



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Kyle Schneweis, Director
Nebraska Department of Transportation
1500 Nebraska Hwy 2
Lincoln, Nebraska 68502

Dear Mr. Schneweis:

This letter is provided pursuant to AICPA Auditing Standards AU-C Section 265B.A17, which permits the early communication of audit findings due to their significance and the urgent need for corrective action. The audit work addressed herein was performed as part of the fiscal year ended June 30, 2020, Comprehensive Annual Financial Report (CAFR) audit. This communication is based on our audit procedures through June 18, 2020. Because we have not completed our audit of the fiscal year 2020 CAFR, additional matters may be identified and communicated in our final report.

In planning and performing our audit of the State's financial statements as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the State's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We noted certain internal control or compliance matters related to the activities of the Nebraska Department of Transportation (Department), or other operational matters, which are presented below for your consideration. The following comment and recommendation, which has been discussed with the appropriate members of the agencies and their management, is intended to improve internal control or result in other operating efficiencies.

Draft copies of this letter were furnished to the Department to provide management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, the auditor does not express an opinion on it. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2020.

NITC Information Security Policy

The Nebraska Information Technology Commission’s (NITC) nine members are appointed by the Governor with the approval of the Legislature. Neb. Rev. Stat. § 86-516(6) (Reissue 2014) directs the NITC to “Adopt minimum technical standards, guidelines, and architectures upon recommendation by the technical panel.”

NITC Technical Standards and Guidelines, Information Security Policy 8-209 (July 2017), “State and agency security planning and reporting,” requires or recommends State agencies to have an Information Security Plan, a System Security Plan, and a Plan of Action and Milestones Report on file. The NITC has established specific elements to be included in its Information Security Strategic Plan (8-210), System Security Plan (8-211), and Plan of Action and Milestones Report (8-212).

As a result, the Auditor of Public Accounts (APA) tested some of the key elements of those NITC Technical Standard and Guidelines to verify compliance by the Department. Though having various documents that contained some of the necessary elements, the Department lacked documentation to support that it met all required elements, as described below.

The APA noted the Department had a Security Plan that had some of the elements of 8-210; however, this document was in draft form as of June 2020. In that draft Security Plan, the APA found that the following requirements were not met:

- Five-year projection & educated views of emerging threats and protections.
- Analysis of the current and planned technology and infrastructure design, and the corresponding changes required for information security to stay aligned with these plans.
- Summary of the overall information risks assessments and current risk levels, and detailed descriptions of significant security risks, and plans to mitigate or remediate those risks.

The APA noted that all significant requirements identified in 8-211 were not met, as the Department was working with the Office of Chief Information Officer (OCIO) on addressing those elements.

For risks and findings identified by the APA in a prior year audit and for any risks identified by the Department through its own internal and external assessments, if any, the Department lacked a Plan of Action & Milestones Report (NITC 8-212).

The Department lacks formal plans that fully describe the current controls in place for protecting information at a level commensurate with the sensitivity level of the Department’s systems. A similar finding was noted during the previous audit.

We recommend the Department continue to work with the OCIO to satisfy the requirements of the NITC Information Security Policy.

Department Response: NDOT agrees with the recommendation. We will coordinate with the OCIO’s State Security Information Officer to review how best to ensure the NITC requirements are met.

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Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Department and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Department.

This communication is intended solely for the information and use of the Department, the Governor and State Legislature, others within the Department, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not intended to be, and should not be, used by anyone other than the specified parties. However, this communication is a matter of public record, and its distribution is not limited.



Zachary Wells, CPA, CISA
Audit Manager