

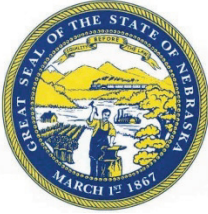
**MANAGEMENT LETTER
OF THE
NEBRASKA STATE COLLEGE SYSTEM**

For the Year Ended June 30, 2017

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Issued on January 31, 2018



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December 11, 2017

Mr. Stanley Carpenter, Chancellor
Board of Trustees
Nebraska State College System
1327 H Street, Suite 200
Lincoln, Nebraska 68508-3751

Dear Mr. Carpenter:

We have audited the financial statements of the Nebraska State College System (NSCS) (a component unit of the State of Nebraska) for the year ended June 30, 2017, and have issued our report thereon dated December 11, 2017.

Our audit procedures were designed primarily to enable us to form an opinion on the Basic Financial Statements. Our audit procedures were also designed to enable us to report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the NSCS's organization gained during our work, and we make the following comments and recommendations that we hope will be useful to you.

The following is from our "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards," dated December 11, 2017.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities, and the discretely presented component units of the NSCS, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the NSCS's basic financial statements, and have issued our report thereon dated December 11, 2017. Our report includes a reference to other auditors who audited the financial statements of the Nebraska State College System Foundations, the Nebraska State Colleges Facilities Corporation and the activity of the Nebraska State College System Revenue and Refunding Bond Program, as described in our report on the NSCS's financial statements. The financial statements of these entities and program were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NSCS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NSCS's internal control. Accordingly, we do not express an opinion on the effectiveness of the NSCS's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the NSCS's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness: Finding No. 2017-001: Financial Statement Preparation and Errors. Additionally, we did identify a certain deficiency in internal control that we consider to be a significant deficiency: Finding No. 2017-002: Wayne State College Athletics Department's Control Environment.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NSCS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Nebraska State College System's Response to Findings

We did note certain other matters that we reported to management of the NSCS, which are included below. The NSCS's responses to our findings are described below. The NSCS's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

BASIC FINANCIAL STATEMENTS COMMENTS

Finding No. 2017-001: Financial Statement Preparation and Errors

The NSCS lacked personnel with the required knowledge and expertise to prepare accurate financial statements in accordance with governmental accounting standards. Additionally, the NSCS control environment was not conducive to fair and complete financial reporting, as there were no review procedures in place to ensure accurate financial statements were prepared in accordance with the required governmental accounting standards. In general, one individual at each College was responsible for preparing the financial statements, with no other review procedures in place to ensure accuracy and consistency among Colleges.

As a result of this lack of expertise and control procedures, the NSCS submitted draft financial statements that were materially misstated and required numerous adjustments and revisions. The excessive number of financial statement errors led one College to contract with two separate outside CPAs for assistance, resulting in a complete revision of the financials, significant timing delays, and \$22,500 in payments made for such assistance. In the end, the inadequate NSCS control environment caused adjustments to 74 of the 96 financial statement line items – for an overall error rate of 77% of the available line items. The financial line item changes ranged from \$60 to \$19,714,900. The table below summarizes the errors by College and financial statement for the fiscal year ended June 30, 2017.

Financial Statement	Statement of Net Position	Statement of Changes	Cash Flows Statement	Totals
Available Line Items	32	27	37	96
Peru State College (PSC) Lines Revised	16	20	28	64
PSC Error Rate	50%	74%	76%	67%
Wayne State College (WSC) Lines Revised	11	14	20	45
WSC Error Rate	34%	52%	54%	47%
System Office (SO) Lines Revised	5	9	15	29
SO Error Rate	16%	33%	41%	30%
Chadron State College (CSC) Lines Revised	2	8	17	27
CSC Error Rate	6%	30%	46%	28%
NSCS Total Lines Revised	19	23	32	74
NSCS Total Error Rate	59%	85%	86%	77%

Exhibit A illustrates all of the fiscal year 2017 financial statement adjustments made, by financial statement line item. The amounts shown in the exhibit represent the **change** in the value from the original financial statements provided to the APA to the final issued financial statements. A positive number represents the amount the number increased; therefore, the value

had been originally understated. A negative number represents the amount the number decreased; therefore, the value had been originally overstated. Likewise, **Exhibit B** illustrates the adjustments for fiscal year 2016.

It is important to note that the number of errors illustrated in the above table, as well as in **Exhibit A** and **Exhibit B**, does not account for instances in which the same financial statement line item was revised numerous times. Such instances occurred frequently. This is clearly illustrated by **Exhibit C** and **Exhibit D**, which include each individual adjustment made to every financial statement line item on the Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position that changed for fiscal years 2017 and 2016, respectively. No such detail was provided for the Statement of Cash Flows due to the high number of revisions from errors and changes in the other statements. As an example of one individual line item that changed numerous times, an excerpt of **Exhibit C** is included below. This illustrates that, on the Statement of Revenues, Expenses, and Changes in Net Position, PSC's Contractual Services expense line item was revised 10 times due to separate errors. As shown by the gray highlighted row, one additional change was made by PSC, without the APA's recommendation, which was incorrect and then had to be revised again. Lastly, despite the APA's identification of 10 separate errors within this single line item, there was still another \$7,143 in unidentified changes due to the complete revision of PSC's financial statements.

College	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Contractual Services	Expense	(\$612,605)		(\$612,605)	1	Duplicated/Miscoded Transfers 1
PSC	Contractual Services	Expense	(\$141,367)		(\$141,367)	3	Miscoded Theatre Payable
PSC	Contractual Services	Expense	(\$90,987)		(\$90,987)	6	Duplicated/Miscoded Transfers 2
PSC	Contractual Services	Expense		\$87,488	\$87,488	7	Erroneous Asset Reversing Entry 1
PSC	Contractual Services	Expense	(\$75,571)		(\$75,571)		Erroneous Reclassification
PSC	Contractual Services	Expense		\$75,571	\$75,571	52	Foundation Coding Error 5
PSC	Contractual Services	Expense	(\$50,000)		(\$50,000)	9	Miscoded Transfer 3
PSC	Contractual Services	Expense		\$30,816	\$30,816	13	Erroneous Asset Reversing Entry 2
PSC	Contractual Services	Expense	(\$17,967)		(\$17,967)	20	Miscoded Foundation Receipt
PSC	Contractual Services	Expense		\$2,500	\$2,500	51	Foundation Coding Error 4
PSC	Contractual Services	Expense	(\$7,143)		(\$7,143)		Unidentified Change(s)*
<i>Subtotal Contractual Services</i>			<i>(\$995,640)</i>	<i>\$196,375</i>	<i>(\$799,265)</i>		

**These changes occurred during a complete revision of PSC's financial statements, which was requested by the APA because there were numerous balances that did not tie to support. As the revised financials were adequately traced to support, the cause of the individual changes were not pursued by the APA. Additionally, the remaining unidentified changes were not significant.*

Furthermore, even one individual change to a financial statement line item often required numerous back and forth conversations before the financials would be corrected. These conversations required significant time spent explaining fundamental accounting principles to NSCS staff and sometimes even related to relatively immaterial amounts. However, as illustrated in the example below, the APA was required to investigate small discrepancies because the financial statements did not properly balance. The following table illustrates the hours spent corresponding with PSC on multiple occasions regarding a one-sided, credit-only entry that was found in PSC's financial statements.

Date	Description
9/25/2017	The APA questioned a manual adjusting entry made to the financial statements that appeared to be a one-sided, credit-only entry, which should have caused the financial statements to be out of balance.
9/26/2017	The APA met with PSC staff to discuss the question. Some additional documentation was provided; however, the question could not be adequately addressed.
9/27/2017	According to PSC, removal of this entry would prevent the financials from balancing. The APA responded by asking why the financials did not balance. The APA met with PSC staff again and discussed the need to determine why the financials did not balance.
10/3/2017	The APA met with SO staff and discussed PSC's financials, which did not balance. It was determined that PSC would revise its financials with the assistance of an outside CPA firm.
10/17/2017	The APA received completely revised and reformatted financial statements from PSC with the assistance of an outside CPA firm. The same manual entry was still included, now with a debit directly to the beginning fund balance.
10/25/2017	The APA again questioned why the same manual entry was being made. PSC responded that the amount was not included in tuition revenue in the accounting system but should be. The APA requested the specific account codes used to verify that the amount was not included in tuition revenue in the accounting system. PSC provided account codes. The APA outlined our understanding of how tuition and fees are processed through the accounting system, which would result in the manually adjusted amount already being included in the account codes noted.
10/26/2017	PSC stated that this instance differed from the normal process because cash was not received.
10/30/2017	The APA agreed that cash was not received but noted an entry had already been made in the accounting system to adjust for that; therefore, the manual entry appeared to duplicate tuition revenue.
11/1/2017	The APA met with PSC staff and PSC agreed to remove the manual entry.
11/2/2017	The APA requested revised financial statements.
11/3/2017	The APA again requested revised financials. PSC responded that the financials did not balance after removing the manual entry, and it could not be determined why.
11/3/2017	The APA spent a significant amount of time investigating the balancing error and discovered that PSC had recorded entries in the accounting system for fiscal year ended June 30, 2016, in December 2016 despite that prior fiscal year having been audited and issued already. These entries were not recorded in the prior financial statements and, therefore, caused a balancing error. PSC sent revised financial statements with the necessary corrections made.

As an additional example, the following table represents back-and-forth conversations between the APA and WSC related to a correction needed to WSC depreciation expense due to an error uncovered by the APA during testing. As shown in the table below, the financial statements were submitted on four separate occasions before the adjusting entry was accurate.

Date	Description
6/21/2017	The APA emailed WSC regarding depreciation testing performed for a sample of 25 assets. Testing revealed one WSC asset that appeared to have an incorrect asset life assigned, which caused depreciation to be understated by \$31,659.
6/23/2017	WSC agreed that the asset life was incorrect and indicated it would be corrected on the financial statements.
9/28/2017	WSC provided its financial statements.
10/6/2017	The APA asked where the depreciation adjustment was made on the financials.
10/6/2017	WSC provided the manual entry made to adjust depreciation and also noted that WSC had reviewed the asset life for many of its assets and made adjustments to others as well on this same entry. The total amount of the adjusting entry was \$36,839.
10/6/2017	The APA requested support for the amount calculated in the entry.
10/6/2017	Support was provided by WSC.
10/6/2017	The APA asked why the calculation included a reduction of 30%.
10/6/2017	WSC indicated that the percentage was included in error, corrected it, and provided updated financial statements with the adjusting entry now totaling \$92,242.

Date	Description
10/6/2017	The APA asked why additional values in the calculation were also reduced to 30%.
10/6/2017	WSC indicated that was another error, corrected it, and provided updated financial statements again. The adjusting entry value was now \$59,000.
10/6/2017	The APA responded indicating that there was still about a \$10,000 difference between WSC's calculation and the APA's calculation.
10/11/2017	WSC agreed with the APA's calculation, corrected and submitted financials for the fourth time due to this one entry. The adjusting entry now appeared to be correct at \$69,917.

Also, during the audit the APA noted several areas of inconsistency in how various items were recorded among Colleges. Some of the more significant areas of inconsistency included the following: how various expense accounts rolled into the financial statements, resulting in NSCS opting to combine two previously separate financial statement line items into one; recording of prepaid expenses between current and non-current; differences in how receivables were recorded between the "Accounts Receivable, Net" line item or "Other Receivables"; differences in how miscellaneous revenue, such as income from parking or concessions at athletic events was classified on the financials (See additional details in Finding No. 2017-003); and differences in how each College was recording an allowance for bad debt and other collection costs.

However, the most time-consuming inconsistency to review and correct was related to how each College recorded the funds received by the Foundations. As illustrated in **Exhibit C** and **Exhibit D**, numerous revisions were made to the financial statements due to these inconsistencies. Due to the complex nature of these transactions, as well as the vast differences in how each College recorded the Foundation revenues in the accounting system, these reclassifications were highly time consuming for both the APA and the NSCS accounting staff. The following table is provided as an example of the back-and-forth correspondence for one Foundation reclassification at PSC.

Date	Description
6/30/2017	The APA emailed PSC, questioning why items such as concession sales, tailgating/parking sales, photo sales, golf event sales, etc., were coded to an account that is classified as Private Grants & Contracts on the financials.
7/3/2017	PSC requested an extension on the response until 7/10/2017.
7/5/2017	The APA agreed to the 7/10/2017 response date.
7/6/2017	PSC requested an extension on the response until 7/11/2017. The APA agreed.
7/11/2017	PSC responded stating, "Historically, these revenues have been receipted into 464600 Other Private Sources because the only other revenue account that these type [sic] of revenues could be coded to is 490100 Misc Cash Income or 490200 Misc Other Income which should flow to Other operating revenues. These revenues aren't a primary sources [sic] of income and my predecessor had given the directive."
7/12/2017	The APA emailed the NSCS Director for System-Wide Accounting, noting that there was no consistency among all Colleges in how revenues for items, such as athletics admissions, concession sales, special events, etc., were being coded. The APA questioned whether any guidance had been provided and indicated that this should be reviewed prior to preparation of the financial statements to ensure consistency.
7/12/2017	The NSCS Director for System-Wide Accounting responded by stating, "If any guidance was provided it would have been prior to any of us coming into our positions. Treatment is probably based on how it was handled in previous years. We can look at the types of miscellaneous revenue sources and research and discuss as a group and get back with you this fall."
7/14/2017	The APA learned that the NSCS Director for System-Wide Accounting was terminating her position the following week and that a replacement was not known.
9/15/2017	PSC submitted financial statements to the APA with no changes made to the classification of the revenues questioned.

Date	Description
9/26/2017	The APA asked whether PSC discussed a consistent classification of these revenues among all Colleges, and PSC responded that no discussion had been held.
10/3/2017	The APA met with System Office staff and discussed the inconsistencies noted, particularly related to Foundation revenues. The APA followed up with an email outlining some initial thoughts on how to record the various types of Foundation revenues.
10/4/2017	The Vice Chancellor for Finance and Administration (VCFA) responded with some questions and indicated that the System Office would have to work with each College to determine how to correct them. The VCFA also asked if corrections were needed for the current fiscal year.
10/4/2017	The APA asked for PSC to reconsider its classification of the \$190,000 in questionable revenues coded to Private Grants & Contracts. PSC responded that some of that amount represents Private Grants and some does not. The APA responded by agreeing that approximately \$96,000 appeared to be from the Foundation and would be appropriately classified as Private Grants Revenue. However, the APA reiterated that PSC needs to determine the amount that is not Private Grants and consider making a financial statement adjustment.
10/5/2017	The APA responded to the VCFA to clarify a few items and noted that, because the Foundation revenues were significant, adjustments would be proposed for the current fiscal year.
10/11/2017	The APA followed up with the System Office to check on the status of corrections. The System Office responded that PSC had worked through the corrections and adjustments would be made.
10/18/2017	The APA received completely revised and reformatted financial statements from PSC with the assistance of an outside CPA firm. The full \$190,000 of Private Grants Revenue, including the \$96,000 in Foundation revenues that should have stayed in Private Grants, was reclassified to Other Operating Revenue.
10/25/2017	The APA emailed PSC to point out that none of the manual adjusting entries made for Foundation revenues appeared to have been properly classified in accordance with the numerous conversations held.
10/26/2017	PSC responded that there was a miscommunication and sent corrections for some of the Foundation revenues.
10/31/2017	The APA responded that the \$96,000 in Foundation revenues still appeared to be erroneously classified as Other Operating Revenues, but it should be classified as Private Grants and Contracts. The APA also noted three additional errors in the Foundation revenue accounting, but all other errors were small enough that no adjustment was proposed.
11/3/2017	PSC provided revised financial statements with the \$96,000 correctly recorded.

Likely as a result of the numerous revisions made throughout the entire audit process, 21 additional errors were noted when the NSCS prepared the final combined financial statements. These errors were generally due to the wrong amounts being pulled into the wrong line items, balances not being updated after revisions, titles not being updated from the prior year, and the Foundation financial statements not being copied in exactly the same as the amounts and titles from the separately issued audit reports.

In addition to all of financial statement errors, the footnote disclosures, which are considered to be an integral part of the financial statements, were found to contain 107 errors requiring revision. All of those errors are listed in **Exhibit E**. Lastly, the Management Discussion and Analysis (MD&A) section of the report was found to contain another 28 errors. The MD&A is unaudited, but it is still compared to the final financial statements as well as reviewed for spelling, grammar, and mathematical accuracy. The 28 MD&A errors are listed in **Exhibit F**.

In addition to the inconsistencies noted, the APA identified 28 other coding errors that were not adjusted on the financial statements due to their relatively insignificant values. The values ranged from \$75,589 to \$117.

A similar finding was noted as a significant deficiency in the prior year.

A good internal control plan requires the NSCS to maintain staff with adequate knowledge and expertise of governmental accounting standards to ensure the financial statements are prepared in accordance with such standards. Furthermore, the NSCS should have sufficient review procedures in place to ensure the financials are prepared accurately and consistently among Colleges based upon the underlying financial information. The NSCS's lack of such knowledge and procedures increases the risk that material misstatements may occur and remain undetected.

Additionally, the audit of the NSCS is considered a component unit of the State of Nebraska and, as such, the audit must be completed prior to the statutory deadline to issue the Statewide Comprehensive Annual Financial Report (CAFR). Neb. Rev. Stat. § 81-1125.01 (Reissue 2014) requires the CAFR to be completed at least 20 days before the commencement of each regular session of the Legislature. For the fiscal year ended June 30, 2017, CAFR, this date was determined to be December 15, 2017. As such, the Nebraska State Department of Administrative Services, Accounting Division, requested that the draft NSCS financial report be completed by November 13, 2017, and the final report was required to be completed by the December 15, 2017, statutory deadline. Significant errors, such as those discussed above, increase the risk that the required deadlines will not be met.

We recommend the NSCS implement procedures to ensure internally prepared information is complete and accurate upon submission to the auditors. Such procedures should include the following:

- Training for accounting staff on governmental accounting standards related to the preparation of financial statements in accordance with GASB Statement No. 34 and No. 35;
- System-wide training for accounting staff in order to ensure the financial statements are being prepared consistently among all Colleges;
- Development of a uniform template for compiling the financial statements to include unadjusted accounting system balances, manual adjustments shown with standard debit/credit format with a brief description of the entry, and final adjusted balances categorized by financial statement line item;
- A documented review by a second individual at each College to ensure the financial information has been prepared accurately;
- An additional documented review by the System Office to ensure the financial information is accurate and consistent throughout the system; and
- System-wide training to all employees responsible for data entry in the accounting system to ensure transactions are being recorded consistently in the accounting system consistently.

NSCS's Response: The NSCS will look at ways to improve existing procedures for financial statement preparation in order to reduce financial statement errors. Those responsible for financial statement preparation have already met and plan to continue meetings to improve consistency and address concerns that arose during the audit, as well as to implement continued training opportunities, when available and where necessary, to ensure staff are informed and up

to date on the proper financial statement line item handling of transactions. Many of the items noted were due to “reclassifications”, which moved balances from one line item to another, with no resulting changes in total net assets. We understand the entries are the responsibility of the NSCS and will re-examine the closing process to determine how to better capture and ensure proper support for the end of year transactions made by College staff when preparing the financial statements.

APA Response: The APA would like to reiterate that the evaluation of the fair presentation of the financial statements includes all line items and not only net position. Reclassifications are a major component of whether financial statement line items are materially accurate; therefore, focusing only on net position would have caused material misstatements within the financial statements.

Generally Accepted Auditing Standard AU-C 450.04 discusses evaluating misstatements identified and defines misstatements as a difference between: the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Finding No. 2017-002: Wayne State College Athletics Department’s Control Environment

The control environment within the Wayne State College (WSC) Athletics Department (Department) was inadequate. This inadequacy was due primarily to the fact that, despite a significant amount of high-risk cash transactions collected by the Department, virtually no procedures were in place to prevent someone from perpetuating or concealing fraud or irregularities. In particular, the WSC Assistant Athletic Director of Business Management (AADB M) was entirely in control of all cash transactions that flowed through the Department, with little or no review by any other individuals.

During the past two fiscal years, the Department has received approximately \$200,000 annually, as illustrated by revenue type in the table below:

Revenue Type	FY 2016	FY 2017
Camp Revenue	\$164,534	\$111,024
Gate Admission Revenue	\$41,666	\$38,481
Other Misc Entry Fees	\$5,900	\$6,820
Season Ticket Revenue	\$5,491	\$5,379
Totals	\$217,591	\$161,704

With a significant portion of these receipts being purely cash transactions, there was a greatly increased risk for loss or misuse of such funds. Despite that increased risk, the Department failed to implement sufficient control procedures, instead allowing one individual to have complete autonomy in carrying out these cash transactions.

The general procedures for each type of revenue collected by the Department are outlined below:

- **Camp Revenue Procedures:** Each coach determined the types, dates, and prices for the annual athletic camps that would be offered, which was approved by the Athletic Director. A registration form containing this information was developed. However, a majority of the registration forms reviewed by the APA directed participants to remit the registration payments directly to the AADBM. The following is an example of such wording on a softball registration form.

Please send registration form, WSC Camp Release Form and check to:
Wayne State College
Softball Camps
Ryan Hix
1111 Main Street
Wayne, NE 68787
shmanson1@wsc.edu or Register Online:
<http://www.wscsoftballcamps.com>

The AADBM was also the only individual responsible for maintaining the listing of participants. No sign-in sheets were available for any of the camps tested. Consequently, inadequate documentation was available to ensure that all participants had remitted payment and that the payments were properly deposited. There were essentially no procedures in place to prevent the AADBM from collecting cash payments and failing to deposit the funds with WSC.

- **Gate Admission Revenue Procedures:** WSC utilized a ticketing software vendor called UniversityTickets to track its ticket sales. Tickets purchased at the event were recorded in, and printed from, the UniversityTickets software by event staff. With the exception of one of the four gates used during football events, which had only a cash drawer, each of the other three gates had both a terminal for accessing the ticketing software and a cash drawer. A beginning cash drawer count was completed by only the AADBM prior to the event. There was no secondary review and count of the beginning cash. A cash count was completed by the ticket seller at the conclusion of an event. The cash was then given back to the AADBM, who ran reports from the ticketing software after the event and compared tickets sold to monies collected to ensure WSC received all funds for the event. Additionally, the AADBM prepared the deposit slip and remitted the money to the Business Office.

The flaws in this system are numerous. To start, the AADBM was the only person who counted the beginning cash, which increased the risk that the counted amount could be understated. The next concern is that the ending cash was remitted to the AADBM, who was the only individual responsible for reconciling the cash to the UniversityTickets sales report. The AADBM also had complete access to the UniversityTickets system at all times; this included the ability to issue refunds, which would reduce the amount of cash that needed to be deposited. No one else regularly utilized or reviewed the UniversityTickets system.

- **Season Ticket Revenue Procedures:** Season tickets to either specific or all WSC sports were purchased online through the UniversityTickets system or by completing a season ticket form and remitting it, along with payment, to the AADB. If the paper form was used, the AADB entered the sale into the UniversityTickets system. The AADB also maintained the spreadsheet of season tickets sold each year.
- **Other Entry Fee Revenue Procedures:** Other entry fees were collected for miscellaneous events, such as high school track meets. The procedures for these events were essentially the same as those described above for camp revenue.
- **Program Sales Procedures:** Programs were sold for home football, volleyball, and basketball games. These sales were recorded manually on a program sales report. During review of these program sales reports, we noted that the beginning and ending numbers of program inventories were not verified by two individuals. We also noted that the program sales reports for the volleyball and basketball games were not signed by two individuals. Finally, we noted that numerous changes to the reports were not initialed. All of these deficiencies increase the risk that the actual number of programs sold or cash received was not correctly recorded. Additionally, \$1,728 in revenue from program sales for fiscal year 2017 was deposited with the WSC Foundation and not with the NSCS.

Furthermore, the AADB was the only individual involved in the actual depositing process, including preparing the deposit slip and delivering the money to the Business Office. Upon receiving the deposit and recording it in the SAP accounting system, the Business Office did not perform a review of supporting documentation to ensure that the deposit was adequately documented and correct, which further increased the risk for fraud or errors.

As a result of this inadequate control environment, numerous errors were noted during the APA’s review of the various types of Department revenues. The errors, which are described in more detail below, not only give rise to serious concerns about the possibility of theft but also produced evidence – including an actual admission – of altered records, which is a criminal offense.

The table below summarizes the missing deposits, funds considered to be at risk, and unsupported deposits for the fiscal year ended June 30, 2017:

Description	Missing Deposits	Funds at Risk	Unsupported Deposits
Camp Revenue	\$2,467	\$4,681	\$288
Gate Admissions	\$466		\$471
Refunds Issued		\$1,917	
Undocumented Comp. Tickets		\$1,348	
Cash Count Sheet Changes		\$151	
Season Ticket Revenue	\$200		\$240
Entry Fees			\$6,820
Totals	\$3,133	\$8,097	\$7,819

A. Camp Revenue Errors

Several concerns were noted during detailed testing of camp revenues. Those concerns included the following: 1) missing camp revenue; 2) missing liability waivers; 3) checks not deposited; and 4) unsupported deposits. Each of these concerns is discussed in greater detail below.

1) *Missing Camp Revenue*

Numerous instances were noted of participants appearing to have attended a camp based on the available documentation, such as a liability waiver/registration form being on file; however, the related participation fee for that individual was never deposited. The table below summarized each of these instances:

Sport	Camp	No.	Amount	APA Notes
Volleyball	Elite Camp	3	\$480	Three liability waivers were on file for camp participants, but no deposit was made for any of them. These participants appear to have registered on the day of the camp.
Volleyball	Youth Camp	5	\$475	Five liability waivers were on file for camp participants, but no deposit was made for any of them. These participants appear to have registered on the day of the camp.
Softball	Team Camp	6	\$450	These payments were made online between 7/5/2017 and 7/8/2017. The Department's online registration vendor, Camp Marketing Services, should have sent the check on 7/15/2017, yet nothing had been deposited as of 8/9/2017.
Volleyball	Team Camp	10	\$450	Per the camp spreadsheet, ten players were listed as attending for one school, but no corresponding deposit was found. No liability waivers were observed for this school.
Basketball	Junior Cat Camp	4	\$180	The camp spreadsheet noted that these participants' registration fees were waived; however, there was no documentation to support why the fees were waived.
Men's Basketball	Elite Camp	3	\$150	These payments were made online between 7/4/2017 and 7/11/2017. The Department's online registration vendor, Camp Marketing Services, should have sent the check on 7/15/2017, yet nothing had been deposited as of 8/9/2017.
Softball	Prospects Camp	2	\$100	Two liability waivers were on file for camp participants, but no deposit was made related to these campers. These participants appear to have registered on the day of the camp.
Volleyball	Youth Camp	1	\$95	The camp spreadsheet noted that this participant paid the fee with a gift certificate; however, no gift certificate was on file.
Softball	Pitching Camp	1	\$50	A liability waiver was on file for the camp participant, but no deposit was made for her. This participant appears to have registered on the day of the camp.
Volleyball	[Various]	n/a	\$22	Per the spreadsheets, the total due from Camp Marketing Services should have been \$4,970, but only \$4,958 was deposited, which results in \$12 missing. On this same deposit, per the spreadsheets, \$608 in cash was received, but only \$598 was deposited, which results in another \$10 missing.
Basketball	Junior Cat – Tickets	n/a	\$15	The documentation indicates that a participant elected to purchase game tickets for \$15; however, the funds for that purchase were not deposited.
		35	\$2,467	

2) *Missing Liability Waivers*

When registering for any of the camps, the participants signed liability waivers holding WSC harmless for potential injuries or mishaps. Because sign-in sheets were not used for any of the camps tested, the APA had to rely upon the liability waiver/registration forms on file as the only available documentation to verify which participants were actually in attendance. This method was not ideal, as such liability waiver forms could easily be misplaced or destroyed. As evidence of this, the APA noted numerous instances in which a camp fee was paid and deposited, but no liability waiver was on file. The table below summarizes these instances.

Sport	Camp	No.	Amount
Soccer	Fall ID Camp*	16	\$1,600
Basketball	Team Camp	2	\$450
Volleyball	Team Camp	6	\$270
Football	8 Man Camp	1	\$155
Football	Top Cat Camp	2	\$130
Basketball	Junior Cat Camp	2	\$90
Basketball	Advanced Skills Camp	1	\$90
Softball	Team Camp	1	\$75
Football	Young Cats Camp	1	\$25
	Totals	32	\$2,885

**All registrations for this camp were done online, so liability waivers may simply not have been printed; however, it was unusual that there were no manual registrations at all for the soccer camps.*

3) *Checks Not Deposited*

While reviewing the camp files on site, the APA came across three checks that had never been deposited and were still attached to their respective registration forms. In addition, after the APA's visit, the WSC Comptroller found five more undeposited checks in the AADBMs office.

The table below provides a description of each undeposited check found, some of which had been held for several months.

Sport	Camp	No.	Amount	APA Notes
Track	Youth Meet	3	\$36	Checks dated 2/15/2017 and 2/20/2017 were found in the AADBMs office during the APA's visit on 7/25/2017.
Volleyball	Youth Camp	1	\$140	A check dated 5/9/2017 was found in the AADBMs office by the WSC Comptroller on 8/1/2017.
Volleyball	Team Camp	1	\$360	A check dated 7/16/2017 was found in the AADBMs office by the WSC Comptroller on 8/1/2017.
Women's Basketball	Summer League	1	\$425	A check dated 6/14/2017 was found in the AADBMs office by the WSC Comptroller on 8/1/2017.
Volleyball	Elite Camp/Team Camp	1	\$3,180	A check dated 7/18/2017, from the Department's online registration vendor, Camp Marketing Services, was found in the AADBMs office by the WSC Comptroller.
Volleyball	Team Camp	1	\$540	A check dated 7/5/2017 was found in the AADBMs office by the WSC Comptroller.
		8	\$4,681	

These checks were subsequently deposited on August 8, 9 and 23, 2017.

4) *Unsupported Deposits*

A \$288 check was included in a deposit made for a football camp; however, the amount did not agree to the camp fee, and the name associated with the check did not match that of any participants registered to attend the camp. The APA was unable to identify the purpose of this apparent deposit.

B. Gate Admission Revenue Errors

Numerous issues were noted during detailed testing of gate admissions. Among those concerns were the following: 1) missing gate admission revenue; 2) questionable ticket refunding practices; 3) undocumented complimentary tickets; 4) excessive changes made to the cash count sheets; and 5) unsupported deposits. Each of these concerns is discussed in more detail below.

1) *Missing Gate Admission Revenue*

Five separate instances were identified of gate admission sales appearing to have been received but never deposited. Particularly concerning is the first such incident, as it also involved admittedly altered documentation.

The table below outlines each instance of missing funds, which totaled nearly \$500:

Sport	Event Date	Event	Total Deposit	Ticket Sales	Variance
Football	11/5/2016	Minnesota State	\$2,565	\$2,765	(\$200)
Track	3/18/2017	HS Indoor Track Meet	\$1,019	\$1,119	(\$100)
Football	9/10/2016	Minot State	\$5,145	\$5,244	(\$99)
Basketball	12/17/2016	Augustana	\$716	\$768	(\$52)
Track	3/17/2017	HS Indoor Track Meet	\$1,395	\$1,410	(\$15)
			\$10,840	\$11,306	(\$466)

Missing \$200

Upon initial testing of the deposit for the November 5, 2016, WSC football game against Minnesota State University, the APA was provided with the following report showing ticket sales of \$2,683 for the event. This report was provided by the AADBM on July 11, 2017. The AADBM claimed that the report was run at the time of the event, and he simply scanned a copy of the paper report that was in the event file. However, when the APA visited his office on July 25, 2017, no such report was found in the event file.

UniversityTickets Daily Sales Summary

Date Range: 11/05/2016 12:00 AM — 11/05/2016 11:59 PM
 Categories: Football
 Events: Football vs Minnesota State
 Sales Channel: POS
 Department: All Departments
 Employee: All Employees

\$2,565 in cash and checks received

1 Record(s)

Date	Credit Card-Web	Cash	Check	Credit Card-POS	Sub Total
Nov 5 2016 12:00AM	\$0.00	\$2,535.00	\$30.00	\$118.00	\$2,683.00
	\$0.00	\$2,535.00	\$30.00	\$118.00	\$2,683.00

The APA followed up with WSC on July 13, 2017, and requested a more detailed report of the sales for this event. On July 14, 2017, the following detailed report was provided:

UniversityTickets Sales By Price

Date Range: 11/05/2016 12:00 AM — 11/05/2016 11:59 PM
 Categories: Football
 Events: Football vs Minnesota State
 Package: Single Ticket
 Sales Channel: POS

These totals differ by \$200 despite the amounts in each column being the same.

Ticket Price	Qty Sold	Base Price	Discounts/ Surcharges	Delivery Fees	Customer Conv Fees	Gross Payment	Util Conv Fees	Net Sales
\$0.00	360	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.00	48	\$240.00	\$0.00	\$0.00	\$0.00	\$240.00	(\$24.00)	\$216.00
\$8.00	31	\$248.00	\$0.00	\$0.00	\$0.00	\$248.00	(\$15.50)	\$232.50
\$10.00	212	\$2,120.00	\$0.00	\$0.00	\$0.00	\$2,120.00	(\$106.00)	\$2,014.00
\$15.00	5	\$75.00	\$0.00	\$0.00	\$0.00	\$75.00	(\$2.50)	\$72.50
	676	\$2,883.00	\$0.00	\$0.00	\$0.00	\$2,683.00	(\$148.00)	\$2,535.00

On this report, the total in the Gross Payment column of \$2,683 (the seventh column) agreed to the above report; however, the total in the Base Detail column (the third column) was \$200 higher, or \$2,883. This discrepancy caused the APA to question the validity of the report. Thus, the APA contacted the WSC Comptroller to request that a new version of the report be run directly from the UniversityTickets system. That report was provided on July 20, 2017, and the total sales were \$2,883, as shown below:

UniversityTickets Sales By Price								
Date Range:	11/05/2016 12:00 AM — 11/05/2016 11:59 PM							
Categories:	Football							
Events:	Football vs Minnesota State							
Package:	Single Ticket							
Sales Channel:	POS							
<div style="border: 1px solid red; padding: 5px; display: inline-block;"> These numbers were modified to show 20 fewer tickets sold for \$200 less in sales. </div>								
Ticket Price	Qty Sold	Base Price	Discounts/Surcharges	Delivery Fees	Customer Conv. Fees	Gross Payment	UTIX Conv. Fees	Net Sales
\$0.00	360	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.00	48	\$240.00	\$0.00	\$0.00	\$0.00	\$240.00	(\$24.00)	\$216.00
\$8.00	31	\$248.00	\$0.00	\$0.00	\$0.00	\$248.00	(\$15.50)	\$232.50
\$10.00	232	\$2,320.00	\$0.00	\$0.00	\$0.00	\$2,320.00	(\$116.00)	\$2,204.00
\$15.00	5	\$75.00	\$0.00	\$0.00	\$0.00	\$75.00	(\$2.50)	\$72.50
	676	\$2,883.00	\$0.00	\$0.00	\$0.00	\$2,883.00	(\$158.00)	\$2,725.00

When questioned about this inconsistency during the APA’s surprise visit to WSC on July 25, 2017, the AADBM adamantly denied altering reports or taking any money. The AADBM went so far as to claim that he did not even know the sales reports could be exported to Microsoft Excel, where they could be altered. Even after the APA presented the AADBM with formatting evidence indicating that the report he had provided was clearly a Microsoft Excel version, the AADBM continued to deny altering the report. Upon subsequent review, moreover, the APA discovered numerous Excel versions of UniversityTickets reports on the AADBM’s computer.

The following day, July 26, 2017, the APA received an email from the AADBM in which he admitted to altering the second report he had provided. However, the AADBM continued to deny altering the first report, as well as having any knowledge of the missing \$200. The AADBM’s email message contained the following:

I do not recall adjusting any reports back when they were originally ran [sic]. . . . I changed the Sales by Price report on 7/14/17, however, I know that I did not take any money from the college. I do not have an explanation as to why the Daily Sales Summary reports were different from 11/7/16 to 7/14/17. I knew that the Sales by Price report needed to match the Daily Sales Summary report that I had in my file (11/16/17), so I changed it to match. That is the only thing I did wrong.

The AADBM concluded his email message by admitting to having attempted to mislead the APA’s audit staff about altering the second report, saying the following:

I apologize for the dishonesty to the auditors. I didn’t know what to say to them when they asked because I knew changing the Sales by Price report was wrong. . . . I just simply freaked out when they weren’t the same and tried to make it up the best I could. . . . I made a terrible choice in the way I handled the situation, and I acknowledge that.

The complete email is included herein as **Attachment A**.

In the email, the AADBM also stated that the first report “was originally ran [sic] on 11/7/16” and that it showed total sales of \$2,683 when run on that date. The APA attempted to verify the possibility that something happened in the ticketing system to

cause the reports to change between November 7, 2016, when the first report was allegedly run, and July 14, 2017, when the second report was run. This was done by working with the UniversityTickets vendor and the WSC Athletic Director to obtain a detailed, itemized report of every transaction that occurred related to this event.

That detail revealed that \$2,883 in tickets was sold between 10:57 a.m. and 1:54 p.m. on November 5, 2016, with no other activity occurring after that date. Therefore, the AADBM's statement that the first report was not altered appears to be false. If he had indeed run the sales report on November 7, 2016, it would have included the amounts shown below, which agree exactly to the detailed sales activity for the event.

UniversityTickets Daily Sales Summary

Date Range: 11/05/2016 12:00 AM — 11/05/2016 11:59 PM
Categories: Football
Events: Football vs Minnesota State
Sales Channel: POS
Department: All Departments
Employee: All Employees

Actual cash and checks received were \$2,765, or \$200 more than the previously shown report provided by the AADBM.

1 Record(s)

Date	Credit Card-Web	Cash	Check	Credit Card-POS	Sub Total
Nov 5 2016 12:00AM	\$0.00	\$2,710.00	\$55.00	\$118.00	\$2,883.00
	\$0.00	\$2,710.00	\$55.00	\$118.00	\$2,883.00

Furthermore, the ending cash count sheet for this event was clearly modified several times and appears to have been similarly reduced by \$200.

Upon close inspection, it appears the top cash number was previously \$1,380 and was reduced by \$200 to \$1,180.

Report to be completed by the ticket seller prior to returning it to the Business Services Office.

Upon close inspection, it appears the ending net sales number was previously \$1,085 and was reduced by \$200 to \$885.

TICKET SELLER: [Student Worker]
 DATE: 11-5-2016

CASH	\$ 1380.00 1180.00
COIN	\$
OTHER	\$ 20.00
SUBTOTAL	\$
LESS STARTING CASH	\$ 325.00
NET SALES	\$ 1085.00 885.00 (2)

Missing \$100

The second instance of missing funds was related to a March 18, 2017, WSC High School Indoor Track Meet. The gate admissions for this event were not entered through the ticketing system. Instead, a manual ticket sales report was completed. This manual sales report, which is shown below, indicated that ticket sales for the event were \$1,119.

WSC HIGH SCHOOL - INDOOR SATURDAY, MARCH 18, 2017				
Gate 1	\$1,038 Adult Tickets + \$81 Youth Tickets = \$1,119			
ADULT - \$6 - (YELLOW)	END #	START#	# SOLD	SALES (\$)
	<u>268</u>	- <u>095</u>	= <u>173</u>	x\$6 = <u>1,038</u>
K-12 - \$3 - (BLUE)	END #	START #	# SOLD	SALES (\$)
	<u>073</u>	- <u>046</u>	= <u>27</u>	x\$3 = <u>81</u>

Despite the clearly unmodified ticket sales report showing total income of \$1,119, only \$1,019 was deposited for this event.


<p>This form is not mathematically correct; however, it appears to have previously shown total ending cash of \$1,469, less \$350 beginning cash, to arrive at net sales of \$1,119. It was then modified to reduce cash by \$100 and show net sales of \$1,019, which was the amount deposited.</p>	<table> <tr> <td>CASH</td> <td style="border: 1px solid black; text-align: right;">\$ <u>1,361</u></td> </tr> <tr> <td>COIN</td> <td style="border: 1px solid black; text-align: right;">\$ <u>2.00</u></td> </tr> <tr> <td>OTHER - CHECK</td> <td style="border: 1px solid black; text-align: right;">\$ <u>6.00</u></td> </tr> <tr> <td>SUBTOTAL</td> <td style="border: 1px solid black; text-align: right;">\$ <u>1,369.00</u></td> </tr> <tr> <td>LESS STARTING CASH</td> <td style="border: 1px solid black; text-align: right;">\$ <u>350.00</u></td> </tr> <tr> <td>NET SALES</td> <td style="border: 1px solid black; text-align: right;">\$ <u>1,019</u> (2)</td> </tr> </table>	CASH	\$ <u>1,361</u>	COIN	\$ <u>2.00</u>	OTHER - CHECK	\$ <u>6.00</u>	SUBTOTAL	\$ <u>1,369.00</u>	LESS STARTING CASH	\$ <u>350.00</u>	NET SALES	\$ <u>1,019</u> (2)
CASH	\$ <u>1,361</u>												
COIN	\$ <u>2.00</u>												
OTHER - CHECK	\$ <u>6.00</u>												
SUBTOTAL	\$ <u>1,369.00</u>												
LESS STARTING CASH	\$ <u>350.00</u>												
NET SALES	\$ <u>1,019</u> (2)												
TICKET SELLER	[Student Worker]												
DATE	<u>3-18-17</u>												

Interestingly, in this instance, the original ending cash count performed by the student worker also included notations on the back of the form to show the exact amounts of each type of currency (e.g., \$10 dollar bills, \$20 dollar bills, \$100 dollar bills, etc.). Those notations clearly support the original ending cash count of \$1,469. See image below.

1-16
5-105
10-0
20-1,240
100-100
Check-6.00
Coins-2.00
1,469

Missing \$99

The third instance of missing funds occurred during the September 10, 2016, football game against Minot State. According to the UniversityTickets report, the total cash and check ticket sales for the event was \$5,244. However, only \$5,145 in cash and checks was deposited for the event, leaving a \$99 variance. In this instance, the variance appears to have occurred while tickets were being sold early in the day for "Family Weekend." The early sales box was managed solely by the AADBM. The cash count sheet for this box is shown below:

SALES REPORT		CASH	\$1,899
Report to be completed by the ticket seller prior to returning it to the Business Services Office.		COIN	\$
		OTHER	\$19.00
		SUBTOTAL	\$1,918
		LESS STARTING CASH	\$ 375.00
TICKET SELLER 		NET SALES	\$1,543 (2) + 99.00 Invoice
DATE			1,623.00 total

There was also a handwritten note on the documentation provided, which stated that "\$99 of this is invoiced to student activities for extra tickets." Per discussion with several WSC staff members, no invoice or transfer of funds could be identified to verify that \$99 had ever been billed to, or collected from, student activities. Additionally, it appears unusual that \$99 of sales would actually have been entered into the ticketing system for such a reason, particularly given that no corroborating evidence could be located.

Missing \$52

The next instance of missing funds occurred during the December 17, 2016, basketball game against Augustana College. According to the UniversityTickets report, \$145 in tickets was sold the day prior to the game.

UniversityTickets Daily Sales Summary

Date Range:	10/1/2016 12:00 AM — 3/31/17 11:59 PM
Categories:	Basketball
Events:	Men's & Women's Basketball vs Augustana
Sales Channel:	POS + Internet
Department:	N/A
Employee:	N/A

Date	Credit Card-Web	Cash	Check	Credit Card-POS	Sub Total
Dec 14 2016 12:00AM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec 15 2016 12:00AM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dec 16 2016 12:00AM	\$0.00	\$145.00	\$0.00	\$0.00	\$145.00
Dec 17 2016 12:00AM	\$0.00	\$623.00	\$0.00	\$0.00	\$623.00

None of this money was found to have been deposited to gate admissions. Upon discussion with WSC staff members, it was determined that these sales likely related to discounted tickets offered to Junior Cat Camp participants, so the proceeds may have been deposited with the camp revenue. The APA was able to verify that \$93 of ticket sales was incorrectly deposited with the camp revenue; however, the remaining \$52 in ticket sales was not found to have been deposited at all.

Missing \$15

The final instance of missing funds was related to a March 17, 2017, WSC High School Indoor Track Meet. As with the aforementioned track event, the gate admissions were not entered through the ticketing system. Instead, a manual ticket sales report was completed. For one of the two gates, Gate 2, the original sales amount of \$822 on this manual sales report had clearly been altered to show a revised sales amount of \$795, resulting in a reduction of \$27. That gate sales report is shown below.

Meanwhile, the manual sales report and cash count for the other gate, Gate 1, included \$12 more in cash than the amount recorded. Combining this extra \$12 with the \$27 missing from the Gate 2 revenues results in an overall net shortage of \$15 for the event.

WSC HIGH SCHOOL - INDOOR FRIDAY, MARCH 17, 2017		<u>Original Sales:</u> \$756 Adult Tickets + \$66 Youth Tickets = \$822 <u>Revised Sales:</u> \$732 Adult Tickets + \$63 Youth Tickets = \$795 Variance: \$27		
Gate 2				
ADULT - \$6 - (YELLOW)	END #	START#	# SOLD	SALES (\$)
	<u>1073</u>	- <u>501</u>	= <u>122</u> 122	48 X \$6 = \$ <u>132</u> 732
K-12 - \$3 - (BLUE)	END #	START #	# SOLD	SALES (\$)
	<u>1008</u>	- <u>587</u>	= <u>21</u> 21	X\$3 = \$ <u>43</u> 63

These five separate instances of missing gate admissions revenue give rise to concerns of possible theft.

Neb. Rev. Stat. § 28-511(1) (Reissue 2016) states, “A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.”

Similarly, Neb. Rev. Stat. § 28-512 (Reissue 2016) states, in relevant part, the following:

A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:

(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise[.]

Furthermore, and particularly with regard to the first instance of missing gate receipts, there is also a concern with the documented and admitted alteration of public documents, which is a criminal offense per Neb. Rev. Stat. § 28-911 (Reissue 2016). Subsection (1) of that statute provides as follows:

A person commits abuse of public records, if:

(a) He knowingly makes a false entry in or falsely alters any public record; or

(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or

(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or

(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.

Subsection (2) of the same statute defines “public record” to include “all official books, papers, or records created, received, or used by or in any governmental office or agency.”

Per subsection (3) of that statute, “Abuse of public records is a Class II misdemeanor.”

Having been received and used by the Department, the ticketing sales report in question clearly falls within the definition of “public record” set out in § 28-911(2). Consequently, it appears that the AADBM’s admitted alteration of that document could, in itself, constitute a criminal offense.

Lastly, but of no less importance, it should be noted that Neb. Rev. Stat § 84-305.01 (Cum. Supp 2016) provides a criminal penalty for attempting to mislead a member of the APA’s staff during the course of an audit, as follows:

Any person who willfully fails to comply with the provisions of section 84-305 or who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.

(Emphasis added.) As mentioned already, the AADBM concluded his July 26, 2017, email message to the APA by acknowledging his “dishonesty to the auditors.” This admission points to an apparent violation of § 84-305.01.

Due to the various criminal offenses that may have resulted from the actions detailed above, the APA will forward this information to the Nebraska State Patrol, the Nebraska Attorney General, and the Wayne County Attorney for further review.

2) ***Questionable Ticket Refunding Practices***

Thousands of dollars in event ticket refunds were issued throughout the athletic seasons reviewed. As summarized in the table below, the vast majority of those refunds were for football games.

Sport	FY 2016		FY 2017	
	No. of Refunds	Amount of Refunds	No. of Returns	Amount of Refunds
Football	454	\$1,646	n/a	\$1,649
Volleyball	402	\$218	n/a	\$154
Basketball	693	\$81	n/a	\$114
Totals	1,549	\$1,945	n/a	\$1,917

Per discussion with the WSC Athletic Director, the following are the only reasons for issuing ticket refunds:

- i) A refund could be issued if a customer purchased tickets ahead of time, decided not attend that game, and requested a refund.
- ii) A refund could be issued if the wrong number or type of tickets was entered into the ticketing system at the time of sale.

- iii) For football games, one of the ticket entry points to the stadium did not have an actual computer system/ticket printer (i.e., no power or internet connection) at that location; therefore, batches of tickets were pre-printed prior to the game to be sold at that particular entry point. Then, any unsold tickets would have been refunded back to the system.
- iv) Similar to scenario iii) above, even for the main ticket areas that do have computers/ticket printers, the ticket workers occasionally pre-printed smaller batches of tickets in order to move people through the entrance line quicker during peak fan arrival times. The unsold pre-printed tickets would then have been refunded back to the system.

Though appearing to be reasonable, the first two ticket-refund scenarios described above would most likely occur infrequently and entail small dollar amounts. The second two scenarios appear more problematic due to the potential for not only frequent high-dollar ticket returns but also less control of the point-of-sale process. Pre-printing batches of tickets and then manually distributing and refunding them essentially overrides the purpose of utilizing a point-of-sale system, as the chance for errors is greatly increased.

Most concerning about the refunding of event tickets is that the APA identified numerous instances of refunds being issued in a manner that was inconsistent with any of the scenarios described above. For example, at 1:38 p.m., during the October 8, 2016, football game against Augustana College, which was scheduled to begin at 1:00 p.m., the AADBM made a cash sale for \$100 worth of tickets. This sale was subsequently refunded in its entirety at 4:16 p.m. by the AADBM. Having been made more than a half-hour after the game had already started, this sale does not fit into the scenarios for pre-printing batches for the other gate or for use during peak times. Occurring almost three hours later, moreover, the refund does not appear to have been made as an immediate correction to an error. Such refunds give rise to a risk of true cash sales being refunded in the system, but the cash paid being misappropriated.

Lastly, the AADBM had originally informed the APA that tickets could be returned only by scanning the ticket stub. Per discussion with the UniversityTickets vendor, however, there is no requirement to scan a ticket stub when completing returns within the system. Consequently, given both the questionable practice of pre-printing batches of tickets and the numerous instances of unexplainable refunds being made, the APA questions all \$1,917 of the refunds issued in the ticketing system during the fiscal year ended June 30, 2017.

3) *Undocumented Complimentary Tickets*

Hundreds of free, complimentary (comp) tickets are given out throughout each athletic season. Comp tickets are given to potentials recruits, their families, players' families, employees, and others as deemed necessary by the Department. Therefore, given the potential loss of revenue, it is paramount that strong control be in place to prevent unauthorized comp tickets from being issued.

The Department's procedures require signatures on pre-printed lists for all comp tickets claimed. Nevertheless, the APA's comparison of only a sample of the comp tickets issued to the signatures obtained revealed significant variances. These variances indicate a clear risk that unauthorized tickets may have been issued. Furthermore, there is a risk that individuals who paid for general admission tickets could instead be issued comp tickets in the system, resulting in a reduced cash deposit and the possibility for theft.

As shown in the table below, the Department had documentation for fewer than 80% of the comp tickets issued. This means that one in every five comp tickets was unsupported and considered to be at risk for theft. Based upon a review of only six athletic events, the APA estimated there to be a potential for \$1,348 in lost funds due to these undocumented comp tickets.

Sport	Opponent	Event Date	Comp Sales	Comp Signatures		Undocumented Comps		Potential Loss*
Football	St. Cloud State	9/24/2016	138	109	79%	29	21%	\$290
Football	Minn State	11/5/2016	248	196	79%	52	21%	\$520
Football Total			386	305	79%	81	21%	\$810
Volleyball	Minot State	9/30/2016	75	67	89%	8	11%	\$64
Volleyball	U of Mary	10/1/2016	43	41	95%	2	5%	\$16
Volleyball	Chadron State	10/4/2016	54	33	61%	21	39%	\$168
Volleyball Total			172	141	82%	31	18%	\$248
Basketball	Upper Iowa	2/17/2017	122	93	76%	29	24%	\$290
Basketball Total			122	93	76%	29	24%	\$290
Grand Total			680	539	79%	141	21%	\$1,348

*Potential Loss was calculated by multiplying the general admission rate (\$10 for Football and Basketball and \$8 for Volleyball) by the number of undocumented comps tickets.

4) Excessive Cash Count Changes

An excessive number of changes were made to the cash count sheets, which are completed at each gate entrance for every home athletic event. Questionable manual changes were made for 20 out of the 70, or nearly 30%, of the home events that took place during both fiscal years 2016 and 2017. A significantly higher change rate was noted on the football cash count sheets. For 9 of 11, or well over 80%, of the home football games in the two seasons tested, manual changes were made on the cash count sheets.

Interestingly, nearly 80% of changes made to the cash count sheets resulted in a decrease in the amount of cash on hand at the end of the event. This is concerning because changes made due to actual counting errors would be expected to reflect a more equal proportion of both increases and decreases to the ending cash amounts. It may be important to note also that, in most of the instances in which the ending cash was changed, the cash count by type of currency (e.g., \$10, \$20, \$50 bills, etc.) agreed to the original ending cash count by the student workers, not the revised figures. None of the changes made to the cash sheets were initialed to indicate who made the revisions.

The table below summarizes changes noted on the cash count sheets for athletic events that took place during fiscal year 2017 only:

Sport	Event Date	Opponent	Box No.	Ending Cash - Original		Ending Cash - Revised	Variance
Football	9/10/2016	Minot State	Box 2	\$2,366	*	\$2,338	(\$28)
Football	9/24/2016	St. Cloud	Box 4	\$687	*	\$684	(\$3)
Volleyball	9/30/2016	Minot State	Box 1	\$781	*	\$780	(\$1)
Football	10/8/2016	Augustana	Box 2	\$3,186	*	\$3,127	(\$59)
Football	10/8/2016	Augustana	Box 3	\$682	*	\$692	\$10
Volleyball	10/8/2016	Concordia St Paul	Box 1	\$1,481	*	\$1,476	(\$5)
Football	10/22/2016	Winona State	Box 1	\$842		\$847	\$5
Football	10/22/2016	Winona State	Box 2	\$450	*	\$445	(\$5)
Football	10/22/2016	Winona State	Box 4	\$849		\$803	(\$46)
Football	11/5/2016	Minnesota State	Box 2	\$1,410		\$1,210	(\$200)**
WBB/MBB	12/30/2016	Sioux Falls	Box 1	\$1,107	*	\$1,097	(\$10)
WBB/MBB	12/31/2016	SW Minn State	Box 1	\$1,351	*	\$1,341	(\$10)
WBB/MBB	2/3/2017	Bemidji State	Box 1	\$1,079	*	\$1,080	\$1
Track	3/18/2017	HS Indoor Track Meet	Gate 1	\$1,469	*	\$1,369	(\$100)**
FY 2017 Totals				\$17,740		\$17,289	(\$451)**

*For each of these cash count sheets, the original ending cash balances agreed to the count by currency type (\$10, \$20, \$50 bills, etc.) on the back of the cash count sheet.

**The funds at risk due to excessive cash count sheet changes were reduced from the \$451 shown here to \$151, as the \$200 change and \$100 change shown in this table were also previously noted as missing funds. Thus, they were excluded from the funds at risk to avoid duplication.

5) *Unsupported Deposits*

For two gate admission receipts tested, totaling \$1,412, the documentation on file was inadequate to ensure that the correct amount was deposited.

The first receipt was for a September 19, 2015, football game against Northern State. Pre-game tickets appear to have been sold early in the day for “Family Weekend.” However, no documentation was on file to support the \$471 in ticket sales deposited. It appears that a cash count sheet was never completed, and no system reports were printed or maintained. This event occurred in fiscal year 2016, when a different ticketing system was in use. Because the Department no longer had access to that prior system, nothing could be obtained by the APA to verify the actual ticket sales.

The second unsupported deposit was for the October 18, 2016, volleyball game against Augustana College. According to a ticketing system report, \$941 in sales was recorded on that date; however, a cash count sheet was not available to support that no other funds were received.

C. **Season Ticket Revenue Errors**

The APA noted two separate concerns during a review of season ticket sales. The first was \$200 of missing season ticket revenue, and the second pertained to a lack of documentation on file for \$240 in season ticket revenue. Details of these issues are provided below.

1) *Missing Season Ticket Revenue*

The APA observed documentation indicating that an individual had requested, and paid \$200 for, one Cat Club all-sports season pass. However, when reviewing the season tickets that had actually been issued in the ticketing system, it was found that the individual actually received two season passes, for a total value of \$400. The APA was unable to identify any deposits that could account for the \$200 variance between season tickets issued and the amount deposited.

2) *Unsupported Deposits*

No documentation was on file to support two Cat Club basketball season passes issued, for \$120 each. The APA identified the season passes only through a review of UniversityTickets sales reports. Nothing could be located in the Department's files to support the issuance of the \$240 in season tickets. The funds do appear to have been properly deposited, however.

D. *Entry Fee Errors*

The APA did attempt to test the \$6,820 of athletic event entry fee revenue recorded during the fiscal year ended June 30, 2017. Unfortunately, the Department's supporting documentation was entirely inadequate, and testing was not feasible. Based on the coding in the accounting system, the fees appear to have been collected for various track and cross country events hosted by WSC; however, separate documentation is completely lacking to support this inference. The APA would have expected to find registration forms, liability waivers, or other participant correspondence, but nothing was on file. As such, the APA considered the full amount of these fees to be at risk.

We recommend the NSCS implement procedures immediately to establish a strong control environment within the WSC Athletics Department. These procedures should include, at a minimum, the following: 1) ensuring that an adequate segregation of duties exists over athletic event receipts by including more than one individual in the sales and receipt processes; 2) performing a proper review of the deposits; 3) ensuring cash counts are performed by two individuals, and all changes thereto are initialed by the individual who made them; 4) and maintaining sufficient supporting documentation for all receipts. Furthermore, we recommend the NSCS deposit all program sales proceeds in the NSCS funds.

NSCS's Response: Existing procedures have been reviewed and updated to establish a strong control environment within the WSC Athletics Department and include the items noted by the APA. The reporting structure for the athletic business position has moved to the Administration and Finance area. Additional training will be provided in the future, as well as an improved communication structure. Program sales revenue is now deposited with the College rather than the Wayne State Foundation.

Finding No. 2017-003: Revenue Collection Concerns

The APA's testing of various revenue transactions revealed numerous concerns, including a lack of adequate supporting documentation, receipts that were not deposited timely, and transactions that were incorrectly classified on the financial statements. All of these errors are described in more detail below.

Lack of Adequate Support

At Peru State College (PSC), 5 of 15 revenue transactions tested lacked adequate support. The details on those five instances are outlined below.

1. One \$8,030 receipt from the PSC Foundation was for the net proceeds of a golf event. According to both PSC staff and news articles, the event was hosted and organized by PSC staff, not the PSC Foundation. Despite the PSC staff time and resources expended for the event, however, the proceeds were remitted initially to the PSC Foundation, rather than being recorded into the NSCS accounting system (SAP). Likewise, some of the expenses related to the event were paid by the Foundation out of the proceeds collected, rather than being processed and paid by the College.

Furthermore, the documentation available to support the event was inadequate. The only available documentation was a spreadsheet prepared by a former PSC Athletics staff member, which contained duplicated expenses, mathematical errors, and did not appear to account properly for all event expenses, resulting in an underpayment of \$1,136 from the Foundation when remitting the net event proceeds to PSC. The table below illustrates the actual known event activity.

Good business practice would require all events hosted and staffed by PSC employees on College time to have all related revenues and expenses recorded in the PSC accounting system. Additionally, this practice should prevent the underpayment of net proceeds.

2. An \$810 deposit related to registration fees received for a cross county event open to the public included a list of participants but not the amounts paid by each participant, which varied according to the individual. Consequently, there was no way to know if all participants paid the correct fee or all receipts collected were properly deposited.
3. A deposit for photo sales showed that 60% of those sales were remitted to PSC, while the online vendor retained 40%. However, the contract with the online vendor made no mention of photo sales, rates, or a profit percentage (e.g., 60% to PSC); therefore, the APA was unable to determine the correct amount that should have been received.
4. A \$6,525 deposit of registration fees received for a football team camp held at PSC did not include sign-in sheets. Per discussion with PSC staff, sign-in sheets were not used for camps; instead, the Athletic Department used the waiver forms as a checklist of campers to ensure all participants had paid. As such, the APA obtained 116 waivers in order to verify that all attendees actually paid. The paid participant list showed 122 individuals, of which 7 were noted as not actually attending, leaving 115 paid attendees. Upon comparison, it was noted that there were waivers for two participants who did not pay, and there was no waiver and no notation of absence for one paid participant. Therefore, the method utilized to ensure all participants had paid did not appear to be accurate or effective.

5. A deposit related to the collection of gate entry fees revealed that, for three of the four gates tested, the actual cash on hand at the end of the event did not agree to the amount per the documented ticket sales. For two of the gates, there was \$24 less in cash on hand than should have been collected per ticket sales. For the third gate, the cash on hand was \$28 more than what should have been collected per ticket sales. While the discrepancies on the gates tested were relatively minor, the high rate of errors increases the risk of loss or theft of these funds, particularly given the high-risk nature of cash transactions.

Additionally, for both gate entry fees and concession sales, PSC's stated procedures indicate that a supervising coach and project coordinator are required to sign the event form to verify that the correct amount of cash had been counted. For one of the four gate entry forms and one of three concession sales events, the supervising coach (or designated graduate assistant) did not sign or initial the form. The ending cash on the gate entry form and concession sales form was \$540 and \$422, respectively. A similar finding was noted in the prior year for parking sales.

Lastly, PSC's procedures over gate entry fees do not include a secondary review of ticket sales. For football games, the beginning and ending pre-printed ticket numbers are recorded. For other sporting events, a clicker is utilized to track the number of admissions and the totals recorded. However, a second individual's documented review, such as initialing, would ensure that the ticket sales are accurately recorded, which would further ensure that no cash was lost or stolen.

At Chadron State College (CSC), 4 of 14 revenue transactions tested lacked adequate support. The details on those four instances are outlined below.

1. A deposit related to the collection of concession sales at athletic events revealed that for all three of the events tested, the actual cash on hand at the end of the event did not agree to the amount per the documented concession sales. For each of the events, the ending cash on hand was actually higher than the sales processed through the cashiering system, with variances ranging from \$2 to \$12. While the discrepancies on the concession sales tested were relatively minor, the high rate of errors increases the risk of loss or theft of these funds, particularly given the high-risk nature of cash transactions. A similar finding was noted in the prior year.

Additionally, for concession sales, CSC's stated procedures indicate that the individual responsible for counting the cash on hand at the end of the event should sign or initial the cash sheet. However, none of the three concession sales events had a signature or initials noted on the ending cash count form. The ending cash among all three events was \$2,239.

2. A deposit tested was related to the collection of gate entry fees at a football game, which did not include any supporting documentation for the number of ticket sold at the event. CSC's procedures include making a copy of the highest and lowest pre-numbered ticket stub at the end of an event to verify the number of tickets sold. However, for football games, when multiple gates are used, this verification process does not support the ticket sales, as multiple gates/ticket sellers are used and the highest and lowest number of tickets from each gate is not copied. Therefore, the admission sales of \$1,818 for this event were not adequately supported.

3. A \$340 deposit of revenue from athletic season passes revealed that passes are issued and payment is collected by the same individual, with no secondary review to ensure all revenue was collected and deposited for all season passes issued.
4. Lastly, a \$7,778 deposit for summer football camp registration fees had inadequate documentation to indicate that someone had compared a complete listing of paid individuals to the actual participants in attendance.

At Wayne State College (WSC), one deposit for various printing services for students and clubs using the services at the WSC Instructional Resource Center included an \$18 check and \$80 in cash that lacked adequate supporting documentation. Per discussion with WSC staff, the Instructional Resource Center does not write receipts for smaller printing services. Also, one receipt included an additional \$3 for unknown services.

Additional concerns over the documentation for revenues collected by the WSC Athletics Department were noted in a separate communication letter dated September 13, 2017, and are included as Finding No. 2017-002.

A good internal control plan requires procedures to be in place to ensure documentation is on file that verifies revenue transactions are complete and accurate. Without such procedures, there is an increased risk of loss or misuse of public funds.

We recommend the NSCS implement more thoroughly documented procedures to correct the issues described above and ensure all revenue transactions are adequately verified as complete and accurate deposits.

NSCS's Response: The NSCS will look for ways to improve the documentation associated with revenue collections. Some of the items noted are minimal and the risk of lost revenue does not warrant the cost for additional staff to complete receipts for each transaction or for the cost of a cash register with more functionality. The Colleges will review each area, as well as procedures for long/shorts that occur to document identification of such. The Colleges will work with the departments that handle receipts to document reconciliation of all money received.

Untimely Deposits

Receipts that were not deposited timely were noted at each of the Colleges tested. Neb. Rev. Stat. § 84-710 (Reissue 2014) states, in relevant part, 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 and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars.

(Emphasis added.) At PSC, 14 of 15 revenue transactions tested either were not deposited timely or lacked documentation to verify their timely deposit. For 12 of these deposits, the check date or receipt date was used to determine that the receipt was not deposited timely. As shown in the table below, in most instances, the delay appeared to be due to the various departments failing to remit the funds to the Business Office in a timely manner.

Deposit No.	Description	Amount	Check or Receipt Date		Date Sent to Business Office	Deposit Date	Business Days to Deposit
1	Wheeler Sponsorship	\$1,000	12/20/2016	*	3/7/2017	3/8/2017	51
2	Men's Basketball Game Guarantee	\$1,750	11/7/2016	*	1/3/2017	1/4/2017	37
3	Women's Basketball Game Guarantee	\$2,500	11/7/2016	*	1/3/2017	1/4/2017	37
4	Baseball Fundraising	\$1,820	12/15/2016	*	1/3/2017	1/4/2017	12
5	Golf Invitational Registrations	\$400	4/5/2017	*	4/19/2017	4/20/2017	11
		\$400	4/9/2017	*	4/19/2017	4/20/2017	9
		\$450	4/11/2017	*	4/19/2017	4/20/2017	7
6	Football Summer Camp	\$6,525	7/28/2016		8/4/2016	8/10/2016	9
7	Golf Event Proceeds & Tailgating Fees	\$100	8/8/2016	*	8/17/2016	8/18/2016	8
		\$8,030	8/10/2016	*	8/17/2016	8/18/2016	6
8	Cheerleading Reimbursements	\$329	5/23/2017	*	6/2/2017	6/5/2017	8
		\$79	5/24/2017	*	6/2/2017	6/5/2017	7
		\$320	5/25/2017	*	6/2/2017	6/5/2017	6
		\$79	5/27/2017	*	6/2/2017	6/5/2017	5
		\$229	5/30/2017	*	6/2/2017	6/5/2017	4
9	Parking/Concession/Photo Sales	\$167	11/3/2016	*	11/8/2016	11/11/2016	6
		\$2,268	11/5/2016		11/8/2016	11/11/2016	5
10	Basketball Fundraising	\$1,000	1/2/2017	*	1/6/2017	1/10/2017	6
11	Softball Fundraising	\$10,427	1/19/2017	*	1/24/2017	1/26/2017	5
12	Football Boosters Donations	\$8,000	2/7/2017	*	2/10/2017	2/14/2017	5
	Total	\$45,873					

*For these deposits, the check date was used to calculate the number of business days from receipt to deposit, as the receipt date was not available. The number of business days was calculated based on the number of weekdays, excluding holidays.

For the other two PSC deposits, there was not adequate documentation on file to determine when the funds were actually received; however, based on due dates and event dates, it appears these receipts were likely not deposited timely.

Deposit No.	Description	Amount	Due Date	Event Date	Date Sent to Business Office	Deposit Date
13	Choir Festival Registrations	\$5,075	9/19/2016	10/25/2016 - 10/26/2016	10/28/2016	10/28/2016
14	Nebraska Toughest Mile Registrations	\$810	n/a	10/1/2016	10/7/2016	10/11/2016
	Total	\$5,885				

At CSC, 4 of 14 revenue transactions tested were not deposited timely. The table below summarizes these four instances.

Deposit No.	Description	Amount	Receipt Date	Date Sent to Business Office	Deposit Date	Business Days to Deposit
1	Child Care Revenue	\$400	2/24/2017	3/13/2017	3/15/2017	13
		\$387	3/7/2017	3/13/2017	3/15/2017	6

Deposit No.	Description	Amount	Receipt Date	Date Sent to Business Office	Deposit Date	Business Days to Deposit
2	Child Care Revenue	\$1,250	10/7/2016	10/24/2016	10/25/2016	11
		\$360	10/12/2016	10/24/2016	10/25/2016	9
3	Women's Basketball Game Guarantee	\$6,000	11/11/2016	11/18/2016	11/21/2016	6
4	Concession Sales	\$1,194	2/25/2017	3/1/2017	3/2/2017	4
		\$1,017	2/24/2017	3/1/2017	3/2/2017	4
Total		\$10,608				

Additionally at CSC, 3 of 14 revenue transactions tested did not contain adequate documentation to verify whether the receipts were deposited timely.

Deposit No.	Description	Amount	Due Date or Event Date	Date Sent to Business Office	Deposit Date
5	Track T-Shirt Sale Fundraiser	\$9,645	11/11/2016	11/14/2016	11/16/2016
6	Football Summer Camp	\$7,778	6/11/2017 - 6/14/2017	5/31/2017	6/1/2017
7	Conference Room Reservation	\$5,677	10/22/2016	11/3/2016	11/3/2016
Total		\$23,100			

At WSC, 9 of 14 revenue transactions tested were not deposited timely, or documentation could not be provided to verify whether the receipts were deposited timely.

Deposit No.	Description	Amount	Check or Receipt Date		Date Sent to Business Office	Deposit Date	Business Days*
1	Career Fair Registration Fees	\$4,969	7/11/2016 - 10/24/2016	*	12/6/2016	12/8/2016	109 - 30
2	Soccer Camp Registrations	\$8,720	5/1/2016 - 6/30/2016		8/8/2016	8/10/2016	71 - 28
3	Athletic Season Tickets	\$400	8/5/2016	*	9/13/2016	9/20/2016	31
		\$400	8/7/2016	*	9/13/2016	9/20/2016	31
		\$200	8/8/2016	*	9/13/2016	9/20/2016	30
		\$230	8/9/2016	*	9/13/2016	9/20/2016	29
		\$500	8/10/2016	*	9/13/2016	9/20/2016	28
		\$400	8/15/2016	*	9/13/2016	9/20/2016	25
		\$800	8/18/2016	*	9/13/2016	9/20/2016	22
		\$200	8/22/2016	*	9/13/2016	9/20/2016	20
4	Madrigal Tickets	\$500	9/8/2016	*	9/13/2016	9/20/2016	8
		\$30	11/2/2016	*	12/6/2016	12/8/2016	25
		\$180	11/3/2016	*	12/6/2016	12/8/2016	24
		\$60	11/11/2016	*	12/6/2016	12/8/2016	18
		\$240	11/16/2016	*	12/6/2016	12/8/2016	15
		\$90	11/21/2016	*	12/6/2016	12/8/2016	12
	\$60	11/24/2016	*	12/6/2016	12/8/2016	9	

Deposit No.	Description	Amount	Check or Receipt Date		Date Sent to Business Office	Deposit Date	Business Days*
		\$60	11/25/2016	*	12/6/2016	12/8/2016	9
		\$120	11/27/2016	*	12/6/2016	12/8/2016	9
		\$105	11/30/2016	*	12/6/2016	12/8/2016	6
		\$105	12/3/2016	*	12/6/2016	12/8/2016	4
5	Game Guarantee	\$15,000	12/16/2016	*	12/22/2016	1/5/2017	12
6	Softball Camp Registrations	\$50	1/20/2017	*	2/7/2017	2/8/2017	13
		\$100	1/26/2017	*	2/7/2017	2/8/2017	9
		\$150	1/26/2017	*	2/7/2017	2/8/2017	9
		\$50	1/27/2017	*	2/7/2017	2/8/2017	8
		\$2,500	2/2/2017	*	2/7/2017	2/8/2017	4
7	Track Entry Fees	\$400	3/15/2017	*	3/27/2017	3/28/2017	9
		\$400	3/17/2017	*	3/27/2017	3/28/2017	7
8	Print/Copy Services Fees	\$12	3/20/2017		3/28/2017	3/30/2017	8
		\$98	n/a		3/28/2017	3/30/2017	n/a
9	Football Gate Admissions	\$2,397	11/5/2016		11/8/2016	11/10/2016	4
	Total	\$39,526					

**For these deposits, the check date was used to calculate the number of business days from receipt to deposit, as the receipt date was not available. The number of business days was calculated based on the number of weekdays, excluding holidays.*

Additionally at WSC, the APA noted one other receipt that was not deposited timely. WSC received a check for \$189,736 from Northeast Community College (NECC) related to the closure of a shared deposit account. The letter from NECC was stamped as received on November 15, 2016, but the deposit was not made until December 21, 2016, which was 24 business days after receipt.

When receipts are not deposited timely, the NSCS is not in compliance with State statute, and there is also an increased risk of loss or misuse of public funds.

We recommend the NSCS implement procedures to ensure receipts are deposited timely in compliance with State statute.

NSCS's Response: The NSCS believes using the check date is not an adequate depiction of when the checks were actually received by the colleges and therefore, should not be used to determine if the deposit was timely or not. College staff will remind the various departments receiving funds about the importance of the timely deposit of revenues to ensure compliance with Neb. Rev. Stat. § 84-710 and the need to document the date of receipt for all funds.

APA Response: As the NSCS did not have documentation to show when checks were received, they could not ensure compliance with State statute and therefore the APA used the only date available to demonstrate likely non-compliance.

Incorrect Classifications

At PSC, 8 of 15 revenue transactions were not correctly classified on the financial statements. All eight transactions were coded to a single account, which was originally classified as Private Grants and Contracts on the financial statements; however, that classification did not appear to be consistent with the nature of these receipts. The receipts were for items such as parking,

tailgating, and concessions sales at athletic events, sport camp registration fees, athletic donations received, and various entry fees to public events, such as golf tournaments or cross country runs, sponsorships, and student athlete uniform reimbursements. Upon discussion with PSC, the majority of the receipts in this account were reclassified to the Other Operating Revenues line item.

In addition, one additional receipt tested at PSC was not correctly coded. The revenue was related to gate entry fees for a volleyball game; however, the proceeds of \$84 were deposited to the football account, but they should have gone to the volleyball account.

At WSC, 14 of 15 revenue transactions tested were not correctly classified. The transactions were coded to accounts that were classified as Tuition and Fees Revenue on the financial statements; however, that classification did not appear to be consistent with the nature of these receipts. The receipts were for items such as gate admissions, parking fees, and concessions sales at athletic events, sport camp registration fees, athletic donations received, and various entry fees to public events, such as golf tournaments or cross country runs, sponsorships, and game guarantees. Upon discussion with WSC, the amounts were reclassified to the Other Operating Revenues line item on the financials.

A good internal control plan requires procedures to be in place to ensure all revenues are correctly and accurately classified for financial statement presentation. When such procedures are not in place, there is an increased risk that the financial statements will be incorrect or misleading to their users.

We recommend the NSCS implement procedures to ensure all revenues are correctly and accurately classified for financial statement presentation. Additionally, we recommend PSC implement a process for coding revenue transactions to accounts that better describe the nature of the receipt, rather than using the same account for many different types of transactions.

NSCS's Response: The NSCS will re-examine the closing process to determine how to better capture consistency and ensure proper support for the end of year transactions being made at the college level while preparing the financial statements.

Finding No. 2017-004: Expense Issues

During testing of expense transactions, several concerns were noted by the APA. Those concerns related to a lack of adequate support, payments not being made timely, contract awarding, contract approval, a lack of legal review of contracts, missing contract termination clauses, and contracts not on the Statewide contracts database. All of these concerns are described in more detail below.

Lack of Adequate Support

Adequate supporting documentation could not be provided for one CSC payment and two PSC payments tested. The details of each of these three instances are outlined below.

1. An invoice for a first-time accreditation visit to CSC included a \$6,400 base fee plus reimbursable expenses for the team. The vendor charged \$3,074 in reimbursable expenses but did not provide any documentation to support that amount.

2. An invoice received by PSC contained design charges that did not agree to the contract. Specifically, the reimbursable travel expenses were higher than the stated value per the contract. Additionally, the percentages of the total worth for each phase were incorrect. As a result, PSC overpaid \$24,880 for the Schematic Design Phase of the contract. Other phases of the contract were less than the total paid, so overall the total contract value was not exceeded.
3. PSC did not have documentation on file to support the coding for utility expenses between the General Fund and Auxiliary (Revenue Bond) Fund of 75% and 25%, respectively. PSC indicated its staff has been working on installing new meters that will measure usage for each building; however, that project had not been completed as of the APA's testing date.

A good internal control plan requires procedures to be in place to ensure all payments are adequately supported, invoices agree to the stated contractual amounts, and adequate documentation is maintained to support split coding. Without such procedures, there is an increased risk for the loss or misuse of State funds.

We recommend the NSCS implement procedures to ensure all payments are adequately supported, invoices agree to the stated contractual amounts, and adequate documentation is maintained to support split coding.

NSCS's Response: The NSCS will review procedures to ensure adequate documentation is kept on file for all payments made.

Untimely Payments

Three CSC payments tested were not issued within the statutorily required 45-day payment timeframe. The table below illustrates the delays.

Vendor	Amount	Obligation Date	Date Paid	Days Until Payment
Higher One	\$14,976	8/10/2016	4/4/2017	237
American Engineering Testing	\$11,000	3/31/2017	6/13/2017	74
Barbizon Light of the Rockies	\$67,759	8/12/2016	10/4/2016	53

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.

When invoices are not paid within 45 days, the NSCS is not in compliance with State statute and risks potential litigation costs.

We recommend the NSCS implement procedures to ensure invoices are paid within 45 days, as required by State law.

NSCS's Response: CSC will review procedures to ensure adequate documentation is kept on file to support any payments held past the statutory required 45 days. For the specific items noted, Higher One did not complete its services by the date noted as the Obligation Date and the Higher One payment was renegotiated in August of 2016. Higher One did not issue a revised invoice and did not request the revised amount from CSC for nearly eight months. The American Engineering Testing invoice was not received until 5/26/17, as the first one sent via email was never received. For the Barbizon Light of the Rockies payments, there was an issue with setting up the ACH transaction, which caused the payment to be delayed.

APA Response: The APA observed documentation of internal conversations stating that the Higher One would not be issuing revised invoices and that the invoice should be paid in August 2016 from the current invoices. For the American Engineering Testing invoice, the APA was only provided with documentation stating that they could not locate the original invoice and received another copy on 5/26/2017.

Contract Awarding Process

During a test of the contract bidding and awarding processes, we noted one CSC contract and two WSC contracts did not follow the procedures required by Board policy nor appeared to be in accordance with good internal control and sound business practice. The three deviations are outlined below.

1. CSC provided documentation indicating that no bidding procedures were followed for one vendor noted as a sole source vendor. However, no discussions were held between the Vice President for Administration and Finance, the Vice Chancellor for Facilities and Information Technology, or the Vice Chancellor for Finance and Administration, as required by Board Policy. Board Policy 7010 states, in part the following:

Documentation to purchase based on sole source without competitive bids or proposals shall be documented by the College unit or department, and approved by the Vice President for Administration and Finance in consultation with either the Vice Chancellor for Facilities and Information Technology, or the Vice Chancellor for Finance and Administration.

2. WSC obtained bids from two organizations and received one refusal to bid for the replacement of two water heaters on campus. Board Policy 8064, related to Capital Construction and Information Technology (IT) Bids, states, in part, the following:

Fewer than Three Bids – In the event that the prescribed procedures for competitive bidding are carried out and the resulting bids received number less than three (3), the College may award the contract based upon the bids submitted, or rebid the project. Documentation shall be provided to the Vice Chancellor for Facilities and Information Technology and placed in the College's project file to show compliance with the appropriate bidding procedures and show that it is in the Board/College's best interest to enter into an agreement with the selected bidder.

WSC documented the bids and refusal received but did not receive approval from the Vice Chancellor for Facilities and Information Technology to indicate that it was in WSC's "best interest to enter into an agreement with the selected bidder" without receiving three bids.

3. WSC awarded an art project contract for the US Conn Library but did not maintain documentation of the bid process. The APA had to request the documentation from the Nebraska Arts Council, which bid the project.

A good internal control plan and sound business practice require documentation of the bidding process to be obtained and maintained by the organization that is responsible for paying the related expenses.

The contract awarding concerns noted above indicate that the NSCS is not in compliance with Board policies and increases the risk for the loss of State funds should the lowest responsible bidder not be selected.

We recommend the NSCS obtain documented approvals for sole source determinations as well as for instances when fewer than three bids have been received, in accordance with Board Policy. Additionally, we recommend documentation be maintained for all projects for which the NSCS is liable to pay.

NSCS's Response: Per Board Policy 8064, no "approval from the Vice Chancellor for Facilities and Information Technology" was required at the time of the two water heaters bidding. However, Board Policy 8064 has since been revised to clarify the procedures for receiving less than three bids. The NSCS will review its procedures for documentation of the contract awarding process.

APA Response: The APA was not provided with documentation to verify that it was in the "best interest to enter into an agreement with the selected bidder" as noted per the Board policy.

Contract Approval Process

Nine contracts tested were not signed by the NSCS-designated representative until after those agreements had already gone into effect. The following table illustrates the nine contracts that were not signed in a timely manner.

College	Vendor	Value	Effective Date	Date Signed
CSC	Barbizon Light of the Rockies	\$66,000	8/12/2016	8/19/2016
CSC	Phillip Alldritt	\$51,200	7/1/2016	9/2/2016
CSC	Nitsch Fencing & Fabrication	\$21,100	5/16/2016	5/24/2016
CSC	Summit Search Solutions	\$17,200	9/21/2016	10/3/2016
PSC	Haco Electric	\$41,588	5/19/2016	6/8/2016
PSC	Pieters Construction	\$11,720	9/16/2016	9/20/2016
WSC	Walczak & Heiss	\$99,096	3/13/2017	4/12/2017
WSC	Kelmscott Communications	\$29,808	10/30/2016	12/19/2016
SO	Jadu Inc.	\$46,750	2/1/2016	2/22/2016

Additionally, one PSC contract was not approved by the NSCS Board of Trustees prior to that agreement's effective date. Valued at \$175,000, the contract was effective December 14, 2015, but was not approved by the Board until the January 12, 2016, meeting.

Sound business practice requires contracts to be formally approved prior to the contract effective date. Failing to adhere to such practices increases the risk for loss of State funds and other possible legal implications.

We recommend the NSCS implement procedures to ensure that all contracts are signed prior to their respective effective dates.

NSCS's Response: The NSCS will continue to educate individuals on the need to submit contracts to the appropriate NSCS-designated representative for approval prior to the effective date of the contract.

No Legal Review

Thirteen contracts lacked documentation of a legal review having been performed, as detailed in the table below.

College	Vendor	Value
CSC	Roots & Wings Inc.	\$49,500
CSC	American Engineering	\$11,000
PSC	Grunwald Mechanical Control	\$593,316
PSC	Rogge General Contractors	\$193,000
PSC	F&B Constructors	\$175,000
PSC	Pegasus Sustainability Solutions	\$78,550
PSC	SkyFactor	\$43,200
PSC	American Program Bureau	\$20,500
WSC	Robert Woehler & Sons Construction	\$589,253
WSC	Electronic Systems	\$185,590
WSC	Stonebrook Roofing	\$131,699
WSC	Walczak & Heiss	\$99,096
WSC	Hobson's Inc.	\$16,618

Sound business practice requires contracts to be reviewed by legal counsel and that review to be documented. Without such practices in place, there is an increased risk for loss of State funds and other possible legal implications.

We recommend the NSCS implement procedures to ensure that all contracts receive a documented legal review.

NSCS's Response: The NSCS has standard contract forms reviewed by legal counsel for many contracts. College staff have been provided training on standard contract language. The Vice Chancellor for Facilities and IT reviews major construction contracts in accordance with standard language templates. The NSCS is not staffed to allow a legal review for every contract executed.

APA Response: Legal reviews of contracts are necessary to ensure risk and legal implications are mitigated to a low level.

No Termination Clause

For five contracts tested, the contract terms failed to include a termination clause. The following table briefly describes these five contracts.

College	Vendor	Value
CSC	Summit Search Solutions.	\$17,200
CSC	Summit Search Solutions.	\$13,500

College	Vendor	Value
CSC	Summit Search Solutions.	\$13,500
CSC	Summit Search Solutions.	\$13,500
NSCS	Clark Creative Group	\$420,000

Sound business practice requires that contract terms include a clause for termination of the contract. Without such practices in place, there is an increased risk for the loss of State funds and other possible legal implications.

We recommend the NSCS implement procedures to ensure that all contracts include a termination clause.

NSCS's Response: The contracts were short term contracts with payment based on services rendered. Given their short-term nature, termination clauses were not included.

State Contracts Database

Five contracts or amendments to those contracts were not available for public viewing on the State contract database website. Those five contracts were as follows:

College	Vendor	Description	Amount
CSC	Summit Search Solutions	Contract to hire an Assistant Professor of Accounting	\$13,500
CSC	American Engineering	Attachment containing pricing information for ground preparation services	n/a
PSC	Grunwald Mechanical Control	Amendment to Hoyt HVAC upgrade project contract	(\$23,600)
PSC	City of Peru	Multi-entity contract for landscaping	\$18,330
WSC	ESA	Contract for asbestos abatement in US Conn Library	\$19,223

Neb. Rev. Stat. § 84-602(9) (Cum. Supp. 2016) directs the Nebraska State Treasurer “[t]o develop and maintain the web site required under the Taxpayer Transparency Act.” Likewise, Neb. Rev. Stat. § 84-602.01 (Cum. Supp. 2016) states, “Sections 84-602.01 to 84-602.04 shall be known and may be cited as the Taxpayer Transparency Act.”

Neb. Rev. Stat. § 84-602.04(4)(a) (Cum. Supp. 2016) provides, in relevant part, 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. For purposes of this subdivision, amendment means an agreement to modify a contract which has been reduced to writing and signed by each party to the contract, an agreement to extend the duration of a contract, or an agreement to renew a 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.

Lastly, § 84-602.04(5) requires the following:

All state entities shall provide to the State Treasurer, at such times and in such form as designated by the State Treasurer, such information as is necessary to accomplish the purposes of the Taxpayer Transparency Act.

By failing to enter its contracts into the State's contract database, the NSCS not only failed to comply with requirements of the Taxpayer Transparency Act but also inadvertently prevented both the Legislature and the general public from having access to valuable financial information.

We recommend the NSCS comply with all applicable provisions of the Taxpayer Transparency Act.

NSCS's Response: The contracts noted were added to the State Contract database once the Colleges became aware that they had not been uploaded. The Colleges will review their contract procedures to ensure all contracts are uploaded as required to the State contract database website.

Finding No. 2017-005: WSC Foundation Sponsorships

In both the prior and current reports, the APA noted concerns related to the handling of athletic sponsorships at WSC. Athletic sponsorship agreements are typically agreements with vendors for sponsorship at athletic events. In consideration for the various forms of sponsorships allowed by the NSCS, the vendors are generally required to pay cash, a trade donation, or a combination of both. The concerns noted relating to these agreements are outlined below.

Despite the WSC athletic sponsorship agreements being signed by the Wayne State Athletic Department and the Vice President for Finance, the cash received from the various corporate sponsors was actually deposited with the WSC Foundation. WSC entered into 31 corporate sponsorship agreements for the fiscal year ended June 30, 2017. The total consideration for the corporate sponsorships was \$115,374, which included cash payments of \$75,072 and trade donations amounting to \$40,302. The APA believes these funds should have been deposited with WSC, not the Foundation, in accordance with the authorization provided by the athletic sponsorship agreements.

Neb. Rev. Stat. § 85-317.01 (Reissue 2014) states the following:

The Board of Trustees of the Nebraska State Colleges is authorized to receive, upon behalf of any of such state colleges and upon such terms and conditions as may be imposed, such gifts and endowments as the board may decide to accept. Such board shall be trustees of any such gifts and endowments.

Board Policy 6025 states the following:

Each organized solicitation program undertaken by the College for private support of a College function or activity must be approved by the President. Each solicitation program must operate within all statutory limits and/or other regulatory guidelines.

Sound business practice also requires money earned from a contractual agreement to be deposited with the entity that entered into the agreement. Additionally, sound business practice and good internal control require sponsorships to be adequately documented with a review of the revenue owed from those sponsorships to ensure all money is received. Without the aforementioned procedures in place, there is an increased risk of loss or misuse of public funds, either because the funds were not properly deposited with the NSCS or because the full amount of funding owed may not be received.

We recommend the NSCS ensure that all funds arising from College contracts be deposited with the NSCS.

NSCS's Response: WSC has updated its process for managing sponsorships and began depositing sponsorship payments into a College fund effective with 2017-18 sponsorship agreements.

Finding No. 2017-006: State Claims Board

During our review of the NSCS's accounts receivable write-off procedures, we noted that each of the Colleges submits annually accounts receivable, including tuition and fees, revenue bond, and other fund accounts, to its Board of Trustees for write-off approval. However, no procedures were in place to forward these write-offs to the State Claims Board for its approval. Based on historical data, between 2012 and 2017, the NSCS has written off a total of \$1,306,210. This amounts to an average annual write-off for all three of the Colleges of approximately \$217,702.

Neb. Rev. Stat. § 81-8,297 (Reissue 2014) states, in relevant part, the following:

The State Claims Board shall have the power and authority to receive, investigate, and otherwise carry out its duties with regard to . . . all requests on behalf of any department, board, or commission of the state for waiver or cancellation of money or charges when necessary for fiscal or accounting procedures

When delinquent accounts receivable are not submitted to the State Claims Board for write-off approval, the NSCS is in violation of State statute.

This finding and recommendation has been noted in prior audits. In response to our fiscal year ended June 30, 2013, comment, the NSCS responded:

The NSCS follows formalized write-off procedures that include Board of Trustees approval of write-offs in accordance with Board Policy #6008. The Board reviews and authorizes write-offs annually.

Similarly, the NSCS responded to our fiscal years ended June 30, 2014, June 30, 2015, and June 30, 2016, comments with "The NSCS continues its response from prior fiscal years which is noted above." Based on discussions with NSCS management, the Board does not plan to change its write-off policy.

We continue to recommend that receivables be submitted to the State Claims Board, in accordance with State statute, before they are formally written off.

NSCS's Response: The NSCS continues its response from prior fiscal years.

Finding No. 2017-007: Lack of Segregation of Duties

While reviewing the control procedures in place among various departments, we noted a lack of adequate segregation of duties related to processing payroll at PSC and depositing revenues at CSC.

The APA noted that one PSC employee had access to change her own hours as a biweekly employee, with no documented review to verify such changes were not made. Per discussion with staff, the PSC Comptroller does perform a review of certain payroll reports; however, that review could not be verified because it was not documented. Also, it was noted that there is no supervisory approval of exempt employees time worked if no leave was used. The SAP system requires a supervisor's approval of leave used for exempt employees; however, if no leave is used, an approval is not required.

The APA noted one CSC employee was capable of handling all aspects of a revenue transaction, including the receipt of the funds from the mail room after it was logged, preparation of the physical deposit for the bank, and the ability to enter, approve, and edit deposits in the accounting system. During fiscal year 2017, this employee was also one of the employees responsible for taking the deposit to the bank and reconciling the cash accounts on a rotating basis each month.

A good internal control plan requires an adequate segregation of duties to ensure no one person is in a position both to perpetrate and to conceal errors or irregularities. Such plan should include the following procedures:

- A documented review of payroll reports performed to ensure no unauthorized changes were made – particularly for employees with the ability to modify their own hours.
- All mail to be opened by two individuals and a log of monies received to be completed and signed to help ensure all receipts coming through the mail are being deposited. This log should then be compared to the deposit by a separate person to document and validate that all receipts received were deposited.

Without an adequate segregation of duties, there is an increased risk that errors or irregularities will occur and go undetected.

We recommend the NSCS implement procedures to ensure an adequate segregation of duties exists over payroll processing at PSC and revenue collection at CSC.

NSCS's Response: The Colleges will review procedures and make changes as necessary to ensure adequate daily operations while still meeting best practices for internal control.

INFORMATION TECHNOLOGY (IT) COMMENTS

Finding No. 2017-008: User Terminations

For two of nine SAP terminated users tested, access was not removed within three business days. The time it took to remove access ranged from six to seven business days and involved one PSC employee and one WSC employee.

For 1 of 11 NeSIS terminated users tested, roles were not removed timely. One user at CSC terminated on November 10, 2016, but roles were not removed until June 9, 2017, after the APA's inquiry. This user also logged into NeSIS subsequent to his/her termination date.

The Nebraska State College Policy 5008 (April 25, 2014), Employee Use of Campus Computers, states:

When any employee terminates his or her employment relationship or employment with the college or System Office, his or her credentials shall be denied further access to computing resources, facilities, and contracted services unless otherwise determined by the College president or Chancellor.

InCommon Identity Assurance Profiles: Bronze & Silver (February 11, 2013), section 4.2.4.2 states, "The IdPO shall revoke Credentials within 72 hours after being notified that a Credential is no longer valid or is compromised." Human resource staff are responsible for notifying the Identity Provider Operator (IdPO) of terminations and should work to achieve access removal within a 72-hour period.

A similar finding was noted in our prior audits.

Failure to terminate user access timely creates the opportunity for unauthorized processing of transactions.

We recommend the NSCS implement a formal procedure to ensure the appropriate staff is notified of all terminations in order to remove NeSIS access within three business days and to document such procedure. We recommend the process includes entering termination dates – when they are known – in SAP prior to the actual termination.

NSCS's Response: At the end of 2016, an Employee Separations Report became available to address this finding, but CSC was not familiar with the report in time for the above noted NeSIS termination.

Finding No. 2017-009: TrueYou Password Settings

The State College's Identity Management system, known as TrueYou, is used for authenticating to SAP. CSC and PSC also use TrueYou to authenticate to NeSIS. The TrueYou secondary authentication policy allows users to select prompts from a set of six questions and to reset their password by providing answers to only two of those questions, which are generated randomly. These parameters do not meet National Institute of Standards and Technology (NIST) standards.

The University's Password Policy, Version 1.1 (Revised March 4, 2014), states the following:

Any credential which identifies a subject or service account should follow recommendations outlined in National Institute of Standards (NIST) 800-63-2 [2], [3] using a token method and the level of entropy or randomness as outlined in §§ 6.1.2 and 6.3.

Section 6.3.1.1 of NIST Special Publication 800-63-2, Electronic Authentication Guideline, presents token (password) requirements for various levels of assurance (LOA). Token requirements for LOA1 for pre-registered knowledge tokens state, "If the questions are not supplied by the user, the user shall select prompts from a set of at least five questions." An example of a question from a selected prompt could be, "What was your first pet's name?" The answer would become the pre-registered knowledge token. LOA1 requires a verifier to submit correct answers for at least three questions. Token requirements for LOA2 for pre-registered knowledge tokens state, "If the questions are not supplied by the user, the user shall select prompts from a set of at least seven questions." LOA2 requires a verifier to submit correct answers to at least five questions.

Good internal control includes system-enforced password parameters to ensure users meet minimum password standards.

A similar finding was noted in our prior audits.

Inadequate password settings increase the risk of unauthorized users gaining access to sensitive information contained in both the NeSIS and SAP applications.

We recommend the NSCS work with the University to update system password parameters to meet policy, including minimum standards for pre-registered knowledge tokens.

NSCS's Response: The TrueYou Identity Management System was replaced in 2017 with a new, vendor based solution. During this replacement, the number of required security questions was increased to the recommended minimum of three questions. NIST password parameter requirements will continue to be reviewed and changed as appropriate within the new solution.

Finding No. 2017-010: Accounts Payable (A/P) Transactions

During our audit of the A/P security roles in SAP, the NSCS's accounting system, we noted that 15 users had the ability to prepare an invoice, post it in SAP, and also approve and post it in EnterpriseOne (E1), the State's accounting system. Additionally, 9 of the 15 users had the ability to create a purchase order, prepare the invoice related to the purchase order, and post the transaction in both SAP and E1. Finally, 9 of the 15 users could set up a vendor in SAP.

The 15 users who could prepare invoices and post them in SAP and E1 are noted by location below:

Location	# of Users
Chadron State College (CSC)	2
Peru State College (PSC)	10
Wayne State College (WSC)	0
NSCS System Office	3

Nine of the 15 users identified above could also prepare a purchase order, as noted by location below:

Location	# of Users
CSC	1
PSC	5
WSC	0
NSCS System Office	3

Nine of the 15 users identified above could also set up a vendor in SAP, as noted by location below:

Location	# of Users
CSC	2
PSC	4
WSC	0
NSCS System Office	3

The A/P roles in SAP did not restrict users from posting their own transactions. Those transactions were entered into E1 through an interface process. The users above had the ability to approve and post transactions that flowed through the interface process in E1.

A good internal control plan requires a proper segregation of duties to ensure that no one individual can process a transaction from beginning to end. A good internal control plan also includes adequate security controls, through the design, creation, approval, and assignment of user roles, to prevent users from performing functions that do not allow for a proper segregation of duties.

A similar finding was noted in our prior audits.

A lack of segregation of duties in the A/P process allows a single individual to make purchases and pay vendors without a secondary review or approval. Additionally, some of those users had the ability to create new vendor records in SAP. This risk allows for the possible theft and misuse of State funds.

We recommend the NSCS review the security design of the A/P roles in SAP and implement controls that require separate individuals to prepare and post A/P transaction types. We also recommend reviewing users with the ability to create vendors in SAP to ensure a proper segregation of duties exists.

NSCS's Response: The Colleges review the SAP and EnterpriseOne users' access for all accounting staff annually and make changes as necessary to ensure adequate daily operations while still meeting best practices for internal control. The NSCS agrees that this deserves continued efforts and will continue to seek solutions that will further diminish risk and take into account the NSCS's small operating staff.

Finding No. 2017-011: General Ledger Transaction in SAP

The workflow in the SAP system does not require separate preparers and posters of General Ledger (GL) type transactions, primarily journal entries that do not result in vendor payments. As a result, certain individuals throughout the NSCS could complete GL transactions from beginning to end without a documented secondary review and approval in SAP. Each NSCS location (the three Colleges and the System Office) developed its own unique compensating controls to address this inherent system weakness. However, in general, the compensating controls put in place at all NSCS locations included a manual documentation of the preparer and poster of the GL transactions.

During our audit of the GL security roles in SAP, we identified 30 users with the ability to prepare and post GL entries in SAP without a secondary, system-required review or approval. The 30 users are noted by location below, along with the GL document types they could prepare and post:

Location	# of Users
Wayne State College (WSC)	7
Peru State College (PSC)	10
Chadron State College (CSC)	7
NSCS System Office	3
UNCA (University)	3

(Document Types: JE – Journal Entry, IB – Internal Charges Batch, IC – Internal Charges Online)

A secondary role allowed 28 of those users to prepare and post additional GL document types. The 28 users capable of preparing and posting additional GL document types without a secondary, system-required review or approval are noted by location below, along with the GL document types they could prepare and post:

Location	# of Users
WSC	7
PSC	10
CSC	6
NSCS System Office	3
UNCA (University)	2

(Document Types: CN – ACH Receipt, ND – NIS Journal Entry*, UU – University Only Journal Entry**, UA – Accrual Journal Entry, PJ – Payroll Journal Entry, TC – Interstate Billing Transaction)

* NIS refers to the State's EnterpriseOne accounting system.

** Role is used for College Only Journal Entries; however, the document type is also used by the University of Nebraska, which shares the SAP environment with the State Colleges.

A good internal control plan requires a proper segregation of duties to ensure that no one individual can process a transaction from beginning to end. A good internal control plan also includes adequate security controls, through the design, creation, approval, and assignment of user roles, to prevent users from performing functions that do not allow for a proper segregation of duties.

A similar finding was noted in our prior audits.

When individuals are able to complete GL transactions without a system-required, documented secondary review and approval prior to posting the transaction to the GL, there is a greater risk for error and for inappropriate GL transactions to occur and remain undetected. Additionally, in the absence of an adequate segregation of duties, there is an increased risk of loss, theft, or misuse of funds.

We recognize that the NSCS has worked to implement compensating controls to mitigate risks related to the SAP system's lack of an established workflow, which would automatically require a segregation of duties in the preparation and posting of GL entries. Nevertheless, we continue to recommend that the NSCS work on a system-based SAP solution as well.

NSCS's Response: The Colleges review the users' access annually and determine if current access is necessary based on how the roles are defined within SAP. As noted above by the auditors, the NSCS has compensating controls in place. The NSCS will continue to seek solutions that will further diminish risk while being cost-effective.

* * * * *

It should be noted that this letter is critical in nature, as it contains only our comments and recommendations and does not include our observations on any strengths of the NSCS.

Draft copies of the comments and recommendations included in this management letter were furnished to the NSCS administrators to provide them with an opportunity to review and respond to them. All formal responses received have been incorporated into this management letter. Responses have been objectively evaluated and recognized, as appropriate, in the management letter. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This letter is intended solely for the information and use of management, the Board of Trustees, others within the NSCS, and the appropriate Federal and regulatory awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Kris Kucera, CPA, CFE
Audit Manager

NEBRASKA STATE COLLEGE SYSTEM
FISCAL YEAR 2017 STATEMENT OF NET POSITION ADJUSTMENTS
 FYE 6/30/2017

EXHIBIT A

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>System</u>	<u>Total NSCS</u>
Assets					
Current Assets					
Cash and Cash Equivalents	\$ -	\$ (6,542)	\$ -	\$ -	\$ (6,542)
Restricted Cash and Cash Equivalents	-	(13,322)	(36,356)	(19,664,900)	(19,714,578)
Accounts Receivable, Net of Allowance	-	-	(329,333)	-	(329,333)
Other Receivables	68,624	27,839	72,217	1,414	170,094
Inventories	-	-	-	-	-
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	-	(29,421)	-	-	(29,421)
Deposits with Vendors	-	-	-	-	-
Total Current Assets	<u>68,624</u>	<u>(21,446)</u>	<u>(293,472)</u>	<u>(19,663,486)</u>	<u>(19,909,780)</u>
Non-current Assets					
Restricted Cash and Cash Equivalents	-	50,000	-	19,664,900	19,714,900
Restricted Investments	-	-	-	-	-
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	-	29,421	-	-	29,421
Capital Assets, Net	-	33,566	(31,162)	-	2,404
Total Non-current Assets	<u>-</u>	<u>112,987</u>	<u>(31,162)</u>	<u>19,664,900</u>	<u>19,746,725</u>
Total Assets	<u>68,624</u>	<u>91,541</u>	<u>(324,634)</u>	<u>1,414</u>	<u>(163,055)</u>
Deferred Outflow of Resources					
Unamortized Bond Refunding Amount, Net	-	-	-	-	-
Total Deferred Outflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	-	(186,591)	(32,963)	11,366	(208,188)
Accrued Compensated Absences	-	(1,234)	-	-	(1,234)
Unearned Revenue	-	5,908	(25,170)	-	(19,262)
Interest Payable	-	-	-	-	-
Master Lease Payable	-	-	-	-	-
Long-term Debt	-	-	-	-	-
Deposits Held in Custody for Others	-	-	36,463	-	36,463
Total Current Liabilities	<u>-</u>	<u>(181,917)</u>	<u>(21,670)</u>	<u>11,366</u>	<u>(192,221)</u>
Non-current Liabilities					
Accrued Compensated Absences	-	(15,982)	-	-	(15,982)
Unearned Revenue	-	-	(100,000)	-	(100,000)
Master Lease Payable	-	-	-	-	-
Long-term Debt	-	-	-	-	-
Total Non-current Liabilities	<u>-</u>	<u>(15,982)</u>	<u>(100,000)</u>	<u>-</u>	<u>(115,982)</u>
Total Liabilities	<u>-</u>	<u>(197,899)</u>	<u>(121,670)</u>	<u>11,366</u>	<u>(308,203)</u>
Deferred Inflow of Resources					
Unamortized Bond Refunding Amount, Net	-	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	-	212,996	(157,692)	-	55,304
Restricted for:					
Expendable:					
Loans	-	-	-	-	-
Debt Service	-	349	-	-	349
Plant	-	1,132,980	-	-	1,132,980
Other	68,624	(15,989)	(37,384)	-	15,251
Unrestricted	-	(1,040,895)	(7,888)	(9,952)	(1,058,735)
Total Net Position	<u>\$ 68,624</u>	<u>\$ 289,441</u>	<u>\$ (202,964)</u>	<u>\$ (9,952)</u>	<u>\$ 145,149</u>

NEBRASKA STATE COLLEGE SYSTEM
**FISCAL YEAR 2017 STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION ADJUSTMENTS**
FYE 6/30/2017

EXHIBIT A

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>System</u>	<u>Total NSCS</u>
Operating Revenues					
Tuition and Fees, Net	\$ 259,391	\$ 23,433	\$ (253,942)	\$ -	\$ 28,882
Federal Grants and Contracts	4,327	(11,385)	-	-	(7,058)
State Grants and Contracts	-	(38,941)	(383,614)	-	(422,555)
Private Grants and Contracts	115,613	(70,469)	542,764	-	587,908
Auxiliary Enterprises, Net	-	(9,380)	109,350	-	99,970
Other Operating Revenues	-	80,939	393,816	-	474,755
Total Operating Revenues	<u>379,331</u>	<u>(25,803)</u>	<u>408,374</u>	<u>-</u>	<u>761,902</u>
Operating Expenses					
Compensation and Benefits	261,832	59,370	197,723	145,933	664,858
Contractual Services	6,779	(799,265)	(388,341)	104	(1,180,723)
Supplies, Materials, and Other	100,395	63,008	424,741	241,607	829,751
Scholarships and Fellowships	-	(91,588)	-	-	(91,588)
Depreciation	-	(448)	31,161	-	30,713
Utilities	-	-	-	-	-
Repairs and Maintenance	-	(35,239)	549,587	-	514,348
Communications	-	-	-	(12,436)	(12,436)
Food Service	-	-	-	-	-
Other	-	-	(549,586)	(205,890)	(755,476)
Total Operating Expenses	<u>369,006</u>	<u>(804,162)</u>	<u>265,285</u>	<u>169,318</u>	<u>(553)</u>
Operating Loss	<u>10,325</u>	<u>778,359</u>	<u>143,089</u>	<u>(169,318)</u>	<u>762,455</u>
Non-operating Revenue (Expenses)					
State Appropriations	-	-	-	363,595	363,595
Investment Income	-	3,969	-	1,414	5,383
Interest on Capital Asset-Related Debt	1	103,499	-	-	103,500
Gain (Loss) on Disposal of Asset	-	158,817	-	-	158,817
Bond Issuance Costs	-	-	-	-	-
Other Non-operating Revenue	(6,000)	15,207	(424,804)	305	(415,292)
Net Non-operating Revenues	<u>(5,999)</u>	<u>281,492</u>	<u>(424,804)</u>	<u>365,314</u>	<u>216,003</u>
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	<u>4,326</u>	<u>1,059,851</u>	<u>(281,715)</u>	<u>195,996</u>	<u>978,458</u>
Other Revenues, Expenses, or					
Capital Facilities Fees	-	-	-	(1)	(1)
Capital Contributions	-	28,548	-	-	28,548
Operating Transfers In (Out)	-	(851,961)	-	1	(851,960)
Capital Appropriations and Grants	-	52,683	383,614	-	436,297
Net Other Revenues, Expenses, or Gains (Losses)	<u>-</u>	<u>(770,730)</u>	<u>383,614</u>	<u>-</u>	<u>(387,116)</u>
Increase (Decrease) in Net Position	4,326	289,121	101,899	195,996	591,342
Net Position, Beginning of Year	64,298	319	(304,863)	(205,948)	(446,194)
Net Position, End of Year	<u>\$ 68,624</u>	<u>\$ 289,440</u>	<u>\$ (202,964)</u>	<u>\$ (9,952)</u>	<u>\$ 145,148</u>

NEBRASKA STATE COLLEGE SYSTEM
FISCAL YEAR 2017 STATEMENT OF CASH FLOWS ADJUSTMENTS
 FYE 6/30/2017

EXHIBIT A

	CSC	PSC	WSC	System	Total NSCS
Cash Flows From Operating Activities					
Tuition and Fees	\$ 259,391	\$ (11,328)	\$ (322,358)	\$ -	\$ (74,295)
Grants and Contracts	145,851	(43,655)	155,756	(1,593)	256,359
Depreciation Expense	-	116,950	-	-	116,950
Payments to Suppliers	(140,895)	852,393	(272,751)	573,777	1,012,524
Payments for Utilities	22,868	(11,486)	(27,457)	-	(16,075)
Payments to Employees	(250,978)	(69,115)	(191,522)	(1,248,957)	(1,760,572)
Loans Issued to Students	-	-	-	-	-
Collections of Loans to Students	-	-	32,157	-	32,157
Sales and Services of Auxiliary Enterprises	31,030	(9,380)	57,530	-	79,180
Other Payments	120,025	158,687	894,585	1,098,633	2,271,930
Net Cash Used in Operating Activities	<u>187,292</u>	<u>983,066</u>	<u>325,940</u>	<u>421,860</u>	<u>1,918,158</u>
Cash Flows From Non-capital					
State Appropriations	-	-	-	157,617	157,617
Receipt of Flex Contributions	-	-	-	-	-
Payment of Flex Contributions	-	-	-	(60)	(60)
Direct Lending Receipts	-	9,166,109	-	-	9,166,109
Direct Lending Payments	-	(9,166,109)	-	-	(9,166,109)
Other Receipts (Payments)	(294,679)	(42,814)	(388,341)	34,901	(690,933)
Net Cash Provided by Non-capital Financing Activities	<u>(294,679)</u>	<u>(42,814)</u>	<u>(388,341)</u>	<u>192,458</u>	<u>(533,376)</u>
Cash Flows From Capital and Related					
Proceeds from Capital Debt	-	2,905,000	-	(39,082)	2,865,918
Capital Contributions	288,679	28,548	-	-	317,227
Purchase of Capital Assets	267,162	159,080	(735,360)	-	(309,118)
Disposal of Capital Assets	14,079	(112,367)	-	-	(98,288)
Principal Paid on Capital Debt	-	(2,905,000)	-	-	(2,905,000)
Interest Paid on Capital Debt	(105,344)	(173,499)	(302,981)	(81,122)	(662,946)
Bond Issuance Costs	-	-	-	-	-
Capital Facilities Fees	-	-	-	-	-
Transfers In (Out)	(175,897)	(779,419)	683,281	(579,925)	(851,960)
Other	(181,421)	-	-	85,096	(96,325)
Capital Appropriations	-	52,683	383,614	-	436,297
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>107,258</u>	<u>(824,974)</u>	<u>28,554</u>	<u>(615,033)</u>	<u>(1,304,195)</u>
Cash Flows From Investing Activities					
Investment Income	129	(26,031)	-	715	(25,187)
Net Cash Provided by Investing Activities	<u>129</u>	<u>(26,031)</u>	<u>-</u>	<u>715</u>	<u>(25,187)</u>
Increase (Decrease) in Cash and Cash Equivalents					
	-	89,247	(33,847)	-	55,400
Cash and Cash Equivalents, Beginning of Year					
	-	(89,113)	(2,509)	-	(91,622)
Cash and Cash Equivalents, End of Year					
	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ (36,356)</u>	<u>\$ -</u>	<u>\$ (36,222)</u>
Reconciliation of Net Operating to Net Cash Used in Operating Activities					
Operating Loss	\$ 10,327	\$ 779,170	\$ 143,089	\$ (169,208)	\$ 763,378
Depreciation Expense	-	116,502	31,161	-	147,663
Changes in Operating Assets and Liabilities					
Receivables, Net	176,966	123,629	(40,142)	-	260,453
Inventories	-	-	-	-	-
Accounts Payable and Accrued Liabilities	-	(15,515)	322,100	591,351	897,936
Accrued Compensated Absences	-	(18,028)	-	-	(18,028)
Other Assets and Liabilities	(1)	(2,690)	(130,268)	(283)	(133,242)
Net Cash Used in Operating Activities	<u>\$ 187,292</u>	<u>\$ 983,068</u>	<u>\$ 325,940</u>	<u>\$ 421,860</u>	<u>\$ 1,918,160</u>
Supplemental Cash Flows Information					
Accounts Payable Incurred for Capital Asset Purchases	\$ -	\$ (179,430)	\$ (355,061)	\$ -	\$ (534,491)

NEBRASKA STATE COLLEGE SYSTEM
FISCAL YEAR 2016 STATEMENT OF NET POSITION ADJUSTMENTS
 FYE 6/30/2017

EXHIBIT B

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>System</u>	<u>Total NSCS</u>
Assets					
Current Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	-	(89,433)	(2,509)	-	(91,942)
Accounts Receivable, Net of Allowance	-	-	(297,258)	-	(297,258)
State Appropriations Receivable	-	-	-	(205,948)	(205,948)
Other Receivables	64,298	89,433	-	-	153,731
Inventories	-	-	-	-	-
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	-	-	221,691	-	221,691
Deposits with Vendors	-	-	-	-	-
Total Current Assets	<u>64,298</u>	<u>-</u>	<u>(78,076)</u>	<u>(205,948)</u>	<u>(219,726)</u>
Non-current Assets					
Restricted Cash and Cash Equivalents	-	-	-	-	-
Restricted Investments	-	-	-	-	-
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-
Total Non-current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>64,298</u>	<u>-</u>	<u>(78,076)</u>	<u>(205,948)</u>	<u>(219,726)</u>
Deferred Outflow of Resources					
Unamortized Bond Refunding Amount, Net	-	-	-	-	-
Total Deferred Outflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	-	-	-	-	-
Accrued Compensated Absences	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Interest Payable	-	-	-	-	-
Master Lease Payable	-	-	-	-	-
Long-term Debt	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current Liabilities					
Accrued Compensated Absences	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Master Lease Payable	-	-	-	-	-
Long-term Debt	-	-	-	-	-
Total Non-current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	-	-	-	-	-
Restricted for:					
Expendable:					
Loans	-	-	-	-	-
Debt Service	-	-	-	-	-
Plant	-	-	-	-	-
Other	64,298	(1)	-	-	64,297
Unrestricted	-	1	(78,076)	(205,948)	(284,023)
Total Net Position	<u>\$ 64,298</u>	<u>\$ -</u>	<u>\$ (78,076)</u>	<u>\$ (205,948)</u>	<u>\$ (219,726)</u>

NEBRASKA STATE COLLEGE SYSTEM
**FISCAL YEAR 2016 STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION ADJUSTMENTS**
FYE 6/30/2017

EXHIBIT B

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>System</u>	<u>Total NSCS</u>
Operating Revenues					
Tuition and Fees, Net	\$ 224,289	\$ 41,582	\$ (541,592)	\$ -	\$ (275,721)
Federal Grants and Contracts	(12,351)	-	-	-	(12,351)
State Grants and Contracts	14,519	-	-	-	14,519
Private Grants and Contracts	138,755	(30,966)	234,903	-	342,692
Auxiliary Enterprises, Net	(11,128)	-	-	-	(11,128)
Other Operating Revenues	(6,443)	-	531,544	-	525,101
Total Operating Revenues	<u>347,641</u>	<u>10,616</u>	<u>224,855</u>	<u>-</u>	<u>583,112</u>
Operating Expenses					
Compensation and Benefits	224,289	41,582	191,688	-	457,559
Contractual Services	499	-	-	-	499
Supplies, Materials, and Other	2,041,274	7,554	21,867	261,510	2,332,205
Scholarships and Fellowships	-	-	-	-	-
Depreciation	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Communications	13	-	-	-	13
Food Service	-	-	-	-	-
Other	(1,934,244)	(43,904)	(61,686)	(261,510)	(2,301,344)
Total Operating Expenses	<u>331,831</u>	<u>5,232</u>	<u>151,869</u>	<u>-</u>	<u>488,932</u>
Operating Loss	<u>15,810</u>	<u>5,384</u>	<u>72,986</u>	<u>-</u>	<u>94,180</u>
Non-operating Revenue (Expenses)					
State Appropriations	-	-	-	(133,617)	(133,617)
Investment Income	-	-	-	-	-
Interest on Capital Asset-Related Debt	-	-	-	(9,772)	(9,772)
Gain (Loss) on Disposal of Asset	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Other Non-operating Revenue	(235,979)	(5,384)	(98,336)	9,772	(329,927)
Net Non-operating Revenues	<u>(235,979)</u>	<u>(5,384)</u>	<u>(98,336)</u>	<u>(133,617)</u>	<u>(473,316)</u>
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	<u>(220,169)</u>	<u>-</u>	<u>(25,350)</u>	<u>(133,617)</u>	<u>(379,136)</u>
Other Revenues, Expenses, or					
Capital Facilities Fees	-	-	-	-	-
Capital Contributions	222,338	-	-	-	222,338
Operating Transfers In (Out)	-	-	-	-	-
Capital Appropriations and Grants	-	-	-	-	-
Net Other Revenues, Expenses, or Gains (Losses)	<u>222,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,338</u>
Increase (Decrease) in Net Position	2,169	-	(25,350)	(133,617)	(156,798)
Net Position, Beginning of Year	<u>62,129</u>	<u>-</u>	<u>(52,726)</u>	<u>(72,331)</u>	<u>(62,928)</u>
Net Position, End of Year	<u>\$ 64,298</u>	<u>\$ -</u>	<u>\$ (78,076)</u>	<u>\$ (205,948)</u>	<u>\$ (219,726)</u>

NEBRASKA STATE COLLEGE SYSTEM

EXHIBIT B

FISCAL YEAR 2016 STATEMENT OF CASH FLOWS ADJUSTMENTS

FYE 6/30/2017

	CSC	PSC	WSC	System	Total NSCS
Cash Flows From Operating Activities					
Tuition and Fees	\$ 224,289	\$ 35,301	\$ (496,949)	\$ -	\$ (237,359)
Grants and Contracts	87,471	(120,400)	234,903	-	201,974
Payments to Suppliers	(2,399,638)	81,007	(34,060)	562,068	(1,790,623)
Payments for Utilities	164,932	(8,059)	-	-	156,873
Payments to Employees	(31,369)	(64,840)	(191,688)	(2,037)	(289,934)
Loans Issued to Students	-	-	-	-	-
Collections of Loans to Students	-	-	(2,594)	-	(2,594)
Sales and Services of Auxiliary Enterprises	(38,154)	1	(5,001)	-	(43,154)
Other Payments	1,865,804	(31,581)	593,230	4,681	2,432,134
Net Cash Used in Operating Activities	<u>(126,665)</u>	<u>(108,571)</u>	<u>97,841</u>	<u>564,712</u>	<u>427,317</u>
Cash Flows From Non-capital					
State Appropriations	-	-	-	30	30
Receipt of Flex Contributions	-	-	-	-	-
Payment of Flex Contributions	-	-	-	-	-
Direct Lending Receipts	-	-	-	-	-
Direct Lending Payments	-	-	-	-	-
Other Receipts (Payments)	(329,979)	32,478	(100,350)	759	(397,092)
Net Cash Provided by Non-capital Financing Activities	<u>(329,979)</u>	<u>32,478</u>	<u>(100,350)</u>	<u>789</u>	<u>(397,062)</u>
Cash Flows From Capital and Related					
Proceeds from Capital Debt	-	-	-	-	-
Capital Contributions	316,338	-	-	-	316,338
Purchase of Capital Assets	(744,273)	205,083	215,054	-	(324,136)
Disposal of Capital Assets	3,592	-	-	-	3,592
Principal Paid on Capital Debt	-	-	-	-	-
Interest Paid on Capital Debt	(13,819)	(4,545)	(236,899)	(9,772)	(265,035)
Bond Issuance Costs	-	-	-	-	-
Capital Facilities Fees	-	-	-	-	-
Transfers In (Out)	754,500	(213,878)	21,845	(562,467)	-
Other	140,429	-	-	6,738	147,167
Capital Appropriations	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>456,767</u>	<u>(13,340)</u>	<u>-</u>	<u>(565,501)</u>	<u>(122,074)</u>
Cash Flows From Investing Activities					
Purchase/Sale of Investments	-	-	-	-	-
Investment Income	(123)	-	-	-	(123)
Net Cash Provided by Investing Activities	<u>(123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123)</u>
Increase (Decrease) in Cash and Cash Equivalents	-	(89,433)	(2,509)	-	(91,942)
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ (89,433)</u>	<u>\$ (2,509)</u>	<u>\$ -</u>	<u>\$ (91,942)</u>
Reconciliation of Net Operating to Net Cash Used in Operating Activities					
Operating Loss	\$ 15,810	\$ 5,383	\$ 72,986	\$ -	\$ 94,179
Depreciation Expense	-	-	-	-	-
Changes in Operating Assets and Liabilities					
Receivables, Net	(142,475)	(127,294)	55,897	-	(213,872)
Inventories	-	-	-	-	-
Accounts Payable and Accrued Liabilities	-	13,340	-	562,467	575,807
Accrued Compensated Absences	-	-	-	-	-
Other Assets and Liabilities	-	-	(31,042)	2,245	(28,797)
Net Cash Used in Operating Activities	<u>\$ (126,665)</u>	<u>\$ (108,571)</u>	<u>\$ 97,841</u>	<u>\$ 564,712</u>	<u>\$ 427,317</u>
Supplemental Cash Flows Information					
Accounts Payable Incurred for Capital Asset Purchases	\$ -	\$ (8,355)	\$ -	\$ -	\$ (8,355)

NEBRASKA STATE COLLEGE SYSTEM
FY2017 ADJUSTMENT DETAILS
 FYE 6/30/2017

EXHIBIT C

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
CSC	Other Receivables	Asset		\$68,624	\$68,624	1	Federal LOC Revenue/Receivable Error
CSC	Net Position Restricted for Other - Beginning	Equity		\$64,298	\$64,298	1	Federal LOC Revenue/Receivable Error
CSC	Net Position Restricted for Other - Ending	Equity		\$4,326	\$4,326	1	Federal LOC Revenue/Receivable Error
CSC	Tuition and Fees, Net	Revenue		\$259,391	\$259,391	2	Employee Remissions Miscoded
CSC	Federal Grants and Contracts	Revenue		\$4,327	\$4,327	1	Federal LOC Revenue/Receivable Error
CSC	Private Grants and Contracts	Revenue		\$115,613	\$115,613	3	Foundation Coding Error 1
CSC	Compensation and Benefits	Expense		\$259,391	\$259,391	2	Employee Remissions Miscoded
CSC	Compensation and Benefits	Expense		\$2,441	\$2,441	3	Foundation Coding Error 1
	<i>Subtotal Compensation and Benefits</i>		<i>\$0</i>	\$261,832	\$261,832		
CSC	Contractual Services	Expense		\$6,779	\$6,779	3	Foundation Coding Error 1
CSC	Supplies, Materials, and Other	Expense		\$100,395	\$100,395	3	Foundation Coding Error 1
CSC	Other Non-operating Revenue	Revenue	(\$6,000)		(\$6,000)	3	Foundation Coding Error 1
	<i>Subtotal for CSC</i>		<i>(\$6,000)</i>	<i>\$885,585</i>	<i>\$879,585</i>	<i>3</i>	<i>Total Errors for CSC</i>

NEBRASKA STATE COLLEGE SYSTEM
FY2017 ADJUSTMENT DETAILS
 FYE 6/30/2017

EXHIBIT C

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Current Cash & Cash Equivalents	Asset		\$50,000	\$50,000	9	Miscoded Transfer 3
PSC	Current Cash & Cash Equivalents	Asset	(\$50,000)		(\$50,000)	37	Cash Classification Correction
PSC	Current Cash & Cash Equivalents	Asset	(\$6,542)		(\$6,542)	25	Miscoded Transfer 5
	<i>Subtotal Current Cash & Cash Equivalents</i>		<i>(\$56,542)</i>	<i>\$50,000</i>	<i>(\$6,542)</i>		
PSC	Current Restricted Cash & Cash Equiv	Asset	(\$13,322)		(\$13,322)	19	Federal LOC Revenue/Receivable Error
PSC	Other Receivables	Asset		\$33,148	\$33,148	12	Unrecorded Scholarship Receivable
PSC	Other Receivables	Asset		\$13,323	\$13,323	19	Federal LOC Revenue/Receivable Error
PSC	Other Receivables	Asset	(\$10,657)		(\$10,657)	22	Erroneous Federal Grant Receivable
PSC	Other Receivables	Asset	(\$7,975)		(\$7,975)	23	Erroneous Receivable
	<i>Subtotal Other Receivables</i>		<i>(\$18,632)</i>	<i>\$46,471</i>	<i>\$27,839</i>		
PSC	Prepaid Expenses - Current	Asset	(\$29,421)		(\$29,421)	38	Non-Current Prepaid Expense Error
PSC	Prepaid Expenses - Current	Asset		\$13,704	\$13,704	15	Unrecorded Manual Adjustment
PSC	Prepaid Expenses - Current	Asset	(\$13,704)		(\$13,704)	15	Unrecorded Manual Adjustment
	<i>Subtotal Prepaid Expenses - Current</i>		<i>(\$43,125)</i>	<i>\$13,704</i>	<i>(\$29,421)</i>		
PSC	Non-Current Restricted Cash	Asset		\$50,000	\$50,000	37	Cash Reclassification from Current
PSC	Prepaid Expenses - Non-Current	Asset		\$29,421	\$29,421	38	Non-Current Prepaid Expense Error
PSC	Capital Assets, Net	Asset		\$158,817	\$158,817	5	Erroneous Asset Disposal Entry
PSC	Capital Assets, Net	Asset	(\$87,488)		(\$87,488)	7	Erroneous Asset Reversing Entry 1
PSC	Capital Assets, Net	Asset	(\$30,816)		(\$30,816)	13	Erroneous Asset Reversing Entry 2
PSC	Capital Assets, Net	Asset	(\$7,221)		(\$7,221)	8	Asset Payable Miscoded
PSC	Capital Assets, Net	Asset		\$448	\$448	32	Erroneous Depreciation Exp Calculation
PSC	Capital Assets, Net	Asset	(\$174)		(\$174)	35	Unrecorded Asset Payable
	<i>Subtotal Capital Assets, Net</i>		<i>(\$125,699)</i>	<i>\$159,265</i>	<i>\$33,566</i>		
PSC	Accounts Payable and Accrued Liab.	Liability	(\$141,367)		(\$141,367)	3	Miscoded Theatre Payable
PSC	Accounts Payable and Accrued Liab.	Liability	(\$59,904)		(\$59,904)	8	Asset Payable Miscoded
PSC	Accounts Payable and Accrued Liab.	Liability	(\$10,873)		(\$10,873)	15	Unrecorded Manual Adjustment
PSC	Accounts Payable and Accrued Liab.	Liability		\$10,873	\$10,873	15	Unrecorded Manual Adjustment
PSC	Accounts Payable and Accrued Liab.	Liability		\$8,850	\$8,850	24	Unrecorded Accounts Payable
PSC	Accounts Payable and Accrued Liab.	Liability		\$4,506	\$4,506	27	Biweekly Payroll Accrual Error
PSC	Accounts Payable and Accrued Liab.	Liability		\$1,324	\$1,324		Unidentified Change(s)*
	<i>Subtotal Accounts Payable and Accrued Liab.</i>		<i>(\$212,144)</i>	<i>\$25,553</i>	<i>(\$186,591)</i>		

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Accrued Compensated Absences - Current	Liability	(\$1,085)		(\$1,085)	21	Termination Benefits Accrual Error 1
PSC	Accrued Compensated Absences - Current	Liability	(\$206)		(\$206)	34	Termination Benefits Accrual Error 2
PSC	Accrued Compensated Absences - Current	Liability		\$57	\$57	30	Compensated Absences Accrual Error
	<i>Subtotal Accrued Compensated Absences - Current</i>		<i>(\$1,291)</i>	<i>\$57</i>	<i>(\$1,234)</i>		
PSC	Unearned Revenue - Current	Liability		\$4,015	\$4,015	26	Unrecorded Bookstore Liability
PSC	Unearned Revenue - Current	Liability		\$1,893	\$1,893	29	Unrecorded Scholarship Liability
	<i>Subtotal Unearned Revenue - Current</i>		<i>\$0</i>	<i>\$5,908</i>	<i>\$5,908</i>		
PSC	Accrued Compensated Abs - Non-Current	Liability	(\$16,737)		(\$16,737)	21	Termination Benefits Accrual Error 1
PSC	Accrued Compensated Abs - Non-Current	Liability		\$755	\$755	30	Compensated Absences Accrual Error
	<i>Subtotal Accrued Compensated Abs - Non-Current</i>		<i>(\$16,737)</i>	<i>\$755</i>	<i>(\$15,982)</i>		
PSC	Net Position Invested in Capital Assets - End	Equity		\$201,241	\$201,241		Due to Accounts Payable Revisions
PSC	Net Position Invested in Capital Assets - End	Equity	(\$118,304)		(\$118,304)		Erroneous Net Position Revision
PSC	Net Position Invested in Capital Assets - End	Equity		\$118,304	\$118,304	39	Net Position Error Correction
PSC	Net Position Invested in Capital Assets - End	Equity		\$33,566	\$33,566		Due to Capital Asset Revisions
PSC	Net Position Invested in Capital Assets - End	Equity	(\$21,811)		(\$21,811)	40	Net Position Calculation Missing Payables
	<i>Subtotal Net Position Invested in Capital Assets</i>		<i>(\$140,115)</i>	<i>\$353,111</i>	<i>\$212,996</i>		
PSC	Net Position Restricted for Debt - Ending	Equity		\$349	\$349	41	Net Position Calculation Error Loan Interest
PSC	Net Position Restricted for Plant - Ending	Equity		\$983,370	\$983,370	42	Net Position Calculation Overstated A/P
PSC	Net Position Restricted for Plant - Ending	Equity		\$99,610	\$99,610	43	Net Position Calculation Missing Cash
PSC	Net Position Restricted for Plant - Ending	Equity		\$50,000	\$50,000	44	Net Position Calculation Missing Cash
PSC	Net Position Restricted for Plant - Ending	Equity	(\$10,706)		(\$10,706)		Erroneous Net Position Revision
PSC	Net Position Restricted for Plant - Ending	Equity		\$10,706	\$10,706	45	Net Position Error Correction
	<i>Subtotal Net Position Restricted for Plant</i>		<i>(\$10,706)</i>	<i>\$1,143,686</i>	<i>\$1,132,980</i>		
PSC	Net Position Restricted for Other - Ending	Equity	(\$8,850)		(\$8,850)		Due to Accounts Payable Revisions
PSC	Net Position Restricted for Other - Ending	Equity	(\$5,908)		(\$5,908)		Due to Unearned Revenue Revisions
PSC	Net Position Restricted for Other - Ending	Equity	(\$1,231)		(\$1,231)		Unidentified Change(s)*
	<i>Subtotal Net Position Restricted for Other</i>		<i>(\$15,989)</i>	<i>\$0</i>	<i>(\$15,989)</i>		
PSC	Unrestricted Net Position - Beginning	Equity		\$319	\$319	33	Miscoded Expenses

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Unrestricted Net Position - Ending	Equity	(\$1,132,980)		(\$1,132,980)		Restricted for Plant Revisions
PSC	Unrestricted Net Position - Ending	Equity		\$289,441	\$289,441		Revisions to Balance Sheet Accounts
PSC	Unrestricted Net Position - Ending	Equity	(\$212,996)		(\$212,996)		Invested in Capital Assets Revisions
PSC	Unrestricted Net Position - Ending	Equity	(\$33,758)		(\$33,758)	11	Erroneous Manual Adjustment 1
PSC	Unrestricted Net Position - Ending	Equity		\$24,577	\$24,577	15	Unrecorded Manual Adjustment
PSC	Unrestricted Net Position - Ending	Equity		\$15,989	\$15,989		Restricted for Other Revisions
PSC	Unrestricted Net Position - Ending	Equity	(\$349)		(\$349)		Restricted for Debt Revisions
PSC	Unrestricted Net Position - Ending	Equity		\$8,862	\$8,862		Unidentified Change(s)*
	<i>Subtotal Unrestricted Net Position - Ending</i>		<i>(\$1,380,083)</i>	<i>\$338,869</i>	<i>(\$1,041,214)</i>		
	<i>Subtotal Unrestricted Net Position</i>		<i>(\$1,380,083)</i>	<i>\$339,188</i>	<i>(\$1,040,895)</i>		
PSC	Tuition and Fees, Net	Revenue		\$62,907	\$62,907	2	Employee Remissions Miscoded
PSC	Tuition and Fees, Net	Revenue	(\$18,136)		(\$18,136)	46	Scholarship Allowance Calculation Error
PSC	Tuition and Fees, Net	Revenue	(\$10,874)		(\$10,874)	15	Unrecorded Manual Adjustment
PSC	Tuition and Fees, Net	Revenue	(\$9,181)		(\$9,181)	17	Erroneous Manual Adjustment 3
PSC	Tuition and Fees, Net	Revenue	(\$1,283)		(\$1,283)	28	Erroneous Write Off Adjustment
PSC	Tuition and Fees, Net	Revenue	(\$401)	\$401	\$0	36	Erroneous Manual Adjustment
	<i>Subtotal Tuition and Fees, Net</i>		<i>(\$39,875)</i>	<i>\$63,308</i>	<i>\$23,433</i>		
PSC	Federal Grants and Contracts	Revenue	(\$10,657)		(\$10,657)	22	Erroneous Federal Grant Receivable
PSC	Federal Grants and Contracts	Revenue	(\$500)		(\$500)	31	Erroneous Manual Entry
PSC	Federal Grants and Contracts	Revenue	(\$228)		(\$228)		Unidentified Change(s)*
	<i>Subtotal Federal Grants and Contracts</i>	<i>Revenue</i>	<i>(\$11,385)</i>	<i>\$0</i>	<i>(\$11,385)</i>		
PSC	State Grants and Contracts	Revenue	(\$38,941)		(\$38,941)	47	Removal of Pass-through Activity
PSC	Private Grants and Contracts	Revenue	(\$190,462)		(\$190,462)	2	Misc Revenue Misclassified
PSC	Private Grants and Contracts	Revenue		\$95,960	\$95,960	49	Foundation Coding Error 2
PSC	Private Grants and Contracts	Revenue		\$59,082	\$59,082	50	Foundation Coding Error 3
PSC	Private Grants and Contracts	Revenue	(\$55,624)		(\$55,624)	48	Foundation Coding Error 1
PSC	Private Grants and Contracts	Revenue		\$25,158	\$25,158	51	Foundation Coding Error 4
PSC	Private Grants and Contracts	Revenue	(\$4,583)		(\$4,583)		Unidentified Change(s)*
	<i>Subtotal Private Grants and Contracts</i>		<i>(\$250,669)</i>	<i>\$180,200</i>	<i>(\$70,469)</i>		
PSC	Auxiliary Enterprises, Net	Revenue	(\$9,380)		(\$9,380)	46	Scholarship Allowance Calculation Error
PSC	Other Operating Revenues	Revenue	(\$212,932)		(\$212,932)		Other Revenues Reclassified
PSC	Other Operating Revenues	Revenue		\$199,228	\$199,228	53	Other Revenues Misclassified
PSC	Other Operating Revenues	Revenue		\$190,462	\$190,462	2	Misc Revenue Misclassified
PSC	Other Operating Revenues	Revenue	(\$95,960)		(\$95,960)	49	Foundation Coding Error 2
PSC	Other Operating Revenues	Revenue		\$141	\$141		Unidentified Change(s)*
	<i>Subtotal Other Operating Revenues</i>		<i>(\$308,892)</i>	<i>\$389,831</i>	<i>\$80,939</i>		

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Compensation and Benefits	Expense		\$62,906	\$62,906	2	Employee Remissions Miscoded
PSC	Compensation and Benefits	Expense	(\$17,822)		(\$17,822)	21	Termination Benefits Accrual Error 1
PSC	Compensation and Benefits	Expense		\$9,174	\$9,174	18	Erroneous Manual Adjustment 4
PSC	Compensation and Benefits	Expense		\$4,506	\$4,506	27	Biweekly Payroll Accrual Error
PSC	Compensation and Benefits	Expense		\$812	\$812	30	Compensated Absences Accrual Error
PSC	Compensation and Benefits	Expense	(\$206)		(\$206)	34	Termination Benefits Accrual Error 2
	<i>Subtotal Compensation and Benefits</i>		<i>(\$18,028)</i>	<i>\$77,398</i>	<i>\$59,370</i>		
PSC	Contractual Services	Expense	(\$612,605)		(\$612,605)	1	Duplicated/Miscoded Transfers 1
PSC	Contractual Services	Expense	(\$141,367)		(\$141,367)	3	Miscoded Theatre Payable
PSC	Contractual Services	Expense	(\$90,987)		(\$90,987)	6	Duplicated/Miscoded Transfers 2
PSC	Contractual Services	Expense		\$87,488	\$87,488	7	Erroneous Asset Reversing Entry 1
PSC	Contractual Services	Expense	(\$75,571)		(\$75,571)		Erroneous Reclassification
PSC	Contractual Services	Expense		\$75,571	\$75,571	52	Foundation Coding Error 5
PSC	Contractual Services	Expense	(\$50,000)		(\$50,000)	9	Miscoded Transfer 3
PSC	Contractual Services	Expense		\$30,816	\$30,816	13	Erroneous Asset Reversing Entry 2
PSC	Contractual Services	Expense	(\$17,967)		(\$17,967)	20	Miscoded Foundation Receipt
PSC	Contractual Services	Expense		\$2,500	\$2,500	51	Foundation Coding Error 4
PSC	Contractual Services	Expense	(\$7,143)		(\$7,143)		Unidentified Change(s)*
	<i>Subtotal Contractual Services</i>		<i>(\$995,640)</i>	<i>\$196,375</i>	<i>(\$799,265)</i>		
PSC	Supplies, Materials, and Other	Expense		\$59,082	\$59,082	50	Foundation Coding Error 3
PSC	Supplies, Materials, and Other	Expense	(\$55,624)		(\$55,624)	48	Foundation Coding Error 1
PSC	Supplies, Materials, and Other	Expense		\$44,527	\$44,527	10	Erroneous Asset Capitalization Entry
PSC	Supplies, Materials, and Other	Expense	(\$33,758)		(\$33,758)	11	Erroneous Manual Adjustment 1
PSC	Supplies, Materials, and Other	Expense		\$28,548	\$28,548	14	Miscoded Interfund Transfer 4
PSC	Supplies, Materials, and Other	Expense		\$13,704	\$13,704	15	Unrecorded Manual Adjustment
PSC	Supplies, Materials, and Other	Expense		\$17,207	\$17,207	51	Foundation Coding Error 4
PSC	Supplies, Materials, and Other	Expense		\$319	\$319	33	Miscoded Expenses
PSC	Supplies, Materials, and Other	Expense	(\$10,997)		(\$10,997)		Unidentified Change(s)*
	<i>Subtotal Supplies, Materials, and Other</i>		<i>(\$100,379)</i>	<i>\$163,387</i>	<i>\$63,008</i>		
PSC	Scholarships and Fellowships	Expense	(\$38,941)		(\$38,941)	47	Removal of Pass-through Activity
PSC	Scholarships and Fellowships	Expense	(\$33,150)		(\$33,150)	12	Unrecorded Scholarship Receivable
PSC	Scholarships and Fellowships	Expense	(\$27,516)		(\$27,516)	46	Scholarship Allowance Calculation Error
PSC	Scholarships and Fellowships	Expense		\$5,451	\$5,451	51	Foundation Coding Error 4
PSC	Scholarships and Fellowships	Expense		\$1,893	\$1,893	29	Unrecorded Scholarship Liability
PSC	Scholarships and Fellowships	Expense		\$500	\$500	31	Erroneous Manual Entry
PSC	Scholarships and Fellowships	Expense		\$175	\$175		Unidentified Change(s)*
	<i>Subtotal Scholarships and Fellowships</i>		<i>(\$99,607)</i>	<i>\$8,019</i>	<i>(\$91,588)</i>		

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Depreciation	Expense	(\$448)		(\$448)	32	Erroneous Depreciation Exp Calculation
PSC	Repairs and Maintenance	Revenue	(\$44,527)		(\$44,527)	10	Erroneous Asset Capitalization Entry
PSC	Repairs and Maintenance	Revenue		\$8,850	\$8,850	24	Unrecorded Accounts Payable
PSC	Repairs and Maintenance	Expense		\$438	\$438		Unidentified Change(s)*
	<i>Subtotal Repairs and Maintenance</i>		<i>(\$44,527)</i>	<i>\$9,288</i>	<i>(\$35,239)</i>		
PSC	Interest on Capital Asset-Related Debt	Expense		\$103,499	\$103,499	4	Capitalized Interest Duplicated/Miscoded
PSC	Investment Income	Revenue		\$3,969	\$3,969		Unidentified Change(s)*
PSC	Gain on Disposal of Asset	Revenue		\$158,817	\$158,817	5	Erroneous Asset Disposal Entry
PSC	Other Non-operating Revenue	Revenue		\$212,932	\$212,932		Other Revenues Reclassified
PSC	Other Non-operating Revenue	Revenue	(\$199,228)		(\$199,228)	53	Other Revenues Misclassified
PSC	Other Non-operating Revenue	Revenue	(\$7,975)		(\$7,975)	23	Erroneous Receivable
PSC	Other Non-operating Revenue	Revenue	(\$4,015)		(\$4,015)	26	Unrecorded Bookstore Liability
PSC	Other Non-operating Revenue	Revenue		\$1,283	\$1,283	28	Erroneous Write Off Adjustment
PSC	Other Non-operating Revenue	Expense		\$12,210	\$12,210		Unidentified Change(s)*
	<i>Subtotal Other Non-operating Revenue</i>		<i>(\$211,218)</i>	<i>\$226,425</i>	<i>\$15,207</i>		
PSC	Capital Contributions	Revenue	(\$75,571)		(\$75,571)		Erroneous Reclassification
PSC	Capital Contributions	Revenue		\$75,571	\$75,571	52	Foundation Coding Error 5
PSC	Capital Contributions	Revenue		\$28,548	\$28,548	14	Miscoded Interfund Transfer 4
	<i>Subtotal Capital Contributions</i>		<i>(\$75,571)</i>	<i>\$104,119</i>	<i>\$28,548</i>		
PSC	Operating Transfers In	Revenue	(\$612,605)		(\$612,605)	1	Duplicated/Miscoded Transfers 1
PSC	Operating Transfers In	Revenue	(\$103,499)		(\$103,499)	4	Capitalized Interest Duplicated/Miscoded
PSC	Operating Transfers In	Revenue	(\$90,987)		(\$90,987)	6	Duplicated/Miscoded Transfers 2
PSC	Operating Transfers In	Revenue	(\$20,187)		(\$20,187)	16	Erroneous Manual Adjustment 2
PSC	Operating Transfers In	Revenue	(\$17,967)		(\$17,967)	20	Miscoded Foundation Receipt
PSC	Operating Transfers In	Revenue	(\$6,542)		(\$6,542)	25	Miscoded Transfer 5
PSC	Operating Transfers In	Revenue	(\$174)		(\$174)	35	Unrecorded Asset Payable
	<i>Subtotal Operating Transfers In</i>		<i>(\$851,961)</i>	<i>\$0</i>	<i>(\$851,961)</i>		
PSC	Capital Appropriations	Revenue		\$52,683	\$52,683	8	Asset Payable Miscoded
	<i>Subtotal for PSC</i>		<i>(\$5,090,906)</i>	<i>\$3,954,786</i>	<i>(\$1,136,120)</i>	<i>53</i>	<i>Total Errors for PSC</i>

* These changes occurred during a complete revision of PSC's financial statements, which was requested by the APA as there were numerous balances that did not tie to support. As the revised financials were adequately traced to support, the cause of the individual changes were not pursued by the APA. Additionally, the remaining unidentified changes were not significant.

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
WSC	Current Restricted Cash & Cash Equiv	Asset	(\$3,393)		(\$3,393)	1	Federal LOC Revenue/Receivable Error
WSC	Current Restricted Cash & Cash Equiv	Asset	(\$32,963)		(\$32,963)	8	Duplicated Accounts Payable
	<i>Subtotal Current Restricted Cash & Cash Equiv</i>		<i>(\$36,356)</i>	<i>\$0</i>	<i>(\$36,356)</i>		
WSC	Accounts Receivable, Net	Asset	(\$293,509)		(\$293,509)	6	Credit Card Clearing Error
WSC	Accounts Receivable, Net	Asset		\$48,817	\$48,817	9	Unrecorded Foundation Receivable
WSC	Accounts Receivable, Net	Asset	(\$72,217)		(\$72,217)	10	Other Receivables Miscoded
WSC	Accounts Receivable, Net	Asset		\$3,394	\$3,394	1	Federal LOC Revenue/Receivable Error
WSC	Accounts Receivable, Net	Asset	(\$25,170)		(\$25,170)	11	Negative Receivable Miscoded
WSC	Accounts Receivable, Net	Asset		\$9,352	\$9,352	12	Unrecorded Housing App Fees Receivable
	<i>Subtotal Accounts Receivable, Net</i>		<i>(\$390,896)</i>	<i>\$61,563</i>	<i>(\$329,333)</i>		
WSC	Other Receivables	Asset		\$72,217	\$72,217	10	Reclass Other Receivables
	<i>Subtotal Other Receivables</i>		<i>\$0</i>	<i>\$72,217</i>	<i>\$72,217</i>		
WSC	Prepaid Expense - Current	Asset		\$221,691	\$221,691	7	Life Cycle Funding Errors
WSC	Prepaid Expense - Current	Asset	(\$221,691)		(\$221,691)	7	Life Cycle Funding Errors
	<i>Subtotal Prepaid Expense - Current</i>		<i>(\$221,691)</i>	<i>\$221,691</i>	<i>\$0</i>		
WSC	Capital Assets, Net	Asset	(\$33,078)		(\$33,078)	13	Depreciation Calculation Error (PA-26)
WSC	Capital Assets, Net	Asset		\$1,916	\$1,916	14	Erroneous Adjusting Entry (PA-24)
	<i>Subtotal Capital Assets, Net</i>		<i>(\$33,078)</i>	<i>\$1,916</i>	<i>(\$31,162)</i>		
WSC	Accounts Payable and Accrued Liab.	Liability	(\$32,963)		(\$32,963)	8	Duplicated Accounts Payable
WSC	Unearned Revenue - Current	Liability	(\$25,170)		(\$25,170)	11	Negative Receivable Miscoded
WSC	Deposits Held in Custody	Liability		\$36,463	\$36,463	5	Agency Fund Miscoding
WSC	Unearned Revenue - Non-Current	Liability	(\$100,000)		(\$100,000)	15	Auxiliary Unearned Revenue Error
WSC	Net Position Invested in Capital Assets - End	Equity	(\$305,714)		(\$305,714)	23	Net Position Error 1
WSC	Net Position Invested in Capital Assets - End	Equity	(\$33,078)		(\$33,078)	13	Depreciation Calculation Error (PA-26)
WSC	Net Position Invested in Capital Assets - End	Equity		\$1,916	\$1,916	14	Erroneous Adjusting Entry (PA-24)
WSC	Net Position Invested in Capital Assets - End	Equity		\$179,184	\$179,184	26	Net Position Error 4
	<i>Subtotal Net Position Invested in Capital Assets</i>		<i>(\$338,792)</i>	<i>\$181,100</i>	<i>(\$157,692)</i>		
WSC	Net Position Restricted for Other - Ending	Equity	(\$1,511)		(\$1,511)	24	Net Position Error 2
WSC	Net Position Restricted for Other - Ending	Equity	(\$109,351)		(\$109,351)	25	Net Position Error 3
WSC	Net Position Restricted for Other - Ending	Equity		\$100,000	\$100,000	15	Auxiliary Unearned Revenue Error
WSC	Net Position Restricted for Other - Ending	Equity		\$9,350	\$9,350	12	Unrecorded Housing App Fees Receivable
WSC	Net Position Restricted for Other - Ending	Equity	(\$36,463)		(\$36,463)	5	Agency Fund Miscoding
WSC	Net Position Restricted for Other - Ending	Equity		\$591	\$591	27	Net Position Error 5
	<i>Subtotal Net Position Restricted for Other</i>		<i>(\$147,325)</i>	<i>\$109,941</i>	<i>(\$37,384)</i>		

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Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
WSC	Unrestricted Net Position - Beginning	Equity		\$221,691	\$221,691	7	Life Cycle Funding Errors
WSC	Unrestricted Net Position - Beginning	Equity	(\$226,787)		(\$226,787)	16	Erroneous Prior Period Adjustment
WSC	Unrestricted Net Position - Beginning	Equity	(\$299,767)		(\$299,767)	6	Credit Card Clearing Error
	<i>Subtotal Unrestricted Net Position - Begin</i>		<i>(\$526,554)</i>	<i>\$221,691</i>	<i>(\$304,863)</i>		
WSC	Unrestricted Net Position - Ending	Equity	(\$179,181)		(\$179,181)	26	Net Position Error 4
WSC	Unrestricted Net Position - Ending	Equity	(\$591)		(\$591)	27	Net Position Error 5
WSC	Unrestricted Net Position - Ending	Equity		\$305,714	\$305,714	23	Net Position Error 1
WSC	Unrestricted Net Position - Ending	Equity		\$1,511	\$1,511	24	Net Position Error 2
WSC	Unrestricted Net Position - Ending	Equity		\$109,351	\$109,351	25	Net Position Error 3
WSC	Unrestricted Net Position - Ending	Equity		\$6,258	\$6,258	6	Credit Card Clearing Error
WSC	Unrestricted Net Position - Ending	Equity		\$48,817	\$48,817	9	Unrecorded Foundation Receivable
WSC	Unrestricted Net Position - Ending	Equity	(\$221,691)		(\$221,691)	7	Life Cycle Funding Errors
WSC	Unrestricted Net Position - Ending	Equity		\$226,787	\$226,787	16	Erroneous Prior Period Adjustment
	<i>Subtotal Unrestricted Net Position - Ending</i>		<i>(\$401,463)</i>	<i>\$698,438</i>	<i>\$296,975</i>		
	<i>Subtotal Unrestricted Net Position</i>		<i>(\$928,017)</i>	<i>\$920,129</i>	<i>(\$7,888)</i>		
WSC	Tuition and Fees, Net	Revenue	(\$516,906)		(\$516,906)	18	Misclassified Tuition & Fees Revenues
WSC	Tuition and Fees, Net	Revenue		\$215,207	\$215,207	2	Employee Remissions Miscoded
WSC	Tuition and Fees, Net	Revenue	(\$293,509)	\$299,767	\$6,258	6	Credit Card Clearing Error
WSC	Tuition and Fees, Net	Revenue		\$41,499	\$41,499	21	Collection Costs/Write Offs Miscoded
	<i>Subtotal Tuition and Fees, Net</i>		<i>(\$810,415)</i>	<i>\$556,473</i>	<i>(\$253,942)</i>		
WSC	State Grants and Contracts	Revenue	(\$383,614)		(\$383,614)	19	LB309 Revenue Miscoded
WSC	Private Grants and Contracts	Revenue		\$388,341	\$388,341	20	Wrong Revenue Line Item PA-12
WSC	Private Grants and Contracts	Revenue		\$171,907	\$171,907	3	Foundation Coding Error 1
WSC	Private Grants and Contracts	Revenue	(\$17,484)		(\$17,484)	4	Foundation Coding Error 2
	<i>Subtotal Private Grants and Contracts</i>		<i>(\$17,484)</i>	<i>\$560,248</i>	<i>\$542,764</i>		
WSC	Auxiliary Enterprises, Net	Revenue		\$100,000	\$100,000	15	Auxiliary Unearned Revenue Error
WSC	Auxiliary Enterprises, Net	Revenue		\$9,350	\$9,350	12	Unrecorded Housing App Fees Receivable
	<i>Subtotal Auxiliary Enterprises, Net</i>		<i>\$0</i>	<i>\$109,350</i>	<i>\$109,350</i>		
WSC	Other Operating Revenues	Revenue		\$516,906	\$516,906	18	Misclassified Tuition & Fees Revenues
WSC	Other Operating Revenues	Revenue		\$48,817	\$48,817	9	Unrecorded Foundation Receivable
WSC	Other Operating Revenues	Revenue	(\$171,907)		(\$171,907)	3	Foundation Coding Error 1
	<i>Subtotal Other Operating Revenues</i>		<i>(\$171,907)</i>	<i>\$565,723</i>	<i>\$393,816</i>		
WSC	Compensation and Benefits	Expense		\$215,207	\$215,207	2	Employee Remissions Miscoded
WSC	Compensation and Benefits	Expense	(\$17,484)		(\$17,484)	4	Foundation Coding Error 2
	<i>Subtotal Compensation and Benefits</i>		<i>(\$17,484)</i>	<i>\$215,207</i>	<i>\$197,723</i>		
WSC	Contractual Services	Expense	(\$388,341)		(\$388,341)	17	Wrong Expense Line Item (PA-12)

NEBRASKA STATE COLLEGE SYSTEM
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EXHIBIT C

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
WSC	Supplies, Materials, and Other	Expense		\$388,341	\$388,341	17	Wrong Expense Line Item (PA-12)
WSC	Supplies, Materials, and Other	Expense		\$41,496	\$41,496	21	Collection Costs/Write Offs Miscoded
WSC	Supplies, Materials, and Other	Expense		\$221,691	\$221,691	7	Life Cycle Funding Errors
WSC	Supplies, Materials, and Other	Expense	(\$226,787)		(\$226,787)	16	Erroneous Prior Period Adjustment
	<i>Subtotal Supplies, Materials, and Other</i>		(\$226,787)	\$651,528	\$424,741		
WSC	Depreciation	Expense		\$33,077	\$33,077	13	Depreciation Calculation Error (PA-26)
WSC	Depreciation	Expense	(\$1,916)		(\$1,916)	14	Erroneous Adjusting Entry (PA-24)
	<i>Subtotal Depreciation</i>		(\$1,916)	\$33,077	\$31,161		
WSC	Repairs and Maintenance	Expense		\$549,587	\$549,587	22	Wrong Expense Line Item (PA-1)
WSC	Other Operating Expenses	Expense	(\$549,586)		(\$549,586)	22	Wrong Expense Line Item (PA-1)
WSC	Other Non-operating Revenue	Revenue	(\$388,341)		(\$388,341)	20	Wrong Revenue Line Item (PA-12)
WSC	Other Non-operating Revenue	Revenue	(\$36,463)		(\$36,463)	5	Agency Fund Miscoding
	<i>Subtotal Other Non-operating Revenue</i>		(\$424,804)	\$0	(\$424,804)		
WSC	Capital Appropriations	Revenue		\$383,614	\$383,614	19	LB309 Revenue Miscoded
	<i>Subtotal for WSC</i>		(\$5,246,626)	\$5,229,827	(\$16,799)	27	Total Errors for WSC

NEBRASKA STATE COLLEGE SYSTEM
FY2017 ADJUSTMENT DETAILS
 FYE 6/30/2017

EXHIBIT C

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
SO	Current Restricted Cash & Cash Equiv	Asset	(\$19,664,900)		(\$19,664,900)	5	Cash Classification Error
SO	State Appropriations Receivable	Asset		\$220,948	\$220,948	1	State Appropriations Receivable
SO	State Appropriations Receivable	Asset	(\$205,948)		(\$205,948)	1	State Appropriations Receivable
SO	State Appropriations Receivable	Asset	(\$15,000)		(\$15,000)	6	Erroneous Reversing Entry
	<i>Subtotal State Appropriations Receivable</i>		(\$220,948)	\$220,948	\$0		
SO	Other Receivables	Asset		\$1,414	\$1,414		Endowment Earnings - Pending NIC
SO	Non-Current Restricted Cash	Asset		\$19,664,900	\$19,664,900	5	Cash Classification Error
SO	Accounts Payable and Accrued Liab.	Liability		\$11,366	\$11,366	4	Unrecorded Accounts Payable
SO	Unrestricted Net Position - Beginning	Equity	(\$205,948)		(\$205,948)	1	State Appropriations Receivable
SO	Unrestricted Net Position - Ending	Equity		\$205,948	\$205,948	1	State Appropriations Receivable
SO	Unrestricted Net Position - Ending	Equity	(\$11,366)		(\$11,366)	4	Unrecorded Accounts Payable
SO	Unrestricted Net Position - Ending	Equity		\$1,414	\$1,414		Endowment Earnings - Pending NIC
	<i>Subtotal Unrestricted Net Position - Ending</i>		(\$11,366)	\$207,362	\$195,996		
	<i>Subtotal Unrestricted Net Position</i>		(\$217,314)	\$207,362	(\$9,952)		
SO	Compensation and Benefits	Expense		\$145,933	\$145,933	3	Prior Year Balances Used in Error
SO	Contractual Services	Expense		\$15,000	\$15,000	6	Erroneous Reversing Entry
SO	Contractual Services	Expense	(\$14,896)		(\$14,896)	3	Prior Year Balances Used in Error
	<i>Subtotal Contractual Services</i>		(\$14,896)	\$15,000	\$104		
SO	Supplies, Materials, and Other	Expense		\$214,806	\$214,806	2	Reclassification of Other Exp
SO	Supplies, Materials, and Other	Expense		\$22,377	\$22,377	3	Prior Year Balances Used in Error
SO	Supplies, Materials, and Other	Expense		\$4,424	\$4,424	4	Unrecorded Accounts Payable
	<i>Subtotal Supplies, Materials, and Other</i>		\$0	\$241,607	\$241,607		
SO	Communications	Expense	(\$12,436)		(\$12,436)	3	Prior Year Balances Used in Error
SO	Other Operating Expenses	Expense	(\$214,806)		(\$214,806)	2	Reclassification of Other Exp
SO	Other Operating Expenses	Expense		\$8,916	\$8,916	3	Prior Year Balances Used in Error
	<i>Subtotal Other Operating Expenses</i>		(\$214,806)	\$8,916	(\$205,890)		
SO	State Appropriations	Revenue		\$205,948	\$205,948	1	State Appropriations Receivable
SO	State Appropriations	Revenue		\$149,894	\$149,894	3	Prior Year Balances Used in Error
SO	State Appropriations	Revenue		\$6,942	\$6,942	4	Unrecorded Accounts Payable
SO	State Appropriations	Revenue		\$305	\$305	7	Other Revenue Misclassified
SO	State Appropriations	Revenue		\$506	\$506		Unknown Adjustment - Insignificant
	<i>Subtotal State Appropriations</i>		\$0	\$363,595	\$363,595		
SO	Investment Income	Revenue		\$1,414	\$1,414		Endowment Earnings - Pending NIC
SO	Other Non-operating Revenue	Revenue		\$305	\$305	7	Other Revenue Misclassified
	Subtotal for SO		(\$20,345,300)	\$20,882,760	\$537,460	7	Total Errors for SO
	Total for NSCS FY2017		(\$30,688,832)	\$30,952,958	\$264,126	90	Total Errors for NSCS

Note: Rows highlighted in gray represent changes made by the NSCS without being proposed by the APA.

NEBRASKA STATE COLLEGE SYSTEM
FY2016 ADJUSTMENT DETAILS
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EXHIBIT D

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
CSC	Other Receivables	Asset		\$64,298	\$64,298	1	Federal LOC Revenue/Receivable Error
CSC	Net Position Restricted for Other - Beginning	Equity		\$62,129	\$62,129	1	Federal LOC Revenue/Receivable Error
CSC	Net Position Restricted for Other - Ending	Equity		\$2,169	\$2,169	1	Federal LOC Revenue/Receivable Error
	<i>Subtotal Net Position Restricted for Other</i>		\$0	\$64,298	\$64,298		
CSC	Tuition and Fees, Net	Revenue		\$224,289	\$224,289	2	Employee Remissions Miscoded
CSC	Federal Grants and Contracts	Revenue	(\$14,519)		(\$14,519)		CSC Reclassification
CSC	Federal Grants and Contracts	Revenue		\$2,168	\$2,168	1	Federal LOC Revenue/Receivable Error
	<i>Subtotal Federal Grants and Contracts</i>		(\$14,519)	\$2,168	(\$12,351)		
CSC	State Grants and Contracts	Revenue		\$14,519	\$14,519		CSC Reclassification
CSC	Private Grants and Contracts	Revenue		\$138,755	\$138,755	3	Foundation Coding Error 1
CSC	Auxiliary Enterprises, Net	Revenue	(\$11,128)		(\$11,128)	3	Foundation Coding Error 1
CSC	Other Operating Revenue	Revenue	(\$6,443)		(\$6,443)	3	Foundation Coding Error 1
CSC	Compensation and Benefits	Expense		\$224,289	\$224,289	2	Employee Remissions Miscoded
CSC	Contractual Services	Expense		\$499	\$499	3	Foundation Coding Error 1
CSC	Supplies, Materials, and Other	Expense		\$1,934,244	\$1,934,244	4	Reclassification of Other Exp
CSC	Supplies, Materials, and Other	Expense		\$107,030	\$107,030	3	Foundation Coding Error 1
	<i>Subtotal Supplies, Materials, and Other</i>		\$0	\$2,041,274	\$2,041,274		
CSC	Communications	Expense		\$13	\$13	3	Foundation Coding Error 1
CSC	Other Operating Expense	Expense	(\$1,934,244)		(\$1,934,244)	4	Reclassification of Other Exp
CSC	Other Non-operating Revenue	Revenue	(\$210,979)		(\$210,979)	3	Foundation Coding Error 1
CSC	Other Non-operating Revenue	Revenue	(\$25,000)		(\$25,000)	5	Capital Donation Miscoded
	<i>Subtotal Other Non-operating Revenue</i>		(\$235,979)	\$0	(\$235,979)		
CSC	Capital Contributions	Revenue		\$197,339	\$197,339	3	Foundation Coding Error 1
CSC	Capital Contributions	Revenue		\$25,000	\$25,000	5	Capital Donation Miscoded
	<i>Subtotal Capital Contributions</i>		\$0	\$222,339	\$222,339		
	<i>Subtotal for CSC</i>		(\$2,202,313)	\$2,996,740	\$794,427	5	Total Errors for CSC

NEBRASKA STATE COLLEGE SYSTEM
FY2016 ADJUSTMENT DETAILS
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EXHIBIT D

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
PSC	Current Restricted Cash	Asset	(\$89,433)		(\$89,433)	1	Federal LOC Revenue/Receivable Error
PSC	Other Receivables	Asset		\$89,433	\$89,433	1	Federal LOC Revenue/Receivable Error
PSC	Tuition and Fees, Net	Revenue		\$41,582	\$41,582	2	Employee Remissions Miscoded
PSC	Private Grants and Contracts	Revenue	(\$36,350)		(\$36,350)	3	Foundation Coding Error 1
PSC	Private Grants and Contracts	Revenue		\$5,384	\$5,384	4	Foundation Coding Error 2
	<i>Subtotal Private Grants and Contracts</i>		<i>(\$36,350)</i>	<i>\$5,384</i>	<i>(\$30,966)</i>		
PSC	Compensation and Benefits	Expense		\$41,582	\$41,582	2	Employee Remissions Miscoded
PSC	Supplies, Materials, and Other	Expense		\$43,904	\$43,904	5	Reclassification of Other Exp
PSC	Supplies, Materials, and Other	Expense	(\$36,350)		(\$36,350)	3	Foundation Coding Error 1
	<i>Subtotal Supplies, Materials, and Other</i>		<i>(\$36,350)</i>	<i>\$43,904</i>	<i>\$7,554</i>		
PSC	Other Operating Expense	Expense	(\$43,904)		(\$43,904)	5	Reclassification of Other Exp
PSC	Other Non-operating Revenue	Revenue	(\$5,384)		(\$5,384)	4	Foundation Coding Error 2
	<i>Subtotal for PSC</i>		<i>(\$211,421)</i>	<i>\$221,885</i>	<i>\$10,464</i>	5	<i>Total Errors for PSC</i>

NEBRASKA STATE COLLEGE SYSTEM
FY2016 ADJUSTMENT DETAILS
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EXHIBIT D

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
WSC	Current Restricted Cash	Asset	(\$2,509)		(\$2,509)	1	Federal LOC Revenue/Receivable Error
WSC	Accounts Receivable, Net	Asset	(\$299,767)		(\$299,767)	7	Credit Card Clearing Error
WSC	Accounts Receivable, Net	Asset		\$2,509	\$2,509	1	Federal LOC Revenue/Receivable Error
	<i>Subtotal Accounts Receivable, Net</i>		(\$299,767)	\$2,509	(\$297,258)		
WSC	Prepaid Expenses	Asset		\$221,691	\$221,691	8	Life Cycle Funding Errors
WSC	Unrestricted Net Position - Beginning	Equity	(\$234,600)		(\$234,600)	7	Credit Card Clearing Error
WSC	Unrestricted Net Position - Beginning	Equity		\$181,874	\$181,874	8	Life Cycle Funding Errors
	<i>Subtotal Unrestricted Net Position - Beginning</i>		(\$234,600)	\$181,874	(\$52,726)		
WSC	Unrestricted Net Position - Ending	Equity	(\$65,168)		(\$65,168)	7	Credit Card Clearing Error
WSC	Unrestricted Net Position - Ending	Equity		\$39,818	\$39,818	8	Life Cycle Funding Errors
	<i>Subtotal Unrestricted Net Position - Ending</i>		(\$65,168)	\$39,818	(\$25,350)		
	<i>Subtotal Unrestricted Net Position</i>		(\$299,768)	\$221,692	(\$78,076)		
WSC	Tuition and Fees, Net	Revenue	(\$684,775)		(\$684,775)	9	Sales & Misc Revenue Miscoded
WSC	Tuition and Fees, Net	Revenue		\$208,351	\$208,351	2	Employee Remissions Miscoded
WSC	Tuition and Fees, Net	Revenue	(\$65,168)		(\$65,168)	7	Credit Card Clearing Error
	<i>Subtotal Tuition and Fees, Net</i>		(\$749,943)	\$208,351	(\$541,592)		
WSC	Private Grants and Contracts	Revenue		\$153,230	\$153,230	3	Foundation Coding Error 1
WSC	Private Grants and Contracts	Revenue		\$98,336	\$98,336	4	Foundation Coding Error 2
WSC	Private Grants and Contracts	Revenue	(\$16,663)		(\$16,663)	5	Foundation Coding Error 3
	<i>Subtotal Private Grants and Contracts</i>		(\$16,663)	\$251,566	\$234,903		
WSC	Other Operating Revenue	Revenue		\$684,774	\$684,774	9	Sales & Misc Revenue Miscoded
WSC	Other Operating Revenue	Revenue	(\$153,230)		(\$153,230)	3	Foundation Coding Error 1
	<i>Subtotal Other Operating Revenue</i>		(\$153,230)	\$684,774	\$531,544		
WSC	Compensation and Benefits	Expense		\$208,351	\$208,351	2	Employee Remissions
WSC	Compensation and Benefits	Expense	(\$16,663)		(\$16,663)	5	Foundation Coding Error 3
	<i>Subtotal Compensation and Benefits</i>		(\$16,663)	\$208,351	\$191,688		
WSC	Supplies, Materials, and Other	Expense		\$61,686	\$61,686	6	Reclassification of Other Exp
WSC	Supplies, Materials, and Other	Expense	(\$39,819)		(\$39,819)	8	Life Cycle Funding Errors
	<i>Subtotal Supplies, Materials, and Other</i>		(\$39,819)	\$61,686	\$21,867		
WSC	Other Operating Expense	Expense	(\$61,686)		(\$61,686)	6	Reclassification of Other Exp
WSC	Other Non-operating Revenue	Revenue	(\$98,336)		(\$98,336)	4	Foundation Coding Error 2
	<i>Subtotal for WSC</i>		<i>(\$1,738,384)</i>	<i>\$1,860,620</i>	<i>\$122,236</i>	<i>9</i>	<i>Total Errors for WSC</i>

NEBRASKA STATE COLLEGE SYSTEM
FY2016 ADJUSTMENT DETAILS
 FYE 6/30/2017

EXHIBIT D

Campus	Financial Statement Line Item	Type	Overstated	Understated	Net Adjustment	Error No.	Description
SO	State Appropriations Receivable	Asset	(\$205,948)		(\$205,948)	1	State Appropriations Receivable
SO	Unrestricted Net Position - Beginning	Equity	(\$72,331)		(\$72,331)	1	State Appropriations Receivable
SO	Unrestricted Net Position - Ending	Equity	(\$133,617)		(\$133,617)	1	State Appropriations Receivable
	<i>Subtotal Unrestricted Net Position</i>		(\$205,948)	\$0	(\$205,948)		
SO	Supplies, Materials, and Other	Expense		\$261,510	\$261,510	2	Reclassification of Other Exp
SO	Other Operating Expense	Expense	(\$261,510)		(\$261,510)	2	Reclassification of Other Exp
SO	State Appropriations	Revenue	(\$133,617)		(\$133,617)	1	State Appropriations Receivable
SO	Interest on Capital Asset-Related Debt	Expense	(\$9,772)		(\$9,772)		Facilities Corp Audit Reclass
SO	Other Non-operating Expense	Expense		\$9,772	\$9,772		Facilities Corp Audit Reclass
	<i>Subtotal for SO</i>		(\$816,795)	\$271,282	(\$545,513)	2	<i>Total Errors for SO</i>
	<i>Total for NSCS FY2016</i>		(\$4,968,913)	\$5,350,527	\$381,614	21	<i>Total Errors for NSCS</i>

Note: Rows highlighted in gray represent changes made by the NSCS without being proposed by the APA.

NEBRASKA STATE COLLEGE SYSTEM

EXHIBIT E

FOOTNOTE ERRORS

FYE 6/30/2017

Error	Footnote	Footnote Section	Description of Item Changed	Initial	Revised
1	1	2017 Condensed Statement of Net Position	NSCS Current Assets	\$60,185,000	\$60,135,000
2	1	2017 Condensed Statement of Net Position	Corporation Current Assets	\$21,421,636	\$1,756,736
3	1	2017 Condensed Statement of Net Position	Total Current Assets	\$81,606,636	\$61,891,736
4	1	2017 Condensed Statement of Net Position	NSCS Other Non-current Assets	\$8,549,259	\$8,599,259
5	1	2017 Condensed Statement of Net Position	Corporation Other Non-current Assets	\$1,446,349	\$21,111,249
6	1	2017 Condensed Statement of Net Position	Total Other Non-current Assets	\$9,995,608	\$29,710,508
7	1	2016 Condensed Statement of Cash Flows	NSCS Cash Flows from Investing Activities	\$571,929	\$570,929
8	1	Discretely Presented Component Units	2017 WSC Foundation Distribution	\$4,422,396	\$4,475,833
9	1	Reclassifications	Reclassifications Current Restricted Cash	\$250,643	\$19,664,900
10	1	Accounts Receivable (narrative)	2017 Total Allowance for Uncollectible	\$1,443,915	\$1,444,551
11	1	Accounts Receivable (narrative)	2017 WSC Allowance for Uncollectible	\$188,812	\$189,448
12	1	Unamortized Bond Premiums and Discounts	2017 PSC Bond Discounts	\$4,940	\$5,062
13	2	Deposits, Investments, and Investment Return	2017 Cash and Cash Equivalents	\$54,565,809	\$54,549,091
14	2	Deposits, Investments, and Investment Return	2016 Cash and Cash Equivalents	\$60,462,570	\$60,370,628
15	2	Deposits, Investments, and Investment Return	2017 Carrying Amount of Deposits not with Treasurer	\$1,949,511	\$2,739,089
16	2	Deposits, Investments, and Investment Return	2017 Bank Balances of Deposits not with Treasurer	\$571,996	\$2,731,516
17	2	Investments	2017 Money Market Mutual Funds	\$30,407,978	\$29,667,009
18	2	Investments	2017 MM Funds weighted average maturities	38	53
19	2	Credit Risk (narrative)	Added information on a second Money Market Mutual Fund with BOK funds		
20	2	Credit Risk (narrative)	Added information on the credit ratings of the investment held at WSC		
21	2	Concentration of Credit Risk (narrative)	2017 US Treasury Money Market Funds Percentage	92%	97%
22	2	Concentration of Credit Risk (narrative)	2017 Government Money Market Funds Percentage	6%	1%
23	2	Summary of Carrying Values	2017 Bank Deposits	\$1,949,511	\$1,998,121
24	2	Summary of Carrying Values	2017 Short Term Investment Pool	\$54,565,809	\$54,549,091

NEBRASKA STATE COLLEGE SYSTEM

EXHIBIT E

FOOTNOTE ERRORS

FYE 6/30/2017

Error	Footnote	Footnote Section	Description of Item Changed	Initial	Revised
25	2	Summary of Carrying Values	2017 Trustee Money Market Mutual Funds	\$30,407,978	\$29,667,009
26	2	Summary of Carrying Values	2017 Total Cash as of June 30	\$87,534,286	\$87,566,177
27	2	Summary of Carrying Values	2017 Cash and Cash Equivalents	\$34,144,591	\$34,094,591
28	2	Summary of Carrying Values	2017 Restricted Cash and Cash Equivalents	\$52,834,066	\$52,867,348
29	2	Summary of Carrying Values	2017 Total Cash	\$87,582,895	\$87,566,177
30	2	Summary of Carrying Values	2016 Short Term Investment Pool	\$60,462,570	\$60,370,628
31	2	Summary of Carrying Values	2016 Total Cash as of June 30	\$83,541,551	\$83,449,609
32	2	Summary of Carrying Values	2016 Restricted Cash and Cash Equivalents	\$50,525,806	\$50,433,864
33	2	Summary of Carrying Values	2016 Total Cash	\$83,541,551	\$83,449,609
34	2	Summary of Carrying Values	NSCS added a Certificates of Deposit Line for FY17	\$0	\$740,968
35	3	2017 Accumulated Depreciation	Furniture, Fixtures, and Equipment Additions	(\$1,625,166)	(\$1,656,337)
36	3	2017 Accumulated Depreciation	Buildings and Improvements Ending Balance	(\$78,992,790)	(\$78,992,760)
37	3	2017 Accumulated Depreciation	Furniture, Fixtures, and Equipment Ending Balance	(\$12,935,902)	(\$12,967,073)
38	3	2017 Accumulated Depreciation	Total Accumulated Depreciation Additions	(\$8,245,954)	(\$8,277,125)
39	3	2017 Accumulated Depreciation	Net Capital Assets Additions	\$16,642,235	\$16,611,064
40	3	2017 Accumulated Depreciation	Total Accumulated Depreciation Ending Balance	(\$108,231,793)	(\$108,262,964)
41	3	2017 Accumulated Depreciation	Net Capital Assets Ending Balance	\$220,690,649	\$220,659,478
42	3	2017 Net Capital Assets by College	WSC Furniture, Fixtures, and Equipment	\$969,356	\$938,194
43	3	2017 Net Capital Assets by College	NSCS Office Furniture, Fixtures, and Equipment	\$2,384,382	\$2,384,373
44	3	2017 Net Capital Assets by College	Total Furniture, Fixtures, and Equipment	\$5,199,999	\$5,168,828
45	3	2017 Net Capital Assets by College	WSC Net Capital Assets	\$103,707,892	\$103,676,730
46	3	2017 Net Capital Assets by College	NSCS Office Net Capital Assets	\$2,384,382	\$2,384,373
47	3	Interest Expense Capitalized (narrative)	2017 Total Interest Expense	\$2,161,739	\$2,139,885
48	4	2017 Long-term Liabilities	Long-Term Liabilities Corp. Bonds Ending	\$33,360,000	\$35,360,000

NEBRASKA STATE COLLEGE SYSTEM

EXHIBIT E

FOOTNOTE ERRORS

FYE 6/30/2017

Error	Footnote	Footnote Section	Description of Item Changed	Initial	Revised
49	4	2017 Long-term Liabilities	Acc. Comp. Absences Additions	\$274,067	\$352,991
50	4	2017 Long-term Liabilities	Acc. Comp. Absences Ending Balance	\$3,924,048	\$4,002,972
51	4	2017 Long-term Liabilities	Acc. Comp. Absences Current Portion	\$347,527	\$353,052
52	4	2017 Long-term Liabilities	Other Liabilities Additions	\$112,160	\$12,160
53	4	2017 Long-term Liabilities	Other Liabilities Ending Balance	\$710,135	\$610,135
54	4	2017 Long-term Liabilities	Total Other Long-term Liab. Additions	\$3,346,192	\$3,329,132
55	4	2017 Long-term Liabilities	Total Other Long-term Liab. Deductions	(\$1,208,031)	(\$1,212,047)
56	4	2017 Long-term Liabilities	Total Other Long-term Liab. Ending Balance	\$8,346,299	\$8,325,223
57	4	2017 Long-term Liabilities	Total Other Long-term Liab. Current Portion	\$708,238	\$713,763
58	4	2017 Long-term Liabilities	Total Long-term Liab. Additions	\$32,866,192	\$32,849,132
59	4	2017 Long-term Liabilities	Total Long-term Liab. Deductions	(\$17,688,939)	(\$17,672,955)
60	4	2017 Long-term Liabilities	Total Long-term Liab. Ending Balance	\$86,454,322	\$88,433,246
61	4	2017 Long-term Liabilities	Total Long-term Liab. Current Portion	\$5,338,010	\$5,343,535
62	4	2017 Long-term Liabilities	Total Long-term Debt Ending Balance	\$78,108,023	\$80,108,123
63	5	Future Noncancellable Operating Lease Payments	2018	\$299,024	\$306,360
64	5	Future Noncancellable Operating Lease Payments	2019	\$189,990	\$193,826
65	5	Future Noncancellable Operating Lease Payments	2020	\$86,556	\$90,392
66	5	Future Noncancellable Operating Lease Payments	2021	\$35,064	\$38,900
67	5	Future Noncancellable Operating Lease Payments	2022	\$0	\$3,197
68	5	Future Noncancellable Operating Lease Payments	Total	\$610,633	\$632,675
69	5	Added the following: "The NSCS's operating lease payments for the year ended June 30, 2017 and June 30, 2016 were \$883,761 and \$862,359, respectively."			
70	6	Condensed Statement of Net Position	2017 Other Non-current Assets	\$5,590,068	\$6,590,068
71	9	Construction Contracts (narrative)	2017 Remaining Construction Commitments	\$21,715,427	\$11,405,000
72	9	Construction Contracts (table)	CSC 2017 Remaining Construction Commitments	\$582,180	\$582,000

NEBRASKA STATE COLLEGE SYSTEM

EXHIBIT E

FOOTNOTE ERRORS

FYE 6/30/2017

Error	Footnote	Footnote Section	Description of Item Changed	Initial	Revised
73	9	Construction Contracts (table)	PSC 2017 Remaining Construction Commitments	\$6,190,247	\$5,751,000
74	9	Construction Contracts (table)	WSC 2017 Remaining Construction Commitments	\$14,943,000	\$5,072,000
75	10	Restricted Net Position (narrative)	FY17 Restricted Net Position	\$16,742,517	\$16,792,517
76	11	Footnote completely revised as the South Sioux City College Center agreement had been revised but the footnote had not been updated from the prior year.			
77-107	12	Footnote should be word for word copy from Foundation audit reports, but 31 errors were required to change amounts, add amounts, change wording, and change tables.			

NEBRASKA STATE COLLEGE SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS ERRORS
 FYE 6/30/2017

EXHIBIT F

Error	Section	Item	Initial	Revised
1	Condensed Statement of Net Position	Title Change from "2015 As Reinstated" to "...Restated"		
2	Condensed Statement of Net Position	2015 Current Assets	\$62,101,761	\$58,634,961
3	Condensed Statement of Net Position	2015 Total Assets	\$273,332,863	\$269,866,063
4	Condensed Statement of Net Position	2015 Net Investment in Capital Assets	\$153,052,380	\$153,547,782
5	Condensed Statement of Net Position	2016 Restricted Net Position	\$24,960,626	\$24,984,626
6	Condensed Statement of Net Position	2015 Restricted Net Position	\$25,154,012	\$25,144,114
7	Condensed Statement of Net Position	2015 Unrestricted Net Position	\$21,798,486	\$21,312,982
8	Condensed Statement of Net Position	2016 Total Net Position	\$207,478,176	\$207,502,176
9	Condensed Statement of Net Position	Title Change from "2016 As Reinstated" to "...Restated"		
10	Condensed Statement of Net Position	Title Change from "2015 As Reinstated" to "...Restated"		
11	Condensed Statement of Net Position	2015 Tuition and Fees	\$26,790,711	\$26,968,650
12	Condensed Statement of Net Position	2015 Total Operating Revenues	\$61,963,775	\$62,141,714
13	Condensed Statement of Net Position	2015 Operating Expenses	\$112,622,544	\$112,800,483
14	Condensed Statement of Net Position	2015 Interest on Capital Asset-Related Debt	(\$1,245,149)	(\$1,235,376)
15	Condensed Statement of Net Position	2015 Other Non-operating Revenues	\$36,912	\$27,139
16	Condensed Statement of Net Position	2016 Loss before Other Revenues, Expenses, or Gains	(\$887,667)	(\$1,064,810)
17	Condensed Statement of Net Position	2015 Loss before Other Revenues, Expenses, or Gains	(\$1,838,972)	(\$1,829,569)
18	Condensed Statement of Net Position	2015 Net Other Revenues, Expenses, or Gains	\$11,622,161	\$13,451,730
19	Condensed Statement of Net Position	2015 Increase in Net Position	\$11,612,758	\$11,622,161
20	Change in Net Position (narrative)	Change in Net Position Percentage from 2015 to 2017	6.00%	6.10%
21	Change in Operating Revenues (narrative)	Operating Revenues Change Percentage from 2015	4.30%	4.00%
22	Change in Operating Expenses (narrative)	2015 Operating Expenses	112.6 million	112.8 million
23	Change in Capital Assets (narrative)	Changed "these two accounts" to "cash and long-term debt"		
24	Change in Capital Assets (narrative)	Increase in Net Capital Assets during FY17	3.3 million	16.5 million
25	Increase in tuition and fees (narrative)	Increase in Tuition and Fees from 2015 to 2017	14.30%	13.50%
26	Long-term liabilities at 6/30/2017 (narrative)	2017 Accrued Compensated Absences	3.9 million	4.0 million
27	Long-term liabilities at 6/30/2017 (narrative)	Added "million" after \$24.0 for additional debt sentence		
28	Economic Outlook (narrative)	Added \$ before 50,308,078		

From: Ryan Hix
Sent: Wednesday, July 26, 2017 10:02 AM
To: Kaye Young <kayoung1@wsc.edu>
Subject: Auditors

I wanted to email you to report exactly what happened with the Minnesota State Football Game file.

After the game was completed on 11/5/16, I took the cash boxes back to my office. I locked them in a file cabinet until Monday. On 11/7/16 (Monday), I ran the Daily Sales Summary report on the UniversityTickets system. When I ran that report, the numbers matched what I had in my cash boxes (\$2,683.00). Both in Cash and in Checks. Since those numbers matched what I had, I deposited the funds with the Business Office. I do not recall adjusting any reports back when they were originally ran.

On 7/10/17 Kaye Young emailed me and requested more documentation for the gate receipts for the Minnesota State Football Game. She requested documents to support the deposit such as beginning and ending drawer balances, sales reports, and/or documentation of the review of such reports. On 7/11/17 I sent Kaye a PDF of everything I had in that file that would pertain to her request. Those would include the Cash Drawer sheets, Deposit receipt, transmittal, and Daily Sales Summary that was originally ran on 11/7/16 and had in the game file (\$2,683.00).

On 7/13/17, Kaye emailed requesting more documentation on the Minnesota State football game. She was requesting a report to show the breakdown of the tickets sold for that game. On 7/14/17 I ran the Sales by Price report on UniversityTickets system that had a total of \$2,883.00. After running that report, I realized it did not match my deposit amount or my Daily Sales Summary report that was ran on 11/7/16 and in the file. At that time, I ran another Daily Sales Summary report to see where the difference could be and I noticed that the checks were off by \$25 and the cash was off by \$175 with the total difference being \$200. I tried and tried to remember if anything was different about that day or the sales, but could not come up with anything. I went into a slight panic mode when I realized that there was a difference in the Daily Sales Summary that was in my File (ran on 11/7/16) and the Daily Sales Summary that I ran on 7/14/17. The only thing I could think of to do was to change the Sales by Price report to match the Daily Sales Summary (11/7/16) in my file, as I could not remember anything as to why there was a difference.

On 7/25/17, the auditors were in the Athletics Offices and were asking why the report that I had sent to Kaye was different than a report they had run that day. The report they ran on 7/25/17 had the same numbers that were on the 7/14/17 report ran by me. They asked me if I had done anything to alter the report and I didn't know what to say, knowing it was not a good thing that I had edited a report on 7/14/17. I told them that I did not change anything and did not know why they were different. I knew at the time that what I had done was wrong when I changed the Sales by Price report on 7/14/17, however, I know that I did not take any money from the college. I do not have an explanation as to why the Daily Sales Summary reports were different from 11/7/16 to 7/14/17. I knew that the Sales by Price report needed to match the Daily Sales Summary report that I had in my file (11/16/17), so I changed it to match. That is the only thing I did wrong.

I apologize for the dishonesty to the auditors. I didn't know what to say to them when they asked because I knew changing the Sales by Price report was wrong. I will say, with absolute conviction though, that no money was taken from the College. I just simply freaked out when they weren't the same and tried to make it up the best I could.

Please accept this email as an explanation and apology for what occurred. Again, I absolutely stand by the fact that I did not take any money from the college. I made a terrible choice in the way I handled the situation, and I acknowledge that.

Respectfully,

Ryan Hix