



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 8, 2023

Dr. Brian L. Maher, Commissioner  
Nebraska Department of Education  
500 S. 84<sup>th</sup> St.  
Lincoln, Nebraska 68510

Dear Commissioner Maher:

This letter is provided pursuant to American Institute of Certified Public Accounts (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, 2023, Annual Comprehensive Financial Report (ACFR) and Statewide Single (Single) audits. This communication is based on our audit procedures through June 30, 2023. Because we have not completed our audits of the fiscal year 2023 ACFR or Single, additional matters may be identified and communicated in our final reports.

In planning and performing our audits of the State's financial statements as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the State's system of 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.

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 or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed subsequently, based on the audit procedures performed through June 30, 2023, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We consider Comment Number 1 (QE2 Change Management) to be a significant deficiency.

We also noted an internal control or compliance matter related to the activities of the Department of Education (Department), which is presented below for your consideration. The following comments and recommendations, which have been discussed with the appropriate members of the Department, are 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 comments and recommendations contained herein. All formal responses received have been incorporated into this letter. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, the auditor does not express an opinion on them. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The following are our comments and recommendations for the year ended June 30, 2023.

## **1. QE2 Change Management**

For all twenty-one QE2 system changes that the APA tested, we noted the Department was unable to provide documentation to support that the system changes were thoroughly tested prior to being implemented. The Department used the QE2 application to track all expenses paid to assist physically or mentally disabled persons with locating jobs.

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-202 (July 2017), “Change Control Management,” states the following, in relevant part:

*Agency management must formally authorize all changes before implementation and ensure that accurate documentation is maintained.*

NITC Technical Standards and Guidelines, Information Security Policy 8-202(2)(c) (July 2017), “Change Control Management,” states the following, in relevant part:

*The change management processes will retain a documented history of the change process as it passes through the software development life cycle with documentation securely stored for audit purposes. Documentation should address a review of the following: (1) change summary, justification, and timeline; (2) functionality, regression, customer acceptance, and security test plans; (3) security review and impact analysis; (4) documentation and baseline updates; and (5) implementation timeline and recovery plans[.]*

A good internal control plan requires procedures to ensure that the testing of system changes is performed and documented prior to the system changes being promoted into the production environment.

Without such procedures, there is an increased risk of not only system changes failing to work properly prior to being promoted into the production environment but also noncompliance with NITC Standards and Guidelines.

We recommend the Department implement procedures to ensure that documentation is kept on file to support that testing was performed prior to system changes being promoted into production.

*Department Response: By May 2023, Nebraska Vocational Rehabilitation Technology Services team had implemented a process where the documentation of testing of QE2 code changes is recorded in the comments associated with each change. If the documentation of testing is missing, the code changes are returned back to the developers until sufficient documentation is provided.*

## **2. User Access Issues**

Unique user IDs are assigned to Department staff when they are granted access to the various Department systems. Additionally, Department staff are assigned roles in each system based on their job functions. Some of these roles provided elevated access that allowed the user to perform more functions within the system. During testing, we noted the following:

- Five users with elevated access to the QE2 system, used by Vocational Rehabilitation, did not require this access to perform their job duties. Three users did not require any elevated access and two users required different elevated access to perform their job duties. The elevated access allowed the users to determine eligibility and approve an individual plan for employment, which were both necessary prior to client expenses being incurred. Per Department staff, this access was originally granted when the roles were first developed; however, it has since been determined that these users do not require this access.
- One QE2 user's State of Nebraska Active Directory account was deactivated 20 business days after her employment was terminated. As a result, the employee could have accessed the State's network, and possibly other resources, after termination. The employee's QE2 access was removed the day after her termination.
- For two terminated users tested with access to the Child Nutrition Program (CNP) system, access was not removed in a timely manner. The following table summarizes when these employees' access was removed:

Employee	Termination Date	Access Removal Date	Days Between Termination and Access Removal
Employee 1	8/5/2022	4/4/2023	242
Employee 2	12/16/2022	3/7/2023	81

National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5 (December 2020), "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.*

Nebraska Information Technology Commission (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 formal procedures to ensure that a user has only the access needed to fulfill his or her job duties, and such access is disabled in a timely manner upon the termination of the 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 charges.

A similar comment was noted in the prior ACFR audit.

We recommend the Department strengthen procedures to ensure that users have only the access needed to fulfill their job duties. We also recommend the Department strengthen procedures to ensure that access is disabled in a timely manner.

*Department Response: Nebraska Vocational Rehabilitation will immediately implement a periodic auditing process to verify that proper elevation roles to the QE2 system are assigned only as needed. Nebraska Vocational Rehabilitation will immediately implement a process where a user's State of Nebraska Active Directory and QE2 accounts are set to deactivate at the end of business on their last day, and this change will be recorded in the offboarding helpdesk ticket. The Child Nutrition Program (CNP) user account deactivation process has been updated to ensure user accounts are deactivated within three business days of employee departure from the Nebraska Department of Education (NDE). Nutrition Services staff will also complete a quarterly audit of CNP user access to ensure all active State CNP users are currently employed or contracted by NDE or have otherwise demonstrated a need to have access to the CNP system.*

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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 purposes. However, this communication is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink that reads "Zachary Wells". The signature is written in a cursive style with a long horizontal stroke at the end.

Zachary Wells, CPA, CISA  
Assistant Deputy Auditor