



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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October 13, 2022

Matt Blomstedt, Commissioner  
Nebraska Department of Education  
500 S. 84<sup>th</sup> St.  
Lincoln, Nebraska 68510

Dear Commissioner Blomstedt:

This letter is provided pursuant to AICPA Auditing Standards AU-C Section 265.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, 2022, Annual Comprehensive Financial Report (ACFR) audit. This communication is based on our audit procedures through June 30, 2022. Because we have not completed our audit of the fiscal year 2022 ACFR, 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, 2022, 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, and, therefore, material weaknesses may exist that were not identified.

We noted certain internal control or compliance matters related to the activities of the Department of Education (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, 2022.

**User Access Issues**

During the Auditor of Public Accounts’ (APA) review of users with access to the Child Nutrition Program (CNP) and Grants Management System (GMS) applications, we noted that users did not have their access removed in a timely manner (three business days) after termination of employment.

- CNP is used by the Department to administer the National School Lunch Program, Summer Food Service Program, Child and Adult Care Food Program, and the Commodity Program, which included processing claims and applications. During testing, we noted that one employee terminated employment with the State on December 3, 2021; however, this employee still had access to the CNP application when the APA inquired with the Department on June 1, 2022. The terminated employee’s CNP access was removed on June 2, 2022, or 181 days after termination.
- GMS is a web-based system used by the Department for processing grant applications and grant payments for various State and Federal grants. During testing, we noted that on July 7, 2022, there were eight active GMS IDs assigned to terminated State employees and contractors.

The Department removed the eight users’ access on July 20, 2022, or nine working days after the APA’s inquiry. The number of days these users had access to GMS after their termination dates ranged from 119 to 385 days. The table below summarizes these eight terminated users’ periods of unauthorized access.

<b>Employee/Contractor</b>	<b>Termination Date</b>	<b>Access Removal Date</b>	<b>Total Days</b>
Employee #1	3/23/2022	7/20/2022	119
Employee #2	2/28/2022	7/20/2022	142
Employee #3	1/14/2022	7/20/2022	187
Employee #4	12/31/2021	7/20/2022	201
Employee #5	12/3/2021	7/20/2022	229
Employee #6	6/30/2021	7/20/2022	385
Contractor #1	6/30/2021	7/20/2022	385
Contractor #2	6/30/2021	7/20/2022	385

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-701 (July 2017), “Auditing and compliance; responsibilities; review,” states the following, in relevant part:

*An agency review to ensure compliance with this policy and applicable NIST SP 800-53 security guidelines must be conducted at least annually.*

National Institute of Standards and Technology (NIST) Special Publication 800-53, Security and Privacy Controls for Information Systems and Organizations, Access Control 6 (AC-6), Least Privilege, states, in part, the following:

*Employ the principle of least privilege, allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.*

NITC Technical Standards and Guidelines, Information Security Policy 8-502 (July 2017), “Minimum user account configuration,” states the following, in relevant part:

*(1) User accounts must be provisioned with the minimum necessary access required to perform duties*

A good internal control plan requires procedures to ensure that access to the CNP and GMS applications is disabled in a timely manner upon the termination of a user’s employment.

Without such procedures, there is an increased risk of not only inappropriate access to State assets and resources but also unauthorized processing of transactions and changes.

We recommend the Department implement procedures to ensure that access to the CNP and GMS applications is disabled in a timely manner (three business days) after the termination of a user's employment.

*Department Response:*

***GMS User Access Issue Response:***

*The Office of Budget & Grants Management is appreciative of the recommendation to deploy a good internal control plan ensuring that access to the GMS application is disabled in a timely manner upon termination of a user's employment. To mitigate circumstances of unauthorized or unnecessary access to a State application, an internal control policy and procedure was deployed and made effective July 1, 2020. To mitigate future risk and generate sustaining internal controls the Department trained staff and annually reviews this process to include procedure updates as identified on July 1, 2021, and July 1, 2022. As the role which supports this work is currently vacant, the Department seeks a suitable candidate and has identified that hiring this role will further foster and strengthen the GMS user access internal control environment.*

***CNP User Access Issue Response:***

*NDE has implemented a new procedure to verify that anytime a Nutrition staff change occurs that CNP access is updated in a timely manner. The new process is already in place and allows for CNP user access to reviewed at any time by the Director of Nutrition.*

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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 interim 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 suitable for any other purpose. However, this communication is a matter of public record, and its distribution is not limited.



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor