

**ATTESTATION REPORT  
OF THE  
NEBRASKA DEPARTMENT OF HEALTH  
AND HUMAN SERVICES  
PROGRAM 264 – CHILDREN AND FAMILY SERVICES  
ADMINISTRATION**

**JULY 1, 2018, THROUGH DECEMBER 31, 2019**

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**Issued on June 3, 2020**

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*We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.*

### Audit Staff Working On This Examination

Pat Reding, CPA, CFE – Assistant Deputy Auditor  
Jennifer Cromwell, CFE – Investigation Examiner II  
Alex List – Auditor

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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**BACKGROUND**

The primary purpose of the Nebraska Department of Health and Human Services Program 264 – Children and Family Services Administration (Program 264) is to administer the Division of Children and Family Services (Division) Central Administrative Office. Program 264 supports the salaries, benefits, and operating expenses of the administrative staff of the Division, including the Division Director, Administrative Assistant to the Director, Deputy Director for Comprehensive Quality Improvement, Division Financial Officer, and Division Administrators.

The objective of Program 264 is to administer, support, and collaborate with all programs within the Division, including Protection and Safety, Economic Assistance, and Juvenile Services.

Key objectives of the Division include the following:

1. Helping children and families connect to supports and services they need to improve family functioning, promote child safety, and prevent out of home placement of children;
2. Evaluating and implementing more efficient systems in ACCESSNebraska to improve customer service in areas such as call wait times and eligibility timeliness; and
3. Providing a safer, more secure environment for juveniles to receive rehabilitation and treatment services.

Additional objectives include:

4. Building stronger collaborations and partnerships with other stakeholders;
5. Conducting business with transparency;
6. Operating the Division with accountability, accessibility, and effective programing and service delivery; and
7. Utilizing available resources in the most cost-efficient manner.

Source: 2019-2021 Biennial Budget Request

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**KEY OFFICIALS AND AGENCY CONTACT INFORMATION**

**Executive Management**

<b>Name</b>	<b>Title</b>
Dannette R. Smith	Chief Executive Officer
Stephanie Beasley	Director, Division of Children and Family Services
Steven Greene	Deputy Director, Division of Children and Family Services
Bo Botelho	Chief Operating Officer
Mike Michalski	Chief Financial Officer
John Meals	Comptroller

Nebraska Department of Health and Human Services  
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**COMMENT AND RECOMMENDATION**

During our examination of the Nebraska Department of Health And Human Services (DHHS) Program 264 – Children and Family Services Administration (Program 264), we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a significant deficiency.

**Inadequate Controls Over Expenditures**

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

- We noted that DHHS did not have any procedures to review postage, copy services, and printing services billings to determine if the charges appear reasonable and whether the Department of Administrative Services (DAS) charged the correct amount. Program 264 postage charges for the period totaled \$1,834,686, and DAS printing and copy services for the period totaled \$757,332. A similar finding was noted in the Program 262 – Public Health Administration audit for the period July 1, 2017, through December 31, 2018.
  - We tested a payment to DAS Materiel that included charges, totaling \$42,830, for print fold and inserts. DHHS did not have any documentation to support that the rate or amount charged was proper.
  - We also tested a payment to DAS for postage, totaling \$205,763. DHHS did not have any documentation to support that the amount charged to Program 264 was proper.
- One employee reimbursement tested was for two trips to Kansas City, Missouri. The reimbursement was for expenses incurred September 23 - 25, and September 30 - October 2, 2019; however, the conference agendas provided were for September 24 - 25 and October 2, 2019. There was no documentation to support the need for travel on September 30, 2019. In addition, there was no itemized receipt for a \$33 meal.
- We tested one payment to DAS Transportation Services Bureau (TSB) and reviewed five individual trips. One of the trips was for travel by an employee of the Developmental Disabilities Division and, therefore, did not appear to be a proper expense of Program 264.

Per State Accounting Travel Policies (AM-005), Section 6, *Meals*, “Agencies are responsible to see that all submitted claims for food/meals are adequately substantiated. Unsubstantiated food/meals should not be reimbursed. Receipts are required unless the cost of the food/meal is under \$5.00.”

Without adequate review procedures over DAS billings, there is an increased risk that DHHS will be charged inappropriately, or the proper Program will not be charged. When expenditures are not properly supported, there is an increased risk for errors and misuse of funds.

We recommend DHHS implement procedures to ensure charges for postage, copy services, and printing services are proper. We further recommend DHHS implement procedures to ensure travel expenditures are reasonable and properly supported.

*DHHS Response: Agree. The Department will work with DAS to establish a process for reviewing the assessments. The Department has a travel policy and will ensure staff are reviewing the policy on a regular basis.*

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**COMMENT AND RECOMMENDATION**

(Concluded)

It should be noted that this report is critical in nature, containing only our comment and recommendation on the area noted for improvement and does not include our observations on any accounting strengths of Program 264.

Draft copies of this report were furnished to DHHS to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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### 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 264 – Children and Family Services Administration for the period July 1, 2018, through December 31, 2019. 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, 2018, through December 31, 2019, 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 a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comment 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.

May 28, 2020

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
PROGRAM 264 – CHILDREN AND FAMILY SERVICES ADMINISTRATION  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Period July 1, 2018, through December 31, 2019

	General Fund 10000	Federal Fund 40000	USDA Food Stamp Fund 42610	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>				
Appropriations	\$ 3,876,565	\$ -	\$ -	\$ 3,876,565
Intergovernmental	-	156,468	-	156,468
Miscellaneous	125,133	37,673	25,178	187,984
<b>TOTAL REVENUES</b>	<b>4,001,698</b>	<b>194,141</b>	<b>25,178</b>	<b>4,221,017</b>
<b>EXPENDITURES:</b>				
Personal Services	1,251,710	-	-	1,251,710
Operating	2,692,572	194,141	-	2,886,713
Travel	55,549	-	-	55,549
Capital Outlay	1,867	-	-	1,867
<b>TOTAL EXPENDITURES</b>	<b>4,001,698</b>	<b>194,141</b>	<b>-</b>	<b>4,195,839</b>
Excess of Revenues Over Expenditures	-	-	25,178	25,178
Net Change in Fund Balances	-	-	25,178	25,178

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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**NOTES TO THE SCHEDULE**

For the Period July 1, 2018, through December 31, 2019

**1. Criteria**

The accounting policies of the Nebraska Department of Health and Human Services (DHHS) Program 264 – Children and Family Services Administration (Program 264) are on the basis of accounting, as prescribed the State of Nebraska’s Director of Administrative Services.

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska’s Director of the Department of Administrative Services (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 DHHS to record all accounts receivable and related revenues in EnterpriseOne; as such, Program 264’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, 2019, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2019, **does not** include amounts for goods and services received before December 31, 2019, which had not been posted to the general ledger as of December 31, 2019.

The following fund types are established by the State and used by Program 264:

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

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

The following major revenue account classifications are established by State Accounting and used by Program 264:

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

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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**NOTES TO THE SCHEDULE**

(Concluded)

**1. Criteria** (Concluded)

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

**Miscellaneous** – Revenue from sources not covered by other major categories, such as investment income.

The following major expenditure account classifications are established by State Accounting and used by Program 264:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed by Program 264.

**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.

**2. Reporting Entity**

DHHS is a State agency established under and governed by the laws of the State of Nebraska. As such, Program 264 is exempt from State and Federal income taxes. The schedule includes all funds of Program 264 included in the general ledger.

Program 264 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.

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**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 264 – CHILDREN AND FAMILY SERVICES ADMINISTRATION  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Period July 1, 2018, through June 30, 2019

**Exhibit A**

	General Fund 10000	Federal Fund 40000	USDA Food Stamp Fund 42610	<b>Totals (Memorandum Only)</b>
REVENUES:				
Appropriations	\$ 2,566,713	\$ -	\$ -	\$ 2,566,713
Intergovernmental	-	149,895	-	149,895
Miscellaneous	2,037	(731)	14,902	16,208
TOTAL REVENUES	<u>2,568,750</u>	<u>149,164</u>	<u>14,902</u>	<u>2,732,816</u>
EXPENDITURES:				
Personal Services	758,795	-	-	758,795
Operating	1,774,555	149,164	-	1,923,719
Travel	35,400	-	-	35,400
TOTAL EXPENDITURES	<u>2,568,750</u>	<u>149,164</u>	<u>-</u>	<u>2,717,914</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>14,902</u>	<u>14,902</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>14,902</u>	<u>14,902</u>

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**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Period July 1, 2019, through December 31, 2019

**Exhibit B**

	General Fund 10000	Federal Fund 40000	USDA Food Stamp Fund 42610	<b>Totals (Memorandum Only)</b>
REVENUES:				
Appropriations	\$ 1,309,852	\$ -	\$ -	\$ 1,309,852
Intergovernmental	-	6,573	-	6,573
Miscellaneous	123,096	38,404	10,276	171,776
TOTAL REVENUES	<u>1,432,948</u>	<u>44,977</u>	<u>10,276</u>	<u>1,488,201</u>
EXPENDITURES:				
Personal Services	492,915	-	-	492,915
Operating	918,017	44,977	-	962,994
Travel	20,149	-	-	20,149
Capital Outlay	1,867	-	-	1,867
TOTAL EXPENDITURES	<u>1,432,948</u>	<u>44,977</u>	<u>-</u>	<u>1,477,925</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>10,276</u>	<u>10,276</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>10,276</u>	<u>10,276</u>

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**PAYROLL AND NON-PAYROLL EXPENDITURES**  
For the Fiscal Years Ended June 30, 2015, through June 30, 2019

**Exhibit C**

