



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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January 14, 2025

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) (Reissue 2024), 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 reports released during the period January 1, 2024, through December 31, 2024, the APA received corrective action plans for 34 of the audit reports issued to various agencies. (See all plans included 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, 2024, through December 31, 2024.

The table below contains a summary of APA reports issued since January 1, 2024, 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. The audit reports lacking any findings are not applicable (N/A) to the § 84-304(3)(b) reporting requirement and are noted as such. A copy of each audit report issued is available on the APA's website.

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting after 4/28/17	LB 151 Received from Agency
Court	2023	AE	Box Butte County Court	3/14/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Burt County Court	3/15/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Washington County Court	3/15/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Cass County Court	3/21/2024	3	11/4/2024	11/5/2024
Court	2023	AE	Banner County Court	3/25/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Scotts Bluff County Court	3/25/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Sherman County Court	3/26/2024	1	11/4/2024	11/5/2024
Court	2023	AE	Hayes County Court	3/27/2024	2	11/4/2024	11/5/2024

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting after 4/28/17	LB 151 Received from Agency
Court	2023	AE	Pierce County Court	3/27/2024	1	11/4/2024	11/5/2024
Court	2023	AE	Red Willow County Court	3/27/2024	1	11/4/2024	11/5/2024
Court	2023	AE	Jefferson County Court	3/28/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Kearney County Court	3/28/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Buffalo County Court	4/2/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Cheyenne County Court	4/2/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Lincoln County Court	4/2/2024	3	11/4/2024	11/5/2024
Court	2023	AE	Greeley County Court	4/3/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Madison County Court	4/5/2024	4	11/4/2024	11/5/2024
Court	2023	AE	Thayer County Court	4/5/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Garden County Court	4/10/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Hall County Court	4/10/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Sarpy County Court	4/15/2024	2	11/4/2024	11/5/2024
Court	2023	AE	Dodge County Court	4/16/2024	4	11/4/2024	11/5/2024
Court	2023	AE	Douglas County Court	4/30/2024	3	11/4/2024	11/5/2024
Court	2023	AE	Lancaster County Court	5/7/2024	3	11/4/2024	11/5/2024
Sub-Total Courts Only Subject LB 151 and LB 151 Received						24	24
Note: One corrective action plan was submitted for all Courts.							
ACFR	2023	ML	Economic Development, Department of - ACFR Management Letter	1/18/2024	1	7/17/2024	
ACFR	2023	ML	Insurance, Department of - ACFR Management Letter	1/18/2024	1	7/17/2024	2/1/2024
ACFR	2023	ML	Correctional Services, Department of - ACFR Management Letter	1/19/2024	1	7/18/2024	6/18/2024
ACFR	2023	ML	Game and Parks Commission - ACFR Management Letter	1/22/2024	2	7/21/2024	7/3/2024
ACFR	2023	ML	Public Employees Retirement Systems - ACFR Management Letter	1/22/2024	1	7/21/2024	
ACFR	2023	ML	Racing and Gaming Commission - ACFR Management Letter	1/22/2024	1	7/21/2024	
ACFR	2023	ML	Attorney General - ACFR Management Letter	1/23/2024	2	7/22/2024	
ACFR	2023	ML	Education, Department of - ACFR Management Letter	1/23/2024	4	7/22/2024	
ACFR	2023	ML	Liquor Control Commission - ACFR Management Letter	1/23/2024	1	7/22/2024	
ACFR	2023	ML	Military Department - ACFR Management Letter	1/23/2024	3	7/22/2024	
ACFR	2023	ML	Natural Resources, Department of - ACFR Management Letter	1/23/2024	1	7/22/2024	
ACFR	2023	ML	State Treasurer - ACFR Management Letter	1/23/2024	1	7/22/2024	
ACFR	2023	ML	Supreme Court - ACFR Management Letter	1/23/2024	1	7/22/2024	7/11/2024
ACFR	2023	ML	Agriculture, Department of - ACFR Management Letter	1/26/2024	1	7/25/2024	
ACFR	2023	ML	Public Service Commission - ACFR Management Letter	1/26/2024	1	7/25/2024	
ACFR	2023	ML	Veterans' Affairs, Department of - ACFR Management Letter	1/26/2024	2	7/25/2024	
ACFR	2023	ML	Environment and Energy, Department of - ACFR Management Letter	1/30/2024	1	7/29/2024	
ACFR	2023	ML	Investment Council - ACFR Management Letter	1/30/2024	1	7/29/2024	
State	2023	Audit	Public Employees Retirement Systems - School Employees, Judges, and State Patrol	2/2/2024	0	N/A	N/A
ACFR	2023	ML	Administrative Services, Department of - ACFR Management Letter	2/5/2024	3	8/4/2024	8/5/2024
ACFR	2023	ML	Health and Human Services, Department of - ACFR Management Letter	2/5/2024	6	8/4/2024	
ACFR	2023	ML	Labor, Department of - ACFR Management Letter	2/5/2024	2	8/4/2024	
ACFR	2023	ML	Revenue, Department of - ACFR Management Letter	2/5/2024	5	8/4/2024	6/20/2024
ACFR	2023	ML	Transportation, Department of - ACFR Management Letter	2/5/2024	5	8/4/2024	8/2/2024
Single	2023	EML	Single - Health and Human Services, Department of - Early Management Letter	2/28/2024	1	8/27/2024	
Single	2023	S-Com.	Single - Administrative Services, Department of - SWCAP	3/20/2024	2	9/17/2024	
Single	2023	S-Com.	Single - Economic Development, Department of - CDBG	3/20/2024	1	9/17/2024	
Single	2023	S-Com.	Single - Education, Department of	3/20/2024	5	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - CAP	3/20/2024	4	9/17/2024	

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting after 4/28/17	LB 151 Received from Agency
Single	2023	S-Com.	Single - Health and Human Services, Department of - Childcare	3/20/2024	4	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - ELC	3/20/2024	1	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - Foster Care & Adoption Assistance	3/20/2024	3	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - HPP/PHEP	3/20/2024	2	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - LIHEAP	3/20/2024	1	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - Medicaid	3/20/2024	6	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - Refugee	3/20/2024	2	9/17/2024	
Single	2023	S-Com.	Single - Health and Human Services, Department of - TANF	3/20/2024	4	9/17/2024	
Single	2023	S-Com.	Single - Labor, Department of - Unemployment Insurance	3/20/2024	1	9/17/2024	
Single	2023	S-Com.	Single - Military Department - CSLFRF	3/20/2024	2	9/17/2024	
Single	2023	S-Com.	Single - Military Department - Disaster & Guard Operations	3/20/2024	3	9/17/2024	
Single	2023	S-Com.	Single - Military Department - HAF & Emergency Rental Assistance	3/20/2024	3	9/17/2024	
Single	2023	S-Com.	Single - Transportation, Department of	3/20/2024	2	9/17/2024	
State	2023	Audit	Deaf-Assistive Technology	3/28/2024	0	N/A	N/A
State	2023	Audit	Environment and Energy - Clean Water State Revolving Fund Program	4/16/2024	1	10/14/2024	4/17/2024
State	2023	Audit	Environment and Energy - Drinking Water State Revolving Fund Program	4/16/2024	1	10/14/2024	4/17/2024
State	2023	AE	Legislative Council	6/6/2024	0	N/A	N/A
State	2023	AE	Game & Parks Commission	6/24/2024	3	12/22/2024	12/20/2024
State	2023	AE	DHHS Child Care	7/8/2024	2	1/6/2025	
State	2023	AE	Pardons and Parole Board	7/11/2024	7	1/8/2025	
State	2023	AE	Transportation, Department of	7/15/2024	5	1/12/2025	
State	2024	Audit	Dairy Board	8/16/2024	0	N/A	N/A
State	2023	AE	Correctional Services, Department of	8/26/2024	18	2/23/2025	
State	2023	Audit	Public Employees Retirement Systems - County Employees - GASB 68	9/4/2024	0	N/A	N/A
State	2023	Audit	Public Employees Retirement Systems - School Employees - GASB 68	9/4/2024	0	N/A	N/A
State	2023	Audit	Public Employees Retirement Systems - State and County Employees	9/4/2024	0	N/A	N/A
State	2024	Audit	Lottery, Department of Revenue	9/24/2024	0	N/A	N/A
State	2024	AE	Racing & Gaming Commission	10/28/2024	8	4/27/2025	
Single	2024	EML	Single - Health and Human Services, Department of - Medicaid - Early Management Letter	12/18/2024	1	6/17/2025	
			Sub-Total Other-Not Courts Subject LB 151 and LB 151 Received (Does not include N/A)			50	10
			Total Reports Subject LB 151 and LB 151 Received (Does not include N/A)			74	34
			37 (red) not received and 3 (green) not yet due.			To Be Received	40

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

Sincerely,

Mike Foley
Auditor of Public Accounts

Attachment

**FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF INSURANCE – ISSUED JANUARY 18, 2024**

Received February 1, 2024 – Department of Insurance corrective action plan.

The Department of Insurance is providing a follow-up to the following item in the 2023 ACFR Management Letter:

Unearned Revenue

The Department incorrectly recorded \$4,660,195 of Excess Liability Fund premiums received in fiscal year 2023 as a revenue instead of unearned revenue, which is a liability account. These premiums were for fiscal year 2024 and, therefore, were not yet earned. Similarly, premiums totaling \$2,433,266 received in fiscal year 2022 were for fiscal year 2023.

The Auditor of Public Accounts proposed and the Department of Administrative Services – State Accounting Division (State Accounting) recorded two adjustments to the State’s financial statements to record these premiums in the appropriate fiscal year.

The Nebraska Hospital-Medical Liability Act (Act) is set out in Neb. Rev. Stat. §§ 44-2801 through 44-2855 (Reissue 2021). Neb. Rev. Stat. § 44-2829 (Reissue 2021) created the Excess Liability Fund to cover malpractice damage awards in excess of the participating health care provider’s primary coverage.

A proper system of internal control requires procedures to ensure that revenues are reported in the proper fiscal year. Without such procedures, there is an increased risk of material misstatements to the financial statements.

We recommend the Department implement procedures to ensure premium payments are recorded properly.

Department Response: The Department will institute a process to ensure premiums payments are recorded properly as recommended.

The Department’s process to correctly record prepaid premiums will be:

Coding for incoming receipts will not change and will remain in 22120000.474121.

Premiums received prior to July 1 of the upcoming fiscal year, for policies with effective dates July 1 or later (the next fiscal year), will be tabulated and reported manually on the Accrual Response Form provided by AS/Accounting for ACFR reporting for the reporting fiscal year. These prepaid premiums will be recorded as a liability, but not a contingent liability. A list of system transactions subject to this adjustment will be provided as backup for this entry. This entry pertains only to receipts of premium revenue in the reporting fiscal year for policies that become effective in the next fiscal year, where recording the revenue prior to June 30 would materially affect the reporting end of fiscal year revenue.

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, 2022, THROUGH JUNE 30, 2023**

Received April 17, 2024 – Department of Environment and Energy corrective action plan.

The agency agrees with the Financial Statement preparation audit finding. During Fiscal Year 22-23, the Accounting/Fiscal Team developed a revised template for DW & CW SRF Financial Statement creation/preparation. During the APA's audit, questions/recommendations were brought to the agency by the APA, to which the financial statement template was adjusted. We agree the adjustments are necessary to better reflect SRF financial activities in the financial statements. In conjunction with revised financial statement preparation file, the Accounting/Fiscal team will further develop procedures, supporting documentation and guidelines related to future SRF Financial Statement preparation. In SFY 22-23, NDEE continued to strengthen communication between program and accounting staff to help reduce coding errors and miscoded expenditures. NDEE continued reconciliations between program data and accounting system data, making corrections as needed, validating program data matches accounting transactions. All of the changes described above started in State Fiscal Year 22-23 and will continue to be refined and implemented in SFY 24-25. 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.

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, 2022, THROUGH JUNE 30, 2023**

Received April 17, 2024 – Department of Environment and Energy corrective action plan.

The agency agrees with the Financial Statement preparation audit finding. During Fiscal Year 22-23, the Accounting/Fiscal Team developed a revised template for DW & CW SRF Financial Statement creation/preparation. During the APA's audit, questions/recommendations were brought to the agency by the APA, to which the financial statement template was adjusted. We agree the adjustments are necessary to better reflect SRF financial activities in the financial statements. In conjunction with revised financial statement preparation file, the Accounting/Fiscal team will further develop procedures, supporting documentation and guidelines related to future SRF Financial Statement preparation. In SFY 22-23, NDEE continued to strengthen communication between program and accounting staff to help reduce coding errors and miscoded expenditures. NDEE continued reconciliations between program data and accounting system data, making corrections as needed, validating program data matches accounting transactions. All of the changes described above started in State Fiscal Year 22-23 and will continue to be refined and implemented in SFY 24-25. 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.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF CORRECTIONAL SERVICES – ISSUED JANUARY 19, 2024**

Received June 18, 2024 – Department of Correctional Services corrective action plan.



Jim Pillen, Governor

TO: Mike Foley, Auditor of Public Accounts

FROM: Robin Spindler, Deputy Director, Administrative Services

DATE: June 18, 2024

RE: Corrective Action

- In Response to the January 19, 2024 ACFR Management Letter for FY2023

As noted in response to the ACFR Management Letter issued January 19, 2024, NDCS continues to review procedures with team members to ensure costs are recorded properly in the accounting system and capitalized in a timely manner. Additionally, costs are annually reviewed prior to fiscal year-end.

CC: Rob Jeffreys, Director
Diane Sabatka-Rine, Assistant Director

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 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF REVENUE – ISSUED FEBRUARY 5, 2024**

Received June 20, 2024 – Department of Revenue corrective action plan.

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

June 20, 2024

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 Department of Revenue (DOR) audit for the period July 1, 2022, through June 30, 2023.

1. Incorrect Coding of Tax Receipts:

- The DOR failed to record certain taxes properly in the State's accounting system, including lodging taxes, taxes assessed, nameplate capacity taxes, and prepaid wireless surcharge. The DOR used the Distributive ACFR Fund 03 (71620) in previous years for the receipt and distribution of funds from lodging taxes, Historical Tax Credit, nameplate capacity and prepaid wireless surcharge.

2. ACFR Preparation Issues:

- Tax receivables (ST & LT) for individual and withholding were understated and Corporate tax receivables (ST & LT) were overstated due to delinquent and protested balances, specifically collectible percentage.
- Errors in the calculation of tax receivables for individual, withholding, and corporate taxes.
- Two IT projects were not reported as CIP.
- Tax abatement footnote was overstated.
- Unused property tax credits were recorded as a miscellaneous adjustment instead of a reduction to the original expenditure in the same fiscal year.
- The DOR lacked adequate procedures to verify the accuracy of the tax loss reported by the counties for the Homestead Exemption Disbursements.

3. Timeliness of Responses to Audit Requests:

- The Department failed to provide timely responses to the APA's request 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 request for audit information within three business days.

Corrective action:

- The DOR created new distributive funds and business units to process all transactions for the different tax programs listed below. These funds will be monitored each month.

○ Nameplate Capacity Tax	Fund 71613	BU 71613.213100
○ Historical Tax Credit	Fund 71614	BU 71614.215100
○ Prepaid Wireless Credit Fee	Fund 71619	BU 71619.215100
○ Lodging Tax	Fund 71668	BU 71668.213100
- As recommended by the APA, a new method for estimating the delinquent and protested balances for arriving at a collectible percentage will be used in current and subsequent years.
- The DOR will expand its review of significant receipts received in July and August to ensure significant receipts are included in corporate and individual income tax receivables.
- The DOR will review the CIP account annually and capitalize the computer software that is internally developed or commercially available software that is modified, when cost exceeds \$100,000 or more and have a life greater than one year.
- The DOR will review the tax abatement with the corresponding divisions to determine the correct amounts.
- The DOR will ensure unused property tax credit payments for the current fiscal year are coded back to the correct account.
- The DOR implemented a new process for Homestead to calculate the maximum amount of reimbursement a county can seek based on the approved applications, and will be verifying requests for reimbursement against those calculations.
- A meeting was held with all the division directors to discuss responses, and points of contacts in the DOR for all requests from the APA. The DOR will respond to APA request within the statutory timeframe.

Sincerely,



James R. Kamm
Tax Commissioner

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA GAME AND PARKS COMMISSION – ISSUED JANUARY 22, 2024

Received July 3, 2024 – Game and Parks Commission corrective action plan.



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

July 3, 2024

Mr. Mike Foley
 Auditor of Public Accounts
 State Capitol, Suite 2303
 Lincoln, NE 68509-8917

Dear Mr. Foley,

Below you will find the corrective action plans associated with comments and recommendations issued to the Nebraska Game and Parks Commission on January 11, 2024. These corrective action plans and the related corrective actions were communicated to the Auditor of Public Accounts on January 22, 2024, 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:

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	\$ 906,037

date of our testing, October 24, 2023, over five months later.	
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

Corrective Action:

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

Status:

We have made an update to our internal control policy. We will post assets when they are deemed substantially complete, as well as when the project is paid in full. We will correct current year expenses to the CIP code, if an eligible expense was not already coded that way.

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.

Corrective Action:

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.

Status:

We have had meetings with the Supreme Court, as well as with State Patrol. Everyone is in agreement about sharing the data necessary to keep accurate records. We have begun developing a web application in-house. This application will feed in data from Supreme Court and State Patrol. Once completed, our listings between agencies should match, and as a bonus, we will have less administrative burden.

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

Respectfully,



Tim McCoy
Director – Nebraska Game and Parks Commission

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA SUPREME COURT – ISSUED JANUARY 23, 2024**

Received July 11, 2024 – Supreme Court corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

July 11, 2024

Mike Foley
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

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 July 1, 2022, through June 30, 2023, ACFR Management Letter released January 23, 2024.

Outstanding Liquidated Damages

Since the release of the Letter, Supreme Court representatives have met with the Nebraska Game and Parks Commission (Commission) representatives. Topics discussed included the possibility of an interface or information sharing between the Commission and JUSTICE, the Judicial Branch case management system, and the potential of a statutory change. As of the date of this letter, information requirements are being determined by Commission law enforcement personnel.

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
Phone (402) 471-3730
Fax (402) 471-2197

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF TRANSPORTATION – ISSUED FEBRUARY 5, 2024**

Received August 2, 2024 – Department of Transportation corrective action plan.

NDOT FY2023 ACFR Responses

#1. 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. This would include a documented review and approval of the reported accruals by both the Budget and Finance Manager and the Chief Financial Officer.

Management’s 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.

Corrective Action Plan: NDOT Teammates will be crossed trained so that more individuals will assist in the preparation and subsequent submission of the Accrual Response form to DAS prior to final submission to the APA. The Standard Operating Procedure is continuously updated and used as a training tool for all teammates involved with the preparation and review process of the Accrual Response form.

Contact: Jenessa Boynton

Anticipated Completion Date: Ongoing

Corrective Action Plan Update: Individual processes within the Standard Operating Procedures for the Accrual Response are continuously being updated as needed. Teammates will continue to be trained on the updated processes.

#2. 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 accounting system to ensure the funding source is recorded properly.

Management’s 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.

Corrective Action Plan: The Department conferred with DAS – State Accounting. State Accounting determined that adjustments to the accounting manual/ accounting policy are necessary to accommodate NDOT’s unique nature of how the federal funds are recorded in the Highway Fund. It was agreed the DAS – State Accounting Manual will be updated. All NDOT’s revenue is recorded in the Highway Fund, however, a third of the total revenue is federal funding which is reconciled to the SEFA.

Additionally, Federal Highway Administration (FHWA) has advised NDOT is able to provide information which enables FHWA to reconcile from total project costs of the project to federal reimbursed costs. Therefore, verifying the reimbursement was done in accordance with FHWA standards.

Contact: Lily Kathee
Completed: May 2024

Corrective Action Plan Update: Department of Administrative Services - State Accounting has revised the accounting manual to reflect the changes that excludes NDOT from recording Cash Funds received, into fund 40000 since these are already captured in the Highway Fund. These modifications were submitted to the Auditor of Public Accounts (APA) in April 2024.

#3. 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 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.

Management’s 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.

Corrective Action Plan:

Travel policy has been reviewed and updated. The Department of Transportation Operating Instructions require mileage and activity (purpose) of the trip be recorded but does not require a destination be recorded.

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 will make a few strategic adjustments to reduce the need for overtime to accomplish the workload. The employee will receive guidance regarding the situation, and the Agency will monitor the employee's overtime use.

Contact: Tom Renninger, Jenessa Boynton and Rachelle Van Cleave
Completed: July 2024

Corrective Action Updated Plan:

➤ Purchasing Card

The Chief Financial Officer disseminated an email to all NDOT Users regarding the state's tax exemption status, along with other updates related to the purchasing card program.

➤ Excessive Overtime

In addition to the corrective action plan submitted by the Department, which stated that "Human Resources will provide guidance to the employee regarding the situation..." NDOT conducted a thorough evaluation of the specific circumstances related to the employee's vehicle use and overtime. Following this assessment, NDOT implemented strategic adjustments to minimize the need for overtime and better manage the workload. The employee was given appropriate guidance on the matter, and the Agency monitored the employee's overtime usage.

➤ Travel Policy

The Deputy Director of Operations disseminated an email regarding the deployment of GPS tracking devices on a selection of department vehicles. The GPS data is being monitored and is submitted monthly to the APA for analysis.

#4. Capital Asset and Construction-In-Progress Errors

Auditor's recommendation: 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.

Management's 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.

Corrective Action Plan: The Department will review and revise the Standard Operating Procedures related to Capital Asset Accounting. Newly hired staff will be trained on processes and procedures. Additional account codes and object codes will be generated to allow for designation of construction in progress expenditures as payments are processed.

Contact: Tom Renninger and Jenessa Boynton
Anticipated Completion Date: Ongoing

Corrective Action Plan Update:

➤ Capital Asset Accounting

Newly hired NDOT staff continues to undergo ongoing training in NDOT processes and the correct practices for Capital Asset Accounting.

➤ Construction-In-Progress

Object codes have been established, and FY24 Construction-In-Progress projects have been assigned to the appropriate codes.

#5. Timeliness of Responses to Audit Requests

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

Management's 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.

Corrective Action Plan:

Both expected and actual response times are being meticulously tracked and documented. The Budget Analyst position will be filled to allow for division of responsibilities. Email groups will be established and shared with the APA. NDOT will make every effort to comply with § 84-305 using the resources at its disposal. The Director's office is fully committed to ensuring prompt responses from all subject matter experts.

Contact: Lily Kathee, Jenessa Boynton,
Anticipated Completion Date: Ongoing

Corrective Action Plan Update:

A new Budget Analyst was hired in late March 2024, enabling the division of responsibilities among team members. Group emails with subject matter experts have been established and activated. These have been forwarded to the APA to direct ACFR testing requests to the appropriate subject matter experts. The director's office is actively enforcing compliance with § 84-305.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES – ISSUED FEBRUARY 5, 2024

Received August 5, 2024 – Department of Administrative Services corrective action plan.



Jim Pillen, Governor

August 5, 2024

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

Dear Auditor 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 the management letter report issued by the State Auditor related to the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
ACFR	2023	ML	Administrative Services, Department of – ACFR Management Letter	2/5/2024	3

1. Annual Comprehensive Financial Report (ACFR) Preparation Issues

DAS Response: We continue to strive for year-over-year reduction of errors and repeat findings. We are continuing to work with agencies to address findings noted during the previous audit period to improve reporting and accounting procedures. Meetings have been held with agencies that received management letter findings to discuss procedural changes needed for the latest reporting cycle.

2. Unemployment Insurance Fund Issues

DAS Response: We will continue to assist NDOL as they refine procedures to ensure reporting accuracy including reconciliations between its systems and the State accounting system.

Philip J. Olsen, CPA
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

3. Capital Asset Accounting Errors

DAS Response: We will continue to work with the agencies to address findings, to reduce repeat findings, and improve reporting and accounting procedures. Meetings have been held with agencies that received management letter findings to discuss procedural changes needed for the latest reporting cycle.

Sincerely,



Philip J. Olsen
State Accounting Administrator

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

CALENDAR YEAR 2024 COUNTY COURTS – ISSUED IN CALENDAR YEAR 2024

Received November 6, 2024 – County Court corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

November 5, 2024

Mike Foley
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

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 24 county court audits conducted in CY2024.

Recommendation: Segregation of Duties

Action: This finding was stated in all 24 audits. The Judicial Branch does not have the financial and human resources to remove this finding for many courts, particularly smaller courts. However, some risk is reduced through the Audit/Accounting Specialists that review records and provide assistance to courts on financial matters. Regarding the ability of one person to process all parts of a financial transaction, the Administrative Office of the Courts and Probation (AOCP) has determined that clerk magistrates must have this authority to complete all statutory responsibilities. Regarding the ability of staff to create and issue orders, the AOCP recognizes the risk, but the risk is reduced with judicial oversight. The court case management system (JUSTICE) can provide some information if an investigation is conducted. In addition, several court audit responses referred to judicial orders on file permitting access to other courts and issuance of orders.

Recommendation: Liquidated Damages

Action: The AOCP has reached out to the Nebraska Game and Parks Commission and begun discussions on data sharing and the court process related to liquidated damages.

Recommendation: Monthly Reports

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 audits, some courts have made plans for regular review of these reports. The Audit/Accounting Specialists also continue to provide assistance.

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

Recommendation: Additional Issues

Action: Audit findings and statements were made regarding errors found, timely claiming to the county, unclaimed property reporting, and payment/receipt actions and documentation. Many issues were resolved either at the time of the audit or shortly thereafter. For other courts, assistance with developing new practices or review of procedures has been provided or made available through the Audit/Accounting Specialists.

Sincerely,



Corey R. Steel
State Court Administrator

Administrative Office of the Courts & Probation
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THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

ATTESTATION REPORT OF THE NEBRASKA GAME AND PARKS COMMISSION**JANUARY 1, 2023, THROUGH DECEMBER 31, 2023**

Received December 20, 2024 – Game and Parks Commission corrective action plan.



2200 N. 33rd St. • P.O. Box 30370 • Lincoln, NE 68503-0370 • Phone: 402-471-0641
December 20, 2024

Mr. Mike Foley
Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

Dear Mr. Foley,

Below you will find the corrective action plans associated with comments and recommendations issued to the Nebraska Game and Parks Commission on June 14, 2024. These corrective action plans and the related corrective actions were communicated to the Auditor of Public Accounts on June 24, 2024 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.

1. Insufficient Revenue Internal Controls

During testing, we noted that the Commission lacked adequate controls over amounts received through the mail at the Central Office in Lincoln, Nebraska. Mailroom staff date stamped the correspondence received at the Central Office; however, no initial listing of monies received was made in order for the individual approving the deposit to know if any money received was missing.

A proper system of internal control requires procedures to ensure that no one individual is in a position both to perpetrate and to conceal errors or irregularities when preparing deposits.

A lack of such procedures increases the risk of loss, misuse, or theft of State funds.

We recommend the Commission implement procedures for creating an initial listing of all monies received to ensure the accuracy and completeness of deposits.

Commission Response: We have two people working in our mailroom, as well as two permits section people to collect the monies received. Although a list is provided, it is not on a daily basis. Our permits section will work with our mailroom to establish a procedure which involves listing the monies received daily.

Status:

NCPC researched creating an initial listing of all monies received through the mailroom (Cash, Check, and Money Orders). However, it was determined that, given the current staffing levels, this process would not be feasible. It is estimated that compiling this list would take an average of one to two hours each day, with even longer times on peak mail days. Additionally, this task would likely delay other mailroom activities and the deposit process.

To address risks associated with cash handling, the mailroom will continue to provide a total amount of cash received to the Budget and Fiscal Assistant Division Administrator overseeing the Permits team, as well as to the deposit staff. NGPC will maintain two staff members to open and collect the mail. NGPC is committed to revisiting this process in the future, should staffing levels improve.

2. Purchasing Card Procedures

Our review of purchasing card activity revealed that procedures for monitoring the status of Commission purchasing cards were insufficient. The APA obtained the most recent purchasing card listing used to track the Commission's cardholders and found that it was last updated on June 29, 2023, more than eight months earlier. While reviewing the listing, the APA observed nine purchasing card accounts associated with terminated or retired employees. These employees had terminated or retired from employment at the Commission between December 31, 2020, and March 1, 2024, but had accounts that were still open. The last transaction date for one of the nine accounts was after the employee's termination date. The transactions that occurred after the employee's termination date totaled \$126 and appear to have been legitimate expenditures of the Commission; however, this highlights how failure to close purchasing accounts in a timely manner after an employee's termination increases the risk for fraud or misuse of Commission funds.

A proper system of internal control requires procedures for periodically reviewing the Commission's purchasing card activity to ensure that it is both appropriate and necessary. Those same procedures should ensure also that the Commission takes timely action to close an employee's purchasing card account, as well as verifies the destruction of the associated card, when that worker is terminated.

Without such procedures, there is an increased risk for fraud, misuse, or loss of Commission funds.

We recommend the Commission review and strengthen procedures for monitoring employee use of purchasing cards.

Commission Response: Due to illness and turnover, the purchase card coordinator changed hands multiple times during the timeframe in question. We will reinforce our policies and procedures to agency staff. We will also reconcile our active card holders to the list from State Accounting.

Status:

NGPC has updated our list of P-card users and distributed materials to our cardholders to reinforce compliance and promote responsible usage.

3. Vehicle Mileage Logs Not Adequately Completed

During testing of mileage logs for agency-owned vehicles, we found that 5 of 10 logs tested contained mileage that was either unreasonable or unable to be verified, and 5 of 10 mileage logs were not completed properly.

3. Vehicle Mileage Logs Not Adequately Completed (Concluded)

The errors noted included the following:

- For two mileage logs, information about trip start and stop locations lacked sufficient detail to allow for the recalculation of trip mileage to determine the reasonableness of the distances traveled.
- For three mileage logs, a variance of more than 10% was noted between mileage recorded and the Auditor's recalculated mileage using the most direct route of travel for the trip start and stop locations.
- One mileage log lacked the signature of an Area Supervisor or Division Manager to indicate administrative approval.
- For one mileage log, an error caused the total monthly mileage to be understated by 20 miles due to a trip for which the beginning mileage did not agree to the ending mileage from the previous trip.
- Three mileage logs did not include all start and stop locations for trips.

Neb. Rev. Stat. § 81-1025(1) (Reissue 2014) provides, in relevant part, 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

While the above statutory mandate is not applicable to the Commission, which maintains its own fleet of vehicles, it is reflective of a best practice for state-owned automobiles.

A proper system of internal control requires policies and procedures to ensure: 1) usage of all vehicles maintained by the Commission is reasonable and necessary; and 2) vehicle logs are filled out completely and reviewed by supervisory staff.

Without such policies and procedures, there is an increased risk for misuse of State vehicles.

A similar finding was noted in our previous attestation report.

We recommend the Commission implement policies and procedures for tracking and reviewing vehicle use. Furthermore, we recommend vehicle logs be not only filled out completely but also reviewed by supervisory staff.

Commission Response: The mileage logs are reviewed by supervisory staff to ensure the vehicles are not being misused. We are able to provide details for trips that have variances in mileage. We will look into options to improve our documentation of vehicle usage.

Status:

NGPC has emphasized the importance of accurately completing the vehicle logs and ensuring the logs are thoroughly reviewed and signed off by supervisors to ensure accountability.

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



Tim McCoy
Director

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.