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Audit Finds Improper Payments to Current and Former Government Employees – Living and Dead Alike

State Auditor Mike Foley has released a management letter to 15 State agencies, documenting tens of thousands of dollars in public funds wasted due to improper or excessively large payments – many to former State workers, including some who were deceased at the time of the disbursements.

A prime example of the problem was an improper series of thirteen monthly benefit payments, totaling $18,900, by the Nebraska Workers' Compensation Court to the bank account of a former public employee after his death in April 2024 – upon which all payments should have ceased. Foley's audit team obtained bank evidence indicating that the posthumous monies fell under the control of the decedent's daughter and were possibly used personally by her. Appearing confused and offering various inconsistent excuses when questioned by the auditors, she quickly repaid the funds nonetheless to the Nebraska Workers' Compensation Court. The matter has been referred to law enforcement for review.

In another case, the Department of Health and Human Services (DHHS) made $3,000 in Aged and Disabled Stabilization Grant payments to two deceased recipients. Inquiring into those remittances, Foley's auditors were informed, "DHHS was not aware of these deaths." The audit team discovered the deaths, however, by performing a simple search of the DHHS Vital Records database, which is readily available to all divisions of the agency.

Similarly, the Nebraska Public Employees Retirement Systems (NPERS) processed a retirement payment of nearly $2,900 to a deceased government employee. After learning of the error, the agency sought reimbursement from the decedent's spouse, who passed away seven years earlier and whose death had been reported to NPERS long ago.

Another problem uncovered by Foley's office came in the form of tuition reimbursement benefits to State workers. A number of agencies offer these subsidies, stipulating that they must be repaid if employment is terminated within a specified time frame (generally one year). According to Foley's letter, as much as $122,431 in total tuition reimbursements was never repaid by State employees who departed shortly after receiving the allowances. In addition, an erroneous overpayment of tuition reimbursement totaling $1,286 was also noted to a current State employee.

To illustrate, 24 employees of the Department of Correctional Services terminated their employment within one year of completing coursework, costing taxpayers as much as $67,843 in tuition subsidies never repaid. Similarly, DHHS had 29 employees walk away from State service within one year of receiving some $49,000 in total tuition subsidies – again, without paying back any of those amounts.

The Nebraska Supreme Court is yet another State agency that failed to collect $4,840 in tuition reimbursement payments to two former employees under similar circumstances.

Somewhat comparable to these tuition reimbursement fiascos, multiple State agencies offer hiring and retention bonuses that must be repaid if the participating employees do not complete the required periods of employment. Foley's audit team found many thousands of dollars that were never recovered from ex-employees who had terminated State service shortly after receiving the cash hiring and retention incentives. It was also noted that four State agencies made erroneous bonus overpayments to current and former State employees, totaling $17,000.

Additionally, the Department of Transportation offered travel and relocation payments to recruit workers. That assistance was provided with the express understanding that the recipients not leave employment within 12 months of hire. Some of those employees vacated their posts shortly after receiving the subsidies, however, costing the State nearly $14,000 – and the agency was unable to support that an effort was made to recoup.

Foley's office also drilled down into expense reimbursements claimed by State personnel, uncovering examples of such payments that appear far from prudent. For example, in less than three and a half years, a Brand Committee inspector received nearly $93,000 in mileage reimbursements – at a rate of roughly $26,511 annually – for use of her personal vehicle. The management letter points out that such high mileage costs could have been reduced dramatically had the inspector been assigned a State vehicle (and used it properly), such as a 4x4 pickup truck, instead of being compensated for using her own automobile/truck.

"The goal of minimizing the cost of government services can be achieved only if every public employee maintains an attitude of respect for the hard-working Nebraska citizens whose taxes pay our salaries," Foley observed. "These audit findings, based on sample testing of a much larger population of billions of dollars in transactions, are a sober reminder that we've got to do better."

A copy of the management letter sent to the fifteen State agencies can be found at: auditors.nebraska.gov

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