



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

February 1, 2023

Governor Jim Pillen
State Capitol
Lincoln, NE 68509

Legislative Council
State Capitol
Lincoln, NE 68509

RE: Report of Corrective Actions Investigations and Evaluations

Investigations and evaluations of corrective action responses filed with the Auditor of Public Accounts (APA) are to be reported per Neb. Rev. Stat. § 84-304(3)(b) (Supp. 2021), which says the following:

Any entity, excluding the state colleges and the University of Nebraska, that is audited or examined pursuant to subdivision (3)(a) of this section and that is the subject of a comment and recommendation in a management letter or report issued by the Auditor of Public Accounts shall, on or before six months after the issuance of such letter or report, provide to the Auditor of Public Accounts a detailed written description of any corrective action taken or to be taken in response to the comment and recommendation. The Auditor of Public Accounts may investigate and evaluate the corrective action. The Auditor of Public Accounts shall then electronically submit a report of any findings of such investigation and evaluation to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature. The Auditor of Public Accounts shall also ensure that the report is delivered to the Appropriations Committee for entry into the record during the committee's budget hearing process;

For the period January 1, 2022, through January 31, 2023, the APA received corrective action plans for 16 of the audit reports issued to various agencies. (See all plans attached in **Attachment A**) All of these action plans were or will be verified during subsequent audits, and the results of such audits were or will be reported to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature upon issuance of the audits. No special investigations or evaluations of these reports were conducted during the period January 1, 2022, through January 31, 2023.

The table below contains a summary of APA reports issued since January 1, 2022, including the number of findings in each, the corrective action plan due dates, and the date on which the APA received a corrective action plan. When blank, no corrective action plan was received because the APA's audit report lacked any findings, making the § 84-304(3)(b) reporting requirement not applicable (N/A). A copy of each audit report issued is available on the APA's website.

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of Findings	LB 151 Reporting Due	LB 151 Received
Court	2021	AE	Antelope County Court	7/1/2022	1	3/10/2023	
Court	2021	AE	Arthur County Court	6/21/2022	1	3/10/2023	
Court	2021	AE	Banner County Court	6/15/2022	1	3/10/2023	
Court	2021	AE	Box Butte County Court	6/21/2022	1	3/10/2023	
Court	2021	AE	Brown County Court	6/23/2022	1	3/10/2023	
Court	2021	AE	Buffalo County Court	6/24/2022	1	3/10/2023	
Court	2021	AE	Burt County Court	7/8/2022	1	3/10/2023	
Court	2021	AE	Butler County Court	6/29/2022	1	3/10/2023	
Court	2021	AE	Cass County Court	7/6/2022	3	3/10/2023	
Court	2021	AE	Cherry County Court	8/8/2022	1	3/10/2023	

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of Findings	LB 151 Reporting Due	LB 151 Received
Court	2021	AE	Cheyenne County Court	7/29/2022	2	3/10/2023	
Court	2021	AE	Dakota County Court	7/27/2022	2	3/10/2023	
Court	2021	AE	Dodge County Court	7/13/2022	1	3/10/2023	
Court	2021	AE	Douglas County Court	9/13/2022	3	3/10/2023	
Court	2021	AE	Franklin County Court	6/23/2022	1	3/10/2023	
Court	2021	AE	Frontier County Court	7/13/2022	1	3/10/2023	
Court	2021	AE	Garden County Court	6/29/2022	1	3/10/2023	
Court	2021	AE	Grant County Court	7/27/2022	1	3/10/2023	
Court	2021	AE	Greeley County Court	7/13/2022	1	3/10/2023	
Court	2021	AE	Hall County Court	7/26/2022	1	3/10/2023	
Court	2021	AE	Hayes County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Hooker County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Howard County Court	6/29/2022	2	3/10/2023	
Court	2021	AE	Jefferson County Court	7/28/2022	2	3/10/2023	
Court	2021	AE	Kearney County Court	7/26/2022	2	3/10/2023	
Court	2021	AE	Keya Paha County Court	6/23/2022	1	3/10/2023	
Court	2021	AE	Kimball County Court	6/21/2022	1	3/10/2023	
Court	2021	AE	Knox County Court	7/1/2022	1	3/10/2023	
Court	2021	AE	Lancaster County Court	8/17/2022	2	3/10/2023	
Court	2021	AE	Lincoln County Court	8/17/2022	2	3/10/2023	
Court	2021	AE	Madison County Court	8/17/2022	2	3/10/2023	
Court	2021	AE	McPherson County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Nemaha County Court	7/27/2022	2	3/10/2023	
Court	2021	AE	Nuckolls County Court	7/8/2022	1	3/10/2023	
Court	2021	AE	Otoe County Court	7/13/2022	1	3/10/2023	
Court	2021	AE	Pierce County Court	7/27/2022	1	3/10/2023	
Court	2021	AE	Polk County Court	8/9/2022	2	3/10/2023	
Court	2021	AE	Red Willow County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Richardson County Court	7/27/2022	2	3/10/2023	
Court	2021	AE	Rock County Court	6/21/2022	1	3/10/2023	
Court	2021	AE	Saline County Court	7/14/2022	1	3/10/2023	
Court	2021	AE	Sarpy County Court	7/29/2022	1	3/10/2023	
Court	2021	AE	Scotts Bluff County Court	7/1/2022	1	3/10/2023	
Court	2021	AE	Seward County Court	7/27/2022	2	3/10/2023	
Court	2021	AE	Sherman County Court	7/27/2022	1	3/10/2023	
Court	2021	AE	Stanton County Court	7/14/2022	1	3/10/2023	
Court	2021	AE	Thayer County Court	7/28/2022	2	3/10/2023	
Court	2021	AE	Thomas County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Washington County Court	7/12/2022	1	3/10/2023	
Court	2021	AE	Webster County Court	6/29/2022	1	3/10/2023	
Court	2021	AE	Wheeler County Court	8/1/2022	1	3/10/2023	
Sub-Total Courts only Subject to LB 151						51	
Note: One corrective action plan has been submitted in the past for all Courts.							
State	2022	Audit	Dairy Industry and Development Board	8/12/2022	0	2/10/2023	
State	2021	Audit	Education - Deaf-Blind Equipment Distribution Program	6/16/2022	1	12/14/2022	7/13/2022
State	2021	Letter	History Nebraska	8/15/2022	2	2/14/2023	
State	2022	Letter	LIHEAP	11/22/2022	1	5/19/2023	
State	2022	Audit	Lottery, Department of Revenue	10/4/2022	0	N/A	N/A
State	2021	Audit	Public Employees Retirement Systems - County Employees - GASB 68	10/6/2022	0	N/A	N/A
State	2021	Audit	Public Employees Retirement Systems - School Employees - GASB 68	10/6/2022	0	N/A	N/A

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of Findings	LB 151 Reporting Due	LB 151 Received
State	2021	Audit	Public Employees Retirement Systems - State and County Employees	9/29/2022	1	3/28/2023	
State	2021	Audit	Public Employees Retirement Systems - School, Judges, and State Patrol	3/17/2022	3	9/16/2022	9/7/2022
State	2020	AE	Transportation, Department of - Formula Grants for Rural Areas	8/24/2022	0	N/A	N/A
State	2021	Audit	Environment and Energy - Clean Water State Revolving Fund Program	5/5/2022	1	11/2/2022	4/25/2022
State	2021	Audit	Environment and Energy - Drinking Water State Revolving Fund Program	5/5/2022	1	11/2/2022	4/25/2022
ACFR	2022	EML	Administrative Services, Department of - ACFR Early Management Letter	11/4/2022	6	5/3/2023	
ACFR	2022	EML	Education, Department of - ACFR Early Management Letter	10/13/2022	1	4/12/2023	
ACFR	2022	EML	Health and Human Services, Department of - ACFR Early Management Letter	11/17/2022	5	5/16/2023	
ACFR	2022	EML	Labor, Department of - ACFR Early Management Letter	9/27/2022	1	3/24/2023	
ACFR	2022	EML	Motor Vehicles, Department of - ACFR Early Management Letter	9/27/2022	4	3/24/2023	
ACFR	2022	EML	Supreme Court - ACFR Early Management Letter	10/6/2022	2	4/5/2023	
ACFR	2021	ML	Administrative Services, Department of - ACFR Management Letter	6/1/2022	7	11/29/2022	10/27/2022
ACFR	2021	ML	Correctional Services, Department of - ACFR Management Letter – Includes Single Finding	5/10/2022	2	11/7/2022	10/4/2022
ACFR	2021	ML	Education, Department of - ACFR Management Letter	5/13/2022	2	11/10/2022	
ACFR	2021	ML	Educational Lands and Funds, Board of - ACFR Management Letter	5/19/2022	1	11/16/2022	
ACFR	2021	ML	Environment and Energy, Department of - ACFR Management Letter	5/5/2022	1	11/2/2022	
ACFR	2021	ML	Health and Human Services, Department of - ACFR Management Letter	6/1/2022	9	11/29/2022	
ACFR	2021	ML	Investment Council - ACFR Management Letter	5/20/2022	1	11/17/2022	7/14/2022
ACFR	2021	ML	Labor, Department of - ACFR Management Letter	5/17/2022	4	11/14/2022	11/17/2022
ACFR	2021	ML	Library Commission - ACFR Management Letter	5/18/2022	1	11/15/2022	
ACFR	2021	ML	Military Department - ACFR Management Letter	5/18/2022	2	11/15/2022	12/20/2022
ACFR	2021	ML	Motor Vehicles, Department of - ACFR Management Letter	5/10/2022	1	11/7/2022	
ACFR	2021	ML	Natural Resources, Department of - ACFR Management Letter	5/11/2022	1	11/8/2022	
ACFR	2021	ML	Revenue, Department of - ACFR Management Letter	5/6/2022	1	11/3/2022	5/13/2022
ACFR	2021	ML	Supreme Court - ACFR Management Letter	5/13/2022	2	11/10/2022	11/2/2022
ACFR	2021	ML	Transportation, Department of - ACFR Management Letter	5/13/2022	3	11/10/2022	
ACFR	2021	ML	Veterans' Affairs, Department of - ACFR Management Letter	5/13/2022	1	11/10/2022	
Single	2021	S-Com.	Single - Administrative Services, Department of	6/23/2022	9	12/21/2022	10/27/2022

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of Findings	LB 151 Reporting Due	LB 151 Received
Single	2022	S-Com.	Single – Motor Vehicles, Department of	6/23/2022	2	12/21/2022	
Single	2021	S-Com.	Single - Education, Department of	6/23/2022	4	12/21/2022	
Single	2021	S-Com.	Single - Health and Human Services, Department of	6/23/2022	24	12/21/2022	
Single	2021	S-Com.	Single - Labor, Department of	6/23/2022	4	12/21/2022	11/17/2022
Single	2021	S-Com.	Single - Military Department	6/23/2022	6	12/21/2022	12/20/2022
Single	2021	S-Com.	Single - Transportation, Department of	6/23/2022	2	12/21/2022	
Sub-Total Other Subject to LB 151						37	14
Total Letters and Reports Subject to LB 151 Received (Does not include N/A						88	14
13 (red) not received and 61 (green) not yet due							74

If you have questions, please feel free to contact us at (402) 471-2111.

Sincerely,

Mike Foley
Auditor of Public Accounts

Attachment

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
SUPREME COURT – ISSUED MAY 13, 2022.**

Received February 3, 2022 – Supreme Court corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

February 3, 2022

Charlie Janssen
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

Dear Auditor Janssen:

Neb. Rev. Stat. §84-304(3)(b) requires entities to describe the corrective actions taken or to be taken in response to audits conducted by the Auditor of Public Accounts. This letter is intended to meet that requirement for the ACFR Early Management Letter for July 1, 2020 through June 30, 2021

Recommendation: Court Order Approval

Action: An enhancement has been designed for the JUSTICE subsystem DOCKET that would log the user ID during certain actions along with additional information such as date and time. At this time, programming and development resources are not available to move forward with the project.

Recommendation: JUSTICE Terminated User Access

Action: A new form for supervisors to complete when an employee leaves the Judicial Branch is in development. It will provide information on all systems for which access must be terminated.

Sincerely,

Corey R. Steel
State Court Administrator

CRS/ml

Administrative Office of the Courts & Probation
P. O. Box 98910, Lincoln, Nebraska 68509-8910
www.supremecourt.nebraska.gov
Phone (402) 471-3730
Fax (402) 471-2197

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA SECRETARY OF STATE
JULY 1, 2020, THROUGH JUNE 30, 2021**

Received February 4, 2022 – Secretary of State corrective action plan.

Secretary of State
Corrective Action Plan
2/4/2022

APA Comment: Internal Control Over Receipts

- *Licensing Division: The Licensing Division contains a Licensing section and Rules and Regulations section. The Secretary of State's Licensing section utilizes Enterprise Content Management (ECM) to issue licenses and store documents. ECM does not currently have receipting or reporting functions; therefore, the Secretary of State uses a separate database to receipt money and issue receipts. No individual, separate from the receipting process, compared the number of licenses issued to the receipts. The Rules and Regulations section utilizes the same receipting database as noted above to issue receipts. Due to the security limitations of the receipting database, both the Licensing and the Rules and Regulations sections lack an adequate segregation of duties, as one individual has the ability to enter receipts and process transactions without additional oversight. This division collected approximately \$30,000 in office.*
- *Elections Division: The Secretary of State's Election Division utilizes the Central Election Reporting System (CERS) for candidate filings and registrations. This system does not currently have receipting or reporting functions; therefore, the Secretary of State uses a separate database to receipt money and issue receipts. No individual, separate from the receipting process, compared the number of filings and registrations to the receipts. This division collected approximately \$17,500 in office.*

Corrective Action: In September 2021, collection agency licensing was moved to a new system, NMLS. This new system requires applicants to file and pay online only. No cash/checks are coming into our office anymore for these license types. Collection agency licensing accounts for 80% of the revenues of this division.

For the other licensing types and rules/regs fees, which collect a very small amount of revenue, the system is not sophisticated enough to allow for reconciliation of licenses issued. Licensing staff open the mail and enter the monies received into the deposit database and give the receipt log with the payment to Finance staff. Licensing staff do not have access to enter deposit in E1. Finance staff prepare and enter the deposit in the State Accounting System (E1). At the end of each month, Finance staff generate a revenue report from E1 showing all deposits for the month, which is sent out to the Licensing Division. The Licensing Division manager, who is not a part of the receipting process, will then reconcile that report to a report from the deposit database of all receipts entered for the month, as well as review monthly revenues for reasonableness. A new report was added to deposit database in October 2021, which allows the division manager to run a list of all receipts for a specified date range.

The Elections Division is in the process of obtaining a new or upgraded candidate filing system, which would allow for better reporting and reconciliation of candidate filing fees to deposits. For now, Elections staff open the mail and enter the monies received into the deposit database and give the receipt log with the payment to Finance staff. Elections staff entering the receipts do not have access to enter deposit in E1. Finance staff prepare and enter the deposit in E1. At the end of each month, Finance staff generate a revenue report from E1 showing all deposits for the month, which is sent out to the Elections Division. The Elections Division manager, who is not a part of the receipting process, will then reconcile that report to a report from the deposit database of all receipts entered for the month, as well as review monthly revenues for reasonableness. A new report was added to deposit database in October 2021, which allows the division manager to run a list of all receipts for a specified date range.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM
JULY 1, 2020, THROUGH JUNE 30, 2021**

Received April 25, 2022 – Department of Environment and Energy corrective action plan.



Pete Ricketts, Governor

April 25, 2022

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Dear Mr. Janssen,

This letter is to serve as the Agency's Corrective Action Plan to the audit report of the Nebraska Department of Environmental Quality – Clean Water State Revolving Fund Program for the fiscal year ended June 30, 2021.

Upon review, the audit report noted certain deficiencies and other operational matters the agency has taken corrective action intended to improve the internal controls over financial reporting.

1. **Financial Statement Errors:** Calculation of the compensated absences accrual, payables accruals, and software capitalization.

Agency Corrective Action: The agency will have two plans to correct this issue. Plan A: The financial statements will be process by the Accounting & Finance Manager (Clean Water) and an Accountant III (Drinking Water). The process will begin the first week of August. The fiscal team will have until October 31st to finish the statements, which includes a check of each other's work. If unsuccessful, then Plan B. Plan B: Outsource the financial statements to a professional accounting firm. The firm will be identified by the Accounting & Finance Manager by July 31st.

Sincerely,



Jim Macy
Director
Nebraska Department of Environment and Energy

Department of Environment and Energy
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Jim Macy, Director
OFFICE 402-471-2156 FAX 402-471-2509
macy.jim@nebraska.gov

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
DRINKING WATER STATE REVOLVING FUND PROGRAM
JULY 1, 2020, THROUGH JUNE 30, 2021**

Received April 25, 2022 – Department of Environment and Energy corrective action plan.

NEBRASKA

Good Life. Great Resources.

DEPT. OF ENVIRONMENT AND ENERGY



Pete Ricketts, Governor

April 25, 2022

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Dear Mr. Janssen,

This letter is to serve as the Agency's Corrective Action Plan to the audit report of the Nebraska Department of Environmental Quality – Drinking Water State Revolving Fund Program for the fiscal year ended June 30, 2021.

Upon review, the audit report noted certain deficiencies and other operational matters the agency has taken corrective action intended to improve the internal controls over financial reporting.

1. **Financial Statement Errors:** Calculation of the compensated absences accrual, payables accruals, and software capitalization.

Agency Corrective Action: The agency will have two plans to correct this issue. Plan A: The financial statements will be process by the Accounting & Finance Manager (Clean Water) and an Accountant III (Drinking Water). The process will begin the first week of August. The fiscal team will have until October 31st to finish the statements, which includes a check of each other's work. If unsuccessful, then Plan B. Plan B: Outsource the financial statements to a professional accounting firm. The firm will be identified by the Accounting & Finance Manager by July 31st.

Sincerely,

Jim Macy
Director
Nebraska Department of Environment and Energy

Department of Environment and Energy
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Jim Macy, Director
Office: 402-471-2186 FAX: 402-471-2909
ndee.moreinfo@nebraska.gov

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
DEPARTMENT OF REVENUE – ISSUED MAY 6, 2022.**

Received May 13, 2022 – Department of Revenue corrective action plan.



Pete Ricketts, Governor

May 13, 2022

Charlie Janssen
State Auditor
PO Box 98917
State Capitol, Suite 22303
Lincoln, NE 68509

Dear Auditor Janssen:

This letter is to serve as the corrective action response to the ACFR management letter of the Nebraska Department of Revenue (DOR) for the fiscal year ended June 30, 2021.

Accrual Reporting

The Nebraska Department of Administrative Services, State Accounting Division (State Accounting), prepares the State of Nebraska Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report accurate amounts for financial reporting, including various accounts receivable balances as well as an allowance for doubtful accounts.

The delinquent tax receivable amount for individual income tax was understated by \$3,276,543. Additionally, the allowance for doubtful accounts for the delinquent tax receivable for sales and use tax, withholding tax, individual income tax, and corporate income tax amount was understated by \$75,266,317. These items were due to errors in the Department's calculation procedures.

A good internal control plan requires agencies to have procedures for the reporting of accurate and complete financial information to State Accounting.

Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

We recommend the Department review and update the current procedures for properly calculating accruals for the ACFR to ensure that accurate amounts are being reported to State Accounting.

Corrective Action Plan: DOR will review and update its ACFR procedures and processes to include protested audit assessments in the total balance due amounts for accrual reporting purposes. Significant changes in financial activity occurring within the reporting period will be reviewed to ensure there is no increased risk of material misstatements in accrual information reported to State Accounting.

Sincerely,

Tony Fulton
Tax Commissioner

Tony Fulton, Tax Commissioner
revenue.nebraska.gov

PO Box 94818
Lincoln, Nebraska 68509-4818
402-471-5729

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA DEPARTMENT OF LABOR
JULY 1, 2020, THROUGH JUNE 30, 2021 - ISSUED DECEMBER 14, 2021**

Received June 14, 2022 – Department of Labor corrective action plan.



Pete Ricketts, Governor



June 14, 2022

Honorable Charlie Janssen
NE Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Re: NDOL Attestation Audit (7/1/2020 - 6/30/2021)

The Department's section 84-304 response to the NE State Auditor's December 14, 2021, Attestation Report is as follows:

SUMMARY OF COMMENTS

1. ***Accounting Issues [DEPARTMENT RESPONSE]:*** The Nebraska Department of Labor (NDOL) has hired a new Chief Financial Officer and substantially revised duties and responsibilities regarding journal entries. NDOL is working closely with the Department of Administrative Services (DAS) to ensure that financial transactions are recorded correctly in accordance with DAS accounting standards.

2. ***Unemployment Insurance Benefit Payments [DEPARTMENT RESPONSE]:***

As a reminder, this audit period covers the COVID-19 pandemic period in which NDOL had an unprecedented unemployment workload and instituted five new unemployment programs in a matter of months.

Ineligible Payments to Inmates: The inmate crossmatches were reviewed and have been brought up to date. Crossmatches are done regularly with records in both the Nebraska Criminal Justice Information System and the Social Security Administration.

Benefits Paid to Deceased Claimants: In addition to the previous crossmatches of death records with the Social Security Administration, NDOL has entered into a data sharing agreement with the Nebraska Bureau of Vital Statistics to crossmatch Nebraska unemployment claims with the Bureau's Nebraska death records.

Improper Unemployment Benefits Paid to State Employees: NDOL is regularly crossmatching all unemployment claims with the state employee data base. The Department recognized issues within the Benefit Payment Control Unit during the pandemic.

Honorable Charlie Janssen, NE Auditor of Public Accounts
 December 8, 2021
 Page 2 of 3

Re: NDOL Audit (7/1/2020 - 6/30/2021)

Benefits Paid to Claimants Under the Age of Sixteen: There is no minimum age requirement for either regular state unemployment benefits or Pandemic Unemployment Assistance. The Department has reviewed the claims in question and determined that the individuals were eligible for Pandemic Unemployment Assistance.

Adjudication Issues: NDOL has corrected the issues that resulted in work search requirements being set for some claimants.

Pandemic Unemployment Assistance (PUA) Issues: USDOL has reviewed NDOL's administration of the PUA program and all findings have been resolved to the satisfaction of USDOL. DOL has required all PUA claimants to report and provide identity verification. In addition, NDOL has individuals filing a new PUA application on or after January 31, 2021, or claiming a week of PUA benefits on or after December 27, 2020 (regardless of which week ending date is being paid). NDOL implemented two-factor authentication for all claimants in January 2021.

Short-Time Compensation (STC) Claimants and Claimants with Excessive Wages: The STC program was conducted in accordance with state and federal guidelines.

Untimely Resolution to Bank Account Fraud Investigations: NDOL has implemented the data integrity hub's recommended standard for preventing this issue.

Duplicate Benefit Payments: NDOL reviewed all known duplicate payments and will establish overpayments if excess benefits were paid.

Maximum Benefit Amount (MBA) Not Correctly Calculated: Monetary eligibility on the claim was correctly determined. No overpayment exists.

Inaccurate Social Security Numbers: The individuals filing claims provided an inaccurate, but valid, SSN. Based upon the SSN information provided by the claimant, the individuals were placed in the PUA program as per the CARES Act.

Improper Employer Charges: NDOL has corrected the charging errors.

3. **Lack of Timely Response for Audit Requests [DEPARTMENT RESPONSE]:** NDOL has requested that the APA route all requests through the Chief Financial Officer so that timeliness requirements can be met. The APA staff have and will be given unlimited access to the requested files. Requests for additional explanation of records are outside the scope of Neb. Rev. Stat. § 84-305
4. **Inadequate Review of Unemployment Insurance Administrative Expenditures [DEPARTMENT RESPONSE]:** A revision of the data warehouse monthly billing with the OCIO was not needed as costs are split based on project assignment and additional ad-hoc requests that are reported by the contractor.
5. **Nebraska Training and Support Cash Fund [DEPARTMENT RESPONSE]:** The Worker Training Program Guidelines have been modified to align program design with GSA Travel Management Policies, to include Meal and Incidental (M&IE) Rates and Restrictions, Lodging, and Travel Reimbursement Rates. Additionally, the program has been restructured to include multiple layers of review to ensure grant payments are reasonable and adequately supported, and Worker Training Board meeting minutes are sufficiently documented. application is received as currently provided for in the Program Grant Guidelines.

Honorable Charlie Janssen, NE Auditor of Public Accounts
December 8, 2021
Page 3 of 3

Re: NDOL Audit (7/1/2020 - 6/30/2021)

6. ***Payroll Lacked Segregation of Duties [DEPARTMENT RESPONSE]:*** NDOL prohibits employees from being able to approve their own timesheet. Timesheet review delegation is required to be to the supervisor's supervisor.
7. ***State Vehicle Usage [DEPARTMENT RESPONSE]:*** Employees of the Department have been reminded that they are required to follow state policy.
8. ***Employment Services Monitoring [DEPARTMENT RESPONSE]:*** Because of additional funding sources that will be used in the JAG program in FY22, the Department plans to treat all funds awarded or paid to UWM as a subaward going forward. The Department is developing both fiscal and programmatic monitoring guides, as well as standardized monitoring schedules, for all grants awarded to non-federal entities in which the Department serves as a pass-through entity.
9. ***WIOA Subrecipient Monitoring [DEPARTMENT RESPONSE]:*** The Department's monitoring unit integrated fiscal monitoring in October 2021. Every local workforce development area will be fiscally monitored on an annual basis to ensure compliance with Federal cost principles, in addition to existing programmatic monitoring.
10. ***Untimely Refund [DEPARTMENT RESPONSE]:*** No corrective action plan is needed because the refund was not paid in accordance with NDOL policy.
11. ***Fines & Penalties Incorrectly Coded [DEPARTMENT RESPONSE]:*** NDOL has corrected this coding issue.
12. ***Changes to Banking Information – NE Works [DEPARTMENT RESPONSE]:*** As stated in the August 3, 2021, response, the Department has implemented new procedures to address this risk.



John H. Albin
NE Commissioner of Labor

I:\general counsel\legal\documents\ui\audits\state audits\07-01-2020 thru 06-30-2021.docx

pc: Rea Easton, Chief Financial Officer
Katie S. Thurber, General Counsel
Andi Bridgmon, UI Director

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
DEPARTMENT OF LABOR – ISSUED MAY 6, 2022.
AND FY2021 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED JUNE 23, 2022.**

Received November 17, 2022 – Department of Labor corrective action plan.

Below are the Corrective Action Plans in response to the Department of Labor July 1 2020 through June 30 2021 ACFR Management Letter.

1.Accounting Issues

Corrective Action Plan: NDOL Financial Services will work with DAS to establish procedures for accurately reporting the UI fund for the ACFR. Furthermore, the Department is establishing procedures for its staff to review documentation, including the trial balance, and reconcile the separate subsystems to the accounting system to identify issues that needed to be rectified. In addition, NDOL Financial Services will establish appropriate support for balances within EnterpriseOne, and adequate controls to ensure financial data was accurate and complete.

Contact: Rea Easton

Anticipated Completion Date: June 30, 2023

2.Unemployment Insurance Benefit Payments

Corrective Action Plan: Necessary procedures are already in place. The Department meets USDOL expectations in administration of the program.

Contact: Andi Bridgmon

Anticipated Completion Date: N/A

3. Lack of Payroll Segregation of Duties and Other Issues

Corrective Action Plan: NDOL Financial Services will establish internal controls related to one-time overrides of pay rates, hours worked, and type of earnings paid (such as vacation, sick leave, etc.), along with documenting procedures to identify unapproved changes, would further ensure that no one individual can conceal errors or irregularities. The Finance team will work with Human Resources to implement a tracking process for delegation and to enforce policy that approval authority can be delegated only to a management level above the approving supervisor. The Finance team has already developed and implemented a process to validate payroll against the General Ledger. Staffing has led to this CAP to extend completion date from September 30, 2022 to January 31, 2023.

Contact: Rea Easton

Anticipated Completion Date: January 31, 2023

4. Untimely Responses to Records Requests

Corrective Action Plan: The department has designated the Chief Financial Officer to serve as the point of contact or copied on all APA requests. This ensures that the requests receive responses timely or with reasonable response time. Timeliness has been significantly better compared to past periods of request. However, lack of staff and institutional knowledge has delayed a few responses. The agency will continue to focus on response timeliness.

Contact: Rea Easton

Anticipated Completion Date: Completed/Continuous

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
MILITARY DEPARTMENT– ISSUED MAY 18, 2022.
AND FY2021 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED JUNE 23, 2022.**

Received December 20, 2022 – Military Department corrective action plan.

STATE OF NEBRASKA
Corrective Action Plans
Year Ended June 30, 2021

MILITARY DEPARTMENT

Finding 2021-019

Accounting Errors

Corrective Action Plan: The agency will work with State Accounting to review the State Accounting chart of accounts in order to identify internal procedures to ensure we are recording transactions in the State's accounting properly in a reasonable and proper manner.

Contact: Shawn Fitzgerald and Deb Kai

Anticipated Completion Date: July 31, 2022

Finding 2021-059

Program: AL 12.401 – National Guard Military Operations and Maintenance (O&M)
Projects – Cash
Management

Corrective Action Plan: The Agency will continue to seek guidance and will work with agents of Cash Management Improvement Act agreement between the State of Nebraska and the U.S. Department of Treasury, the State Treasurer, the Director of Administrative Services, the Assistant Commissioner, and Revenue Collections Management Bureau of Fiscal Service to seek a modification to the agreement which acknowledges National Guard Bureau Regulation 5-1 as the governing document for drawdown of federal funds and their disbursement for program purposes.

The United States Property and Fiscal Office sustained the finding, provided rationale, and concurred with the Nebraska Military Department's corrective action plan. The Grants Officer Representative will provide additional federal oversight and assist with the State's compliance of advance method requirements in accordance

with National Guard Regulation 5-1. Corrective action training was conducted on 13 December 2022.

Contact: MG Daryl Bohac and/or Shawn D. Fitzgerald

Anticipated Completion Date: Ongoing.

Finding 2021-060

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Allowability

Corrective Action Plan: Health Departments & Local Governments: N/A

Hotel Lodging: The Nebraska Emergency Management Agency is responsible for making payments from the Governor's Emergency Fund – Program 191 – Federal. This is the repository for the Coronavirus Relief Fund made available to the Governor. NEMA made payments based on the documentation submitted to the agency. In this case, the motel invoices were submitted by DHHS to the Deloitte account managers responsible for vetting the eligibility of the costs incurred by DHHS. The response to the pandemic event mandated the use of emergency protective measures to ensure the protection of public safety and healthcare workers. In addition, quarantine and isolation measures were necessary to address disease control. Securing facilities that were readily available to meet diverse population requirements, provide the flexibility to address capacity requirements associated with a rapid onset of disease progression, and provide safe and secure isolation locations to protect essential workers were identified as part of the Nebraska Accommodation Program. NEMA would assert these costs are reasonable and prudent emergency protective measures. Therefore, there should be no need to take corrective measures.

Contact: Erv Portis

Anticipated Completion Date: N/A

Finding 2021-061

with National Guard Regulation 5-1. Corrective action training was conducted on 13 December 2022.

Contact: MG Daryl Bohac and/or Shawn D. Fitzgerald

Anticipated Completion Date: Ongoing.

Finding 2021-060

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Allowability

Corrective Action Plan: Health Departments & Local Governments: N/A

Hotel Lodging: The Nebraska Emergency Management Agency is responsible for making payments from the Governor's Emergency Fund – Program 191 – Federal. This is the repository for the Coronavirus Relief

Fund made available to the Governor. NEMA made payments based on the documentation submitted to

the agency. In this case, the motel invoices were submitted by DHHS to the Deloitte account managers

responsible for vetting the eligibility of the costs incurred by DHHS. The response to the pandemic event

mandated the use of emergency protective measures to ensure the protection of public safety and healthcare

workers. In addition, quarantine and isolation measures were necessary to address disease control.

Securing facilities that were readily available to meet diverse population requirements, provide the

flexibility to address capacity requirements associated with a rapid onset of disease progression, and provide

safe and secure isolation locations to protect essential workers were identified as part of the Nebraska

Accommodation Program. NEMA would assert these costs are reasonable and prudent emergency

protective measures. Therefore, there should be no need to take corrective measures.

Contact: Erv Portis

Anticipated Completion Date: N/A

Finding 2021-061

Finding 2021-062

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Reporting

Corrective Action Plan: The correction to record transfers to NDOL as payments to individuals < \$50,000 was made. The vendor payment noted was moved to the Direct Payments category.

Contact: Philip Olsen

Anticipated Completion Date: July 11, 2022

Finding 2021-063

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Earmarking

Corrective Action Plan: N/A

Contact: Lee Will

Anticipated Completion Date: N/A

Finding 2021-064

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Eligibility

Corrective Action Plan: N/A

Contact: Lee Will

Anticipated Completion Date: N/A

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF EDUCATION
NATIONAL DEAF-BLIND EQUIPMENT DISTRIBUTION PROGRAM
JULY 1, 2020, THROUGH JUNE 30, 2021**

Received July 13, 2022 – Department of Education corrective action plan.



Lincoln 3901 N. 27th Street, Suite 5, 68521 Fax (402) 471-6052
Kearney 315 W. 60th Street, Suite 300, 68845 Fax (308) 865-5322
Omaha 1313 Farnam Street, 68102 Fax (402) 595-1919
Columbus 3100 23rd Street, Suite 5, 68601 Fax (402) 564-7995
Scottsbluff 505 A Broadway, Suite 500, 69361 Fax (308) 632-1392
Phone (877) 713-4002 www.atp.nebraska.gov atp@nebraska.gov

Nebraska Department of Education National Deaf-Blind Equipment Distribution Program Audit
7/1/2020 – 6/30/2021

Corrective Action Plan

Recommendation from the Nebraska State Auditor's Office: We recommend the Program periodically review its reimbursement rates to ensure that they are reasonable and appropriate, obtain FCC approval of the rates, and ensure documentation is maintained for the determination, review, and approval of the rates.

Corrective Action:

ATP used the wages/benefits paid during 3rd quarter State Fiscal year 2021 (1/1/2022 -3/31/2022) to re-calculate the reimbursement rates being used for the I Can Connect (ICC) program funded by the Federal Communications Commission (FCC).

- Total hours for that period for the ICC program totaled 28.5.
- Benefits paid out for the ICC program in that quarter totaled \$336.20.
- Average cost of benefits for that quarter totaled \$11.80

Using the highest paid staff's hourly rate (\$28.976) attached to the ICC program that quarter, and adding 4% for the annual pay increase effective July 1,2022 ($28.976 + 1.159 = 30.14$) gave us a wage of \$30.14 per hour.

Adding the wage (30.14) and the average benefit cost (11.80) gave us an hourly rate of \$41.94.

Using this number and adding a 9% margin of error gave us a billable rate for staff time (wages and benefits) of \$45.00 per hour for Supervisor and Technology Specialist time.

Mileage rate has been set at the current GSA rate of .625.

These update rates have been approved by the FCC effective 7/1/2022.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
INVESTMENT COUNCIL – ISSUED MAY 20, 2022.**

Received July 14, 2022 – Investment Council corrective action plan.



1526 K Street, Suite 420
Lincoln, NE 68508
Phone: 402-471-2043

Web: www.nic.nebraska.gov
Email: nic.info@nebraska.gov

TO: Craig Kubicek, Deputy Auditor
Nebraska Auditor of Public Accounts

FROM: Michael W. Walden-Newman, State Investment Officer

DATE: July 14, 2022

SUBJ: **CORRECTIVE ACTION
INVESTMENT COUNCIL FY 21 ACFR MANAGEMENT LETTER**

A handwritten signature in blue ink, appearing to read "Michael", with a horizontal line underneath it.

The attached Investment Council FY 2021 ACFR Management Letter dated April 28, 2022 contains one recommendation. Our Corrective Action Plan is:

INVESTMENT COUNCIL POLICY VIOLATIONS

Corrective Action Plan: The Investment Council has added the following statement to the Policies, Rules and Statutes link on the Council website, which includes all current Investment Policy Statements:

Neb. Rev. Stat. § 77-2341(1) requires the Council to furnish political subdivisions on request "current authorized investment guidelines," all of which are listed below. The Council does not maintain an investment policy for political subdivisions. Political subdivisions should consult with their legal counsel in determining what investments they are permitted to make under Nebraska law. See, for example, Article XI of the Nebraska Constitution regarding limitations on investments, and Neb. Op. Atty' Gen. No. 05006 (March 8, 2005).'

Contact: Michael W. Walden-Newman, State Investment Officer

Anticipated Completion Date: Done

**AUDIT REPORT OF THE NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
SCHOOL EMPLOYEES, JUDGES, AND STATE PATROL RETIREMENT PLANS
JULY 1, 2020, THROUGH JUNE 30, 2021**

Received September 7, 2022 –Nebraska Public Employees Retirement System corrective action plan.



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Fax 402-471-9493
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September 7, 2022

Charlie Janssen, State Auditor
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509

Auditor Janssen,

Per Neb. Rev. Stat. § 84-304(3)(b), the Nebraska Public Employees Retirement System (NPERS) is providing you a "detailed written description of any corrective action taken or to be taken in response to the comment(s) and recommendation(s)" that were communicated to our agency in the audit report for the Nebraska Public Employees Retirement System-School, Judges and Patrol Report issued March 17, 2022.

The corrective action for the report comment for the School, Judges and Patrol Audit Report is summarized below.

Death Overpayments – The Auditor of Public Accounts (APA) recommended NPERS "strengthen procedures to ensure that all member deaths are identified in a timely manner. NPERS should work with the Nebraska Department of Health and Human Services to obtain a list of death certificates filed with the State for comparison against its benefit payment records.

NPERS has discussed with teammates and continues to discuss the importance of ensuring that the financial information is complete, accurate and correct. NPERS will be working with teammates to incorporate additional review steps for the financial statements.

Controls of Over Financial Reporting and Disclosures- The APA recommended NPERS "implement procedures to ensure benefit and refund payable accruals are correct, and footnote disclosures are accurate and comply with requirements established by the Governmental Accounting Standards Board."

NPERS accounting staff has been working on making sure the procedures are complete and accurate. When the footnotes are submitted, they will be complete.

Death Benefit Payment Issues - The Auditor of Public Accounts (APA) recommended NPERS "implement procedures to ensure member account balances are properly reviewed upon application for retirement or the death of the member. Additionally, the APA recommend NPERS ensure current procedures are adequate to identify overpayments upon death of a member.

NPERS has been reviewing and strengthening procedures to verify member account balances are accurately reviewed upon application for retirement or the death of a member. NPERS has been reviewing and updating current procedures to verify completeness and the procedure is adequate to identify overpayments upon the death of a member.

Please let us know if there are any additional questions.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Randy Gerke', is written over a horizontal line.

Randy Gerke, Director
Nebraska Public Employees Retirement Systems

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
DEPARTMENT OF CORRECTIONAL SERVICES – ISSUED MAY 10, 2022.**

Received October 4, 2022 – Department of Correctional Services corrective action plan.

NEBRASKA

Good Life. Great Mission.

DEPT OF CORRECTIONAL SERVICES



Pete Ricketts, Governor

TO: Charlie Janssen, Auditor of Public Accounts

FROM: Robin Spindler, Deputy Director, Administrative Services

DATE: October 4, 2022

RE: Corrective Action Plan for the May 2, 2022 ACFR Management Letter for FY 2021

Below is the Nebraska Department of Correctional Services (NDCS) corrective action plan for the May 2, 2022 ACFR Management Letter for FY 2021.

1. Accounting Errors

As indicated in the response dated May 9, 2022 from NDCS to the ACFR Management Letter for FY 2021, NDCS' accounting team members reviewed the issues involving construction related expenditures and covid expenses and agreed that the transactions should have been recorded as identified by the Auditors. The accounting team members will record applicable transactions as indicated.

NDCS accounting team members continue to strive to ensure all transactions are properly recorded.

No further action is necessary.

2. Timesheet Approval

As indicated in the response dated May 2, 2022 from NDCS to the ACFR Management Letter for FY 2021, based on the Fair Labor Standards Act, exempt employees must receive the full salary for any week in which the employee performs any work without regard to the number of days or hours worked, unless exceptions are met. The exception reporting of leave is an appropriate process for exempt employees. They are expected to work 40 hours per week, except when taking leave, and they often work more than 40 hours per week.

No further action is necessary.

CC: Scott Frakes, Director
Diane Sabatka-Rine, Chief of Operations
Laura Strimple, Chief of Staff



Scott R. Frakes, Director

Dept of Correctional Services

PO Box 94661 Lincoln, NE 68509-4661
Phone 402-471-2654 Fax 402-479-5623

corrections.nebraska.gov

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
DEPARTMENT OF ADMINISTRATIVE SERVICES – ISSUED JUNE 1, 2022.
AND FY2021 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED JUNE 23, 2022.**
Received October 27, 2022 – Department of Administrative Services corrective action plan.



October 27, 2022

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509

Dear Mr. Janssen:

In accordance with Neb. Rev. Stat. § 84-304(3)(b), please find below the Department of Administrative Services written description of corrective action taken, or to be taken, in response to comments and recommendations found in reports issued by the State Auditor related to the Annual Comprehensive Financial Report and Single Audits for the fiscal year ended June 30, 2021.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
ACFR	2021	ML	Administrative Services, Department of - ACFR Management Letter	4/28/2022	7

1. ACFR Preparation Issues

DAS Response: Some key improvements that we have made this past year that will contribute to our success include:

- Hiring three new teammates bringing our total staff to seven;
- Investing in talent, onboarding 25 years of State auditing experience;
- Process improvement mappings of four NDOT and one DHHS accrual procedures;
- Engaging with Deloitte to assist with GASB Statement 87 – Lease implementation; and
- Co-locating agency accountants with State Accounting to review accruals.

2. Unemployment Insurance Fund Issues

DAS Response: NDOL has developed Unemployment Insurance tax and contribution system (GUS) to EnterpriseOne journal entries for booking activity and closing financial reporting periods. This includes the discontinuation of recording daily transfer activity. DAS eliminated over \$700 million in transfers activity in the prior year, activity that was part of an audit finding. NDOL and DAS worked together to review Unemployment Insurance EnterpriseOne activity and balances. This resulted in corrective adjustments for prior errors before closing the books and reporting to the State Auditor. NDOL resumed the completion of monthly bank reconciliations in a timely manner. NDOL reviewed tax write off procedures,

Philip J. Olsen, CPA, CISA

Administrator

Department of Administrative Services | STATE ACCOUNTING

P.O. Box 94664
Lincoln, Nebraska 68509-4664

1526 K Street, Ste. 240
Lincoln, Nebraska 68508

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das.nebraska.gov

including allowance for doubtful accounts. NDOL worked with DAS to identify manual accruals needed for benefits payable, taxes receivable, and the Combined Wage Program (CWC).

3. GASB 84 Implementation Failure Accrual

DAS Response: GASB 84 changes have been addressed through additional ACFR fund creation in the accounting system (EnterpriseOne), the posting of accounting adjustments, and modifications to financial reports generated in EnterpriseOne.

4. Capital Asset Accounting Errors

DAS Response: To reduce errors, all amounts reported to DAS are required to be supported with American Institute of Architects (AIA) documents, general ledger details, and/or contracts. State Accounting ties every asset to EnterpriseOne, and where an asset does not exist, confirms it is construction in progress (CIP) or was substantially completed by the end of the fiscal year. Commitments and retainage amounts are now accounted for concurrently with capital assets and CIP and are being reconciled to supporting documentation.

5. NOMI Contract Matters

DAS Response: DAS has procedures in place to ensure that deliverables are accurately tracked and documented, contracts are stated clearly, and agreements are put into writing before payment becomes due. In this circumstance, there were gaps in performance in following these procedures under the stress of a global emergency. DAS continues to strive to ensure that such gaps do not occur.

6. Lack of Financial Statement Reconciliation

DAS Response: The financial statements and SEFA are both generated from the State's accounting system (E1). The expected differences noted by the APA are reconciling items due to the different basis of accounting. The financial statements are on an accrual basis and the SEFA is on a cash basis. DAS performs a reconciliation one year in arrears and has noted no issues with the financial statements. A 2021 reconciliation was performed by the APA and no additional issues or adjustments were necessary for the financial statements as they materially agreed to the SEFA.

7. Postage Deposits

DAS Response: Legislative Bill 1012 passed on April 4, 2022 and repealed Nebraska State Statute 81-167. Prior to its repeal, DAS was required to have agency funds on deposit for postage expenses. With the passage of LB 1012, all postage deposits were returned to the agency fund from which they originated.

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	Number of Findings
ACFR	2021	ML	Administrative Services, Department of - CAFR Early Management Letter	8/12/2021	9

1. E1 Special Handle a Voucher

DAS Response: Use of this process to more efficiently correct voucher issues is granted to a large user base. If the vendor/payee is changed on a voucher, a system forced process requires a DAS teammate to complete a review, and documentation from the agency is retained. This control reduces the risk for the occurrence of errors or fraud to an acceptable level. As noted in the finding, only one user has access to the payee control-approval process, Special Handle a Voucher, and vendor address book records. This user has management responsibilities over accounts payable and address book teams.

including allowance for doubtful accounts. NDOL worked with DAS to identify manual accruals needed for benefits payable, taxes receivable, and the Combined Wage Program (CWC).

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5. NOMI Contract Matters

DAS Response: DAS has procedures in place to ensure that deliverables are accurately tracked and documented, contracts are stated clearly, and agreements are put into writing before payment becomes due. In this circumstance, there were gaps in performance in following these procedures under the stress of a global emergency. DAS continues to strive to ensure that such gaps do not occur.

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Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	Number of Findings
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2. EnterpriseOne Timesheets

DAS Response: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. Agencies choosing to delegate time approval are trained to maintain documentation when a delegate approves time. DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.

3. Changes to Vendor and Banking Information

DAS Response: As a mitigating control that DAS already has in place, changes to a vendor or payee's banking information requires prior banking information be provided for verification. Changes in the past legislative session to Neb. Rev. Stat. § 81-153(10) provides a broader opportunity for vendor self-service and is being explored.

4. E1 Pay Rate Override

DAS Response: State Accounting has established compensating controls incorporating procedures to review the activity of those DAS employees assigned User Role 65, who have responsibility for processing internal payroll batches. DAS continues to work to minimize the number of times payroll batches are processed by one person. State Accounting has established procedures to periodically review the use of pay rate overrides. Any entry that looks questionable is brought to the State Accounting Administrator's attention so further action can be considered. This finding was satisfactorily remediated.

5. Clarity to E1 Timesheets

DAS Response: The Clarity team creates a Timesheet Summary Report and EnterpriseOne Report for each pay period that allows DAS Shared Services to reconcile any questionable time entry anomalies. The APA did not note any errors during the 2022 audit. DAS will determine steps for periodically reconciling the reports in total.

6. E1 Deposit Batches

DAS Response: The EnterpriseOne IT team is continuing to review available options for restricting the approver access that allows deposit batches to be changed without a secondary review, including the possible development of an additional integrity report.

7. E1 Business Continuity Plan

DAS Response: Business Continuity and System Security Plans have been updated. An internal continuity exercise was completed in September 2020, and an additional failover exercise was successfully completed in August 2021. Additional exercises are planned for ongoing assessment.

8. NITC Information Security Policy

DAS Response: These policies were officially adopted by the NITC on July 8th, 2021. These updates no longer require DAS to develop an agency specific Information Security Strategic Plan (8-210), System Security Plan (8-211), and Plan of Action and Milestones Report (8-212). DAS has a process in place in conjunction with OCIO to review risk bi-weekly and monthly with reports that include risk assessments. All issues reported in fiscal year 2022 were addressed without carryover to the next report.

9. Workday User Access

DAS Response: Formal procedures for requesting and approving group access are in place. When an agency needs a teammate to have new/updated access in Workday, they send a request to NIS.Security. NIS.Security forwards that request to State Personnel for review and approval or denial. A process is in place for verifying a position still needs role access when a user terminates. When someone terminates employment, the "NIS.Security team" removes the Role Assignments on that vacated position, unless the termination event is rescinded based on a request from the agency.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
Single	2021	S-Com.	Single - Administrative Services, Department of	6/23/2022	12

1. Finding 2021-001 ACFR Preparation Issues

DAS Response: Some key improvements that we have made this past year that will contribute to our success include:

- Hiring three new teammates bringing our total staff to seven;
- Investing in talent, onboarding 25 years of State auditing experience;
- Process improvement mappings of four NDOT and one DHHS accrual procedures;
- Engaging with Deloitte to assist with GASB Statement 87 – Lease implementation; and
- Co-locating agency accountants with State Accounting to review accruals.

2. Finding 2021-002 Unemployment Insurance Fund Issues

DAS Response: NDOL has developed Unemployment Insurance tax and contribution system (GUS) to EnterpriseOne journal entries for booking activity and closing financial reporting periods. This includes the discontinuation of recording daily transfer activity. DAS eliminated over \$700 million in transfers activity in the prior year, activity that was part of an audit finding. NDOL and DAS worked together to review Unemployment Insurance EnterpriseOne activity and balances. This resulted in corrective adjustments for prior errors before closing the books and reporting to the State Auditor. NDOL resumed the completion of monthly bank reconciliations in a timely manner. NDOL reviewed tax write off procedures, including allowance for doubtful accounts. NDOL worked with DAS to identify manual accruals needed for benefits payable, taxes receivable, and the Combined Wage Program (CWC).

3. Finding 2021-003 GASB 84 Implementation Failure Accrual

DAS Response: GASB 84 changes have been addressed through additional ACFR fund creation in the accounting system (EnterpriseOne), the posting of accounting adjustments, and modifications to financial reports generated in EnterpriseOne.

4. Finding 2021-004 Capital Asset Accounting Errors

DAS Response: To reduce errors, all amounts reported to DAS are required to be supported with American Institute of Architects (AIA) documents, general ledger details, and/or contracts. State Accounting ties every asset to EnterpriseOne, and where an asset does not exist, confirms it is construction in progress (CIP) or was substantially completed by the end of the fiscal year. Commitments and retainage amounts are now accounted for concurrently with capital assets and CIP and are being reconciled to supporting documentation.

5. Finding 2021-005 NOMI Contract Matters

DAS Response: DAS has procedures in place to ensure that deliverables are accurately tracked and documented, contracts are stated clearly, and agreements are put into writing before payment becomes due. In this circumstance, there were gaps in performance in following these procedures under the stress of a global emergency. DAS continues to strive to ensure that such gaps do not occur.

6. Finding 2021-006 Lack of Financial Statement Reconciliation

DAS Response: The financial statements and SEFA are both generated from the State's accounting system (E1). The expected differences noted by the APA are reconciling items due to the different basis of accounting. The financial statements are on an accrual basis and the SEFA is on a cash basis. DAS performs a reconciliation one year in arrears and

has noted no issues with the financial statements. A 2021 reconciliation was performed by the APA and no additional issues or adjustments were necessary for the financial statements as they materially agreed to the SEFA.

7. Finding 2021-007 E1 Special Handle a Voucher

DAS Response: Use of this process to more efficiently correct voucher issues is granted to a large user base. If the vendor/payee is changed on a voucher, a system forced process requires a DAS teammate to complete a review, and documentation from the agency is retained. This control reduces the risk for the occurrence of errors or fraud to an acceptable level. As noted in the finding, only one user has access to the payee control-approval process, Special Handle a Voucher, and vendor address book records. This user has management responsibilities over accounts payable and address book teams.

8. Finding 2021-008 EnterpriseOne Timesheets

DAS Response: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. Agencies choosing to delegate time approval are trained to maintain documentation when a delegate approves time. DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.

9. Finding 2021-009 Changes to Vendor and Banking Information

DAS Response: As a mitigating control that DAS already has in place, changes to a vendor or payee's banking information requires prior banking information be provided for verification. Changes in the past legislative session to Neb. Rev. Stat. § 81-153(10) provides a broader opportunity for vendor self-service and is being explored.

10. Finding 2021-023

Management Response:

The Department of Administrative Services provided the auditor with Nomi Health, Inc. records to support that all test kits required under the contract were shipped. DAS' own records indicate that there was a lack of packing slip documentation maintained during the pandemic, particularly in the early months of June, July, and August 2020, however, such test kits were received. Records of the Department of Health and Human Services (DHHS) show that tests were administered at TestNebraska sites in these months. DAS disagrees with the entirety of the questioned costs, as this was a performance issue. According to DHHS electronic lab records, a minimum of 789,400 tests were performed. A count of warehouse inventory accounts for an additional 206,500 test kits, providing support for receipt of at least 995,900 test kits. Nomi Health, Inc. provided documentation supporting over 1.2 million test kits, and the contract was fulfilled.

11. Finding 2021-024

Management Response: The Building and Grounds Maintenance allocation is based on a management business decision. A prior year finding regarding the Lincoln grounds and security indirect cost allocation was corrected, and additional corrective action is planned for the Print Shop. The error of \$582 out of \$3,132,067 billed was corrected.

State Accounting formally reviews its fund balance monthly. The increased cash balance is a result of planned increased costs for a new accounting system. The implementation of the system did not occur, and State Accounting was diligent in keeping spending consistent with prior levels. Rates were reduced by \$450,000 in fiscal year 2021, and from that level reduced another \$132,000 in each of the next two years (current biennium). Further offsets to rates are planned for the coming biennium to bring the cash balance to within a 60-day operating level.

12. Finding 2021-025

Management Response:

State Accounting has complied with Title 2 CFR §200.510(b) and Neb. Rev. Stat. § 81-1111(1), and presented the total SEFA amount with 99.5% accuracy.

Sincerely,

A handwritten signature in blue ink, appearing to read "Philip J. Olsen".

Philip J. Olsen
State Accounting Administrator

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA JUDICIAL BRANCH– ISSUED MAY 13, 2022.**

Received November 2, 2022 – Nebraska Judicial Branch corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

November 2, 2022

Charlie Janssen
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

Dear Auditor Janssen:

Neb. Rev. Stat. §84-304(3)(b) requires entities to describe the corrective actions taken or to be taken in response to audits conducted by the Auditor of Public Accounts. This letter is intended to meet that requirement for the July 1, 2020, through June 30, 2021 ACFR Management Letter released May 13, 2022.

1. Unauthorized Bank Accounts

A Memorandum of Understanding has been signed by the State Treasurer and the Administrative Office of the Courts and Probation (AOC). A copy of the agreement was sent to the Auditor of Public Accounts. The AOC has been sending the information regarding the remainder of bank accounts established by county courts to the Treasurer's office since July 2022.

2. Improper Reporting of Financial Information

All information requested by State Accounting has been provided by the AOC. Based on responses by State Accounting, the information provided has been satisfactory.

Sincerely,

Corey R. Steel
State Court Administrator

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.