

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
JULY 1, 2017, THROUGH DECEMBER 31, 2018**

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Issued on June 28, 2019

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

BACKGROUND

Nebraska Department of Health and Human Services (DHHS) Program 262 – Public Health Administration (Program 262) supports administrative costs for the Office of the Division of Public Health Director/Chief Medical Officer; the Environmental Health Unit; the Fraud Investigation and Program Evaluation Review programs of the Investigations Unit; the licensure and certification of health care facilities and services; the licensure of childcare programs, group homes, child-caring, and child-placing agencies, all of which are part of the Licensure Unit; Vital Records and Statistics; the Public Health Support Unit; the Community and Rural Health Planning Unit; and the Oral Health and Dentistry, Sexually Transmitted Disease Prevention and Control, HIV/AIDS Surveillance, and Tuberculosis programs.

DHHS Program 179 – Public Health was merged with Program 262 beginning July 1, 2017.

Community and Rural Health Planning

Program 262 supports administrative costs for two programs within the Community and Rural Health Planning Unit. The purpose is to support local Emergency Medical Services (EMS) services and providers, enhance emergency medical response, and advocate for people with developmental disabilities and their families.

Environmental Health Unit

The Environmental Health Unit assures Nebraska has quality drinking water and protection from environmental hazards, inappropriate sources of ionizing radiation, poor indoor air quality, and toxic conditions.

The Office of Drinking Water and Environmental Health inspects domestic water wells under a voluntary program. The Office of Drinking Water and Environmental Health is also responsible for licensing swimming pools, mobile home parks, and recreation camps. The Office of Drinking Water and Environmental Health also inspects day care centers, schools, and public institutions for sanitation and food safety, and investigates nuisance complaints.

The Office of Public Health Environmental Laboratory Services is responsible for providing reliable and accurate test results on samples of water and air. Blood alcohol samples are tested for law enforcement agencies.

Health Promotion Unit

The Health Promotion Unit includes programs that prevent disease and promote healthy lifestyles. Program 262 supports administrative costs for several programs in the Health Promotion Unit: Office of Oral Health and Dentistry, Tuberculosis, HIV/AIDS Surveillance, Sexually Transmitted Disease Prevention and Control, and Hepatitis Prevention programs.

Licensure Unit

Program 262 funds are allocated to the Licensure Unit to support licensure and certification of health care facilities and services. Program 262 funds onsite inspections required to issue licenses and certifications to the following: hospitals, ambulatory surgical centers, laboratories, and health clinics; behavioral health and developmental disabilities facilities; entities that provide care and services to children; community based developmental disabilities service providers; assisted living facilities and nursing homes; and outpatient and in-home care services including dialysis centers, home health agencies, hospice services, children's day health services, and adult day services.

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BACKGROUND
(Concluded)

Investigations Unit

The Special Investigations Unit (SIU) is responsible for the investigation of recipient fraud in all public assistance programs, such as SNAP (Food Stamps), ADC/TANF (Temporary Assistance to Needy Families), AABD (Assistance to the Aged, Blind, or Disabled), energy and other entitlement programs; and childcare provider and recipient fraud.

Quality Control is required by Federal law for each state for the SNAP program. Federal law and guidance also drives the reviews completed for the Medicaid and Child Support programs.

Epidemiology & Informatics Unit

The Office of Epidemiology responds to reports and outbreaks of acute diseases of public health significance and is responsible for infectious disease surveillance, including but not limited to, foodborne illnesses, vaccine-preventable diseases, influenza, vector borne diseases, and animal-related diseases such as rabies and West Nile virus. The Office of Epidemiology also coordinates with bioterrorism surveillance and is responsible for developing automated surveillance of public health conditions through interfaces with electronic health records in clinics, hospitals, and laboratories.

The Office of Health Statistics is responsible for health data collection and distribution. This data is used to track changes in behaviors over time (e.g. smoking, seat belt usage, exercise, and nutrition), as well as to provide other information related to health care, such as insurance coverage and use of preventive procedures.

The Injury Surveillance Program is responsible for providing epidemiological and data support to injury prevention and control activities. The Injury Surveillance Program has expanded to include drug use surveillance – in particular, to focus efforts on the emerging issue of opioid overdoses.

Public Health Preparedness and Emergency Response

The Office of Public Health Preparedness and Emergency Response includes programs that seek to prepare the healthcare and public health systems to respond to public health and other emergencies. This Office collaborates with State, county, and private agencies to prepare and test Nebraska's capacity to respond to bioterroristic threats and events and other public health emergencies. The programs in this Office include: Public Health Emergency Preparedness, the Hospital Preparedness Program, Cities Readiness Initiative, as well as Zika Public Health Response and several Ebola Virus Disease projects.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Executive Management

Name	Title
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Bo Botelho	Chief Operating Officer and Interim Director, Division of Public Health
Ryan Daly	Financial Officer, Division of Public Health

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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SUMMARY OF COMMENTS

During our examination of the Nebraska Department of Health And Human Services (DHHS) Program 262 – Public Health Administration (Program 262), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2, “Vital Records Petty Cash”; #3, “Fees and Fund Balances”; #4, “Contract Payments”; and #5, “Journal Entries,” which are considered to be significant deficiencies, and Comment #1, “Internal Control Over Revenues,” which is considered to be a material weakness.

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

1. ***Internal Control Over Revenues:*** We noted a lack of segregation of duties in several areas, including Vital Records, Environmental Health programs, the Licensure Unit, and the Radon unit. We also noted monies being held and not deposited timely, checks not being restrictively endorsed, cash being sent through the mail, and documentation not being maintained to support compliance with State laws and regulations.
2. ***Vital Records Petty Cash:*** During testing of the petty cash bank account, we noted terminated employees were not removed timely from authorization; accounting records were not accurate; records were not provided timely; and outstanding checks were not remitted to unclaimed property.
3. ***Fees and Fund Balances:*** Ten of 11 fees selected did not have adequate support for the rate set. Seven of 15 cash fund balances reviewed appeared excessive. We also noted that health care facility fees have not changed in over 19 years and do not appear to be sufficient to cover the associated costs of the Health Care Facility Licensure Act.
4. ***Contract Payments:*** One contract tested paid \$210,000 before services were performed. Another contract tested was not adequately reviewed, and documentation was not adequate to support that the payment was in accordance with the contract, and costs were allowable.
5. ***Journal Entries:*** Journal entries to move indirect costs to various funds and programs were not accurate or adequately supported. DHHS did not have adequate procedures to review postage, copy services, and printing services billings. No adjustment was made in the accounting system for the \$1,010,387 in errors, from July 1, 2015, through December 31, 2017, noted in the Well Drillers Fund attestation.
6. ***Travel Expenditures:*** Three of six travel expenditures tested were not reasonable and/or not in accordance with State and Federal requirements.
7. ***State Vehicle Usage:*** Vehicle logs were not completed properly per State statute. Mileage did not appear reasonable. DHHS was unable to provide DAS approval for vehicles assigned on a 24-hour basis for two employees.
8. ***Payroll Issues:*** Vacation leave balances were not properly carried over at year-end, documentation to support sick leave was not on file, and four system IDs were not assigned to a specific employee.

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SUMMARY OF COMMENTS
(Concluded)

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of Program 262.

Draft copies of this report were furnished to DHHS to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

1. Internal Control Over Revenues

We noted several areas in which internal controls over revenues were inadequate, including the following:

- Lack of segregation of duties in several areas.
- Checks not restrictively endorsed.
- Checks held and not deposited timely, as required by statute.
- Vital Records sending cash through the mail.
- Vital Records not maintaining certificate applications or proof of identity.
- Three Health Lab staff members having unnecessary access to accounting system functions.
- Licensure Unit receipts not adequately secured.

Neb. Rev. Stat. § 84-710 (Reissue 2014) requires any money belonging to the State to be deposited with the State Treasurer within three business days of receipt when the amount is \$500 or more, and within seven days of receipt when the amount is less than \$500.

Good internal control and sound business practices require procedures to ensure the following: 1) a proper segregation of duties is implemented, so no one individual is capable of handling all phases of a process from beginning to end; 2) receipts are properly secured, and cash is not sent through the mail; and 3) checks are restrictively endorsed immediately upon receipt, and all monies received are deposited timely to the State Treasurer.

Vital Records

Vital Records maintains records, such as birth, death, marriage, and dissolution of marriage certificates, for events that occur in the State of Nebraska. Upon payment of the required statutory fee, and satisfactory proof of identity and proper purpose, Vital Records can issue certified copies of these records or amend original records. For the period July 1, 2017, through December 31, 2018, Vital Records receipts for Sales and Charges totaled \$3,304,194.

There was a lack of segregation of duties, as several employees were able to open mail or receive payments, process the payment in Netsmart VRS (Vital Records System), and complete the application process. The individuals who complete the balancing and prepare the deposits are also able to open mail, receive payments, process the payment, and complete the application process. In addition, we noted that all Vital Records employees are able to make changes in Netsmart VRS, such as date of birth or spelling of a name, as there are no security roles assigned. All employees are also able to waive fees and process the application using the fee type as “other.” When this fee type is used, the fee is noted as \$0. The certified copy could be printed without collecting or depositing a fee.

No money is deposited until the application is reviewed to ensure there is a proper purpose, proof of identity, and the correct fee amount was received. If the application is denied, Vital Records will send back the application and the fee whether it is a check or cash. No log is kept of the applications and fees received that have been returned.

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Continued)

The Netsmart VRS Payment Report shows the payment types for each register, including credit card, internet, cash, and checks. The Netsmart VRS Reconciliation Summary Report breaks out the different certificate types and amounts collected. Per discussion with staff, the system does not allow the Reconciliation Summary Report to remove items that have changed. For 1 of 15 deposits tested, the two reports did not agree, and DHHS did not maintain documentation to support that the change was appropriate. The Payment Report total was \$8,177, which is the amount deposited. The Reconciliation Summary Report total was \$8,211, a \$34 variance. Two birth certificate copies were not included, and no support was maintained to show why the change was made and \$34 removed.

It was the practice of Vital Records to hold all monies received five to six days prior to month end and not deposit the funds until the first of the month. The Vital Records Supervisor was under the mistaken impression that this was required by the State Treasurer.

During an April 30, 2019, cash count of Vital Records, we noted that 331 of 774 checks held, totaling \$6,994, were not restrictively endorsed. When the application is processed and the search for the record is completed in the Vital Records software system, the check is endorsed. The check is not endorsed when the mail is opened.

The cash count also noted two days of deposits, totaling \$10,759, that were not deposited timely with the State Treasurer. The deposit, totaling \$5,112, for fees processed on April 24, 2019, was deposited on May 2, 2019, or two days late, and the deposit, totaling \$5,647, for fees processed on April 25, 2019, was deposited on May 2, 2019, or one day late.

An application may not be processed for one or two days after being received, and once the application is processed, the application noting the actual date the fee is received is returned to the customer. Therefore, we were unable to determine when the fees were actually received. It is likely many of the fees processed on April 24, 2019, and April 25, 2019, and deposited on May 2, 2019, were received prior to those dates. In addition, 2 of 15 Vital Records receipts tested were deposited with the State Treasurer three to four days late.

We also noted the Department of Health and Human Services (DHHS) did not maintain the applications or required proof of identity to demonstrate compliance with State requirements. During our testing, we were unable to verify the individuals who requested certified copies and provided adequate proof of identity, as Vital Records did not maintain this information. Application information, including the purpose, is entered into Netsmart VRS; however, information regarding the proof of identity is not recorded.

Neb. Rev. Stat. § 71-612(1) (Reissue 2018) states, in part, the following:

The department shall supply to any applicant for any proper purpose, as defined by rules and regulations of the department, a certified copy of the record of any birth, death, marriage, annulment, or dissolution of marriage or an abstract of marriage. The department shall supply a copy of a public vital record for viewing purposes at its office upon an application signed by the applicant and upon proof of the identity of the applicant.

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COMMENTS AND RECOMMENDATIONS
(Continued)

1. Internal Control Over Revenues (Continued)

Per Title 174 NAC 3-003.05C, in order to obtain a certified copy, the applicant must do the following:

Provide name and address, telephone number, and proof of identity. More than one document showing proof of identity may be required.

Title 174 NAC 3-002 defines proof of identity as follows:

[D]ocumentation issued by a federal, state, or local political subdivision, corporation, or other entity, that contains a photograph of the applicant and facts identifying the applicant or other documentary evidence establishing identity.

We further noted that, for 1 of 15 receipts tested, proof of identity was not on file to amend an adoptive birth certificate, and the fee for the amended certificate was not charged, as required by statute. From discussion with DHHS staff, it is regular practice to waive copy replacement fees if the first certified copy is returned to DHHS after issuance; however, this violates State statute unless DHHS made an error or determines the payment would be a hardship for the claimant of old age, survivors, or disability benefits under the Federal Social Security Act to pay the fee.

Neb. Rev. Stat. § 71-634 (Reissue 2018) states, in part, “The department shall collect the fees required by section 71-612 for a certified copy of the amended record. All fees for a certified copy shall be handled as provided in section 71-612.”

Neb. Rev. Stat. § 71-627 (Reissue 2018) states, in part, the following:

(1) [T]he department shall charge and collect the same fee as prescribed in subsection (1) of section 71-612 for each certificate filed

(2) Upon request and payment of the fees required by section 71-612, a certified copy of an adoptive birth certificate shall be furnished by the department. All fees for a certified copy shall be handled as provided in section 71-612.

Neb. Rev. Stat. § 71-612(3) (Reissue 2018) states the following:

The department may, free of charge, search for and furnish a certified copy of any record or abstract of marriage on file with the department when in the opinion of the department it would be a hardship for the claimant of old age, survivors, or disability benefits under the federal Social Security Act to pay the fee provided in this section.

Per Neb. Rev. Stat. § 71-638 (Reissue 2018), documentary evidence must be provided to support the amendment:

Applications for amendments to vital records made one year or more after the event, unless otherwise provided in the regulations or by law, shall be supported by (1) an affidavit setting forth information to identify the certificate, the incorrect data as it is listed on the certificate, and the correct data as it should appear; and (2) two or more items of documentary evidence which support the alleged facts and which were established at least five years prior to the date of application for amendment or within seven years of the date of the event.

Neb. Rev. Stat. § 71-644 (Reissue 2018) requires that a “record shall be maintained which identifies the evidence upon which the amendment was based, the date of the amendment, and the identity of the person making the amendment.”

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Continued)

Nebraska Records Retention and Disposition Schedule 150-3-1-1-21, as issued by the Nebraska State Records Administrator, requires the original documentary evidence in support of requested corrections or revisions to be microfilmed and destroyed and the microfilmed copy to be retained permanently.

When there is a lack of adequate segregation of duties, there is an increased risk of fraud or misuse of funds. When funds are unnecessarily held, there is an increased risk of fraud or misuse of funds, as well as noncompliance with State statute. Additionally, when cash is mailed, there is an increased risk of the money being lost in transit or misappropriated.

When adequate documentation is not maintained to support compliance with State requirements, there is an increased risk for a certificate to be issued inappropriately, which increases the risk for identity theft.

Public Health Environmental Laboratory (Health Lab)

During a cash count of the Health Lab on April 16, 2019, we noted that 7 of 39 checks, totaling \$123, were not restrictively endorsed. Six checks were dated from March 21, 2019, to April 2, 2019. Based on the check dates, it appears the checks were being held because there was no invoice to apply the money to at the time the payment was received. Payments were reviewed at invoicing to determine if any money had a corresponding account that it could be applied to; if so, the check is processed and deposited. We also noted that one check dated April 15, 2019, and \$6 in cash received on April 16, 2019, were being held until testing was completed. The earliest these funds would be deposited would be after invoices were created in the middle of May 2019.

The Health Lab creates invoices on a monthly basis after the testing has been completed. Some customers may pay their fees in advance, and others are required to prepay due to a history of insufficient checks. In these cases, the monies received are held until the testing is complete, and the invoice is created during the monthly process.

During review of staff access to accounts receivable functions in EnterpriseOne (the State accounting system), we noted three Health Lab staff members that had access to functions within the system that were not required to perform their job duties. All three staff members have AR36 EnterpriseOne access. This access allows the employee to prepare and approve deposits, prepare and approve invoices, apply cash received to invoices, and process accounts receivable. Health Lab staff prepare and create invoices in EnterpriseOne; however, DHHS Accounting staff apply cash received to invoices and prepare and approve deposits in EnterpriseOne. Therefore, these three employees have access in the system to accounts receivable functions that are not required to perform their job duties.

Without adequate procedures to safeguard and deposit receipts with the State Treasurer in a timely manner, there is an increased risk for not only the loss or theft of funds but also the violation of State law. With excessive access to accounts receivable functions within EnterpriseOne, there is an increased risk for the misappropriation of assets.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Continued)

Environmental Health

During review of the procedures over monies received and deposited for Environmental Health programs administered jointly by DHHS and the Department of Environmental Quality, we noted there was a lack of adequate segregation of duties over money received and deposited into Funds 22002, 22003, and 22053. Total receipts for these three funds for the period tested was \$1,054,062. These funds are sub-funds of the Health and Human Services Cash Fund 22550.

- Plan Review Fund 22002: One individual (Staff Assistant) received the mail after it was opened, entered the checks received into the database that generates the receipts acknowledging receipt of funds, and also reviewed the spreadsheet of receipts deposited prepared by DHHS Accounting. A secondary person should review the spreadsheet of receipts deposited from DHHS Accounting to ensure the fee received was actually deposited before the letter acknowledging receipt of the plan review fee is sent.
- Public Water Supply Fund 22003: DHHS issues licenses to individuals who meet the requirements to make process control or system integrity decisions about water quality or quantity in public water systems. We noted that one person was able to handle a transaction from beginning to end. The Environmental Quality Program Specialist received applications, received monies at water operator training courses, recorded cash receipts in the log, issued the applications for a water operator license, and prepared invoices. The duties of handling cash receipts and recording the receipts in the log should be separated from the issuance of the application to obtain a water operator license.
- There are times when applicants bring the fee to the training course rather than sending it to Lincoln. Training courses are held throughout the State; some are two-day courses, and others last all week. The Program Specialist collected fees on the first day of the course, which could consist of checks or cash. Once back in the North Platte, NE, office, the Program Specialist recorded the money received into the log of receipts and then mailed the money to Lincoln, NE, for deposit. Therefore, these receipts would not be deposited timely, as required by statute. In addition, the practice of sending cash in the mail should be discontinued.
- Consumer Health Sanitation Fund 22053: One individual received the mail after it had been opened, entered the checks received into the database, generated the license or permit from the database, took the checks to the person responsible for delivering them to DHHS Accounting for deposit, and reviewed the spreadsheet prepared by DHHS Accounting of receipts deposited. The duties of handling cash receipts and recording the receipts in the database should be separated from the issuance of the license or permit.
- Checks received in the mail and opened at the Department of Environmental Quality, located in Lincoln, NE, or received at water operator training courses across the State were not immediately endorsed upon receipt. Instead, they were endorsed by DHHS Accounting during the deposit process.
- We noted that two of eight Environmental Health receipts were not deposited timely, as required by State statute. The receipts were deposited four and seven days late.

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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Continued)

Licensure Unit

For the Licensure Unit, Program 262 includes licensing for facilities, services and establishments, childcare licensing, and child placing agencies. Licensure will track fees, and DHHS Accounting is responsible for depositing the money and entering the fees into EnterpriseOne. Receipts are deposited to various funds, including the Licensure and Standards Fund 22035, the Pharmacy Fund 22036, the Wholesale Drug Distributor Fund 22032, the Medication Aide Fund 22034, and the Well Drillers Fund 22001, which are all sub-funds of the Health and Human Services Cash Fund 22550. The Licensure Unit also deposits receipts to the Childhood Care Cash Fund 22630. Program 262 receipts for these six funds totaled \$3,635,207 for the period July 1, 2017, through December 31, 2018.

No procedures exist to ensure that checks received are endorsed immediately, or money on hand is secured throughout the day. For example, money received in the Licensure Unit is not secured during the day; rather, it is placed in staff mailboxes or on their desks behind the unit's locked doors. However, per DHHS, there were 141 Licensure Unit staff at June 30, 2018, who had access to the locked doors.

There was a lack of adequate segregation of duties over financial processes for the Outpatient and In-Home Services program area, including Home Health, Hospice, Adult Day Health, Child Day Health, and Respite. One individual was able to handle a transaction from beginning to end. The Staff Assistant received the mail after it was opened, reviewed the paperwork submitted along with the check, took the checks to the person responsible for delivering the checks to DHHS Accounting for deposit, reviewed the spreadsheet prepared by DHHS Accounting of receipts deposited, and issued the licenses.

Radon

The Radon unit lacked an adequate segregation of duties over its financial processes. The Radon Fund 22056 is a sub-fund of the Health and Human Services Cash Fund 22550. DHHS provides for the licensure of radon measurement specialists, radon measurement businesses, radon mitigation specialists, and radon mitigation businesses. The Radon Fund had \$384,049 in receipts from fees and licenses for the period.

The monthly mitigation fees received for Radon are received and recorded by the Staff Assistant. The Staff Assistant also takes the fee received to DHHS Accounting to process and deposit. Currently, there is no supervisory or second review of the radon payments received and comparison to the monthly mitigation reports to ensure the correct amounts are received and deposited.

Well Drillers

During testing of two receipts and one refund for the Well Drillers Fund 22001, we noted the following:

- One receipt tested was deposited five days late.
- One receipt tested was an online renewal that did not include the required attestation of good character. Paper applicants sign a statement attesting they are of good character but the online renewal does not include the applicant is of good character. Title 178 NAC 10-008.02(1)(d)(1) directs each applicant to indicate that, among other things, he or she is "of good character."

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Continued)

- The refund tested was not paid timely. Applicants for a well driller license may receive a refund if they do not pass the exam within 12 months of their application submission. The individual applied April 25, 2017, and subsequently failed his exams. The refund was not paid until October 5, 2018. The applicant would have been eligible for a refund April 25, 2018.
- DHHS did not have any procedures for reviewing applicants who needed a refund or ensuring that applicants who were due a refund actually received one. DHHS created a monthly pending applications report; however, program staff have not yet run the report or implemented procedures for its review.

A similar finding was noted in the Well Drillers Fund report for the period July 1, 2015, through December 31, 2017.

A good internal control plan requires procedures to ensure well driller licensees' files have all the required documentation maintained, the renewal process for well driller licensees contains all required information, and refunds are issued timely.

Without such procedures, there is an increased risk of not only noncompliance with rules and regulations, but also individuals being licensed incorrectly. In addition, there is an increased risk of individuals either not receiving money due to them timely or receiving money not due to them, resulting in a loss of State funds.

When there is a lack of adequate segregation of duties and checks are not immediately endorsed upon receipt, there is an increased risk of fraud or misuse of funds. When cash receipts are mailed, there is an increased risk of not only noncompliance with State statute but also the money being lost in transit or misappropriated.

We recommend the following:

- DHHS implement procedures to ensure no one person is able to handle all phases of a transaction from beginning to end.
- DHHS discontinue sending cash through the mail.
- DHHS endorse checks immediately upon receipt.
- DHHS take steps to ensure all monies received are promptly deposited to the State Treasurer in accordance with statute.
- DHHS review staff access to accounts receivable functions in EnterpriseOne and limit staff access to only those system functions required to perform their job duties.
- DHHS maintain documentation to support compliance with State requirements.
- DHHS establish procedures to ensure all pending applications and refunds are reviewed and issued timely.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

1. Internal Control Over Revenues (Concluded)

DHHS Response: The Department agrees with the conditions noted. The Department will take steps to ensure that checks are endorsed upon receipt. Segregation of duties within the Environmental Health Laboratory will be addressed by removing the AR36 EnterpriseOne profile from laboratory staff. Similarly, the Radon program has implemented a multi-step process that ensures a second staff member is involved in the deposits process prior to checks going to the Accounting Unit. Additionally, steps are being taken to reduce the volume of physical check or cash deposits with the implementation of online payment platforms within both the Radon Program and Vital Records office.

2. Vital Records Petty Cash

During testing of the Vital Records and Statistics (Vital Records) petty cash bank account, we noted the following:

- The petty cash bank account's authorized users were not updated timely.
- The book balance and accounting records were not accurate.
- Bank records were not provided to the Nebraska Auditor of Public Accounts (APA) timely, as required by State statute.
- At least 26 checks, totaling \$279, were outstanding for over three years but had not been reported and remitted to the State Treasurer in compliance with State statute.
- The petty cash account was not reconciled to the authorized amount of \$1,000.

Neb. Rev. Stat. § 71-612(4) (Reissue 2018) provides, in relevant part, the following:

Money credited to the fund [Health and Human Services Cash Fund] pursuant to this section shall be used for the purpose of administering the laws relating to vital statistics and may be used to create a petty cash fund administered by the department to facilitate the payment of refunds to individuals who apply for copies or abstracts of records. The petty cash fund shall be subject to section 81-104.01, except that the amount in the petty cash fund shall not be less than twenty-five dollars nor more than one thousand dollars.

Neb. Rev. Stat. § 81-104.01 (Reissue 2014) states, as is relevant, the following:

Whenever a need exists, the executive head of any agency of state government may make application to the Director of Administrative Services and the Auditor of Public Accounts to establish and maintain a petty cash fund . . . Such application shall specify the purpose for which the fund is to be used.

The Petty Cash Fund Application signed by the Department of Administrative Services (DAS) State Accounting Division and the APA authorized the petty cash fund for \$1,000. Per the check register, \$4,267 in checks were written on the petty cash account for the period July 1, 2017, through December 31, 2018, checks.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Vital Records Petty Cash (Continued)

Terminated Employees Not Removed as Authorized Signers Timely

The November 2, 2015, Comprehensive Annual Financial Report (CAFR) Management Letter identified three individuals who were not removed timely as authorized signers on the petty cash bank account after their employment with Vital Records was terminated. The terminated signers were not removed from the account until August 22, 2018. We noted two additional employees that were not removed timely. The terminated users were removed from the account between 63 days and 16 years after their termination date. See the chart below.

Employee	Date Terminated	Date Removed from Bank Account	Length of Time Between Termination and Removal
Lori Morton	Since 2002*	8/22/2018	Over 16 years
Carolyn Allen	5/12/2005	8/22/2018	13.3 years
Jerry Fischer	7/7/2015	8/22/2018	3.13 years
Stanley Cooper	6/20/2018	8/22/2018	63 days
Reni Blome-Higer	10/10/2018	3/20/2019	161 days

*The specific date of termination is unknown; however, the request for removal noted this employee terminated “since 2002.”

A good internal control plan and sound business practices require authorized signature cards for bank accounts containing public funds to be updated in a timely manner after a designated signer terminates employment with the State to ensure only current employees are authorized to access the bank account.

Records Were Not Accurate

During the period tested, \$444 in checks were voided in the check register and added back to the book balance. According to the Accounting Clerk responsible for reconciling the account, a group of checks included the wording “Void after 90 days.” It was the practice until July 2018 to void the checks in the check register after the 90 days and add the amount of the check back to the book balance. This became problematic as checks were being cashed by the bank long after the 90 days, and adjustments had to be made to the book balance to account for the checks clearing the bank. The amounts should continue to show as outstanding checks until they are either cashed by the customer, voided and reissued, or voided and submitted to the State Treasurer as unclaimed property. These refund amounts written to customers are not the property of DHHS.

In addition to checks being erroneously voided, other errors were made in the check register. A check for \$32, included as an outstanding check on the June 30, 2017, bank reconciliation, was reduced again in the check register on July 17, 2017. There was also a \$1 check included on this same bank reconciliation; however, according to notes in the check register, this check cleared for \$16, and this amount was added back to the check register. The amount that cleared the bank was \$17. That amount should not have been added back to the account because the check was cashed.

We tested one reimbursement request for \$945, and the amount requested should have been \$954 – a \$9 variance. The incorrect amount was requested due to a mathematical error.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Vital Records Petty Cash (Continued)

Unclaimed Property and Records Not Provided Timely

Due to the issues noted above, we asked DHHS to provide the check register for fiscal years 2015 through 2017. On May 3, 2019, DHHS provided a QuickBooks register report for calendar year 2016, a check register for April 13, 2017, through June 30, 2017, and a listing of cleared and voided checks from January 2015 through December 2015. The Vital Records Supervisor indicated on the 2015 list of checks that this was all that she could find for 2015. Additionally, she said the computer and QuickBooks record of the petty cash account was lost when the computer was re-imaged several years ago. On May 31, 2019, the Vital Records Supervisor stated that there were additional records in a storage box for 2015, and she provided a register report for January 1, 2017, through April 12, 2017. All of the records requested were not provided until four weeks after our request had been made.

Based on the 2015 list of checks, we identified 26 voided checks from January 22, 2015, to June 25, 2015, totaling \$279, that were not remitted to unclaimed property, as required by State statute.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by any public authority and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 60-1310 (Reissue 2018) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer before November 1 annually.

Neb. Rev. Stat. § 84-305(1) (Cum. Supp. 2018) grants the APA access to “any and all information and records, confidential or otherwise, of any public entity,” which includes DHHS. Subsection (2) of that same statute requires a public entity to respond to a records request by the APA “as soon as is practicable and without delay, but not more than three business days after actual receipt of the request” That subsection also states the following:

No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity.

Furthermore, Neb. Rev. Stat. § 84-305.01 (Cum. Supp. 2018) provides a criminal penalty for failure to comply with the requirements of § 84-305, 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.

The failure of DHHS to respond timely to the APA’s request is an apparent violation of § 84-305.

Not Reconciled to Authorized Amount

The petty cash account is authorized for \$1,000. Vital Records has \$200 cash that is maintained in the office for change. The remaining amount of \$800 should be maintained in the bank account. We noted numerous instances in which the bank balance exceeded \$800; therefore, the total petty cash account exceeded the \$1,000 authorized amount.

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COMMENTS AND RECOMMENDATIONS

(Continued)

2. Vital Records Petty Cash (Concluded)

The Vital Records supervisor during the period appeared to be requesting reimbursement amounts for checks written. Due to entry errors and checks being erroneously voided and added back to the book balance, however, the account does not reconcile to the \$800.

A good internal control plan requires procedures to ensure the following: 1) the petty cash bank account's authorized users are updated timely; 2) the book balance and accounting records are accurate; 3) records requested by the APA are provided timely, in accordance with State statute; 4) property presumed abandoned, including voided checks held for more than three years, is remitted timely to the State Treasurer; and 5) the petty cash account is reconciled to the authorized amount.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of public funds but also failure to comply with State statute.

We recommend DHHS implement procedures to ensure the petty cash bank account signature cards are updated regularly, using the names of current employees only. Terminated employees should be removed promptly. Those procedures should also ensure the petty cash fund is reconciled to the authorized amount and voided entries and other adjustments are researched in order to obtain a correct book balance. We further recommend DHHS work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute. Finally, we recommend DHHS take action to ensure full compliance with § 84-305.

DHHS Response: The Department agrees with the conditions noted. The Department follows the Department of Administrative Services (DAS) State Accounting manual for treatment of petty cash accounts at a high level. DHHS Financial Services will work with division areas to create a formal procedure to oversee petty cash accounts.

3. Fees and Fund Balances

We selected 11 fees to determine whether DHHS had adequate support for the rate set. We also reviewed the revenues, expenditures, and fund balances for 15 sub-funds of the Health and Human Services Cash Fund 22550. The total revenue for the period July 1, 2017, through December 31, 2018, for Cash Fund 22550 was \$16,029,540. We noted the following:

- Ten of the 11 fees selected did not have adequate support for the rate set.
- Seven of the 15 cash fund balances reviewed appeared excessive, which could indicate that fees are too high.

The 15 cash funds reviewed are sub-funds of Fund 22550. Funds may include many programs, allowing revenues and expenditures to be recorded in different programs but still within the same fund. The revenues and expenditures of the 15 cash funds reviewed were all within Program 262.

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees and Fund Balances (Continued)

Good internal control and sound business practices require procedures to ensure that documentation is maintained for how fees are determined, fees are reasonable, and fund balances are reviewed periodically for reasonableness.

Further details regarding these concerns follows.

Fund 22082 Health Laboratory

Fund 22082 revenues have exceeded expenditures every year since at least fiscal year 2014. This indicates that some of the fees charged by the Health Laboratory (Lab) may be too high. We also tested three individual fees, and the supporting documentation was not adequate to ensure the fees were reasonable.

Numerous different fees are charged by the Lab. We tested three fees: Alcohol testing, Colilert, and Nitrate testing. We noted the following:

A review of the rates was not timely. Spreadsheets to calculate fees were prepared in October 2014, but they had not been updated since then.

For all three fees tested, the staff cost per sample was not adequately supported. DHHS took the employees' salary, increased by 37% for fringe benefits and 49% for indirect costs, and then multiplied by three. DHHS took this annual amount and computed a cost per minute. DHHS then multiplied by the number of minutes needed to perform the test to determine the staff cost per sample.

There was no support for the 49% indirect cost rate used, which was higher than the Federally approved indirect cost rate. In addition, although the multiplier of three is set per 177 NAC 5-003, DHHS did not have documentation to support that the multiplier was reasonable. 177 NAC 5-003 states the following:

Where: Cost of Labor = 3 times the cost of the average salary and benefits of Department Laboratory employee(s) who conduct the analysis for the period of time required to complete the test. The multiplier is used to account for employee time spent on laboratory related tasks such as professional training and certification, quality assurance, documentation and reporting, and equipment calibration and cleaning.

The number of minutes needed to complete a test was not adequately supported. Per DHHS, the number of minutes are determined by analysts based on their work experience; however, there was no documentation to support the accuracy of the number of minutes used in the calculation.

Six of eight other costs tested were not adequately supported, as follow:

- Equipment years of service used in calculations did not agree to how many years the equipment was depreciated per the State Accounting system. The years of service per the fee computation was less than that in the State accounting system, which would result in higher fee costs charged. The Lab Manager stated that the years of service used was per industry standard; however, per review of the asset listing, it did not appear the Lab was replacing equipment per the years of service in the fee calculation.

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees and Fund Balances (Continued)

- Equipment in the Nitrate fee calculation totaled \$214,789; however, per the asset listing, the cost of equipment totaled \$163,525, and one of those assets, with a cost of \$56,194, was purchased in 2004 and was fully depreciated. As a result, the equipment cost per sample was excessive.
- A one-time upgrade was charged in full each year instead of pro-rated over the life of the equipment.
- Equipment in the Colilert fee calculation included Precision Incubators that, per the asset listing, were purchased in 2004 and were fully depreciated.
- Supply costs were calculated using the number of tests run per year; however, DHHS did not have documentation to support the accuracy of these numbers. Per the Lab Manager, at the time the fee spreadsheet was created, DHHS used the number of tests for a typical run; however, only a spreadsheet with the counts were maintained. There was no documentation of when or who determined the number, or if the number had been changed. Per the fee instructions, “The count worksheet is very important. It will make the fees go up and down a lot. If you tweek [sic] them every year the fees will be fluctuating back and forth. It is best to hit a happy medium over a few years. If you see a drastic change then change the count . . .”
- The number of tests per year for the Nitrate calculation was not reasonable. DHHS used an estimate of 7,000 tests per year; however, based on a DHHS report, the number of tests per year was 7,806 for 2014. The average number of tests for 2012-2014 was 7,840. Reducing the number of tests per year increases the cost per sample.

To determine if the fee for Alcohol testing was reasonable, we also looked at the fee charged by Douglas County. We noted that the DHHS fee for Alcohol testing was \$105, but the Douglas County fee was only \$30.

Revenues in excess of expenditures from July 1, 2013, through December 31, 2018, totaled \$1,271,784.

Period	Revenues	Expenditures	Excess Revenues Over Expenditures
7/1/13 - 6/30/17	\$ 9,103,071	\$ 8,339,858	\$ 763,213
7/1/17 - 12/31/18	\$ 3,458,995	\$ 2,950,424	\$ 508,571

The balance of Cash Fund 22082 Health Laboratory at December 31, 2018, was \$1,459,679.

Fund 22032 Wholesale Drug Distributor

DHHS did not have adequate support for fees charged for Wholesale Drug Distributor Fund 22032. The balance for Fund 22032 was over 261 months of average expenditures.

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees and Fund Balances (Continued)

We requested supporting documentation for how the initial and renewal license fee of \$550 was determined. DHHS did not have support for how the fee was determined. Per DHHS staff, the fees were developed more than five years ago, and the support that would have been used falls outside record retention requirements.

Neb. Rev. Stat. Section § 71-7450 (Reissue 2018) states, in relevant part, the following:

(2) License fees shall include (a) a base fee of fifty dollars and (b) an additional fee of not more than five hundred dollars based on variable costs to the department of inspections and of receiving and investigating complaints, other similar direct and indirect costs, and other relevant factors as determined by the department.

* * * *

(5) The department shall remit all license fees collected under this section to the State Treasurer for credit to the Health and Human Services Cash Fund. License fees collected under this section shall only be used for activities related to the licensure of wholesale drug distributors, except for the transfer of funds provided for under subsection (6) of this section.

(6) The State Treasurer shall transfer three million seven hundred thousand dollars from the Health and Human Services Cash Fund to the General Fund on or before June 30, 2018, on such dates and in such amounts as directed by the budget administrator of the budget division of the Department of Administrative Services. It is the intent of the Legislature that the transfer to the General Fund in this subsection be from funds credited to the Wholesale Drug Distributor Licensing subfund of the Health and Human Services Cash Fund.

We also noted that revenues have exceeded expenditures every year since at least fiscal year 2015. In fiscal year 2018, the Legislature transferred \$3,700,000 to the General Fund; however, the Fund 22032 balance at December 31, 2018, was still over 261 months of average expenditures.

Wholesale Drug Distributor Fund 22032	
Fund Balance 7/1/17	\$ 4,070,016
Revenues 7/1/17 - 12/31/18	\$ 441,639
Expenditures 7/1/17 - 12/31/18	\$ (52,234)
Excess Revenues for Period	\$ 389,405
Transfer to General Fund	\$ (3,700,000)
Fund Balance 12/31/18	\$ 759,421
# of Months of Expenditures on Hand	261

Funds 22050 X-Ray, 22052 Radioactive Materials, and 22056 Radon

Funds 22050, 22052, and 22056 revenues have exceeded expenditures every year since at least fiscal year 2015. This indicates that some fees charged may be too high.

We tested three fees for Radiological Health programs, and supporting documentation was not adequate to ensure that two of the three fees were reasonable.

During review of the fees for the Healing Arts Diagnostic Dental fee from Radiation Generating Equipment and the Mobile Scanning annual fee from Radioactive Material Licenses, we noted the following:

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees and Fund Balances (Continued)

- Review of rates was not timely. The fees were last analyzed in 2007, and they have not been updated since then.
- The \$70 annual fee for the Healing Arts Diagnostic Dental equipment was set at the maximum allowed charge per Neb. Rev. Stat. § 71-3508.03, effective back in 2007 when the fees were established. The fee was not to exceed the actual cost to DHHS. No documentation was provided to support that the fee was reasonable and did not exceed actual costs. The fee was set to meet a 2009 proposed budget that included salary, benefits, and indirect costs for a new inspector position that was never filled.
- The \$3,900 Mobile Scanning annual fee for Radioactive Material licenses was established based on a relative scale that included risk/inspection priorities, the number of locations, and the average number of licensing actions/types; however, the fee was set to meet a 2009 proposed budget that included costs for a new inspector position that was never filled.

Neb. Rev. Stat. § 71-3508.03(1) (Reissue 2018) states, in relevant part, the following:

The department shall establish by rule and regulation annual fees for the radioactive materials licenses, for inspections of radioactive materials, for the registration and inspection of radiation-generating equipment and other sources of radiation, and for radon measurement and mitigation business licenses and inspections of radon mitigation systems installations under the Radiation Control Act. . . . No fee shall exceed the actual cost to the department for administering the act. The fees collected shall be remitted to the State Treasurer for credit to the Health and Human Services Cash Fund and shall be used solely for the purpose of defraying the direct and indirect costs of administering the act. The department shall collect such fees.

We also noted that revenues have exceeded expenditures every year since at least fiscal year 2015. In fiscal year 2018, the Legislature transferred funds from Funds 22050 and 22052 to the General Fund; however, balances at December 31, 2018, were still over 22 to 131 months of average expenditures.

	Fund 22050	Fund 22052	Fund 22056
Revenues 7/1/17 - 12/31/18	\$ 817,408	\$ 952,269	\$ 433,350
Expenditures 7/1/17 - 12/31/18	\$ (500,032)	\$ (766,802)	\$ (193,580)
Excess Revenues for Period	\$ 317,376	\$ 185,467	\$ 239,770
Transfer to General Fund	\$ (1,300,000)	\$ (750,000)	\$ -
Fund Balance at 12/31/18	\$ 944,036	\$ 936,782	\$ 1,413,173
# of Months of Expenditures on Hand	34	22	131

Fund 22002 Plan Review

The 22002 Plan Review Fund balance of \$707,118 at December 31, 2018, was more than 39 months of expenditures. Although there has not been a consistent trend, from July 1, 2014, through December 31, 2018, revenues have exceeded expenditures by \$259,462. This indicates that some of the fees charged by Plan Review may be too high.

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COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees and Fund Balances (Continued)

Neb. Rev. Stat. § 71-4624 (Reissue 2018) states, in part, the following:

The department by regulation shall charge engineering firms, mobile home park owners and operators, and other appropriate parties fees established by regulation for the review of plans and specifications of a mobile home park, the issuance of a license or permit, the inspection of a mobile home park, and any other services rendered at a rate which defrays no more than the actual costs of the services provided.

	Fund 22002
Revenues 7/1/17 - 12/31/18	\$ 457,601
Expenditures 7/1/17 - 12/31/18	\$ (320,650)
Excess Revenues for Period	\$ 136,951
Fund Balance 12/31/18	\$ 707,118
# of Months of Expenditures on Hand	39

Fund 22084 Vital Statistics

Fund 22084 Vital Statistics revenues have exceeded expenditures every year since at least fiscal year 2015. The fees charged are set by statute.

	Fund 22084
Revenues 7/1/17 - 12/31/18	\$ 3,373,716
Expenditures 7/1/17 - 12/31/18	\$ (1,973,480)
Excess Revenues for Period	\$ 1,400,236
Fund Balance 12/31/18	\$ 2,863,596
# of Months of Expenditures on Hand	26

Neb. Rev. Stat. § 71-612(1) (Reissue 2018) states, in part, the following:

The department, as the State Registrar, shall preserve permanently and index all certificates received. The department shall supply to any applicant for any proper purpose, as defined by rules and regulations of the department, a certified copy of the record of any birth, death, marriage, annulment, or dissolution of marriage or an abstract of marriage . . . Except as provided in subsections (2), (3), (5), (6), and (7) of this section, the department shall be entitled to charge and collect in advance a fee of sixteen dollars to be paid by the applicant for each certified copy or abstract of marriage supplied to the applicant or for any search made at the applicant's request for access to or a certified copy of any record or abstract of marriage, whether or not the record or abstract is found on file with the department.

Fund 22035 Licensure and Standards

We requested supporting documentation for how the fees for Hospital initial and renewal licensures and Assisted Living Facility initial and renewal licensures were determined. Per statute, the fees should include a base fee of \$50 and a variable fee. DHHS did not have support for the fees charged.

We also noted that the fees have not changed in over 19 years and do not appear to be sufficient to cover the associated costs of the Health Care Facility Licensure Act.

	Fund 22035
Revenues 7/1/17 - 12/31/18	\$ 1,794,234
Expenditures 7/1/17 - 12/31/18	\$ (2,165,918)
Fund Balance 12/31/18	\$ 672,872

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COMMENTS AND RECOMMENDATIONS
(Continued)

3. Fees and Fund Balances (Continued)

Per DHHS staff:

The development of the current fees related to wholesale drug, ALFs, and hospitals occurred more than five years ago. The requisite general administrative and budget files that would have been used fall outside of the Licensure Unit's corresponding records retention periods . . .

The fees collected under the broad umbrella of healthcare facilities have since been analyzed, though any fee changes as a result of this will still require regulatory and/or statutory changes.

Neb. Rev. Stat. § 71-434 (Reissue 2018) states, in part, the following:

(1) Licensure activities under the Health Care Facility Licensure Act shall be funded by license fees. An applicant for an initial or renewal license under section 71-433 shall pay a license fee as provided in this section.

(2) License fees shall include a base fee of fifty dollars and an additional fee based on:

(a) Variable costs to the department of inspections, architectural plan reviews, and receiving and investigating complaints, including staff salaries, travel, and other similar direct and indirect costs;

(b) The number of beds available to persons residing at the health care facility;

(c) The program capacity of the health care facility or health care service; or

(d) Other relevant factors as determined by the department.

Such additional fee shall be no more than two thousand six hundred dollars for a hospital or a health clinic operating as an ambulatory surgical center, no more than two thousand dollars for an assisted-living facility, a health clinic providing hemodialysis or labor and delivery services, an intermediate care facility, an intermediate care facility for persons with developmental disabilities, a nursing facility, or a skilled nursing facility, no more than one thousand dollars for home health agencies, hospice services, and centers for the developmentally disabled, and no more than seven hundred dollars for all other health care facilities and health care services.

Per 175 NAC 9-004.10 (Effective 10/30/06) regarding hospital fees:

The licensee must pay fees for licensure as set forth below:

1. Initial and Renewal Licensure fees:

a. 1 to 50 Beds \$1,750

b. 51 to 100 Beds \$1,850

c. 101 or more Beds \$1,950

d. All hospitals must also pay with their renewal licensure fee an additional fee under the Outpatient Surgical Procedures Data Act, Neb. Rev. Stat. §§ 81-6,111 to 81-6,119, as follows:

(1) 500 or fewer outpatient surgeries per year \$275

(2) 501 to 2,000 outpatient surgeries per year \$350

(3) More than 2,000 outpatient surgeries per year \$425

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COMMENTS AND RECOMMENDATIONS
(Continued)

3. Fees and Fund Balances (Concluded)

Per 175 NAC 4-004.09 (Effective 4/3/07) regarding assisted living facility fees:

The licensee must pay fees for licensure as set forth below:

1. Initial and Renewal Licensure fees:

- a. 1 to 10 Beds \$ 950*
- b. 11 to 20 Beds \$1,450*
- c. 21 to 50 Beds \$1,650*
- d. 51 or more Beds \$1,950*

Fund 22001 Well Drillers

As noted in our report of the Well Drillers Fund for the period July 1, 2015, through December 31, 2017, there was insufficient support to determine how the fees were assessed for the Well Drillers Fund. During that 30-month period examined, the Well Drillers Fund brought in approximately \$800,000 in revenues but actually incurred over \$2,000,000 in expenses; the fees were clearly insufficient to sustain the Well Drillers Fund.

DHHS had no documentation to support how the \$150 license and exam fee was determined. DHHS also did not have support for how it determined the \$30 and \$70 portion of the well registration fee. The fees are initially determined by the Well Water Standards Board in accordance with State statute. Upon determination, the fees are then established in the DHHS administrative rules and regulations. Specifically, the license fee is set by Title 178 NAC 11-003.01(1).

We inquired about this subject with DHHS staff who stated, “the Board is aware of the fee question and has formed a subcommittee on the topic.” As of May 3, 2019, a cost analysis of fees had not been completed.

Without adequate procedures, there is an increased risk that fees are not set appropriately.

We recommend DHHS periodically review the rates set for fees and ensure fees charged are reasonable. We further recommend documentation to support the rate determinations be maintained. Lastly, we recommend DHHS annually review fund balances to determine if any fee changes are needed and, if necessary, work with the Legislature to make appropriate changes.

DHHS Response: The APA notes that ten of 11 fees did not have adequate support for the rate set. The Department regularly performs cash flow analysis to assess the adequacy of fee revenue for operational costs. As its fees are set in both statute and regulation and subject to extensive public review and/or legislative processes, rate setting must take into account the time that will likely elapse between fee raises. The Department believes that all fees tested during the examination of Program 262 are consistent with statutory authorizations.

APA Response: As noted above, statutes § 71-7450, § 71-3508.03(1), § 71-4624, and § 71-434 require fees to be based on costs. The excess revenues and increasing fund balances indicate that fees are in excess of costs.

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COMMENTS AND RECOMMENDATIONS

(Continued)

4. Contract Payments

During testing of 25 expenditures, we noted two contract payments that were not in accordance with State and Federal requirements. Good internal control requires procedures to ensure transactions are in accordance with Federal regulations and State policies.

Advance Payment

The Netsmart Technologies contract for the period July 31, 2017, to July 30, 2018, included a provision to pay \$210,000 upon execution of the contract. The purpose of the contract was to provide conversion of the Vital Records Electronic Registration System to HTLM5 technology. DHHS paid the \$210,000 on August 1, 2017, even though no services had been performed. As of April 25, 2019, the contract and deliverables were not yet complete.

Per Nebraska State Accounting Manual, AM-005:

Prepayments - Occasionally, there are situations that arise where prepayment is necessitated due to federal requirements, State Statutes, contracts or, normal business practices. Though prepayments are not illegal, per se, they are in conflict with the normal claims process since the State will give an asset in anticipation of goods or services being rendered at a later date. (There is not an enforceable claim against the State until goods or services are received.) Since the potential for loss to the State is greater under prepayment situations, extreme care should be exercised and a conscious effort should be undertaken to minimize prepayments.

UNMC

DHHS contracted with UNMC to develop and utilize a statewide infection control assessment and promotion program (ICAP). The total contract was for \$756,770. We tested the October 13, 2017, payment of \$308,501 and noted the following:

Per contract Amendment 2, signed February 2017, DHHS was to reimburse up to \$211,218 quarterly for personnel costs, including indirect costs. DHHS paid \$291,541 for personnel and indirect costs for the April-July 2017 billing, which was paid October 13, 2017.

Amendment 3 of the contract was in effect from April 20, 2015, until March 31, 2019, and was signed April 2018. Per Amendment 3, DHHS was to reimburse UNMC per Attachment A, which included salaries and effort by position. For example, the salary of the Medical Epidemiologist was specified at \$162,225 with a 50% effort, which equals \$81,112.50, plus benefits of \$21,089.25, for total direct costs of \$102,201.75 or \$8,516.81 monthly. For April-July, the maximum reimbursement should have been \$34,067.25, but the invoice charged \$57,555.24. The APA calculated that the direct personnel costs for April-July based on Attachment A should have been \$216,391, but the invoice billed and DHHS paid \$263,496.

We further noted a lack of documentation to support that personnel provided the percentage of effort per Attachment A. The contract required quarterly progress reports detailing each position's activities. A quarterly progress report was on file detailing the services provided, but the report did not detail each position's activities.

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COMMENTS AND RECOMMENDATIONS

(Continued)

4. Contract Payments (Continued)

Indirect costs were not correctly calculated and paid. Per Amendment 2 and Amendment 3, personnel costs would include 10% indirect costs. The invoice billed \$263,496 for personnel costs and \$28,046 for indirect costs, which is over 10%. In addition, based on Attachment A, the direct personnel costs should have been only \$216,391; therefore, indirect costs should only have been \$21,639.

UNMC also billed and DHHS paid \$7,669 for travel costs; however, there was no support to substantiate the travel costs. Per the contract, the University was to submit substantiation of all necessary expenses in accordance with the reimbursement policies of the State of Nebraska for State employees.

We requested supporting documentation on March 22, 2019. Nearly six weeks later, on May 2, 2019, DHHS provided support for the travel costs. We noted numerous issues. DHHS' reimbursement to UNMC was \$7,669, but the documentation provided only totaled \$5,157. There was no receipt for a rental car, totaling \$168, for a March 2017 trip. There was no documentation to support the need for a rental car or the purpose of a trip for a May 2017 rental car reimbursement of \$74. An invoice for baggage fees was \$25, but the employee requested a \$50 reimbursement. A \$15 tip for a \$45 ride to the airport did not appear reasonable. Private rental cars were used rather than State vehicles, and sales tax was paid. Mileage reimbursements did not include purpose of travel, points of travel, times of arrival and departure, total miles traveled, or the rate per mile being requested. There was no support for hotel costs claimed, totaling \$1,164. Meals exceeded GSA guidelines. Meals did not always have itemized receipts. Meals were reimbursed when meals were provided by the conference. We also noted meals that included alcohol; although the cost of alcohol was deducted, the tax on the alcohol was not. We noted \$1,533 in questionable travel expenses, in addition to the \$2,512 for which no support was provided.

UNMC also billed and DHHS paid \$9,290 for operating supplies; however, there was no provision for payment of supplies until Attachment A to Amendment 3, which was signed April 2018, seven months after the payment.

Without adequate procedures to monitor contract payments, there is an increased risk for the loss or misuse of funds.

2 CFR § 200.302 (January 1, 2017) states, in relevant part, the following:

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds

(b) The financial management system of each non-Federal entity must provide for the following . . . :

* * * *

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes

Per 2 CFR § 200.403 (January 1, 2017), allowable costs must be reasonable, necessary, and adequately documented.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS
(Continued)

4. Contract Payments (Concluded)

Per Neb. Rev. Stat. § 81-1174 (Reissue 2014):

Each request shall be fully itemized, including the amount, date, place, and essential character of the expense incurred.

When reimbursement is requested for mileage by automobile, air travel by commercial carrier, air travel in airplanes chartered by the department or agency, or air travel by personally rented airplane, the points between which such travel occurred, the times of arrival and departure, and the necessity and purpose of such travel shall be stated on such request. When reimbursement is requested for mileage by automobile, the motor vehicle license plate number, the total miles traveled, and the rate per mile being requested shall also be shown on each request.

* * * *

The statement of expenses shall be duly verified and supported by receipts for all of such expenditures, except immaterial items identified by the director, for which reimbursement is requested.

Travel supporting documentation was provided nearly six weeks after requested. Neb. Rev. Stat. § 84-305(1) (Cum. Supp. 2018) grants the APA access to “any and all information and records, confidential or otherwise of any public entity,” which includes DHHS. Subsection (2) of that same statute requires a public entity to respond to a records request by the APA “as soon as is practicable and without delay, but not more than three business days after actual receipt of the request . . .” That subsection also states the following:

No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity.

We recommend DHHS implement procedures to ensure expenditures are adequately supported and in accordance with contract provisions, State policies and statutes, and Federal requirements. We also recommend information requested by the APA be provided timely, per State statute.

DHHS Response: The Department agrees that one contract tested paid \$210,000 upon execution, per negotiated contract provision. This is not inconsistent with the Nebraska State Accounting Manual, AM-005, as cited by the APA, which states that, “extreme care should be exercised and a conscious effort should be undertaken to minimize prepayments.” As the Department and vendor Netsmart have an established multi-year business relationship for the provision of the Vital Records Electronic Registration System, the State retains significant leverage to ensure contract deliverables are received. Prepayments to the vendor posed minimal risk to the State.

The Department agrees in part to findings related to payments on a contract with the University of Nebraska Medical Center (UNMC) to develop the statewide infection control assessment and promotion program (ICAP). Though contract language required progress reporting by position, the Department ensured adequate contract performance through deliverable-centered meetings with UNMC. The Department agrees that UNMC incorrectly calculated indirect costs, resulting in an overpayment of \$6,407. The Department will take steps to ensure appropriate review of reimbursed travel.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

5. Journal Entries

Good internal control requires procedures to ensure journal entries are accurate, adequately supported, and properly coded.

DHHS performs various journal entries to move indirect costs to certain funds and programs. We tested seven expenditure journal entries and noted the following:

- DHHS utilizes a Federally approved Cost Allocation Plan (CAP) to allocate administrative costs. When administrative costs are paid, they are charged to various Federal and State programs based on estimates of what the programs will be allocated through the CAP. At the end of each quarter, the CAP is run. The CAP distributes costs and reflects the actual allowable expenditures for each program. One entry tested was to reconcile the amount of administrative costs for Vital Statistic Records. The amount of indirect costs per the CAP for Vital Statistics for the quarter ended September 30, 2017, was \$97,843, but \$136,305 was moved from Program 261 to Program 262, an overcharge of \$38,462. We further noted that no entry had been made for the quarter ended December 31, 2017.

Quarter Ended	Indirect Costs per CAP	Journal Entry Amount
September 30, 2017	\$ 97,843	\$ 136,305
December 31, 2017	\$ 103,131	None

- DHHS properly moved indirect costs for the quarter ended September 30, 2017, from Program 261 to Program 262 for Public Health Lab costs; however, no entry was made for the quarters ended December 31, 2017, or March 31, 2018. Indirect costs for those quarters were \$64,361 and \$67,902, respectively.
- On an annual basis, DHHS negotiates an indirect cost rate with the Federal government to be applied to various Federal programs. The rate is calculated by accumulating prior direct and indirect costs from the State and Federal programs that use the indirect cost rate. We tested a journal entry for \$201,149 that charged indirect costs to State environmental and professional licensure programs for January 2018. The indirect cost rate used was 39.9%, even though the Federal indirect cost rate was only 32.6%. If DHHS had used the appropriate rate, the journal entry would have been for \$14,684 less. DHHS did not have any documentation to support the 39.9% rate charged.
- Administrative costs for the Well Drillers Fund were not properly charged. The Well Drillers Fund is used to administer the Water Well Standards and Contractors' Practice Act. DHHS licenses individuals in the water well profession, employs field staff to conduct inspections of domestic, irrigation, and livestock water wells, and provides education and training to licensed water well drillers and pump installers.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

5. Journal Entries (Continued)

Neb. Rev. Stat. §§ 38-101 to 38-1,142 (Reissue 2016, Cum. Supp. 2018) contains the Uniform Credentialing Act (Act), which sets out provisions for the licensing and regulation of a variety of professions, such as nursing, cosmetology, and well drillers. According to the Act, the expenses related to credentialing these professions can be either variable costs or base costs. Per Neb. Rev. Stat. § 38-153 (Reissue 2016), “Variable costs of credentialing are the costs that are unique to a specific profession or business.” Meanwhile, Neb. Rev. Stat. § 38-152 (Reissue 2016) says, “Base costs of credentialing are the costs that are common to all professions and businesses.”

Well Drillers administrative costs were allocated to other credentialed professions. For the period January 1, 2018, through March 31, 2018, there was \$132,451 in costs specific to Well Drillers that was charged to other professions. Similar errors would have occurred in prior quarters. This issue was discovered during our attestation of the Well Drillers Fund for July 1, 2015, through December 31, 2017. We noted that this issue was corrected starting with the quarter ended June 30, 2018; however, no adjustment was made for the March 31, 2018, quarter error.

- We further noted that no adjustment was made in the accounting system for the \$1,010,387 in errors from July 1, 2015, through December 31, 2017, addressed in the Well Drillers Fund attestation. Several professions, such as nursing and cosmetology, were overcharged for Well Drillers administrative costs, and no correction has been made to return the funds to the proper profession.
- We also tested the base costs journal entry for the quarter ended June 30, 2018, which moved costs to various professions (nursing, cosmetology, etc.). Due to an error in March, the June quarter base costs were overstated. On March 30, 2018, DHHS did the base cost journal entry for the quarter ended December 31, 2017. However, instead of using the object account for base costs, DHHS used payroll and operating accounts. DHHS corrected this error; however, DHHS incorrectly included these amounts in the base costs – and, as a result, base costs were overstated by \$1,105,372 for the June 30, 2018, quarter for multiple programs. The following funds were overcharged for Program 262:

Fund	Overcharged
10000	\$ 176,393
22030	\$ 61,009
22050	\$ 20,012
22550	\$ 53,279
Total Program 262	\$ 310,693

- We further noted that DHHS does not have any procedures to review postage, copy services, and printing services billings to check if the charges appear reasonable and the Department of Administrative Services (DAS) charged the correct amount. Program 262 postage charges for the period totaled \$417,518, and DAS printing and copy services for the period were \$424,843. A similar finding was noted in the 2018 Single Audit.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

5. Journal Entries (Concluded)

Without procedures to ensure costs are properly allocated, there is an increased risk that some funds will be overcharged and other funds will be undercharged, which could affect the licensing fees charged. In addition, cash funds might be underutilized, resulting in an accumulation of an unnecessarily large balance. Without adequate review procedures over DAS billings, moreover, there is an increased risk that DHHS will be charged inappropriately.

We recommend DHHS implement procedures to ensure indirect costs are properly allocated, and the indirect cost rate used is adequately supported. We also recommend DHHS implement procedures to ensure base cost allocations are performed in accordance with State statute so that each profession is properly charged. We further recommend DHHS return funds to professions that have been overcharged. Finally, we recommend DHHS implement procedures to ensure charges for postage, copy services, and printing services are proper.

DHHS Response: The Department agrees with the conditions noted. The Department has revised procedures pertaining to indirect cost journal entries that should result in adequate review and timeliness. The Department does not maintain documentation pertaining to postage, copy services, and printing services billings from DAS. The Department will work with DAS to develop a method of review to ensure charges appear reasonable and correct.

6. Travel Expenditures

Three of six travel expenditures tested were not reasonable and/or not in accordance with State and Federal requirements, as follows:

- A member of the Nebraska Council on Developmental Disabilities attended a convention for seven days in Orlando, FL, with his personal support person, who was his mother, to gain information and resources to assist with his disability and become a self-advocate. The total reimbursement for the trip was \$5,532. The Council on Developmental Disabilities approved the travel to the convention for expenses not exceeding \$1,900. All expenditures were reimbursed through the member's personal support person. The council member's share of expenses totaled \$1,973, exceeding the approved amount by \$73.
- An employee attended a tuberculosis workshop on September 25-27, 2018, in Columbus, OH, for professional development purposes. Total reimbursement for the travel was \$1,190. Questioned costs for meals and lodging totaled \$322. We noted the following:
 - For the three-day workshop, the employee left the workshop early each day, missing scheduled courses. On the last day of the workshop, the employee left three hours early.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

6. Travel Expenditures (Continued)

- The employee stayed the night in Omaha on September 23 to catch a flight out of Omaha, NE, leaving at 10:57 a.m. on September 24, which did not appear reasonable, especially as the conference did not start until the 25th. The employee also flew back on the last day of the workshop and stayed the night in Omaha before driving home on the 28th. The employee could have attended the full day of the workshop on the 27th, stayed the night in Ohio, and flown back the next day.

Meal costs for dinner on the 23rd and breakfast on the 24th did not appear reasonable, as the employee could have left at 7:00 a.m. on the 24th and still made the flight. The September 25 dinner receipt was not itemized.

- The Out-of-State Travel Authorization (OSTA) was approved for \$1,660, including airfare; however, actual travel expenditures were \$1,672, including airfare. The travel expenditure exceeded the OSTA-approved amount by \$12.
- An employee attended four events from January-February 2018, and the reimbursement totaled \$2,509. Meals exceeded the U.S. General Services Administration (GSA) guidelines, and a parking reimbursement was not reasonable. No written justification was on file for meals exceeding GSA guidelines, as required by DHHS policies.
 - While traveling on January 9, 2018, the employee had a \$12 lunch in Dallas, TX, and a \$50 dinner in San Antonio, TX. Lunch of \$12 was not submitted for reimbursement, so that dinner costs of \$50 could be claimed. The GSA's per diem rate for dinner for the employee's location was \$28; therefore, only \$28 should have been reimbursed for dinner and \$12 for lunch, for a total of \$40, rather than \$50.
 - The employee was reimbursed \$37 for dinner on January 11, when the GSA guideline was \$28. Breakfast and lunch were provided by the conference.
 - Meals on February 4 were \$17 over the GSA guideline.
 - The employee was reimbursed \$49 for dinner on February 6, when the GSA guideline was \$31. Breakfast and lunch were provided by the conference.
 - Breakfast on February 7, 2018, was reimbursed for \$21, when the conference already provided breakfast.

We also noted that, while attending a conference in Washington, D.C., the employee was reimbursed for parking expenses of \$37, which does not appear reasonable. The employee carpooled to dinner with individuals who were not attending the conference. The employee offered to pay for the group's parking – for the State to reimburse – even though the dinner took place at the Marriott Wardman Lobby bar, a mere four-minute walk from the Omni Hotel, which was the destination of the other carpool members.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

6. Travel Expenditures (Continued)

DHHS Travel and Expense Reimbursement Policies (4/21/2010) state the following:

Pursuant to section 81-1174, employees traveling on State business shall claim only actual amounts paid for meals, tips and taxes as long as the actual amounts are reasonable. Per Diem rates for meals established by the Federal Government should be used as a guideline [I]f the government guidelines cannot be followed a written justification must be provided with the reimbursement claim.

DHHS Travel and Expense Reimbursement Policies also provide the following:

If actual expenses exceed the estimated expense on the request, the out of state travel request form must be updated and approved before the expense reimbursement claim is submitted to Accounting for processing.

Per 2 CFR § 200.403 (January 1, 2017), allowable costs must be reasonable, necessary, and adequately supported.

Per 2 CFR §200.474(b) (January 1, 2017):

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(1) Participation of the individual is necessary to the Federal award; and

(2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

A good internal control plan requires procedures to ensure that travel expenses are reasonable and in accordance with Federal and State requirements.

Without such procedures, there is an increased risk for not only misuse of funds but also noncompliance with applicable regulatory guidelines.

We recommend DHHS implement procedures to ensure travel expenditures are reasonable, properly supported, allowable, and compliant with both Federal regulations and State policies.

DHHS Response: The APA noted that the \$1,973 in travel expenses for a member of the Nebraska Council on Developmental Disabilities to attend a meeting in Orlando, Florida, exceeded the Council's authorization by \$73. A motion carried at the May 17, 2019, Council meeting to increase this member's travel authorization to \$2000. The Department will ensure that future reimbursements are not in excess of Council-approved amounts.

The Department disagrees with some of the other questioned costs noted by APA. A handwritten itemization was included for meal costs on September 25, 2018, for the employee attending a tuberculosis workshop in Columbus, Ohio. Though printed itemized receipts are preferable, the Department believes this documentation is sufficient to establish reimbursement allowability. Additionally, the Department believes that questioned costs for lodging should not include the entire cost of the September 27 hotel stay in Omaha but rather the difference between this cost and what the Department would have paid should the employee had remained in Ohio for another day.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

6. Travel Expenditures (Concluded)

The Department agrees in part to findings related to an employee who attended four events from January through February 2018. The Department has begun the process of revising its complete travel and reimbursement policy to better align with federal regulations. Forthcoming revisions will address differences between Department policy and federal guidelines.

APA Response: The Council increased the authorization after the issue was noted by the APA. The September 25, 2018, meal did not have the after-the-fact documentation required by DHHS Travel and Expense Reimbursement Policies. DHHS Travel and Expense Reimbursement Policies require detailed receipts listing each item purchased:

Detailed receipt does not include the receipt copy that only identifies an amount is being charged to the employee's credit card . . . In the absence of detailed receipts supporting an employee's claim, DHHS Accounting will require a written acknowledgment that after-the-fact documentation will be provided. This documentation may be a copy of:

- 1) Cancelled check Front and Back required*
- 2) Charge card slip and signed written explanation; or*
- 3) Subsequently acquired receipt and signed written explanation.*
- 4) If receipts have been lost, or where a receipt was not provided (such as when only one meal receipt is provided per table), the employee should create and present an affidavit.*

Only the difference between staying in Omaha versus Ohio were questioned.

7. State Vehicle Usage

DHHS leased vehicles from the Transportation Services Bureau (TSB) during the audit period. Program 262 paid \$685,694 to TSB during that period. We tested the August 2018 payment for division 460, totaling \$15,319. We requested the mileage logs for 5 of 20 leased vehicles and reviewed entries for 12 days. We noted the following:

- One vehicle was used for a trip from North Platte, NE, to Overton, NE, to Farnam, NE, and return to North Platte. The mileage recorded for the day was 230 miles; however, per Google Maps, the distance was only 177 miles, a 53-mile variance for the day. The driver stated, "I was unable to find the MHPs [mobile home parks] in Overton and had to drive around a bit. There was some road construction that made it difficult to find. My inspection lists do not always have the correct address or correct directions. This leads to delays in travel." However, there was nothing noted on the travel log, and 53 miles over the map distance does not appear reasonable. The employee then claimed to have driven from Overton to Lexington, NE, for lunch, which round trip would account for 25 miles. Again, however, this was not indicated on the travel log.
- One vehicle was used on several trips for well inspections in a specific county. Each trip recorded on the log noted only the starting location and the county name as the ending destination, with no indication of the locations of the wells being inspected. In order to determine if the mileage was reasonable, given the lack of information on the log, the APA reviewed the inspection database

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COMMENTS AND RECOMMENDATIONS

(Continued)

7. State Vehicle Usage (Continued)

for the dates of the trips and the staff member who completed the inspection. Based on the inspection database, the number of well inspections completed on these trips ranged from 10 to 25 inspections, but the locations of these inspections were not included on the TSB travel log. Additionally, it was noted that no times were listed for when each inspection occurred; therefore, the APA was unable to determine the order in which the inspections were completed. Furthermore, DHHS staff do not complete any written inspection reports to document the results of each inspection completed. As such, the database is the only available support for inspections, making its accuracy even more significant. A similar finding was noted in the 2017 report for the Well Drillers Fund.

- One vehicle did not record an entry each time the vehicle started and stopped. One entry was made for an entire day. Also, for all 14 days noted on the log, the start time was listed as “8” and the stop time as “5.” It does not seem reasonable that the start and stop time would be the same each day, as destinations and number of inspections varied. On one day the inspector traveled from Scottsbluff, NE, to Harrison, NE, for a pool inspection, and the evaluation report noted, “Closed upon arrival 1:00 pm.” The start and stop time was listed as 8:00 a.m. and 5:00 p.m., respectively, but the drive should have taken only an hour and 10 minutes each way. The inspector should have arrived well before 1:00 p.m. and, because the pool was closed, been able to return well before 5:00 p.m. The employee acknowledged that he was filling out the vehicle logs incorrectly.

This same vehicle recorded 105 miles one day for travel from Scottsbluff, NE, to Morrill, NE. Per inspection reports, the employee traveled from Scottsbluff to Gering, NE, to Morrill and returned to Scottsbluff. The distance per Google Maps is only 59 miles. On another day, this same vehicle recorded 202 miles from Scottsbluff to Sidney, NE. Per inspection reports, the employee traveled from Scottsbluff to Sidney to Kimball, NE, and returned to Scottsbluff; however, the distance per Google Maps is only 166 miles.

- One vehicle recorded each destination for the day as one entry with a start and stop time for the day, instead of for each stop.
- We also noted that two employees tested were assigned a vehicle, which they took to their residence. DHHS was unable to provide a written request to DAS for the vehicles to be assigned on a 24-hour basis for either of the employees.

When TSB logs are not completed properly and mileage is unreasonable, there is an increased risk for misuse of State equipment and loss of funds. When proper approval is not obtained for vehicles to be assigned on a 24-hour basis, moreover, DHHS is noncompliant with State statute.

Neb. Rev. Stat. § 81-1025(1) (Reissue 2014) states the following:

Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS

(Continued)

7. State Vehicle Usage (Concluded)

TSB Policies and Procedures, Section 7, “Official Travel Log,” states the following:

State Statutes mandate all travel in state-owned vehicles to be recorded and reported in detail (§81-1025). An entry is defined as a record of the following information required each time the vehicle is stopped and started: date, beginning and ending mileage, number of miles traveled, start time, finish time, from and to destinations, purpose of trip, and the driver’s signature.

Neb. Rev. Stat. § 81-1020 (Reissue 2014) states, in part, the following:

Any agency which has a permanently assigned bureau fleet vehicle shall, prior to assigning such vehicle to an employee on a twenty-four hour basis, obtain written approval from the chief of the transportation services bureau.

TSB Policies and Procedures, Section 2, “General Information,” states, in relevant part, the following:

After receiving the required approvals (noted below) agency directors may, when it is in the state’s best interest, authorize certain employees to retain possession of state-owned vehicles during nonworking hours and weekends The TSB Administrator’s prior written approval is required for all circumstances detailed in §81-1020 and Executive Order 99-01, Item #3, Sub-items A through E The agency shall submit a list of all employees assigned TSB fleet vehicles that fit these requirements and turn it in as requested by TSB.

Good internal control requires procedures to ensure that travel logs comply with State requirements, mileage is reasonable and accurate, and employees receive prior authorization when allowed to use State-owned vehicles on a 24-hour basis.

We recommend DHHS implement procedures to ensure that travel logs comply with State requirements, mileage is reasonable and accurate, and employees receive prior authorization when allowed to use State-owned vehicles on a 24-hour basis.

DHHS Response: The Department agrees in part. Not all vehicle logs were completed in compliance with State statute. The Department will contact the Transportation Services Bureau (TSB) to discuss possible solutions to this issue. Current policies require notation of “start” and “stop” locations. Several logs sampled by APA were related to private water well inspections. Typically, these wells do not have addresses, and inspectors utilize GPS coordinates in an attempt to visually locate wells on private property, which makes completing accurate paper logs a challenge. A typical workday may involve visits to 20 or more wells, including some backtracking or circuitous routing, which may result in the appearance of unreasonable mileage. The Department will request documentation of approval for 24-hour vehicle assignments from DAS.

8. Payroll Issues

A good internal control plan requires procedures to ensure that leave balances are calculated correctly, and sick leave has substantiating evidence. Additionally, a good internal control plan requires each HR Partner ID in Workday to be assigned to one individual, so activities can be traced to the responsible users.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

COMMENTS AND RECOMMENDATIONS

(Continued)

8. Payroll Issues (Continued)

We noted the following payroll issues:

- The leave carryover for two of three employees tested was not correct. One employee exceeded the 280 hours allowed by 5 hours. Another employee had a vacation balance of 273.7 hours after using 48 hours of vacation time in December. Despite this, 78.7 vacation hours were adjusted so that his vacation hours available as of December 31, 2018, was only 195 hours. No adjustment should have been made.
- Two employees tested did not have substantiating evidence to support sick leave. We noted 10 employees on the March 28, 2018, payroll register with 24 or more hours of sick leave. We selected two employees and noted the following:
 - One employee used sick leave exclusively from March 13, 2018, through March 29, 2018, a total of 110 hours and over 10 consecutive days with no substantiating evidence. We also noted this same employee used 40 hours of sick leave from March 5, 2018, through March 12, 2018.
 - One employee used 143 sick leave hours during the six-week period from February 20, 2018, through March 30, 2018. The employee also had 87 work hours and 10 holiday/vacation hours for this period. For 16 consecutive days, all or part of the day was charged to sick leave, including four consecutive days charged entirely to sick leave. No substantiating evidence was on file to support the medical necessity of the sick leave.
- DHHS had four unassigned IDs with the HR Partner role in Workday. The HR Partner role allows individuals to make changes to payroll information, including pay rates and deductions. When these roles are not assigned to a particular individual, any changes made using this role are not traceable to who made the change. When an employee with an HR Partner ID leaves, DHHS does not delete the ID, but leaves the ID unfilled until DHHS hires a new employee who will then be assigned the Workday ID. A similar finding was noted in the Program 261 report for July 1, 2015, through December 31, 2016.

Neb. Rev. Stat. § 81-1328(6) (Cum. Supp. 2018) states, in relevant part, the following:

The vacation leave account of each state employee shall be balanced as of 11:59 p.m. Central Standard Time on December 31 each calendar year. Each state employee shall be entitled to have accumulated as of such time the number of hours of vacation leave which he or she earned during that calendar year. Hours of vacation leave accumulated in excess of that number shall be forfeited.

Title 273 NAC 10-004.02 states, in part, “All employees’ accumulated vacation time in excess of thirty-five days shall be forfeited as of December 31 of each calendar year.”

Article 14.12 of the Nebraska Association of Public Employees (NAPE) Contract (2017-2019) states, as is relevant, the following:

An employee may be required to submit substantiating evidence when the reason for the leave request was a medical or dental appointment or when the Agency Head and/or his/her Designee suspects sick leave abuse. Substantiating evidence may be required if the sick leave absence exceeds three consecutive workdays.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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COMMENTS AND RECOMMENDATIONS
(Concluded)

8. Payroll Issues (Concluded)

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-304(1) Privileged access accounts, states the following, in relevant part:

All privileged access accounts must be assigned to an individual with an approved business need for the privileged access. The accounts must not be shared . . .

When leave balances are inaccurate, there is an increased risk of noncompliance with State statute, misuse of funds, and incorrect employee pay. When substantiating evidence for sick leave is not obtained, moreover, there is an increased risk for abuse to occur. Finally, DHHS will not be able to track who made payroll changes if those changes were made by an unassigned HR Partner ID in Workday.

We recommend DHHS implement procedures to ensure employees' year-end vacation balances are accurate and in accordance with State statute and rules and regulations. We further recommend DHHS obtain substantiating evidence for sick leave, as permitted under the NAPE contract. In addition, we recommend DHHS ensure each HR Partner ID in Workday is assigned to a specific individual.

DHHS Response: The Department will coordinate with DAS Payroll Services to ensure that miscalculated vacation leave balances are corrected.



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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Department of Health and Human Services
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Department of Health and Human Services (DHHS) Program 262 – Public Health Administration for the period July 1, 2017, through December 31, 2018. DHHS's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2017, through December 31, 2018, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and

abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

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

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

June 27, 2019

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through December 31, 2018

	General Fund 10000	Organ/Tissue Donor Cash Fund 22010	Rural Health Prof Incent Cash Fund 22020	Cancer Registry Cash Fund 22029	NE EMS Operations Cash Fund 22030	Radiation Trans Emergency Cash Fund 22040
REVENUES:						
Appropriations	\$ 8,543,196	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	12,558	-
Sales & Charges	651	-	-	50	1,829,975	6,200
Miscellaneous	22,649	62,639	-	530	25,557	4,250
TOTAL REVENUES	8,566,496	62,639	-	580	1,868,090	10,450
EXPENDITURES:						
Personal Services	5,576,774	-	-	-	1,055,932	-
Operating	2,885,905	66,997	340	-	655,550	-
Travel	74,605	-	6,157	-	42,943	-
Capital Outlay	5,912	-	-	-	1,183	-
Government Aid	-	-	-	-	-	-
TOTAL EXPENDITURES	8,543,196	66,997	6,497	-	1,755,608	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,300	(4,358)	(6,497)	580	112,482	10,450
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	(23,300)	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(23,300)	-	-	-	-	-
Net Change in Fund Balances	-	(4,358)	(6,497)	580	112,482	10,450

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through December 31, 2018

	Health & Human Service Cash Fund 22550	Childhood Care Cash Fund 22630	Nebr Health Care Cash Fund 22640	Prof & Occup Cred Cash Fund 28000	Federal General Fund 40000	Federal Cash Fund 42020
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	272,845	-	-	-	42,223,149	1,113,956
Sales & Charges	14,993,674	165,748	-	6,850	25	35,198
Miscellaneous	763,021	13,679	-	17,879	(283,497)	7,838
TOTAL REVENUES	16,029,540	179,427	-	24,729	41,939,677	1,156,992
EXPENDITURES:						
Personal Services	8,526,684	357,512	400,748	983,574	19,737,410	2,021,297
Operating	5,243,508	(37,420)	13,688	(122,115)	21,476,132	694,180
Travel	662,514	2,741	-	15,939	580,653	29,113
Capital Outlay	255,566	-	-	-	101,471	3,021
Government Aid	-	-	-	-	44,011	-
TOTAL EXPENDITURES	14,688,272	322,833	414,436	877,398	41,939,677	2,747,611
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,341,268	(143,406)	(414,436)	(852,669)	-	(1,590,619)
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	130,000	-	719,376	-	-	-
Operating Transfers Out	(6,270,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(6,140,000)	-	719,376	-	-	-
Net Change in Fund Balances	(4,798,732)	(143,406)	304,940	(852,669)	-	(1,590,619)

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through December 31, 2018

	USDA WIC & CSFP Fund 42050	EPA Water Supply Prog Fund 42070	Federal Clearing Fund 42600	USDA Food Stamp Fund 42610	Common School Fund 61270	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,543,196
Intergovernmental	-	2,001,890	-	-	-	45,624,398
Sales & Charges	-	-	-	-	-	17,038,371
Miscellaneous	-	(53,314)	665	337	282,096	864,329
TOTAL REVENUES	-	1,948,576	665	337	282,096	72,070,294
EXPENDITURES:						
Personal Services	-	1,383,372	95,056	152,127	-	40,290,486
Operating	59	596,682	40,672	(649)	30	31,513,559
Travel	-	5,540	14,834	649	-	1,435,688
Capital Outlay	-	5,853	-	-	-	373,006
Government Aid	-	-	-	-	-	44,011
TOTAL EXPENDITURES	59	1,991,447	150,562	152,127	30	73,656,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59)	(42,871)	(149,897)	(151,790)	282,066	(1,586,456)
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	(23,300)
Deposit to/from Common Fund	-	-	-	-	(282,066)	(282,066)
Operating Transfers In	-	-	-	-	-	849,376
Operating Transfers Out	-	-	-	-	-	(6,270,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(282,066)	(5,725,990)
Net Change in Fund Balances	(59)	(42,871)	(149,897)	(151,790)	-	(7,312,446)

(Concluded)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

NOTES TO THE SCHEDULE

For the Period July 1, 2017, through December 31, 2018

1. Criteria

The accounting policies of the Nebraska Department of Health and Human Services (DHHS) Program 262 – Public Health Administration (Program 262) are on the basis of accounting, as prescribed by the State of Nebraska Director of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of DAS include:

The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2014), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require Program 262 to record all accounts receivable and related revenues in EnterpriseOne; as such, Program 262's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2018, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2018, **does not** include amounts for goods and services received before December 31, 2018, which had not been posted to the general ledger as of December 31, 2018.

Program 262 had accounts receivable not included in the Schedule of \$11,295 at December 31, 2018, from the Health Laboratory Fund 22082, a sub-fund of Fund 22550. State Accounting did not require DHHS to record its receivables on the general ledger, and these amounts are not reflected on the Schedule.

The following fund types are established by the State and used by Program 262:

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

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

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

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

The following major revenue account classifications are established by State Accounting and used by Program 262:

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

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

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

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income, miscellaneous adjustments, and fines and penalties.

The following major expenditure account classifications are established by State Accounting and used by Program 262:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by Program 262.

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

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

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

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

Other significant accounting classifications and procedures established by State Accounting and used by Program 262 include the following:

Other Financing Sources – Operating transfers, deposits to the General Fund, and deposits to the Common School Fund.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

NOTES TO THE SCHEDULE

(Continued)

2. Reporting Entity

DHHS is a State agency established under and governed by the laws of the State of Nebraska. As such, Program 262 is exempt from State and Federal income taxes. The schedule includes all funds of Program 262 included in the general ledger.

Program 262 is part of the primary government for the State of Nebraska.

3. Totals

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

4. Fund Balances

Fund balances are not recorded by Program but rather by a Fund in total and, therefore, are not shown on the financial schedule. Funds may include many programs allowing revenues and expenditures to be recorded in different programs but still within the same fund. The financial schedule only reflects the activity of Program 262 for each of the funds.

5. Transfers

Program 262 had transfers in from the Nebraska Medicaid Intergovernmental Fund and Nebraska Tobacco Settlement Trust Fund of \$719,376 as directed by LB 327 (2017) and LB 944 (2018). Transfers in also included \$130,000 to the Nebraska Center for Nursing Fund, a sub-fund of the Health and Human Services Cash Fund, to support the Nebraska Center for Nursing per Neb. Rev. Stat. § 71-1798.01 (Reissue 2018).

Operating transfers out, totaling \$6,270,000, for Program 262 include:

Per LB 331 (2017), transfer out \$3,700,000 from the Wholesale Drug Distributor Licensing Fund, a sub-fund of the Health and Human Services Cash Fund, to the State General Fund.

Per LB 945 (2018), transfer out \$1,300,000 from the X-Ray Cash Fund, a sub-fund of the Health and Human Services Cash Fund, to the State General Fund.

Per LB 945 (2018), transfer out \$750,000 from the Radioactive Materials Cash Fund, a sub-fund of the Health and Human Services Cash Fund, to the State General Fund.

Per LB 945 (2018) transfer out \$520,000 from the Emergency Preparedness Cash Fund, a sub-fund of the Health and Human Services Cash Fund, to the State General Fund.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

NOTES TO THE SCHEDULE
(Concluded)

6. Department of Environmental Quality

Sales and Charges of the Health and Human Services Cash Fund includes \$1,691,262 received from the Department of Environmental Quality (DEQ) per an agreement with DHHS related to the administration of the Clean Water Act and Safe Drinking Water Act. Per the agreement, DHHS staff are assigned to DEQ. Staff are paid by DHHS but are supervised by DEQ, and DEQ reimburses DHHS for the costs.

7. Deposits to Common Funds

Administrative fines assessed on violations are to be distributed in accordance with Article VII, § 5, of the Nebraska Constitution. This is accomplished by depositing administrative fines to the Common School Fund (61270).

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through June 30, 2018

Exhibit A

	General Fund 10000	Organ/Tissue Donor Cash Fund 22010	Rural Health Prof Incent Cash Fund 22020	Cancer Registry Cash Fund 22029	NE EMS Operations Cash Fund 22030	Radiation Trans Emergency Cash Fund 22040
REVENUES:						
Appropriations	\$ 4,916,818	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	4,085	-
Sales & Charges	651	-	-	50	1,241,496	3,100
Miscellaneous	(25,604)	38,512	-	341	15,161	2,708
TOTAL REVENUES	4,891,865	38,512	-	391	1,260,742	5,808
EXPENDITURES:						
Personal Services	3,400,828	-	-	-	682,802	-
Operating	1,474,117	48,026	197	-	429,596	-
Travel	39,238	-	3,225	-	29,779	-
Capital Outlay	2,635	-	-	-	1,183	-
Government Aid	-	-	-	-	-	-
TOTAL EXPENDITURES	4,916,818	48,026	3,422	-	1,143,360	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,953)	(9,514)	(3,422)	391	117,382	5,808
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	24,953	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	24,953	-	-	-	-	-
Net Change in Fund Balances	-	(9,514)	(3,422)	391	117,382	5,808

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through June 30, 2018

Exhibit A

	Health & Human Service Cash Fund 22550	Childhood Care Cash Fund 22630	Nebr Health Care Cash Fund 22640	Prof & Occup Cred Cash Fund 28000	Federal General Fund 40000	Federal Cash Fund 42020
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	191,263	-	-	-	28,427,671	689,004
Sales & Charges	10,758,648	111,480	-	650	-	12,737
Miscellaneous	479,551	9,321	-	11,502	(283,497)	7,533
TOTAL REVENUES	11,429,462	120,801	-	12,152	28,144,174	709,274
EXPENDITURES:						
Personal Services	5,585,126	245,686	327,004	724,153	13,722,433	1,399,343
Operating	4,031,220	2,009	13,688	(156,126)	13,909,643	520,611
Travel	511,609	2,669	-	10,755	408,388	24,654
Capital Outlay	199,631	-	-	-	84,275	3,021
Government Aid	-	-	-	-	19,435	-
TOTAL EXPENDITURES	10,327,586	250,364	340,692	578,782	28,144,174	1,947,629
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 1,101,876	 (129,563)	 (340,692)	 (566,630)	 -	 (1,238,355)
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	130,000	-	359,688	-	-	-
Operating Transfers Out	(3,700,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,570,000)	-	359,688	-	-	-
 Net Change in Fund Balances	 (2,468,124)	 (129,563)	 18,996	 (566,630)	 -	 (1,238,355)

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2017, through June 30, 2018

Exhibit A

	USDA WIC & CSFP Fund 42050	EPA Water Supply Prog Fund 42070	Federal Clearing Fund 42600	USDA Food Stamp Fund 42610	Common School Fund 61270	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,916,818
Intergovernmental	-	1,241,882	-	-	-	30,553,905
Sales & Charges	-	-	-	-	-	12,128,812
Miscellaneous	-	(5,571)	410	337	181,942	432,646
TOTAL REVENUES	-	1,236,311	410	337	181,942	48,032,181
EXPENDITURES:						
Personal Services	-	895,107	-	152,127	-	27,134,609
Operating	53	376,759	17,638	(649)	30	20,666,812
Travel	-	3,310	5,685	649	-	1,039,961
Capital Outlay	-	5,853	-	-	-	296,598
Government Aid	-	-	-	-	-	19,435
TOTAL EXPENDITURES	53	1,281,029	23,323	152,127	30	49,157,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53)	(44,718)	(22,913)	(151,790)	181,912	(1,125,234)
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	24,953
Deposit to/from Common Fund	-	-	-	-	(181,912)	(181,912)
Operating Transfers In	-	-	-	-	-	489,688
Operating Transfers Out	-	-	-	-	-	(3,700,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(181,912)	(3,367,271)
Net Change in Fund Balances	(53)	(44,718)	(22,913)	(151,790)	-	(4,492,505)

(Concluded)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2018, through December 31, 2018

Exhibit B

	General Fund 10000	Organ/Tissue Donor Cash Fund 22010	Rural Health Prof Incent Cash Fund 22020	Cancer Registry Cash Fund 22029	NE EMS Operations Cash Fund 22030	Radiation Trans Emergency Cash Fund 22040
REVENUES:						
Appropriations	\$ 3,626,378	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	8,473	-
Sales & Charges	-	-	-	-	588,479	3,100
Miscellaneous	48,253	24,127	-	189	10,396	1,542
TOTAL REVENUES	3,674,631	24,127	-	189	607,348	4,642
EXPENDITURES:						
Personal Services	2,175,946	-	-	-	373,130	-
Operating	1,411,788	18,971	143	-	225,954	-
Travel	35,367	-	2,932	-	13,164	-
Capital Outlay	3,277	-	-	-	-	-
Government Aid	-	-	-	-	-	-
TOTAL EXPENDITURES	3,626,378	18,971	3,075	-	612,248	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 48,253	 5,156	 (3,075)	 189	 (4,900)	 4,642
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	(48,253)	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(48,253)	-	-	-	-	-
 Net Change in Fund Balances	 -	 5,156	 (3,075)	 189	 (4,900)	 4,642

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2018, through December 31, 2018

Exhibit B

	Health & Human Service Cash Fund 22550	Childhood Care Cash Fund 22630	Nebr Health Care Cash Fund 22640	Prof & Occup Cred Cash Fund 28000	Federal General Fund 40000	Federal Cash Fund 42020
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	81,582	-	-	-	13,795,478	424,952
Sales & Charges	4,235,026	54,268	-	6,200	25	22,461
Miscellaneous	283,470	4,358	-	6,377	-	305
TOTAL REVENUES	<u>4,600,078</u>	<u>58,626</u>	<u>-</u>	<u>12,577</u>	<u>13,795,503</u>	<u>447,718</u>
EXPENDITURES:						
Personal Services	2,941,558	111,826	73,744	259,421	6,014,977	621,954
Operating	1,212,288	(39,429)	-	34,011	7,566,489	173,569
Travel	150,905	72	-	5,184	172,265	4,459
Capital Outlay	55,935	-	-	-	17,196	-
Government Aid	-	-	-	-	24,576	-
TOTAL EXPENDITURES	<u>4,360,686</u>	<u>72,469</u>	<u>73,744</u>	<u>298,616</u>	<u>13,795,503</u>	<u>799,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>239,392</u>	<u>(13,843)</u>	<u>(73,744)</u>	<u>(286,039)</u>	<u>-</u>	<u>(352,264)</u>
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	-
Deposit to/from Common Fund	-	-	-	-	-	-
Operating Transfers In	-	-	359,688	-	-	-
Operating Transfers Out	(2,570,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,570,000)</u>	<u>-</u>	<u>359,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,330,608)	(13,843)	285,944	(286,039)	-	(352,264)

(Continued)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2018, through December 31, 2018

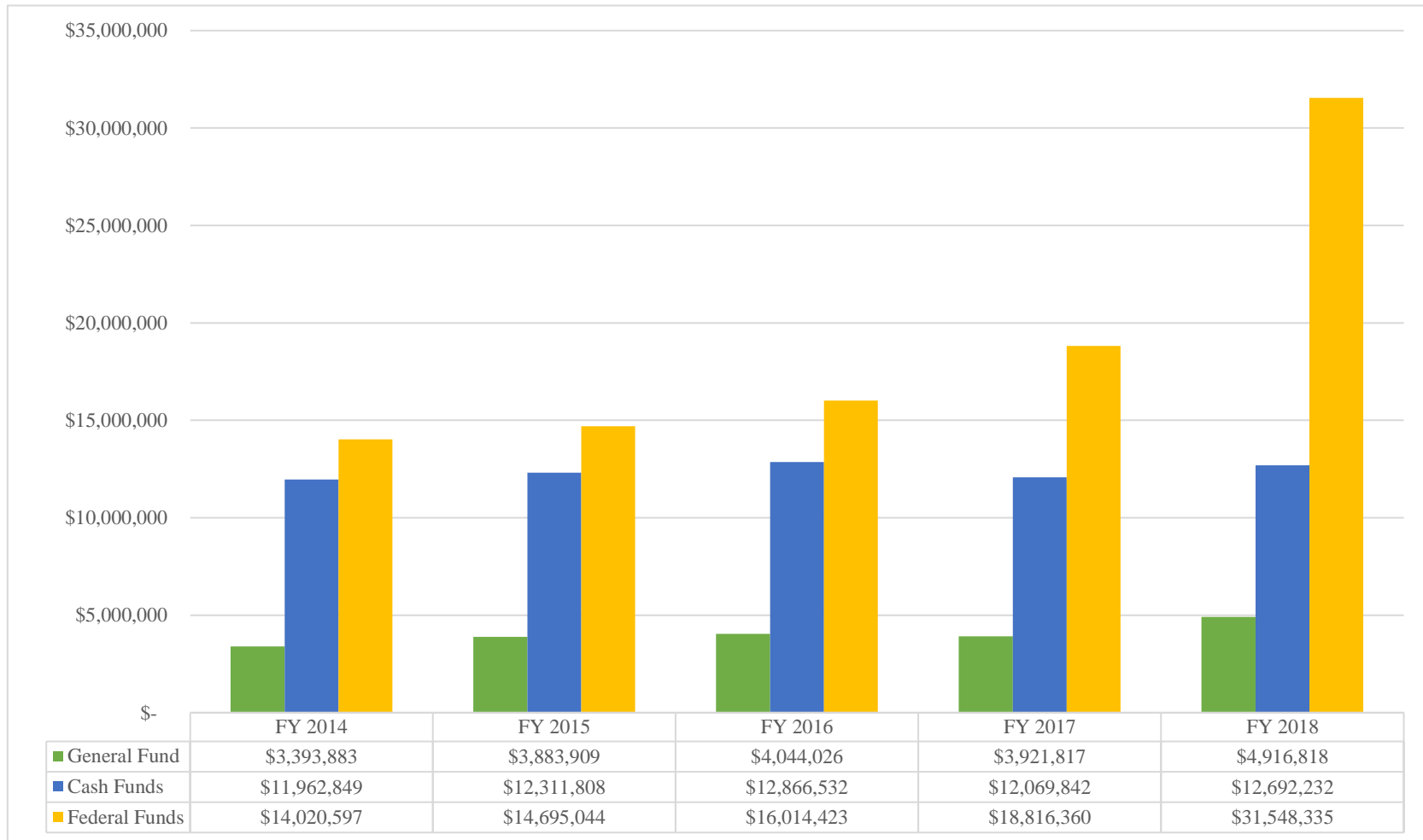
Exhibit B

	USDA WIC & CSFP Fund 42050	EPA Water Supply Prog Fund 42070	Federal Clearing Fund 42600	USDA Food Stamp Fund 42610	Common School Fund 61270	Totals (Memorandum Only)
REVENUES:						
Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,626,378
Intergovernmental	-	760,008	-	-	-	15,070,493
Sales & Charges	-	-	-	-	-	4,909,559
Miscellaneous	-	(47,743)	255	-	100,154	431,683
TOTAL REVENUES	-	712,265	255	-	100,154	24,038,113
EXPENDITURES:						
Personal Services	-	488,265	95,056	-	-	13,155,877
Operating	6	219,923	23,034	-	-	10,846,747
Travel	-	2,230	9,149	-	-	395,727
Capital Outlay	-	-	-	-	-	76,408
Government Aid	-	-	-	-	-	24,576
TOTAL EXPENDITURES	6	710,418	127,239	-	-	24,499,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6)	1,847	(126,984)	-	100,154	(461,222)
OTHER FINANCING SOURCES (USES):						
Deposit to General Fund	-	-	-	-	-	(48,253)
Deposit to/from Common Fund	-	-	-	-	(100,154)	(100,154)
Operating Transfers In	-	-	-	-	-	359,688
Operating Transfers Out	-	-	-	-	-	(2,570,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(100,154)	(2,358,719)
Net Change in Fund Balances	(6)	1,847	(126,984)	-	-	(2,819,941)

(Concluded)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
PROGRAM 262 EXPENDITURES BY FUND TYPE
Fiscal Years Ended June 30, 2014, through June 30, 2018

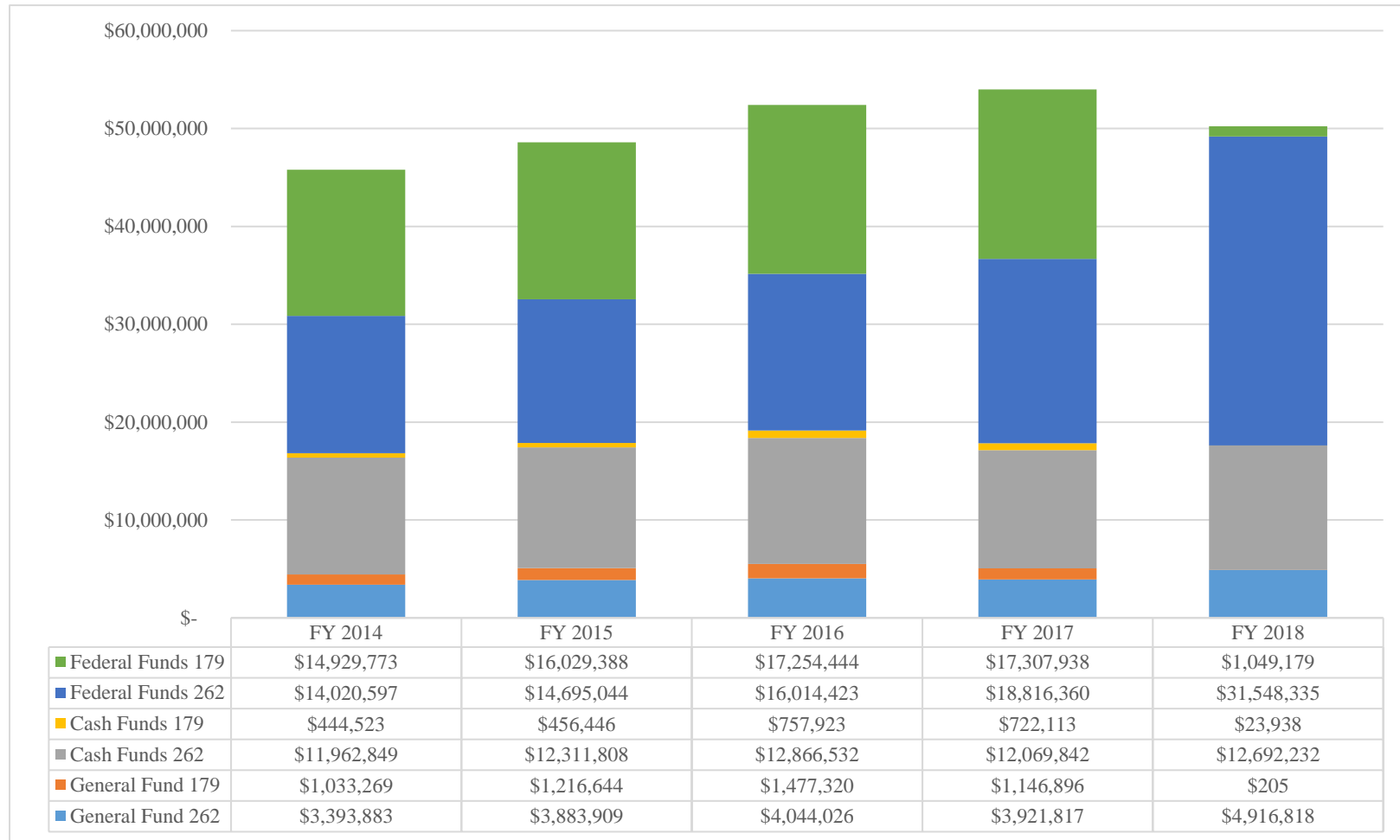
Exhibit C



Note: Program 179 was merged with Program 262 beginning July 1, 2017.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM 262 – PUBLIC HEALTH ADMINISTRATION
PROGRAMS 179 AND 262 EXPENDITURES BY FUND TYPE
Fiscal Years Ended June 30, 2014, through June 30, 2018

Exhibit D



Note: Program 179 was merged with Program 262 beginning July 1, 2017.