# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 24, 2025

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

Dear Ms. Kramer:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding a potential conflict of interest arising from purchases made with Nebraska Department of Transportation (Department) purchasing cards at a Highway Fleet Shop Supervisor's personal business. 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 obtained financial records and other relevant documentation from the Department. 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 certain issues that merit corrective action.

## Background Information

The Department, which was formally known as the State Board of Irrigation from 1895 to 1957 and the Nebraska Department of Roads until 2017, was originally established in 1895. In 2017, the Nebraska Department of Aeronautics merged with the Nebraska Department of Roads to form the Department as it exists today. The Department is responsible for the highway, bridge, rail, public transit, and other surface transportation programs as well as the development of aviation in the State. The Department's duties include planning, development, design, construction, maintenance, and administration of the State's highway system.

Department employees are assigned, or may have access to, a purchasing card to be used for Department-related purposes. According to Department representatives, the typical approval process involves verbal authorization from an employee's supervisor or manager before a purchase is made. This occurs prior to the final authorization form that is signed by the approving official. A listing of authorized approving officials is maintained by the Department's administrative staff.

Department employees may also use or be assigned State vehicles to perform their daily tasks. When a Department-owned vehicle breaks down, the Department may send its own mechanics to fix the issue, use their own towing vehicles or contact a third-party towing service. According to Department representatives, the decision on which method to use depends upon the vehicle, the situation, and the extent of the emergency.

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

## Payments to Department Employee's Towing Company

The APA received concerns regarding a possible conflict of interest arising from the use of the Department's purchasing cards at Loren's Tire (a.k.a., L & L Towing & Recovery, Inc.), which is a towing business owned by a Highway Fleet Shop Supervisor, Loren Cuda. According to the Nebraska Secretary of State's website (https://sos.nebraska.gov/), L & L Towing & Recovery, Inc., was established on August 16, 1999, by Mr. Cuda as a towing business located at 820 County Rd 20 in Wahoo, Nebraska – this address and business name being shown on the invoices included herein below. However, the payments themselves were made to "Lorens Tire," which appears not to be registered separately with the Nebraska Secretary of State as either a trade name or separate business. The complaint alleged that the purchases were made solely at the direction of Mr. Cuda.

Responding thereto, the APA obtained a detailed listing of the Department's purchasing card transactions, noting the following purchases made to Mr. Cuda's towing business during the period July 1, 2023, through August 18, 2025:

| # | Transaction Date | Posting Date | Merchant Name | Amount | Authorization Date | Days Paid Before Documented Authorization |
|---|---|---|---|---|---|---|
| 1 | 4/18/2024 | 4/22/2024 | LORENS TIRE | $175.00 | 5/1/2024 | 13 |
| 2 | 10/23/2024 | 10/24/2024 | LORENS TIRE | $220.50 | 10/29/2024 | 6 |
| 3 | 10/30/2024 | 10/31/2024 | LORENS TIRE | $241.50 | 11/12/2024 | 13 |
| 4 | 7/8/2025 | 7/9/2025 | LORENS TIRE | $330.00 | 7/18/2025 | 10 |
| | | **Total** | | **$967.00** | | |

The APA also obtained the invoices associated with each payment listed in the above table and have included them herein as **Attachments A** through **D**.

Each purchase is discussed in further detail below:

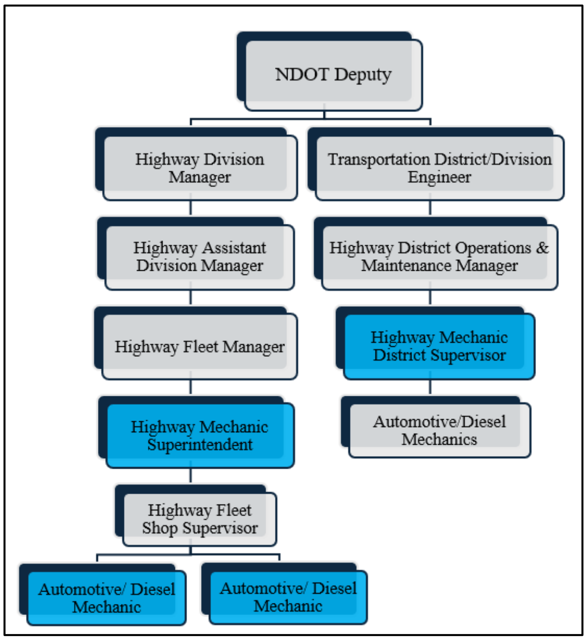
- **Purchase #1:** According to an invoice dated April 5, 2024, a Department-owned white 2022 Ford F350 pickup truck was towed from the Anderson Ford car dealership in Lincoln, Nebraska, to the Department's location at 5001 South 14th Street in Lincoln, Nebraska. It is our understanding that Anderson Ford has two locations in Lincoln – one at 2500 Wildcat Drive and another at 3201 Yankee Hill Road – but the invoice does not indicate from which location the vehicle was towed. A purchasing card issued to one of Mr. Cuda's managers was used to pay for the $175 total towing service charges. However, the approving official did not sign off on this transaction until 13 days after the purchase had already been made.

- **Purchase #2:** According to an invoice dated October 23, 2024, a Department-owned white 2005 Ford Excursion XLT SUV was towed from an illegible location on Highway 2 to the Department's location at 5001 South 14th Street in Lincoln, Nebraska. A Department purchasing card issued to one of Mr. Cuda's subordinates was used to pay for this service, totaling $220.50. This invoice included an amount of $10.50 for "fees." However, there is no indication of the purpose for the fees. In addition, Mr. Cuda was the approving official for this purchase and did not sign off on this transaction until six days after the purchase had been made.

- **Purchase #3:** According to an invoice dated October 18, 2024, a Department-owned white 2019 Ford F250 pickup truck was towed from the Department's District 1 Headquarters at 302 Superior Street in Lincoln, Nebraska, to a Sid Dillon car dealership location. It is our understanding that this dealership has multiple locations in and around Lincoln and Omaha, Nebraska; however, the specific location to which the vehicle was towed was not identified. A Department purchasing card issued to an employee in a different division from Mr. Cuda was used to pay the $241.50 cost of this towing service. This invoice included an amount of $11.50 for "fees." However, there is no indication of the purpose for the fees. In addition, the approving official did not sign off on this transaction until 13 days after the purchase had been made.

- **Purchase #4:** According to an invoice dated July 7, 2025, a Department-owned red 2018 Chevy Silverado K1500 pickup truck was towed from the Flying J Rest Stop in Gretna, Nebraska, to the Department's location at 5001 South 14th Street in Lincoln, Nebraska. The concerns received by the APA alleged that this vehicle was not towed directly to the 5001 South 14th Street location on that same day but rather was kept overnight at Mr. Cuda's business address of 820 County Rd 20 in Wahoo, Nebraska. A Department purchasing card issued to one of Mr. Cuda's subordinates was used to pay the $330 for this towing service. The concerns mention further that Mr. Cuda may have directed this employee to make this payment. Moreover, the approving official did not sign off on this transaction until 10 days after the purchase had been made.

The APA created the following chart showing the employees, highlighted in blue, within the Department's Operations and District 1 Divisions who made the purchases listed in the above table:




According to Department representatives, all transactions made using the Department's purchasing cards are approved by authorized managers and supervisors.

However, the APA noted that the authorized individuals were reviewing and approving the purchases after they had already been made. Moreover, Mr. Cuda appears to have signed off on the PCS - Authorization Form (Form) for purchase #2 made on October 23, 2024. The images shown below are excerpts of this Form:

**Authorization Form**

Purchases made by Automotive/Diesel Mechanic for Billing Cycle 10/28/2024

Merchant: PP*LORENS TIRE Item Description: TOW TRUCK
Transaction Code 5701 Fund 2270 OE 903 Activity 2804 Account 4385 Amount $220.50

| Equip ID | Work Phase Code | Quantity | Quantity Type Code | Goods Received Date |
|---|---|---|---|---|
| 45620 | 00 | 1.00 | EA | 10/23/2024 |

Approving Official
Signature
Date 10-29-24

As mentioned previously, Mr. Cuda did not sign off on this Form until October 29, 2024 – six days after the purchase was made. In addition, the APA questions whether it was appropriate for Mr. Cuda to sign this Form as the approving official because, in doing so, he effectively self-approved a payment to his own business.

Excerpts of this Form and the Forms for the other purchases made to Mr. Cuda's towing business are included as **Attachment E** herein.

As mentioned in the "Background Information" section herein, Department representatives informed the APA that these employees would have received verbal approval by a supervisor or manager prior to making the purchase once the method of towing has been decided. For example, an Automotive/Diesel Mechanic would have to receive approval from the Highway Fleet Shop Supervisor or any of the other supervisors or managers before making a purchase. However, this discussion and approval is not typically documented. As a result, the APA was unable to verify whether the purchases at issue were authorized properly by the appropriate supervisor or manager before being made.

It is important to note also that all of the invoices included herein lacked sufficient detailed information regarding certain charges. Each of the four invoices includes a mileage charge and towing charge, and two of the invoices include an additional charge for "fees." However, none of the invoices indicate the rates of either the mileage or towing charges, and there is also no indication of the number of miles the vehicles were towed or the purpose of the additional fees. Therefore, the APA was unable to verify that the mileage, towing services, and the additional fee charges were reasonable.

The information presented above gives rise to concerns regarding possible violation of the Nebraska Political Accountability and Disclosure Act (Act), as set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024).

According to Neb. Rev. Stat. § 49-1402 (Reissue 2021), the Act serves the purpose of, among other things, ensuring "that public office or employment not be used for private gain other than the compensation provided by law" and preventing situations in which "there exists, or appears to exist, a substantial conflict between the private interests of a public official and his or her duties as such official."

Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021) of the Act says, in relevant part, the following:

> *(1) 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.*
>
> *(2) 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.*
>
> * * * *
>
> *(7) Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.*

Good internal controls require procedures to ensure that all Department employees adhere to the provisions of the Act. Without such procedures, there is an increased risk for not only loss or misuse of Department funds but also noncompliance with State statute.

> We recommend the Department implement procedures to ensure all Department employees adhere to the provisions of the Act. Additionally, because this comment addresses possible violation of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

*Department Response:*

*The Department appreciates the APA bringing this matter to our attention. The Department acknowledges that, although Nebraska law does permit State agencies to purchase goods or services from a vendor associated with a state employee in certain situations, the Department's procedures may not be sufficient to prevent the appearance of a conflict of interest. To remedy the current matter, the NDOT Operations Division has suspended all future purchases from this vendor. The Department is reviewing its processes to determine whether there are additional internal controls that could enable purchasing from vendors associated with State employees while also avoiding any actual or apparent conflict of interest.*

* * * * * *

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.

<u>Audit Staff Working on this Examination:</u>
Craig Kubicek, CPA, CFE – Deputy Auditor
Mason Culver – Auditor-In-Charge
Destini Morales – Auditor II
Caden Janak – Examiner

Sincerely,

Craig Kubicek

Craig Kubicek, CPA, CFE
Deputy Auditor
Auditor of Public Accounts
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cc. Nebraska Accountability and Disclosure Commission

NEBRASKA DEPARTMENT OF TRANSPORTATION **Attachment A**

**L & L Towing & Recovery, Inc. Invoice**

April 5, 2024

## TOWING REPORT

CALL NO.
~~CALL~~ TIME
TYPE OF CALL
SERVICE TIME
EXTRA MAN
MILEAGE FINISH
MILEAGE START
MILEAGE TOTAL

Name: State of Nebraska
Date: 4-5-24
Address: 5001 South 14th
City: Lincoln
State: Ne
Home Phone:
Insurance Company:
Insurance Phone:
Business Phone:
Year: 23
Make: Ford
Model: E350
Color: White
License:
Mileage:
VIN: 1FO8W . . . 8nEF42475

TOWED FROM
Anderson Ford

TOWED TO
5001 South 14th

- [ ] START
- [ ] BATTERY
- [ ] FLAT TIRE
- [ ] GAS
- [ ] LOCKOUT
- [ ] WRECK
- [x] TOW
- [ ] CARRIER
- [x] FLAT BED
- [ ] INSURED

| | |
|---|---|
| MILEAGE CHARGE | 115.00 |
| TOWING CHARGE | 60.00 |
| ROAD SERVICE CHARGE | |
| STORAGE CHARGE | |
| SUB TOTAL | |
| TAX | |
| TOTAL | 175.00 |

REMARKS
2804-4272
PD
4-18-24
no tax
Pd
CC

MECHANIC'S SIGNATURE
X

AUTHORIZED SIGNATURE
X

I/D/E/A inc., 1 Idea Way, Caldwell, ID 83605 • CALL TOLL FREE 1-800-635-9261 • Item No. FR-1042

NEBRASKA DEPARTMENT OF TRANSPORTATION **Attachment B**

**L & L Towing & Recovery, Inc. Invoice**

October 23, 2024

3985 **TOWING REPORT**

**L & L TOWING & RECOVERY, INC.**
820 County Rd. 20
Wahoo, NE 68066
Phone (402) 443-5501

| | |
|---|---|
| CALL NO. | |
| CALL TIME | |
| TYPE OF CALL | |
| SERVICE TIME | |
| EXTRA MAN | |
| MILEAGE FINISH | |
| MILEAGE START | |
| MILEAGE TOTAL | |

TOWED FROM: Hwy 2 [illegible]

TOWED TO: [illegible]

Name: State of Nebraska — Date: 10-23-24

Address: — City: [illegible] — State: Ne

Home Phone: — Insurance Company: — Insurance Phone:

Business Phone: — Year: 05 — Make: Ford — Model: Excursion — Color: [illegible]

License: [illegible] — Mileage: — VIN: [illegible]

☐ START ☐ WRECK
☐ BATTERY ☒ TOW
☐ FLAT TIRE ☐ CARRIER
☐ GAS ☒ FLAT BED
☐ LOCKOUT ☐ INSURED

| | |
|---|---|
| MILEAGE CHARGE | 160.00 |
| TOWING CHARGE | 50.00 |
| ROAD SERVICE CHARGE | |
| STORAGE CHARGE | |
| Fuel | 10.50 |
| SUB TOTAL | 220.50 |
| TAX | |
| TOTAL | 220.50 |

REMARKS: 903 92.45670 2804-4272 no tax

MECHANIC'S SIGNATURE X **Automotive/Diesel Mechanic**

AUTHORIZED SIGNATURE X

I/D/E/A Inc., 1 Idea Way, Caldwell, ID 83605 • CALL TOLL FREE 1-800-635-9261 • Item No. 1100412

**L & L Towing & Recovery, Inc. Invoice**

October 18, 2024

4225 **TOWING REPORT**

**L & L TOWING & RECOVERY, INC.**
820 County Rd. 20
Wahoo, NE 68066
Phone (402) 443 5561

| | |
|---|---|
| CALL NO. | |
| CALL TIME | |
| TYPE OF CALL | |
| SERVICE TIME | |
| EXTRA MAN | |
| MILEAGE FINISH | |
| MILEAGE START | |
| MILEAGE TOTAL | |

Name: State of Nebraska Date: 10-18-24
Address: 302 Superior St City: Lincoln State: Ne
Home Phone: Insurance Company: Insurance Phone:
Business Phone: Year: 99 Make: Ford Model: F250 Color: White
License: 22355 Mileage: VIN: 1 F T 7 W 2 A 6 7 K e d 4 0 4 5 6

TOWED FROM: 302 Superior

TOWED TO: Sid Dillon

☐ START ☐ WRECK
☐ BATTERY ☒ TOW
☐ FLAT TIRE ☐ CARRIER
☐ GAS ☒ FLAT BED
☐ LOCKOUT ☐ INSURED

| | | |
|---|---|---|
| MILEAGE CHARGE | 180 | 00 |
| TOWING CHARGE | 50 | 00 |
| ROAD SERVICE CHARGE | | |
| STORAGE CHARGE | | |
| Fees | 11 | 50 |
| | 241 | 50 |
| SUB TOTAL | | |
| TAX | | |
| TOTAL | 241 | 50 |

REMARKS:
**Highway Mechanic District Supervisor**
903-2804-4272
Eat 49134 Tow truck to Dealer
No tax

MECHANIC'S SIGNATURE X
AUTHORIZED SIGNATURE X

I/D/E/A inc., 1 Idea Way, Caldwell, ID 83605 • CALL TOLL FREE 1-800-635-9261 • Item No. 1100412

241.50

# L & L TOWING & RECOVERY, INC.

820 County Rd. 20
Wahoo, NE 68066
Phone (402) 443-5561

## TOWING REPORT

**OWNER**
NAME State of Nebraska
ADDRESS 5001 South 14th
CITY Lincoln STATE Ne ZIP 68509
PHONE

**PAY METHOD**
- ❑ CASH
- ❑ CHECK # _______
- ❑ CREDIT CARD
- ❑ ON ACCOUNT

DATE 7-7-25 TIME ❑ AM ❑ PM REQUESTED BY MILEAGE BEFORE TOW
YEAR 18 MAKE/MODEL/COLOR Chev 1500 Red VIN 1GCUKNEC3JF228018
DRIVER REGISTRATION NO. LICENSE NO. 21897
LOCATION OF VEHICLE Flying J Gretna TOWED TO 5001 South 14th

| MILEAGE | SERVICE TIME | EXTRA TIME |
|---|---|---|
| FINISH ______ | FINISH ______ | FINISH ______ |
| START ______ | START ______ | START ______ |
| TOTAL ______ | TOTAL ______ | TOTAL ______ |

**SPECIAL EQUIPMENT**

| | | |
|---|---|---|
| ❑ SLING/HOIST TOW | ❑ FLAT TIRE | ❑ SINGLE LINE WINCHING |
| ☑ FLAT BED/RAMP | ❑ WRECK | ❑ SNATCH BLOCKS |
| ❑ WHEEL LIFT | ❑ OUT OF GAS | ❑ DUAL LINE WINCHING |
| ❑ START | ❑ RECOVERY | ❑ SCOTCH BLOCKS |
| ❑ LOCK OUT | ❑ ______ | ❑ ______ |

I HAVE BEEN ADVISED THAT MY VEHICLE MAY BE DAMAGED IF WINCHED, TOWED, UNLOCKED OR LEFT ON UNATTENDED PREMISES. I RECOGNIZE THE DIFFICULTY INVOLVED AND I AGREE NOT TO HOLD THE TOWING SERVICE RESPONSIBLE FOR SUCH DAMAGE SHOULD IT RESULT.

SIGNATURE OF CAR OWNER OR AGENT DATE

**VEHICLE WILL NOT BE RELEASED UNTIL TOWING SERVICE IS PAID.**

REMARKS

| | |
|---|---|
| MILEAGE CHG. | 270.00 |
| TOWING CHG. | 60.00 |
| LABOR CHG. | |
| STORAGE CHG. | |
| SUBTOTAL | 330.00 |
| TAX | no tax |
| **TOTAL** | 330.00 |

SIGNATURE OF TOW OPERATOR DATE

AUTHORIZED SIGNATURE DATE

I/D/E/A inc., Caldwell, ID 83605-6999 • CALL TOLL FREE 1-800-635-9261 • Item No. FR 1977

**Authorization Form Approval Excerpts**

May 1, 2024, through July 18, 2025

**1. Purchase on April 18, 2024**

## Authorization Form

Purchases made by **Highway Mechanic Superintendent** for Billing Cycle 4/29/2024

**Merchant:** LORENS TIRE **Item Description:** TOWING
**Transaction Code** 5701 **Fund** 2270 **OE** 903 **Activity** 2804 **Account** 4272 **Amount** $175.00

| Equip ID | Work Phase Code | Goods Received Date |
|---|---|---|
| 41149 | 00 | 4/18/2024 |

Approving Official **Highway Fleet Manager**

*Signature*

Date 5-1-24

**2. Purchase on October 23, 2024**

## Authorization Form

Purchases made by **Automotive/Diesel Mechanic** for Billing Cycle 10/28/2024

**Merchant:** PP*LORENS TIRE **Item Description:** TOW TRUCK
**Transaction Code** 5701 **Fund** 2270 **OE** 903 **Activity** 2804 **Account** 4385 **Amount** $220.50

| Equip ID | Work Phase Code | Quantity | Quantity Type Code | Goods Received Date |
|---|---|---|---|---|
| 45620 | 00 | 1.00 | EA | 10/23/2024 |

Approving Official

*Signature*

Date 10-29-24

**3. Purchase on October 30, 2024**

## Authorization Form

Purchases made by **Highway Mechanic District Supervisor** for Billing Cycle 11/4/2024

**Merchant:** LORENS TIRE **Item Description:** VENDOR LABOR - TOW VEHICLE TO DEALER
**Transaction Code** 5701 **Fund** 2270 **OE** 903 **Activity** 2804 **Account** 4272 **Amount** $241.50

| Equip ID | Work Phase Code | Goods Received Date |
|---|---|---|
| 49134 | 00 | 10/18/2024 |

Approving Official **Highway District Operations & Maintenance Manager**

*Signature*

Date 11/12/24

**4. Purchase on July 8, 2025**

# Authorization Form

Purchases made by Automotive/Diesel Mechanic for Billing Cycle 7/14/2025

**Merchant:** LORENS TIRE **Item Description:** TOW TRUCK
**Transaction Code** 5701 **Fund** 2270 **OE** 903 **Activity** 2804 **Account** 4272 **Amount** $330.00

| Equip ID | Work Phase Code | Goods Received Date |
|---|---|---|
| 48091 | 00 | 7/8/2025 |

Approving Official Highway Mechanic Superintendent

*Signature*

Date 18/07/2025

***Note 1:*** *The APA blocked out the names of the Department employees, replacing them with their employee titles instead.*