, equipment, risk management, leasing and contractual services and sub-awards; and 3) Operations Consulting is an internal consulting team that identifies, develops, implements, and evaluates business practices throughout DHHS for efficiency and effectiveness.

The Office of the CFO provides support to DHHS through budget development and monitoring, State and Federal report preparation, program evaluation, accounting transactions, revenue collections and monitoring, grant and contract support, claims processing, research, financial and program analysis, and cost allocation.

The Office of Information Systems and Technology provides planning and project management, implementation and ongoing support of information systems, network and hardware support, including procurement and installation, local area network management and maintenance, and internal Help Desk support for both system-specific and DHHS-wide questions and concerns.

The Office of Legal and Regulatory Services provides legal advice to DHHS, represents DHHS in administrative hearings and court cases, interprets State and Federal laws and regulations, and drafts and reviews legislation, rules and regulations, contracts, and other documents.

The Office of the State Long-Term Care (LTC) Ombudsman Program functions as an advocate for the rights and well-being of nursing home and assisted living facility residents.

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KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Executive Management

Name	Title
Courtney Phillips	Chief Executive Officer
Karen Gatherer	Interim Chief Financial Officer
Chris Hill	Chief Information Officer
Matthew Wallen	Chief of Staff

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SUMMARY OF COMMENTS

During our examination of Program 261, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #1 and #2, which are considered to be significant deficiencies.

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

1. ***Timeliness of Accounting:*** The Department of Health and Human Services (DHHS) did not make payments, journal entries, or receipt money timely. Payments tested were noted as late as 457 days; journal entries were made up to 17 months later; and a receipt was not deposited for a month.
2. ***Journal Entries:*** DHHS made a journal entry incorrectly six months late that overcharged a grant \$2,641,761 and did not pay the Federal agency back until nine months after the grant closed. Other entries were not made correctly or not reviewed. Also, DHHS did not have documented procedures on how funding sources are utilized.
3. ***Lack of Adequate Supporting Documentation:*** Expenditures and receipts tested did not have adequate supporting documentation to allow for a determination that the charges were reasonable or that the amount received was appropriate.
4. ***Contracts:*** Eight contracts with two vendors were not competitively bid; six contracts were not signed by DHHS prior to the contracts going into effect; and one contract was not available for viewing on the State Contract database.
5. ***Payroll Issues:*** Supporting documentation was not on file for employee deductions; deductions were not appropriately withheld; and five system IDs were not assigned to a specific employee.
6. ***Petty Cash Bank Accounts:*** Program 261 had four petty cash bank accounts that were not authorized, were not replenished timely and appropriately, and were reconciled by the custodian of the account – except for one account, which was not reconciled at all.
7. ***Travel Expenditures:*** Testing of travel expenditures revealed that a meal was reimbursed without a receipt; an unallowable meal and tips were reimbursed; trips were not pre-approved; mileage logs did not have support of the trip or specific destinations listed; and the best rate was not obtained for lodging.
8. ***Transfers Pursuant to State Statute:*** Transfers were not calculated correctly, and DHHS could not provide supporting documentation that amounts were actually obligated.
9. ***Schedule of Expenditures of Federal Awards (SEFA) Adjustments:*** Three Federal programs did not have expenditures to subrecipients reported correctly on the SEFA.
10. ***DHHS Procedures:*** DHHS had inadequate procedures over tuition assistance reimbursements, reconciliation of deposit documents, and marking invoices to prevent reuse.

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SUMMARY OF COMMENTS
(Concluded)

More detailed information on the above items is provided hereinafter. 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 Program 261.

Draft copies of this report were furnished to the DHHS to provide its 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. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

1. Timeliness of Accounting

We noted that the Department of Health and Human Services (DHHS) did not make payments, perform journal entries, or receipt money timely. Further details are listed below.

Child Support Enforcement Administration Reimbursements

DHHS has subaward agreements with County Clerks and County Attorneys to assist in the administration of the Child Support Enforcement (CSE) program. Those agreements contain two provisions that are relevant for purposes of this finding. First, DHHS must pay all CSE claims within 60 days of receipt. Second, if the County does not submit the claim for reimbursement within 45 days after the end of the quarter, without an extension granted by DHHS, there will be no reimbursement of expenses.

We selected 147 CSE claims and noted that 108 of these were not paid within 60 days in accordance with the subaward terms. CSE payments were from 3 to 457 days late. In addition, 33 of these CSE reimbursements were not submitted to DHHS within 45 days, as required by the subaward terms but were still paid. Claims were received from 1 to 381 days late. See **Exhibit C** for a listing of payments.

DHHS did not have adequate procedures or an accurate method of tracking to ensure that CSE payments were made within 60 days or that claims were received within 45, as required by the subaward terms.

Payments to Vendors

We tested 29 payments to vendors and noted that 5 payments were not made in full within 45 days after the receipt of services or the receipt of the bill from the vendor. Payments ranged from 11 to 178 days late.

	Payee	Amount	Invoice Date	Payment Date	Days Late
1	SAP Public Services Inc	\$ 21,143	4/15/2015	11/24/2015	178 Days
1	SAP Public Services Inc	\$ 22,326	8/14/2015	11/24/2015	57 Days
2	Food Bank for the Heartland	\$ 84,085	1/22/2016	5/13/2016	67 Days
3	Johnson Controls Inc	\$ 11,241	6/29/2015	9/16/2015	34 Days
3	Johnson Controls Inc	\$ 9,555	7/17/2015	9/16/2015	16 Days
4	NeHII	\$ 35,503	7/18/2016	9/19/2016	18 Days
5	DAS Accounting	\$338,225	10/6/2106	12/1/2016	11 Days

We also noted that a reversal of a purchase order for \$370,627 was not done timely, causing expenditures for fiscal year 2015 to be overstated. The purchase order was entered into the general ledger in fiscal year 2015, and the process was to reverse this purchase order, so a wire payment could be issued instead. The entry to record the wire payment was also made in fiscal year 2015; however, the purchase order was not reversed until fiscal year 2016.

Journal Entries

We noted that 6 of 12 journal entries tested were not prepared and posted timely.

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COMMENTS AND RECOMMENDATIONS
(Continued)

1. Timeliness of Accounting (Continued)

	Journal Entry Description	Journal Entry Date Posted	# Months Later
1	Move \$51,000 of unallowable Medicaid costs for July and August 2014	December 17, 2015	17
2	Reconcile costs for Guardianship Assistance at the end of the grant period, September 30, 2014	April 25, 2016	17
3	Record surplus property sales for March to June 2015	February 12, 2016	8
4	Record surplus property sales for January 2016	June 20, 2016	6
5	Reconcile costs for the SNAP grant as of June 30, 2015	December 21, 2015	6
6	Reconcile costs allocated to the CHIP grant as of June 30, 2015	December 29, 2015	6

We also noted another journal entry for \$156,715, which was to move costs from a Cash Fund to a Federal Fund, had not been performed. The expenditure was initially paid on December 1, 2016, from cash funds because Federal funding had not been received. However, after Federal funding had been received, an entry should have been made to move the costs. As of March 21, 2017, the entry had not been made, and DHHS was not aware of the need to make the entry.

Receipt

One receipt tested for \$10,000 was not deposited timely. The letter containing the check was dated May 26, 2016, but the check was not deposited until June 25, 2016, or a month later.

Neb. Rev. Stat. § 81-2403(1) (Reissue 2014) states the following:

Except as provided in subsection (2) of this section, each agency shall make payment in full for all goods delivered or services rendered on or before the forty-fifth calendar day after (a) the date of receipt by the agency of the goods or services or (b) the date of receipt by the agency of the bill for the goods or services, whichever is later, unless other provisions for payment agreed to in writing by the creditor and the agency.

Neb. Rev. Stat. § 84-710 (Reissue 2014) states the following:

It shall be unlawful for any executive department, state institution, board, or officer acting under or by virtue of any statute or authority of the state, including the State Racing Commission, to receive any fees, proceeds from the sale of any public property, or any money belonging to the state or due for any service rendered by virtue of state authority without paying the same into the state treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more

The CSE subawards contain the following language:

Reimbursement by DHHS to the Subrecipient shall be made on a quarterly basis. The subrecipient shall submit all quarterly claims within forty-five (45) days following the end of the quarter for which reimbursement is being claimed, but may extend this time period with good cause, as determined by DHHS.

DHHS will pay approved claims within sixty (60) days of the date on which the Subrecipient submits an approved claim for reimbursement. If claims are not received within forty-five (45) days after the end of the quarter for which reimbursement is being claimed, unless an extension was granted by DHHS, there will be no reimbursement of expenses. Claims received within the above time line may be revised up to eighteen (18) months after the quarter ending date (Sub-part G of 45 CFR, Part 95; 45 CFR §304.24).

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Timeliness of Accounting (Continued)

A good internal control plan requires procedures to ensure that DHHS makes payments, receives payment requests, performs journal entries, and deposits receipts timely and in accordance with both State statute and applicable subaward terms.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also noncompliance with State statute or subaward requirements.

We recommend DHHS implement procedures to ensure that payments, journal entries, receipt deposits, and payment requests are made timely and in accordance with both State statute and applicable subaward terms.

DHHS Response:

Child Support Enforcement Administration Reimbursements

DHHS does not completely agree with this portion of the comment. The report does not consider an additional provision in the subaward which states, “DHHS reserves the right to defer or disallow payment of any claim submitted by the Subrecipient in which any of the following apply: a) DHHS requires additional justification or documentation for all expenditures included on the quarterly claim.”

The audit staff did not request or review any additional documentation supporting the delays for any of the items noted in Exhibit C of the report. Many of these payments had documentation which includes correspondence requesting additional supporting documentation and clarification on billings in order to comply with Federal Regulations. Lack of sufficient documentation and incomplete claim documentation are common reasons for delay in county reimbursement and have contributed to slower processing time. Once all information is received, the DHHS Child Support Enforcement (CSE) staff reviewed and, in many instances, adjusted the billings. Additionally, DHHS would note that all payments made were allowable and made within the timeframes per Federal Regulations of 24 months.

DHHS reviewed 46 of the payments in question and found supporting documentation that justified delayed payment for 41 which complies with the subaward provisions. In addition, 33 of these payments required adjustments from the initial request.

DHHS acknowledges that there are instances where processing of County Reimbursement claims exceeds the timeframes indicated in the subaward agreements for which there is no documentation supporting the delay. As the goals are currently set, CSE will be in compliance with subaward timeframes by August 2017.

CSE is implementing a process to track claims received more than 45 days past the end of the quarter and a plan to request an explanation for the delays from the county. Those explanations will be reviewed by CSE and a letter will be developed to approve or deny the late request and returned to the county.

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Timeliness of Accounting (Continued)

CSE will develop a tracking mechanism to calculate 60 days from receipt of the claim to track the payment due date. Date of payment will be updated with dates claim is referred for payment.

CSE will consider changes to the cooperative agreement to allow more time for review and receipt of auditing for appropriate documentation prior to authorizing payment of the claim.

Payments to Vendors

DHHS does not completely agree with this portion of the comment. For three of the four vendor payments noted in the report, there is documentation supporting that either initial billings were incorrect or there were other delays due to issues which needed clarification and research before DHHS would accept as a final billing. None of this documentation was requested or reviewed during the attestation. The report does not include the entire Neb. Rev. Stat. §84-2403. Section (3) of this statute states the following:

No goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency. For purposes of determining whether payment was made in accordance with this section, payment in full by an agency shall be considered to be made on the date the warrant or check for such payment was mailed or otherwise transmitted.

An example of documentation supporting that payment was not finally accepted by DHHS includes clarification from SAP Public Service Inc. where DHHS had previously attempted to cancel services and required additional communication with the vendor regarding specific cancellation requirements per the terms of their software agreement. Other examples include having to send invoices back to vendors for corrections as was the case of the Johnson Controls or having to get clarification on their billing as was the case for the NEHII payment.

Journal Entries

Regarding the \$51,000 of unallowable Medicaid costs, these were Electronic Health Record Incentive Program payments originally paid as they met the requirements of the pre-payment audit process. However, these payments were later reviewed by the DHHS Program Integrity Unit during a post-payment audit and deemed unallowable. DHHS recovered the money from the provider and refunded it to the Federal awarding agency.

The reconciliation journal entries relate to the Federal grant fund mix adjustment process that was developed in cooperation with our Federal partners during the attestation period. New Standard Operation Procedures (SOPs) have been developed and DHHS will be caught up on Federal Fiscal Year 2014, 2015, and 2016 fund mix adjustments by June 30, 2017. The new SOPs will make it possible to complete all current funding mix adjustments in a timely manner.

The Surplus property process has been revised and all required journal entries have been entered. SOP's have been developed for this process and staff have been trained on them to ensure timely entry.

DHHS will develop more comprehensive cash management policies and procedures to adequately document fund source decisions currently made by committee within Financial

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Timeliness of Accounting (Concluded)

Services. This committee meets routinely to address cash management issues and ensure efficient use of our cash resources.

Receipt

Recently, DHHS' Internal Audit Section conducted a complete review of our Agency's cash handling processes and procedures. Several operation and internal control improvements were identified as a result of this review and will address issues such as the one noted in the report.

APA Response: Even if there was documentation to support delays in payment, it appears unreasonable that it would take DHHS several days after the 60-day payment requirement to resolve the differences, especially for the 74 that took over 90 days to pay. Furthermore, late payment concerns have been brought to our attention, by counties, who need the money for cash flow issues, so it seems they want to resolve any differences as soon as possible.

DHHS's response for the delay in payment to SAP was because of an attempt to cancel service. However, as the payment was made it further raises questions that either DHHS paid for a service they never received or they paid for a service they no longer needed. For the other two payments to the vendors, the payments made matched the invoices submitted and the dates listed above. This does not support the response of needing correcting invoices and it seems unreasonable it would take 63 days for a clarification of an invoice that did not change.

In addition, the APA communicated this finding to DHHS on March 8, 2017, and were not provided any supporting documentation to dispute the finding.

2. Journal Entries

The Auditor of Public Accounts (APA) tested 12 journal entries made by the Department of Health and Human Services (DHHS) and noted the following:

- DHHS utilizes a Federally-approved Cost Allocation Plan (CAP) to allocate administrative costs. One entry tested was to reconcile the amount of administrative costs allowed for the 2015 SNAP grant to the costs that were actually charged for the period October 1, 2014, through June 30, 2015. When administrative costs are paid, they are charged to various Federal and State programs based on estimates of what the programs will be allocated through the CAP. At the end of each quarter, the Cost Allocation Plan (CAP) is run. The CAP distributes costs and reflects the actual allowable expenditures for each program.

DHHS did not perform the journal entry to reconcile the grant for the period ending June 30, 2015, until December 21, 2015, or six months later. DHHS then made the journal entry incorrectly, by recording \$2,641,761 more to the grant than what was allowable for the grant per the CAP. This entry caused the grant to be overdrawn by \$2,641,761.

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COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Journal Entries** (Continued)

At the end of December 2015, DHHS prepared its final report to the Federal agency showing \$14,699,795 in allowable expenditures; however, the general ledger showed \$16,640,643 (\$4,639,181 was paid from Program 261) actually spent. At that time, the grant was overdrawn by \$2,282,535.

DHHS continued making entries to the grant and, by June 30, 2016, it had made some correcting entries, reducing the amount charged to the grant to \$14,254,021, and paid back \$2,154,426 to the Federal agency. However, the amount in the general ledger still did not agree to the final Federal report.

As of fieldwork testing on March 13, 2017, 18 months after the grant had closed, the amount charged to the grant was \$14,232,275. Entries had been made as late as February 27, 2017, and they still did not match the final Federal report.

Furthermore, during the weeks-long discussion of the reconciliation and entry, DHHS noted several times that the APA's analysis was incorrect, causing significant time to be devoted to this issue. After the APA discussed the issue with the Department of Administrative Services to confirm our understanding of the drawdown process, DHHS agreed the grant had been overdrawn.

- For another journal entry tested, documentation was not on file to support the funds charged. The entry tested was to move \$147,971 in rent expense for September 2016 from the Federal Cash Fund to the State General Fund. Per DHHS, there was a lack of funds available in the Federal Cash Fund, so these expenses were moved to the General Fund. We also noted three additional expenditures for Office of the Chief Information Officer (OCIO) billings for \$36,132, \$46,357, and \$53,716 that were split between multiple Cash Funds and/or the General Fund without documentation to support the split. DHHS neither had policies or procedures nor maintained documentation for how funding sources were utilized for the General Fund and its Cash Funds.
- A third journal entry tested was to move \$25,234 in payroll expenses for two employees from the Medicaid Grant to General Operations for the months of July and August 2016. Per DHHS, the employees' time should have been allocated to many different programs and not all to Medicaid. However, we noted that these two employees should have had their payroll recorded to General Operations since April 2016, and there was not a journal entry to correct the coding from April to June 2016. DHHS stated that the past time would be adjusted during the reconciliation process of the grant, when actual charges are reconciled to allowable expenses. However, as of February 2017, the reconciliation had not been performed.
- Lastly, a journal entry, which charged postage expense to DHHS, was tested. The entry was prepared and posted by the Department of Administrative Services; however, there was no documented review of the entry by DHHS to ensure what was charged to DHHS was accurate.

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COMMENTS AND RECOMMENDATIONS
(Continued)

2. Journal Entries (Continued)

Per 31 CFR § 205.33(a) (July 1, 2016), “A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes.”

A good internal control plan and sound business practice require procedures to ensure that journal entries are correct, made timely, documented, and reviewed. Sound business practices also require that a formal policy be in place to document how to utilize the State General Fund and Cash Funds when paying expenditures.

If cash management compliance is not adequately monitored, there is an increased risk for noncompliance with Federal regulations. If journal entries are not performed timely or reviewed, there is an increased risk of inaccurate reporting or a misuse of funds. Additionally, when documented procedures are not on file, it is questionable whether another individual would be able to recreate the split coding process. Furthermore, without such procedures in place, there is an increased risk that the Cash Funds might be underutilized, resulting in an accumulation of an unnecessarily large balance.

We recommend DHHS implement procedures to ensure cash management is adequately monitored and Federal requirements are adhered to. DHHS should also make certain that actual costs are reconciled to allowable costs timely and that they are accurately reflected in the general ledger. We also recommend DHHS establish formal procedures documenting how to utilize its General Fund and Cash Funds when paying for expenditures.

DHHS Response: The first journal entry noted in this comment relates to the Federal grant fund mix adjustment process that was developed in cooperation with our Federal partners during the attestation period. New Standard Operation Procedures (SOPs) have been developed and DHHS will be caught up on Federal Fiscal Year 2014, 2015, and 2016 fund mix adjustments by June 30, 2017. The new SOPs will make it possible to complete all current funding mix adjustments in a timely manner.

The second journal entry noted in the comment relates to cash management decisions. As noted above, DHHS will develop more comprehensive cash management policies and procedures to adequately document fund source decisions currently made by committee within Financial Services. This committee meets routinely to address cash management issues and ensure efficient use of our cash resources.

The third journal entry in the comment must be completed as part of the fund mix adjustment process. If DHHS were to make adjustments that impact a prior quarter that has not had a fund mix adjustment completed, it will distort both that period and the current period for the adjusted amounts for that grant. It is better to have these corrections occur when the fund mix adjustment is completed so that the current quarter is not distorted. These will be completed by June 30, 2017.

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COMMENTS AND RECOMMENDATIONS
(Continued)

2. Journal Entries (Concluded)

DHHS will continue to monitor postage and other similar costs from a budgetary standpoint and review for significant fluctuations. However, current billing documents do not provide sufficient information to perform detailed reviews of postage costs for accuracy.

APA Response: We agree the corrections should be completed when the adjustments to the grants are completed; however, if the adjustments are not done, corrections must still be made.

We encourage DHHS to work with DAS to obtain enough information to ensure the payments to DAS are accurate and for DHHS expenses.

3. Lack of Adequate Supporting Documentation

During testing, we noted that 3 of 31 expenditures and 2 of 18 receipts did not have adequate supporting documentation on file, as noted below.

- An expenditure for \$4,837 for charges of scanning and indexing did not have documentation of the rate that should have been charged. DHHS paid the expenditure without verifying the rate charged to what should have been charged for the services.
- Another expenditure for a SNAP Outreach subaward for \$84,085 did not have detailed documentation for the costs incurred. Without adequate supporting documentation, we could not determine that costs were allowable.
- A third expenditure for a final lease payment for a rental property for \$59,046 included operating expenses and management costs; however, there was no documentation from the management company to support these costs were actually incurred. DHHS was to pay for operating expenses in excess of the agreed upon rate per square foot of the leased area. The total amount of operating expenses as listed on the invoice were:

Charge	Amount
Utilities (Electric, Gas, Water, Phone and Refuse)	\$ 63,360
Janitorial Services	30,584
Supplies	3,964
Outside Maintenance	7,907
Maintenance	14,314
Insurance	7,220
Real Estate Taxes	66,744
Management Fee	19,409
Sub-total	213,502
Less Total Paid in Rate/Square Foot Calculation for 8 of 12 months	(111,752)
Plus Cleaning and Repair Costs Incurred For Vacating	4,328
Less Amount Previously Paid	(47,032)
Total Final Payment Issued	\$ 59,046

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Lack of Adequate Supporting Documentation (Continued)

- One receipt for \$10,000 for a public records request did not have supporting documentation on file for the actual costs of performing the request. DHHS charged the entity based on an estimate of employees' time to collect the information. Without documentation of the actual costs and who performed those tasks, DHHS could neither ensure compliance with State statute that the amount charged did not exceed the cost nor appropriately record the receipt to ensure that all Federal programs were properly reimbursed for the employees' time.
- Another receipt for \$77,280 was for rent; however, no rental agreement was on file. Therefore, DHHS is unable to determine if the amount received was appropriate for the rate or amount of space used.

Neb. Rev. Stat. Statute § 84-712(3)(b) (Reissue 2014) states, in relevant part, the following:

Except as otherwise provided by statute, the public body, public entity, or public official which is the custodian of a public record may charge a fee for providing copies of such public record pursuant to subdivision (1)(b) of this section, which fee shall not exceed the actual added cost of making the copies available.

Additionally, 2 CFR § 200.400(d) (January 1, 2016) states, in part, the following:

[T]he accounting practices of the non-Federal entity must be consistent with those cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.

Good internal control and sound business practice require that DHHS obtain adequate supporting documentation for all expenditures and receipts to ensure it pays and receives the correct amounts.

When adequate supporting documentation is not on file, DHHS cannot be sure that it charged the correct amount or paid only actual and allowable costs for Federal grants, resulting in a possible loss or misuse of Federal and State funds. Furthermore, without adequate supporting documentation, DHHS cannot verify that it is receiving the appropriate amount and in accordance with State statutes.

We recommend DHHS implement procedures to ensure that adequate supporting documentation is obtained and maintained for all expenditures and revenues.

DHHS Response: There are no published rates for the scanning and indexing services provided by the Secretary of State. Therefore, if the Auditor's office was not successful in obtaining rates for the billing, then DHHS would also not be able to obtain documentation of published rates. Furthermore, DHHS does not have the authority to review the rates set forth by other State Agencies for accuracy or reasonableness.

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COMMENTS AND RECOMMENDATIONS
(Continued)

3. Lack of Adequate Supporting Documentation (Concluded)

For SNAP Outreach, prior subrecipient monitoring procedures were performed by a SNAP Program Specialist who compared the expense reimbursement request to the appropriate State Plan component to ensure the costs were reasonable and allowable. Any discrepancies or questionable items were resolved with the subrecipient prior to payment of the invoice. The monitoring process has been enhanced beginning March 2017. The new process includes requesting detailed supporting documentation in the form of invoices and pay stubs for selected line items of each expense reimbursement requested on a quarterly basis.

The management letter for the final lease payment on the 220 Building was provided to the lessor and given to our Agency to pay. This lease and the conditions requiring these expenses has been terminated which will prevent a reoccurrence of these charges.

DHHS has amended our Public Records Policy to include clear instruction that staff responding to public records requests must track and document actual time worked in order to charge the cost of that time in accordance with statute.

APA Response: DHHS is making the payment to the Secretary of State so it is their responsibility to obtain documentation to ensure the payments they make are accurate which includes verifying they are charged the correct rate. Our comment does not suggest DHHS review the rate for accuracy or completeness but to obtain the rate and then review the invoice to ensure they are charged correctly as should be done with every payment.

The SNAP outreach monitoring procedure was to compare a payment request on a spreadsheet to a cost estimate and not to obtain detailed support of the expenses.

4. Contracts

We tested 12 Department of Health and Human Services (DHHS) contracts and noted the following:

- Six contracts were not signed by DHHS prior to going into effect, ranging from 12 to 77 days after the contract effective date, as illustrated below:

Contract	Effective Date	Signed Date	Days Late
Nebraska Attorney General	7/1/2015	9/16/2015	77 days
Von Rentzell Van & Storage	4/20/2015	6/9/2015	50 days
JP Morgan Financial Services	3/1/2013	4/14/2013	44 days
Wipro Limited	7/1/2014	7/21/2014	20 days
Johnson Controls	4/25/2015	5/14/2015	19 days
First Data Government Solutions	1/1/2014	1/13/2014	12 days

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(Continued)

4. Contracts (Continued)

- One contract was not available for viewing on the State Contract database, as required by State statute, and is listed below.

Contract #	Vendor	Period	Amount
55677-O4	JP Morgan Electronic Financial	3/1/2013 – 2/28/2018	\$ 4,272,975

- One contract did not have an open, competitive bidding process. A contract with Von Rentzell Van & Storage Inc. for moving expenses was not bid out, as the initial contract value was \$25,000 and was later amended to \$47,500. However, DHHS signed another contract with Von Rentzell for moving expenses and with the same end date as the prior contract. The value of the second contract was \$43,668, which brought the total value of contracts with Von Rentzell to \$91,168, over the \$50,000 threshold for competitive bidding.

Additionally during other testing, we noted six contracts with a vendor that did not go through the competitively bidding process. The contracts were all for similar services related to the Cost Allocation Plan and should have followed bidding procedures, as required per Neb. Rev. Stat. § 73-504 (Cum. Supp. 2016). The payments to the vendor for the six contracts totaled \$580,942. The details for those contracts are set out in the following table.

	Contract #	Vendor*	Contract Period	Contract Amount	Reason Not Competitively Bid
1	57826 O4	Costing Solutions LLC	8/1/2013 – 6/30/2014	\$ 125,000	Emergency
2	64074 O4	Costing Solutions LLC	10/1/2014 – 6/30/2015	\$ 270,000	Emergency
3	69767 O4	Innovative Costing Solutions	7/1/2015 – 12/14/2015	\$ 116,000	Emergency
4	71348 O4	Innovative Costing Solutions	12/15/2015 – 4/30/2016	\$ 49,600	Under Threshold
5	70510 O4	Innovative Costing Solutions	2/17/2016 – 9/25/2016	\$ 76,000	Sole Source
6	72333 O4	Innovative Costing Solutions	7/1/2016 – 6/30/2017	\$ 28,500	Under Threshold

*The vendor changed names during the period tested.

The first, second, third, and fifth contracts were each over the bidding requirement threshold of \$50,000. Given that the first contract may have been for an emergency purpose, it seems unreasonable that the second and third contracts were also for emergency purposes, as the need for assistance with the Cost Allocation Plan would have been known. It also appears unreasonable that the fifth contract was awarded based on sole source, as there are other contractors who could perform this service. Finally, because the fourth, fifth, and sixth contracts all overlap the same time period, it appears that they could have been bid together, which would have made their combined total value well over the \$50,000 statutory threshold.

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(Continued)

4. Contracts (Continued)

Neb. Rev. Stat. § 84-602.04(4)(a) (Cum. Supp. 2016) states the following:

The web site described in this section shall include a link to the web site of the Department of Administrative Services. The department's web site shall contain: (i) A data base that includes a copy of each active contract that is a basis for an expenditure of state funds, including any amendment to such contract and any document incorporated by reference in such contract. . . . The data base shall be accessible by the public and searchable by vendor, by state entity, and by dollar amount. All state entities shall provide to the Department of Administrative Services, in electronic form, copies of such contracts for inclusion in the data base beginning with contracts that are active on and after January 1, 2014, except that for any state entity that becomes subject to this section due to the changes made by Laws 2016, LB851, such state entity shall provide copies of such contracts for inclusion in the data base beginning with contracts that are active on and after January 1, 2017; and (ii) A data base that includes copies of all expired contracts which were previously included in the data base described in subdivision (4)(a)(i) of this section and which have not been disposed of pursuant to policies and procedures adopted under subdivision (4)(e) of this section. The data base required under this subdivision shall be accessible by the public and searchable by vendor, by state entity, and by dollar amount.

Neb. Rev. Stat. § 73-504(2) (Cum. Supp. 2016) states the following:

All proposed state agency contracts for services in excess of fifty thousand dollars shall be bid in the manner prescribed by the division procurement manual or a process approved by the Director of Administrative Services. Bidding may be performed at the state agency level or by the division. Any state agency may request that the division conduct the competitive bidding process[.]

Good internal control and sound business practices include procedures to ensure contracts are competitively bid and signed prior to the contract going into effect.

By signing contracts prior to their effective date, there is a risk DHHS will incur unapproved obligations or agree to unfavorable terms. In addition, by failing to ensure that contracts are visible on the State's contract database, DHHS is not only noncompliant with State statutes but also inadvertently preventing both the Legislature and the general public from having access to valuable financial information. Finally, when DHHS does not use prescribed bidding procedures, it is not in compliance with State statute and may not be obtaining the best price for services, resulting in loss or misuse of State funds.

We recommend DHHS implement procedures to ensure that all contracts are signed prior to going into effect, are correctly uploaded to the State's contract database, as required by statute, and are competitively bid if above \$50,000, as required by statute.

DHHS Response: DHHS does not agree with the comment related to the State Contract Database. DHHS already has procedures to ensure contracts are scanned and routed to the Department of Administrative Services (DAS) to upload on the State Contract Database. During testing on this attestation and other attestations, the Auditor's Office noted only one contract tested where the contract was not uploaded to the database. Furthermore, the attestation process did not inquire about or observe the upload procedures developed in cooperation with DAS which includes upload date tracking, workflow queues, and exception reporting.

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COMMENTS AND RECOMMENDATIONS

(Continued)

4. Contracts (Concluded)

Additional vendors are being procured for statewide moving services and statewide installation and Reconfiguration of Modular Services on Solicitation 5536 Z1 and 5537 Z1 by State Building Division. These statewide contracts will eliminate the need for DHHS to procure these services at the agency level.

APA Response: The contract that was not uploaded had a beginning date of March 1, 2013, which is over four years old. The APA is unsure how the upload procedures relate to the contract not on the database as DHHS agreed that it was not uploaded.

5. Payroll Issues

We selected 25 Department of Health and Human Services (DHHS) employees for payroll testing and noted the following:

- DHHS did not have adequate documentation on file regarding the following:
 - Support for a 2.25% salary increase and an updated W-4 for one employee. The employee's W-4 on file noted two exemptions and no additional withholding, but the paycheck was calculated with zero exemptions and additional withholding of \$25.
 - Support for a combined campaign contribution of \$10 per pay period for one employee.
 - Support of a union dues deduction of \$23 per pay period, as well as support for a charitable contribution of \$1 per pay period.

We also tested four terminated employees and noted the following:

- DHHS did not have adequate documentation on file to support a Deferred Compensation deduction of \$23,800 for an employee who retired.
- For the same employee noted above, earned vacation and sick leave and the sick leave payout was not calculated correctly on the final paycheck. This resulted in a \$23 overpayment of vacation leave and a \$9 overpayment of sick leave.

We also noted the other payroll-related items below:

- DHHS had five unassigned IDs with the HR Partner role in Workday. The HR Partner role allows individuals to make changes to payroll information, including pay rates and deductions. When these roles are not assigned to a particular individual, any changes made using this role are not traceable to who made the change.

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(Continued)

5. Payroll Issues (Continued)

- One employee did not have \$55 of retirement withheld on the first paycheck, as required by State statute.
- One employee was assigned a parking stall on September 1, 2016, and was to have \$30 deducted monthly from her pay; however, the employee had only \$15 deducted for September.

Neb. Rev. Stat. § 84-1307(2) (Reissue 2014) states the following, in relevant part:

The following employees of the State of Nebraska are authorized to participate in the retirement system: (a) All permanent full-time employees shall begin participation in the retirement system upon employment

NIST Standards and Guidelines, Information Security Policy 8-101, Section 4.7.3, Privileged Accounts Management, states the following, in relevant part:

[A]ll individuals requiring special privileges will have a unique privileged account (User ID) so activities can be traced to the responsible user...

Neb. Rev. Stat. § 48-1230(1) (Cum. Supp. 2016) states the following, in relevant part:

An employer may deduct, withhold, or divert a portion of an employee's wages only when the employer is required to or may do so by state or federal law or by order of a court of competent jurisdiction or the employer has a written agreement with the employee to deduct, withhold, or divert.

A good internal control plan and sound business practices require procedures to ensure supporting documentation is maintained for all salary increases and payroll deductions; deductions are appropriately withheld; and leave balances are calculated correctly. Additionally, a good internal control plan would require that each User ID be assigned to one individual, so activities could be traced to the responsible users.

When adequate documentation is not on file to support payroll amounts, deductions are not appropriately withheld, and leave balances are not correctly calculated, there is an increased risk of noncompliance with State statute, misuse of funds, and incorrect employee pay.

We recommend DHHS implement procedures to ensure adequate documentation is maintained for all salary increases and payroll deductions. We also recommend DHHS implement procedures to ensure all deductions are appropriately withheld, and leave is calculated correctly. Finally, we recommend DHHS ensure each User ID is assigned to a specific individual.

DHHS Response: Human Resources (HR) will ensure adequate supporting documentation is maintained in employee records for all the items noted in the attestation report such as pay increases for discretionary employees and deductions. Additionally, HR will review procedures for calculating payout of leave earnings on terminated employees to ensure all payments are accurate.

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(Continued)

5. Payroll Issues (Concluded)

HR and Information Systems & Technology (IS&T) has reviewed the security access protocols for Workday which are unique from other systems. In Workday, security roles are assigned to position numbers and not to individual employee names. There were no instances where employees were sharing log in information. Each employee accessing Workday has their own unique access and password associated with their position. Going forward, as HR staff terminate employment, the position number being vacated will be noted on the security request going to IS&T, with an instruction to end Workday access for that position number.

6. Petty Cash Bank Accounts

Program 261 has four petty cash bank accounts used for legal services related to Child Support Enforcement that have not been authorized by the State Treasurer. These accounts were located in Norfolk, Fremont, Hastings, and Lincoln, Nebraska.

The Department of Health and Human Services (DHHS) did submit applications for authorization of these accounts during fieldwork on the attestation. Per prior discussion with DHHS, the Norfolk, Fremont, and Hastings accounts should have an authorized balance of \$2,000 each, and the Lincoln account should have a balance of \$1,000. However, when the Auditor of Public Accounts (APA) initially reviewed the pending applications, we noted that the application for the Lincoln account had requested an authorized balance of \$2,000. Consequently, we brought this to DHHS's attention, and DHHS has since resubmitted the application requesting an authorized balance of \$1,000 in the Lincoln account.

Per review of these four accounts for the period July 1, 2015, to December 31, 2016, we noted the following:

- The Fremont account was replenished only three times, and each time it was for more than the authorized \$2,000. The balances were \$2,536, \$2,712, and \$2,947.
- The Lincoln account was not replenished on a timely basis and not at all during the time period tested. The previous time before that was June 11, 2015.
- The Lincoln account did not have bank reconciliations performed, and the reconciliations for the other three accounts were done by the custodians of those accounts. After the draft report was presented to DHHS, they provided one reconciliation for the month of December 2016.
- There were eight outstanding checks for more than three years, totaling \$331.

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COMMENTS AND RECOMMENDATIONS
(Continued)

6. Petty Cash Bank Accounts (Continued)

Number	Date	Description	Amount
1868	6/28/2006	Lancaster Co. Sheriff	\$ 25.00
1953	1/19/2007	Lincoln Co. Sheriff	\$ 17.38
1956	1/23/2007	Franklin Co. Sheriff	\$ 50.00
2047	8/3/2007	Nuckolls Co. Sheriff	\$ 28.39
2225	12/22/2008	Douglas Co. Sheriff	\$ 30.00
2136	4/23/2008	Merrick Co. Sheriff	\$ 50.00
2471	10/14/2010	Dawson Co. Sheriff	\$ 30.00
4898	9/29/2010	Maine Process Service	\$ 100.00
		Total Outstanding Over 3 Years	\$ 330.77

These checks appear to be written to local governments and have not cleared the bank; with some over 10 years old. State statute and sound accounting practices require DHHS to do due diligence and they should have resolved these outstanding checks. Law enforcement only has days to serve papers, not years; thus, DHHS should have determined if the checks needed to be reissued, voided, or truly unclaimed. If unclaimed for the three years, then they should have been remitted to the State Treasurer in accordance with the Unclaimed Property Act.

Neb. Rev. Stat. § 81-104.01 (Reissue 2014) allows an agency to have a petty cash fund with the approval of the Director of Administrative Services and the APA. However, per the State Accounting Manual (12/23/16), General Policies #24, Petty Cash, “Petty cash funds should NOT be placed in checking accounts without specific approval from State Accounting and the State Treasurer.”

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a public entity and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310(d) (Reissue 2009), requires any such abandoned property, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 of each year. In addition Neb. Rev. Stat. § 69-1310(e) states:

If the holder of property presumed abandoned under the act knows the whereabouts of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall, before filing the annual report, communicate with the owner and take necessary steps to prevent abandonment from being presumed. The holder shall exercise due diligence to ascertain the whereabouts of the owner.

A good internal control plan and sound accounting practices require that the petty cash funds be replenished on a periodic basis and only up to their authorized amounts. A good internal control plan also requires accounts to be reconciled timely and by someone other than the custodian of the account.

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(Continued)

6. Petty Cash Bank Accounts (Continued)

When outstanding checks that constitute unclaimed property are not remitted to the State Treasurer, DHHS is not in compliance with State statute. Additionally, allowing bank accounts to be opened and operated without the proper authorization may result in the loss or misuse of State funds. Finally, when petty cash funds are not replenished and reconciled appropriately and timely, there is an increased risk of loss or misuse of State funds as well as a risk of inaccurate reporting on financial reports.

We recommend DHHS continue to work to gain authorization of the four petty cash accounts. We also recommend DHHS do due diligence to ensure outstanding checks are resolved or that they are remitted to the State Treasurer in compliance with State statute. Further, we recommend DHHS implement procedures to ensure all accounts are replenished timely and correctly, and that reconciliations are completed periodically by an individual other than the custodian.

DHHS Response: DHHS does not agree with the comments related to authorization of the petty cash accounts. All of the petty cash funds noted in this report received written authorization by the State Auditor's Office, State Accounting, and State Budget dating back to 2007. DHHS has worked closely with the Treasurer's Office on this issue. At no time while working with the Treasurer's Office was DHHS instructed to close these accounts. These accounts received written Treasury approval prior to issuance of this report with the exception of one which is awaiting a custodian change.

DHHS will review all outstanding checks from all petty cash funds and determine what appropriate follow up action needs to be taken. DHHS has reviewed the Unclaimed Property Act and the only checks that are specifically mentioned in this act are drafts that the bank or entity is directly liable for payment. This includes certificates of deposit, money orders, traveler's checks, cashier's checks, and the like. A check on a regular bank account is merely an instrument directing a bank to pay from funds of the maker a certain sum to the payee. The check itself has no value although it may be evidence of value. Checks become stale after a period of time if not presented for payment. The payee does not own the money in the maker's account but is merely entitled to receive money from the makers account upon presenting the check. The underlying obligation, debt, or account payable the check was intended to satisfy may no longer be owing. For example, a check might be written to the sheriff for advance service of process fees. If the case is later dismissed before process is served, the sheriff is not entitled to the amount represented by the check. Similarly, a check may be written to the court for court costs but for some reason the court does not cash the check. Subsequently the court rules against the other party and assesses court costs to the other party who pays them. Another example would be situations where a replacement check is issued to replace a lost check.

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(Continued)

6. **Petty Cash Bank Accounts** (Continued)

With regard to petty cash replenishments, DHHS staff have already received additional training and instruction that all replenishment requests must include a documented reconciliation to the authorized amount. Additionally, staff have been instructed that petty cash replenishments must be done at least once per fiscal quarter.

The reconciliations for the Lincoln account were being performed, but were not done timely during the attestation period. All reconciliations have been performed and no discrepancies were identified. The Agency will ensure reconciliations for all accounts adhere to policy and are performed timely.

APA Response: The previous written authorizations that DHHS had obtained do not satisfy the State Accounting Manual requirement that the checking account be approved by the State Treasurer. Furthermore, this finding had originally been brought to DHHS's attention in a Management Letter dated November 2, 2015 and still had not been corrected by the time of this attestation in 2017.

The response provided that related to unclaimed property stands in stark and rather disconcerting contrast to what DHHS told this office during a face-to-face meeting on April 19, 2017, to discuss this very issue. At that time, DHHS stated explicitly that checks outstanding for more than three years generally constitute unclaimed property for purposes of Neb. Rev. Stat. § 69-1307.01 (Reissue 2009). Only certain types of prepayments for unliquidated claims, it was agreed, should be treated differently. That does not appear to be what DHHS is arguing here, however.

We were unconvinced when DHHS attempted virtually the same argument prior to the meeting, and we remain so at present. After communicating our initial skepticism, DHHS suggested that we seek guidance from the State Treasurer's office. Upon doing so, that office agreed with us that uncashed checks are typically treated as unclaimed property. As a matter of fact, the State Treasurer's own website (<https://treasurer.nebraska.gov/up/>) says clearly that unclaimed property includes "uncashed checks."

No less compelling is the fact that the Attorney General also views uncashed checks as unclaimed property. See both Op. Att'y Gen. No. 96018 (March 5, 1996) and Op. Att'y Gen. No. 93045 (June 1, 1993). In Op. Att'y Gen. No. 94097 (Dec. 7, 1994), moreover, the Attorney General discusses the meaning of "owner" in § 69-1307.01 altogether differently than does the analysis proposed by DHHS. Additionally, relevant case law rejects DHHS' apparent view that checks represent mere contingencies. See *Employers Ins. of Wausau v. Smith*, 453 N.W.2d 856, 862-863, 154 Wis. 2d 199, 215-217 (1990).

Consequently, we reiterate our finding that the uncashed checks at issue should be remitted to the State Treasurer as unclaimed property. Should DHHS continue to disagree, however, we recommend that a formal Attorney General's opinion be sought to resolve this specific matter conclusively.

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(Continued)

6. Petty Cash Bank Accounts (Concluded)

The APA asked multiple times for the reconciliations of the Lincoln account and was only provided the reconciliation for December 2016, the day before the exit conference.

7. Travel Expenditures

The Auditor of Public Accounts (APA) noted the following during testing of six travel-related expenses for the Department of Health and Human Services (DHHS):

- For one contractor lodging expense incurred, the lodging rate itself was allowable; however, there was an excess charge of \$11 on the lodging detail. Upon further inquiry, it was determined that this was a cost for the concierge lounge, which should not have been reimbursed by DHHS.
- For a second lodging expense, two DHHS employees attended the same conference but were charged different room rates. Per inquiry, one employee booked the room under the conference rate while the other did not. There was no supporting documentation on file as to why the other employee did not obtain the conference rate. The difference in the room was \$61 per night for five nights, totaling \$305.
- For two expenditures, the trips were not pre-approved. The first trip ended on October 28, 2015, but was not approved until November 2, 2015. The second trip was from March 19, 2016, to March 22, 2016, but was not approved until March 21, 2016.
- One breakfast reimbursement for \$18 was unallowable, as, per the conference agenda, breakfast was provided.
- A lunch was reimbursed for \$18 without a receipt. The meal was listed on the expense reimbursement, which stated that it was for three individuals. However, one of those individuals claimed that same lunch on his expense reimbursement. As a receipt was not provided, the APA is unable to determine how many individuals were actually paid for.
- For one expenditure, tips were reimbursed in excess of the allowable amount for incidentals incurred during the five-day trip. The total allowable amount for tips was \$25, but the individual claimed \$32, or \$7 more.
- For one expenditure tested to the Administrative Services – Transportation Services Bureau (TSB), DHHS did not have support of the rates charged by TSB for vehicles. The APA had to obtain the rates from TSB to ensure that DHHS was charged correctly.
- We tested three trips on the three vehicle mileage logs, and for one trip DHHS could not provide supporting documentation for the use of the vehicle. In addition, the mileage log for that trip did not list out the specific destinations, so we could not determine if the 180 miles was appropriate.

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7. **Travel Expenditures** (Concluded)

- The three vehicle mileage logs were not reviewed for accuracy or for appropriateness of the trip to ensure the vehicles were used only for State business.

Policies – AM-005, Travel Policies, Section 8, of the DAS Accounting Manual states, in part, the following:

Detailed receipts are required as support for all expenditures except immaterial items identified by the Director of Administrative Services The requirement to provide detailed receipts includes, but is not limited to, food/meals, lodging, car rental, commercial travel, and registration fees.

Good internal controls require adequate procedures to ensure that meals, lodging, and other travel-related expenditures are properly supported, allowable, reasonable, pre-approved, and adhere to State policies.

Without such procedures, there is an increased risk for abuse or loss of State funds.

We recommend DHHS implement procedures to ensure only allowable and adequately supported expenses are reimbursed. We also recommend DHHS ensure all expenditures are reviewed to determine they are being charged and reimbursed correctly. We further recommend DHHS ensure all trips are pre-approved. Finally, we recommend DHHS implement policies to ensure it receives the best rate for lodging.

DHHS Response: DHHS policy requires that employees have their out of state travel approved before they leave or begin to make any type of reservations. The policy also requires that DHHS Accounting should pay for travel expenses that have been approved by an out of state travel authorization. It does not say that the employee cannot be reimbursed if the approval is made after the trip has already begun or has been completed.

The unallowable \$11 charge has already been recouped from the contractor. For other items noted in the report, DHHS will use this information as training material for reviewing expense reimbursement requests.

APA Response: The comment does not state that an employee cannot be reimbursed if the approval is made after the trip, the comment is related to the trip not being preapproved as DHHS clearly states is their policy.

8. **Transfers Pursuant to State Statute**

The Auditor of Public Accounts tested two fund transfers made pursuant to Neb. Rev. Stat. § 71-7611 (Cum. Supp. 2016). The transfers occurred on July 15, 2015, and July 15, 2016. Section 71-7611(1) requires \$60,350,000 to be transferred from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Cash Fund on or before July 15, 2015, and July 15, 2016 – except that such amount is to be reduced by the amount of the unobligated balance in the Nebraska Health Care Cash Fund. The Legislature then appropriates those funds to various programs.

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(Continued)

8. Transfers Pursuant to State Statute (Continued)

The Department of Health and Human Services (DHHS) calculated the unobligated balance in the Nebraska Health Care Cash Fund by taking the cash balance in the fund less the unexpended balance in the fund from the appropriations in the prior year. In essence, DHHS treated the entire amount of the unexpended balance from the prior year’s appropriation as obligated. However, DHHS did not have support documenting that the unexpended balance was actually obligated.

For the transfer that occurred on July 15, 2015, DHHS did not correctly calculate the unobligated balance in the Nebraska Health Care Cash Fund. The Fund is utilized by other agencies; however, DHHS did not take into account the unexpended balance in the Fund at the other agencies.

DHHS Unobligated Balance Calculation		APA Unobligated Balance Calculation*	
Cash Balance at June 30, 2015	\$4,832,208	Cash Balance at June 30, 2015	\$4,832,208
FY 2015 Unexpended Balance	(\$2,714,401)	FY 2015 Unexpended Balance	(\$3,205,818)
Unobligated Balance at July 1, 2015	\$2,117,807	Unobligated Balance at July 1, 2015	\$1,626,390

*The APA used the same assumption that the entire unexpended balance is obligated since there was no documentation.

This resulted in the Nebraska Health Care Cash Fund receiving \$491,417 less from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund for fiscal year 2016.

For the transfer that occurred on July 15, 2016, DHHS did not correctly calculate the unobligated balance in the Nebraska Health Care Cash Fund. DHHS did not account for a liability balance in the Fund at June 30, 2016.

DHHS Unobligated Balance Calculation		APA Unobligated Balance Calculation*	
Cash Balance at June 30, 2016	\$6,578,261	Cash Balance at June 30, 2016	\$6,563,282
FY 2016 Unexpended Balance	(\$5,449,639)	FY 2016 Unexpended Balance	(\$5,449,639)
Transfers In from other Funds Per State Statutes	\$1,371,531	Transfers In from other Funds Per State Statutes	\$1,371,531
Unobligated Balance July 1, 2016	\$2,500,153	Unobligated Balance July 1, 2016	\$2,485,174

*The APA used the same assumption that the entire unexpended balance is obligated since there was no documentation.

This resulted in the Nebraska Health Care Cash Fund receiving \$14,979 less from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund for fiscal year 2017.

The Legislature appropriated out of the Nebraska Health Care Cash Fund \$60,490,320 for fiscal year 2016 and \$61,910,320 for fiscal year 2017 to be used by various State programs and agencies. However, as only \$58,232,193 for fiscal year 2016 and \$57,849,847 for fiscal year 2017 was being transferred into the Nebraska Health Care Cash Fund from the Nebraska

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(Continued)

8. Transfers Pursuant to State Statute (Concluded)

Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund, the remaining amount was transferred out of Program 261. The remaining amounts were \$2,258,127 for fiscal year 2016 and \$4,060,473 for fiscal year 2017. However, this causes the Nebraska Health Care Cash Fund on the Program 261's Schedule of Revenues, Expenditures, and Changes in Fund Balances to have a negative net change, as the transfer out for the remaining amounts should have been allocated out of the various programs that had unexpended balances.

Additionally, we noted that LB 746A (2016) reduced the appropriation to the Legislative Council for fiscal year 2016 from \$75,000 to \$5,000; however, an entry was not prepared to adjust this amount.

Neb. Rev. Stat. § 71-7611(1) (Cum. Supp. 2016) states the following, in relevant part:

[T]he State Treasurer shall transfer . . . (b) sixty million three hundred fifty thousand dollars on or before July 15, 2015, (c) sixty million three hundred fifty thousand dollars on or before July 15, 2016 . . . from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Cash Fund, except that such amounts shall be reduced by the amount of the unobligated balance in the Nebraska Health Care Cash Fund at the time the transfer is made.

A good internal control plan requires adequate support for any amounts that are considered obligated. Sound business practices require that transfers be recorded in the proper programs for financial and budget reporting.

When there is not documentation for the obligated balance, there is an increased risk that DHHS is not in compliance with State statute. Additionally, when DHHS uses only one program to record transactions, there is an increased risk of inaccurate reporting.

We recommend DHHS implement procedures to obtain adequate support for the unobligated balance in the Nebraska Health Care Cash Fund or work with the Legislature to have the statute amended. We also recommend DHHS implement procedures to ensure all calculations for transfers are correct and recorded appropriately in EnterpriseOne.

DHHS Response: Standard Operating Procedures will be developed for the Nebraska Health Care Cash Fund transfers.

9. Schedule of Expenditures of Federal Awards Adjustments

Three Federal programs with payments coded to Program 261 did not have expenditures to subrecipients correctly reported on the Schedule of Expenditures of Federal Awards (SEFA). These issues were noted during the fiscal year 2016 Statewide Single Audit, and the SEFA was adjusted.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

COMMENTS AND RECOMMENDATIONS
(Continued)

9. Schedule of Expenditures of Federal Awards Adjustments (Concluded)

The following Program 261 amounts required an adjustment to the fiscal year 2016 SEFA:

CFDA	Amount Fiscal Year 2016 SEFA Understated
94.006	\$1,062,886
93.563	\$6,323,116
93.778	\$9,527,152

A good internal control plan requires adequate procedures to ensure the SEFA is properly presented.

Title 2 CFR § 200.510(b) (January 1, 2016) states, in part, the following:

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended At a minimum the schedule must . . . (4) Include the total amount provided to subrecipients form each Federal program.

When there are not adequate procedures to ensure all subrecipient payments are included on the SEFA, there is an increased risk that the SEFA will be inaccurate, which could lead to Federal sanctions.

We recommend the Department of Health and Human Services work with the Department of Administrative Services to establish procedures for ensuring that all subrecipient payments are include on the SEFA.

DHHS Response: DHHS was notified of the SEFA errors in the FY2016 Single Audit during the fall of 2016. Since that time, DHHS has worked with DAS to identify and resolve the source of the reporting error, which was due to the omission of all necessary object codes from the EnterpriseOne SEFA report. Both DAS and DHHS have noted this and have updated our process to manually include this information in our SEFA calculations until such time that EnterpriseOne can be modified to automatically include all data.

10. DHHS Procedures

During testing, the Auditor of Public Accounts (APA) noted that the Department of Health and Human Services (DHHS) lacked adequate procedures in certain areas, as described below.

- DHHS did not have procedures to deduct the reimbursement of tuition assistance from the employees' final paychecks. DHHS provided tuition assistance for employees; however, when an employee voluntarily resigned, he or she was expected to reimburse DHHS a prorated amount of the tuition assistance. DHHS enters into an agreement for

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

COMMENTS AND RECOMMENDATIONS

(Continued)

10. DHHS Procedures (Continued)

the employee to pay the amount back and sends monthly statements instead of deducting it from the final pay. In addition, DHHS did not have procedures for collecting overdue amounts from the individuals, such as sending the claims to a collection agency. Furthermore, only one individual was involved in the process of tracking, preparing, and reviewing invoices, mailing statements, and collecting the outstanding amounts.

- DHHS did not reconcile deposit documents to the general ledger to ensure all deposits were appropriately recorded.
- DHHS did not have adequate procedures in place to ensure that invoices were marked to prevent reuse or that duplicated invoices were destroyed or stamped to indicate they were duplicates.
- DHHS did not have adequate procedures to ensure duplicate payments were not made. DHHS paid Boys Town \$225,250 twice for an electronic health record system incentive and was not aware of the overpayment until Boys Town contacted them. DHHS has received the overpayment back.

A good internal control plan requires procedures to ensure that money owed to DHHS is appropriately collected; deposits are correctly recorded; duplicate payments are not made; and invoices are marked or destroyed to prevent reuse. A good internal control plan also requires a proper segregation of duties, so no one individual is capable of handling all phases of a process from beginning to end.

Without adequate procedures over tuition reimbursements, reconciling deposits, making payments, or marking invoices, there is a risk of loss or misuse of State funds. When tuition reimbursements are not collected before the employee terminates or from the final pay, the risk of not collecting increases significantly.

We recommend DHHS implement procedures to collect tuition reimbursements from the employee's final pay and also to strengthen collection procedures if the money is not collected. We also recommend DHHS ensure there is an adequate segregation of duties over the tuition reimbursement process. Finally, we recommend DHHS establish procedures to ensure deposit documents are reconciled to the general ledger, to mark invoices to prevent reuse, and to ensure overpayments are not made.

DHHS Response: DHHS does not agree with the comment regarding the tuition assistance reimbursement. The reason DHHS does not have procedures to deduct from the employee's final paycheck is because that is not current DHHS Policy. However, DHHS does have procedures for current practice which does include provisions collecting overdue amounts from

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

COMMENTS AND RECOMMENDATIONS

(Concluded)

10. DHHS Procedures (Concluded)

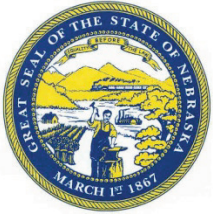
individuals. The comment also does not accurately reflect the fact that DHHS does not currently have a collection agency. This was also discussed during the 2016 Single Audit and the cancellation of the collection agency contract was a result of contract performance. Lastly, the segregation of duty issue was identified by our Internal Audit team during an overall cash handling review prior to the commencement of the attestation and procedure changes adding adequate segregation of duties were implemented prior to the release of the report.

We also do not agree that we do not have adequate procedures in place to ensure invoices are not paid twice. Stamping invoices paid or shredding invoices are only examples of controls to prevent duplicate payment and are not a control framework requirement. Additionally, as invoices are received throughout the Agency and across several offices and routed electronically, this would not be the most effective control. DHHS does have segregation of duties and sufficient reviewers to adequately ensure all invoices are valid and are not duplicated. All purchase invoices are electronically routed through OnBase to Accounting for entry in to EnterpriseOne. Once payments are made on invoices, the OnBase payment request is updated with the payment information which in essence marks the invoice paid. This process involves no fewer than four people, and can have up to six if the transaction relates to a contract and must be pre-audited. Furthermore, there are limited system controls in place in EnterpriseOne to identify duplicate payments such as the same invoice number for the same vendor number.

The Boys Town duplicate payment was an isolated incident unrelated to the invoice receipt process. The error that allowed for the duplicate payment was during the implementation of the automatic payment process between the Nebraska Medicaid HER Incentive Program portal and EnterpriseOne. The system issue that caused the duplicate payment was identified by DHHS and has already been corrected.

APA Response: The comment states that DHHS does not have procedures for collecting amounts from the individuals, which is accurate, and further supported by DHHS's response that they cancelled the contract with the collection agency.

Relying on reviewers who examine multiple invoices does not provide assurance that invoices are not paid twice. The OnBase system's payment information would not prevent a duplicate invoice from being entered. The control in EnterpriseOne only works if the invoice number is typed in exactly the same way both times.



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DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAM 261 – GENERAL OPERATIONS

INDEPENDENT ACCOUNTANT’S REPORT

Department of Health and Human Services
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Department of Health and Human Services (DHHS) – Program 261 – General Operations (Program 261) for the period July 1, 2015, through December 31, 2016. DHHS’s management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Revenues, Expenditures, and Changes in Fund Balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of Program 261 for the period July 1, 2015, through December 31, 2016, based on the accounting system and procedures prescribed by the State of Nebraska’s Director of Administrative Services, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies and material weaknesses in internal control; instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject

matter of the examination engagement; and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments and Recommendations Section of the report.

This report is intended solely for the information and use of management, DHHS, others within DHHS, 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.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen
Auditor of Public Accounts

April 21, 2017

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2015, through December 31, 2016

	General Fund 10000	Health & Human Service Cash Fund 22550	Nursing Facility Quality Assurance Fund 22510	Nebraska Health Care Cash Fund 22640	ICF/DD Reimbursement Protection Fund 22680	Federal General Fund 40000
REVENUES:						
Appropriations	\$ 76,884,630	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	625,000	-	-
Intergovernmental	-	-	-	-	-	97,524,827
Sales & Charges	109	35,580	-	-	-	-
Miscellaneous	109,240	7,555,064	-	1,182,884	-	(890,907)
TOTAL REVENUES	76,993,979	7,590,644	-	1,807,884	-	96,633,920
EXPENDITURES:						
Personal Services	42,193,726	15,263	-	-	-	4,259,194
Operating	34,481,520	8,374,489	123,023	12,000	110,000	88,914,403
Travel	79,281	1,159,098	-	-	-	26,181
Capital Outlay	130,103	1,677	-	-	-	8,988
Government Aid	-	-	-	-	-	3,425,154
TOTAL EXPENDITURES	76,884,630	9,550,527	123,023	12,000	110,000	96,633,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,349	(1,959,883)	(123,023)	1,795,884	(110,000)	-
OTHER FINANCING SOURCES (USES):						
Sales of Assets	16,593	11,099	-	-	-	-
Deposit to General Fund	(125,942)	-	-	-	-	-
Operating Transfers In	-	-	-	1,433,531	55,000	-
Operating Transfers Out	-	-	-	(6,368,600)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(109,349)	11,099	-	(4,935,069)	55,000	-
Net Change in Fund Balances	-	(1,948,784)	(123,023)	(3,139,185)	(55,000)	-

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2015, through December 31, 2016

	Federal Cash Fund 42020	USDA Food Stamp Fund 42610	Federal Project Grant Fund 42640	Child Support Collection Incentive Fund 42680	Title XIX Medicaid Fund 48120	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,884,630
Taxes	-	-	-	-	-	625,000
Intergovernmental	6,778,872	-	2,829,820	-	-	107,133,519
Sales & Charges	-	-	-	-	-	35,689
Miscellaneous	768,873	-	(250)	(15,957)	-	8,708,947
TOTAL REVENUES	7,547,745	-	2,829,570	(15,957)	-	193,387,785
EXPENDITURES:						
Personal Services	-	10,700	320,330	1,059,249	117,231	47,975,693
Operating	8,733,631	(12,737)	110,649	1,968,405	2,484,103	145,299,486
Travel	-	-	22,579	-	-	1,287,139
Capital Outlay	-	-	-	-	-	140,768
Government Aid	-	-	2,107,522	-	-	5,532,676
TOTAL EXPENDITURES	8,733,631	(2,037)	2,561,080	3,027,654	2,601,334	200,235,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,185,886)	2,037	268,490	(3,043,611)	(2,601,334)	(6,847,977)
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	27,692
Deposit to General Fund	-	-	-	-	-	(125,942)
Operating Transfers In	2,337,996	-	-	-	2,575,000	6,401,527
Operating Transfers Out	-	-	-	-	-	(6,368,600)
TOTAL OTHER FINANCING SOURCES (USES)	2,337,996	-	-	-	2,575,000	(65,323)
Net Change in Fund Balances	1,152,110	2,037	268,490	(3,043,611)	(26,334)	(6,913,300)

(Concluded)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

NOTES TO THE SCHEDULE

For the Period July 1, 2015, through December 31, 2016

1. Criteria

The accounting policies of the Nebraska Department of Health and Human Services (DHHS) – Program 261 – General Operations (Program 261) are on the basis of accounting, as prescribed by State of Nebraska Director of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska’s Director of the 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 2014), 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 Program 261 to record all accounts receivable and related revenues in EnterpriseOne; as such, Program 261’s schedule does not include all 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 posted in the general ledger as of December 31, 2016, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2016, **does not** include amounts for goods and services received before December 31, 2016, which had not been posted to the general ledger as of December 31, 2016.

The fund types established by the State that are used by Program 261 are:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

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.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

NOTES TO THE SCHEDULE
(Continued)

1. **Criteria** (Continued)

40000 – Federal Funds – account for the financial activities related to the receipt and disbursement of funds generated from the Federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable Federal requirements.

The major revenue account classifications established by State Accounting and used by Program 261 are:

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

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes recorded as revenue for Program 261 consist of Cigarette Sales Tax.

Intergovernmental – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements. This also includes indirect costs charged on Federal funds.

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income and miscellaneous adjustments. This also includes indirect costs charged on other cash funds.

The major expenditure account classifications established by State Accounting and used by Program 261 are:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by Program 261.

Operating – Expenditures directly related to a program's primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

NOTES TO THE SCHEDULE
(Continued)

1. Criteria (Concluded)

Government Aid – Payment of Federal and/or 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 Program 261 include:

Other Financing Sources – Operating transfers, proceeds of fixed asset dispositions, and deposits to the General Fund.

2. Reporting Entity

The Department of Health and Human Services is a State agency established under and governed by the laws of the State of Nebraska. As such, Program 261 is exempt from State and Federal income taxes. The schedule includes all funds of Program 261 included in the general ledger.

Program 261 is part of the primary government for the State of Nebraska.

3. Totals

The Totals “Memorandum Only” column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. Fund Balances

Fund Balances are not recorded by Program but rather by a Fund in total and, therefore, are not shown on the financial schedule. Funds may include many programs allowing revenues and expenditures to be recorded in different programs but still within the same fund. The financial schedule only reflects the activity of Program 261 for each of the funds.

5. Health and Human Services Cash Fund

The Health and Human Services Cash Fund has sub-funds including the Indirect Agency 20 Fund. The Indirect Agency 20 Fund is used to record revenues and expenditures related to indirect costs and services.

6. Nebraska Health Care Fund

The Nebraska Health Care Cash Fund is established by Neb. Rev. Stat § 71-7611 and is utilized by multiple agencies and programs, including Program 261, General Operations. The Department of Health and Human Services manages the fund balance at the fund level and does not account for fund balances at the program level. Therefore, the fund balance for Program 261 is not available. The negative balance is the result of Operating Transfers Out being recorded to Program 261 while Operating Transfers In are recorded to various other programs within the Fund.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

NOTES TO THE SCHEDULE
(Concluded)

7. Federal Project Grant Fund

The Federal Project Grant Fund has sub-funds including the Indirect Agency 25 Fund. The Indirect Agency 25 Fund is used to record revenues and which collects revenue from the Federally approved indirect rate as well as transfers from other funds to support indirect costs. Expenditures support indirect costs and costs related to the cost allocation plan.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS

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 DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2015, through June 30, 2016

Exhibit A

	General Fund 10000	Health & Human Service Cash Fund 22550	Nursing Facility Quality Assurance Fund 22510	Nebraska Health Care Cash Fund 22640	ICF/DD Reimbursement Protection Fund 22680	Federal General Fund 40000
REVENUES:						
Appropriations	\$ 48,601,194	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	66,796,424
Sales & Charges	95	26,508	-	-	-	-
Miscellaneous	95,920	4,941,938	-	746,614	-	(754,874)
TOTAL REVENUES	48,697,209	4,968,446	-	746,614	-	66,041,550
EXPENDITURES:						
Personal Services	28,064,246	11,382	-	-	-	2,959,722
Operating	20,385,637	5,271,128	82,015	6,000	55,000	60,445,980
Travel	56,365	815,039	-	-	-	13,959
Capital Outlay	94,946	1,677	-	-	-	6,618
Government Aid	-	-	-	-	-	2,615,271
TOTAL EXPENDITURES	48,601,194	6,099,226	82,015	6,000	55,000	66,041,550
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,015	(1,130,780)	(82,015)	740,614	(55,000)	-
OTHER FINANCING SOURCES (USES):						
Sales of Assets	16,593	11,099	-	-	-	-
Deposit to General Fund	(112,608)	-	-	-	-	-
Operating Transfers In	-	-	-	6,000	55,000	-
Operating Transfers Out	-	-	-	(2,258,127)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(96,015)	11,099	-	(2,252,127)	55,000	-
Net Change in Fund Balances	-	(1,119,681)	(82,015)	(1,511,513)	-	-

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2015, through June 30, 2016

Exhibit A

	Federal Cash Fund 42020	USDA Food Stamp Fund 42610	Federal Project Grant Fund 42640	Child Support Collection Incentive Fund 42680	Title XIX Medicaid Fund 48120	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,601,194
Intergovernmental	4,895,762	-	2,093,776	-	-	73,785,962
Sales & Charges	-	-	-	-	-	26,603
Miscellaneous	590,302	-	-	-	-	5,619,900
TOTAL REVENUES	5,486,064	-	2,093,776	-	-	128,033,659
EXPENDITURES:						
Personal Services	-	10,700	225,802	1,057,967	91,444	32,421,263
Operating	7,078,925	(12,737)	95,268	1,968,405	1,645,154	97,020,775
Travel	-	-	14,731	-	-	900,094
Capital Outlay	-	-	-	-	-	103,241
Government Aid	-	-	1,621,110	-	-	4,236,381
TOTAL EXPENDITURES	7,078,925	(2,037)	1,956,911	3,026,372	1,736,598	134,681,754
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,592,861)	 2,037	 136,865	 (3,026,372)	 (1,736,598)	 (6,648,095)
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	27,692
Deposit to General Fund	-	-	-	-	-	(112,608)
Operating Transfers In	1,932,501	-	-	-	1,700,000	3,693,501
Operating Transfers Out	-	-	-	-	-	(2,258,127)
TOTAL OTHER FINANCING SOURCES (USES)	1,932,501	-	-	-	1,700,000	1,350,458
 Net Change in Fund Balances	 339,640	 2,037	 136,865	 (3,026,372)	 (36,598)	 (5,297,637)

(Concluded)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2016, through December 31, 2016

Exhibit B

	General Fund 10000	Health & Human Service Cash Fund 22550	Nursing Facility Quality Assurance Fund 22510	Nebraska Health Care Cash Fund 22640	ICF/DD Reimbursement Protection Fund 22680	Federal General Fund 40000
REVENUES:						
Appropriations	\$ 28,283,436	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	625,000	-	-
Intergovernmental	-	-	-	-	-	30,728,403
Sales & Charges	14	9,072	-	-	-	-
Miscellaneous	13,320	2,613,126	-	436,270	-	(136,033)
TOTAL REVENUES	28,296,770	2,622,198	-	1,061,270	-	30,592,370
EXPENDITURES:						
Personal Services	14,129,480	3,881	-	-	-	1,299,472
Operating	14,095,883	3,103,361	41,008	6,000	55,000	28,468,423
Travel	22,916	344,059	-	-	-	12,222
Capital Outlay	35,157	-	-	-	-	2,370
Government Aid	-	-	-	-	-	809,883
TOTAL EXPENDITURES	28,283,436	3,451,301	41,008	6,000	55,000	30,592,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,334	(829,103)	(41,008)	1,055,270	(55,000)	-
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	(13,334)	-	-	-	-	-
Operating Transfers In	-	-	-	1,427,531	-	-
Operating Transfers Out	-	-	-	(4,110,473)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(13,334)	-	-	(2,682,942)	-	-
Net Change in Fund Balances	-	(829,103)	(41,008)	(1,627,672)	(55,000)	-

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2016, through December 31, 2016

Exhibit B

	Federal Cash Fund 42020	USDA Food Stamp Fund 42610	Federal Project Grant Fund 42640	Child Support Collection Incentive Fund 42680	Title XIX Medicaid Fund 48120	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,283,436
Taxes	-	-	-	-	-	625,000
Intergovernmental	1,883,110	-	736,044	-	-	33,347,557
Sales & Charges	-	-	-	-	-	9,086
Miscellaneous	178,571	-	(250)	(15,957)	-	3,089,047
TOTAL REVENUES	<u>2,061,681</u>	<u>-</u>	<u>735,794</u>	<u>(15,957)</u>	<u>-</u>	<u>65,354,126</u>
EXPENDITURES:						
Personal Services	-	-	94,528	1,282	25,787	15,554,430
Operating	1,654,706	-	15,381	-	838,949	48,278,711
Travel	-	-	7,848	-	-	387,045
Capital Outlay	-	-	-	-	-	37,527
Government Aid	-	-	486,412	-	-	1,296,295
TOTAL EXPENDITURES	<u>1,654,706</u>	<u>-</u>	<u>604,169</u>	<u>1,282</u>	<u>864,736</u>	<u>65,554,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>406,975</u>	<u>-</u>	<u>131,625</u>	<u>(17,239)</u>	<u>(864,736)</u>	<u>(199,882)</u>
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	(13,334)
Operating Transfers In	405,495	-	-	-	875,000	2,708,026
Operating Transfers Out	-	-	-	-	-	(4,110,473)
TOTAL OTHER FINANCING SOURCES (USES)	<u>405,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,000</u>	<u>(1,415,781)</u>
Net Change in Fund Balances	<u>812,470</u>	<u>-</u>	<u>131,625</u>	<u>(17,239)</u>	<u>10,264</u>	<u>(1,615,663)</u>

(Concluded)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 - GENERAL OPERATIONS
LISTING OF COUNTY PAYMENTS

Exhibit C

Payee/Explanation	Amount	Time Frame End Date	Date Request Signed	Date Stamped Received/ Fax Date	Date of Payment	Reimbursement for:	Days Between Payment and Request Received	Days Late	Days Between Period End and Request Date	Days Late
SAUNDERS COUNTY - COUNTY TREAS	\$ 1,824.67	6/30/2015	8/5/2015	8/6/2015	1/4/2017	County Attorney	517	457	37	-8
LANCASTER COUNTY - COUNTY TREA	\$ 60,574.39	9/30/2015	10/26/2015	None	12/28/2016	District Court Referee	429	369	26	-19
WASHINGTON COUNTY - COUNTY TRE	\$ 7,359.51	9/30/2015	10/13/2015	None	12/14/2016	County Attorney	428	368	13	-32
GAGE COUNTY - COUNTY TREASURER	\$ 10,030.24	9/30/2015	10/13/2015	None	12/13/2016	County Attorney	427	367	13	-32
SHERIDAN COUNTY - COUNTY TREAS	\$ 123.69	9/30/2015	10/8/2015	10/13/2015	12/13/2016	County Attorney	427	367	13	-32
DAWES COUNTY - COUNTY TREASURE	\$ 7,374.84	9/30/2015	10/20/2015	None	12/14/2016	County Attorney	421	361	20	-25
BOYD COUNTY - COUNTY TREASURER	\$ 5,048.76	9/30/2015	10/13/2015	10/21/2015	12/14/2016	County Attorney	420	360	21	-24
DEUEL COUNTY - COUNTY TREASURE	\$ 3,962.10	9/30/2015	10/23/2015	10/26/2015	12/14/2016	County Attorney	415	355	26	-19
CHEYENNE COUNTY - TREASURER	\$ 6,141.37	9/30/2015	10/29/2015	10/29/2015	12/14/2016	County Attorney	408	348	33	-12
THURSTON COUNTY - COUNTY TREAS	\$ 8,047.18	6/30/2015	7/22/2015	7/27/2015	9/2/2016	County Attorney	403	343	27	-18
GARDEN COUNTY - COUNTY TREASUR	\$ 1,009.83	9/30/2015	11/9/2015	None	12/13/2016	District Court Clerk	400	340	40	-5
GARFIELD COUNTY - COUNTY TREAS	\$ 2,062.94	9/30/2015	11/12/2015	None	12/13/2016	County Attorney	397	337	43	-2
HARLAN COUNTY - COUNTY TREASUR	\$ 3,151.00	9/30/2015	11/13/2015	None	12/13/2016	County Attorney	396	336	44	-1
CUSTER COUNTY - COUNTY TREASUR	\$ 14,426.57	9/30/2015	11/9/2015	11/16/2015	12/15/2016	County Attorney	395	335	47	2
BUTLER COUNTY - COUNTY TREASUR	\$ 3,485.66	9/30/2015	11/16/2015	None	12/14/2016	County Attorney	394	334	47	2
HAYES COUNTY - COUNTY TREASURE	\$ 5.89	9/30/2015	11/13/2015	11/16/2015	12/13/2016	County Attorney	393	333	47	2
DIXON COUNTY - COUNTY TREASURE	\$ 6,171.67	9/30/2015	11/17/2015	11/20/2015	12/14/2016	County Attorney	390	330	51	6
LANCASTER COUNTY - COUNTY TREA	\$ 55,661.74	12/31/2014	1/29/2015	None	2/16/2016	District Court Referee	383	323	29	-16
CASS COUNTY - COUNTY TREASURER	\$ 23,121.65	6/30/2015	8/14/2015	8/17/2015	9/2/2016	County Attorney	382	322	48	3
GOSPER COUNTY - COUNTY TREASUR	\$ 1,188.00	12/31/2015	12/22/2015	None	12/22/2016	County Attorney	366	306	-9	-54
BUFFALO COUNTY - COUNTY TREASU	\$ 62,495.01	9/30/2015	12/16/2015	12/21/2015	12/8/2016	County Attorney	353	293	82	37
LANCASTER COUNTY - COUNTY TREA	\$ 247,245.29	12/31/2015	1/19/2016	1/22/2016	12/23/2016	County Attorney	336	276	22	-23
PHELPS COUNTY - COUNTY TREASUR	\$ 18,667.53	6/30/2015	7/15/2015	7/17/2015	6/15/2016	County Attorney	334	274	17	-28
JEFFERSON COUNTY - COUNTY TREA	\$ 5,089.91	9/30/2015	10/13/2015	None	9/6/2016	County Attorney	329	269	13	-32
THAYER COUNTY - COUNTY TREASUR	\$ 4,449.21	9/30/2015	10/13/2015	None	9/2/2016	County Attorney	325	265	13	-32
HALL COUNTY - COUNTY TREASURER	\$ 62,574.61	12/31/2014	2/9/2015	2/11/2015	12/31/2015	County Attorney	323	263	42	-3
RED WILLOW COUNTY - COUNTY TRE	\$ 12,969.36	6/30/2015	7/29/2015	7/30/2015	6/17/2016	County Attorney	323	263	30	-15
BROWN COUNTY - COUNTY TREASURE	\$ 582.31	6/30/2015	7/27/2015	7/30/2015	6/16/2016	County Attorney	322	262	30	-15
FILLMORE COUNTY - COUNTY TREAS	\$ 4,071.82	9/30/2015	10/13/2015	10/22/2015	9/6/2016	County Attorney	320	260	22	-23
DAWSON COUNTY - COUNTY TREASUR	\$ 40,895.90	12/31/2015	1/29/2016	2/8/2016	12/23/2016	County Attorney	319	259	39	-6
HAYES COUNTY - COUNTY TREASURE	\$ 679.54	12/31/2014	2/12/2015	2/17/2015	12/30/2015	County Attorney	316	256	48	3
RICHARDSON COUNTY - COUNTY TRE	\$ 19,463.76	6/30/2015	8/14/2015	8/18/2015	6/29/2016	County Attorney	316	256	49	4
BUFFALO COUNTY - COUNTY TREASU	\$ 62,746.25	9/30/2014	11/13/2014	11/13/2014	9/23/2015	County Attorney	314	254	44	-1
MCPHERSON COUNTY - COUNTY TREA	\$ 99.00	12/31/2015	2/3/2016	2/5/2016	12/14/2016	County Attorney	313	253	36	-9
VALLEY COUNTY - COUNTY TREASUR	\$ 4,115.69	12/31/2015	2/11/2016	2/16/2016	12/23/2016	County Attorney	311	251	47	2
MERRICK COUNTY - COUNTY TREASU	\$ 6,496.65	9/30/2015	11/4/2015	None	9/6/2016	County Attorney	307	247	35	-10
YORK COUNTY - COUNTY TREASURER	\$ 9,560.61	3/31/2015	4/3/2015	4/9/2015	2/10/2016	County Attorney	307	247	9	-36
YORK COUNTY - COUNTY TREASURER	\$ 17,136.90	9/30/2015	10/29/2015	11/2/2015	9/2/2016	County Attorney	305	245	33	-12
GREELEY COUNTY - COUNTY TREASU	\$ 76.00	9/30/2015	10/28/2015	11/2/2015	9/1/2016	County Attorney	304	244	33	-12
PLATTE COUNTY - COUNTY TREASUR	\$ 6,376.62	3/31/2015	None	4/14/2015	2/10/2016	County Attorney	302	242	14	-31
NANCE COUNTY - COUNTY TREASURE	\$ 2,383.54	6/30/2015	8/28/2015	9/2/2015	6/17/2016	County Attorney	289	229	64	19
LANCASTER COUNTY - COUNTY TREA	\$ 50,053.08	3/31/2015	5/5/2015	None	2/16/2016	District Court Referee	287	227	35	-10
POLK COUNTY - COUNTY TREASURER	\$ 384.44	3/31/2015	5/15/2015	None	2/10/2016	County Attorney	271	211	45	0
HOWARD COUNTY - COUNTY TREASUR	\$ 3,565.23	6/30/2015	7/1/2015	7/6/2015	3/31/2016	County Attorney	269	209	6	-39
BURT COUNTY - COUNTY TREASURER	\$ 7,918.96	6/30/2015	7/6/2015	7/9/2015	3/22/2016	County Attorney	257	197	9	-36
NEMAHA COUNTY - COUNTY TREASUR	\$ 5,160.03	6/30/2015	7/7/2015	7/13/2015	3/23/2016	County Attorney	254	194	13	-32
NEMAHA COUNTY - COUNTY TREASUR	\$ 664.87	3/31/2015	3/8/2015	4/8/2015	12/14/2015	County Attorney	250	190	8	-37
KIMBALL COUNTY - COUNTY TREASU	\$ 6,382.90	6/30/2015	7/22/2015	None	3/23/2016	County Attorney	245	185	22	-23
HOLT COUNTY - COUNTY TREASURER	\$ 13,242.49	6/30/2015	7/27/2015	None	3/24/2016	County Attorney	241	181	27	-18
SHERMAN COUNTY - COUNTY TREASU	\$ 4,701.07	6/30/2015	10/9/2015	10/20/2015	6/16/2016	County Attorney	240	180	112	67
OTOE COUNTY - COUNTY TREASURER	\$ 12,854.76	6/30/2015	7/28/2015	7/30/2015	3/23/2016	County Attorney	237	177	30	-15
PAWNEE COUNTY - COUNTY TREASUR	\$ 1,160.85	9/30/2015	4/29/2016	None	12/19/2016	County Attorney	234	174	212	167
RED WILLOW COUNTY - COUNTY TRE	\$ 6,925.23	9/30/2015	10/27/2015	None	6/16/2016	County Attorney	233	173	27	-18
KEITH COUNTY - COUNTY TREASURE	\$ 8,529.00	9/30/2015	1/19/2016	1/19/2016	9/6/2016	County Attorney	231	171	111	66
PLATTE COUNTY - COUNTY TREASUR	\$ 15,430.67	6/30/2015	8/5/2015	8/7/2015	3/22/2016	County Attorney	228	168	38	-7
SALINE COUNTY - COUNTY TREASUR	\$ 28,704.57	6/30/2015	8/10/2015	8/13/2015	3/23/2016	County Attorney	223	163	44	-1
SEWARD COUNTY - COUNTY TREASUR	\$ 11,647.32	6/30/2015	8/13/2015	None	3/23/2016	County Attorney	223	163	44	-1
HALL COUNTY - COUNTY TREASURER	\$ 20,113.38	6/30/2015	8/7/2015	8/12/2015	3/21/2016	County Attorney	222	162	43	-2
HITCHCOCK COUNTY - COUNTY TREA	\$ 999.25	6/30/2015	8/5/2015	None	3/14/2016	County Attorney	222	162	36	-9
HARLAN COUNTY - COUNTY TREASUR	\$ 1,648.29	3/31/2015	5/15/2015	None	12/18/2015	County Attorney	217	157	45	0
SCOTTS BLUFF COUNTY - COUNTY T	\$ 52,339.06	12/31/2015	1/26/2016	1/29/2016	9/2/2016	County Attorney	217	157	29	-16
POLK COUNTY - COUNTY TREASURER	\$ 2,106.05	6/30/2015	8/13/2015	None	3/1/2016	County Attorney	201	141	44	-1
BOX BUTTE COUNTY - COUNTY TREA	\$ 4,549.43	6/30/2015	9/1/2015	9/9/2015	3/18/2016	County Attorney	191	131	71	26
MORRILL COUNTY - COUNTY TREASU	\$ 405.41	6/30/2015	9/23/2015	None	3/11/2016	County Attorney	170	110	85	40

PROGRAM 261 - GENERAL OPERATIONS

LISTING OF COUNTY PAYMENTS

Payee/Explanation	Amount	Time Frame End Date	Date Request Signed	Date Stamped Received/ Fax Date	Date of Payment	Reimbursement for:	Days Between Payment and Request Received	Days Late	Days Between Period End and Request Date	Days Late
BOX BUTTE COUNTY - COUNTY TREA	\$ 17,004.23	3/31/2015	7/21/2015	7/21/2015	12/28/2015	County Attorney	160	100	112	67
CHASE COUNTY - COUNTY TREASURE	\$ 2,583.36	6/30/2015	6/2/2016	7/25/2016	12/27/2016	County Attorney	155	95	391	346
SARPY COUNTY - COUNTY TREASURE	\$ 210,612.30	12/31/2015	3/29/2016	4/6/2016	9/2/2016	County Attorney	149	89	97	52
BANNER COUNTY - COUNTY TREASUR	\$ 371.25	6/30/2015	7/26/2016	None	12/12/2016	County Attorney	139	79	392	347
BOYD COUNTY - COUNTY TREASURER	\$ 320.40	3/31/2016	4/29/2016	5/5/2016	8/26/2016	District Court Clerk	113	53	35	-10
FRONTIER COUNTY - COUNTY TREAS	\$ 1,188.00	6/30/2015	8/29/2016	None	12/7/2016	County Attorney	100	40	426	381
SHERIDAN COUNTY - COUNTY TREAS	\$ 1,787.89	3/31/2016	4/21/2016	4/25/2016	8/2/2016	District Court Clerk	99	39	25	-20
THURSTON COUNTY - COUNTY TREAS	\$ 6,407.77	3/31/2016	4/21/2016	4/25/2016	8/2/2016	District Court Clerk	99	39	25	-20
BURT COUNTY - COUNTY TREASURER	\$ 7,185.45	3/31/2016	4/27/2016	5/2/2016	8/2/2016	District Court Clerk	92	32	32	-13
PIERCE COUNTY - COUNTY TREASUR	\$ 5,074.36	3/31/2016	None	5/2/2016	8/2/2016	District Court Clerk	92	32	32	-13
GOSPER COUNTY - COUNTY TREASUR	\$ 2,019.10	3/31/2016	5/3/2016	5/5/2016	8/2/2016	District Court Clerk	89	29	35	-10
NANCE COUNTY - COUNTY TREASURE	\$ 3,998.17	6/30/2016	7/7/2016	7/8/2016	10/3/2016	District Court Clerk	87	27	8	-37
GAGE COUNTY - COUNTY TREASURER	\$ 8,748.74	3/31/2016	5/5/2016	5/9/2016	8/2/2016	District Court Clerk	85	25	39	-6
WEBSTER COUNTY - COUNTY TREASU	\$ 3,975.44	6/30/2016	6/28/2016	6/30/2016	9/23/2016	District Court Clerk	85	25	0	-45
FURNAS COUNTY - COUNTY TREASUR	\$ 2,316.71	3/31/2015	5/28/2015	5/28/2015	8/20/2015	District Court Clerk	84	24	58	13
MADISON COUNTY - COUNTY TREASU	\$ 7,799.25	6/30/2016	7/8/2016	7/11/2016	9/30/2016	District Court Clerk	81	21	11	-34
KIMBALL COUNTY - COUNTY TREASU	\$ 9,141.16	6/30/2016	7/11/2016	7/13/2016	9/30/2016	District Court Clerk	79	19	13	-32
KNOX COUNTY - COUNTY TREASURER	\$ 5,140.03	6/30/2016	7/3/2016	7/7/2016	9/23/2016	District Court Clerk	78	18	7	-38
PLATTE COUNTY - COUNTY TREASUR	\$ 17,920.10	6/30/2016	6/30/2016	7/7/2016	9/22/2016	District Court Clerk	77	17	7	-38
JEFFERSON COUNTY - COUNTY TREA	\$ 3,052.92	6/30/2016	7/5/2016	None	9/19/2016	District Court Clerk	76	16	5	-40
NUCKOLLS COUNTY - COUNTY TREAS	\$ 2,665.56	6/30/2016	7/8/2016	7/8/2016	9/22/2016	District Court Clerk	76	16	8	-37
OTOE COUNTY - COUNTY TREASURER	\$ 7,466.98	6/30/2016	7/5/2016	7/8/2016	9/22/2016	District Court Clerk	76	16	8	-37
HOLT COUNTY - COUNTY TREASURER	\$ 7,084.28	6/30/2016	7/5/2016	7/11/2016	9/23/2016	District Court Clerk	74	14	11	-34
HOWARD COUNTY - COUNTY TREASUR	\$ 2,229.86	6/30/2016	6/30/2016	7/7/2016	9/19/2016	District Court Clerk	74	14	7	-38
LOGAN COUNTY - COUNTY TREASURE	\$ 2,740.56	12/31/2015	1/5/2016	1/7/2016	3/21/2016	District Court Clerk	74	14	7	-38
NEMAHA COUNTY - COUNTY TREASUR	\$ 3,499.70	6/30/2016	7/6/2016	7/7/2016	9/19/2016	District Court Clerk	74	14	7	-38
LOGAN COUNTY - COUNTY TREASURE	\$ 317.48	6/30/2016	7/6/2016	7/8/2016	9/19/2016	District Court Clerk	73	13	8	-37
PERKINS COUNTY - COUNTY TREASU	\$ 3,810.83	6/30/2016	7/8/2016	7/11/2016	9/22/2016	District Court Clerk	73	13	11	-34
RICHARDSON COUNTY - COUNTY TRE	\$ 7,274.07	6/30/2016	7/8/2016	7/13/2016	9/22/2016	District Court Clerk	71	11	13	-32
SEWARD COUNTY - COUNTY TREASUR	\$ 10,885.06	12/31/2015	1/8/2016	1/13/2016	3/24/2016	District Court Clerk	71	11	13	-32
DUNDY COUNTY - COUNTY TREASURE	\$ 844.89	6/30/2016	6/22/2016	6/24/2016	9/2/2016	District Court Clerk	70	10	-6	-51
KIMBALL COUNTY - COUNTY TREASU	\$ 12,462.02	12/31/2015	1/4/2016	1/7/2016	3/17/2016	District Court Clerk	70	10	7	-38
MERRICK COUNTY - COUNTY TREASU	\$ 5,645.16	6/30/2016	7/7/2016	7/11/2016	9/19/2016	District Court Clerk	70	10	11	-34
PAWNEE COUNTY - COUNTY TREASUR	\$ 2,559.91	6/30/2016	7/13/2016	7/15/2016	9/22/2016	District Court Clerk	69	9	15	-30
PHELPS COUNTY - COUNTY TREASUR	\$ 10,288.02	6/30/2016	7/11/2016	7/15/2016	9/22/2016	District Court Clerk	69	9	15	-30
MORRILL COUNTY - COUNTY TREASU	\$ 3,217.08	6/30/2016	7/11/2016	7/13/2016	9/19/2016	District Court Clerk	68	8	13	-32
VALLEY COUNTY - COUNTY TREASUR	\$ 1,773.53	6/30/2016	7/14/2016	7/18/2016	9/23/2016	District Court Clerk	67	7	18	-27
WAYNE COUNTY - COUNTY TREASURE	\$ 7,159.61	6/30/2016	7/15/2016	7/18/2016	9/23/2016	District Court Clerk	67	7	18	-27
SALINE COUNTY - COUNTY TREASUR	\$ 10,580.84	6/30/2016	7/14/2016	7/18/2016	9/22/2016	District Court Clerk	66	6	18	-27
SAUNDERS COUNTY - COUNTY TREAS	\$ 11,141.03	6/30/2016	7/20/2016	7/20/2016	9/22/2016	District Court Clerk	64	4	20	-25
BOX BUTTE COUNTY - COUNTY TREA	\$ 7,348.03	6/30/2016	6/28/2016	7/1/2016	9/2/2016	District Court Clerk	63	3	1	-44
BUFFALO COUNTY - COUNTY TREASU	\$ 38,158.46	6/30/2016	7/26/2016	7/29/2016	9/30/2016	District Court Clerk	63	3	29	-16
SEWARD COUNTY - COUNTY TREASUR	\$ 8,889.66	6/30/2016	7/26/2016	7/29/2016	9/30/2016	District Court Clerk	63	3	29	-16
YORK COUNTY - COUNTY TREASURER	\$ 18,936.19	6/30/2016	7/20/2016	7/22/2016	9/23/2016	District Court Clerk	63	3	22	-23
CHEYENNE COUNTY - TREASURER	\$ 11,035.40	3/31/2016	4/6/2016	4/7/2016	6/6/2016	District Court Clerk	60	0	7	-38
BOONE COUNTY - COUNTY TREASURE	\$ 3,285.66	6/30/2016	7/5/2016	None	9/2/2016	District Court Clerk	59	-1	5	-40
RED WILLOW COUNTY - COUNTY TRE	\$ 8,514.73	6/30/2016	7/22/2016	7/25/2016	9/22/2016	District Court Clerk	59	-1	25	-20
WASHINGTON COUNTY - COUNTY TRE	\$ 7,380.27	12/31/2015	1/21/2016	1/25/2016	3/24/2016	District Court Clerk	59	-1	25	-20
ADAMS COUNTY - COUNTY TREASURE	\$ 7,148.63	6/30/2016	4/1/2016	7/8/2016	9/2/2016	District Court Clerk	56	-4	8	-37
DAWES COUNTY - COUNTY TREASURE	\$ 4,954.42	6/30/2016	7/7/2016	7/12/2016	9/6/2016	District Court Clerk	56	-4	12	-33
SHERMAN COUNTY - COUNTY TREASU	\$ 2,492.18	6/30/2016	None	8/1/2016	9/23/2016	District Court Clerk	53	-7	32	-13
CHERRY COUNTY - COUNTY TREASUR	\$ 2,983.94	6/30/2016	7/11/2016	7/13/2016	9/2/2016	District Court Clerk	51	-9	13	-32
THAYER COUNTY - COUNTY TREASUR	\$ 3,526.41	6/30/2016	7/29/2016	8/3/2016	9/23/2016	District Court Clerk	51	-9	34	-11
BUTLER COUNTY - COUNTY TREASUR	\$ 6,380.56	6/30/2016	7/11/2016	7/14/2016	9/2/2016	District Court Clerk	50	-10	14	-31
DIXON COUNTY - COUNTY TREASURE	\$ 4,724.21	6/30/2016	7/13/2016	7/18/2016	9/6/2016	District Court Clerk	50	-10	18	-27
HALL COUNTY - COUNTY TREASURER	\$ 27,750.05	6/30/2016	7/26/2016	8/1/2016	9/19/2016	District Court Clerk	49	-11	32	-13
CHASE COUNTY - COUNTY TREASURE	\$ 1,867.42	6/30/2016	7/29/2016	8/3/2016	9/19/2016	District Court Clerk	47	-13	34	-11
FILLMORE COUNTY - COUNTY TREAS	\$ 2,716.74	12/31/2015	3/14/2016	3/17/2016	5/3/2016	District Court Clerk	47	-13	77	32
GARDEN COUNTY - COUNTY TREASUR	\$ 440.87	6/30/2016	7/15/2016	7/18/2016	9/2/2016	District Court Clerk	46	-14	18	-27
HAMILTON COUNTY - COUNTY TREAS	\$ 6,700.60	6/30/2016	7/19/2016	7/22/2016	9/6/2016	District Court Clerk	46	-14	22	-23
THURSTON COUNTY - COUNTY TREAS	\$ 7,449.85	6/30/2016	8/10/2016	8/15/2016	9/30/2016	District Court Clerk	46	-14	46	1
DEUEL COUNTY - COUNTY TREASURE	\$ 411.95	6/30/2016	8/15/2016	8/17/2016	9/30/2016	District Court Clerk	44	-16	48	3
FILLMORE COUNTY - COUNTY TREAS	\$ 6,061.25	6/30/2016	8/12/2016	8/17/2016	9/30/2016	District Court Clerk	44	-16	48	3
CEDAR COUNTY - COUNTY TREASURE	\$ 3,932.87	6/30/2016	7/18/2016	7/21/2016	9/2/2016	District Court Clerk	43	-17	21	-24

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 - GENERAL OPERATIONS
LISTING OF COUNTY PAYMENTS

Exhibit C

Payee/Explanation	Amount	Time Frame End Date	Date Request Signed	Date Stamped Received/ Fax Date	Date of Payment	Reimbursement for:	Days Between Payment and Request Received	Days Late	Days Between Period End and Request Date	Days Late
COLFAX COUNTY - COUNTY TREASUR	\$ 5,737.83	6/30/2016	7/15/2016	7/21/2016	9/2/2016	District Court Clerk	43	-17	21	-24
DAWSON COUNTY - COUNTY TREASUR	\$ 7,025.28	6/30/2016	None	8/11/2016	9/23/2016	District Court Clerk	43	-17	42	-3
PIERCE COUNTY - COUNTY TREASUR	\$ 3,961.87	6/30/2016	None	8/10/2016	9/22/2016	District Court Clerk	43	-17	41	-4
DODGE COUNTY - COUNTY TREASURE	\$ 15,122.09	6/30/2016	7/20/2016	7/22/2016	9/2/2016	District Court Clerk	42	-18	22	-23
CUSTER COUNTY - COUNTY TREASUR	\$ 5,764.29	6/30/2016	7/26/2016	7/27/2016	9/6/2016	District Court Clerk	41	-19	27	-18
DAKOTA COUNTY - COUNTY TREASUR	\$ 7,725.69	6/30/2016	7/25/2016	7/27/2016	9/6/2016	District Court Clerk	41	-19	27	-18
SCOTTS BLUFF COUNTY - COUNTY T	\$ 9,143.43	6/30/2016	8/11/2016	8/12/2016	9/22/2016	District Court Clerk	41	-19	43	-2
THAYER COUNTY - COUNTY TREASUR	\$ 2,892.42	12/31/2015	2/10/2016	2/12/2016	3/24/2016	District Court Clerk	41	-19	43	-2
STANTON COUNTY - COUNTY TREASU	\$ 5,020.69	6/30/2016	8/17/2016	8/22/2016	9/30/2016	District Court Clerk	39	-21	53	8
ANTELOPE COUNTY - COUNTY TREAS	\$ 4,299.29	6/30/2016	8/15/2016	8/15/2016	9/19/2016	District Court Clerk	35	-25	46	1
CASS COUNTY - COUNTY TREASURER	\$ 9,180.42	6/30/2016	8/11/2016	8/15/2016	9/19/2016	District Court Clerk	35	-25	46	1
CLAY COUNTY - COUNTY TREASURER	\$ 7,697.76	6/30/2016	8/12/2016	8/15/2016	9/19/2016	District Court Clerk	35	-25	46	1
GARFIELD COUNTY - COUNTY TREAS	\$ 4,470.43	6/30/2016	8/11/2016	8/15/2016	9/19/2016	District Court Clerk	35	-25	46	1
CUMING COUNTY - COUNTY TREASUR	\$ 6,192.32	6/30/2016	7/15/2016	8/1/2016	9/2/2016	District Court Clerk	32	-28	32	-13
DOUGLAS COUNTY - ALL PYMTS - G	\$ 83,536.48	9/30/2016	10/31/2016	11/4/2016	12/6/2016	District Court Referee	32	-28	35	-10
DOUGLAS COUNTY - ALL PYMTS - G	\$ 131,596.51	6/30/2016	7/26/2016	8/1/2016	9/2/2016	District Court Clerk	32	-28	32	-13
SARPY COUNTY - COUNTY TREASURE	\$ 41,650.49	6/30/2016	8/30/2016	None	9/30/2016	District Court Clerk	31	-29	61	16
BURT COUNTY - COUNTY TREASURER	\$ 5,118.41	6/30/2016	8/19/2016	8/22/2016	9/19/2016	District Court Clerk	28	-32	53	8
KEITH COUNTY - COUNTY TREASURE	\$ 3,321.48	6/30/2016	9/14/2016	None	10/3/2016	District Court Clerk	19	-41	76	31

(Concluded)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
TEN LARGEST PAYEES
July 1, 2015 - December 31, 2016

Exhibit D

Name of Vendor	Payment Purpose	Amount Paid	% of Total Expenditures
Nebraska Department of Administrative Services	Internal Services (Accounting, OCIO, Rent, Postage, TSB, etc.)	\$ 81,478,451	41%
Wipro Limited	Medicaid System Replacement Project	\$ 12,741,097	6%
Nebraska Association of School Board	Medicaid Aid Payments	\$ 8,710,084	4%
Nebraska Schools Medicaid Consortium	Medicaid Aid Payments	\$ 5,695,270	3%
JS3 Consulting, LLC	Consulting for MMIS Replacement Project	\$ 5,445,639	3%
Electronic Health Records Incentives	Federal Incentives Program for Hospitals	\$ 3,686,263	2%
University of Nebraska	Subrecipient Payments	\$ 3,393,570	2%
Edifecs, Inc.	MMIS Front-End Updating Project	\$ 3,144,979	2%
Maximus, Inc.	Provider Screening and Enrollment for Medicaid	\$ 3,028,077	2%
Lancaster County Treasurer	Subrecipient Payments	\$ 1,992,375	1%

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 261 – GENERAL OPERATIONS
EXPENDITURES BY FUND TYPE
Fiscal Years Ended June 30, 2012, through 2016

Exhibit E

