ATTESTATION REPORT
OF THE
NEBRASKA COMMISSION FOR THE
DEAF AND HARD OF HEARING

JANUARY 1, 2025, THROUGH JUNE 30, 2026

Issued on August 18, 2026

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Audit Staff Working On This Examination

Brad Ashley, CPA – Audit Manager
Connor Worden – Auditor II
Beth Hardy – Auditor

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Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509
Phone: 402-471-2111

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NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

BACKGROUND

The Commission for the Deaf and Hard of Hearing (Commission) advocates for public policies and programs to improve existing services for the deaf and hard of hearing and promotes the development of new services. The Commission provides information on hearing loss and available services to the public.

The Commission has nine members appointed by the governor to three-year terms with approval of the Legislature. Members include three deaf persons, three hard of hearing persons, and three persons who have an interest in and knowledge of deafness and hearing loss issues. A majority of the members who are deaf and hard of hearing shall be able to express themselves through sign language. Members must be familiar with the problems the deaf and hard of hearing face in Nebraska.

The Commission meets four times a year. Members are not paid but are reimbursed for expenses.

Source: 2024-2025 Nebraska Blue Book

MISSION STATEMENT

The Commission's website (https://ncdhh.nebraska.gov/content/about-ncdhh) contains the following mission statement:

> *We educate and engage Nebraskans by advancing equity, influencing policy, and ensuring communication access across information, services, and systems is built with and for the community.*

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Nebraska Commission for the Deaf and Hard of Hearing
Board Members

Name	Title	Term Ending
John Culver	Chairperson	January 31, 2027
Richard McCowin	Vice-Chairperson	January 31, 2026
Candice Artega		January 31, 2023
Roy Christensen		January 31, 2028
Kay Crabtree		January 31, 2026
Julie Mruz		January 31, 2027
Diane Schutt		January 31, 2024
Vacant		
Vacant		

Nebraska Commission for the Deaf and Hard of Hearing
Executive Management

Name	Title
Kim Davis	Interim Executive Director
Jackie Novak	Budget & Finance Manager

Nebraska Commission for the Deaf and Hard of Hearing
4600 Valley Road, Suite 420
Lincoln, NE 68510-4844
ncdhh.nebraska.gov

SUMMARY OF COMMENTS

During our examination of the Nebraska Commission for the Deaf and Hard of Hearing (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. ***Executive Search Contract:*** A contract to hire a search firm for the Commission's open Executive Director position did not follow proper bidding requirements. Additionally, the contract was not properly uploaded to the State's accounting system and to the State Contracts Database as required by statute.

2. ***Expenditure Issues:*** During testing of the Commission's expenditures, issues were noted with an untimely purchasing card payment, lack of approval for an employee expense reimbursement document, and absence of required documentation for an employee relocation expense.

3. ***Apparent Open Meetings Act Violations:*** We noted apparent Open Meetings Act violations during review of the meeting minutes for the Commission's Board for the attestation period.

4. ***Payroll Review:*** While having an agreement with the Department of Administrative Services Human Resources Shared Services (Shared Services) to process its payroll, the Commission lacks documented procedures for reviewing payroll reports generated by Shared Services after processing payroll. Additionally, various issues were noted during testing of payroll.

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 observation regarding any 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 have been objectively evaluated and recognized as appropriate in 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.

COMMENTS AND RECOMMENDATIONS

1. Executive Search Contract

The Nebraska Commission for the Deaf and Hard of Hearing (Commission) contracted with Innivee Strategies, Inc. (Innivee Strategies) in May 2024 for executive search services for an open Executive Director position. This contract was structured to include five phases of work with $10,000 payments due at the conclusion of each phase, except for a $9,999 payment due at the conclusion of phase five. Additionally, the contract provided for reimbursement of travel expenses.

During testing of expenditures, the auditor examined a $10,000 payment for work completed during phase five of the agreement. While only a small variance from the $9,999 specified in the contract, that agreement appears to have been structured to stay under the $50,000 threshold established in Neb. Rev. Stat. § 73-807(2) (Cum. Supp. 2024), which states, in relevant part, the following:

> *All proposed state agency contracts in excess of fifty thousand dollars shall be bid by a competitive formal bidding process in the manner prescribed by the division procurement manual or a process approved by the Director of Administrative Services.*

Because payments to Innivee Strategies under this contract, which included travel expenses, totaled $50,270, the Commission should have followed a competitive formal bidding process prior to entering the agreement. Additionally, per review of the minutes from the Commission's Board meeting on March 15, 2024, the following was noted regarding the anticipated contract with Innivee Strategies:

> *Chairperson Beaurivage shared with members the cost for contracting with Innivee Strategies is $50,000. Conversation ensued between the members on the out-of-pocket expense for contracting with Innivee Strategies. The question was raised if NCDHH must go through the Request for Proposal (RFP) process before proceeding with Innivee Strategies.*

The minutes reflect no further discussion regarding the necessity of a formal bidding process. However, the Board appears to have been aware that the contract was for more than $50,000, which would require the Commission to follow a formal RFP process, but modified the terms of the agreement to reflect payments totaling only $49,999. This would violate Neb. Rev. Stat. § 73-812(3) (Cum. Supp. 2024), which states, "State agencies shall not structure contracts to avoid any of the requirements of the State Procurement Act." Per review of the above-referenced meeting minutes, the Board proceeded to vote on and approve the Innivee Strategies contract at the same meeting.

In addition to the Board's apparent effort to circumvent the statutorily required competitive formal bidding process, the contract with Innivee Strategies was not processed and documented through EnterpriseOne, the State's accounting system, as required by Neb. Rev. Stat. § 73-806(1) (Cum. Supp. 2024). That statutory provision says the following:

> *All state agencies shall process and document all contracts through the state accounting system. The Director of Administrative Services shall specify the format and type of information for state agencies to provide and approve any alternatives to such formats. All state agencies shall enter the information on new contracts and amendments to existing contracts. State agency directors shall ensure that contracts are coded appropriately into the state accounting system.*

Furthermore, the contract was not uploaded to the State Contracts Database, as required by Neb. Rev. Stat. § 84-602.04(4)(a) (Supp. 2025), which provides the following, in relevant part:

> *(a) The website described in this section shall include a link to the website of the Department of Administrative Services. The department's website shall contain:*
>
> > *(i) A database that includes a copy of each active contract that is a basis for expenditure of state funds, including any amendment to such contract and any document incorporated by reference in such contract. . . . All state entities shall provide to the Department of Administrative Services, in electronic form, copies of such contracts for inclusion in the database beginning with contracts that are active on and after January 1, 2014, ...*

COMMENTS AND RECOMMENDATIONS
(Continued)

1. Executive Search Contract (Concluded)

> *(ii) A database that includes copies of all expired contracts which were previously included in the database described in subdivision (4)(a)(i) of this section . . . .*

Without procedures to ensure that contracts follow mandatory competitive formal bidding procedures and are uploaded to the State's accounting system and the State Contracts Database, there is an increased risk of not only failure to comply with those statutory requirements but also loss or misuse of State funds.

> We recommend the Commission implement procedures to ensure all contracts follow mandatory competitive formal bidding procedures and are uploaded to the State's accounting system and the State Contracts Database, as required by statute.

Commission Response: NCDHH agrees with the recommendation. The Commission will implement procedures requiring compliance with all applicable State competitive formal bidding and procurement requirements before a contract is presented to the Full Commission Board for final approval or executed on behalf of the Commission. The Budget & Financial Administrative Team, with administrative oversight from the Executive Director, will verify and document that applicable procurement requirements have been completed prior to final Board action. Contracts will also be processed and documented through the State's accounting system and uploaded to the State Contracts Database, as required by statute.

The Full Commission Board will be informed of applicable State procurement requirements and provided documentation of required procurement procedures before taking final action on applicable contracts. The contract identified in this finding was approved by the previous composition of the Full Commission Board. Since that time, all but two of those Commission members have either been replaced through gubernatorial appointments or have resigned.

2. Expenditure Issues

During testing of expenditures, the following issues were noted:

- An expense reimbursement request submitted by the Interim Executive Director lacked documentation that it was properly reviewed and approved. The $237 reimbursement contained the note "See Email" in the approver signature box. Documentation of the Board's approval for this expense reimbursement was requested but could not be provided.

- The Commission's previous Executive Director was hired with a start date of February 18, 2025, and received an employment offer that included reimbursement of up to $5,000 for approved moving-related expenses to relocate from Australia to Lincoln, Nebraska. Included in the previous Executive Director's reimbursement of relocation expenses paid on March 13, 2025, was $3,063 paid to Conroy Removals for international removal of household goods. The Department of Administrative Service's (DAS) Accounting Manual, General Policies, AM-005, Section 10, "Moving Expenses" (01/2026), contains the following requirement for "Transportation of Household Goods":

  > *The employee must obtain firm detailed bids from a minimum of two (2) commercial carriers.*

  Nevertheless, no documentation could be provided to support that the previous Executive Director had obtained bids for this expense.

2. Expenditure Issues (Continued)

Additionally, the previous Executive Director's employment agreement required him to pay back the moving expense reimbursement if he voluntarily terminated employment with the Commission within one year of the reimbursement date. Having submitted his resignation effective December 5, 2025, the previous Executive Director voluntarily terminated employment within one year of the reimbursement. At the December 12, 2025, Board meeting, a request to waive repayment of the relocation expense reimbursement was discussed with no action taken. At the January 23, 2026, Board meeting, this request was then denied. As of the June 12, 2026, Board meeting, the reimbursement repayment was still outstanding, and the Board discussed collection possibilities but tabled any action until the September 11, 2026, meeting to allow time for further research of available options.

- During testing of purchasing card payments, a payment for $800 was identified as originally invoiced on September 18, 2023, but not paid until March 16, 2026, a total of 910 days after the initial invoice. The invoice was forwarded to the Interim Director and the Budget and Finance Manager on October 18, 2023, to request payment. However, payment was not made at the time, and no further action occurred until notification of the outstanding bill was received on March 5, 2026.

Neb. Rev. Stat. § 81-2403(1) (Reissue 2024) states the following:

> *Except as provided in subsection (2) of this section, each agency shall make payment in full for all goods delivered or services rendered on or before the forty-fifth calendar day after (a) the date of receipt by the agency of the goods or services or (b) the date of receipt by the agency of the bill for the goods or services, whichever is later, unless other provisions for payment are agreed to in writing by the creditor and the agency.*

A proper system of internal controls requires procedures to ensure that all expenditures are supported by adequate documentation, and invoices are paid in a timely manner.

Without such procedures, there is an increased risk for not only noncompliance with State statute or governing administrative regulations but also loss or misuse of State funds.

> We recommend the implementation of procedures to ensure: 1) Board approval of expense reimbursements is documented; 2) documentation of compliance with statutory or administrative requirements is obtained; and 3) payments are made in a timely manner in compliance with State statute.

Commission Response: NCDHH agrees with the recommendation and will implement procedures to strengthen internal controls over expenditures and ensure compliance with applicable State statutes, administrative requirements, and accounting policies.

NCDHH acknowledges that documentation was maintained showing Board Chair approval of certain expenses and activities, including travel plans, holiday work, and mileage reimbursement. However, the Commission recognizes that a consistent process was not in place to ensure documented approval by the Board Chair or designated Executive Team for all other expense reimbursements submitted by the Interim Executive Director. NCDHH will implement procedures requiring appropriate review and documented approval of expense reimbursements submitted by the Executive Director or Interim Executive Director prior to payment, with the approval documentation retained with the supporting expenditure records.

The Budget & Financial Administrative Team will also verify that required supporting documentation, including required bids and other documentation necessary to demonstrate compliance with applicable State statutes, Department of Administrative Services (DAS) policies, and administrative requirements, is obtained and retained before applicable expenditures are processed.

COMMENTS AND RECOMMENDATIONS
(Continued)

2. Expenditure Issues (Concluded)

NCDHH will implement procedures for the timely review, tracking, and payment of invoices to ensure payments are made within the timeframes required by State Statute. The Executive Director or Interim Executive Director will provide administrative oversight of these procedures, and the Budget & Financial Administrative Team will maintain the appropriate supporting documentation.

Regarding the outstanding relocation expense repayment, NCDHH has taken steps to pursue reimbursement from the former Executive Director. The agency worked with DAS Human Resources Shared Services and the Nebraska Attorney General's Office in sending written requests for repayment. The former Executive Director has not responded to subsequent correspondence or remitted repayment.

NCDHH continues to research available collection options and is currently gathering information regarding the procurement and use of collection agency services. This information will be provided to the Full Commission Board for consideration and direction regarding further collection action.

3. Apparent Open Meetings Act Violations

The Open Meetings Act (Act) is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2024, Supp. 2025). The intent of the Act is stated by Neb. Rev. Stat. § 84-1408 (Reissue 2024), as follows:

> *It is hereby declared to be the policy of this state that the formation of public policy is public business and may not be conducted in secret.*
>
> *Every meeting of a public body shall be open to the public in order that citizens may exercise their democratic privilege of attending and speaking at meetings of public bodies, except as otherwise provided by the Constitution of Nebraska, federal statutes, and the Open Meetings Act.*

The Auditor of Public Accounts (APA) reviewed meeting minutes for all of the Commission's Board meetings during the attestation period of January 1, 2025, through June 30, 2026, as well as three meetings held in December 2024 for significant activity. During this review, the APA noted apparent violations of the Act.

The following table summarizes the issues noted in the 10 meetings reviewed:

Date of Meeting Tested	Closed Session - Vote in open session; time commenced and concluded in minutes	Actions are duly moved, seconded, and have a roll call vote included in minutes	Six members at meeting (for quorum)	Method and Date of public notice in minutes
December 12, 2024	**No**	Yes	Yes	Yes
December 13, 2024	Yes	Yes	Yes	Yes
December 16, 2024	**No**	Yes	Yes	Yes
March 14, 2025	Yes	Yes	Yes	Yes
June 13, 2025	Yes	Yes	Yes	**No**
September 12, 2025	**No**	Yes	**No**	**No**
December 12, 2025	Yes	**No**	**No**	**No**
January 23, 2026	Yes	Yes	Yes	**No**
March 13, 2026	Yes	Yes	Yes	**No**
May 11, 2026	Yes	Yes	Yes	**No**
# of Exceptions	**3**	**1**	**2**	**6**

COMMENTS AND RECOMMENDATIONS
(Continued)

3. <u>Apparent Open Meetings Act Violations</u> (Continued)

More details regarding the issues shown in the above table are provided below.

<u>Closed Session Not Properly Documented in Minutes and Action Taken Before Open Session Reconvened</u>

For 2 of 10 Commission meetings reviewed, the meeting minutes failed to record a vote to go into closed session, and the time the closed session was commenced and concluded was not documented.

Neb. Rev. Stat. § 84-1410(2) (Reissue 2024) states the following:

> *The vote to hold a closed session shall be taken in open session. <u>The entire motion, the vote of each member on the question of holding a closed session, and the time when the closed session commenced and concluded shall be recorded in the minutes.</u> If the motion to close passes, then the presiding officer immediately prior to the closed session shall restate on the record the limitation of the subject matter of the closed session. The public body holding such a closed session shall restrict its consideration of matters during the closed portions to only those purposes set forth in the motion to close as the reason for the closed session. <u>The meeting shall be reconvened in open session before any formal action may be taken.</u>*

(Emphasis added.) The following images, taken from the minutes for the Commission's meetings on December 12, 2024, and September 12, 2025, respectively, document the occurrence of closed sessions but fail to record any of the information required by § 84-1410(2):

> G. **Executive Director Search**
>
> 1. **Interview**
>
> No public present, staff were asked to leave and the door to the room was closed. The interview of Candidate #1 was conducted.
>
> The door was opened at 4:04 pm and no public members entered the room

> **K. New Business**
>
> 1. **Board Briefing Document**
>
> The board entered closed session to discuss personnel and equipment matters referenced in the briefing document.

During the December 16, 2024, Board meeting, moreover, the vote to go into closed session and the times that the session was commenced and concluded were documented; however, according to the meeting minutes, formal action was taken during the closed session.

The following images document the motions to offer the Executive Director position to candidates identified through the search conducted by Innivee Strategies:

COMMENTS AND RECOMMENDATIONS
(Continued)

3. Apparent Open Meetings Act Violations (Continued)

F. **Chairperson of the Board's Report**

1. **Executive Director Search discussion (closed session)**
Chairperson Beaurivage introduced Innivee staff that will guide us through the process of selecting a new Executive Director.

Ms. Williams moved to go into closed session for discussion for the Executive Director search at 5:38 p.m. Ms. Arteaga seconded the motion. With no further discussion, the motion carried with Ms. Arteaga, Ms. Beaurivage, Ms. Hitz, Mr. Scherling, Ms. Schutt, Ms. Shaw, and Ms. Williams all voting aye. Ms. Fitzpatrick and Dr. Crabtree absent.

Ms. Arteaga moved to offer the Executive Director position of NCDHH to Candidate 1, contingent upon the results of the background check. Ms. Schutt seconded the motion. With no further discussion, the motion carried with Ms. Arteaga, Ms. Beaurivage, Ms. Hitz, Mr. Scherling, Ms. Schutt, Ms. Shaw, and Ms. Williams all voting aye. Ms. Fitzpatrick and Dr. Crabtree absent.

Mr. Scherling moved that if Candidate 1 does not accept the job offer, an offer will be extended to Candidate 3, contingent upon the results of the background check. Ms. Williams seconded the motion. With no further discussion, the motion carried with Ms. Arteaga, Ms. Beaurivage, Ms. Hitz, Mr. Scherling, Ms. Schutt, Ms. Shaw, and Ms. Williams all voting aye. Ms. Fitzpatrick and Dr. Crabtree absent.

Ms. Arteaga moved that if Candidate 3 does not accept the job offer, an offer will be extended to Candidate 2, contingent upon the results of the background check. Mr. Scherling seconded the motion. With no further discussion, the motion carried with Ms. Arteaga, Ms. Beaurivage, Ms. Hitz, Mr. Scherling, Ms. Schutt, Ms. Shaw, and Ms. Williams all voting aye. Ms. Fitzpatrick and Dr. Crabtree absent.

Ms. Schutt moved to go back into open session for discussion for the Executive Director search at 6:43 p.m. Ms. Arteaga seconded the motion. With no further discussion, the motion carried with Ms. Arteaga, Ms. Beaurivage, Ms. Hitz, Mr. Scherling, Ms. Schutt, Ms. Shaw, and Ms. Williams all voting aye. Ms. Fitzpatrick and Dr. Crabtree absent.

Back in Open Session at 6:43 p.m.

3. Apparent Open Meetings Act Violations (Continued)

Roll Call Vote Not Recorded

For 1 of 10 Commission meetings reviewed, the minutes failed to document the official roll call votes, as required by Neb. Rev. Stat. § 84-1413(2) (Reissue 2024). This statutory provision requires the following:

> *Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.*

(Emphasis added.) Per the minutes for the Commission's meeting on December 12, 2025, as shown in the following image, motions were properly moved and seconded; however, no roll call vote was recorded:

G. Chairperson of the Board's Report

1. **Resignation of Executive Director**
   Mr. Christensen moved to accept the resignation of Executive Director Kyle Miers.
   Ms. Mruz seconded the motion. Mr. McCowin abstained.
   Motion passed.

2. **Transition of Executive Director**
   Dr. Crabtree moved to open discussion of the Executive Director transition document. Mr. Christensen seconded the motion.
   Motion passed.

Following discussion, Ms. Arteaga moved to accept the transition document as guidance only, with no changes to policy or direction at this time. Mr. Christensen seconded the motion.
Mr. McCowin abstained.
Motion passed.

Lack of Quorum Present

Although not addressed specifically in the Act, two of the Commission's four meetings in calendar year 2025 lacked a quorum of six voting members, as required by Neb. Rev. Stat. § 71-4724 (Reissue 2018). That statutory provision says the following:

> *The commission shall hold at least four meetings a year, at a time and place decided by the commission, and shall keep a record of its proceedings, which shall be open to the public for inspection. The commission shall adopt and promulgate rules and regulations for the holding of special meetings. Written notice of the time and place of all meetings shall be mailed in advance to the office of each member of the commission by the secretary. Six members of the commission shall constitute a quorum.*

(Emphasis added.) According to the Nebraska Attorney General, "The presence of a quorum is critical because a quorum is essential to the transaction of any business, other than adjournment or continuing a matter to a later date or time." Op. Att'y Gen. No. 05007 (April 12, 2005)

COMMENTS AND RECOMMENDATIONS
(Continued)

3. <u>Apparent Open Meetings Act Violations</u> (Continued)

For the meeting on September 12, 2025, only five Board members were present. Regardless, motions were passed to do the following:

- Accept the meeting agenda
- Accept the minutes from the prior Board meeting
- Accept the consolidated Commission report summarizing department updates and agency progress
- Table committee discussion until the next meeting

Additionally, the Board meeting on December 12, 2025, started with only five members present and reached a quorum after the later arrival of a sixth member. According to the meeting minutes, the sixth member arrived 18 minutes after the meeting was called to order. Because roll call votes were not recorded during this meeting, however, it is unclear if any Board activity took place without a quorum.

<u>*Method and Date of Public Notice Not Documented in Minutes*</u>

For 6 of 10 Commission meetings reviewed, the methods and dates of public notice were not documented in the minutes, as required by Neb. Rev. Stat. § 84-1411(1) (Supp. 2025). This statutory provision states, in relevant part, the following:

> *(a) Except as provided in subsection (9) of this section, each public body shall give reasonable advance publicized notice of the time and place of each meeting <u>by a method designated by each public body and recorded in its minutes</u>. Such notice shall be transmitted to all members of the public body and to the public.*
>
> * * * *
>
> *(d) <u>Each public body shall record the methods and dates of such notice in its minutes.</u>*

(Emphasis added.) The following image from the December 12, 2025, Commission meeting minutes is illustrative of the unspecific notice information contained in all six of the meeting minutes at issue:

> **B. Notice of Open Meeting**
> Ms. Schutt announced that notice of the meeting was duly given, posted, published, and tendered in compliance with the Open Meetings Act. All board members received notice simultaneously by email. The agenda was kept current at the NCDHH office and on the Commission's website. Materials used by the board were made available in a public folder for this meeting in accordance with the Open Meetings Act {Neb. Rev. Stat. §84-1412 (8)}. A copy of the Act was available for the duration of the meeting.

A proper system of internal controls requires procedures to ensure adherence to not only all provisions of the Act but also the Commission's statutory quorum requirement.

Without such procedures, there is an increased risk of failure to comply with State law.

> We recommend the implementation of procedures to ensure compliance with not only all provisions of the Act but also the Commission's statutory quorum requirement.

3. Apparent Open Meetings Act Violations (Concluded)

Commission Response: NCDHH agrees with the recommendation and recognizes the need to strengthen procedures to ensure compliance with the Nebraska Open Meetings Act and the Commission's statutory quorum requirement.

The Commission recognizes that six members constitute a quorum regardless of the number of gubernatorially appointed Commission seats that are filled at the time of a meeting. The current Full Commission Board has been informed of this requirement and currently conducts votes and other official Board action only when the required quorum is present.

NCDHH will develop written procedures and guidance addressing the statutory quorum requirement and Open Meetings Act requirements identified in this finding, including procedures for entering into and reconvening from closed session, taking and documenting roll call votes, and documenting the method and date of public notice in meeting minutes. The guidance will also address the requirement that formal action be taken in open session.

The current Board Chair will provide instruction regarding these requirements at the next Full Commission Board meeting. Written guidance will be presented to the Full Commission Board for review and approval and, upon approval, incorporated into the Commission's Board Member Handbook or other Board guidance for use by current and future Commission members.

4. Payroll Review

The Commission has an agreement with DAS Human Resources Shared Services (Shared Services) to process its payroll. Shared Services is responsible for, among other things, adding new employees to the accounting system, terminating and removing employees, processing biweekly payroll, calculating termination pay, and balancing leave earned and used. After payroll processing, Shared Services maintains various payroll reports; however, the Commission does not document its review of these reports to ensure payroll accuracy.

Additionally, the APA identified the following payroll processing errors:

- The timesheets for the Interim Executive Director are not approved.

- The Form W-4 (Employee's Withholding Certificate) for one of three employees tested contained an error. The employee completed the W-4 form with the Dependent and Other Credits field noting $1. Despite agreeing to what was entered in the EnterpriseOne accounting system, this field should contain only multiples of $500, and the employee appears to have intended to claim one dependent credit for $2,000. While not affecting the Commission's Schedule of Revenues, Expenditures, and Changes in Fund Balances, this did cause the employee's net pay to be $40.51 lower than with a $2,000 dependent credit during the biweekly period tested. Shared Services responded as follows to the identification of this error:

  > *Unless the form is filled out in a way that does not meet Federal requirements (i.e. missing SSN, no signature, etc.), we accept what the employee has submitted to us. It is their personal responsibility to review the instructions, ask questions if they do not understand, and review it for accuracy before submitting it to us. We are not tax professionals, nor do we know their financial situation so we have no way to know if the elections they made were deliberate or done in error.*

  Even if not providing tax advice regarding W-4 elections, Shared Services might reasonably be expected to review employee W-4 forms to ensure that all fields are completed, and the values entered therein appear reasonable.

COMMENTS AND RECOMMENDATIONS
(Concluded)

4. <u>Payroll Review</u> (Concluded)

- One employee was identified with a vacation leave balance of 292.79 hours at December 31, 2024. As this was in excess of 280 hours, and no documentation of approval to carry over additional hours could be provided, the excess hours should have lapsed. Per review of the EnterpriseOne accounting system, no adjustment was recorded by Shared Services for the 12.79 hours of excess vacation leave.

Title 273 of the Nebraska Administrative Code (NAC), Chapter 9-004.01 (effective 6/14/2023), states the following:

> *All employees' accumulated vacation time in excess of 280 hours will be forfeited as of December 31 of each calendar year. Excess carryover leave may be approved by the agency head. In these cases, the agency head will assure hours carried over are used within the next six months. In no case will approved carry over vacation continue from year to year.*

Without proper procedures for the review of employee timesheets, payroll forms, and leave balances, there is an increased risk for the loss or misuse of State funds.

> We recommend the Commission implement procedures for the following: 1) approving the Interim Executive Director's timesheets; 2) augmenting Shared Services' review of employee W-4 forms for reasonableness; and 3) ensuring employee leave balances are properly lapsed when required.

Commission Response: NCDHH agrees with the recommendation and will implement procedures to strengthen its review and oversight of payroll information processed through DAS Human Resources Shared Services.

NCDHH will establish a documented approval process requiring the Full Commission Board Chair, or designated Board member, to review and approve timecards submitted by the Executive Director or Interim Executive Director. Prior to payroll processing, the Executive Director or Interim Executive Director will forward documentation of the approval to DAS Payroll with the applicable timecard.

NCDHH will coordinate with DAS Human Resources Shared Services regarding appropriate procedures for reviewing employee W-4 forms for completeness and reasonableness, consistent with the respective responsibilities of Shared Services and the employee.

NCDHH will establish procedures requiring the employee's supervisor, or the Executive Director or Interim Executive Director, as applicable, to review available leave balances through GLA or the applicable State system when reviewing and approving leave requests. NCDHH will also coordinate with DAS Human Resources Shared Services regarding the year-end review of vacation leave balances to ensure excess leave is appropriately approved for carryover or lapsed in accordance with State requirements.

These procedures will strengthen NCDHH's documented review of payroll information and clarify the respective responsibilities of NCDHH and DAS Human Resources Shared Services in supporting accurate payroll processing and compliance with applicable State requirements.

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

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Commission for the Deaf and Hard of Hearing
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Commission for the Deaf and Hard of Hearing (Commission) for the period January 1, 2025, through June 30, 2026. 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 period January 1, 2025, through June 30, 2026, is based on the accounting system and procedures prescribed by Nebraska's Director 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 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*.

Government Auditing Standards also require us to perform limited procedures on the Commission's response to the findings identified in the Comments and Recommendations section of the report. The Commission's responses were not subjected to the other procedures applied in the attestation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances and, accordingly, we express no opinion on the responses.

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.

Brad Ashley

Brad Ashley, CPA
Audit Manager
Lincoln, Nebraska

Mike Foley

Mike Foley
Auditor of Public Accounts

August 17, 2026

NEBRASKA COMMISSION FOR THE DEAF AND HEARD OF HEARING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period January 1, 2025, through June 30, 2026

	General Fund 10000	Deaf & Hard of Hearing Fund 28210	**Totals (Memorandum Only)**
REVENUES:			
Appropriations	$ 1,621,011	$ -	$ 1,621,011
Sales & Charges	-	19,100	19,100
Miscellaneous	449	1,338	1,787
TOTAL REVENUES	1,621,460	20,438	1,641,898
EXPENDITURES:			
Personal Services	1,294,068	-	1,294,068
Operating	301,876	5,904	307,780
Travel	25,067	158	25,225
TOTAL EXPENDITURES	1,621,011	6,062	1,627,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	449	14,376	14,825
OTHER FINANCING SOURCES (USES):			
Sales of Assets	2,421	-	2,421
Deposit to General Fund	(2,870)	-	(2,870)
TOTAL OTHER FINANCING SOURCES (USES)	(449)	-	(449)
Net Change in Fund Balances	-	14,376	14,376
FUND BALANCES, January 1, 2025	125	63,265	63,390
FUND BALANCES, June 30, 2026	$ 125	$ 77,641	$ 77,766
FUND BALANCES CONSIST OF:			
General Cash	$ -	$ 78,571	$ 78,571
Deposits with Vendors	125	-	125
Due to Vendors	-	(930)	(930)
TOTAL FUND BALANCES	$ 125	$ 77,641	$ 77,766

The accompanying notes are an integral part of the schedule.

NOTES TO THE SCHEDULE

For the Period January 1, 2025, through June 30, 2026

1. Criteria

The accounting policies of the Nebraska Commission for the Deaf and Hard of Hearing (Commission) are on the basis of accounting, as prescribed by Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2024), the duties of the State of Nebraska's 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 June 30, 2026, and not yet paid as of that date. The amount recorded as expenditures on the Schedule, as of June 30, 2026, **does not** include amounts for goods and services received before June 30, 2026, which had not been posted to the general ledger as of June 30, 2026.

The Commission had no accounts receivable at June 30, 2026. 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.

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.

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 and deposits with vendors. Accounts receivable are recorded as an increase to revenues, resulting in an increase to fund balance on the Schedule. Cash accounts and deposits with vendors are also included in 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. Other liabilities recorded in the general ledger for the Commission's funds at June 30, 2026, included amounts recorded in Due to Vendors. The activity of these accounts is not recorded through revenue and expenditure accounts on the Schedule of Revenues, Expenditures, and Changes in Fund Balances.

Other Financing Sources – Proceeds of fixed asset dispositions, and deposits to the General Fund.

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.

NOTES TO THE SCHEDULE
(Concluded)

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.

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

Exhibit A

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period January 1, 2025, through June 30, 2025

	General Fund 10000	Deaf & Hard of Hearing Fund 28210	**Totals (Memorandum Only)**
REVENUES:			
Appropriations	$ 526,526	$ -	$ 526,526
Sales & Charges	-	5,399	5,399
Miscellaneous	449	9,130	9,579
TOTAL REVENUES	526,975	14,529	541,504
EXPENDITURES:			
Personal Services	394,048	-	394,048
Operating	124,600	4,175	128,775
Travel	7,878	-	7,878
TOTAL EXPENDITURES	526,526	4,175	530,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	449	10,354	10,803
OTHER FINANCING SOURCES (USES):			
Sales of Assets	621	-	621
Deposit to General Fund	(1,070)	-	(1,070)
TOTAL OTHER FINANCING SOURCES (USES)	(449)	-	(449)
Net Change in Fund Balances	-	10,354	10,354
FUND BALANCES, January 1, 2025	125	63,265	63,390
FUND BALANCES, June 30, 2025	$ 125	$ 73,619	$ 73,744
FUND BALANCES CONSIST OF:			
General Cash	$ -	$ 74,549	$ 74,549
Deposits with Vendors	125	-	125
Due to Vendors	-	(930)	(930)
TOTAL FUND BALANCES	$ 125	$ 73,619	$ 73,744

Exhibit B

NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Period July 1, 2025, through June 30, 2026

	General Fund 10000	Deaf & Hard of Hearing Fund 28210	**Totals (Memorandum Only)**
REVENUES:			
Appropriations	$ 1,094,485	$ -	$ 1,094,485
Sales & Charges	-	13,701	13,701
Miscellaneous	-	(7,792)	(7,792)
TOTAL REVENUES	1,094,485	5,909	1,100,394
EXPENDITURES:			
Personal Services	900,020	-	900,020
Operating	177,276	1,729	179,005
Travel	17,189	158	17,347
TOTAL EXPENDITURES	1,094,485	1,887	1,096,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	4,022	4,022
OTHER FINANCING SOURCES (USES):			
Sales of Assets	1,800	-	1,800
Deposit to General Fund	(1,800)	-	(1,800)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Net Change in Fund Balances	-	4,022	4,022
FUND BALANCES, July 1, 2025	125	73,619	73,744
FUND BALANCES, June 30, 2026	$ 125	$ 77,641	$ 77,766
FUND BALANCES CONSIST OF:			
General Cash	$ -	$ 78,571	$ 78,571
Deposits with Vendors	125	-	125
Due to Vendors	-	(930)	(930)
TOTAL FUND BALANCES	$ 125	$ 77,641	$ 77,766