



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

December 13, 2023

Tim McCoy, Director
Nebraska Game and Parks Commission
2200 N. 33rd Street
Lincoln, Nebraska 68503

Dear Mr. McCoy:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska (State), as of and for the year ended June 30, 2023, 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 December 13, 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 certain internal control or compliance matters related to the activities of the Nebraska Game & Parks Commission (Commission) or other operational matters that are presented below for your consideration. These comments and recommendations, which have been discussed with the appropriate members of the Commission's management, are 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 Commission 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. The responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on them. 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. Capital Asset Issues

The Commission is responsible for recording information regarding capital assets into the State’s accounting system, as well as reporting construction in progress (CIP) and other capital asset-related information to the Department of Administrative Services – State Accounting (State Accounting) for proper financial statement and footnote presentation.

During our testing of capital assets for the fiscal year 2023, we noted errors in capital asset information reported by the Commission, including incorrect acquisition dates, asset costs, and coding of expenditures in the accounting system. Specifically, we noted the following:

Description of Error	Amount
The Commission incorrectly recorded three construction projects to operating expenditure accounts rather than the correct CIP accounts. CIP is generally used to record construction activity for substantially incomplete projects, including buildings, infrastructure, computer software, etc. While the Department properly reported this activity as CIP on its accrual response form submitted to State Accounting, the improper coding of expenses increases the risk for material misstatement of the financial statements and footnote disclosures and is not in compliance with State Accounting policy.	\$ 1,263,137
The Commission failed to add the costs to a building asset in the accounting system timely. The last payment on the project was recorded on May 17, 2023, but the additional costs were not added to the asset as of the date of our testing, October 24, 2023, over five months later.	\$ 906,037
For two buildings, the Commission incorrectly recorded the acquisition dates in the accounting system, which resulted in errors to accumulated depreciation of these assets. Both assets had acquisition dates of February 20, 2020; however, the actual dates should have been May 18, 2019. As a result, \$128,129 in depreciation was not recorded.	\$ 128,129
Retainage was not properly recorded as an addition to CIP for one project.	\$ 74,220

A proper system of internal control requires procedures to ensure that asset information, including acquisition dates and costs, is recorded correctly and timely in order to: 1) provide reliable financial information; 2) ensure the financial statements and footnotes are presented properly; and 3) the calculation of related depreciation is correct.

Without such procedures, there is an increased risk of material misstatements to the financial statements, which might remain undetected.

We recommend the Commission review and revise its procedures related to capital asset accounting to ensure all costs for an asset are capitalized in a timely manner, and acquisition dates are correct and recorded properly. Additionally, we recommend the Commission record expenditures for construction projects in progress to the proper account in the accounting system in accordance with State Accounting policies.

Commission Response: Due to changes in staff in both our budget and engineering divisions, there were some miscommunications about how to handle some projects. We have been working with NGPC’s engineering division, as well as DAS State Accounting, to identify the best path forward.

We will work with NGPC’s Engineering division and DAS State Accounting to update our procedures in accordance with policies.

2. Outstanding Liquidated Damages

The Commission failed to maintain a complete and accurate listing of outstanding liquidated damages due for violations of the Game Law, which is set out at Neb. Rev. Stat. §§ 37-201 to 37-811 (Reissue 2016, Cum. Supp. 2022, Supp. 2023) and §§ 37-1501 to 37-1510 (Reissue 2016).

As of June 20, 2023, the Commission provided a report showing \$185,223 in such damages dating back to January 2008. However, the Nebraska Supreme Court’s report showed the total amount owed as \$71,820.

On a rotational basis, the Auditor of Public Accounts (APA) completed attestation engagements for each of the State’s county courts, which are under the jurisdiction of the Nebraska Supreme Court. During these attestation engagements, the APA found several cases listed on the Overdue Case Balance Reports with balances consisting of liquidated damages due for violating the Game Law. Some of these cases date back more than 20 years.

Even though the judgments are entered by the courts, the Commission should maintain an accurate listing of all charges to ensure the proper collection and receipt of the damages. The Commission explained that in 2023 it had reviewed 368 court cases with liquidated damages but had another 870 cases outstanding. The Commission stated also that the accuracy of the information in its report is affected by several factors, including manual records that existed prior to the conversion to electronic citations, multiple data conversions and field changes in the system used to track the cases, changes in personnel and processes within the Commission and the 93 counties, and sealed or purged court case access.

According to Neb. Rev. Stat. § 37-613(1) (Cum. Supp. 2022), “Any person who sells, purchases, takes, or possesses contrary to the Game Law any wildlife shall be liable to the State of Nebraska for the damages caused thereby.”

Neb. Rev. Stat. § 37-601 (Reissue 2016) requires the prosecution of all persons charged with violating the Game Law, as follows:

All prosecutions for violations of the Game Law shall be brought in the name of the State of Nebraska before any court having jurisdiction thereof. It shall be the duty of all prosecuting attorneys in their respective jurisdictions to prosecute all persons charged with violations of the Game Law.

Additionally, § 37-613(3) provides the following regarding the collection of liquidated damages incurred for violating the Game Law:

Such damages may be collected by the commission by civil action. In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise. Failure to obtain conviction on a criminal charge shall not bar a separate civil action for such liquidated damages. Damages collected pursuant to this section shall be remitted to the secretary of the commission who shall remit them to the State Treasurer for credit to the State Game Fund.

Without proper procedures to ensure an accurate listing of outstanding liquidated damages is maintained, there is an increased risk for loss of funds to be credited to the Game Fund.

We recommend the Commission implement procedures for developing an accurate listing of outstanding liquidated balances and work through cases in a timely manner. We also recommend the Commission work with Supreme Court to improve processes and procedures related to the collection of all liquidated damages.

Commission Response: The Game and Parks Commission operates under the belief that it is the sole responsibility of the court to collect liquidated damage monies. While the state statute regarding liquidated damages does reference a civil penalty that could be applied, that is only applicable in cases where the defendant was not convicted of a criminal charge.

We will continue to work with the courts and track balances based on what they are willing to provide. Our Law Enforcement Division has stated it would be willing to work on an automated import, similar to a procedure they have with State Patrol, if the Supreme Court agreed to share data.

* * * * *

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 Commission 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 Commission.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Nebraska's internal control over financial reporting or on compliance. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nebraska's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purposes.

A handwritten signature in blue ink that reads "Kris Kucera". The signature is written in a cursive, flowing style.

Kris Kucera, CPA, CFE
Assistant Deputy Auditor