



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

December 18, 2024

Tim McCoy, Director
Nebraska Game and Parks Commission
2200 N. 33rd Street
Lincoln, Nebraska 68503

Dear Mr. McCoy:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska (State), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 18, 2024. In planning and performing our audit of the financial statements, we considered the State's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

In connection with our audit described above, we noted certain internal control or compliance matters related to the activities of the Nebraska Game and Parks Commission (Commission) or other operational matters that are presented below for your consideration. These comments and recommendations, which have been discussed with the appropriate members of the Commission's management, are intended to improve internal control or result in other operating efficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Draft copies of this management letter were furnished to the Commission to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this management letter. *Government Auditing Standards* require the auditor

to perform limited procedures on the responses. The responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The following are our comments and recommendations for the year ended June 30, 2024.

1. Capital Asset Reporting Errors

The Commission is responsible for recording capital asset information into the State’s accounting system, as well as reporting construction-in-progress (CIP), commitments, retainage, and other capital asset-related information to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation.

During our testing of capital assets for the fiscal year 2024, we identified errors in the capital asset information reported to State Accounting that required adjustments to the financial statements or footnotes. Specifically, we noted the following:

Description of Error	Amount
For three projects tested, the Commission neglected to report the projects as substantially complete. When projects are identified as substantially complete, costs are moved from the CIP accounts to the capital asset accounts. As a result, the beginning CIP balance was overstated by \$944,548 and CIP deletions and infrastructure additions to the assets were both understated by \$2,737,504. These errors also resulted in accumulated depreciation of infrastructure being understated \$88,423.	\$ 3,770,475
For seven projects tested, the Commission failed to properly report \$2,308,500 in construction commitments for the Construction Commitments Footnote. Construction commitments are contractual obligations related to a project that has not yet been paid.	\$ 2,308,500
Total Adjustments	\$ 6,078,975

The Auditor of Public Accounts (APA) proposed and State Accounting posted entries to correct the above errors.

In addition to those errors, the following table details other accounting issues and financial statement errors that did not require adjustments to the financial statements due to their relative insignificance or because there was little to no financial statement effect.

Description of Error	Amount
The Commission inaccurately reported to State Accounting the CIP balances for four projects, which resulted in an understatement to beginning balance of \$48,967 and understatements to additions and deletions of \$1,707,740 and \$1,659,205, respectively. When considered with errors noted with other State agencies, the net effect on the financial statements was insignificant.	\$ 3,415,912
The Commission failed to report costs for three building projects to State Accounting, which resulted in an understatement of \$169,463 in the Buildings asset.	\$ 169,463
For six projects tested, the Commission incorrectly recorded \$4,323,811 in payments in the accounting system to operating expenditure accounts rather than to the correct CIP accounts. However, the Commission reported these projects as CIP on their accrual response form or the project was previously reported in the prior year; therefore, no financial statement adjustment was necessary because the projects were known to State Accounting.	\$ 4,323,811
The Commission incorrectly reported retainage on its accrual response form for three projects tested, resulting in an overstatement of retainage payable of \$117,742.	\$ 117,742

A proper system of internal control requires procedures to ensure that accurate capital asset information, including acquisition dates and costs, is accurately recorded in the accounting system and properly reported to State Accounting during its year-end procedures, so that reliable financial information and footnotes are presented.

Without such procedures, there is an increased risk of material misstatements to the financial statements, which might remain undetected.

We recommend the Commission implement additional procedures to ensure capital asset information is properly presented in the financial statements and footnotes. This would include procedures to ensure all costs for an asset are capitalized in a timely manner, capital asset acquisition dates are timely and accurately recorded, and expenditures for construction projects in progress are properly recorded in the accounting system and to State Accounting.

Commission Response: NGPC Budget and Engineering have met regarding the CIP process. We believe we have developed a plan to prevent omissions and to correctly report substantially complete assets.

2. Outstanding Liquidated Damages

The APA completes an attestation engagement on a rotational basis for each of the State's county courts, which are under the jurisdiction of the Nebraska Supreme Court (Supreme Court). During these attestation engagements, the APA's review of the Overdue Case Balance Reports identified several cases with liquidated damages balances. Some of these cases date back more than 20 years.

The liquidated damages are paid into the State Game Fund, under control of the Commission. Neither the Supreme Court, nor the Commission can produce an accurate report of all liquidated damages.

As of June 30, 2024, the Commission's report from its database of tickets issued included \$203,401 in liquidated damages. However, the Supreme Court's report showed the total amount owed as \$78,076. Even though the judgments are entered by the courts, the Commission should ensure the listing is accurate to ensure the proper collection and receipt of the damages.

Neb. Rev. Stat. § 37-613(1) (Cum. Supp. 2024) establishes the amount of certain liquidated damages and states, "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.

Furthermore, § 37-613(3) tasks the courts with collecting liquidated damages upon conviction:

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.

This issue was noted in the prior management letter.

We recommend the Commission implement procedures for developing and maintaining an accurate listing of outstanding liquidated damages. We also recommend the Commission work with the Supreme Court to improve the processes and procedures related to the collection of all liquidated damages.

Commission Response: NGPC has already begun working with the Supreme Court on the development of a web application in which data can be shared between agencies. When complete, this should eliminate the undue administrative burden and inaccuracies we currently face.

* * * * *

It should be noted that this letter is critical in nature, as it contains only our comments and recommendations and does not include our observations on any strengths of the Commission.

Our audit procedures were designed primarily to enable us to form an opinion on the Basic Financial Statements. Our audit procedures were also designed to enable us to report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Commission and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Commission.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of State's internal control over financial reporting or compliance.

This communication is intended solely for the information and use of management, the Governor and State Legislature, others within the Commission, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not suitable for any other purposes. However, this communication is a matter of public record, and its distribution is not limited.



Kris Kucera, CPA, CFE
Assistant Deputy Auditor