

**ATTESTATION REPORT
OF THE
NEBRASKA ACCOUNTABILITY AND
DISCLOSURE COMMISSION**

JANUARY 1, 2024, THROUGH DECEMBER 31, 2024

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Issued on June 23, 2025

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Audit Staff Working On This Examination

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NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

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NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

BACKGROUND

The Nebraska Accountability and Disclosure Commission (Commission) was created by the 1976 Legislature, through the enactment of the Nebraska Political Accountability and Disclosure Act (Act), which became effective on July 1, 1977. The Commission consists of nine members, including the Secretary of State. Pursuant to the Act, the Commission administers and enforces State ethics laws, campaign finance laws, and lobbying laws. The Commission may issue advisory opinions, adopt rules and regulations, conduct investigations into possible violations of the Act, and assess civil penalties against anyone who is found to have violated the Act.

No more than four appointed Commission members may be from the same political party, and at least one member must be registered as an independent. Additionally, no more than three appointed members may reside in the same congressional district. Commissioners do not receive compensation but are eligible for reimbursement of expenses.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Nebraska Accountability and Disclosure Commission

Name	Title	Term Ending
Jeffery Davis	Chairman	June 30, 2027
Andrew Reuss	Vice Chairman	June 30, 2028
Janet Chung	Secretary	June 30, 2027
Kate Sullivan	Commissioner	June 30, 2026
G. Roderic Anderson	Commissioner	June 30, 2025
Michael Gloor	Commissioner	June 30, 2030
Robert Evnen	Secretary of State & Statutory Commission Member	

Two vacancies as of April 2025

**Nebraska Accountability and Disclosure Commission
Executive Management**

Name	Title
David Hunter	Interim Executive Director

Nebraska Accountability and Disclosure Commission
1225 L Street, Suite 400
PO Box 95086
Lincoln, NE 68509
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NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

SUMMARY OF COMMENTS

During our examination of the Nebraska Accountability and Disclosure Commission (Commission), we noted certain deficiencies and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Statement of Financial Interest Procedures:*** The Commission did not update its administrative rules and regulations in a timely fashion to add newly created entities to those required to file Statements of Financial Interest (Statement). Furthermore, the Commission could not provide documentation that it followed its own internal procedures for sending annual reminders to entities whose members or employees are required to file Statements. Finally, as of fieldwork in May 2025, the Commission had yet to follow up on delinquent 2024 Statements, which were due March 1, 2025.
2. ***Unpaid Civil Penalties and Late Filing Fees:*** As of December 31, 2024, unpaid civil penalties and late filing fees, dating back to 2001, totaled \$129,053. The Commission had not implemented adequate procedures to ensure these unpaid costs were collected, or otherwise resolved, in a timely manner.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Commission.

Draft copies of this report were furnished to the Commission to provide its 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 report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

COMMENTS AND RECOMMENDATIONS

1. Statement of Financial Interest Procedures

Neb. Rev. Stat. § 49-1493 (Reissue 2021) outlines the various individuals required to file a Statement of Financial Interest (Statement) form with the Nebraska Accountability and Disclosure Commission (Commission). Additionally, the Commission's administrative rules and regulations, found in Title 4 of the Nebraska Administrative Code (NAC), Chapter 2, designate other individuals required to file a Statement with the Commission.

During our review of these Statement filings, we noted the following:

- Unless otherwise required by State statute, the Commission must update its rules and regulations to include any newly created State agencies whose members or employees must file a Statement with the Commission. The Commission has not updated Title 4 NAC, Chapter 2, since April 2020, over five years ago. In that time, multiple new State agencies have been created, such as the Nebraska Commission on African American Affairs and the Nebraska Commission on Asian American Affairs; however, until Title 4 NAC, Chapter 2, is updated – or § 49-1493 is amended – no one from those new agencies will be required to file a Statement with the Commission.
- The Commission's procedures include sending annual notices to entities that have members or employees who are required to file a Statement with the Commission, reminding them of the filing requirement and requesting them to notify the Commission of any changes to their staff.

To verify that these procedures were followed, we requested documentation of such notices to four entities for both the 2023 and 2024 filings. The Commission could document notice to only one entity for the 2024 filing. No documentation could be provided that the Commission contacted the remaining entities requested.

- As of fieldwork in May 2025, we noted multiple top State agency officials who had yet to complete their 2024 filings, which were due on March 1, 2025. Despite these delinquencies being three months late, the Commission acknowledged having not performed any follow-up procedures to address the overdue filings. Instead, the Commission indicated that notification letters would be sent later in the month of May.

Good internal controls and sound business practices require procedures to ensure: 1) its administrative rules and regulations are updated timely to include any newly created entities whose members or employees must file Statements with the Commission; 2) documentation is maintained for all procedures performed by the Commission, including notification of Statement filing requirements; and 3) delinquent Statement filings are followed up on timely.

Without such procedures, important financial disclosures are withheld from interested parties and the public alike.

We recommend the Commission strengthen procedures to ensure: 1) its administrative rules and regulations are updated timely to include any newly created entities whose members or employees must file Statements with the Commission; 2) documentation is maintained for all procedures performed by the Commission, including notification of Statement filing requirements; and 3) delinquent Statement filings are followed up on timely.

Commission Response: Due to staffing difficulties, the Commission has not updated Title 4 of the Nebraska Administrative Code (NAC), Chapter 2 in a timely manner. Beginning in July 2025 we should be at full staff and updating Title 4 NAC Chapter 2 will be a priority. Staff has been instructed to keep and maintain all letters of inquiry including Statement of Financial Interest (Form C-1) letters that are sent to all individuals, agencies/boards/commissions, and political subdivisions. The letter will be maintained in digital format within our digital filing cabinet. The process related to notifying delinquent Form C-1 filers, that we have not received their filing, was delayed due to a change in staff at the Administrative Assistant position. Going forward, the individual responsible will be fully trained and able to tackle this earlier on next year. Of note, all remaining delinquent notification letters have been sent out as of May 28, 2025.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Unpaid Civil Penalties and Late Filing Fees

As of December 31, 2024, the Commission's records indicated that there were civil penalties and late filing fees, totaling \$129,053, dating back to 2001, that remained unpaid. The Commission lacked adequate procedures to ensure that these unpaid balances were collected, or otherwise resolved, in a timely manner. During testing of five unpaid balances, we noted the following:

- Two unpaid civil penalties, totaling \$19,750, originally assessed in 2001 and 2005, were submitted to the State Claims Board for write-off in 2009; however, the write-off was not approved at that time. Despite being over 15 years later, the Commission had taken no further action to address these unpaid civil penalties.
- The Commission determined one unpaid late filing fee of \$6,000 from 2021 to be uncollectible; however, as of fieldwork in May 2025, that unpaid fee had not been submitted to the State Claim Board for write-off.
- The Commission maintains both a database for tracking unpaid balances and a separate "Late Filing Fees Data Sheet" to document the calculation of each late fee assessed. The Commission did not perform any reconciliation between the unpaid balances tracked in the database and the late fees identified on the data sheet. For one unpaid late fee, we noted a \$250 discrepancy between the amounts being tracked in the database and recorded on the data sheet.

Good internal controls and sound business practices require procedures – such as, among others, publicizing a list of unpaid civil penalties and late filing fees and those who have incurred them as a means of encouraging payment – to ensure that unpaid balances owed to the Commission are reviewed and followed up on timely to collect or otherwise resolve those amounts.

Without such procedures, there is an increased risk of the Commission not collecting all unpaid balances owed. As such funds are to be deposited to the Commission's NADC Cash Fund – the balance of which is used to administer the Act – failure to follow up on unpaid balances may lead to an increased reliance on the State General Fund to support the operations of the Commission.

We recommend the Commission implement procedures – such as, among others, publicizing a list of unpaid civil penalties and late filing fees and those who have incurred them as a means of encouraging payment – to ensure unpaid balances owed are reviewed and followed up on timely to collect or otherwise resolve those amounts.

Commission Response: Write-offs of uncollectible late fees and penalties are usually submitted by our office every 2-4 years to the State Claims Board. The last time we submitted such write-offs was in October of 2022. With the July increase in staff, accomplishing this will also become a priority. The oldest uncollectible fees will be given higher priority and documented with rationale if they are not submitted or the request is ultimately not accepted by the State Claims Board. To facilitate reconciliation between our paper late fee data sheets and what appears online, we will add a step whereby another individual will verify the datasheet has been updated properly in the FirstTuesday system. Quarterly or at least Semi-Annually, we will be sure to perform an aging of receivables report of late filing fees and civil penalties to determine if follow-up letters have been sent out timely or whether it is at the point for our general counsel to become involved. We will discuss the matter with our Commissioners to consider publicizing a list of late fees and civil penalties on our website publications page, possibly for those which are at least 6 months old. It should be noted that late fees and penalties are publicly displayed in the FirstTuesday system within a filers Entity Detail page or their Entity Overview page if logged into their account.



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NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Accountability and Disclosure Commission
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Accountability and Disclosure Commission (Commission) for the period January 1, 2024, through December 31, 2024. The Commission's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the calendar year ending December 31, 2024, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of the Department of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; fraud that is material, either quantitatively or qualitatively, to the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an

opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

June 17, 2025



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Calendar Year Ended December 31, 2024

	General Fund 10000	NADC Cash Fund 28710	Totals (Memorandum Only)
REVENUES:			
Appropriations	\$ 594,982	\$ -	\$ 594,982
Sales & Charges	-	115,854	115,854
Miscellaneous	-	89,948	89,948
TOTAL REVENUES	<u>594,982</u>	<u>205,802</u>	<u>800,784</u>
EXPENDITURES:			
Personal Services	540,498	-	540,498
Operating	44,805	154,979	199,784
Travel	9,679	-	9,679
TOTAL EXPENDITURES	<u>594,982</u>	<u>154,979</u>	<u>749,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>50,823</u>	<u>50,823</u>
FUND BALANCES, JANUARY 1, 2024	<u>25</u>	<u>974,153</u>	<u>974,178</u>
FUND BALANCES, DECEMBER 31, 2024	<u>\$ 25</u>	<u>\$ 1,024,976</u>	<u>\$ 1,025,001</u>
FUND BALANCES CONSIST OF:			
General Cash	\$ -	\$ 1,024,901	\$ 1,024,901
Petty Cash	25	-	25
NSF Items	-	75	75
TOTAL FUND BALANCES	<u>\$ 25</u>	<u>\$ 1,024,976</u>	<u>\$ 1,025,001</u>

The accompanying notes are an integral part of the schedule.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2024

1. Criteria

The accounting policies of the Nebraska Accountability and Disclosure Commission (Commission) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2024), the duties of the Director of DAS include:

The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2024), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by the DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Commission to record all accounts receivable and related revenues in EnterpriseOne; as such, the Commission's Schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the Schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2024, and not yet paid as of that date. The amount recorded as expenditures on the Schedule, as of December 31, 2024, **does not** include amounts for goods and services received before December 31, 2024, which had not been posted to the general ledger as of December 31, 2024.

The Commission had accounts receivable not included in the Schedule of \$129,053 from civil penalties and late filing fees. State Accounting did not require the Commission to record its receivables on the general ledger, and these amounts are not reflected in revenues or fund balances on the Schedule. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund types are established by the State and used by the Commission:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

The following major revenue account classifications are established by State Accounting and used by the Commission:

Appropriations – Appropriations are granted by the Legislature to make expenditures and to incur obligations. The amount of appropriations reported as revenue is the amount of expenditures.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Concluded)

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income, late filing fees, and civil penalties.

The following major expenditure account classifications are established by State Accounting and used by the Commission:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Commission.

Operating – Expenditures directly related to a program's primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Other significant accounting classifications and procedures established by State Accounting and used by the Commission include the following:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts. Cash accounts are included in the fund balance and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balance.

2. **Reporting Entity**

The Commission is a State agency established under and governed by the laws of the State of Nebraska. As such, the Commission is exempt from State and Federal income taxes. The Schedule includes all funds of the Commission included in the general ledger.

The Commission is part of the primary government for the State of Nebraska.

3. **Totals**

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. **General Cash**

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION

NOTES TO THE SCHEDULE

(Concluded)

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Annual Comprehensive Financial Report (ACFR). In addition, the Commission takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$5,000 or more at the date of acquisition.

For the ACFR, the State requires the Commission to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of more than two years is capitalized. Depreciation expenses are reported in the ACFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the ACFR using the straight-line method with estimated useful lives of three to five years.

Capital asset activity of the Commission recorded in the State Accounting System for the calendar year ending December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Equipment	\$ 502,359	\$ -	\$ -	\$ 502,359
Less accumulated depreciation for:				
Equipment				502,359
Total capital assets, net of depreciation				\$ -