



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Vicki Kramer, Director
Nebraska Department of Transportation
1500 Nebraska Parkway
Lincoln, Nebraska 68502

RE: Repeat ACFR Management Letter Finding

Dear Ms. Kramer:

The purpose of this letter is to pursue an issue that has been addressed in the past two Annual Comprehensive Financial Report (ACFR) management letters issued by my office to the Department of Transportation (Department). That ongoing concern, which both letters discussed at some length, involves the apparent misuse of a State vehicle by a Department employee.

As explained in the first of the two ACFR management letters, dated April 28, 2022, my office found that the employee at issue was paid for 626 overtime hours in fiscal year 2021. Many of those hours were for time spent driving a vehicle owned by the Department. For instance, as detailed in the letter, the Department's vehicle log showed that the employee drove 303 miles in seven hours, from 6:30 a.m. to 1:30 p.m., on April 27, 2021. Additionally, the letter states the following:

Per the vehicle log, the employee took 71 trips between December 10, 2020, and July 15, 2021, traveling a total of 19,759 miles. Per the employee's timecard reports for this period, the employee received overtime pay on 28 of the 71 trips – 231 hours for a total of \$11,813. In all, the employee spent 408 hours driving out of 820 total hours worked during this period, averaging just under 50%.

The letter noted also that 17 fuel purchases were made at State fuel facility locations for days on which no trips were recorded on the vehicle log.

As indicated in the letter, such questionable use of State property was occasioned, at least in part, by the Department's lack of both a comprehensive travel report form and an overall vehicle usage policy – both of which are required by statute. The department responded to the letter's recommendation regarding the need for both as follows:

NDOT acknowledges the benefit of implementing policies and procedures such as are cited in the recommendation. . . . NDOT's Operations Division will be enhancing its oversight of the Divisions and Districts in this process. . . .

Unfortunately, as revealed by the findings contained in the subsequent ACFR management letter, issued on January 30, 2023, the Department's promised oversight enhancement failed to materialize. In addition to addressing the Department's continued failure to implement and utilize both a comprehensive travel report form and an effective overall vehicle usage policy – the inadequate policy adopted on March 10, 2021, failed to document the starting point or destination of trips, to record the specific purpose of travel, or to allow for a determination regarding the propriety of the travel – the letter focused once again on the continuing questionable use of a Department vehicle by the same employee, as follows:

The employee reviewed had excessive overtime and travel hours. In the prior year, this employee logged 625.5 overtime hours. Similarly, in fiscal year 2022, the employee logged 737.25 overtime hours – an increase of 17.9%. The overtime hours worked appear to have been related primarily to excessive travel time in his Department-assigned vehicle. For example, on May 11, 2022, the employee drove 520 miles and worked 11.25 hours. If traveling at 60 miles an hour, this would result in slightly more than 8.5 hours of travel during his 11.25-hour day. Without a purpose for the travel, start and stop times, and locations travelled, the APA was unable to determine whether the travel and overtime hours worked were reasonable.

This second ACFR management letter reiterated, for the most part, the recommendation contained in its prior counterpart, encouraging the Department once more to “develop both a comprehensive travel report form and update its vehicle usage policy to include information needed in order to determine whether travel was reasonable and appropriate.”

In response, the Department acknowledged, as previously, “the benefit of reviewing policies and procedures to ensure travel is reasonable and appropriate” and vowed to “review and update travel policies as deemed necessary.”

As you know, Neb. Rev. Stat. § 84-304(3)(b) (Cum. Supp. 2022) provides, in part, the following:

Any [State]entity . . . 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.

Despite this statutory mandate, my office received no such letter from the Department with regard to any of the findings – including that addressed herein – contained in the April 28, 2022, ACFR management letter. In addition to constituting a violation to State law, the Department's failure to issue that letter contributed, no doubt, to the employee's repeated questionable use of a State vehicle, as reported again in the ACFR management letter released this year.

Given the seriousness of this matter, as well as the Department's failure to implement and report to my office the required corrective measures, it is necessary for me to take further action. Instead of waiting for another six months and hoping that, unlike before, the required corrective measures will be reported appropriately to my office, I am taking the initiative to request that specific action be taken.

In its responses to the findings contained in the last two ACFR management letters, the Department focused solely upon the recommendation regarding the need for both a comprehensive travel report form and an overall vehicle usage policy. No mention was made of taking any action with regard to the employee responsible for the apparent misuse of the Department's vehicle. Given that the same employee was the focus of the recurring issue addressed in both management letters, however, it is apparent that such action is needed.

That being the case, I am asking that, in addition to any other corrective measures, the Department act immediately to ensure that all work vehicles driven by the employee at issue are fitted with a Global Positioning System (GPS) tracking device to allow for closely tracking and recording for future review his vehicle usage. Only through such a proactive effort will it be possible to resolve the present issue and, at least for this particular employee, forestall continued concerns regarding his questionable use of State property.

It is my understanding that the Department of Administrative Services utilizes such technology already for many of its fleet vehicles. You may wish, therefore, to consult with that agency regarding how best to do the same.

Thank you for your attention to this matter.

Sincerely,



Mike Foley
State Auditor