

**ATTESTATION REPORT
OF THE
STATE OF NEBRASKA
OFFICE OF THE GOVERNOR**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on July 22, 2021

The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Charlie Janssen was elected in November 2014 and re-elected in November 2018, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th State Auditor.

The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.

We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.

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

Audit Staff Working On This Examination

Zachary Wells, CPA, CISA – Audit Manager

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STATE OF NEBRASKA
OFFICE OF THE GOVERNOR

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STATE OF NEBRASKA
OFFICE OF THE GOVERNOR

BACKGROUND

The Constitution of the State of Nebraska vests the supreme executive power of the State in the Governor. It is the duty of the Governor to “take care that the laws be faithfully executed, and the affairs of the state efficiently and economically administered.” The Governor is elected to a four-year term and is limited to serving only two consecutive terms.

The Governor is the chief budget officer and must present the Legislature with a complete budget for all expenditures used in running the State’s regular business. The Governor’s other duties required by law include signing or vetoing bills passed by the Legislature, appointing certain officers as required by the Constitution and statutes, and other duties defined by the Constitution and various statutes.

There are two offices under the agency referred to as the Governor’s Office (Office). They include the Office of the Governor and the Governor’s Policy Research Office (GPRO).

The GPRO was created by the 1979 Legislature and replaced the Office of Planning and Programming, created in 1969. The GPRO helps the Governor develop and review State government policy. When needed, the GPRO coordinates and directs multiagency programs or special programs not fitting any particular agency. A small professional staff assists the Governor in analyzing policy options, promoting executive branch cooperation and efficiency, reviewing proposed rules and regulations, responding to public inquiries, and researching State and national trends. The GPRO monitors legislative bills, coordinates legislative activities of code agencies, and coordinates the development and promotion of the Governor’s legislative agenda.

Pete Ricketts was elected Governor in 2014 and re-elected in 2018.

Source: 2020-2021 Nebraska Blue Book

STATE OF NEBRASKA
OFFICE OF THE GOVERNOR

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

**STATE OF NEBRASKA
OFFICE OF THE GOVERNOR EXECUTIVE
MANAGEMENT**

Name	Title
Pete Ricketts	Governor
Matt Miltenberger	Chief of Staff

State of Nebraska
Office of the Governor
State Capitol, Room 2316
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STATE OF NEBRASKA
OFFICE OF THE GOVERNOR

COMMENT AND RECOMMENDATION

During our examination of the State of Nebraska's Office of the Governor (Office), we noted a certain deficiency that, along with other operational matters, is presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

Certification of Time Worked

We tested three overtime-exempt employees and noted that none completed a timesheet or otherwise asserted that they worked 40 hours each week. The employees were required to complete only leave slips documenting the hours of vacation or sick leave used.

Neb. Rev. Stat. § 84-1001(1) (Reissue 2014) provides the following:

All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur.

Furthermore, a good internal control plan requires employees who accrue vacation and sick leave to have adequate support that they earned the amounts recorded in the leave records.

Without proper records to support a 40-hour work week for all employees, there is an increased risk for not only noncompliance with State statute but also inaccurate leave accruals, resulting in improper payments for unused leave upon termination.

We recommend the Office document compliance with State statute, as well as ensure the accuracy of leave accruals, by requiring staff to complete a timesheet or otherwise attest to having worked 40 hours each week.

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 the Office.

Draft copies of this report were furnished to the Office to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The Office declined to respond.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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STATE OF NEBRASKA
OFFICE OF THE GOVERNOR

INDEPENDENT ACCOUNTANT'S REPORT

Office of the Governor
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Office of the Governor (Office) for the fiscal year ended June 30, 2021. The Office's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balance 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 Balance 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 Balance 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 Balance. 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 Balance, 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 Balance for the fiscal year ended June 30, 2021, is based on the accounting system and procedures prescribed by 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balance; fraud that is material, either quantitatively or qualitatively, to the Schedule of Revenues, Expenditures, and Changes in Fund Balance; and any other instances that warrant the attention of those charged with governance. 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 Balance 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 Balance or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance, 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.

July 16, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

STATE OF NEBRASKA
OFFICE OF THE GOVERNOR
**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**
For the Fiscal Year Ended June 30, 2021

	State General Fund 10000
REVENUES:	
Appropriations	\$ 2,013,233
Miscellaneous	211
TOTAL REVENUES	2,013,444
EXPENDITURES:	
Personal Services	1,731,729
Operating	255,754
Travel	24,271
Capital Outlay	1,479
TOTAL EXPENDITURES	2,013,233
Excess of Revenues Over Expenditures	211
OTHER FINANCING USES:	
Deposit to General Fund	(211)
TOTAL OTHER FINANCING USES	(211)
Net Change in Fund Balance	-
FUND BALANCE, JULY 1, 2020	2,054
FUND BALANCE, JUNE 30, 2021	\$ 2,054
FUND BALANCE CONSIST OF:	
Deposits with Vendors	\$ 2,054
TOTAL FUND BALANCE	\$ 2,054

The accompanying notes are an integral part of the schedule.

STATE OF NEBRASKA
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NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2021

1. Criteria

The accounting policies of the Office of the Governor (Office) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department 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 Balance 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 the Office to record all accounts receivable and related revenues in EnterpriseOne; as such, the Office'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 June 30, 2021, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of June 30, 2021, **does not** include amounts for goods and services received before June 30, 2021, which had not been posted to the general ledger as of June 30, 2021.

The Office had no accounts receivable at June 30, 2021. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund type is established by the State and used by the Office:

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

The following major revenue account classifications are established by State Accounting and used by the Office:

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.

Miscellaneous – Revenue from sources not covered by other major categories, such as rebates from the use of a State purchasing card.

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NOTES TO THE SCHEDULE
(Continued)

1. **Criteria** (Concluded)

The following major expenditure account classifications are established by State Accounting and used by the Office:

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

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.

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

Assets – Resources owned or held by a government that have monetary value. Assets include deposits with vendors. Deposits with vendors are included in fund balance and are reported as recorded in the general ledger.

2. **Reporting Entity**

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

The Office is part of the primary government for the State of Nebraska.

3. **Capital Assets**

Capital assets include equipment. Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Annual Comprehensive Financial Report (ACFR). In addition, the Office takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$5,000 or more at the date of acquisition.

For the ACFR, the State requires the Office to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of more than one year is capitalized. Depreciation expenses are reported in the ACFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset’s life is not capitalized.

Equipment is depreciated in the ACFR using the straight-line method with estimated useful lives of 3-10 years.

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NOTES TO THE SCHEDULE
(Concluded)

3. Capital Assets (Concluded)

Capital asset activity of the Office recorded in the State Accounting System for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 28,589	\$ 1,479	\$ 1,418	\$ 28,650
Less accumulated depreciation:				\$ 27,318
Total capital assets, net of depreciation				\$ 1,332

4. Support Services

The Office of the Governor has historically been provided services from code agencies directly under the Governor’s control. The following agencies were identified as providing direct support services to the Office:

DAS Budget Division

Processes and maintains the accounting records for the Office and assists the Governor in the preparation of the State’s budget for presentation to the Legislature each year.

DAS Building Division

Is responsible for the maintenance and operation of the Governor’s Mansion. DAS Building Division provides for the construction and ground improvements to the Governor’s Mansion. Total expenditures were not identified or tested as part of this examination.

State Patrol

Has historically protected the Governor and his official residence. The State Patrol’s service expenses include: security staff salaries; the State Patrol’s helicopter usage; travel costs of the Governor’s security staff; communication costs; the lease of the Governor’s official vehicles; tuition assistance for the Governor’s security staff; and other miscellaneous costs. Total expenditures were not identified or tested as part of this examination.

Department of Transportation – Division of Aeronautics (Department)

Provided air transportation for the Governor at the Department’s expense, as required by Neb. Rev. Stat. § 3-106 (Cum. Supp. 2020). The Office pays for all transportation costs exceeding \$32,500 from the Governor’s budget. During the fiscal year, the Office paid \$20,966 for air transportation provided by the Department.