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Rob Jeffreys, Director
Nebraska Department of Correctional Services
P.O. Box 94661
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Dear Mr. Jeffreys:

As you may know, the Nebraska Auditor of Public Accounts (APA) released an attestation report of the Board of Pardons and Board of Parole earlier this year on July 11, 2024. In that report, the APA identified multiple issues with State vehicle usage. Subsequent to the release of that attestation, the APA received allegations regarding continued abuse of a State vehicle. Specifically, a State vehicle was supposedly being parked in the Village of Fairmont (Village) overnight and on weekends; however, no State offices are located in the Village. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA acquired financial records and other relevant documentation pertaining to this State vehicle and the employee to whom it was assigned. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted a certain issue that merits corrective action.

Background Information

Based upon its license plate number, the APA was able to determine that the vehicle at issue is leased by the Division of Parole Supervision (Division) through the Transportation Services Bureau (TSB). Previously, the Division was under the authority of the Nebraska Board of Parole; however, with the passing of LB 631 (2024), signed into law on April 16, 2024, the Division transferred to the Nebraska Department of Correctional Services (Department).

The following comment and recommendation, which has been discussed with the appropriate members of the Department and its management, is intended to improve internal control or result in other operating efficiencies.

Comment and Recommendation

State Vehicle Usage

The TSB vehicle assigned to the Division had a Global Positioning System (GPS) tracking device installed, which logged all locations driven. The APA obtained the GPS log for this vehicle for the period January 1, 2024, through July 31, 2024. Based on the daily destinations of the GPS log, the APA was able to determine that this vehicle was being driven by a Parole Officer based out of the Parole Supervision Office in Hastings, NE. The timesheets for this Parole Officer were requested for this same period and compared to the vehicle's GPS log. During this period, the Parole Officer had access to the vehicle on 136 days, including weekends, and the vehicle was driven a total of 7,787 miles.

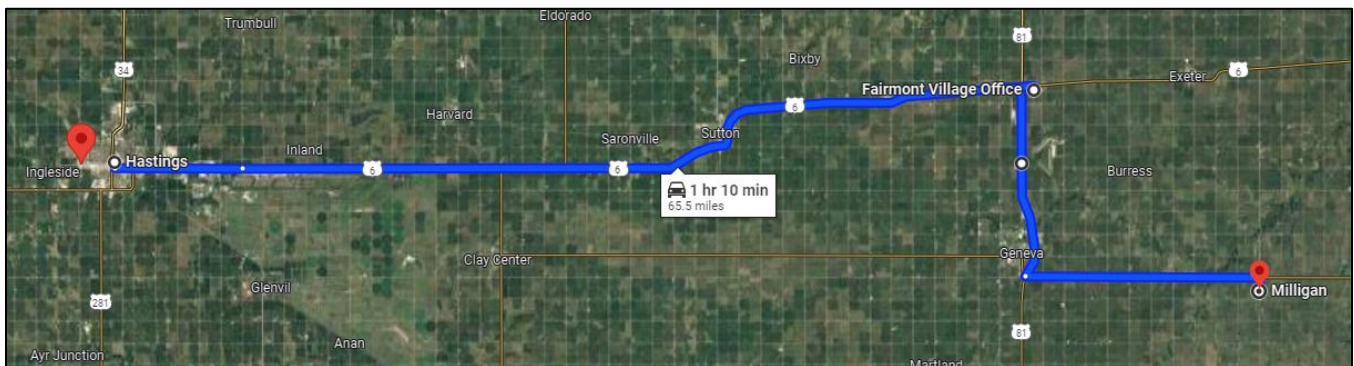
The following issues were noted with this State vehicle's usage:

Village of Fairmont

We noted that, during the period January 1, 2024, through July 31, 2024, the State vehicle was parked in the Village on 85 different days, including 11 weekends and three State holidays, instead of being parked at the Hastings Parole Supervision Office. The vehicle was often left at the Village Office, even though, as mentioned previously, the Village has no State office of any kind. Below is an image of the vehicle parked at the Village Office.



The Village appears to be a destination between the Parole Officer's personal residence in Milligan, NE, and her work location in Hastings, as shown in the map below:



Based on the GPS records provided for the vehicle, it is approximately 45.8 miles from the Village to Hastings. The APA noted that the Parole Officer made 40 trips commuting directly to her office in the morning from the Village. In addition, the APA noted 32 trips where the Parole Officer was driving directly from Hastings to the Village, ostensibly for the sole purpose of commuting home from her work office.

At 45.8 miles per trip, the Parole Officer drove approximately 3,298 miles commuting to and from work, which equals about 42% of the total miles driven for the period. The following table details the mileage spent commuting:

Trips to Hastings from Village	Trips to Village from Hastings	Total Commuting Trips	Total Mileage Commuting
40	32	72	3,297.60

Per discussion with Division representatives, the Parole Officer traveled to multiple counties in Nebraska to complete her duties. As a result of this, she had been approved to park in the Village in order to reduce the total traveling time during those instances in which she would not be traveling to Hastings, but to other destinations in Nebraska. However, of the total number of days that the vehicle was driven during the period, only nine of those days involved travel from the Village to a destination other than Hastings.

In addition to using the State vehicle for her personal commute, the employee has been leaving it unattended, overnight at a public location, in a municipality in which she does not actually reside.

Executive Order 99-01, signed by Governor Mike Johanns on March 31, 1999, contains the following:

2. 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).

3. No employee will be allowed to drive a state-owned vehicle home except for the reasons set forth below:

* * * *

(b) The agency head approves a vehicle going home for one night, for a specific, scheduled event, e.g., traveling to an out-of-town conference. Agencies are required to report these trips to the Accounting Division of the Department of Administrative Services for submission to the Internal Revenue Service.

(c) If an employee does not report to work at a specific location, but works out of his or her vehicle, then that employee may take the state vehicle home.

* * * *

(e) If an agency head determines there is a special circumstance for an employee to take a vehicle home on a regular basis, a written request may be sent to the Director of Administrative Services. Written requests shall include: the employee’s job title; vehicle license number; the type of vehicle; and the reason for the request. If it is an on-call situation, the history of the frequency of the use per vehicle should be included.

(Emphasis added.) According to Division representatives, there is no documented approval for the employee’s regular use of the State-owned vehicle to commute between the Village and the Hastings office.

Neb. Rev. Stat. § 81-1024 (Reissue 2014) provides the following regarding personal use of State-owned vehicles:

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.

Good internal controls require procedures to ensure that, absent a specific dispensation from the Director of Administrative Services, State vehicles are not driven regularly to an employee’s home – or, as in this situation, to a nearby location.

Commuting Time

In addition to using the State vehicle for her daily commute, this Division employee was receiving payment of her regular wages during that commuting time for 56 trips during the period January 1, 2024, through July 31, 2024. The following table provides a summary of the trips for which the employee was paid for at least a portion of her commute time:

	# of Trips	Hours Paid	Amount Paid
Beginning Commute	32	16.5	\$500.07
Ending Commute	24	11.5	\$350.65
Totals	56	28	\$850.72

For an additional 10 trips, the Parole Officer was paid for the entirety of her approximately one-hour commute between the Village and Hastings. The hours paid for these 10 trips are detailed in the table below:

	# of Trips	Hours Paid	Amount Paid
Beginning Commute	7	7	\$215.39
Ending Commute	3	3	\$91.20
Totals	10	10	\$306.59

Not only was the Parole Officer paid for the entire commute time for these trips, but also she stayed on the clock to continue being paid after parking the vehicle in the Village following two of these trips, for an additional 3.5 hours paid, totaling \$104.59.

The Department, as well as the Board of Parole prior the Division’s transfer, failed to add a taxable fringe benefit to the employee’s taxable wages for using a State-owned vehicle for commuting purposes.

IRS Publication 15-B (2024), “Employer’s Tax Guide to Fringe Benefits,” (<https://www.irs.gov/publications/p15b>) contains the following under the “Commuting Rule” heading:

Under this rule, you determine the value of a vehicle you provide to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee. This amount must be included in the employee’s wages or reimbursed by the employee.

(Emphasis added.) Furthermore, the Nebraska State Accounting Manual, AM-005, Travel Policies, Section 2 (“Commuting”) (1/2018), provides, in relevant part, the following process for agencies to follow:

According to regulations issued by the Internal Revenue Service, certain responsibilities are required of employers who have employees that use State vehicles for commuting purposes.

The regulation provides that a value of \$1.50 for one way commute (\$3.00 for round trip commute) be added to the employee’s income. Social Security taxes must be withheld on this income at least once a year. Federal and State income taxes need not be withheld, although the income will be included on the employee’s W-2.

Each agency is responsible for maintaining the necessary supporting documentation and correctly entering the withholding into EnterpriseOne (Payroll and Financial Center). State Accounting may ask to review such supporting documentation at any time. Use of a State vehicle for commuting is recorded in the payroll system by using Pay Type 530. A “one-way” commute would be entered as .50 hours; a round trip commute would be entered as one hour. Two round trip commutes in one day would be recorded as two hours. Commuting adjustments must be processed during the calendar year payroll and can be entered as they occur or on a quarterly, semi-annual or annual basis. The entry is subject to Social Security and the employee’s social security deduction will increase on their payroll when the entry is processed.

(Emphasis added.) Good internal controls require procedures to ensure that the appropriate value of an employee’s use of a State vehicle to commute to and from work is included in his or her taxable wages.

“Off the Clock” Vehicle Usage

During our detailed examination of the vehicle’s GPS log and the Parole Officer’s timesheets, we noted one day in which the employee drove the vehicle for 92 miles but did not record any time worked for that day. The trips for this day are summarized below:

Date	Total Trips	Total Miles
7/14/2024	4	91.9

After discussion with the Parole Officer, the time worked on that day appears to have been incorrectly recorded in the timekeeping system to July 13, 2024, as the clock-in and clock-out times for that day agree to the start and stop times for the vehicle on July 14, 2024, in the GPS log.

Although the Parole Officer claims to have worked on July 14, 2024, the initial destination for this day, according to the GPS log, was a hair salon in Hastings, where she spent one hour – arriving at 9:15 a.m. and departing at 10:15 a.m. Such a trip appears to constitute “personal use” of the State vehicle, which is expressly prohibited by § 81-1024. On this day, there were also the usual trips to and from the Village.

In addition to the above questionable travel, the Parole Officer turned on the vehicle for almost a minute on another day during which she did not log any hours worked on her timesheet. While she did not necessarily drive the vehicle, the APA questions using the vehicle in any capacity while not actively in work status.

Finally, on June 14, 2024, the vehicle was driven for over an hour more than the time worked according to the Parole Officer’s timesheet. Even taking the commute time into consideration, which is approximately one hour each way, there was still over an hour of questionable driving time. She clocked out for the day at 2:45 p.m. but then proceeded to return to the office before driving back to the Village, where she parked the vehicle. Her ending drive time was 5:01 p.m.

Good internal controls require procedures to ensure that employees are clocked in for work and actually conducting official business whenever operating a State vehicle.

Without such procedures, there is an increased risk for not only abuse of State vehicles but also loss, theft, or misuse of public property or funds.

We recommend the Department implement procedures to ensure: 1) State vehicles are not driven regularly to an employee’s home – or, as in this situation, to a nearby location – without the formal authorization of the Director of Administrative Services; 2) the appropriate value of an employee’s use of a State vehicle to commute to and from work is included in his or her taxable wages; and 3) an employee is clocked in for work and actually conducting official business whenever operating a State vehicle.

Department Response:

NDCS is in the process of implementing procedures for its community services/parole services to ensure: state vehicles are not driven regularly to an employee's home or to a nearby location without the formal authorization of the Director of Administrative Services; the appropriate value of an employee's use of a state vehicle to commute to and from work is included in his or her taxable wages; and, an employee is clocked in for work and actually conducting official business whenever operating a state vehicle.

Procedures were implemented by NDCS to include all parole vehicles were moved to a parole office and are no longer being parked at other locations. This change will prevent any commuting that is not authorized from similarly occurring. Additionally, this change will similarly ensure an employee is clocked in for work and actually conducting official business whenever operating a state vehicle. NDCS Accounting is also in process to file the proper paperwork and report the applicable commuting for taxable income purposes.

* * * * *

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 the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Department.

Draft copies of this letter were furnished to the Department to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Department and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

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Sincerely,



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cc. Division of Parole Supervision