



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov

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

February 10, 2021

Governor Pete Ricketts
State Capitol
Lincoln, NE 68509

Legislative Council
State Capitol
Lincoln, NE 68509

RE: Report of Corrective Actions Investigations and Evaluations

Investigations and evaluations of corrective action responses filed with the Auditor of Public Accounts (APA) are to be reported per Neb. Rev. Stat. § 84-304(3)(b) (Cum. Supp. 2020). That subsection of statute, as amended by 2017 Neb. Laws, LB 151, § 8, says the following:

Any entity, excluding the state colleges and the University of Nebraska, that is audited or examined pursuant to subdivision (3)(a) of this section and that is the subject of a comment and recommendation in a management letter or report issued by the Auditor of Public Accounts shall, on or before six months after the issuance of such letter or report, provide to the Auditor of Public Accounts a detailed written description of any corrective action taken or to be taken in response to the comment and recommendation. The Auditor of Public Accounts may investigate and evaluate the corrective action. The Auditor of Public Accounts shall then electronically submit a report of any findings of such investigation and evaluation to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature. The Auditor of Public Accounts shall also ensure that the report is delivered to the Appropriations Committee for entry into the record during the committee's budget hearing process;

For the period January 1, 2020, through January 29, 2021, the APA received corrective action plans for 79 of the audit reports issued to various agencies. (See all plans attached in Attachment A.) All of these action plans were or will be verified during subsequent audits, and the results of such audits were or will be reported to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature upon issuance of the audits. No special investigations or evaluations of these reports were conducted during the period January 1, 2020, through January 29, 2021.

The table below contains a summary of APA reports issued since January 1, 2020, applicable to LB 151 (2017), including the number of findings in each, the corrective action plan due dates, and the date on which the APA received a corrective action plan. When blank, no corrective action plan was received. If no findings were reported, then the LB 151 reporting requirement is not applicable (N/A). A copy of each audit report issued is available on the APA's website at: <https://auditors.nebraska.gov/>.

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
Court	2019	AE	Keya Paha County Court	2/26/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Brown County Court	2/28/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Box Butte County Court	3/4/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Greeley County Court	3/4/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Webster County Court	3/4/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Burt County Court	3/5/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Hayes County Court	3/5/2020	1	10/6/2020	10/5/2020

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
Court	2019	AE	Hooker County Court	3/5/2020	1	10/6/2020	10/5/2020
Court	2019	AE	McPherson County Court	3/5/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Thomas County Court	3/5/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Franklin County Court	3/6/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Arthur County Court	3/9/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Pierce County Court	3/9/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Thayer County Court	3/9/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Washington County Court	3/9/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Grant County Court	3/10/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Rock County Court	3/12/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Red Willow County Court	3/16/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Antelope County Court	3/17/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Stanton County Court	3/17/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Banner County Court	3/19/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Cherry County Court	3/19/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Howard County Court	3/19/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Nemaha County Court	3/19/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Sarpy County Court	3/19/2020	0	N/A	N/A
Court	2019	AE	Scotts Bluff County Court	3/19/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Dakota County Court	3/20/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Wheeler County Court	3/20/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Dodge County Court	3/23/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Kimball County Court	3/23/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Buffalo County Court	3/24/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Hall County Court	3/25/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Jefferson County Court	3/25/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Douglas County Court	3/26/2020	0	N/A	N/A
Court	2019	AE	Nuckolls County Court	3/26/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Cheyenne County Court	3/27/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Lancaster County Court	3/27/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Seward County Court	3/27/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Butler County Court	3/30/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Garden County Court	3/30/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Sherman County Court	3/30/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Knox County Court	3/31/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Saline County Court	3/31/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Cass County Court	4/1/2020	3	10/6/2020	10/5/2020
Court	2019	AE	Otoe County Court	4/1/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Frontier County Court	4/2/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Kearney County Court	4/2/2020	2	10/6/2020	10/5/2020
Court	2019	AE	Madison County Court	4/2/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Richardson County Court	4/2/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Lincoln County Court	4/6/2020	1	10/6/2020	10/5/2020
Court	2019	AE	Polk County Court	4/8/2020	2	10/6/2020	10/5/2020
			Sub-Total Courts Only Subject LB 151 and LB 151 Received (Does not include N/A)			49	49
Note: One corrective action plan was submitted for all Courts.							
State	2018	AE	Transportation, Department of	8/9/2019	12	2/6/2020	4/10/2020
State	2019	AE	Public Advocacy, Commission on	8/29/2019	2	2/26/2020	1/23/2020
State	2019	AE	Veterans' Affairs, Department of - Program 36	8/29/2019	1	2/26/2020	2/20/2020
CAFR	2019	ML	Correctional Services, Department of - CAFR Management Letter	1/27/2020	3	7/26/2020	5/8/2020
CAFR	2019	ML	Game and Parks Commission - CAFR Management Letter	1/27/2020	2	7/26/2020	7/20/2020
State	2019	Audit	Public Employees Retirement Systems - School Employees, Judges, and State Patrol	1/28/2020	0	N/A	N/A

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
CAFR	2019	ML	Education, Department of - CAFR Management Letter	1/30/2020	4	7/29/2020	9/25/2020
CAFR	2019	ML	Insurance, Department of - CAFR Management Letter	1/30/2020	1	7/29/2020	2/8/2021
CAFR	2019	ML	Educational Lands and Funds, Board of - CAFR Management Letter	2/3/2020	2	8/2/2020	7/17/2020
CAFR	2019	ML	Motor Vehicles, Department of - CAFR Management Letter	2/3/2020	4	8/2/2020	7/24/2020
CAFR	2019	ML	Revenue, Department of - CAFR Management Letter	2/3/2020	1	8/2/2020	1/31/2020
CAFR	2019	ML	Transportation, Department of - CAFR Management Letter	2/3/2020	3	8/2/2020	9/29/2020
CAFR	2019	ML	Labor, Department of - CAFR Management Letter	2/4/2020	2	8/3/2020	
CAFR	2019	ML	State Patrol - CAFR Management Letter	2/4/2020	1	8/3/2020	
CAFR	2019	ML	Supreme Court - CAFR Management Letter	2/5/2020	3	8/4/2020	6/23/2020
State	2019	ML	Administrative Services, Department of - CAFR Management Letter	2/12/2020	15	8/11/2020	8/12/2020
State	2019	Audit	Education - Deaf-Blind Equipment Distribution Program	2/12/2020	0	N/A	N/A
CAFR	2019	ML	Health and Human Services, Department of - CAFR Management Letter	2/13/2020	17	8/12/2020	10/14/2020
State	2019	AE	Transportation, Department of - Vanpool Program	2/28/2020	0	N/A	N/A
Single	2019	S-Com.	Single - Administrative Services, Department of	3/16/2020	2	9/13/2020	
Single	2019	S-Com.	Single - Education, Department of	3/16/2020	8	9/13/2020	9/23/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - Aging Cluster	3/16/2020	1	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - CAP	3/16/2020	3	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - CCDF	3/16/2020	5	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - Foster Care	3/16/2020	3	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - Medicaid	3/16/2020	11	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - Non-Majors	3/16/2020	7	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - PHEP	3/16/2020	1	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - SSBG	3/16/2020	2	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - TANF	3/16/2020	4	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Health and Human Services, Department of - WIC	3/16/2020	1	9/13/2020	10/14/2020
Single	2019	S-Com.	Single - Law Enforcement and Criminal Justice, Commission on (Crime Commission)	3/16/2020	3	9/13/2020	
Single	2019	S-Com.	Single - Military Department	3/16/2020	1	9/13/2020	
Single	2019	S-Com.	Single - Transportation, Department of	3/16/2020	5	9/13/2020	9/29/2020
Single	2019	Audit	Single Audit Report - Statewide	3/16/2020	15	N/A	N/A
State	2019	Audit	Environment and Energy - Clean Water State Revolving Fund Program	4/14/2020	1	10/12/2020	6/18/2020
State	2019	Audit	Environment and Energy - Drinking Water State Revolving Fund Program	4/14/2020	1	10/12/2020	6/18/2020
State	2019	AE	Real Property Appraiser Board	4/15/2020	0	N/A	N/A
State	2019	AE	Barber Examiners, Board of	4/28/2020	2	10/26/2020	
State	2019	AE	Power Review Board	4/28/2020	1	10/26/2020	7/23/2020
State	2019	AE	Abstracters Board of Examiners	5/6/2020	5	11/3/2020	10/28/2020
State	2019	AE	Indian Affairs, Commission on	5/8/2020	2	11/5/2020	6/23/2020& 11/23/20
State	2019	AE	Deaf and Hard of Hearing, Commission for the	5/27/2020	2	11/24/2020	8/27/2020
State	2019	AE	DHHS Program 264	6/3/2020	1	12/1/2020	
State	2019	AE	Landscape Architects, State Board of	6/4/2020	0	N/A	N/A
State	2019	AE	Geologists, Board of	6/15/2020	0	N/A	N/A
State	2019	AE	Investment Council	6/24/2020	0	N/A	N/A
State	2019	Audit	Public Employees Retirement Systems - County Employees - GASB 68	7/30/2020	0	N/A	N/A
State	2019	Audit	Public Employees Retirement Systems - School Employees - GASB 68	7/30/2020	0	N/A	N/A
State	2019	Audit	Public Employees Retirement Systems - State and County Employees	7/30/2020	0	N/A	N/A
State	2019	AE	Library Commission	8/6/2020	6	2/3/2021	

Entity Type	FY/CY	Type	Entity/Program of Report	Released Final	# of findings	LB 151 Reporting Due	LB 151 Received
State	2020	AE	Tech Colleges Aid	8/10/2020	0	N/A	N/A
State	2020	AE	Oil and Gas Conservation Commission	8/11/2020	10	2/8/2021	
State	2019	AE	Workers' Compensation Court	8/17/2020	0	N/A	N/A
State	2019	AE	DHHS Program 250 - YRTC	8/24/2020	9	2/21/2021	
State	2020	AE	Foster Care Review Office	8/24/2020	2	2/21/2021	
State	2020	AE	Tax Equalization and Review Commission	8/24/2020	2	2/21/2021	
State	2020	AE	Arts Council	8/31/2020	3	2/28/2021	1/6/2021
State	2020	AE	Equal Opportunity Commission	9/1/2020	3	3/1/2021	
CAFR	2020	EML	Education, Department of - CAFR Early Management Letter	9/11/2020	3	3/11/2021	
CAFR	2020	EML	Health and Human Services, Department of - CAFR Early Management Letter	9/11/2020	6	3/11/2021	
CAFR	2020	EML	Motor Vehicles, Department of - CAFR Early Management Letter	9/11/2020	3	3/11/2021	11/23/2020
CAFR	2020	EML	Transportation, Department of - CAFR Early Management Letter	9/11/2020	1	3/11/2021	
CAFR	2020	EML	Veterans' Affairs, Department of - CAFR Early Management Letter	9/11/2020	1	3/11/2021	
CAFR	2020	EML	Administrative Services, Department of - CAFR Early Management Letter	9/17/2020	11	3/17/2021	
State	2019	AE	Insurance, Department of	9/18/2020	6	3/18/2021	
State	2020	Audit	Dairy Industry and Development Board	9/23/2020	0	N/A	N/A
State	2020	Audit	Lottery, Department of Revenue	10/6/2020	0	N/A	N/A
CAFR	2020	EML	Labor, Department of Labor - CAFR Early Management Letter	12/16/2020	1	6/15/2021	
State	2020	Audit	CAFR-Comprehensive Annual Financial Report - Statewide	12/18/2020	0	N/A	N/A
CAFR	2020	ML	Investment Council - CAFR Management Letter	1/28/2021	2	7/28/2021	
State	2020	Audit	Public Employees Retirement Systems - School Employees, Judges, and State Patrol	1/29/2021	1	7/29/2021	
			Sub-Total Other-Not Courts Subject LB 151 and LB 151 Received (Does not include N/A)			53	30
			Total Reports Subject LB 151 and LB 151 Received (Does not include N/A)			102	79
			Only 7 (red) not received 1 (blue) received after 1/29/21 and 15 (green) not yet due.			To Be Received	23

If you have questions, please feel free to contact us at (402) 471-2111.

Sincerely,



Charlie Janssen
Auditor of Public Accounts

Attachment

**ATTESTATION REPORT OF THE NEBRASKA COMMISSION ON PUBLIC ADVOCACY
JULY 1, 2018, THROUGH JUNE 30, 2019**

Received January 23, 2020 – Commission on Public Advocacy corrective action plan.

**NEBRASKA
COMMISSION ON
PUBLIC ADVOCACY**

Jeffery A. Pickens, Chief Counsel

Kelly S. Breen
Robert W. Kortus
Todd W. Lancaster
Matthew J. McDonald
Sarah P. Newell

Agency Corrective Action Plan
Reporting Period: Fiscal Year 2018-2019

Reporter: Rita Wesely, Admin Asst

January 23, 2020

Comment 1. Legal Aid and Services Grant Monitoring: Since the completion of the audit, the Commission amended the Eligibility Criteria, Guidelines, and Policies Pertaining to Grants and Grantees of the Legal Aid & Services Fund. The annual audit of civil legal service providers now requires compliance procedures to ensure that fund monies are spent only on civil legal services for eligible low-income persons. The amendment was adopted by the Commission at its 12-7-19 meeting and distributed to all grantees. A copy is attached.

Comment 2. Lack of Segregation of Duties Over Accounts Receivable; maintenance of spreadsheets: To ensure segregation of duties and secondary review, all documentation required by the Legal Education for Public Service and Rural Practice Loan Repayment Assistance Program is reviewed and initialed by the Chief Counsel. The administrative assistant also reviews such documentation before it is filed. The administrative assistant maintains paper spreadsheets tracking receipt of all documentation. The spreadsheets are reviewed, initialed, and dated by the Chief Counsel. Such spreadsheets are also maintained in the administrative assistant’s computer. Documentation includes one-time proof of payment of Award toward existing debt and semi-annual proof of continuous qualifying employment and status of debt. These procedures ensure that no fund recipient owes any refund of Award(s).

140 N. 8th Street, Suite 270
Lincoln, NE 68508
Phone: (402) 471-7774 - Fax: (402) 471-8087

Since the audit was completed, Awards were granted to qualifying recipients. Attached is a spreadsheet which tracks the recipients' proof of payment of their Award toward existing debt. Because the Commission paid the Awards to recipients in late December 2019 and early January 2020, the 60 day maximum period for recipients to provide proof of payment toward existing debt has not expired for all recipients. The Chief Counsel will review and initial the spreadsheet when all recipients have provided proof of payment toward existing debt.

Also attached are two spreadsheets which track reporting requirements of the 2018 Award recipients, which have been approved by the Chief Counsel.

Attachments

140 N. 8th Street, Suite 270
Lincoln, NE 68508
Phone: (402) 471-7774 - Fax: (402) 471-8087

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
DEPARTMENT OF REVENUE – ISSUED FEBRUARY 3, 2020.**

Received January 31, 2020 – Department of Revenue corrective action plan.

Neb. Rev. Stat. § 84-304(3) Corrective Action Response

Management Response: The DOR internal control memo provided annually to the APA has historically noted that invoices may not be available for the APA to observe if the Department has just finished a field audit of the taxpayer because the invoices are observed in the field and copies are not required. This was a management decision made by DOR to avoid the detrimental impact on the Department's operations from scanning thousands of documents during the field audit, which would also have a material negative impact on its financial statements. DOR completes a thorough review of documents in the field, similar to the review completed in the office, which are reviewed by the in-charge auditor with a final review and approval by an Audit Manager in the office.

Corrective Action Plan: However, in order to provide the APA with adequate documentation for their internal control review, the DOR is proposing a compensating control that would avoid the inefficient use of resources required for copying and retaining thousands of documents, but provide additional assurances regarding accuracy of invoices reviewed in the field. Under this plan, an Audit Manager will request a sample of invoices to verify that the amounts scheduled by the field auditor for refund tie to the actual invoices. Those sampled invoices will also be retained for APA review.

Contact: Ron Gottula, Controller

Anticipated Completion Date: This practice will be implemented immediately, followed by its incorporation into DOR procedures.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA DEPARTMENT OF VETERANS' AFFAIRS
PROGRAM 36 – DEPARTMENTAL ADMINISTRATION
JULY 1, 2018, THROUGH JUNE 30, 2019**

Received February 20, 2020 – Department of Veterans' Affairs corrective action plan.



Pete Ricketts, Governor



February 20, 2020

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Dear Mr. Janssen:

This letter is to serve as the Agency's Corrective Action Plan to the attestation report of the Nebraska Department of Veterans' Affairs for the fiscal year ending June 30, 2019.

Upon review, the attestation report noted a deficiency and other operational matters the agency has taken correction action intended to improve the internal control or result in operational efficiencies.

Veterans' Aid

Adequate Support. Adequate documentation, including verification of the applicant's income, expenses, and resources, such as bank accounts, insurance, or other assets, is maintained to support the existence of an emergency warranting the veterans' aid received. This can include obtaining the documentation in the Department's office or monitoring the County Service Offices' documentation.

Agency Corrective Action: Training was conducted by NDVA staff at the CVSO conference in September 2019 in Kearney, Nebraska. The goal of the training was to improve completeness of applications and create open communication channels between the counties and NDVA.

Expenditure Compliance & Maximum Amounts.

- 1. Aid payments to veterans are for allowable expenses and adhere to all established guidelines.

Agency Corrective Action: Guidelines are continuing to be reviewed. Proposed changes to the informal guidelines, if any, will be presented to the Veterans' Advisory Commission for approval.

Department of Veterans' Affairs
301 Centennial Mall South
PO Box 95083
Lincoln, NE 68509

veterans.nebraska.gov

An Equal Opportunity/Affirmative Action Employer

John Hilgert, Director
Main: 402-471-2458
Fax: 402-742-1142

2. More than one person is involved in the aid process to ensure appropriate oversight.

Agency Corrective Action: NDVA has begun documenting applications that require another level of review. In addition, another staff member has been assigned the step of entering vouchers into Enterprise One, which was formally handled by the NVA Program Manager.

Regulations. The Department's administrative rules and regulations are updated to include the provisions of its informal guidelines, which are essential to the proper administration of the veterans' aid program.

Agency Corrective Action: All NVA regulations, rules, and guidelines continue to be reviewed. Proposed changes to the informal guidelines, if any, will be presented to the Veterans' Advisory Commission for approval.

Corrective actions for other findings had already been completed and were included in the Agency's responses in the attestation report issued August 29, 2019.

Sincerely,



John Hilgert
Director
Nebraska Department of Veterans' Affairs

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA DEPARTMENT OF TRANSPORTATION
JULY 1, 2017, THROUGH DECEMBER 31, 2018**

Received April 10, 2020 –Department of Transportation corrective action plan.

NDOT Audit Responses

1. Noncompliance with State Accounting Policies

- Federal Activity Recorded in Cash Funds
- Engineering Costs
- Road Construction Capital Outlay

Recommendation: We recommend the Department implement procedures to ensure the Department is following State Accounting Policies.

NDOT Response: NDOT's recording of federal reimbursement as a revenue in the State's Accounting System to a cash fund following the expenditure of state funds is a long-standing practice done with the knowledge of DAS State Accounting. Specific, unique revenue object codes have been created in the State's Accounting System and are used to separately account for federal reimbursement.

With respect to the recording of engineering services expenses and highway and bridge contract payments, NDOT utilizes an accounting methodology which represents the most efficient mechanism to record and track these costs given the current limitations of NDOT's financial systems and the State's Accounting System. For example, NDOT may incur engineering services expenses many years before a project is categorized as an addition or improvement which increases the capacity or efficiency of an infrastructure asset. Likewise, an expense that originates as an asset preservation may later be re-categorized as an addition or improvement.

Follow up response:

NDOT recognizes that improvements could be made to the internal financial systems. In fact, NDOT has recently begun the process of developing a financial systems modernization roadmap, which will guide future enhancement and/or replacement of some of the existing legacy systems.

2. Pay in Excess of 40 Hours - Diane

Recommendation: We recommend the Department implement procedures to ensure employees are not paid leave during a week in which their regular hours worked and any holiday leave taken total 40 hours or more.

NDOT Response: The nature of NDOT employees' work doesn't always allow them the time to utilize their leave in the course of the year. Their work involves responding to emergencies 24/7 with little notice and in all kinds of weather, whether it be flooding, snow removal, accidents etc. This is a necessary, long-standing practice at NDOT which aids us in being able to respond to emergency situations quickly and better ensure public safety.

Follow up response:

NDOT responds to emergency situations 24/7 with little to no notice and at times of the year and in all kinds of weather from accidents, flooding, snow removal, etc. The type of work NDOT employees' do does not allow them time to utilize their leave in the

course of the year. This is necessary and has been a long-standing practice which aids NDOT in being able to respond to emergency situations quickly and ensure public safety.

3. State Property Damage Invoicing - Donna

- Pay Rates Used Not Supported
- Equipment Rates Used Not Supported or Billed Consistently
- Material Costs Not Supported
- Other Issues Noted
- Untimely Deposits

Recommendation: We recommend the Department implement formal policies and procedures for creating State property damage invoices. The policies and procedures should include what costs are to be included, how those costs will be calculated and how the review and approval of the invoices will be documented.

NDOT Response: NDOT is currently developing a new State Property Damage processing system. This system will allow uploads of support documentation, automated rates for employees and equipment and certification that all work is complete before an SPD is invoiced. The current procedures manual will be updated for the new system and a policy manual will be developed.

Follow up response:

- Pay Rates Used Not Supported
 - NDOT is now using a new SPD processing system that uses the actual hourly pay rate for each employee. The actual hourly pay rate comes from HR information and is automatically updated.
- Equipment Rates Used Not Supported or Billed Consistently
 - FEMA rate updates to be answered by Operations.
 - The SPD team is working with the Districts and the Fleet manager to create a formal policy describing when equipment should be billed by hours of service or mileage. Billing equipment by the hours employees worked will not be accepted.
- Material Costs Not Supported
 - A better review to ensure all charge costs have the appropriate documentation in the new SPD processing system. If there is insufficient documentation, those improperly documented charges will be denied. This policy will be added to the new policy manual.
- Other Issues Noted
 - The updated policy manual will reaffirm that the SPD costs will never be invoiced based on estimated repair costs.
 - The updated procedure manual will include an itemized listed of documentation needed by the cost type.
 - NDOT added procedures to certify that all work is completed and documented prior submittal for review and invoicing the SPD.

NDOT is in the process of developing standard operating procedures for documenting repair costs and importing the documentation into our SPD processing system. NDOT will be updating our informal policy documentation into a formal and more robust SPD policy manual. NDOT created a new pre-audit step in the new SPD processing system where Controller reviews and approves the invoice information. The invoice review and approval is automatically documented in the system.

4. Incorrect Capital Asset Records

Recommendation: We recommend the Department strengthen its procedures to ensure its capital asset records are complete and accurate.

NDOT Response: NDOT concurs and will be reviewing the procedures used for capitalizing fixed assets to insure that records are complete and accurate.

Follow up response:

NDOT is currently working on a Statement of Operation (SOP) for processing the fixed assets of the agency.

5. Review of Capital Asset Reports

Recommendation: We recommend the Department strengthen procedures to ensure capital asset reports are reviewed periodically, including a secondary review by a different individual, and any exceptions noted are properly pursued. Additionally, such procedures should ensure that the review and follow up are formally documented.

NDOT Response: NDOT concurs and will be reviewing the procedures used for fixed assets to insure that reports are reviewed and any follow up is properly documented.

Follow up response:

NDOT is currently working on a Statement of Operation (SOP) for processing the fixed assets of the agency.

6. Lack of Evaluations for Professional Services - Randy

Recommendation: We recommend the Department follow its own policy for requiring a final review of all projects, documented by a Consultant Evaluation Form, when a project has been completed.

NDOT Response: NDOT is currently evaluating this agency policy to determine future applicability and need. In all cases, consultants used by the Department have proven histories of success in completing the survey and design assignments for which they have been selected. More consultants are interested in providing services than NDOT

can utilize. With this in mind, the consultants who regularly provide services to the Department have performed satisfactorily and successfully.

Follow up response:

Final testing of a new Consultant Performance Evaluation program within OnBase is about complete. Once complete and the workflow incorporated into daily business operations, this program will provide timely completion of performance evaluations. This program and workflow will be implemented within all NDOT divisions providing/managing engineering design services.

7. Lack of Equipment Usage Review and Redistribution of Costs - Christy

- Control Weaknesses – recording and review of equipment usage
- Equipment Data Inaccuracies
- Incorrect Equipment Usage Costs

Recommendation: We recommend the Department implement procedures to ensure all equipment usage is accurately tracked and recorded in the Department's information system, and all costs are allocated using the correct rates.

NDOT Response: NDOT Fleet Management will develop procedure(s) to address equipment usage reporting and the accuracy of meter readings in Lucity on a routine basis. Procedures will also be developed to address the updating of FEMA rates in a timely manner for accurate cost allocations.

Follow up response:

Fleet Management has added a column within the spreadsheet for "physical" annual inventory report to record date of meter readings. This will be checked against the travel logs in Lucity to compare accuracy. Fleet Management, Operations Lucity support and BTSD are currently reviewing and developing new data reports to help locate inaccuracies in Lucity. Reports will look for extreme high or low cost, work orders with missing data and work order dates. We are currently set to review the first revision of the Data Reports next week. We have included the duty of checking for new FEMA rates on a monthly basis with the unit's Business Manager. This duty is recorded in a notebook listing the positions duties in Business Manager's office. The Business Manager has added a "reoccurring reminder" for the monthly review to her Outlook Calendar.

8. Non-Construction Contract Issues

Recommendation: We recommend the Department implement procedures requiring its contracts to be reviewed by legal counsel to ensure compliance with laws pertaining to State contracts for goods or services.

NDOT Response: NDOT will continue to review the policies and procedures in place for procuring non-construction goods and services. Over the last few years NDOT has worked to centralize procurement and contract drafting and is making progress towards

consistent and uniform contracts. The Department has a diverse need in terms of contractual arrangements and will continue to evaluate how best to deal with the unusual circumstances that arise. Templates are utilized for the majority of NDOT's contracts and agreements. These templates are reviewed by the legal counsel when they are initially created and when modifications are made.

Follow up response:

NDOT will continue to review the policies and procedures pertaining to the procurement of goods and services. As state in the response above, any templates in use by the Department will be reviewed by the legal counsel when they are initially created and when modifications are made.

9. Project Extra Mile - Bill

Recommendation: We recommend the Department strengthen its procedures to ensure subrecipient expenditures are allowable and in accordance with Federal regulations.

NDOT Response: NDOT concurs and will be reviewing the current process in order to strengthen the internal invoice review and to follow the federal process of procurement. Recent changes in Highway Safety Office program administration allow for a renewed focus in this area.

Follow up response:

NDOT-Highway Safety Office (HSO) met with Project Extra Mile in August 2019 to discuss the recommendations from the audit. New procedures were implemented that reinforced the requirement for Project Extra Mile to track 100% of time worked and note the hours that are claimed in the grant. Also, they will now only charge the same percentage of any employee related expense equal or less than the percentage of time worked on the grant. The Grant Proposal Guide and Policies & Procedures document that is used for all NDOT-HSO grants has been reviewed and updated as well.

10. Communication with Sub-recipients

Recommendation: We recommend the Department implement procedures to ensure Federal regulations are followed.

NDOT Response: NDOT concurs and will be reviewing procedures to ensure the Federal regulations are followed.

Follow up response:

Currently NDOT informs the sub-recipients what the CFDA number under is within the agreement that is signed between the two parties. The CFDA number is not identified at the time of payment due to the functionality of systems. NDOT has recently begun the process of developing a financial systems modernization roadmap, which will guide future enhancement and/or replacement of some of the existing legacy systems.

11. Improper Coding of Federal Funds Purchase Program Expenses

Recommendation: We recommend the Department make the adjustments needed to correct the past miscoding of FFPP expenditures. Additionally, we recommend the Department implement procedures to ensure all future transactions, including FFPP expenditures, are recorded appropriately in the accounting system.

NDOT Response: NDOT's interpretation of this program is that it is an operating expense for the agency. State Statute 39-1307 has provided NDOT the authority to enter into agreements for the purchase of federal aid transportation funds at a discount rate. This program was established to provide a way for NDOT to purchase the federal fund authority from local agencies in exchange for a payment of state funds. State dollars allow the local agencies to tailor their projects to better meet their local highway and bridge needs and is considered a nationwide best practice.

Follow up response:

The Department continues to interpret expenditures under this program as an operating expense, in that it represents a purchase by NDOT from the local agencies.

12. Fuel Inventories - Andre

- Aviation fuel records

Recommendation: We recommend the Department implement procedures, including the possible upgrading of its fuel pumps, to ensure that accurate, reliable and legible records are available for aviation fuel sales. Those procedures should ensure also that money due to the Department from aviation fuel sales is deposited into a State bank account.

NDOT Response: The Division of Aeronautics acknowledges that parts of the aviation fuel systems are inoperable and require replacing. This will be accomplished as soon as practicable.

In reference to the airfield manager accepting payments in cash: there is a de minimis amount of cash at issue. The division will explore alternatives to the current process of managers writing a personal check in lieu of sending cash through the mail to division headquarters.

Follow up response:

Aviation Fueling Systems at Fairmont, Harvard, and Scribner State Airfields:

Aeronautics Division has worked with NDOT and various contractors to determine the best options for their three aviation gas fueling systems and to obtain bids for that work. A Purchase Order is currently being created to purchase three "controllers" which will enable the systems to take advantage of NDOT's Fuel Management System. NDOT's system has a number of advantages which will result in efficiencies in monitoring,

billing, and security. A variety of more minor fueling system parts beyond the controllers have been, or are being, purchased and installed on an as-needed basis.

Cash payments at the State-Owned Airfields:

Aeronautics Division worked with the State Treasurer's office to open an account at a bank in Geneva for the deposit of cash payments for fuel collected at the Fairmont and Harvard State Airfields. As Scribner State Airfield has not experienced any cash fuel sales; no account was opened in that area.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER – DEPARTMENT OF CORRECTIONAL SERVICES – ISSUED JANUARY 27, 2020.

Received May 8, 2020 – Department of Correctional Services corrective action plan.

NEBRASKA

Good Life. Great Mission.


DEPT OF CORRECTIONAL SERVICES



Pete Ricketts, Governor

DATE: May 8, 2020

TO: Charlie Janssen, Auditor of Public Accounts

FROM: Robin Spindler, Deputy Director, Administrative Services 

RE: Corrective Action Plan for the January 17, 2020 CAFR Management Letter for FY 2019

Below is the Nebraska Department of Correctional Services' Corrective Action Plan for the January 17, 2020 Management Letter for FY 2019.

1. Inmate Trust Fund

As indicated in the response to the January 17, 2020 Management Letter for FY 2019, procedures were updated so individuals who are back-up writers do not have access to blank checks, the signatory machine and the ability to change inmate accounts in the corrections Information and Tracking (CIT) application, specifically when turnover of accounting employees occur. Since the time of testing, the new web-based check writing system had been implemented and is operational. The system provides the applicable audit trails.

No additional action is necessary.

2. Timesheet Approval

As indicated in the response to the January 17, 2020 Management Letter for FY 2019, based on the Fair Labor Standards Act, exempt employees must receive the full salary for any week in which the employee performs any work without regard to the number of days or hours worked, unless exceptions are met. The exception reporting of leave is an appropriate process for exempt employees. They are expected to work 40 hours per week, except when taking leave, and they often work more than 40 hours per week.

No additional action is necessary.

Scott R. Frakes, Director
 Dept of Correctional Services
 P.O. Box 94661 Lincoln, NE 68509-4661
 Phone: 402-471-2654 Fax: 402-479-5623
corrections.nebraska.gov

3. Voyager Card Issues

As indicated in the response to the January 17, 2020 Management Letter for FY 2019, policy and procedure are in place for staff to record odometer readings when purchasing fuel with Voyager cards, as well as situations involving purchase of fuel in Lincoln, Nebraska. This information is included with vehicle check-out logs. Staff were reminded of the applicable policy and procedure.

Since the response to the January 17, 2020 Management Letter for FY 2019, NDCS has revised Policy 113.10, Vehicle Control. The policy directive includes a new provision that 'any vehicle transporting inmates is not required to fuel at a State fueling location if such transportation would require the vehicle to be in transport status longer than it would be by purchasing fuel at a non-State fueling location. In such cases, no incident report is required.' NDCS is implementing an audit process to ensure applicable incident reports are submitted.

CC: Scott R. Frakes, Director
Diane Sabatka-Rine, Chief of Operations
Gretchen Heinzman, Controller

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
CLEAN WATER STATE REVOLVING FUND PROGRAM
JULY 1, 2018, THROUGH JUNE 30, 2019**

Received June 18, 2020 – Department of Environment and Energy corrective action plan.

NEBRASKA

Good Life. Great Resources.

DEPT. OF ENVIRONMENT AND ENERGY

June 18, 2020



Pete Ricketts, Governor

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Dear Mr. Janssen,

This letter is to serve as the Agency’s Corrective Action Plan to the audit report of the Nebraska Department of Environmental Quality – Clean Water State Revolving Fund Program for the fiscal year ended June 30, 2019.

Upon review, the audit report noted certain deficiencies and other operational matters the agency has taken corrective action intended to improve the internal controls over financial reporting.

1. **Financial Statement Errors:** Missing short-term bond transactions, reimbursement revenue not included in the Changes in Net Position, planning grant omissions, and missing small town grant payments.

Agency Corrective Action: Last year, the agency implemented a timeline for the construction of the financial statements that eased a laborious process. The timeline includes a financial review in mid-September with the Agency’s Accounting & Finance Manager. During this review, the team used a checklist of historical findings that prevented some of the past mistakes. However, the mistake that could not be avoided is that Microsoft Excel is not a reliable accounting system. It is subject to human error, with formulas, when rows and columns need to be added/deleted to accommodate the amount of financial transactions in a given year. The agency acknowledges this problem to need to be corrected. Therefore, the agency’s fiscal team has begun to work with the State Accounting E-1 team to determine if the state accounting financial system can produce the required financial statements. If that is unsuccessful, the fiscal team will turn to Northbridge’s LGTS software which already has the capability of producing the required statements and in within the scope of work under contract with the agency.

Sincerely,

DocuSigned by
Jim Macy
3F1CA3B00A20451
Jim Macy

Director
Nebraska Department of Environment and Energy

Department of Environment and Energy
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Jim Macy, Director
OFFICE 402-471-2186 FAX 402-471-2009
ndee.moreinfo@nebraska.gov

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**AUDIT REPORT OF THE NEBRASKA DEPARTMENT OF ENVIRONMENT AND ENERGY
DRINKING WATER STATE REVOLVING FUND PROGRAM
JULY 1, 2018, THROUGH JUNE 30, 2019**

Received June 18, 2020 – Department of Environment and Energy corrective action plan.

NEBRASKA

Good Life. Great Resources.

DEPT. OF ENVIRONMENT AND ENERGY

June 18, 2020



Pete Ricketts, Governor

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509-8917

Dear Mr. Janssen,

This letter is to serve as the Agency's Corrective Action Plan to the audit report of the Nebraska Department of Environmental Quality – Drinking Water State Revolving Fund Program for the fiscal year ended June 30, 2019.

Upon review, the audit report noted certain deficiencies and other operational matters the agency has taken corrective action intended to improve the internal controls over financial reporting.

- 1. **Financial Statement Errors:** Missing short-term bond transactions, reimbursement revenue not included in the Changes in Net Position, excluded accrued payables, and loan forgiveness omissions.

Agency Corrective Action: Last year, the agency implemented a timeline for the construction of the financial statements that eased a laborious process. The timeline includes a financial review in mid-September with the Agency's Accounting & Finance Manager. During this review, the team used a checklist of historical findings that prevented some of the past mistakes. However, the mistake that could not be avoided is that Microsoft Excel is not a reliable accounting system. It is subject to human error, with formulas, when rows and columns need to be added/deleted to accommodate the amount of financial transactions in a given year. The agency acknowledges this problem to need to be corrected. Therefore, the agency's fiscal team has begun to work with the State Accounting E-1 team to determine if the state accounting financial system can produce the required financial statements. If that is unsuccessful, the fiscal team will turn to Northbridge's LGTS software which already has the capability of producing the required statements and in within the scope of work under contract with the agency.

Sincerely,

DocuSigned by:
Jim Macy
Jim Macy

Director
Nebraska Department of Environment and Energy

Department of Environment and Energy
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Jim Macy, Director
OFFICE 402-471-2185 FAX 402-471-2909
ndee.moresinfo@nebraska.gov

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA COMMISSION ON INDIAN AFFAIRS
JULY 1, 2018, THROUGH DECEMBER 31, 2019**

Received June 23, 2020, and November 23, 2020 – Commission on Indian Affairs corrective action plan.

Native American Scholarship and Leadership Fund

6-23-2020

On June 17, 2020 \$31,432.82 from the Lincoln Community Foundation Standing Bear Scholarship Endowment Fund were returned to agency accounts via paper warrant to the Nebraska Commission on Indian Affairs and deposited in agency fund #27620 Business Unit 76842017. This represents the totality of all license plate revenues received by the agency and deposited in the Lincoln Community Foundation scholarship endowment fund since the inception of the license plate program and thusly satisfying the auditor's directive for the funds to be under direct agency control and allow the state investment officer access to invest said funds in accordance with Nebraska Revenue Statute.

Sick Leave Policy

From Audit: The Commission does not have a formal policy establishing a maximum amount of sick leave an employee may use before substantiating evidence is required.

A good internal control plan and sound business practices require adequate procedures and policies be in place establishing the maximum amount of sick leave an employee may take before substantiating evidence is required. Without such policies, there is an increased risk of the abuse of sick leave.

We recommend the Commission develop a formal, written policy establishing the maximum amount of sick leave usage before substantiating evidence is required.

Nebraska Commission on Indian Affairs Sick Leave Policy

When an employee needs to use their sick time, they should notify the agency director as soon as possible either through email, text, or voice call. They should also inform the supervisor for how long they'll be absent (if possible) or report daily through the means listed above for every day of sick leave.

If the number of consecutive number of sick days exceeds five days the employee may be required to furnish a certificate from a physician stating that the employee was incapacitated from work for the period of absence as a result of sickness or injury, and that the employee is again physically able to perform his or her duties. The agency director shall have discretion to require a certificate from a physician *at any time prior to five days* if there is a pattern of regular sick occurrence or reasonable belief that sick leave is being abused.

All sick time requests and reviews will be handled with confidentiality and discretion.

State Computer Use Policy

From Audit: The Commission does not have written policies covering the acceptable use of State computer equipment, including computer games, acceptable internet use, and other use of State computer equipment for non-State business.

Nebraska Commission on Indian Affairs Computer, email and internet usage policy

- The facilities of the state's telecommunications and computer systems are provided for the conduct of state business. Occasional, limited personal use is permitted where such use does not affect the individual's business performance and is not detrimental to NCIA in any way. Any such use for essential personal business shall be kept to a minimum and shall not interfere with the conduct of state business.
- NCIA employees are expected to use the Internet responsibly and productively

- Job-related activities include research and educational tasks that may be found via the Internet that would help in an employee's role, duties and assignments
- All Internet data that is composed, transmitted and/or received by NCLIA is considered to belong to the agency and is recognized as part of its official data. It is therefore subject to disclosure for legal reasons or to other appropriate third parties
- The equipment, services and technology used to access the Internet are the property of the State of Nebraska.
- Emails sent via the company email system should not contain content that is deemed to be offensive. This includes, though is not restricted to, the use of vulgar or harassing language/images

Unacceptable use of the internet by employees includes, but is not limited to:

- Sending or posting discriminatory, harassing, or threatening messages or images on the Internet or via State of Nebraska email service
- Sending or posting information that is defamatory to the company, its products/services, colleagues and/or customers
- Passing off personal views as representing those of the organization

Motions at October 23, 2020 Nebraska Commission on Indian Affairs Board Meeting

(f.) Updated Policies -

Motion #4 Commissioner Mitchell motioned to approve the State Computer Use Policy. The motion was seconded by Commissioner Williams.

For:	Ausan Wolfe	Bruguier	Mitchell	Red Wing	Williams
Opposed:	None				
Abstain:	None				

Motion carried. Chair did not vote.

Motion #5 Commissioner Red Wing motioned to approve the Sick Leave Policy with updated verbiage from "will be required" to "may be required". The motion was seconded by Commissioner Williams.

For:	Ausan Wolfe	Bruguier	Mitchell	Red Wing	Williams
Opposed:	None				

Abstain: None

Motion carried. Chair did not vote.

From Audit:

We recommend the Commission implement procedures to ensure accounting entries are accurately recorded in the State accounting system. Additionally, we recommend the Commission perform accounting entries, at least monthly, in the State accounting system to record fees for Native American Cultural Awareness and History license plates to the proper revenue account.

The Nebraska Commission on Indian Affairs has hired a new Administrative Secretary to provide a segregation of duties necessary to perform regular accounting entries. NCIA is actively working with DAS Accounting to train the Administrative Secretary in the proper process to perform these duties.

From Audit:

Nebraska Auditors requested that the funds referenced be returned from Lincoln Community Foundation Scholarship Fund for Native Scholarships and be placed within a fund with direct oversight of the agency.

Native American Scholarship and Leadership Fund; created; use; investment.

The Native American Scholarship and Leadership Fund is created. The fund shall be administered by the Commission on Indian Affairs and shall consist of money credited to the fund pursuant to section [60-3,235](#). The commission shall use the fund to provide scholarships to Native Americans to attend a postsecondary educational institution in this state and to provide other leadership opportunities to Native Americans as determined by the commission.

Information documenting the transfer of scholarships funds is included in a separate document.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA SUPREME COURT – ISSUED FEBRUARY 5, 2020.**

Received June 23, 2020 – Nebraska Supreme Court corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

June 17, 2020

Charlie Janssen
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

Dear Auditor Janssen:

Neb. Rev. Stat. §84-304(3)(b) requires entities to describe the corrective actions taken or to be taken in response to audits conducted by the Auditor of Public Accounts (APA). This letter is intended to meet that requirement for the FY2019 CAFR Management Letter.

1. APA Finding: Unauthorized Bank Accounts

We recommend the Supreme Court obtain the formal approval of the State Treasurer before utilizing the State's FTIN.

Action: The Supreme Court has renewed and updated the agreement with the State Treasurer regarding county court checking accounts. Regarding bank accounts created for specific court cases, representatives from the Treasurer's office have stated they prefer a separate agreement. The Administrative Office of the Courts and Probation (AOC) has begun work on a proposal for notifying the Treasurer's office of such accounts.

2. APA Finding: JUSTICE Terminated User Access

We recommend that the Supreme Court implement procedures to ensure access to the JUSTICE application is disabled timely upon termination of the user's employment. Additionally, we recommend the Supreme Court inform counties and city departments of the responsibility to notify immediately the JUSTICE team upon termination of an employee with access to the application.

Action: The Supreme Court has created a committee to examine and improve the onboarding and separation processes. As a part of this effort, the AOC is identifying procedures to assist supervisors in providing more timely requests to disable employee accounts.

Timely notice to the AOC of inactive JUSTICE users outside the judicial branch will continue to be the responsibility of the employing agency. If not notified, the AOC mitigates the impact by automatically terminating inactive accounts within 90 days.

Administrative Office of the Courts & Probation
P. O. Box 98910, Lincoln, Nebraska 68509-8910
www.supremecourt.nebraska.gov
Phone (402) 471-3730
Fax (402) 471-2197

Charlie Janssen
Page 2
June 17, 2020

3. APA Finding: NITC Information Security Policy

We recommend the Supreme Court work with the State Information Security Officer to complete the reports required by the NITC Information Security Policy.

Action: The Judicial Branch is exempt from the NITC Information Security Policies under NITC 1-102 (2)(b). The AOCIP is working independently using the auditor's findings to perform a review of existing security, disaster recovery, and continuity of operations documentation in order to address any gaps.

Sincerely,



Corey W. Steel
State Court Administrator

CRS/ml

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
BOARD OF EDUCATIONAL LANDS AND FUNDS – ISSUED FEBRUARY 3, 2020.**

Received July 17, 2020 – Board of Educational Lands and Funds corrective action plan.

July 17, 2020

Mr. Charlie Janssen
Auditor of Public Accounts
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509

RE: Comprehensive Annual Financial Report (CAFR) Corrective Actions

Dear Mr. Janssen,

Corrective actions to the CAFR Financial Report have been considered and responses are stated below:

1. Land Not Recorded as Investments

The Board manages State-owned land for educational purposes. The Board buys and sells land throughout the year in accordance with State law. The land is considered an investment. As such, when land is either sold or purchased, the transaction should be recorded in the State's accounting system as an increase or decrease to long-term investments. However, the Board recorded these transactions to a revenue account.

Corrective Action Response from the Board:

The Board reports the value of the land to DAS-State Accounting for inclusion in the CAFR. The Board has met with DAS-State Accounting to begin the process of reporting the value of the Board's land onto the State's E-1 accounting system. Currently DAS includes the value of the Board's land during the CAFR report. The amount will be updated annually by State Accounting and the new value included on the E-1 system under account code 121301 beginning July 1, 2020. During the Fiscal Year, cash changes will be reported under account code 121302, rather than a revenue account. Sheryl Hesseltine from State Accounting has established these account codes under Fund 63210.

2. Voyager Card Issues

For Fiscal Year ended June 30, 2019, the following issues were noted:

Voyager cards assigned to a specific vehicle usually require the State employee to enter a vehicle identification number and the odometer reading of the vehicle before the card can be used. The Board made 490 fuel purchases without the odometer reading of the vehicle being entered at the time of purchase. "An person using a bureau fleet vehicle shall, whenever possible, obtain fuel from state-owned facilities". Purchases in the City

of Lincoln were not from State-owned facilities. Also, no documented pre-approval for the purchase of new tires was on file and invoice was not signed by the driver.

Corrective Action Response from the Board:

The Voyager cards are assigned to specific Trust vehicles. The Board holds title to all of it's vehicles and does not 'lease' vehicles from DAS – Transportation Services Bureau. The Board owns, controls and insures these vehicles and adopted a policy that the type of fuel used is discretionary with the Board and Field Representatives. It is policy that fuel purchased be limited to 40 gallons maximum and separate transactions are required for pickups and UTVs if filling up at the same time. The Board's Lincoln Office is not downtown and the seven State facilities with gasohol are not located conveniently to our offices or near the offices of the majority of our Field Representatives. Consequently, requiring additional travel and time to find a 'state' facility for fuel would not be an economic use of an employee's time or the Trusts' funds. The majority of the Trust vehicles are assigned to Field Representatives who live in 10 separate locations throughout the State of Nebraska, which are not near Department of Road's facilities for fuel purchases. For the future, the Trust employees have been instructed to purchase fuel from 'state' facilities if they are near a location, the facility is open, and they are in need of fuel. In addition, Trust employees have been reminded that the odometer reading and signatures are necessary when purchasing fuel or other maintenance work, and all pre-approval records from the Lincoln Office will be maintained with the payment document. Our Voyager cards are not programmed to require odometer readings at the time of fuel purchase, therefore you will not find odometer readings if you run an electronic report, however, our Field Representatives have always filled out a monthly Mileage and Fuel Reports. Everything matches from our monthly written reports to electronic reports run by the Auditor's Office. In addition, each Field Representative has access to a UTV and trailer that are pulled at different times of the year. They do not necessarily fill the pickup and the UTV with fuel at the same time. If the odometer reading was required, it would be the pickup odometer that would need to be entered, which would complicate tracking pickup fuel use when the odometer reading would not track with both pickup fuel and UTV fuel purchases. The written system, which tracks fuel purchases separately and which tracks odometer readings has been highly successful for decades. We will continue with this system and the Auditor's Office can view our paperwork if 'testing' Voyager purchases.

EXIT

1. Support for Tenant Owned Land Improvements

There was a lack of supporting documentation for the calculation of tenant owned land improvements. The Board did not have support for the amount of windmills and submersible pumps on the land used to calculate the improvement percent value.

Corrective Action Response from the Board:

The Board of Educational Lands and Funds does 300+ appraisals every year on expiring Leases and these types of improvements are constantly being appraised. When performing mass appraisals for general improvement values across the entire State, one is forced to use what may be considered 'typical', or an average. The appraised value of the improvements is inherently reasonable, since the Lessees must agree to those values for the items being sold, and the new Lessees are willing to pay those values for improvements they are receiving. The information used is the most comprehensive and best available information anywhere in the State. There is no feasible way to re-create improvement values each year on all properties owned by the Board (1.254 million acres and approximately 2,900 agricultural Leases).

If you have any questions, please contact me.

Sincerely Yours,

Kelly L. Sudbeck
CEO and Executive Secretary

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
GAME AND PARKS COMMISSION – ISSUED JANUARY 27, 2020.**

Received July 20, 2020 – Game and Parks Commission corrective action plan.



2200 N. 33rd St. • P.O. Box 30370 • Lincoln, NE 68503-0370 • Phone: 402-471-0641

July 16, 2020

Mr. Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, NE 68509-8917

Dear Mr. Janssen:

Below you will find the corrective action plans associated with comments and recommendations issued to the Nebraska Game and Parks Commission on December 19, 2019, per State Statute 84-304.

1. Capital Asset Issues

Finding: The Commission did not record all of its Construction in Progress (CIP) activity in the account code established by State Accounting. Specific unresolved issues were related to costs associated with the construction of a building at a southwest reservoir SRA, and an equipment purchase.

Commission Response: *The building in question was funded with Bureau of Reclamation (BOR) federal funds, and constructed on BOR property, for which Game and Parks has a management agreement in place. Discussion with BOR on the interpretation of ownership began in December 2018. Even though no definitive response had been received, it was felt the building needed to be documented in some manner, and so a cost was posted to the asset in February. We will continue to work with State Accounting on the possibility of adjusting the depreciate start date to the construction completion date. For the equipment asset in question, the cost posted two times to the Cost Summary in the State's accounting system. As of September 5, 2019, the cost was corrected in the AA ledger. At last check, State Accounting had not yet adjusted the Depreciation information for the asset. We will continue to work with State Accounting to verify this is completed.*

Corrective Action Identified: Work with State Accounting Division to determine appropriate action to update E1 records.

CURRENT STATUS: After further review and direction from State Accounting and BOR, the building costs depreciation date has been adjusted. The cost in the AA ledger for the equipment purchases was corrected as of September 5, 2019. We continue to work with State Accounting Division to further define the process for utilizing the CIP coding on building and infrastructure projects.

2. Voyager Card Issue

Findings: The Agency made 1,065 fuel purchases, totaling \$49,018, without an odometer of the vehicle being entered at the time of purchase; The Agency made 1,531 fuel purchases, totaling \$70,895, for fleet vehicles in the City of Lincoln from non-State-owned facilities; The Agency used an assigned voyager card to make a glass repair, totaling \$551, for a vehicle owned by the Agency.

TIME OUTDOORS IS TIME WELL SPENT

OutdoorNebraska.org

Commission Response: *The Commission has Voyager cards assigned to vehicles, equipment or a State Shop. Only the cards assigned to vehicles require the odometer reading be entered at time of fuel purchase. Once filtering out Shop card purchases, only 19 fuel purchases were made, worth less than \$1000, without an odometer reading. These entries consisted of 10 different vehicle Voyager cards, which were programmed incorrectly and did not ask for mileage at the time of fuel purchase. Nine of these cards were replaced since August 2019, one vehicle has since been sent to surplus. We will review the Voyager system to determine if there is a better way to differentiate shop cards from vehicle cards. The Commission does not lease or rent vehicles from the Transportation Service Bureau (TSB), and as such, does not always follow the TSB policies, but tries to maintain the intent. The location of our Lincoln office, related to other state owned facilities in and around Lincoln along with the various travel schedules make use of commercial fuel facilities more convenient and efficient. Our experience over the years with our own bulk fuel at our Apple/Y street operations shop have also shown that commercial fuel is not always more expensive. So the observation that some vehicles are being filled up in Lincoln at commercial pumps is neither surprising nor against our operational guidelines. Agency policies will be reviewed and determine if changes are needed. The Commission, in keeping with a 'fleet management' concept, tries to utilize Voyager cards as a tool for tracking use and repairs to vehicles by recommending staff use the voyager card whenever possible to pay for vehicle parts and repairs. Agency policies will be reviewed and determine if changes are needed.*

Corrective Action identified: *The Commission will provide further detail on specific voyager card assignments and develop a written guidance document related to voyager card use.*

CURRENT STATUS: Additional information was provided to the APA related to specific voyager card assignments and use. A written guidance document on voyager card use was provided to the APA and posted to the Agency's internal staff web page.

Should you have any further issues, please do not hesitate to contact our agency.

Respectfully,



James N. Douglas
Director

CC: Patrick Cole, Budget & Fiscal Administrator

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA POWER REVIEW BOARD
JULY 1, 2018, THROUGH DECEMBER 31, 2019**

Received July 23, 2020 – Power Review Board corrective action plan.

STATE OF NEBRASKA

POWER REVIEW BOARD



Pete Ricketts
Governor

July 22, 2020

Timothy J. Texel
*Executive Director
and General Counsel*
301 Centennial Mall South
P.O. Box 94713
Lincoln, Nebraska 68509-4713
Phone: (402) 471-2301
Fax: (402) 471-3715
www.powerreview.nebraska.gov

The Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509



Dear Auditor Janssen:

As you know, your office conducted an audit of the Nebraska Power Review Board earlier this year. The audit report was titled “Attestation Report of the Nebraska Power Review Board”. It covered the period July 1, 2018 through December 31, 2019. The final report was issued on April 28, 2020. In the final report your staff noted two findings in the area of “Revenue Internal Control Issues”. In accordance with the requirement set out in Neb. Rev. Stat. § 84-304(3)(b), it is our understanding that an agency is expected to provide a written description of any corrective action taken or to be taken in response to the comments and recommendations within six months of the issuance of the report. The findings are restated below, followed by the recommendation in the audit report, then by the corrective action taken or to be taken in response to the recommendation.

1. We noted a lack of adequate segregation of duties over the Board’s collection of reimbursements and related accounts receivable, totaling \$14,389. The Board did not have adequate controls to ensure all monies due to the State were deposited, as one individual was able to invoice, apply receipts, and perform the deposit entry in the accounting system without a secondary individual involved. A similar finding was noted in our prior attestation report.
2. The Board collected \$520,000 in annual assessments for the period tested. In order to charge each supplier its portion of the assessment, the Board relies upon gross revenue reported by the supplier for the previous calendar year. Although the total assessment is determined by the Board, there is a risk that the supplier could under-report gross revenues, causing its assessment to be less than the required share. The Board did not have procedures to verify that information being reported was accurate and complete, such as comparing the reported

Frank J. Reida
*Omaha
Chair*

Chuck Hutchison
*Bellevue
Vice Chair*

MEMBERS
Dennis E. Grennan
Columbus

Elizabeth A. Hilyard
Gering

Greg Moen
Norfolk

An Equal Opportunity Employer

The Honorable Charlie Janssen
July 22, 2020
Page 2 of 2

revenues to the entity's annual financial audits. When we performed this comparison for the three largest suppliers, we noted that two had unknown variances, one of which would have required the supplier to pay \$850 more than was paid, which in turn, would have reduced other supplier shares.

Audit Recommendation: We recommend the Board implement procedures to ensure a proper segregation of duties or compensating measures for the handling of receipts. Those same procedures should also provide for verifying that reported revenues are accurate and complete; this could include sampling suppliers based on a risk analysis.

Power Review Board's corrective action on comment 1:

As we informed your staff, the issue as it pertains to most of the reimbursements has been eliminated. A large majority of the deposits involved reimbursements for travel costs incurred by the Board member representing Nebraska before the Southwest Power Pool, an organization that oversees the bulk electric grid and wholesale power market in all or part of fourteen states, including Nebraska. Subsequent to the period covered in your audit, the Southwest Power Pool began depositing its reimbursements directly with the State Treasurer's office through an ACH transfer. The remaining reimbursements are from public power districts to reimburse the Board for the cost to publish notices of amendments to charter amendments. Your finding states that one individual invoices, applies receipts and performs the deposit entry without a secondary individual involved. As we previously informed your staff, the Board's actual procedure followed is that the paralegal invoices the districts for these reimbursements, the business manager processes the reimbursement receipts and performs the deposit entry, then the executive director approves the deposit entries in the State's Enterprise One accounting system. To further ensure segregation of duties, in addition to the segregation that is already present in the Board's existing procedure, the Board plans to implement a procedure where the paralegal will maintain a copy of the invoice and provide a copy to the executive director. The paralegal and executive director will maintain their copies of the invoice until after the director approves the deposit in the Enterprise One system. This procedure was explained to your staff, which indicated the proposed procedure would be sufficient to address the finding.

Power Review Board's corrective action on comment 2:

In response to your finding the Board plans to implement a policy where it will compare the assessments of the three largest electric utilities against their annual financial audits. We will also randomly select at least one additional utility from each category of supplier (municipal, cooperative and public power district) and compare its assessment with its most recent financial audit, if available. This procedure will be implemented

The Honorable Charlie Janssen
July 22, 2020
Page 2 of 2

beginning with the 2021 assessments, as the 2020 assessments were already sent to Nebraska's power suppliers, and the majority of assessments have already been received and deposited with the Treasurer's office.

If you or your staff have any questions concerning the Board's corrective measures, please contact me at the number on this letterhead.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy J. Texel', written in a cursive style.

Timothy J. Texel

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA DEPARTMENT OF MOTOR VEHICLES – ISSUED FEBRUARY 3, 2020.

Received July 24, 2020 – Department of Motor Vehicles corrective action plan.

NEBRASKA

Good Life. Great Future.

DEPARTMENT OF MOTOR VEHICLES



Pete Ricketts, Governor

July 24, 2020

Charlie Janssen, State Auditor
Nebraska Auditor of Public Accounts
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509

Dear Mr. Janssen,

The Department of Motor Vehicles is in receipt of the final management letter for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019, and published February 3, 2020. The report indicates the audit did not identify any deficiencies in internal control considered to be material weaknesses or significant deficiencies.

Please accept this abatement document relative to the comments and recommendations for the year ended June 30, 2019.

1. Capitalization of Computer Software

- The Department incorrectly expensed costs, totaling \$14,660,000, for internally generated computer software that should have been capitalized in accordance with Governmental Accounting Standards Board (GASB), Statement 51, *Accounting and Financial Reporting for Intangible Assets*. The costs were incurred from April 2018 through June 2019. The Department did not have policies and procedures for the review of internally generated software to determine which costs were appropriate to be expensed versus capitalized in accordance with GASB and the Department of Administrative Services (DAS) policies.

- The DMV has corrected this one-time capitalization. After making the initial entry, an additional contact was made with DAS and the correction was made. DMV has established a practice to consult with State Accounting when similar purchases are made in the future.

Rhonda K. Lahm, Director
Department of Motor Vehicles
P.O. Box 94789 OFFICE 402-471-3900
301 Centennial Mall South FAX 402-471-3920
Lincoln, Nebraska 68509
dmv.nebraska.gov

2. VTR County Users

- During testing, we obtained a listing of all county Vehicle Title and Registration system (VTR) users and selected six counties to verify the employment status of each county's VTR users. From the counties' responses, we tested users whose employment was identified as having been terminated. We noted that 11 of 18 county VTR user IDs had not had their access disabled. Furthermore, 6 of 18 user IDs had a sign-on date after the employees had been terminated. These six user IDs were either shared among county staff or used by another employee after a previous employee had been terminated.
 - A benefit of the new VicToRy deployment in October 2019 is the oversight features now available. All passwords expire after 90 days, and the system sits within the State Enterprise architecture; therefore enjoying all the security standards of the Enterprise system. The DMV is exploring further measures to review users who haven't signed in for 30 days. Additionally, directives to county users is outlined in the manual, covered in user training, and reinforced at meetings regarding their responsibility to report when people no longer have a work-related reason for system access.

3. Application Change Management

- During testing of the Department's change management process for the Motor Carrier Services (MCS), VTR, and Traffic Safety Information (TSI) applications, we noted the following:
 - MCS Application: Two developers had the ability to check out code and promote any change developed to the production environment. The Department did not have a compensating control that would include reviewing the changes promoted to production to ensure they were proper.
 - Permission to move forward with requests, changes, testing and promotion are given by the Division Administrator and documented at weekly meetings. A plan has been identified to modernize the system which will include an integrated change management feature.
 - VTR Application: One of five changes tested lacked documentation to support that it had been approved. Three developers had the ability to check out code and promote any change developed to the production environment. The Department did not have a compensating control that would include reviewing the changes promoted to production to ensure they were proper.
 - Changes made from July 1, 2018 to October 15, 2019 utilized the OCIO Change Management System. Effective October 15, 2019, the new VicToRy system has a fully integrated change management

process in use to document approval of system changes and promotions to production.

- The Department used the Change Control Facility/Migration Management Facility (CCF/MMF) tool for tracking changes made to its mainframe application. During a review of access to the CCF/MMF tool, four users were identified who had access to check out code, develop a change, promote the change, and move the change to production.
 - CCF/MMF is the change management tool provided by OCIO for making a change on the mainframe application. Currently all changes for the mainframe applications are being submitted and processed through CCF/MMF. Completion of an OCIO change management ticket is duplicative.

4. NITC Information Security Policy

- The Department did not complete all of the reports and assessments required by the NITC Information Security Policy, as follows:
 - Did not have an Information Security Strategic Plan on file.
 - System Security Plan did not include all the contents required by the NITC policy.
 - Documentation not on file to support completion of the most recent Department PCI data security control assessment.
 - The DMV reviewed NITC Information Security Policies 8-210 to 212 and made contact with OCIO for recommendations and guidance for the development of these reports. OCIO reports the policies are under review and the NITC is planning to make compliance with these optional. DMV made contact with other agencies seeking information and currently have some draft materials.

The Department of Motor Vehicles requests this document be secured in conjunction with the above mentioned report and retained for the same period of time.

Sincerely,



Rhonda K. Lahm, Director
Nebraska Department of Motor Vehicles

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER – NEBRASKA DEPARTMENT OF ADMINISTRATIVE SERVICES – ISSUED FEBRUARY 12, 2020.

Received August 12, 2020 – Department of Administrative Services corrective action plan.



Pete Ricketts, Governor

July 21, 2020

Honorable Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509

Dear Mr. Janssen:

In accordance with Neb. Rev. Stat. § 84-304(3)(b), please find below the Department of Administrative Services written description of corrective action taken, or to be taken, in response to comments and recommendations found in reports issued by the State Auditor from the period January 1, 2020, through June 30, 2020.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
CAFR	2019	ML	Administrative Services, Department of - CAFR Management Letter	2/12/2020	15

1. CAFR Preparation

DAS Response: State Accounting has secured internal resources to increase the number of staff that will be assigned to CAFR preparation. State Accounting will also continue implementing new processes and training for staff with the intent to increase efficiency and accuracy. It is critical that current staff be retained to capitalize on their continuity of growth in experience and knowledge.

2. Capital Asset Issues

DAS Response: State Accounting has completed a review and update of the Capital Outlay policy. State Accounting agrees that fixed asset procedures need updated to improve the accuracy of financial statement presentation.

3. Lack of Financial Statement Reconciliation

DAS Response: State Accounting will develop a procedure to reconcile the SEFA to CAFR based on cash basis numbers.

4. Enable Alabama Saving Plan

Philip J. Olsen, CPA, CISA
Administrator

Department of Administrative Services | STATE ACCOUNTING

P.O. Box 94664
Lincoln, Nebraska 68509-4664

1526 K Street, Ste. 240
Lincoln, Nebraska 68508

OFFICE 402-471-2581
FAX 402-471-2583

das.nebraska.gov

DAS Response: State Accounting has started communication with the Treasurer regarding the Enable and Enable Alabama Trust audit and how that information will be presented. State Accounting intends to develop and implement a written procedure to include the Enable Alabama Saving Plan for future CAFR reporting years.

5. Improper Payable

DAS Response: State Accounting agrees with the importance of recording expenditures in the proper fiscal year for accurate reporting in the CAFR. State Accounting did present training in May 2020 which addressed prior period obligations and the process to determine correct recording of these expenditures. State Accounting will continue to develop and present this training at semi-annual Business User Group meetings.

6. Voyager Card Issues

DAS Response: DAS will continue working to educate teammates on policies and procedures in place for Voyager card use. DAS will continue to have fuel purchases without an odometer reading for those pieces of machinery and equipment that do not have an odometer.

7. Human Resource User Role 65 & E1 Pay Rate Override

Management Response:

Human Resource User Role 65: State Accounting will establish compensating controls incorporating procedures to review the activity of those DAS employees assigned User Role 65, who have responsibility for processing internal payroll batches. DAS will continue working to minimize the number of times payroll batches are processed by one person.

E1 Pay Rate Override: State Accounting has established procedures to periodically review the use of pay rate overrides. A sample of overrides is tested to ensure there is a reasonable basis for the change and to ensure users have not overridden their own pay rate. Any entry that looks questionable will be brought to the State Accounting Administrator's attention so further action can be considered.

8. E1 Special Handle a Voucher

DAS Response: State Accounting will continue to review compensating control processes and procedures related to Payee Control and Special Handle a Voucher functions. As noted in the finding, only one user has access to the payee control-approval process, Special Handle a Voucher, and vendor address book records. If the vendor/payee is changed on a voucher, another user does complete a review and documentation from the agency is retained.

9. Changes to Vendor and Banking Information

DAS Response: DAS continues to review and improve procedures for vendor set-up and maintenance, including accuracy of vendor records. As a control that DAS already has in place, changes to a vendor/payee require prior banking information be provided for verification.

10. E1 Terminated User Access

DAS Response: DAS will continue to provide multiple training events during which agency personnel are reminded to enter termination dates in a timely manner, to facilitate the deactivation and termination of a user's EnterpriseOne access.

11. E1 Timesheets

DAS Response: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. Agencies will be reminded to retain any information they may receive, generate or create outside of EnterpriseOne in support of an agency's payroll to be done in accordance with the Nebraska Records Retention and Disposition Schedule 124.

12. PACE Change Management

DAS Response: A procedural change has been put into place so that no one individual is approving their own changes. The approvers for projects are regularly reviewed to ensure that the approver is a different person than the requester.

13. OCIO Datacenter Access

DAS Response: Automation has now been integrated into the OCIO staff off-boarding process to ensure the removal of the OCIO data center access in a timely manner. A Service Portal Manual Activity is automatically generated and notifies the appropriate staff to check and to remove data center access as part of the off-boarding process. The OCIO also continues its annual data center access audit on an annual basis. Agencies and divisions that are not utilizing the OCIO standard off-boarding process are being responsible for submitting data center access removal requests to the OCIO.

14. Workday User Access

DAS Response: Formal procedures for requesting and approving group access are in place. When an agency needs a teammate to have new / updated access in Workday, they send a request to NIS.Security. NIS.Security forwards that request to State Personnel for review and approval or denial

A process is in place for verifying a position still needs role access when a user terminates. When someone terminates employment, the "NIS.Security team" removes the Role Assignments on that vacated position, unless the termination event is rescinded based on a request from the agency.

15. NITC State and Agency Security Planning and Reporting Technical Standard and Guideline

DAS Response:

Communication. On January 29, 2020, the OCIO's public information officer sent an email to all agencies, boards, and commissions, and to all agency information technology contacts reminding them to review the Nebraska Information Technology Commission's ("NITC") technical standards and guidelines; the email included a link to the standards website. The public information officer will send out similar reminders at least annually.

Updates to Standards. The Security Architecture Workgroup is reviewing possible changes to the standards. Changes are needed to better reflect the current consolidated nature of certain information technology functions. Proposed revisions to the standards are expected to be presented to the NITC later this year.

Training. The annual Cyber Security Conference, scheduled for October 2020, will include a breakout session for providing additional information about the standards to agency participants.

Entity Type	FY/ CY	Type	Entity/Program of Report	Released Final	Number of Findings
Single	2019	S-Com.	Single - Administrative Services, Department of - LOC & SWCAP	3/16/2020	3
Single	2019	S-Com.	Single - Administrative Services, Department of - SEFA	3/16/2020	2

1. Finding 2019-001 CAFR Preparation

Management Response: DAS agrees that additional staffing is necessary, and has secured internal resources to increase the number of staff that will be assigned to CAFR preparation. State Accounting will also continue implementing new processes and training for staff with the intent to increase efficiency and accuracy. It is critical that current staff be retained to capitalize on their continuity of growth in experience and knowledge.

2. Finding 2019-002 Capital Asset Issues

Management Response: DAS reviewed and updated the Capital Outlay policy in March 2020. State Accounting will also continue to review and improve procedures for recording fixed assets accurately in accordance with Generally Accepted Accounting Principles.

3. Finding 2019-003 Lack of Financial Statement Reconciliation

Management Response: DAS is developing a procedure to reconcile the SEFA to the financial statements based on cash basis numbers.

4. Finding 2019-017

Management Response: DAS completed the current rate setting period in June 2020 and the new biennial rates were published for FY21-23

5. Finding 2019-018

Management Response: DAS has been working to train internal teammates as well as State agency personnel providing information for the SEFA to help ensure the information is reported accurately.

Please let me know if you have any questions or concerns.

Sincerely,



Philip J. Olsen
State Accounting Administrator

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE
NEBRASKA COMMISSION FOR THE DEAF AND HARD OF HEARING
JULY 1, 2018, THROUGH DECEMBER 31, 2019**

Received August 27, 2020 – Commission for the Deaf and Hard of Hearing corrective action plan.

Nebraska Commission for the Deaf and Hard of Hearing
2020 Audit – Agency Corrective Action Plan

Public Findings

Capital Assets Lack of Segregation of Duties: There was a lack of segregation of duties over capital assets, as there was no documented, independent review of the capital asset reports or records.

Corrective Action Plan:

NCDHH has trained and designated a separate employee with the task of reviewing and verifying the dollar amount and the number of items purchased against the entries made in the State of Nebraska's accounting system.

NCDHH has a designated Staff Assistant who currently runs a report monthly called Unposted Fixed Asset Transaction Report. Because our agency is small and has minimal purchases, the report view is a blank document, meaning no transactions were made. We do not require this blank report to be saved in our system however going forward NCDHH has created an excel spreadsheet where the Staff Assistant will note the date they ran the report and that no changes were noted.

The Business Manager will also run and reviews fixed asset reports during Inventory review/count as well as at the agency insurance renewal every year. NCDHH will add the additional reports recommended by you to our current procedures.

Financial Coding Errors: We noted several financial schedule coding errors during testing.

1. August 2018 \$675, Interpreting services
2. November 2018, \$851, Summit expenses
3. December 2018 & January 2019, \$3,500
4. January 2019, \$1,258 Moving expenses
5. June 2019, \$173 Sale of loaned asset
6. November 2019, \$60 Workshop registration
7. November 2019, Journal entry, Grant
8. December 2019, Journal entry, Grant

Corrective Action Plan:

NCDHH has corrected the four entries which fall under the current fiscal year with journal entry adjustments (see attached). The four remaining entries occurred in a prior fiscal year and therefore are unable to be corrected. The errors were researched and NCDHH found they were made by both the previous Business Manager and also in transition of Business Managers at the end of 2018. NCDHH has made notations and provide training so that future errors in similarity may be avoided.

1. August 2018 \$675, Interpreting services - Prior year entry, Unable to correct
2. November 2018, \$851, Summit expenses - Prior year entry, Unable to correct
3. December 2018 & January 2019, \$3,500 - Prior year entry, Unable to correct
4. January 2019, \$1,258 Moving expenses - Prior year entry, Unable to correct
5. June 2019, \$173 Sale of loaned asset – Current year, see attached journal entry correction
6. November 2019, \$60 Workshop registration – Current year, see attached journal entry correction
7. November 2019, Journal entry, Grant – Current year, see attached journal entry correction
8. December 2019, Journal entry, Grant – Current year, see attached journal entry correction

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF EDUCATION – ISSUED JANUARY 30, 2020,
AND FY2019 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED MARCH 16, 2020.**

Received September 23, 2020 – Department of Education corrective action plan.

2019 CAFR Management Letter Follow Up

1. Improper Payables

The Department of Administrative Services, State Accounting Division (State Accounting), prepares the State of Nebraska Comprehensive Annual Financial Report (CAFR) and requires all State agencies to determine and report payable and receivable amounts at the end of the fiscal year on an accrual response form. A good internal control plan requires agencies to have adequate procedures for the reporting of accurate and complete financial information to State Accounting.

The Department did not properly calculate two payables reported to State Accounting for the fiscal year ended June 30, 2019, causing an understatement of \$43,335,395. The Auditor of Public Accounts proposed an adjustment for the unrecorded liabilities, and State Accounting adjusted the financial statements.

Department Response: The original CAFR report submitted to DAS Accounting was correct. The understatement of \$43,335,395 was a result of including two PB transactions (encumbrance/liquidation) in the reporting of actual aid expenditures for the time period July 1, 2019 through September 30, 2019 that were for the prior fiscal year. In the future NDE will make sure to only include AA ledger types when running the reports. NDE will also double check to make sure only AA ledger type payments are included. The process for running this report for completing this follow-up portion of the CAFR Report, using only Ledger Type AA, will be documented by NDE and double checked in the future.

Follow Up:

Procedures noted above were implemented and used during the end of the FY20 closeout.

2. CNP User Access

During testing, we noted that 12 users had inappropriate access to the Child Nutrition Program (CNP) application. The Department lacked adequate procedures for ensuring that user access was removed when no longer needed. Seven of the 12 users were USDA employees, and 5 were State employees – 4 of whom were still employed, while the other had terminated employment in April 2019.

Department Response: The Office of Nutrition Services has a current policy (updated July 2019) and procedure in place to ensure those with access to the online CNP System is applicable and necessary. The Nutrition Services' Data Analyst and Security Office have been trained to utilize the attached new user request form and policy/procedure to ensure CNP System rights are appropriately given and removed as presented. Nutrition Services will continue to monitor active State users on a quarterly basis, and inactivate any State users who no longer require access to the online CNP System.

Follow Up:

The Office of Nutrition Services has corrected this deficiency with the implementation of policy and procedure to ensure those with access to the online CNP System is applicable

and necessary. Nutrition Services conducts a quarterly audit to review and monitor active State users and inactivate those that no longer require access to the online CNP system.

3. GMS User Access

The Grants Management System (GMS) is a web-based system used by the Department for processing various grants and plans. During testing, we noted that one of two new users with GMS access had made no formal request or received no formal approval for such access. Additionally, during testing of 18 users with elevated access, we noted that two of those individuals had Administrator Security Group access, which allowed them to grant and remove user GMS access; however, they did not require this access as part of their job functions.

Department Response: The Department continues to value the importance of managing user access and continues to improve the access points, integrating a single point of authentication which ensures a more rapid and efficient control of users' access to the Grants Management System at NDE. The GMS Access, Removal, and Roles policy is under revision based on APA recommendation for documented procedure implementation. The revised procedure will ensure users' GMS access/removal, and systematic review of business roles/security groups is documented and on file. Integrating these internal controls ensures a consistent application of the GMS process. The new process will be implemented by June 30, 2020.

Follow Up:

The Office of Budget & Grants Management has reviewed user access to ensure accounts are configured with the minimum necessary access required to perform duties. To reduce risk of unauthorized or unnecessary access to State application, an internal control procedure was made effective July 1, 2020 ensuring that documentation is on file to support a user's access and that user access is restricted to what is necessary for particular job functions.

4. NITC Information Security Policy

The Department did not have an Information Security Strategic Plan, a System Security Plan, a Plan of Action and Milestones Report, an application-specific risk assessment report, or a formal disaster recovery plan, as required by the NITC Information Security Policy.

Department Response: The Department continues to recognize the importance of the IT Security and determining risk assessment to ensure protection from security vulnerability and threat exploitation, causing such issues as downtime, loss of productivity, unauthorized access, compromise of confidential information or data integrity, or interference with other State or Federal systems. To that end, the Department has undertaken multiple steps to expand the IT security audit procedures including the creation of a Security and Audit team to develop and implement industry standard procedures. The Security and Audit team created a risk assessment policy and are in the process of adopting a model implementation process for risk assessment of applications and the security levels associated with the efforts of a system security plan. Implementation of the assessment process and managing the ongoing support to achieve a review of the applications over a three year cycle continues. The Department has established a goal to complete an application-specific risk assessment in the 2020 fiscal year. The Department is confident that through accomplishing these steps and the related tasks that we will be in a better position to identify and mitigate the risks

associated with the applications developed and several additional areas of security will be enhanced as well. In addition, the department continues work on a formal agency-wide Continuity of Operation Plan, including the IT disaster recovery plan as part of this work.

Follow Up:

**The department is in the process of creating an Information Security Strategic Plan.
The department has created a System Security Plan and we are in the process of filling it out.
A Plan of Action and Milestones Report has also been created in accordance with NITC 8-212.
Department has created an Application-specific inventory report and continues to evaluate application-specific risks.
The department is in process of developing a formal IT Disaster Recovery Plan.**

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF TRANSPORTATION – ISSUED FEBRUARY 3, 2020.
AND FY2019 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED MARCH 16, 2020.**

Received September 29, 2020 – Department of Transportation corrective action plan.

Dept. of Transportations follow-up responses to CAFR audit 2019

Management Letter Findings:

1. Federal Activity Recorded In Cash Funds

Vendor payments are recorded into the Department's Payment System (RPS), which then interfaces with the State's Accounting System to record the transactions and create payments to those vendors. When the Department records vendor payments for construction projects, those cost records are sent to the Department's Project Finance System (PFS), which is used to track road construction projects. PFS then allocates the project costs to the different funding sources (e.g., State funds, local funds, Federal funds). The allocation performed by PFS is then used to request Federal reimbursement.

The funding source for the expenditures is maintained only on PFS and is not recorded or maintained on the State's Accounting System. As a result, the State's Accounting System reflects these expenditures as Cash fund expenditures rather than Federal fund expenditures, as required by the Department of Administrative Services (DAS) State Accounting Manual, Application of Principles – Section AM-003, which includes the following fund types used in the State Accounting System:

- 40000 – Federal Funds – accounts for all federal grants and contracts received by the State.
- 20000 – Cash Funds – accounts for revenues generated by specific activities from sources outside of state government and the expenditures directly related to the generation of revenues.

During the period July 1, 2018, through June 30, 2019, the Department recorded \$323,388,726 in Federal expenditures according to the PFS system and \$323,817,518 in Federal receipts in the State Accounting System's Roads Operations Cash Fund (22700). This activity should have been recorded in a Federal fund on the State's Accounting System. The Auditor of Public Accounts (APA) requested a reconciliation of the PFS system to the State Accounting system by funding source. The Department provided a reconciliation for \$313,167,983 or 97% of the Federal expenditures, as follows:

Program	Expenditures During FYE 6/30/2019	Amounts Reconciled by the Department	Percentage Reconciled
Highway Planning & Construction	\$ 305,627,963	\$ 303,395,594	99%
Formula Grants for Rural Areas	\$ 9,772,389	\$ 9,772,389	100%
Remaining Federal Expenditures	\$ 7,988,374	\$ -	0%
Total Federal Expenditures	\$ 323,388,726	\$ 313,167,983	97%

The reconciliation took a significant amount of time for the Department to complete and for the APA to review. The Department is not recording its activity in accordance with State Accounting policies. While the Department is capable of obtaining this information, the information systems used by the Department cannot produce this data easily and quickly.

We recommend the Department implement procedures to ensure the Department is following State Accounting Policies and establish an adequate interface between the RPS system and the State's Accounting System to ensure the funding is recorded properly.

Management Response: *NDOT's recording of federal reimbursement as a revenue in the State's Accounting System to a cash fund following the expenditure of state funds is a long-standing practice done with the knowledge of DAS State Accounting. Specific, unique revenue object codes have been created in the State's Accounting System and are used to separately account for federal reimbursement.*

Corrective Action Plan: *NDOT will confer with the Department of Administrative Services regarding the State Accounting policy.*

Contact: *Lyn Heaton*

Anticipated Completion Date: *August 2020*

Follow up response:

NDOT recognizes that improvements could be made to the internal financial systems. In fact, NDOT has recently begun the process of developing a financial systems modernization roadmap, which will guide future enhancement and/or replacement of some of the existing legacy systems.

2. Voyager Card Issues

For the purchase of fuel, service, maintenance and repair of its vehicles and equipment, the State of Nebraska (State) uses Voyager Fleet Systems Inc. (Voyager) cards, which are essentially credit cards issued through US Bank. The Voyager cards are used for electronic purchases at Department gas pumps and hundreds of participating commercial vendors in Nebraska. The Voyager card can also be used in surrounding states.

Neb. Rev. Stat. § 60-3101 (Cum. Supp. 2018) establishes the use of fleet cards for State government and political subdivisions, authorizing the Nebraska State Treasurer to contract with an entity capable of operating the fleet card program on behalf of the State. Additionally, that statute directs the Department to administer the purchasing card program and allows that agency to adopt and promulgate rules and regulations as needed for the appropriate authorization of card transactions.

During the fiscal year ended June 30, 2018, the APA performed a statewide review of policies and procedures related to Voyager cards issued to State agencies and tested specific transactions made with the cards to ensure the expenditures were adequately supported and reasonable. During the statewide review, it was noted that the Department lacked formal policies and procedures for the issuance and use of the cards. For the fiscal year ended June 30, 2019, the Department still had not implemented formal policies and procedures as recommended during the previous audit.

For the fiscal year ended June 30, 2019, we ran a report of all Voyager card transactions and noted the following:

Nearly all of the Voyager cards are assigned to a vehicle, a piece of equipment, or a State shop. Voyager cards assigned to a specific vehicle usually require the State employee to enter a vehicle identification number and the odometer reading of the vehicle before the card can be used. This serves as a monitoring tool to ensure the fuel purchased is for the proper vehicle. The Department made 1,330 fuel purchases, totaling \$99,165, without the odometer of the vehicle being entered at the time of purchase.

Additionally, Neb. Rev. Stat. § 81-1019(1) (Reissue 2014), states, "Any person using a bureau fleet vehicle shall, whenever possible, obtain fuel from state-owned facilities." DAS – Transportation Services Bureau Policies and Procedures, Section 8, also requires fuel purchases in Lincoln, Nebraska, to be purchased from State-owned facilities instead of commercial vendors. The State purchases bulk fuel at a reduced price; therefore, fuel purchased at State-

owned facilities reduces costs incurred by agencies. The Department had 785 fuel purchases, totaling \$31,590, which were paid to commercial vendors instead of at a State-owned fuel pump.

Good internal controls require procedures to ensure that vehicle odometer readings are tracked when making fuel purchases with Voyager cards, and fuel is purchased from State-owned facilities in Lincoln, NE, as well as from such facilities whenever possible elsewhere.

Without such procedures, there is an increased risk for not only the misuse of public funds and resources but also noncompliance with State statute and/or administrative policies.

We recommend the Agency establish procedures to ensure compliance with State statute and/or administrative policies requiring the tracking of odometer readings when purchasing fuel with Voyager cards and purchasing fuel at State-owned facilities in Lincoln, NE, as well as from such facilities whenever possible elsewhere.

A vehicle usage manual is being written to provide guidance to all NDOT drivers, and will be made available to other agencies. We expect to have the manual reviewed by April 1, 2020.

The vehicle usage manual will provide guidance on recording odometer readings. The state fuel system requires odometer readings at the time of fueling. NDOT is developing a report to track inaccurate odometer readings, in order to identify staff that may need further training or reminders to record accurate readings.

Follow up response:

A Fuel Card manual is in the final review stage of the Operations Division Head.

3. NITC Information Security Policy

The Department did not have an Information Security Strategic Plan, a System Security Plan, or a Plan of Action and Milestones Report on file, as required by the NITC Information Security Policy.

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-209 (July 2017), "State and agency security planning and reporting," states the following:

The following standard and recurring reports are required to be produced by the state information security officer and each agency information security officer; these reports will reflect the current and planned state of information security at the agency:

- (1) Information security strategic plan (section 8-210);*
- (2) System security plan (section 8-211); and*
- (3) Plan of action and milestones report (section 8-212).*

We recommend the Department work with the State Information Security officer to complete the reports required by the NITC Information Security Policy.

NDOT has not yet completed the IT Security Plan and continues to work with the State Information Security officer on this subject. The NITC standards that are associated with what is required from a security standpoint are currently being edited. NDOT is a part of that process via the Security Architecture Workgroup (SAW). NDOT is also working with the OCIO to determine responsibilities for vulnerability scanning in general and on establishing an Application Portfolio Management, which is part of the IT Security Plan.

Follow up response:

NDOT continues to work with the OCIO to ensure compliance with these standards. Revisions to NDOT's IT Security Plan have been drafted but are awaiting approval by the OCIO. Since the OCIO consolidation consumed our security team, we have a number of questions regarding responsibility in this area as the bulk of this has shifted to the enterprise level. OCIO is in the process of hiring a new State Information Security Officer (SISO) and appointing an internal agency Security Officer. As soon as these positions are identified, we will be reaching out for further direction and guidance on roles and responsibilities. This will also be addressed with the Security Architecture Workgroup when meetings resume. NDOT also continues to work on the Application Portfolio Management inventory with the OCIO as this is a project with many phases.

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES –
ISSUED FEBRUARY 13, 2020.**

AND FY2019 NEBRASKA STATEWIDE SINGLE AUDIT – ISSUED MARCH 16, 2020.

Received October 14, 2020 – Department of Health and Human Services corrective action plan.

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services

<u>Finding#</u>	<u>CFDA/Compliance</u>	<u>Status of Finding/Agency Comments</u>
2019-027	Various, 93.658 Allowable Costs	Status: Complete
2019-028	Various, 93.558, 93.575, 93.658, 93.667, 93.778 Allowable Costs	Status: Complete
2019-029	Various, 93.778, 93.575 Allowable Costs	Status: Complete
2019-030	Various, 10.557, 10.558 Allowability and sub- recipient monitoring	Status: Complete
2019-031	93.044, 93.045 Allowability and sub- recipient monitoring	Status: Complete
2019-032	93.069, 93.889 Allowability and sub- recipient monitoring	Status: Complete
2019-033	93.217 Allowability and sub- recipient monitoring	Status: Complete
2019-034	93.556, 93.671 Allowability and sub- recipient monitoring	Status: Complete
2019-035	93.558 Allowability and Eligibility	Status: Complete
2019-036	93.558 Allowability	Status: Complete
2019-037	93.558	Status: Complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

	Allowability, Sub-recipient monitoring & Reporting	
2019-038	93.558 Reporting	Status: Complete
2019-039	93.568 Reporting	Status: Complete
2019-040	93.575, 93.596 Allowability & Eligibility	Status: Complete
2019-041	93.575, 93.596 Allowability	Status: Complete
2019-042	93.575, 93.596 Special Tests and Provisions	Status: Not Complete Corrective action planned: Corrective action plan is complete except for the use of inspection checklists. This has been delayed by covid-19 and this portion of the CAP will be completed by 12-31-2020.
2019-043	93.575 Allowability, Period of Performance & Subrecipient Monitoring	Status: Complete
2019-044	93.575 Earmarking & Period of Performance	Status: Complete
2019-045	93.658 Subrecipient Monitoring	Status: Complete
2019-046	93.568 Reporting	Status: Complete
2019-047	93.568 Allowability	Status: Complete
2019-048	93.667 Period of Performance	Status: Complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

2019-049	93.667 Allowability	Status: Partially Complete Corrective action planned: It has been determined that regulatory changes will be necessary to complete the CAP. Those regulatory changes will likely not be resolved in the near future.
2019-050	93.778 Reporting	Status: Complete
2019-051	93.778 Allowability	Status: Not Complete Corrective action planned: Covid-19 has delayed progress on the EVV project. Training and progress on the EVV project will continue through the fall of 2020.
2019-052	93.778 Allowability	Status: Complete
2019-053	93.778 Allowability/ Eligibility	Status: Complete
2019-054	93.778 Special Tests & Provisions	Status: Complete
2019-055	93.778 Allowability	Status: Not Complete Corrective action planned: The department is still working to revise procedures to be used for depreciation calculations.
2019-056	93.778 Subrecipient Monitoring	Status: Complete
2019-057	93.778 Allowability & Eligibility	Status: Complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

2019-058	93.778 Special Tests & Provisions	Status: Complete
2019-059	93.778 Special Tests & Provisions	Status: Complete
2019-060	93.778 Special Tests & Provisions	Status: Complete
2019-061	93.778 Allowability & Subrecipient Monitoring	Status: Not Complete Corrective action planned: The department did not agree with this finding and so a formal CAP will not be completed.
2019-062	93.917 Allowability, Cash Management, Eligibility & Subrecipient Monitoring	Status: Partially Complete Corrective action planned: The department is still working with CDC to resolve the questioned costs. Portions of the documented procedures listed in the CAP are still being formed with an estimated completion date of 12-31-2020.
2019-063	93.917 Reporting	Status: Complete
2019-064	93.945 Allowability & Subrecipient Monitoring	Status: Complete

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA ABSTRACTORS BOARD OF EXAMINERS
JANUARY 1, 2018, THROUGH DECEMBER 31, 2019**

Received October 28, 2020 – Abstractors Board of Examiners corrective action plan.



**STATE OF NEBRASKA
ABSTRACTORS BOARD OF EXAMINERS**

Julie Hoppe, Director
PO Box 94944
Lincoln, NE 68509
Telephone (402) 471-2383
Email: Julie.hoppe@nebraska.gov

October 20, 2020

Honorable Charlie Janssen
Auditor of Public Accounts
PO Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509

Re: *Corrective Action Plan of the Abstractors Board of Examiners*

Dear Mr. Janssen:

1. Lack of Segregation of Duties Over Revenues

The ABE has one ¼ time employee. We have done a projected budget for the next biennium so the board can easily compare the projected revenue to the actual. Our income primarily comes from relicensing which takes place once every two years. We will be looking at the possibility of hiring a temp employee through the State of Nebraska to help with the checks and balances during this very busy time period. Other income comes intermittently in transfer fees or licensing of new individuals or new companies. A process is in place for a paper receipt to be written each time money is received. A copy of the check is also kept on file with the deposit and in the abstractor file. This done prior to depositing funds. The board is provided general ledger report and budget reports on a monthly basis. We will add a process for the Board Chair to respond saying that he or she has reviewed and approved the reports. As to processing checks from home, this was done only during the Covid-19 emergency and only after a process was put in place by DAS for the ABE to follow. We have gone back to processing checks in office and then having the deposit approved in person by DAS before delivering to the state treasurer's office.

2. Lack of Adequate Support for Fees Charged.

In 2016 the ABE met with Fiscal Analyst Doug Gibbs from the Nebraska Legislature. The ABE was told that they needed to increase fees and cut expenses or be in the red by 2020. Consequently, fees were raised in 2017. Over the course of the past three years, the ABE has done an exemplary job of cutting fees, and getting the ABE back on the right track. After the audit, and after completing our 2020 relicensing cycle, the board asked our current Legislative Analyst, Keisha Patent, to review our finances. Ms. Patent did a very thorough report which will be reviewed at the next board meeting. The Board will decide based on her review and based on the consistent loss of abstracters and abstracting companies, how to move forward.

3. Lack of Capital Asset Segregation of Duties and Other Issues

Again, the ABE has one ¼ time employee, so it's very difficult to implement segregation of duties. The ABE has developed a process of reviewing the assets on a yearly basis and then having the Board Chair also review and sign the asset list. This list is kept on file in the office and on the computer, it is also provided to the board on a yearly basis to ensure that everything is accounted for.

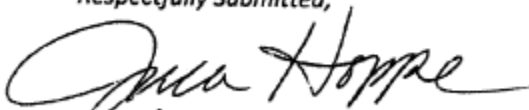
4. Lack of Payroll Segregation of Duties and Other Issues

The ABE has contracted with DAS take over payroll responsibilities so there is no longer a problem with lack of segregation of duties or any improper handling of anything regarding payroll by the ABE.

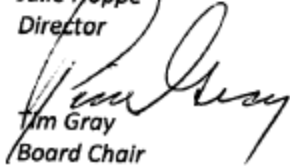
5. Unreasonable Expenditures

The previous director of the ABE left the employ of the State of Nebraska in September of 2017 without disconnecting internet service to her home, paid by the state. The current board had no way of knowing. When the new director took office in July 2018 this was caught and disconnected. There was also one incidence of taxes paid on an overnight hotel bill. We will use the tax exempt form in the future. The general ledger report and budget report are provided to the board on a monthly basis. We will add a process for the board chair to add a response saying that the reports have been reviewed and approved.

Respectfully Submitted,



Julie Hoppe
Director



Tim Gray
Board Chair

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**FY 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT
EARLY COMMUNICATION MANAGEMENT LETTER –
NEBRASKA DEPARTMENT OF MOTOR VEHICLES – ISSUED SEPTEMBER 11, 2020.**

Received November 23, 2020 – Department of Motor Vehicles corrective action plan.

NEBRASKA

Good Life. Great Future.

DEPARTMENT OF MOTOR VEHICLES



Pete Ricketts, Governor

November 23, 2020

Charlie Janssen, State Auditor
Nebraska Auditor of Public Accounts
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509

Dear Mr. Janssen,

The Department of Motor Vehicles is in receipt of the final management letter for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020, and published September 11, 2020. The report does not contain any internal control deficiency constituting a material weakness.

Please accept this abatement document relative to the comments and recommendations for the year ended June 30, 2020.

1. Application Change Management
 - The Department's change management process for the Traffic Safety Information (TSI) application is the Change Control Facility/Migration Management Facility (DDF/MMF) tool for tracking changes made to mainframe applications. The individual reviewing changes had the ability to check out code, develop a change, and move the change to production.
 - CCF/MMF is the change management tool provided by OCIO for making a change on the State's mainframe application. Currently all changes for the mainframe applications are being submitted and processed through CCF/MMF. Completion of an OCIO change management ticket is duplicative.

Rhonda K. Lahm, Director
Department of Motor Vehicles

P.O. Box 94789 OFFICE 402-471-3900
301 Centennial Mall South FAX 402-471-3920
Lincoln, Nebraska 68509

dmv.nebraska.gov

- For Motor Carrier Services (MCS) a developer was able to perform all change management functions. Only one person was trained to support the MCS application.
 - Permission to move forward with requests, changes, testing and promotion are given by the MCS Division Administrator and documented at weekly meetings. A plan has been identified to modernize the system which will include an integrated change management feature and multiple individuals to support the system. Legislation to move this modernization forward is planned to be introduced in 2021.

2. NITC Information Security Policy

- The Auditor of Public Accounts (APA) tested some key elements of the NITC Technical Standard and Guidelines, Information Security Policy 8-209 thru 8-212 to verify compliance by the Department. Though having various documents that contained some of the necessary elements, the Department lacked documentation to support it met all required elements.
 - The Department reviewed NITC Information Security Policies 8-210 to 212 and made contact with OCIO for recommendations and guidance for the development of these reports. OCIO reports the policies are under review and the NITC is planning to make compliance with these optional. DMV made contact with other agencies seeking information and acquired some draft materials which are being reviewed for policy consideration pending outcome of the NITC's action.

3. VicToRy Terminated Users

- The Department uses the VicToRy application for vehicle registrations and titling. During testing of terminated VicToRy users, not all had their access removed in a timely manner (three business days) after their termination date. Of 13 users tested, three had access removed on an average of 4 business days when the employee agencies alerted the DMV of the termination date. The remaining 6 had access removed either by not having access to the State's network or the Department removal of all access after 90 days of VicToRy inactivity.
 - An update has been made to the VicToRy District Office Users Report which will run monthly to identify users who have not signed onto VicToRy during the previous month. This information will be used to proactively contact the employing agency to determine if the user is currently employed, and if so if continued access is needed. Directives to users is outlined in the manual, covered in user training, and reinforced at meetings regarding their responsibility to report when people no longer have a work-related reason for system access.

- o All passwords expire after 90 days, and the system sits within the State Enterprise architecture; therefore enjoying all the security standards of the Enterprise system.

The Department of Motor Vehicles requests this document be secured in conjunction with the above mentioned report and retained for the same period of time.

Sincerely,

A handwritten signature in blue ink that reads "Rhonda K. Lahm". The signature is written in a cursive, flowing style.

Rhonda K. Lahm, Director
Nebraska Department of Motor Vehicles

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORT OF THE NEBRASKA ARTS COUNCIL
JANUARY 1, 2019, THROUGH JUNE 30, 2020**

Received January 6, 2021 – Arts Council corrective action plan.

1004 FARNAM STREET • OMAHA, NE 68102 • 402.595.2122 • ARTSCOUNCIL.NEBRASKA.GOV



NEBRASKA ARTS COUNCIL

January 6, 2021

Charlie Janssen
Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, NE 68509-8917

Subject: Corrective Action Plan for FY2019 Attestation Report

Dear Mr. Janssen:

I am writing to inform you of actions the Nebraska Arts Council has taken on the Comments and Recommendations we received as part of the Attestation Report for fiscal year 2019 conducted at our agency this past summer.

While having your staff in our office for such an extended period can be stressful at times, we do welcome the review. It helps us develop better monitoring strategies and procedures. I'd like to share with you our progress in addressing the five issues that were cited for our agency.

Item 1. Internal Controls Over Fixed Assets:

Two new procedures have been added to the agency's Procedures Manual. Each month we review of the *Additions and Retirements Report* and we review of the *Fixed Assets Integrity Report*. Each report will be generated and reviewed by the deputy director and then reviewed again by a second staff member.

Item 2. Federal Cash Draws Not Expended Timely:

The agency is well aware of Federal rules and it's own Cash Draws Policy. In normal times, the agency adheres to that policy. Unless further complications caused by the pandemic require emergency decision-making, the agency will resume adhering to federal and agency policies regarding federal drawdowns.

Item 3. Accounts Receivable Detail with Aging Report Items Not Pursued:

We have cleared the existing receivable from the balance sheet. A new procedure has been added to the agency's Procedures Manual. We monitor of the Accounts Receivables Report as part of our monthly reporting process. The report is generated by the business manager and is reviewed by the deputy director.

Please feel free to contact me if you have any questions or concerns.

Best regards,

Suzanne Wise
Executive Director

PETE RICKETTS *Commissioner*
CANDY HENNING *Chair*
SUZANNE WISE *Executive Director*

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.

**ATTESTATION REPORTS OF 49 COUNTY COURTS
JANUARY 1, 2018, THROUGH DECEMBER 31, 2019 –
ISSUED FEBRUARY 26, 2020, THROUGH APRIL 8, 2020.**

Received Response October 5, 2020 – Judicial Branch corrective action plan.

Corey R. Steel
State Court Administrator



Deborah A. Minardi
State Probation Administrator

October 5, 2020

Charlie Janssen
Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
Lincoln, NE 68509-8917

Dear Auditor Janssen:

Neb. Rev. Stat. §84-304(3)(b) requires entities to describe the corrective actions taken or to be taken in response to audits conducted by the Auditor of Public Accounts. This letter is intended to meet that requirement for the 51 county court audits conducted in CY2020.

Recommendation: Segregation of Duties

Action: This finding was stated in 49 audits and as the only finding in 28 audits. This is a recurring audit point for smaller county courts. The Judicial Branch does not have financial and human resources sufficient enough to remove this finding for many courts. However, as stated in last year's response, the risks from lack of segregation have been reduced through establishment of Accounting Audit Specialists that review records and provide assistance to courts on financial matters. For those courts that have the resources to segregate duties, in several audits the finding stated one person could process all parts of a financial transaction. Again, no instances were reported that this was done. The Judicial Branch will work to determine if the need for one person to have this ability is necessary.

Recommendation: Timely Review of Reports

Action: Several courts had a finding or recommendation regarding review of JUSTICE reports, primarily the Monthly Case Balance Report and the Overdue Case Balance Report. Since their audits, many courts have made plans for regular review of these reports. The Accounting Audit Specialists have also provided assistance to some courts.

Recommendation: Additional Issues

Action: Audit findings and statements were made regarding use of signature stamps, unclaimed property reporting, petty cash, non-monetary receipts and payment/receipt actions and documentation. The specific issues were resolved by most courts, some by the time the audit was published. For other courts, assistance with developing new practices or review of procedures has been provided or made available through the Accounting Audit Specialists and Administrative Office of the Courts/Probation staff.

Sincerely,

Corey R. Steel
State Court Administrator

Administrative Office of the Courts & Probation
P. O. Box 98910, Lincoln, Nebraska 68509-8910
www.supremecourt.nebraska.gov
Phone (402) 471-3730
Fax (402) 471-2197

THE APA WILL FOLLOW-UP DURING NEXT AUDIT.