



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

January 23, 2024

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, 2023, through January 23, 2024, the APA received corrective action plans for 58 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, 2023, through January 23, 2024.

The table below contains a summary of APA reports issued since January 1, 2023, 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.

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

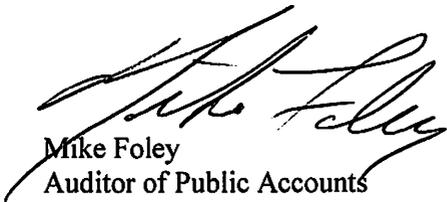
Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
Court	2022	AE	Cedar County Court	4/18/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Chase County Court	4/18/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Clay County Court	4/18/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Cuming County Court	4/18/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Boyd County Court	4/19/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Boone County Court	5/1/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Fillmore County Court	5/1/2023	1	1/16/2024	1/8/2024

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
Court	2022	AE	Loup County Court	5/1/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Morrill County Court	5/1/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Deuel County Court	5/4/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Blaine County Court	5/5/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Dundy County Court	5/5/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Colfax County Court	5/8/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Dixon County Court	5/8/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Hitchcock County Court	5/8/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Holt County Court	5/8/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Furnas County Court	5/9/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Logan County Court	5/9/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Merrick County Court	5/9/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Custer County Court	5/10/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Dawes County Court	5/10/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Keith County Court	5/10/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Sioux County Court	5/10/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Adams County Court	5/11/2023	4	1/16/2024	1/8/2024
Court	2022	AE	Saunders County Court	5/17/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Nance County Court	5/18/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Hamilton County Court	5/23/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Harlan County Court	5/23/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Perkins County Court	5/24/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Sarpy County Court	5/25/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Garfield County Court	6/9/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Wayne County Court	6/9/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Gage County Court	6/12/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Thurston County Court	6/12/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Dawson County Court	6/13/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Gosper County Court	6/13/2023	2	1/16/2024	1/8/2024
Court	2022	AE	York County Court	6/13/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Platte County Court	6/21/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Phelps County Court	6/27/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Sheridan County Court	6/27/2023	3	1/16/2024	1/8/2024
Court	2022	AE	Johnson County Court	6/30/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Lancaster County Court	6/30/2023	2	1/16/2024	1/8/2024
Court	2022	AE	Pawnee County Court	6/30/2023	1	1/16/2024	1/8/2024
Court	2022	AE	Douglas County Court	7/12/2023	5	1/16/2024	1/8/2024
Court	2022	AE	Valley County Court	7/12/2023	3	1/16/2024	1/8/2024
			<b>Sub-Total Courts Only Subject LB 151 and LB 151 Received</b>			<b>45</b>	<b>45</b>
<b>Note: One corrective action plan was submitted for all Courts.</b>							
State	2022	Audit	Public Employees Retirement Systems - School Employees, Judges, and State Patrol	2/9/2023	0	N/A	N/A
ACFR	2022	ML	Correctional Services, Department of - ACFR Management Letter	3/7/2023	2	9/4/2023	6/21/2023
ACFR	2022	ML	Environment and Energy, Department of - ACFR Management Letter	3/7/2023	1	9/4/2023	
ACFR	2022	ML	Game and Parks Commission - ACFR Management Letter	3/7/2023	1	9/4/2023	9/20/2023
ACFR	2022	ML	Library Commission - ACFR Management Letter	3/7/2023	1	9/4/2023	
ACFR	2022	ML	Motor Vehicles, Department of - ACFR Management Letter	3/7/2023	1	9/4/2023	8/30/2023
ACFR	2022	ML	Natural Resources, Department of - ACFR Management Letter	3/7/2023	1	9/4/2023	
ACFR	2022	ML	Revenue, Department of - ACFR Management Letter	3/7/2023	1	9/4/2023	3/29/2023
ACFR	2022	ML	State Patrol - ACFR Management Letter	3/7/2023	1	9/4/2023	

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
ACFR	2022	ML	Transportation, Department of - ACFR Management Letter	3/7/2023	4	9/4/2023	9/7/2023
ACFR	2022	ML	Educational Lands and Funds, Board of - ACFR Management Letter	3/8/2023	1	9/5/2023	
ACFR	2022	ML	Military Department - ACFR Management Letter	3/8/2023	1	9/5/2023	
ACFR	2022	ML	Public Employees Retirement Systems - ACFR Management Letter	3/8/2023	1	9/5/2023	
ACFR	2022	ML	Labor, Department of - ACFR Management Letter	3/16/2023	3	9/13/2023	5/24/2023
ACFR	2022	ML	Administrative Services, Department of - ACFR Management Letter	3/17/2023	4	9/14/2023	9/15/2023
ACFR	2022	ML	Health and Human Services, Department of - ACFR Management Letter	3/23/2023	7	9/20/2023	
Single	2022	S-Com.	Single - Administrative Services, Department of	3/30/2023	3	9/27/2023	9/15/2023
Single	2022	S-Com.	Single - Correctional Services, Department of	3/30/2023	1	9/27/2023	
Single	2022	S-Com.	Single - Education, Department of	3/30/2023	1	9/27/2023	9/29/2023
Single	2022	S-Com.	Single - Health and Human Services, Department of - CAP	3/30/2023	3	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - Childcare	3/30/2023	5	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - ELC Infectious Diseases	3/30/2023	1	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - HPP/PHEP	3/30/2023	2	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - LIHEAP	3/30/2023	2	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - Medicaid & CHIP	3/30/2023	7	9/27/2023	
Single	2022	S-Com.	Single - Health and Human Services, Department of - TANF	3/30/2023	4	9/27/2023	
Single	2022	S-Com.	Single - Labor, Department of - Unemployment Insurance	3/30/2023	3	9/27/2023	
Single	2022	S-Com.	Single - Military Department	3/30/2023	7	9/27/2023	
Single	2022	S-Com.	Single - Transportation, Department of	3/30/2023	3	9/27/2023	9/28/2023
State	2022	Audit	Environment and Energy - Clean Water State Revolving Fund Program	5/3/2023	1	10/31/2023	5/3/2023
State	2022	Audit	Environment and Energy - Drinking Water State Revolving Fund Program	5/3/2023	2	10/31/2023	5/3/2023
State	2022	Audit	Deaf-Assistive Technology	5/10/2023	0	N/A	N/A
State	2022	AE	DHHS Milestones	8/2/2023	3	1/30/2024	
State	2023	Audit	Dairy Board	8/18/2023	0	N/A	N/A
ACFR	2023	EML	Motor Vehicles, Department of - ACFR Early Management Letter	9/6/2023	2	3/5/2024	
ACFR	2023	EML	Education, Department of - ACFR Early Management Letter	9/8/2023	2	3/7/2024	
ACFR	2023	EML	Labor, Department of - ACFR Early Management Letter	9/8/2023	1	3/7/2024	
ACFR	2023	EML	Supreme Court - ACFR Early Management Letter	9/8/2023	2	3/7/2024	
State	2022	Audit	Public Employees Retirement Systems - County Employees - GASB 68	9/13/2023	0	N/A	N/A
State	2022	AE	Public Employees Retirement Systems - Deferred Compensation Plan	9/13/2023	3	3/12/2024	
State	2022	Audit	Public Employees Retirement Systems - School Employees - GASB 68	9/13/2023	0	N/A	N/A
State	2022	Audit	Public Employees Retirement Systems - State and County Employees	9/13/2023	1	3/12/2024	
State	2023	Audit	Lottery, Department of Revenue	9/28/2023	1	3/27/2024	11/30/2023
ACFR	2023	EML	Health and Human Services, Department of - ACFR Early Management Letter	10/10/2023	5	4/8/2024	
ACFR	2023	EML	Administrative Services, Department of - ACFR Early Management Letter	10/13/2023	5	4/11/2024	
			<b>Sub-Total Other-Not Courts Subject LB 151 and LB 151 Received (Does not include N/A)</b>			<b>40</b>	<b>13</b>
			<b>Total Reports Subject LB 151 and LB 151 Received (Does not include N/A)</b>			<b>85</b>	<b>58</b>
			<b>Only 19 (red) not received and 8 (green) not yet due.</b>			<b>To Be Received</b>	<b>27</b>

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

Sincerely,



Mike Foley  
Auditor of Public Accounts

Attachment

**FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –  
NEBRASKA DEPARTMENT OF REVENUE – ISSUED MARCH 7, 2023**

Received March 29, 2023 – Department of Revenue corrective action plan.



March 29, 2023

Jim Pillen, Governor

Mike Foley  
State Auditor  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, NE 68509

Dear Auditor Foley:

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, 2022.

#### **Accrual Reporting**

The Nebraska Department of Administrative Services (DAS), State Accounting Division, 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.

For its calculation of both general fund sales tax and motor vehicle sales taxes receivables, DOR reviewed the tax collections reported in its systems during July and August 2022 to determine the amount of taxes remitted for tax periods May and June 2022. Upon request from the APA, DOR also reviewed whether there were any earlier tax periods included in the July and August 2022 collections. DOR determined an additional \$6,048,600 was collected for tax periods prior to May 2022 that should also be included in the receivables amount. The amount was broken down to general fund receivables of \$4,973,196 and motor vehicle sales tax receivables of \$1,075,404. The APA proposed an adjustment, which was posted by DAS, to correct the underreported receivable amount.

DOR is responsible for calculating Short- and Long-Term Accounts Receivables for inclusion in the ACFR. This calculation generally includes the total tax balances due on June 30 for Sales and Use Taxes, Withholding Taxes, Individual Income Taxes, and Corporate Income Taxes. These amounts are multiplied by a collection percentage and then added to a protested audit collections amount. The total calculated collections is broken down between short term (expected collection within the next 2 months) and long term (expected collection longer than 2 months). DOR determined that a taxpayer filed a significant amended withholding return in September 2022 for \$6,930,243, which significantly impacted the receivable calculation because the withholding amount for 2021 was no longer due. The APA proposed an adjustment, which was made by DAS,

Mike Foley  
State Auditor  
March 29, 2023  
Page 2

to decrease the short-term tax balance due for individual and withholding taxes by \$423,755 and to decrease the long-term tax balance due by \$2,118,774. (These amounts included with the Allowance for Doubtful Accounts from below equal the \$6,930,243 that was collected.)

The Allowance for Doubtful Accounts uses the tax balances due on June 30 but is reduced by the estimated amount of collections. Therefore, due to the receipt of the \$6,930,243 amended withholding return that reduced the balance due as noted above, an adjustment was also needed for the Allowance for Doubtful Accounts amount shown in Footnote 3 of the financial statements. That revised calculation for the Allowance for Doubtful Accounts was \$4,387,714 less than the original calculation, so the APA proposed an adjustment to the footnote, which DAS posted.

A good internal control plan requires procedures to ensure the accurate and complete reporting of financial information to DAS, including adjustments for significant subsequent activity. Without such procedures, there is an increased risk of material misstatements remaining undetected.

We recommend DOR review its current procedures for calculating accruals for the ACFR to ensure its calculations are reported accurately to DAS.

**Corrective Action Plan:** DOR will expand its review for delinquent payments remitted in July and August for payments remitted for tax periods prior to the May tax month. DOR will monitor amended returns filed after the end of the fiscal year and adjust for those that could significantly impact accrual reporting. As noted above, corrected accrual information was reported to DAS for inclusion in the ACFR for the fiscal year ended June 30, 2022.

Sincerely,



Glen White  
Interim Tax Commissioner

**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, 2021, THROUGH JUNE 30, 2022**

Received May 3, 2023 – Department of Environment and Energy corrective action plan.

**Clean Water and Drinking Water SRF Audits FY 2022**

**Report on the Audit of the Financial Statements**

**Financial Statement Errors:** The Department made errors in preparing its financial statements. Adjustments were proposed and made by the Department for balancing issues, errors in the identification of accrual amounts, coding of interest receipts, and classification of operating expenses.

The agency agrees with the Financial Statement preparation audit finding. The Accounting/Fiscal Team is currently developing a revised template for DW & CW SRF Financial Statement creation/preparation. This new template will account for most of the items identified in Auditor of Public Accounts CW & DW SRF annual audit. In conjunction with revised documentation, the Accounting/Fiscal team will have more lead time to create and review financial statements and the underlying financial data on the upcoming annual report (for FY23) simply by having continuity within the accounting and finance unit. Continuity and staffing levels will allow the agency more formulaic and raw data review time. NDEE has increased and strengthened communication between program and accounting staff to help reduce coding errors and miscoded expenditures. NDEE has introduced and continued reconciliations between program data and accounting system data. All of the changes described above occurred within State Fiscal Year 22-23 and will continue to be refined and implemented into SFY 23-24. NDEE recognizes the upcoming DW & CW SRF audit could result in similar or repeat findings due to the timing of these changes. Implemented changes should result in more accurate Financial Statement preparation and financial data beginning SFY 23-24.

**Cash Draw Procedures:** During testing of cash draws, it was noted that the Department did not have adequate procedures to ensure all amounts drawn on Federal grants could be verified to actual expenditures.

The agency agrees with this audit finding. The Accounting/Fiscal team implemented cash draw changes in April of 2023 to address cash draw timing issues and documentation related to draws. The Accounting/Fiscal team implemented a monthly series of reconciliations that include Enterprise One revenues reconciled with ASAP draws. The reconciliations use Enterprise One and ASAP reports, all of which can be replicated at any point in time with minimal exceptions. These changes will align the agency's draw process with Federal draw timeliness guidelines. Because these changes took effect in the last quarter of State Fiscal Year 22-23, the agency understands similar audit findings could occur in the 22-23 CW & DW SRF audit due to the timing of the audit and the changes in relation to the State Fiscal Year.

**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, 2021, THROUGH JUNE 30, 2022**

Received May 3, 2023 – Department of Environment and Energy corrective action plan.

**Clean Water and Drinking Water SRF Audits FY 2022****Report on the Audit of the Financial Statements**

**Financial Statement Errors:** The Department made errors in preparing its financial statements. Adjustments were proposed and made by the Department for balancing issues, errors in the identification of accrual amounts, coding of interest receipts, and classification of operating expenses.

The agency agrees with the Financial Statement preparation audit finding. The Accounting/Fiscal Team is currently developing a revised template for DW & CW SRF Financial Statement creation/preparation. This new template will account for most of the items identified in Auditor of Public Accounts CW & DW SRF annual audit. In conjunction with revised documentation, the Accounting/Fiscal team will have more lead time to create and review financial statements and the underlying financial data on the upcoming annual report (for FY23) simply by having continuity within the accounting and finance unit. Continuity and staffing levels will allow the agency more formulaic and raw data review time. NDEE has increased and strengthened communication between program and accounting staff to help reduce coding errors and miscoded expenditures. NDEE has introduced and continued reconciliations between program data and accounting system data. All of the changes described above occurred within State Fiscal Year 22-23 and will continue to be refined and implemented into SFY 23-24. NDEE recognizes the upcoming DW & CW SRF audit could result in similar or repeat findings due to the timing of these changes. Implemented changes should result in more accurate Financial Statement preparation and financial data beginning SFY 23-24.

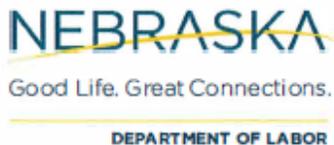
**Cash Draw Procedures:** During testing of cash draws, it was noted that the Department did not have adequate procedures to ensure all amounts drawn on Federal grants could be verified to actual expenditures.

The agency agrees with this audit finding. The Accounting/Fiscal team implemented cash draw changes in April of 2023 to address cash draw timing issues and documentation related to draws. The Accounting/Fiscal team implemented a monthly series of reconciliations that include Enterprise One revenues reconciled with ASAP draws. The reconciliations use Enterprise One and ASAP reports, all of which can be replicated at any point in time with minimal exceptions. These changes will align the agency's draw process with Federal draw timeliness guidelines. Because these changes took effect in the last quarter of State Fiscal Year 22-23, the agency understands similar audit findings could occur in the 22-23 CW & DW SRF audit due to the timing of the audit and the changes in relation to the State Fiscal Year.

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –  
NEBRASKA DEPARTMENT OF LABOR – ISSUED MARCH 16, 2023**

Received May 24, 2023 – Department of Labor corrective action plan.



**Jim Pillen, Governor**



May 24, 2023

Mike Foley  
State Auditor  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, NE 68509

Dear Auditor Foley:

Enclosed please find NDOL's response to the APA's findings reported on January 30, 2023.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Albin", is written over a printed name and title.

John H. Albin  
Commissioner

John H. Albin, Commissioner  
Department of Labor  
550 S. 16<sup>th</sup> Street  
P.O. Box 94600  
Lincoln, Nebraska 68509  
Administrative Office 402-471-9000  
dol.nebraska.gov

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## 1. Accounting Issues

The Department lacked procedures for ensuring that the Enterprise Fund - Unemployment Insurance (UI) financial statements were presented accurately for the Annual Comprehensive Financial Report (ACFR). The UI funds were maintained outside of the State Treasurer in separate bank accounts. Journal entries were prepared to record the activity from the Department's separate tax (TMS (Tax Management System)/GUS (Geographic Solutions Unemployment System)) and benefit (GUS) systems to the State's accounting system, Enterprise One. The Department of Administrative Services (DAS) used EnterpriseOne to generate the financial statements. The financial statements required material adjustments due to incorrect journal entries and a lack of adequate procedures for reconciling the TMS and GUS systems to EnterpriseOne to ensure activity was reflected properly, which led to the APA issuing a disclaimer of opinion for the Enterprise Fund - Unemployment Insurance as well as for the Business-Type Activities.

### **Corrective Action Plan:**

As previously noted, NDOL has corrected the \$80 million in errors reported. Approximately half of that amount was consistently reported in the State accounting system since fiscal year 2014, without being cited as errors requiring correction.

NDOL has engaged Deloitte and Touche to review the data migrated from the legacy tax system to the new tax system for accuracy and recommend corrective entries. The preliminary results are that the data migrated to the new system is accurate, but a number of corrective entries will need to be made. Deloitte expects to complete this project on or before May 31, 2023. In addition, NDOL is working with its vendor to better ensure that the reports issued accurately reflect the corrected data.

In a separate agreement with Deloitte, NDOL has contracted with Deloitte to help establish new templates for transferring financial data from the new unemployment system to E1 and to make recommendations for better ensuring that financial information is both accurately tracked in the unemployment system and accurately reflected in E1. This process is scheduled to be completed prior to the closing of the books in E1 for FY23.

In order to better ensure that the two Deloitte projects are completed timely and successfully, NDOL has brought in DAS Accounting as a full partner in the Deloitte projects. DAS Accounting has been a willing partner and the assistance of DAS Accounting has been a major factor in pushing these projects toward completion.

## 2. Unemployment Insurance Benefit Payments

The Department paid \$69,734,975 million in unemployment insurance (UI) benefits to

19,912 claimants between July 1, 2021, and June 30, 2022.

Our testing included a random sample of 40 payments, totaling \$19,579, and resulted in \$6,545 in questioned costs. Based on the sample tested, the dollar error rate for the sample was 33.43% ( $\$6,545/\$19,579$ ), which estimates the potential dollars at risk for fiscal year 2022 to be \$23,312,402.

In addition to the \$6,545 questioned costs for the 40 random sample payments, we noted an additional \$67,201 of questioned costs during other testing procedures.

Similar findings were noted during the previous audit.

**Department Response:**

The APA's finding is based upon an estimate rather than a statistical sampling and overstates the error rate. USDOL uses a scientific sampling method. The USDOL sampling shows that Nebraska has a lower improper rate than the national average (16.255% vs. 21.536%). Using that same USDOL directed sampling and methodology, the Nebraska fraud rate for FY 2022 was substantially lower than the national average (NE - 4.775%, US 7.711%). The Department is focusing its fraud prevention efforts on preventing fraudulent claims from ever being paid. To that end, the Department has contracted with Lexis-Nexis to stop fraudulent claims on the front end. The Department is working to improve the wage crossmatch process to yield more useful results and target higher values claims (potential overpayments) for review. Finally, the criteria for review will be placed in a manual that includes all exceptions so that the wage crossmatch process is accurately described for future auditors.

**3. Lack of Payroll Segregation of Duties and Other Issues**

The State's accounting system, EnterpriseOne (E1), does not have an established segregation of duties for payroll processing. Therefore, employees with access to process payroll are able to perform all procedures without a secondary individual being required to approve those transactions. Accordingly, the Department should have compensating procedures in place, such as a documented review of the final payroll register, along with changes to pay rates and other payroll information, by an individual without payroll access to ensure that no one individual is able to conceal errors or irregularities.

The Department worked with the Department of Administrative Services (DAS) to process payroll through the Shared Services program. The Department prepared the payroll, and DAS was involved in making necessary changes to, as well as performing external reviews of, the payroll - including certification that the payroll was ready to be posted to the general ledger. However, the Department did not perform a reconciliation of the payroll register to the general ledger to ensure that payroll processed by DAS was accurate and complete after each pay period. Upon request from the APA, the Department provided a reconciliation for the February 2022 pay period tested, which was completed after the fiscal year concluded. Furthermore, seven Department employees had access to perform all procedures within the system, including one-time overrides of pay rates, hours worked, and type of earnings paid (such as vacation, sick leave, etc.), and there were no documented procedures to identify unapproved changes by those individuals.

**Department Response:**

E1 allows the delegation of timesheet approval but does not allow the delegation of leave approval. The Department has adopted a policy prohibiting a supervisor from delegating timesheet approval to a direct report. A monthly delegate review process has been established as of February 2023. The Department reviews delegate authority to ensure compliance and remove any non-complying delegation. The Department has established a process improvement team to investigate and identify risks and establish an auditable trail for timesheet approval by persons other than the actual supervisor. In addition, the Department is working with DAS Shared Services to create additional review steps including providing the Shared Services payroll team with documentation of any adjustments

John H. Albin, Commissioner  
Department of Labor  
550 S. 16<sup>th</sup> Street  
P.O. Box 94600  
Lincoln, Nebraska 68509  
Administrative Office 402-471-9000  
dol.nebraska.gov

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**FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA DEPARTMENT OF CORRECTIONAL SERVICES – ISSUED MARCH 7, 2023**

Received June 21, 2023 – Department of Correctional Services corrective action plan.



TO: Mike Foley, Auditor of Public Accounts

FROM: Robin Spindler, Deputy Director, Administrative Services

Date: June 21, 2023

RE: Corrective Action Plan for the February 23, 2023 ACFR Management Letter for FY 2022

Below is the Nebraska Department of Correctional Services (NDCS) corrective action plan for the February 23, 2023 ACFR Management Letter for FY 2022.

1. Lack of Adherence to Legislative Bill and Federal Regulations

As indicated in NDCS' response dated March 2, 2023, NDCS does not agree with the APA's finding regarding overtime, shift differential and on-call hours. NDCS believes these are allowable expenses under the federal regulations for the CSLFRF and Final Rule.

No further action is necessary.

2. Timesheet Approval

As indicated in NDCS' response dated March 2, 2023, 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: Rob Jeffreys, Director  
Diane Sabatka-Rine, Chief of Operations

Rob Jeffreys, Director  
Department of Correctional Services

P.O. 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 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA DEPARTMENT OF MOTOR VEHICLES – ISSUED MARCH 7, 2023**

Received August 30, 2023 – Department of Motor Vehicles corrective action plan.

NEBRASKA

Good Life. Great Future.

DEPARTMENT OF MOTOR VEHICLES



State of Nebraska

August 30, 2023

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

Dear Auditor Foley:

The Department of Motor Vehicles is in receipt of the management letter for the Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2022, and published March 9, 2023. Please accept this abatement document relative to the comments and recommendations for the year ended June 30, 2022.

**EnterpriseOne Timesheets**

We recommend the implementation of procedures to ensure the adequate documentation of both employee time worked, confirming thereby compliance with § 84-1001(1), and the supervisory review of timesheets. For all employees terminated during the fiscal year those procedures should require completion of a certification of hours worked, filled out at the time of termination, for the period of employment. Until EnterpriseOne is updated to allow for tracking accurately those who approve timesheets, moreover, the procedures should require the documentation of supervisory review and approval of timesheets outside of the system.

*Department Response: The Department is exploring options for an automated process which will comply with the above recommendation.*

The Department of Motor Vehicles requests this document be secured in conjunction with the above-mentioned report and retained for the same period of time.

Regards,

Rhonda K. Lahm, Director  
Nebraska Department of Motor Vehicles

Rhonda K. Lahm, Director

Department of Motor Vehicles

P.O. Box 94789  
301 Centennial Mall South  
Lincoln, Nebraska 68509

OFFICE 402-471-3900  
FAX 402-471-3920

[dmv.nebraska.gov](http://dmv.nebraska.gov)

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –  
NEBRASKA DEPARTMENT OF TRANSPORTATION – ISSUED MARCH 7, 2023**

Received September 7, 2023 – Department of Transportation corrective action plan.

**NDOT FY2022 ACFR Management Letter Responses**

**Year End Financial Information Errors**

Auditor's recommendation: We recommend the Department implement procedures to ensure the accuracy of the financial information reported to State Accounting.

Management's Response: NDOT concurs with the adjustments to the reported amounts and will work to refine our process for capturing information reported to DAS State Accounting for ACFR reporting at fiscal yearend.

Corrective Action Plan: NDOT plans to generate an overarching Standard Operating Procedure for the Annual Comprehensive Financial Report (ACFR) which will detail the internal review process prior to submission of the Accrual Response Form to DAS.

Contact: Jenessa Boynton

Completed: July 2023

**Corrective Action Plan Update: The Standard Operation Procedure has been updated and continues to be a living document that will be updated accordingly.**

**Federal Activity Recorded in Cash Funds**

Auditor's recommendation: We recommend the Department implement procedures to ensure State Accounting Policies are followed and establish an adequate interface between RPS and the State's

Management's Response: NDOT receives Legislative appropriation of the cash fund type and pays all expenditures with state cash funds. Specific, unique revenue object codes have been created in EnterpriseOne and are used to separately account for federal reimbursement to NDOT's cash fund. NDOT will continue to confer with the Department of Administrative Services regarding the State Accounting policy and take any follow-up actions they advise are necessary.

Corrective Action Plan: NDOT does recognize that improvements could be made to the internal financial systems. In fact, NDOT has recently completed a financial systems modernization roadmap, which will guide future enhancement and/or replacement of some of the existing legacy systems, including the potential for NDOT to use the State's accounting system, EnterpriseOne, directly in the future. FHWA will be invited to participate in the modernization efforts. NDOT will communicate more effectively with the Auditor's Office in the future with respect to the timing of submission of the federal fund reconciliation and is also working toward automation using the existing internal financial systems that allow the reconciliation to be provided more timely.

Contact: Lily ~~Kathee~~, ~~Jenessa~~ Boynton

Anticipated Completion Date: Ongoing

**Corrective Action Plan Update:** The Department conferred with DAS – State Accounting. State Accounting will determine if adjustments to the accounting manual/ accounting policy are necessary due to the unique nature of the Highway Fund. All NDOT’s revenue is recorded in the Highway Fund, a third of that revenue is federal funding which is reconciled to the SEFA. Additionally, Federal Highway Administration (FHWA) has advised that NDOT is able to provide information that enables FHWA to reconcile from total project costs of the project to federal reimbursed costs and verify that the reimbursement was done in accordance with FHWA standards.

### **Vehicle Logs and Payroll Issues**

**Auditor’s recommendation:** We recommend the Department 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.

**Management’s Response:** NDOT has a Vehicle Use policy in the Department of Transportation Operating Instruction 20-06. Current policy does not require teammates assigned a state-owned vehicle to record beginning and ending destinations. NDOT acknowledges the benefit of reviewing policies and procedures to ensure travel is reasonable and appropriate. NDOT will review and update travel policies as deemed necessary.

**Corrective Action Plan:** NDOT plans to review the Travel Policy and make any necessary changes. Human Resources will give guidance to the employee regarding the situation.

**Contact:** Tom Renninger, Jenessa Boynton and Rachelle Van Cleave

**Completed:** September 2023

**Corrective Action Plan Update:** Travel policy has been reviewed and updated. The Department of Transportation Operating Instruction requires mileage and activity (purpose) of the trip but does not require a destination.

In addition to the corrective action plan submitted by the Department stating, “Human Resources will give guidance to the employee regarding the situation,” the Department identified and evaluated specific circumstances surrounding this teammate’s vehicle use and overtime. Following that evaluation, the Department made a few strategic adjustments to reduce the need for overtime to accomplish the workload. The employee received guidance regarding the situation, and the Agency monitored the employee’s overtime use.

### **Timeliness of Responses to Audit Requests**

**Auditor’s recommendation:** We recommend the Department implement procedures to ensure compliance with § 84-305.

Management's Response: Due to a vacancy in a key position during fiscal year end, NDOT utilized available resources to fulfill the various requests as timely as possible. The key position within NDOT has since been filled and NDOT will work to ensure procedures are in compliance with § 84-305.  
Corrective Action Plan: Vacant Positions have been filled and emails continue to be monitored.

Contact: Jenessa Boynton

Anticipated Completion Date: Ongoing

**Corrective Action Plan Update: Emails continue to be monitored**

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES  
 FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
 MANAGEMENT LETTER – ISSUED JANUARY 30, 2023 AND  
 FY 2022 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED MARCH 30, 2023**

Received September 15, 2023 – Department of Administrative Services corrective action plan.



Jim Pillen, Governor

September 15, 2023

Honorable Mike Foley  
 Auditor of Public Accounts  
 State Capitol, Suite 2303  
 Lincoln, NE 68509

Dear Mr. Foley:

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, 2022.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
ACFR	2022	ML	Administrative Services, Department of - ACFR Management Letter	3/17/2023	4

**1. Unemployment Insurance Issues**

DAS Response: NDOL contracted with a top consulting firm to reviewed balances brought into the new tax and benefits system at conversion. NDOL has mapped internal system transactions to appropriate funds, business units, and object accounts in the State accounting system. Finally, NDOL has performed reconciliation and adjusting entries to correct account balances in error. DAS has been a partner in monitoring progress and reviewing changes made by the NDOL team.

**2. ACFR Preparation Issues**

DAS Response: DAS's goal is to have an unmodified opinion with reduced errors in every successive year. The financial statement adjustments for all agency errors were less than 1% of the Total Net Position, a reduction of more than \$3.8 billion, or 88%. The APA issued an unmodified opinion on the accuracy of the ACFR in all respects, with the exception the NDOL unemployment fund. DAS is working internally and with the APA to fix the remaining issues identified.

Philip J. Olsen, CPA, CISA  
 Administrator

Department of Administrative Services | STATE ACCOUNTING

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

1526 K Street, Ste. 190  
 Lincoln, Nebraska 68508

OFFICE 402-471-2581

[das.nebraska.gov](http://das.nebraska.gov)

**3. Capital Asset Accounting Errors**

DAS Response: DAS agreed with the issue but disagreed with its significance. Net capital assets totaled \$10 billion. The total error rate was 0.15%, and a 92% reduction over the prior year. Errors were \$28 million under the APA’s standard of materiality. DAS is working to further improve the 2023 ACFR reporting of capital assets.

**4. ACFR and Prepared-By-Client (PBC) List Deadlines**

DAS Response: DAS accepted and followed through on the recommendation that Prepared-By-Client list deadlines be the result of collaboration between DAS and the APA. All PBC item due dates have been mutually agreed upon between DAS and the APA for the 2023 ACFR. DAS plans to provide 60 procedures earlier than initially requested by the APA for the 2023 ACFR.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
Single	2022	S-Com.	Single - Administrative Services, Department of	3/30/2023	9

**1. Finding 2022-001 Unemployment Insurance Issues**

DAS Response: NDOL contracted with a top consulting firm to reviewed balances brought into the new tax and benefits system at conversion. NDOL has mapped internal system transactions to appropriate funds, business units, and object accounts in the State accounting system. Finally, NDOL has performed reconciliation and adjusting entries to correct account balances in error. DAS has been a partner in monitoring progress and reviewing changes made by the NDOL team.

**2. Finding 2022-002 ACFR Preparation Issues**

DAS Response: DAS’s goal is to have an unmodified opinion with reduced errors in every successive year. The financial statement adjustments for all agency errors were less than 1% of the Total Net Position, a reduction of more than \$3.8 billion, or 88%. The APA issued an unmodified opinion on the accuracy of the ACFR in all respects, with the exception the NDOL unemployment fund. DAS is working internally and with the APA to fix the remaining issues identified.

**3. Finding 2022-003 Capital Asset Accounting Errors**

DAS Response: DAS agreed with the issue but disagreed with its significance. Net capital assets totaled \$10 billion. The total error rate was 0.15%, and a 92% reduction over the prior year. Errors were \$28 million under the APA’s standard of materiality. DAS is working to further improve the 2023 ACFR reporting of capital assets.

**4. Finding 2022-004 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.

**5. Finding 2022-005 E1 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.

6. Finding 2022-006 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. Legislative changes to Neb. Rev. Stat. § 81-153(10) provides a broader opportunity for vendor self-service and is being explored.

7. Finding 2022-017

Management Response: The Building and Grounds security allocation is based on a management business decision. The print shop has put forth significant effort into developing new rates using a new methodology that takes into account the costs of labor, equipment, etc. The proposed rates are awaiting internal approval. State Accounting Rates were reduced by \$700,000 for each year of the coming biennium, and planned expenditures will exceed billed revenues by \$1.7 million to bring the cash balance to within a 60-day operating level by June 2025.

8. Finding 2022-018

Management Response: We have continued to work with State teammates and have reviewed the 2023 SEFA to further its accuracy and completeness.

9. Finding 2022-019

Management Response:

DAS has updated clearance patterns to align with the most recent TSA agreement.

Sincerely,



Philip J. Olsen  
State Accounting Administrator

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA GAME AND PARKS COMMISSION – ISSUED MARCH 7, 2023**

Received September 20, 2023 – Game and Parks Commission corrective action plan.



2200 N. 33rd St. • P.O. Box 30370 • Lincoln, NE 68503-0370 • Phone: 402-471-0641

September 20, 2023

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

Dear Ms. Janssen,

Below you will find the corrective action plans associated with comments and recommendations issued to the Nebraska Game and Parks Commission on January 30, 2023. These corrective action plans and the related corrective actions were communicated to the Auditor of Public Accounts on March 3, 2023 in conjunction with the Commission Responses. The State Statute 84-304(3)(b) requires this information to be submitted after the issuance of the management letter resulting in the unanticipated delay in our communication.

**Finding:** The Department of Administrative Services (DAS), State Accounting Division (State Accounting), prepares the State of Nebraska Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report payables, receivables, and other financial information not contained within the State’s accounting system at the end of the fiscal year.

The Commission performs the accounting duties for the Nebraska Environmental Trust (Trust) and failed to report a \$3.3 million payment from the Trust to the Nebraska Department of Natural Resources as fiscal year 2022 activity. The first \$3.3 million payment for the grant was made in May 2021 – for fiscal year 2021. The payment for \$6.6 million was made on September 16, 2022, with an invoice date of July 2021. The invoice stated that it was for two years, which resulted in \$3.3 million being attributable to fiscal year 2022 and \$3.3 million to fiscal year 2023. The Auditor of Public Accounts proposed an adjustment of \$3.3 million, which DAS posted, to include both the expense for the Trust and the receipt for the Nebraska Department of Natural Resources properly in fiscal year 2022.

**Commission Response:** The commission submitted the ACFR accurately as of the 8/17/22 due date. As shown in the attached letter from NET, the payment was not guaranteed, nor the agreement signed.

**Corrective Action Identified:** The commission will continue to work with NET and DAS to ensure accurate financial reporting.

**Current Status:** NGPC worked with NET and DAS during the latest ACFR submission to ensure reports were submitted accurately. NGPC will continue to communicate with these agencies in the future.

Should you have any further issues, please do not hesitate to contact our agency.

Respectfully,

 9/20/2023

Tim McCoy  
Director

~~Cc: Senator Robert Clements, Legislative Appropriations Committee Chairman~~  
*ew*

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**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**FY 2022 NEBRASKA STATEWIDE SINGLE AUDIT –  
NEBRASKA DEPARTMENT OF TRANSPORTATION – ISSUED MARCH 30, 2023**

Received September 28, 2023 – Department of Transportation corrective action plan.

### **FY2022 Federal Single Audit Recommendations**

#### **1. Program AL 20.205 – Highway Planning & Construction – Subrecipient Monitoring**

**Recommendation:** We recommend the Agency implement procedures to ensure that subrecipient program agreements include all information required to be communicated.

**Management Response:** NDOT concurs with finding and will review all current active agreements to ensure notification of each federal subaward is clearly identified to the subrecipient.

**Corrective Action Plan:** NDOT will review all current active subaward agreements and verify the federal subaward identification information is included. If information was not previously included in the original agreement or a supplement agreement, NDOT will provide a supplemental award notice to notify the subrecipient of the subaward identification information as required by 2 CFR § 200.332.

**Contact:** Jodi Gibson

**Anticipated Completion Date:** *September 2023*

**Corrective Action Update:** NDOT finalized a new LPA Program Agreement – Federal-Aid Funds template and supplemental agreement with required information. The template and supplemental agreement were sent to FHWA on September 6th, 2023, as part of FHWA’s subrecipient monitoring. NDOT is now in the process of verifying projects in which a program agreement is currently in place. Identified program agreements will receive a supplemental agreement which provides the information in Section 6 of the updated template.

#### **2. Program: AL 20.509 – Formula Grants for Rural Areas – Allowability & Subrecipient Monitoring**

**Recommendation:** We recommend the Agency strengthen subrecipient monitoring procedures. We further recommend the Agency improve procedures to ensure expenditures are allowable and in accordance with Federal regulations.

**Management Response:** The NDOT Local Assistance Division has increased transit staff by 1.5 FTEs for a total of 3.5 FTEs dedicated to reviewing monthly invoices. NDOT continues to engage and educate transit recipients.

In late 2022, the North Fork Area Transit (NFAT) Board began an internal review process which revealed an inappropriate use of funds and authorities were notified. In December 2022, the NFAT Board engaged NDOT and requested assistance from the Mobility Management Team following the allegation. The Mobility Management Team is assisting the NFAT Board in managing operations, review of existing reporting and financial policies, and review and update of step-by-step checks and balances process. NDOT is financially supporting the Mobility Management Team in an effort to support and resume services at NFAT.

**Corrective Action Plan:** The Controller Division, Audit Section, will provide support through continued engagement and work collaboratively as an additional resource to the NDOT Transit staff

and transit recipients. NDOT Transit staff in collaboration with the Controller Division will be improving the standard operating Procedures which will be utilized for the in-depth review of monthly invoices moving forward.

**Contact:** Jodi Gibson and Controller Division

**Anticipated Completion Date:** Ongoing

**Corrective Action Update:** It is ongoing in that NDOT Local Assistance Division continues to encounter unique situations and updates their processes and guidance accordingly. An invoice best practice manual is available to transit providers and is updated as needed.

### 3. Program: AI 20.933 – National Infrastructure Investments - Reporting

**Recommendation:** We recommend the Agency improve procedures to ensure expenditures are reported properly and agree to accounting records. We further recommend the Agency improve procedures to ensure FFATA reporting is accurate.

**Management Response:** The FY21 Statewide Single Report was issued on June 23, 2022. Upon receipt of the findings, NDOT took action to implement changes to the quarterly SF-425 Financial Report.

The Key Data Element noted as being inaccurately reported as \$16,960 is a number automatically generated by the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). A *federal system*, not a state system. The federal funding of \$16,960,000 was accurately reflected in other areas of the report.

NDOT concurs with the adjustments and will review procedures to ensure accurate FFATA reporting.

**Corrective Action Plan:** NDOT will finalize in coordination with FHWA a standard operating procedure for the quarterly SF-425 reporting process as well as generate a standard operating procedure for FFATA reporting.

**Contact:** Denise Rice and Jodi Gibson

**Anticipated Completion:** Ongoing

**Corrective Action Update:** NDOT finalized the Standard Operating Procedure for SF-425, and this SOP is now utilized for the quarterly process. It is ongoing in that NDOT continues to update the FFATA Standard Operating Procedures. The SOP will continue to be updated as needed.

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**FY 2022 NEBRASKA STATEWIDE SINGLE AUDIT –  
NEBRASKA DEPARTMENT OF EDUCATION – ISSUED MARCH 30, 2023**

Received September 29, 2023 – Department of Education corrective action plan.



September 29, 2023

Nebraska Auditor of Public Accounts  
Attn: Craig Kubicek, Deputy Auditor  
State Capitol, Suite 2303  
Lincoln, NE 68509

RE: NDE corrective action taken in response to FY22 Single Audit finding 2022-021

The Nebraska Department of Education (Department) has contacted the two subrecipients noted in the finding and provided them technical assistance and offered to discuss any questions that they had. Time and effort guidance is available on the Department's website. Time and effort technical assistance documents were sent to school districts and ESUs in early September 2023, to make new district staff aware of the compliance requirements. The Department hired a Grants Management Training Specialist in February 2023.

Technical assistance is provided during each fiscal monitoring review and guidance documents are provided after each fiscal monitoring review conducted. Written deficiencies requiring corrective action are clearly identified in the fiscal monitoring exit letter.



**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**AUDIT REPORT OF THE NEBRASKA LOTTERY**  
**NEBRASKA DEPARTMENT OF REVENUE – ISSUED SEPTEMBER 28, 2023**

Received November 30, 2023 – Nebraska Lottery corrective action plan.



137 NW 17th Street • Lincoln, Nebraska 68528  
P.O. Box 98901 • Lincoln, Nebraska 68509-8901  
Phone 402-471-6100 • Fax 402-471-6108 • nelottery.com

Helping to Build a Better Nebraska®

November 30, 2023

Mike Foley, State Auditor  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, NE 68509

Dear Auditor Foley:

This letter is to serve as the corrective action response to the recommendation that was reported for the Nebraska Lottery audit for the period July 1, 2022 through June 30, 2023.

**I. Financial Statement Errors:** During the audit of the financial statements of the Nebraska Lottery (Lottery), two errors were reported by the APA. Adjustments were proposed to correct the identified errors and the Lottery made the adjustments. The following are the noted items:

- **Net Position Classification:** On its Statement of Net Position, the Lottery overstated its net investment in capital assets by \$1,076,996 and understated its unrestricted net position by the same amount. The net investment in capital assets should be calculated net of lease liabilities. The Lottery reported its lease liabilities as a reduction in unrestricted net position.
- **Vendors Payable:** The Lottery understated vendors payable and the related contractual services expense by \$95,940. The Lottery did not make a year-end adjustment to reconcile the vendors payable balance to the invoices due from that vendor.

*Corrective action:* This was the first year for the Lottery to report leases as a right- to -use asset. During the process, the Lottery incorrectly classified the lease liabilities. For future audits, the lease asset reporting is now in place and the asset and related liabilities will be thoroughly reviewed and recorded in the proper accounts.

For the vendors payable correction, this is a regular reconciliation process for year-end reporting which the Lottery left out this year. For future audits, this reconciliation will be done at year-end as has been done in the past and will be recorded to ensure that the statements are correct.

Sincerely,

James R. Kamm  
Tax Commissioner

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**

**CALENDAR YEAR 2023 COUNTY COURTS – ISSUED IN CALENDAR YEAR 2023**

Received January 8, 2024 – County Court corrective action plan.

**Corey R. Steel**  
State Court Administrator



**Deborah A. Minardi**  
State Probation Administrator

January 8, 2024

Mike Foley  
Nebraska Auditor of Public Accounts  
State Capitol, Room 2303  
Lincoln, NE 68508

Dear Auditor Foley:

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 45 county court audits conducted in CY2023.

**Recommendation: Segregation of Duties**

Action: This finding was stated in all 45 audits and as the only finding in 20 audits. This is a recurring audit point for smaller staffed county courts. The Judicial Branch does not have the financial and human resources sufficient to remove this finding for many courts. However, as stated in previous years, the risks from lack of segregation have been reduced through establishment of Accounting Audit Specialists that review financial records and provide assistance to courts on financial matters. For those courts that have the resources to segregate duties, in several audits the finding stated one person could process all parts of a financial transaction. Again, no instances were reported that this was done. Although there is a financial risk, in order to fulfill all statutory obligations, the Administrative Office of the Courts and Probation (AOCP) has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

Regarding a staff person's ability to affix a judge's signature, the AOCP understands there is a risk. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process was put into place to digitize and streamline the court process. The AOCP has made a modification to JUSTICE, the Judicial Branch case management system, to begin to address this risk.

**Recommendation: Timely Review of Reports**

Action: Several courts had a finding or recommendation regarding review of JUSTICE reports, primarily the Monthly Case Balance Report and the Overdue Case Balance Report. Since their

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

audits, many courts have made improvement plans for regular review of these reports. The Accounting Audit Specialists have also provided assistance in reviewing these reports to the courts.

**Recommendation: Additional Issues**

Action: Audit findings and statements were made regarding errors, unclaimed property reporting, and payment/receipt actions and documentation. Most specific issues were resolved by courts, some by the time the audit was released. For other courts, assistance with developing new practices or review of procedures has been provided or made available through the Accounting Audit Specialists and AOCB staff.

Sincerely,



Corey R. Steel  
State Court Administrator

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

**THE APA WILL FOLLOW-UP DURING NEXT AUDIT.**