



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 13, 2023

Sherry Vinton, Director
Nebraska Department of Agriculture
PO Box 94947
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Dear Ms. Vinton:

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 a certain internal control or compliance matter related to the activities of the Department of Agriculture (Department) or other operational matter that is presented below for your consideration. The comment and recommendation, which has been discussed with the appropriate members of the Department's management, is 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 Department to provide management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this letter. The response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on it. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2023.

Former Employee Issues

As part of the Auditor of Public Accounts (APA)'s audit of the State's Annual Comprehensive Financial Report (ACFR), for the fiscal year ending June 30, 2023, we inquired about disciplinary actions involving State employees that may have a financial impact on the audit. The Department informed us about alleged misconduct by a Department employee, Jeffrey Hall, who was terminated on April 13, 2023. The alleged misconduct related to the employee's expense reimbursement documents, his depositing of State funds, and his use of a State-owned vehicle.

As a result, the APA obtained from the Department various records related to the alleged improprieties for the period July 1, 2022, through his termination on April 13, 2023. The APA noted the following issues related to this Department employee.

Questionable Expense Reimbursements

One of the concerns was the submission of a questionable expense reimbursement request for travel from February 19, 2023, to February 24, 2023, to a Mid-Continental Association of Food & Drug Officials (MCAFDO) conference in Norman, Oklahoma.

On February 23, 2023, Mr. Hall had recorded that he returned from the MCAFDO conference; however, instead of returning directly to his home in Coleridge, Nebraska, he claimed to have stayed with his family in Norfolk, Nebraska, which is approximately 42 miles from his home. He recorded that he returned to his home the following day. This extra day allowed the employee to claim an additional \$39.09 per diem food expenses, for a total per diem cost of \$180.26 for the trip.

Accompanying the reimbursement request was Mr. Hall's explanation for his supposed decision to stay in Norfolk, an excerpt of which is shown below:

From: Hall, Jeff <Jeff.Hall@nebraska.gov>
Sent: Friday, February 24, 2023 9:22 AM
To: Andrews, Caitlyn <caitlyn.andrews@nebraska.gov>
Subject: Expense Voucher

Attached you will find my voucher. You will note that I traveled to Grand Island on Sunday to eliminate day limits on Monday for travel and I stayed in Norfolk last night with family so I didn't go over day limits. Great experience. I really

The Department's Dairies and Foods Program Manager approved the expense reimbursement request on the same day that it was submitted.

On March 10, 2023, while processing the expense reimbursement request, the Department's Finance Manager raised questions about discrepancies noted on the employee's expense reimbursement request – specifically, whether the employee's stay in Norfolk was necessary and reasonable. The Dairies and Foods Program Manager explained her prior communications with the employee about keeping his workday under 10 hours. Therefore, she decided to pay for the additional day's expenses and provide further training to the employee to prevent similar situations in the future.

The expense reimbursement was then processed and paid to Mr. Hall.

Contrary to the information included on the expense reimbursement request, an examination of the global position system (GPS) records for Mr. Hall's State-owned vehicle revealed that he actually drove to his home in Coleridge on February 23, 2023, and traveled to Norfolk the next day, February 24, 2023. The table below lists the GPS record travel information for this vehicle on both days:

Date	Starting Odometer	Ending Odometer	Miles Traveled	Time Start	Time Finish	Destination From	Destination To
2/23/2023	91,704.90	91,807.60	102.70	7:39 AM	9:20 AM	Norman, OK	Tonkawa, OK
2/23/2023	91,807.60	92,024.90	217.30	9:25 AM	12:24 PM	Tonkawa, OK	Beloit, KS
2/23/2023	92,024.90	92,316.20	291.30	1:17 PM	7:33 PM	Beloit, KS	Coleridge, NE
2/24/2023	92,316.20	92,361.00	44.80	6:00 AM	6:55 AM	Coleridge, NE	Norfolk, NE
2/24/2023	92,361.00	92,363.00	2.00	7:17 AM	7:25 AM	Norfolk, NE	Norfolk, NE
2/24/2023	92,363.00	92,404.80	41.80	8:07 AM	8:53 AM	Norfolk, NE	Coleridge, NE
2/24/2023	92,404.80	92,405.80	1.00	12:14 PM	12:23 PM	Coleridge, NE	Coleridge, NE
2/24/2023	92,405.80	92,433.90	28.10	5:57 PM	6:42 PM	Coleridge, NE	Coleridge, NE
Total		729.00					

In our review of other expense reimbursement requests submitted by Mr. Hall, the APA found additional discrepancies with his GPS vehicle records, as noted below:

- Mr. Hall claimed to have stayed at a hotel in Columbus, Nebraska, on September 8, 2022. However, his GPS vehicle records show that he drove home to Coleridge on that day. This resulted in an extra \$39.03 per diem for meal expenses that should not have been paid to him.
- Mr. Hall claimed to have stayed in Grand Island, Nebraska, on October 27, 2022, and he received a per diem for meal expenses on both that day and the following day. However, his GPS vehicle records show that he drove home to Coleridge on that day. This resulted in an extra \$39.03 per diem for meal expenses that should not have been paid to him.
- On March 27, 2023, Mr. Hall claimed to have travelled to South Sioux City, Nebraska, and stayed in a hotel there until March 30, 2023. However, his GPS vehicle records show that he returned to Coleridge on both March 27, 2023, and March 29, 2023, appearing to have stayed in South Sioux City only on March 28, 2023. This resulted in an extra \$82.60 per diem for meal expenses that should not have been paid to him. In addition, South Sioux City is a mere 45 miles from his home in Coleridge casting doubt upon the underlying propriety of the travel reimbursement in the first place.

It should be noted that each of these expense reimbursement requests included hotel stays that were direct billed to the Department; however, there was no indication that the Department had reviewed the hotel bills to ensure credit was received for the days that Mr. Hall did not stay there.

Mr. Hall's apparent falsification of the expense reimbursement request forms gives rise to serious concerns regarding possible violations of both administrative policies and State law.

To start, the Nebraska State Accounting Manual, AM-005, "Travel Policies," Section 4 ("Lodging"), states, "It is State Accounting policy that a person generally be more than 60 miles from his or her workplace in order to be eligible for lodging."

More importantly, Neb. Rev. Stat. § 28-512 (Reissue 2016) creates the offense of "theft by deception." That statute says the following, in relevant part:

A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:

- (1) *Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*
- (2) *Prevents another from acquiring information which would affect his judgment of a transaction; or*
- (3) *Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship[.]*

Further, Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits “abuse of public records,” as follows:

(1) *A person commits abuse of public records, if:*

(a) *He knowingly makes a false entry in or falsely alters any public record; or*

(b) *Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or*

(c) *Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or*

(d) *He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.*

(2) *As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.*

(3) *Abuse of public records is a Class II misdemeanor.*

Failure to Remit Collected Payments Timely

The Department allowed its inspectors to collect food permit application fees as part of their duties. Generally, the APA advises against that practice due to the increased risk for theft or misuse of the funds received.

In our review of the employee’s permit application and remittance records for the period July 1, 2022, through April 13, 2023, the APA noted the following concerns:

- Multiple applications for which the payment type listed thereon did not match the actual type of payment received.
- An excessive delay between the dates of the application and the Department’s receipt of the accompanying payment.

The table below details the transactions at issue:

Date of Application	Application Payment Type	Amount	Revised Payment Type	Revised Payment Date	Date Payment Endorsed	# of Days Between App. Date and Endorsed Date
7/11/2022	Cash	\$ 236.62	Money Order	8/1/2022	8/3/2022	23
7/25/2022	Cash	\$ 195.83	Money Order	8/1/2022	8/3/2022	9
7/26/2022	Cash	\$ 163.22	Money Order	8/1/2022	8/3/2022	8
9/10/2022	Cash	\$ 40.79	Money Order	10/3/2022	10/4/2022	24
9/12/2022	Cash	\$ 40.79	Money Order	10/3/2022	10/4/2022	22
9/13/2022	Cash	\$ 40.79	Money Order	10/3/2022	10/11/2022	28
10/28/2022	Cash	\$ 277.41	Payport (Credit Card)	11/17/2022	11/17/2022	20
Total		\$ 995.45				

On each of these applications, the type of payment was listed originally as “CASH,” but that initial designation was later manually replaced with a handwritten “Payport” or “Check” or “MO” notation – along with, in the case of the latter, the money order number.

Moreover, the one Payport purchase receipt examined, which is dated November 17, 2022, shows that the credit card charge was made by the employee, Jeffrey Hall, not the individual who filed the application.

Prior to the fiscal year, the Department cautioned Mr. Hall about accepting cash and submitting a personal check in its place. Rather than heeding that warning and remitting the cash received, however, he appears to have continued

behaving in much the same way – the only difference being that he began replacing the cash with money orders instead of checks.

Mr. Hall’s failure to remit timely, as well as in the same form that it was received, the application money that he collected on behalf of the Department gives rise to possible legal concerns. In particular, Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act, which is set out at Neb. Rev. Stat. § 49-14,101 et seq. (Reissue 2021, Cum. Supp. 2022), provides the following:

A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.

Subsection (2) of that same statute states the following:

A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

Section 49-14,101.01(7) says, in relevant part, “[A]ny person violating this section shall be guilty of a Class III misdemeanor . . .”

Depending upon the circumstances, Mr. Hall’s apparent mishandling of the funds that he collected on the Department’s behalf may have constituted a violation of § 49-14,101.01. If Mr. Hall can be shown to have benefited personally from retaining possession of those funds, moreover, he could be said to have profited from what might be characterized as essentially an interest-free loan (albeit unauthorized) of public funds – even if he did later surrender the money to the Department in a form different than that in which it was collected – which flies in the face of Nebraska law.

No less importantly, Neb. Rev. Stat. § 84-710 (Cum. Supp. 2022) requires the timely remittance of State receipts to the State Treasury, as shown below, in relevant part:

It shall be unlawful for any executive department, state institution, board, or officer acting under or by virtue of any statute or authority of the state, including the State Racing and Gaming Commission, to receive any fees, proceeds from the sale of any public property, or any money belonging to the state or due for any service rendered by virtue of state authority without paying the same into the state treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars. The State Treasurer may, upon a written request from an executive department, state institution, board, or officer stating that the applicable time period cannot be met, grant additional time to remit the funds to the state treasury. . . .

(Emphasis added.) Mr. Hall’s improper retention of the fees that he had collected on the Department’s behalf rendered impossible compliance with the above statutory mandate.

Improper Use of a State Vehicle

Along with the GPS records previously discussed, the APA also reviewed Mr. Hall’s payroll documentation for the period July 1, 2022, through April 13, 2023. In examining that information, the APA noted the following issues, which indicate that Mr. Hall may have had improper use of a State-owned vehicle.

The APA was able to confirm that Mr. Hall drove the agency vehicle on 35 days – totaling 3,018 miles – for which no work was recorded on any of his timesheets. Using the relevant Internal Revenue Service (IRS) mileage reimbursement rate, which was 62.5 cents per mile driven for business use in 2022 and 65.5 cents in 2023, the APA estimates the cost of Mr. Hall’s use of the agency vehicle for the 35 days at issue to total \$1,926.

The following table provides a comparison of Mr. Hall’s payroll and GPS vehicle records for each of the 35 days at issue:

Date	Weekday	Timesheet	GPS Records					IRS Rate	Est. Mileage Cost
			Total Hours	Hours Driven	Starting Odometer	Ending Odometer	Total Mileage		
7/17/2022	Sunday		0.00	3.84	65,064.20	65,198.20	134.00	0.625	\$ 83.75
8/21/2022	Sunday		0.00	0.81	70,383.10	70,411.20	28.10	0.625	\$ 17.56
8/27/2022	Saturday		0.00	4.16	71,214.90	71,383.20	168.30	0.625	\$ 105.19
8/28/2022	Sunday		0.00	4.12	71,383.20	71,539.30	156.10	0.625	\$ 97.56
9/4/2022	Sunday		0.00	0.18	72,509.90	72,510.80	0.90	0.625	\$ 0.56
9/11/2022	Sunday		0.00	2.41	73,492.40	73,578.90	86.50	0.625	\$ 54.06
9/24/2022	Saturday		0.00	2.69	75,204.60	75,319.80	115.20	0.625	\$ 72.00
10/8/2022	Saturday		0.00	3.03	77,297.10	77,384.30	87.20	0.625	\$ 54.50
10/9/2022	Sunday		0.00	2.55	77,384.30	77,495.00	110.70	0.625	\$ 69.19
10/16/2022	Sunday		0.00	1.31	77,784.40	77,828.80	44.40	0.625	\$ 27.75
10/22/2022	Saturday		0.00	4.01	78,106.20	78,266.40	160.20	0.625	\$ 100.12
10/23/2022	Sunday		0.00	8.34	78,266.40	78,591.20	324.80	0.625	\$ 203.00
11/12/2022	Saturday		0.00	4.09	81,062.80	81,220.20	157.40	0.625	\$ 98.37
11/13/2022	Sunday		0.00	0.13	81,220.20	81,221.50	1.30	0.625	\$ 0.81
11/26/2022	Saturday		0.00	2.00	82,347.20	82,447.20	100.00	0.625	\$ 62.50
12/24/2022	Saturday		0.00	0.53	85,191.20	85,214.30	23.10	0.625	\$ 14.44
1/1/2023	Sunday		0.00	2.27	85,780.30	85,870.10	89.80	0.655	\$ 58.82
1/3/2023	Tuesday		0.00	2.30	85,885.60	85,934.70	49.10	0.655	\$ 32.16
1/5/2023	Thursday		0.00	3.85	85,934.70	86,052.00	117.30	0.655	\$ 76.83
1/6/2023	Friday		0.00	3.12	86,052.00	86,156.70	104.70	0.655	\$ 68.58
1/7/2023	Saturday		0.00	1.15	86,156.70	86,199.60	42.90	0.655	\$ 28.10
1/8/2023	Sunday		0.00	0.91	86,199.60	86,222.90	23.30	0.655	\$ 15.26
1/14/2023	Saturday		0.00	2.18	87,011.20	87,105.40	94.20	0.655	\$ 61.70
1/15/2023	Sunday		0.00	0.33	87,105.40	87,107.90	2.50	0.655	\$ 1.64
1/21/2023	Saturday		0.00	1.75	87,414.40	87,499.80	85.40	0.655	\$ 55.94
1/22/2023	Sunday		0.00	1.11	87,499.80	87,526.00	26.20	0.655	\$ 17.16
2/12/2023	Sunday		0.00	1.93	90,042.90	90,102.90	60.00	0.655	\$ 39.30
2/18/2023	Saturday		0.00	2.80	90,844.80	90,993.70	148.90	0.655	\$ 97.53
2/25/2023	Saturday		0.00	0.94	92,433.90	92,440.30	6.40	0.655	\$ 4.19
2/26/2023	Sunday		0.00	0.08	92,440.30	92,441.10	0.80	0.655	\$ 0.52
3/4/2023	Saturday		0.00	0.12	92,733.00	92,733.90	0.90	0.655	\$ 0.59
3/19/2023	Sunday		0.00	0.08	94,350.90	94,351.70	0.80	0.655	\$ 0.52
3/25/2023	Saturday		0.00	7.25	95,078.60	95,383.50	304.90	0.655	\$ 199.71
3/26/2023	Sunday		0.00	1.00	95,383.50	95,425.00	41.50	0.655	\$ 27.18
4/8/2023	Saturday		0.00	2.76	96,539.30	96,659.60	120.30	0.655	\$ 78.80
Totals			0.00	80.13			3,018.10		\$ 1,925.89

For most of these trips, the GPS records show that Mr. Hall was driving locally in his hometown of Coleridge. On some days, however, he travelled outside of his hometown, as detailed below:

- October 22, 2022: Coleridge to Laurel, Nebraska, to Lincoln, Nebraska.
- October 23, 2022: Lincoln to Coleridge to Grand Island, Nebraska.
- February 18, 2023: Coleridge to Battle Creek, Nebraska, to Creighton, Nebraska, and back to Coleridge.
- March 25, 2023: Coleridge to Lincoln and back.

In addition, there were 11 days – totaling 982 miles – on which Mr. Hall drove the agency vehicle but also had leave hours (such as vacation, sick, holiday, comp. time, etc.) recorded on his timesheet. Using the relevant IRS mileage reimbursement rate, as set out above, the APA estimates the cost of the vehicle use for those 11 days to total \$633.

The table below lists the payroll and GPS vehicle record information for each of these 11 days:

Date	Weekday	Timesheets				GPS Records				IRS Rate	Est. Mileage Cost
		Regular Hours	Holiday Hours	Sick Hours	Comp. Hours	Hours Driven	Starting Odometer	Ending Odometer	Total Mileage		
7/4/2022	Monday	0.00	8.00	0.00	0.00	0.83	63,645.90	63,665.50	19.60	\$0.625	\$ 12.25
8/3/2022	Wednesday	0.00	0.00	0.00	8.00	0.43	67,699.10	67,709.90	10.80	\$0.625	\$ 6.75
8/4/2022	Thursday	0.00	0.00	0.00	4.00	2.33	67,709.90	67,791.40	81.50	\$0.625	\$ 50.94
9/5/2022	Monday	0.00	8.00	0.00	0.00	2.20	72,510.80	72,602.20	91.40	\$0.625	\$ 57.12
11/11/2022	Friday	0.00	8.00	0.00	0.00	2.95	80,939.00	81,062.80	123.80	\$0.625	\$ 77.38
11/24/2022	Thursday	0.00	8.00	0.00	0.00	0.52	82,328.90	82,347.00	18.10	\$0.625	\$ 11.31
11/25/2022	Friday	0.00	8.00	0.00	0.00	0.02	82,347.00	82,347.20	0.20	\$0.625	\$ 0.12
1/2/2023	Monday	0.00	8.00	0.00	0.00	0.49	85,870.10	85,885.60	15.50	\$0.655	\$ 10.15
1/16/2023	Monday	0.00	8.00	0.00	0.00	1.79	87,107.90	87,157.70	49.80	\$0.655	\$ 32.62
2/20/2023	Monday	0.00	8.00	0.00	0.00	8.59	91,194.00	91,703.00	509.00	\$0.655	\$ 333.40
3/1/2023	Wednesday	0.00	0.00	8.00	0.00	1.89	92,611.70	92,674.30	62.60	\$0.655	\$ 41.00
Totals		0.00	64.00	8.00	12.00	22.04			982.30		\$ 633.04

For most of these trips, the GPS records show that Mr. Hall was driving locally in his hometown of Coleridge. On some days, however, he travelled outside of his hometown, as detailed below.

- November 11, 2022: Coleridge to Laurel to Norfolk.
- February 20, 2023: Travel for the MCAFDO conference, as mentioned previously in the “Questionable Expense Reimbursements” section of this comment (page 2).

The APA also found 151 days for which Mr. Hall incorrectly coded fewer driving hours on his timesheet, as well as 22 days for which he incorrectly coded more driving hours on his timesheet, than the actual driving time observed from the GPS vehicle records.

The Nebraska Department of Administrative Services – Transportation Services Bureau Policies and Procedures, Section 2, “General Information,” Subsection 8, “Personal Use of State Vehicle,” provides the following:

Personal use of state-owned vehicles is prohibited and can result in dismissal. (Appendix A, §81-1024).

Furthermore, Executive Order 99-01 (April 28, 1999), which was signed by then-Governor Mike Johanns, states the following:

The use of all state-owned vehicles will be strictly limited to conducting official business of the state. Any private use of a state-owned vehicle, including commuting to and from work, shall be cause for disciplinary action in accordance with Neb. Rev. Stat. § 81-1024 (Reissue 1994).

Referenced in both of the above dictates, Neb. Rev. Stat. § 81-1024 (Reissue 2014) prohibits the personal use of State vehicles, as follows:

No officer or employee of the State of Nebraska shall use any motor vehicle owned by the State of Nebraska for any personal use whatsoever. Any officer or employee who violates any of the provisions of this section shall be deemed guilty of a Class V misdemeanor, and in addition thereto the officer or employee shall be deemed guilty of official misconduct in office for palpable omission of duty, and upon conviction thereof the court shall have the power to add to the judgment that any officer or employee so convicted shall be removed from office or employment.

Likewise, as explained in greater detail previously herein (page 5), Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act provides a criminal penalty for public officials or employees who make improper use of, among other things, property under their “official care and control . . . for personal financial gain.”

Good internal control requires procedures to ensure the following: 1) all Department travel-related expenses, including reimbursements paid to employees, are legitimate, reasonable, and necessary; 2) all Department funds are handled in strict accordance with governing statutory requirements; 3) State vehicles are used only for official

purposes and as authorized; and 4) Department employee timesheets are accurate. Without such procedures, there is an increased risk for not only the loss or misuse of Department funds but also noncompliance with both administrative policies and State law.

We recommend the Department implement procedures to ensure the following: 1) all Department travel-related expenses, including reimbursements paid to employees, are legitimate, reasonable, and necessary; 2) all Department funds are handled in strict accordance with governing statutory requirements; 3) State vehicles are used only for official purposes and as authorized; and 4) Department employee timesheets are accurate. Additionally, because this comment gives rise to concerns regarding possible violations of State statute, we are forwarding the information herein to both the Nebraska Accountability and Disclosure Commission and the Nebraska Attorney General for further review.

Department Response: The Department agrees with the facts stated in the findings and terminated Mr. Hall in April 2023 due to the issues noted. Effective January 1, 2023, NDA staff are no longer permitted to accept cash in the field for permit fees. The Department's administrative policy is being updated to include regular internal audits of GPS, employee time sheets, and travel reimbursements.

* * * * *

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