



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 13, 2023

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

Dear Ms. Kramer:

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 Department of Transportation (Department) 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 Department'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a certain deficiency in internal control, Comment Number 1 (Year-End Financial Information Errors), that we consider to be a material weakness.

The comment will also be reported in the State of Nebraska's Statewide Single Audit Report Schedule of Findings and Questioned Costs.

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. 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. Year-End Financial Information Errors

The Department of Administrative Services - State Accounting Division (State Accounting) is responsible for the preparation of the State’s Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report receivable and payable amounts, along with other financial information not already considered within the State’s accounting system at the end of the year.

The table below details over \$37 million in errors made by the Department in the financial information reported to State Accounting:

Description	Amount
The Department participates in road projects financed by Federal, State, and/or local entities. In some cases, local governments provide their share of the funding when the contract is awarded, which creates a liability for the Department called “Deposits by Locals.” In other cases, the local governments are billed for their share of the funding on a progress basis, and the Department creates an accounts receivable called “Accounts Receivable from Locals.” During its accumulation of these accruals, the Department overstated each accrual by \$19,079,795 due to the incorrect calculation of manual adjustments (adding instead of subtracting) made to the amounts reported from the Department’s system. This same mathematical error has occurred since fiscal year 2021.	\$ 19,079,795
Another Departmental accrual is called “Accounts Receivable from Others,” which includes receivables from local governments, railroads, other states, and individuals who have been billed for damages to State property. The Department overstated this accrual by \$16,119,546 because it was recorded as a receivable both in the State’s accounting system and then again on the accrual response form submitted to State Accounting. Therefore, the receivable was recorded twice.	\$ 16,119,546
Accounts Receivable from the Federal Government are amounts that the Department paid to outside entities and requested from the Federal government but have yet received. The Department understated this receivable by \$1,532,700 because it reported only amounts requested from the Federal government in July 2023 and did not include amounts previously requested that were still outstanding as of June 30, 2023.	\$ 1,532,700
The State Aid Bridge Fund was created to aid counties for the replacement of bridges. Each month, \$64,000 is transferred from the Highway Trust Fund to the State Aid Bridge Fund for this purpose. As bridge projects are completed, the Department pays the initial expense from the Roads Operations Cash Fund. Then a journal entry is processed to reimburse the Roads Operations Cash Fund from the State Aid Bridge Fund. In fiscal year 2023, the Department transferred \$768,727 from the State Aid Bridge Fund to the Roads Operations Cash Fund; however, only \$210,502 in fiscal year 2023 expenditures were recorded in that fund. The rest of the Department’s reimbursement was for prior fiscal year expenses. This resulted in expenses in fiscal year 2023 being understated by \$558,225, as the amounts related to prior fiscal years should have been coded as a beginning balance adjustment.	\$ 558,225
Total	\$ 37,290,266

The Auditor of Public Accounts (APA) proposed, and State Accounting recorded, adjustments related to these errors so that the State’s financial statements were materially correct.

A similar finding was noted in the previous two audits. In fiscal year 2021, the adjustments to the financial statements totaled \$32,475,890, and the adjustments in fiscal year 2022 totaled \$14,870,735.

The Summary Schedule of Prior Audit Findings lists the status of this finding as “in process” due to staffing turnover. Title 2 CFR § 200.511(a) (January 1, 2023) requires that auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

A proper system of internal control requires procedures to ensure complete and accurate financial information is provided to State Accounting for financial statement presentation. Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

We recommend the Department implement procedures to ensure the accuracy of the financial information reported to State Accounting. This would include a documented review and approval of the reported accruals by both the Budget and Finance Manager and the Chief Financial Officer.

Department Response: Additional teammates at NDOT will assist in the preparation, review, and oversight of the ACFR throughout the fiscal year to ensure accuracy when the final accrual responses are subsequently reported at the end of the fiscal year. Additionally, prior to submission of the accrual response form to DAS State Accounting, NDOT will confer with DAS State Accounting to verify accuracy of the information submitted.

2. Federal Activity Recorded in Cash Funds

The Department's Federal fund expenses were not recorded accurately in the State's accounting system. In fiscal year 2023, \$542,510,271 in Federal expenditures were recorded to a Cash fund instead of to a Federal fund.

The Department initially recorded vendor payments into its mainframe accounts payable application, the Roads Payment System (RPS), which was then interfaced with the State's accounting system to record the transactions and create payments. During this interface process, the expenses were recorded in the State accounting system to a cash fund. The Department also recorded vendor payments into its Project Finance System (PFS), which is a web application that tracks project costs by funding source, such as Federal, State, or local funds, and is used to request Federal reimbursement.

Due to this process, the actual funding source for the expenditures was maintained only on PFS, which is outside of the State's accounting system. As a result, the State's accounting system reflected \$510,194,213 of Federal expenditures as Cash fund expenditures, rather than Federal fund expenditures.

The Department also recorded \$32,316,058 in Federal fund expenditures from its Aeronautics Division directly into the State's accounting system using Cash funds instead of Federal funds.

The State Accounting Manual, Application of Principles – Section AM-003, includes the following fund types used in the State's Accounting System:

- 40000 – Federal Funds – accounts for all federal grants and contracts received by the State.
- 20000 – Cash Funds – accounts for revenues generated by specific activities from sources outside of state government and the expenditures directly related to the generation of revenues.

The Department has failed to record its activity in the State's accounting system in accordance with State Accounting policies. While the funding source information is available in PFS, the Department cannot produce it easily and quickly. The lack of compliance with the State accounting principles increases the risk for errors in financial reporting.

A similar finding has been noted in each management letter since fiscal year 2019 – for a total of five consecutive years – with no resolution.

We recommend the Department implement procedures to ensure State Accounting policies are followed and establish an adequate interface between RPS and the State's accounting system to ensure the funding source is recorded properly.

Department Response: NDOT discussed with the Department of Administrative Services the need for any accounting manual revisions based on the issue brought up by the APA. DAS has confirmed that the presentation within the ACFR is accurately presented as the majority of NDOT activity is presented under a separate major fund, the Highway Fund. Specific, unique revenue object codes have been created in EnterpriseOne and are used to separately account for federal reimbursement to the Highway Fund. Given the complexity of how NDOT procures and expends federal funding, DAS administrator will consider an amendment of the State Accounting Policy to exclude NDOT from adhering to this policy.

3. Vehicle Logs and Payroll Issues

In fiscal year 2021, the APA first received concerns through its anonymous hotline regarding a Department employee who was paid excessive overtime, most of which related to his travel in a State vehicle rather than performance of other job responsibilities. During the APA’s testing in the prior two fiscal years and our follow-up procedures in the current year, the following was noted:

Travel Policies

As noted in the previous fiscal year, the Department lacked both a comprehensive travel report form – i.e., one requiring the information specified in both Neb. Rev. Stat. § 81-1025(1) (Reissue 2014), as a best practice, and § 81-1025(2)(a) – and an overall vehicle usage policy.

The Department previously provided a policy dated March 10, 2021; however, this policy did not require the employee to document the starting point or the destinations of the trips to determine whether the travel was appropriate, and the mileage was reasonable. An updated policy, dated September 6, 2023, was subsequently provided; however, this updated policy still did not add such a requirement.

Employees were required to record only an activity code that lists their general job duties and not the specific purpose of the travel. For example, the following two activity codes were recorded by the employee on the days traveled for two months tested:

Activity Code Title	Description
Fleet Administration and Equipment Shop Expenses	Cost of operating the Department's equipment facilities and fleet expenses when not chargeable to a specific unit. Costs include, but are not limited to, salaries of fleet administrators, mechanics and support staff; office supplies and materials for the shop; acquisition, repair, and maintenance of shop tools and office equipment used in the shop facility; fire extinguishers for equipment; equipment/tool rentals.
Instruction and Training	All costs including salaries, personal expenses such as meals, lodging, transportation; tuition and registration fee, books, and other related materials to provide or attend schools and training sessions; and reimbursement of professional membership dues. This activity applies to NDOT personnel only.

Clearly, these codes do not allow the Department to determine if the specific travel performed by the employee was appropriate and reasonable.

Section 81-1025(1) states the following:

Each operator of a bureau fleet vehicle shall report the points between which the bureau fleet vehicle traveled each time used, the odometer readings at such points, the time of arrival and departure, the necessity and purpose for such travel, the license number of such vehicle, and the department to which such vehicle is assigned.

The above statutory mandate is not applicable to the Department, which maintains its own fleet of vehicles; nevertheless, it is reflective of a best practice. Neb. Rev. Stat. § 81-1025(2)(a) (Reissue 2014) is applicable to the Department, though, and it says the following:

Each operator of a special-use vehicle as prescribed in section 81-1011 or a motor vehicle in which a state agency other than the bureau holds the title shall follow the policy and use the travel report form which shall be established by the director or designated head of the state agency owning such vehicle. The form shall include, but not be limited to, the name of the operator, the license number of the vehicle, the total daily mileage or total hours of daily operation, and any other information the director or designated head deems relevant.

Excessive Overtime and Travel Hours

The employee reviewed continued to have excessive overtime paid to him, which appears to have been related primarily to extensive travel time in his Department-assigned vehicle. The following table shows a summary of his overtime paid in the last three fiscal years:

	FY 2021	FY 2022	FY 2023
Total Overtime Hours	626	737	667
Total Hours Paid	2,383	2,905	2,754
Total Overtime Pay	\$23,945	\$29,041	\$27,152
% of Overtime Hours vs Total Hours	26%	25%	24%

The following are only two examples showing that the majority of the employee’s days consisted of driving:

- On November 18, 2022, the employee drove 458 miles and worked 10.75 hours. If traveling at 60 miles per hour, this would result in more than 7.5 hours of travel during his 10.75-hour day.
- On February 8, 2023, the employee drove 463 miles and worked 13 hours. If traveling at 60 miles per hour, this would result in more than 7.5 hours of travel during his 13-hour day.

Without a specific purpose for the travel, start and stop times, and locations travelled, the APA was unable to determine whether the travel and overtime hours claimed were reasonable.

Purchase Card Transactions

The APA also reviewed 20 purchase card transactions of the employee during fiscal year 2023, noting the following issues:

Date	Amount	Vendor	Description
12/31/2022	\$18	McDonald’s	This was a personal meal at McDonald’s, which was caught by another Department employee and paid back in February 2023.
1/21/2023	\$20	Home Goods	Purchase of glassware and kitchen items. The items were returned on 2/8/2023, and money was returned to the State.
7/11/2022	\$4	Janssen Chrysler Jeep Dodge	Purchase of \$56 included \$4 in sales tax.

Neb. Rev. Stat. § 81-118.02 (Cum. Supp. 2022) states, in relevant part, the following:

(1) A state purchasing card program shall be created. The State Treasurer and the Director of Administrative Services shall determine the type of purchasing card or cards utilized in the state purchasing card program. . . . The state purchasing card program shall be administered by the Department of Administrative Services. The department may adopt and promulgate rules and regulations as needed for the implementation of the state purchasing card program. The department may adopt and promulgate rules and regulations providing authorization instructions for all transactions. Expenses associated with the state purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

....

(6) No officer or employee of the state shall use a state purchasing card for any unauthorized use as determined by the department by rule and regulation.

This unambiguous statement is found on page 3 of the “Purchase Card Program” (Revised June 13, 2023) (Program) for the State of Nebraska:

Under no circumstances can a card be used for personal use.

The same page of that document also contains the following:

Since the State of Nebraska is exempt from paying Nebraska sales tax, no sales tax should be charged on purchases made in Nebraska, provided a Nebraska Resale or Exempt Sale Certificate, Form 13, is on file with the vendor.

Page 8 of the Program lists additional acceptable and unacceptable uses of the purchase card. Included in the list of unacceptable uses is the following:

Any merchant, product, or service normally considered to be inappropriate use of State funds[.]

A proper system of internal control requires adequate documentation of the following: 1) vehicle usage – to allow for a proper review and determination regarding whether all employee travel is reasonable and appropriate for State business; and 2) purchasing card expenditures – to ensure that neither personal expenses nor sales taxes are charged on the card.

The lack of either a comprehensive travel report form or a detailed vehicle policy increases the risk for not only misuse of public property and unnecessary overtime pay to employees but also noncompliance with State statute. Additionally, when personal purchases are made and sales tax is paid on State purchasing cards, a violation of the Program requirements and a loss of State funds results.

We recommend the Department develop both a comprehensive travel report form and update its vehicle usage policy to include more specific information needed for determining whether travel is reasonable and appropriate. We also recommend the Department increase its review of and control over purchasing card usage to prevent personal purchases and the payment of sales taxes with such cards.

Department Response: Unlike most State Agencies, NDOT manages and holds titles to its fleet of approximately 1,200 passenger vehicles and over 10,000 pieces of heavy equipment. Most of this fleet is assigned to field personnel at various locations throughout the state. For NDOT, reporting each point all fleet vehicles travel is NOT a best practice and is unrealistic based on NDOT's operations and the number of fleet vehicles NDOT owns. However, NDOT will consider investigating the impacts of how GPS or other technologies may be utilized in the future to capture specific travel information.

NDOT purchasing card administrator will send an email to all purchasing card holders stating 1) No sale tax should be charged on purchases made in Nebraska, provided a Nebraska Exempt Sales certificate, form 13, is on file with the vendor and 2) the State purchasing card should not be used for personal purchases and a credit should be sought immediately should that inadvertently happen as was the case on this finding.

Excessive Overtime for teammate:

NDOT implemented various measures to be able to determine whether travel time and overtime is both reasonable and appropriate following the Annual Comprehensive Financial Report (ACFR) submitted to NDOT on March 7, 2023, naming a specific NDOT teammate. This teammate's overtime was reduced by eliminating some overtime activities and distributing duties to other teammates to limit this teammate's overtime activities following the March 7, 2023, ACFR. In fact, comparing the first 7 months of the FY 2023 to the first 7 months of the FY 2024, this teammate has reduced their hours of overtime by 65%. This teammate's travel and overtime is both reasonable and appropriate but cannot be eliminated entirely. This teammate's overtime is well in line with other Highway Mechanic District Supervisors who are also responsible for performing mechanical repairs to the Department's aging fleet while being understaffed.

APA Response: Without an updated policy that includes more specific information regarding all locations traveled, the Department cannot ensure that travel is both reasonable and appropriate.

4. Capital Asset and Construction-In-Progress Errors

The Department 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.

The APA identified a number of errors related to the Department’s accounting for its capital assets, as detailed in the table below:

Description	Amount
The Department incorrectly recorded expenditures for four construction projects as operating expenditure accounts rather than to 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.	\$ 1,300,506
The Department failed to record timely one capital asset as a disposal in the accounting system. The Department was notified on August 18, 2021, that the building should be removed from the asset list as it was demolished on August 5, 2021. However, the Department waited until July 7, 2022, nearly one year later, to request the asset to be removed from the accounting system. This resulted in the asset’s costs of \$121,000 and related accumulated depreciation of \$99,825 to be incorrectly included in the capital asset schedule of the footnotes.	\$ 121,000 \$ 99,825
There were 54 assets with incorrect acquisition dates in the accounting system. The following list includes more specific issues with these assets:	
Four assets with costs of \$212,354 had acquisition dates in November 2022, but the assets were not received until after June 30, 2023. Therefore, the cost and depreciation expense of \$28,314 should not have been included in the financial statements and disclosures as of June 30, 2023	\$ 212,354 \$ 28,314
Two with costs of \$124,299 had acquisition dates in the accounting system as July 2023, but the assets were received in June 2023. Therefore, the cost and depreciation expense of \$6,215 should have been included in the financial statements and disclosures as of June 30, 2023.	\$ 124,299 \$ 6,215
Forty-five assets with costs of \$5,687,908 had acquisition dates in the accounting system as September 2021, March 2022, May 2022, and November 2022, but the assets were received after June 30, 2023. During fiscal year 2023, the assets were on stand by and, therefore, were excluded from the financial statements and disclosures. When the assets are placed into operation, the incorrect acquisition dates will cause the asset costs and depreciation calculations to be incorrect.	\$ 0
Three assets with costs of \$114,720 had acquisition dates in the accounting system as April and May 2023, but the assets were received after June 30, 2023. During fiscal year 2023, the assets did not have costs reported and, therefore, were excluded from the financial statements and disclosures. When the assets are placed into operation, the incorrect acquisition dates will cause the asset costs and depreciation calculations to be incorrect.	\$ 0

A proper system of internal control requires procedures to ensure that asset information, including acquisition and disposal dates and related 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) allow for the correct calculation of related depreciation. Without such procedures, there is an increased risk of material misstatements to the financial statements, which might remain undetected.

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

Department Response: NDOT will work to refine our processes to ensure asset acquisitions and disposals are recorded properly in EnterpriseOne. Additional account codes and object codes will be generated to allow for designation of construction in progress expenditures as payments are processed.

5. Timeliness of Responses to Audit Requests

The Department failed to provide timely responses to the Auditor of Public Account’s (APA) requests for information and, therefore, failed to comply with Neb. Rev. Stat. § 84-305(2) (Cum. Supp. 2022), which requires a response to the auditor’s written requests for audit information within three business days. The improperly delayed responses not only violated State statute but also hindered the timing and completion of the APA’s testing related to the completion of the ACFR.

The following table contains some examples of the Department’s failure to respond to the APA’s requests for information throughout the audit period:

Initial Request	Initial Department Response	Request Fulfilled	Days Until Response	Days Until Fulfillment	Description
8/25/2023	9/19/2023	9/21/2023	16	18	Internal control memos
5/8/2023	5/25/2023	5/25/2023	13	13	Payroll #1
8/21/2023	9/6/2023	9/6/2023	11	11	Interfund transfers/allocations
9/27/2023	10/3/2023	10/12/2023	4	10	Federal accounts receivable
7/25/2023	8/4/2023	8/4/2023	8	8	Payroll #5
7/28/2023	8/9/2023	8/9/2023	8	8	Revenue #2
9/13/2023	9/22/2023	9/22/2023	7	7	Prior year follow-up
9/27/2023	10/5/2023	10/5/2023	6	6	Other accounts receivable
11/16/2023	11/28/2023	11/28/2023	6	6	Construction in progress
11/17/2023	11/27/2023	11/28/2023	4	5	Buildings & Automotive
6/29/2023	7/9/2023	7/9/2023	5	5	Negative revenue #1
6/30/2023	7/10/2023	7/10/2023	5	5	Payroll #3
7/31/2023	8/7/2023	8/7/2023	5	5	Payroll #6
8/25/2023	9/1/2023	9/1/2023	5	5	Expenditures #2
11/20/2023	11/29/2023	11/29/2023	5	5	Equipment
6/15/2023	6/22/2023	6/22/2023	4	4	Payroll #2
7/3/2023	7/10/2023	7/10/2023	4	4	Payroll #4
7/18/2023	7/24/2023	7/24/2023	4	4	Negative revenue #2
7/20/2023	7/26/2023	7/26/2023	4	4	Revenue #1
8/16/2023	8/22/2023	8/22/2023	4	4	Expenditures #1
10/10/2023	10/16/2023	10/16/2023	4	4	Highway Testing

It should be noted that the sample listing above is not comprehensive, as other examples of untimely responses by the Department could also be included.

A similar finding was reported in the prior audit without significant improvement in the Department’s response times.

Section 84-305 states, in relevant part, the following:

(1) The Auditor of Public Accounts shall have access to any and all information and records, confidential or otherwise, of any public entity, in whatever form or mode the records may be, unless the auditor is denied such access by federal law or explicitly named and denied such access by state law. If such a law exists, the public entity shall provide the auditor with a written explanation of its inability to produce such information and records and, after reasonable accommodations are made, shall grant the auditor access to all information and records or portions thereof that can legally be reviewed.

(2) Upon receipt of a written request by the Auditor of Public Accounts for access to any information or records, the public entity shall provide to the auditor as soon as is practicable and without delay, but not more than three business days after actual receipt of the request, either (a) the requested materials or (b)(i) if there is a legal basis for refusal to comply with the request, a written denial of the request together with the information specified in subsection (1) of this section or (ii) if the entire request cannot with reasonable good faith efforts be fulfilled within three business days after actual receipt of the request due to the significant difficulty or the extensiveness of the request, a written explanation, including the earliest practicable date for fulfilling the request, and an opportunity for the auditor to modify or prioritize the items within the request.

(Emphasis added.) Additionally, Neb. Rev. Stat. § 84-305.02 (Cum. Supp. 2022) provides a criminal penalty for failure to comply with the above statutory requirements, as follows:

Any person who willfully fails to comply with section 84-305 or 84-305.01, who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.

We recommend the Department implement procedures to ensure compliance with § 84-305.

Department Response: June 30, 2023, a key position for the fiscal year end reporting was vacated. Therefore, NDOT replied to APA requests as timely as possible with available resources. To assist in more timely responses to the APA, NDOT will provide the Auditor of Public Accounts (APA) an email group listing which contains subject matter experts in various NDOT divisions by the beginning of May 2024 before the commencement of the June 30, 2024, ACFR. NDOT Director's office will enforce timely responses from subject matter experts to ensure compliance with § 84-305.

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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.

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.



Kris Kucera, CPA, CFE
Assistant Deputy Auditor