



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 30, 2023

Colonel John Bolduc, Director
Nebraska State Patrol
4600 Innovation Drive
Lincoln, Nebraska 68521

Dear Colonel Bolduc:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except the Enterprise Fund – Unemployment Insurance), and the aggregate remaining fund information of the State of Nebraska (State), and we were engaged to audit the business-type activities and the Enterprise Fund – Unemployment Insurance, as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and we have issued our report thereon dated January 30, 2023. In connection with our engagement to audit the financial statements, we considered the State's internal control over financial reporting (internal control) as a basis for designing 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.

In connection with our engagement to audit the financial statements as described above, we noted a certain internal control or compliance matter related to the activities of the Nebraska State Patrol (Agency) or other operational matter that is presented below for your consideration. The comment and recommendation, which has been discussed with the appropriate members of the Agency's management, is intended to improve internal control or result in other operating efficiencies.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Draft copies of this letter were furnished to the Agency to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. The formal response received has been incorporated into this letter. The response was not subjected to the other auditing procedures applied in the

engagement to audit the financial statements and, accordingly, we express no opinion on it. 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.

Lack of Timely Write-Off

The State Patrol had several old receivable and payable balances, totaling \$910,000, that were approved for write-off by the Nebraska Legislature on August 6, 2020, but were not appropriately written off in the accounting system. The following table contains the detail of these balances.

Debit Entry		Credit Entry		Payee/Explanation	Tran Date	Batch	Amount
Fund	Object	Fund	Object				
26430	132100	46410	215100	Beginning Balance	6/30/2002	11852	\$500,000.00
46410	215100	26430	132100	Transfer Fr 4641 to 2643	9/26/2003	186794	(\$200,000.00)
26430	132100	46410	215100	Je - Payroll	7/9/2007	1253005	\$100,000.00
26430	132100	46410	215100	JE-Transfer Funds to 46410	8/7/2007	1279248	\$200,000.00
26430	132100	46410	215100	Je Transfer Funds To 46410 Jhl	9/28/2009	1973399	\$200,000.00
26440	132100	46410	215100	Beginning Balance	6/30/2002	11853	\$100,000.00
46410	215100	46410	132100	Je - Payroll	7/2/2007	1249333	(\$10,000.00)
26440	132100	46410	215100	Je - Payroll	7/2/2007	1249349	\$20,000.00
Total							\$910,000.00

Legislative Bill (LB) 927 (2020) authorized agencies to write off certain claims. Specifically, section 7 stated the following:

The following requests were filed by state agencies seeking permission to write off certain accounts. The State Claims Board reviewed and approved the following requests:

* * * *

\$910,000.00 for Request Number 2020-19991, made by the Nebraska State Patrol.

As a result, the APA proposed a \$910,0000 adjustment, which was posted by the Department of Administrative Services to adjust the fund balances for the funds included in the table above. The State Patrol wrote off the balances on January 24, 2023. The Department also corrected an additional \$20,000 outstanding receivable balance in January 2023.

A proper system of internal controls requires procedures to ensure that amounts approved for write-off are written off the agency records timely. Without such procedures, there is a greater risk of material misstatements remaining undetected.

We recommend the Agency implement procedures to ensure that write-offs are recorded to the accounting system timely, so fund balances will be properly stated.

State Patrol Response: The Patrol will work to implement procedures to ensure any future similar write-off transactions occur in a timely fashion.

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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 Agency 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 Agency.

This communication is intended solely for the information and use of management, the Governor and State Legislature, others within the Agency, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not suitable for any other purposes. However, this communication is a matter of public record, and its distribution is not limited.

A handwritten signature in blue ink that reads "Kris Kucera". The signature is written in a cursive style with a large initial 'K'.

Kris Kucera, CPA, CFE
Assistant Deputy Auditor