

STATE OF NEBRASKA
STATEWIDE SINGLE AUDIT
Year Ended June 30, 2025

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

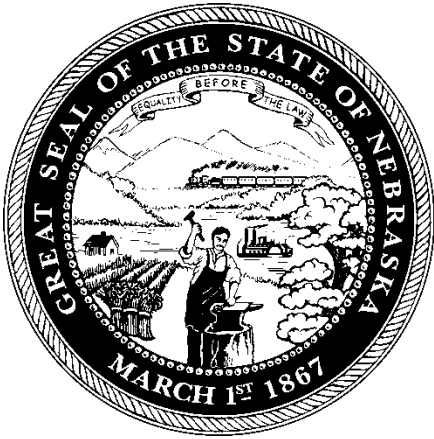
**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on March 16, 2026

STATE OF NEBRASKA
Single Audit Report
Year Ended June 30, 2025

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards:	
Schedule of Expenditures of Federal Awards – By Federal Agency	1
Schedule of Expenditures of Federal Awards – By State Agency	19
Notes to the Schedule of Expenditures of Federal Awards	36
 Auditor Section:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	41
Schedule of Findings and Questioned Costs	48
I. Summary of Auditor’s Results	48
II. Findings Related to the Financial Statements	
Administrative Services, Department of	50
Education, Department of	59
Health and Human Services, Department of	80
Insurance, Department of	87
Labor, Department of	88
Revenue, Department of	99
Secretary of State	114
Transportation, Department of	115
III. Findings and Questioned Costs Relating to Federal Awards	
Administrative Services, Department of	118
Economic Development, Department of	123
Education, Department of	125
Health and Human Services, Department of	133
Labor, Department of	213
Military Department	219
Public Service Commission	240
 Auditee Section:	
Corrective Action Plans	242
Summary Schedule of Prior Audit Findings	270
 Report Issued Separately:	
Annual Comprehensive Financial Report	
(This report can be found at auditors.nebraska.gov under Recent Publications Released, Reports by Agency, or By Year Issued.)	



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(This page has been intentionally left blank.)

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Agriculture, U.S. Department of				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	10.025	\$ 918,466	-
Voluntary Public Access and Habitat Incentive	Game and Parks Commission	10.093	310,284	310,284
Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	10.170	1,067,848	924,851
Local Food Purchase Agreements with States, Tribes, and Local Governments	Health and Human Services, Department of	10.182	168,674	161,359
Local Food for Schools Cooperative Agreement Program	Education, Department of	10.185	701,172	701,172
Resilient Food System Infrastructure Program	Agriculture, Department of	10.190	345,061	270,305
State Mediation Grants	Agriculture, Department of	10.435	119,387	-
Meat, Poultry, and Egg Products Inspection	Agriculture, Department of	10.477	12,197	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	Health and Human Services, Department of	10.537	1,303	-
Child Nutrition-Technology Innovation Grant	Education, Department of	10.541	66,615	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.551	332,353,414	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.561	36,427,260	3,109,593
Total SNAP Cluster			<u>368,780,674</u>	<u>3,109,593</u>
Child Nutrition Cluster:				
School Breakfast Program	Education, Department of	10.553	27,257,974	27,257,974
National School Lunch Program	Education, Department of	10.555	100,750,998	100,750,998
National School Lunch Program	Health and Human Services, Department of	10.555	14,444,301	14,444,301
Total National School Lunch Program			<u>115,195,299</u>	<u>115,195,299</u>
Special Milk Program for Children	Education, Department of	10.556	33,828	33,828
Summer Food Service Program for Children	Education, Department of	10.559	4,172,766	4,072,865
Fresh Fruit and Vegetable Program	Education, Department of	10.582	2,639,949	2,630,063
Total Child Nutrition Cluster			<u>149,299,816</u>	<u>149,190,029</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Human Services, Department of	10.557	38,855,047	12,214,060
Child and Adult Care Food Program	Health and Human Services, Department of	10.558	128,591	128,591
Child and Adult Care Food Program	Education, Department of	10.558	28,220,983	27,907,504
Total Child and Adult Care Food Program			<u>28,349,574</u>	<u>28,036,095</u>
State Administrative Expenses for Child Nutrition	Education, Department of	10.560	2,265,586	-
State Administrative Expenses for Child Nutrition	Health and Human Services, Department of	10.560	848,725	-
Total State Administrative Expenses for Child Nutrition			<u>3,114,311</u>	<u>-</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Agriculture, U.S. Department of (Continued)				
Food Distribution Cluster:				
Commodity Supplemental Food Program	Health and Human Services, Department of	10.565	1,951,820	1,919,219
Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	133,457	133,457
COVID-19 Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	209,808	209,808
Total Emergency Food Assistance Program (Administrative Costs)			<u>343,265</u>	<u>343,265</u>
Emergency Food Assistance Program (Food Commodities)	Health and Human Services, Department of	10.569	7,621,645	7,621,645
Total Food Distribution Cluster			<u>9,916,730</u>	<u>9,884,129</u>
Team Nutrition Grants	Education, Department of	10.574	152,352	1,593
Farm to School Grant Program	Education, Department of	10.575	79,780	-
Senior Farmers Market Nutrition Program	Agriculture, Department of	10.576	180,828	-
Child Nutrition Discretionary Grants Limited Availability	Education, Department of	10.579	84,047	84,047
Emerging Markets Program	Agriculture, Department of	10.603	26,165	-
Emerging Markets Program	Secretary of State	10.603	14,319	-
Total Emerging Markets Program			<u>40,484</u>	<u>-</u>
Farm to School State Formula Grant	Education, Department of	10.645	263,123	5,531
Summer Electronic Benefit Transfer Program for Children	Health and Human Services, Department of	10.646	23,957,099	-
Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Education, Department of	10.666	23,395	23,395
Agriculture Conservation Easement Program	Game and Parks Commission	10.931	100,500	-
Regional Conservation Partnership Program	Game and Parks Commission	10.932	26,553	26,553
Nebraska Rural Rehabilitation Program	Agriculture, Department of	10.U01	185,108	-
Hazardous Waste Management	Environment and Energy, Department of	10.U02	36,039	-
Total U.S. Department of Agriculture			<u>\$ 627,156,467</u>	<u>204,942,996</u>
Commerce, U.S. Department of				
State Digital Equity Planning and Capacity Grant	Administrative Services, Department of	11.032	\$ 18,473	-
State Digital Equity Planning and Capacity Grant	Transportation, Department of	11.032	29,045	-
Total State Digital Equity Planning and Capacity Grant			<u>47,518</u>	<u>-</u>
Broadband Equity, Access, and Deployment Program	Transportation, Department of	11.035	2,030,139	-
Economic Development Cluster:				
Economic Adjustment Assistance	Economic Development, Department of	11.307	1,148,174	970,501
Total U.S. Department of Commerce			<u>\$ 3,225,831</u>	<u>970,501</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Corporation for National and Community Service				
AmeriCorps State Commissions Support Grant	Health and Human Services, Department of	94.003	\$ 294,737	-
AmeriCorps State and National	Health and Human Services, Department of	94.006	2,156,199	2,108,954
Training and Technical Assistance	Health and Human Services, Department of	94.009	250,186	-
Total Corporation for National and Community Service			\$ 2,701,122	2,108,954
Defense, U.S. Department of				
Payments to States in Lieu of Real Estate Taxes	Education, Department of	12.112	\$ 253,455	253,455
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environment and Energy, Department of	12.113	101,852	-
Military Construction, National Guard	Military Department	12.400	12,691,536	-
National Guard Military Operations and Maintenance (O&M) Projects	Military Department	12.401	35,912,914	-
Total U.S. Department of Defense			\$ 48,959,757	253,455
Education, U.S. Department of				
Adult Education - Basic Grants to States	Education, Department of	84.002	\$ 3,230,323	2,895,580
Title I Grants to Local Educational Agencies	Education, Department of	84.010	107,687,945	106,911,261
Migrant Education_State Grant Program	Education, Department of	84.011	8,140,162	7,856,668
Title I State Agency Program for Neglected and Delinquent Children and Youth Special Education Cluster (IDEA):	Education, Department of	84.013	452,817	449,653
Special Education_Grants to States	Education, Department of	84.027	95,253,570	89,706,431
Special Education_Preschool Grants	Education, Department of	84.173	2,359,550	2,145,819
Total Special Education Cluster (IDEA)			97,613,120	91,852,250
Career and Technical Education -- Basic Grants to States	Education, Department of	84.048	8,243,774	7,132,837
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, Department of	84.126	21,090,478	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Blind and Visually Impaired Commission	84.126	4,521,732	-
Total Rehabilitation Services Vocational Rehabilitation Grants to States			25,612,210	-
Migrant Education_Coordination Program	Education, Department of	84.144	21,216	-
Rehabilitation Services_Client Assistance Program	Education, Department of	84.161	181,961	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Blind and Visually Impaired Commission	84.177	292,666	-
Special Education-Grants for Infants and Families	Education, Department of	84.181	4,865,081	2,872,080
School Safety National Activities	Education, Department of	84.184	166,297	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Blind and Visually Impaired Commission	84.187	14,913	-

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Education, U.S. Department of (Continued)				
Education for Homeless Children and Youth	Education, Department of	84.196	716,061	528,738
Twenty-First Century Community Learning Centers	Education, Department of	84.287	8,399,602	7,837,803
Statewide Family Engagement Centers	Education, Department of	84.310	26,845	-
Special Education - State Personnel Development	Education, Department of	84.323	788,487	479,958
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Education, Department of	84.325	364,006	363,936
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, Department of	84.326	117	-
Rural Education	Education, Department of	84.358	97,729	90,553
English Language Acquisition State Grants	Education, Department of	84.365	6,514,084	6,255,240
Supporting Effective Instruction State Grant	Education, Department of	84.367	13,271,307	11,771,037
Competitive Grants for State Assessments	Education, Department of	84.368	1,416,556	-
Grants for State Assessments and Related Activities	Education, Department of	84.369	3,114,696	-
Comprehensive Literacy Development	Education, Department of	84.371	54,871	-
Statewide Longitudinal Data Systems	Education, Department of	84.372	558,936	-
Disability Innovation Fund	Education, Department of	84.421	1,630,766	-
Student Support and Academic Enrichment Program	Education, Department of	84.424	8,668,910	8,174,439
Student Support and Academic Enrichment Program - Stronger Connections Grant (SCG) Program	Education, Department of	84.424F	987,519	881,078
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER II)	Labor, Department of	84.425C	1,500,000	1,500,000
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, Department of	84.425U	246,169,996	230,170,061
COVID-19 Education Stabilization Fund - American Rescue Plan - Emergency Assistance to Non-Public Schools	Education, Department of	84.425V	3,428,154	-
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP HCY)	Education, Department of	84.425W	2,138,574	1,836,274
Total Education Stabilization Fund			<u>253,236,724</u>	<u>233,506,335</u>
Total U.S. Department of Education			<u>\$ 556,369,701</u>	<u>489,859,446</u>
Election Assistance Commission, U.S.				
HAVA Election Security Grants	Secretary of State	90.404	\$ 785,840	111,151
Total U.S. Election Assistance Commission			<u>\$ 785,840</u>	<u>111,151</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Energy, U.S. Department of				
State Energy Program	Environment and Energy, Department of	81.041	\$ 681,793	-
Weatherization Assistance for Low-Income Persons	Environment and Energy, Department of	81.042	3,263,050	2,671,803
Energy Efficiency and Conservation Block Grant Program (EECBG)	Environment and Energy, Department of	81.128	323,693	286,969
State Heating Oil and Propane Program	Environment and Energy, Department of	81.138	8,995	-
Grid Infrastructure Deployment and Resilience	Environment and Energy, Department of	81.254	64,806	-
Total U.S. Department of Energy			\$ 4,342,337	2,958,772
Environmental Protection Agency, U.S.				
State Indoor Radon Grants	Health and Human Services, Department of	66.032	\$ 218,811	30,619
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environment and Energy, Department of	66.034	357,567	170,000
Diesel Emission Reduction Act (DERA) National Grants	Environment and Energy, Department of	66.039	58,121	-
Diesel Emissions Reduction Act (DERA) State Grants	Environment and Energy, Department of	66.040	280,867	-
Climate Pollution Reduction Grant	Environment and Energy, Department of	66.046	256,411	36,539
Water Pollution Control State, Interstate, and Tribal Program Support	Environment and Energy, Department of	66.419	301,655	-
State Underground Water Source Protection	Oil and Gas Commission	66.433	155,339	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	Environment and Energy, Department of	66.442	195,004	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environment and Energy, Department of	66.444	143,755	4,959
Sewer Overflow and Stormwater Reuse Municipal Grant	Environment and Energy, Department of	66.447	4,773	-
Water Quality Management Planning	Environment and Energy, Department of	66.454	109,550	-
Clean Water State Revolving Fund	Environment and Energy, Department of	66.458	17,140,109	16,869,133
Nonpoint Source Implementation Grants	Environment and Energy, Department of	66.460	2,360,450	-
Regional Wetland Program Development Grants	Game and Parks Commission	66.461	1,017	-
Drinking Water State Revolving Fund	Environment and Energy, Department of	66.468	53,685,630	51,504,040
Underground Storage Tank Prevention, Detection and Compliance Program	Fire Marshal	66.804	326,833	-
Performance Partnership Grants	Agriculture, Department of	66.605	728,118	-
Performance Partnership Grants	Environment and Energy, Department of	66.605	6,460,510	250,810
Performance Partnership Grants	Health and Human Services, Department of	66.605	193,151	-
Total Performance Partnership Grants			7,381,779	250,810

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Environmental Protection Agency, U.S. (Continued)				
Environmental Information Exchange Network Grant Program and Related Assistance	Environment and Energy, Department of	66.608	27,491	-
Environmental Information Exchange Network Grant Program and Related Assistance	Fire Marshal	66.608	19,908	-
Total Environmental Information Exchange Network Grant Program and Related Assistance			<u>47,399</u>	<u>-</u>
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environment and Energy, Department of	66.802	461,707	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environment and Energy, Department of	66.805	523,202	-
State and Tribal Response Program Grants	Environment and Energy, Department of	66.817	707,374	41,952
State Programs for Control of Coal Combustion Residuals	Environment and Energy, Department of	66.820	22,246	-
Solid Waste Infrastructure for Recycling Infrastructure Grants	Environment and Energy, Department of	66.920	335,548	-
Total U.S. Environmental Protection Agency			<u>\$ 85,075,147</u>	<u>68,908,052</u>
Equal Employment Opportunity Commission, U.S.				
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	Equal Opportunity Commission	30.001	\$ 603,784	-
Total U.S. Equal Employment Opportunity Commission			<u>\$ 603,784</u>	<u>-</u>
Federal Communications Commission				
FCC - Certification	Education, Department of	32.U01	\$ 34,889	-
Total Federal Communications Commission			<u>\$ 34,889</u>	<u>-</u>
Federal Financial Institutions Examination Council				
State Appraiser Agency Support Grants	Real Property Appraiser Board	38.006	\$ 51,370	-
Total Federal Financial Institutions Examination Council			<u>\$ 51,370</u>	<u>-</u>
General Services Administration				
Donation of Federal Surplus Personal Property	Correctional Services, Department of	39.003	\$ 526,470	-
Total General Services Administration			<u>\$ 526,470</u>	<u>-</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of				
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Health and Human Services, Department of	93.041	\$ 50,754	-
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	Health and Human Services, Department of	93.042	148,344	148,344
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, Department of	93.043	79,234	68,618
COVID-19 Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, Department of	93.043	82,588	82,588
Total Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services			<u>161,822</u>	<u>151,206</u>
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	Health and Human Services, Department of	93.044	2,122,130	1,855,273
COVID-19 Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	Health and Human Services, Department of	93.044	1,305,972	1,305,972
Total Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers			<u>3,428,102</u>	<u>3,161,245</u>
Special Programs for the Aging Title III, Part C Nutrition Services	Health and Human Services, Department of	93.045	3,466,583	3,139,728
COVID-19 Special Programs for the Aging Title III, Part C Nutrition Services	Health and Human Services, Department of	93.045	1,393,033	1,393,033
Total Special Programs for the Aging Title III, Part C Nutrition Services			<u>4,859,616</u>	<u>4,532,761</u>
Nutrition Services Incentive Program	Health and Human Services, Department of	93.053	647,969	647,969
Total Aging Cluster			<u>8,935,687</u>	<u>8,341,975</u>
Special Programs for the Aging Title IV and Title II Discretionary Projects	Insurance, Department of	93.048	313,739	202,686
COVID-19 Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, Department of	93.048	8,425	8,425
Total Special Programs for the Aging Title IV and Title II Discretionary Projects			<u>322,164</u>	<u>211,111</u>
National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	622,024	605,166
COVID-19 National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	374,239	374,239
Total National Family Caregiver Support, Title III, Part E			<u>996,263</u>	<u>979,405</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster:				
Public Health Emergency Preparedness	Health and Human Services, Department of	93.069	4,592,084	4,103,578
National Bioterrorism Hospital Preparedness Program	Health and Human Services, Department of	93.889	1,302,469	1,003,426
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			<u>5,894,553</u>	<u>5,107,004</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Environmental Public Health and Emergency Response	Health and Human Services, Department of	93.070	730,219	445,224
Medicare Enrollment Assistance Program	Insurance, Department of	93.071	236,066	119,305
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education, Department of	93.079	112,178	-
Guardianship Assistance	Health and Human Services, Department of	93.090 ^	326,889	-
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, Department of	93.092	254,532	167,288
Food and Drug Administration_Research	Agriculture, Department of	93.103	627,246	-
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, Department of	93.110	1,131,245	621,077
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, Department of	93.116	270,352	-
Emergency Medical Services for Children	Health and Human Services, Department of	93.127	167,044	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health and Human Services, Department of	93.130	316,151	132,071
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, Department of	93.136	3,194,093	1,215,755
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, Department of	93.150	303,358	287,579
COVID-19 Grants to State for Loan Repayment Program	Health and Human Services, Department of	93.165	736,787	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, Department of	93.197	467,634	189,854
Traumatic Brain Injury State Demonstration Grant Program	Education, Department of	93.234	209,459	-
COVID-19 Traumatic Brain Injury State Demonstration Grant Program	Education, Department of	93.234	24,793	-
Total Traumatic Brain Injury State Demonstration Grant Program			<u>234,252</u>	<u>-</u>
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, Department of	93.235	261,874	170,920
Grants to States to Support Oral Health Workforce Activities	Health and Human Services, Department of	93.236	306,969	193,683
State Rural Hospital Flexibility Program	Health and Human Services, Department of	93.241	985,269	674,801
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Education, Department of	93.243	1,175,353	620,723
University of Nebraska - Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Education, Department of - passed through from University of Nebraska (Pass-Through Entity Identifying # 24-0116-0005 & 24-0116-0007)	93.243	21,769	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, Department of	93.243	<u>3,198,993</u>	<u>2,835,937</u>
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance			<u>4,396,115</u>	<u>3,456,660</u>
Universal Newborn Hearing and Screening	Health and Human Services, Department of	93.251	275,248	97,547
Occupational Safety and Health Program	Health and Human Services, Department of	93.262	207,617	-

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	37,629,307	1,635,652
COVID-19 Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	5,356,954	4,953,302
Total Immunization Cooperative Agreements			<u>42,986,261</u>	<u>6,588,954</u>
Viral Hepatitis Prevention and Control	Health and Human Services, Department of	93.270	233,724	-
Drug Abuse and Addiction Research Programs	Health and Human Services, Department of	93.279	104,416	-
Small Rural Hospital Improvement Grant Program	Health and Human Services, Department of	93.301	1,510,541	1,510,541
National and State Tobacco Control Program	Health and Human Services, Department of	93.387	987,304	110,728
COVID-19 Activities to Support State, Tribal, Local and Territorial Health				
Department Response to Public Health or Healthcare Crises	Health and Human Services, Department of	93.391	2,780,555	2,102,792
Early Hearing Detection and Intervention Information System (EHDI-IS)				
Surveillance Program	Health and Human Services, Department of	93.314	153,100	-
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	2,799,563	1,484,364
COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	21,746,461	12,388,492
Total Epidemiology & Laboratory Capacity for Infectious Diseases			<u>24,546,024</u>	<u>13,872,856</u>
State Health Insurance Assistance Program	Insurance, Department of	93.324	502,704	179,588
Behavioral Risk Factor Surveillance System	Health and Human Services, Department of	93.336	291,832	-
Public Health Emergency Response: Cooperative Agreement for				
Emergency Response: Public Health Crisis Response	Health and Human Services, Department of	93.354	101,779	101,779
COVID-19 Public Health Emergency Response: Cooperative Agreement for				
Emergency Response: Public Health Crisis Response	Health and Human Services, Department of	93.354	4,434,698	2,814,531
Total Public Health Emergency Response: Cooperative Agreement			<u>4,536,477</u>	<u>2,916,310</u>
for Emergency Response: Public Health Crisis Response				
ACL Independent Living State Grants	Administrative Services, Department of	93.369	172,054	172,054
The State Flexibility to Stabilize the Market Grant Program	Insurance, Department of	93.413	62,168	-
Improving the Health of Americans through Prevention and Management of				
Diabetes and Heart Disease and Stroke	Health and Human Services, Department of	93.426	757,573	290,113
ESSA/Preschool Development Grants	Health and Human Services, Department of	93.434	1,674,578	1,674,578
Well-Integrated Screening and Evaluation for Women Across the Nation				
(Wisewoman)	Health and Human Services, Department of	93.436	501,433	101,890
ACL Assistive Technology	Education, Department of	93.464	587,677	-
Title IV-E Prevention Program	Health and Human Services, Department of	93.472	(33,479)	-
COVID-19 Family Violence Prevention and Services/Sexual Assault/Rape				
Crisis Services and Supports	Health and Human Services, Department of	93.497	484,450	484,450
Promoting Safe and Stable Families	Health and Human Services, Department of	93.556	3,045,817	1,680,061

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Temporary Assistance for Needy Families	Health and Human Services, Department of	93.558	61,064,616	30,643,635
Temporary Assistance for Needy Families	Labor, Department of	93.558	6,020,274	6,005,782
Total Temporary Assistance for Needy Families			<u>67,084,890</u>	<u>36,649,417</u>
Child Support Services	Health and Human Services, Department of	93.563 ^	27,526,903	10,814,784
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Human Services, Department of	93.566 ^	11,848,101	5,315,550
Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	31,650,564	-
COVID-19 Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	(48,997)	-
Low-Income Home Energy Assistance	Environment and Energy, Department of	93.568	4,113,403	4,040,916
Total Low-Income Home Energy Assistance			<u>35,714,970</u>	<u>4,040,916</u>
Community Services Block Grant	Health and Human Services, Department of	93.569	5,578,061	5,462,886
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, Department of	93.575	77,238,027	4,119,098
COVID-19 Child Care and Development Block Grant	Health and Human Services, Department of	93.575	12,745,259	2,073,750
Total Child Care and Development Block Grant			<u>89,983,286</u>	<u>6,192,848</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, Department of	93.596	24,988,523	-
Total CCDF Cluster			<u>114,971,809</u>	<u>6,192,848</u>
State Court Improvement Program	Supreme Court, Nebraska	93.586	515,730	-
Grants to States for Access and Visitation Programs	Health and Human Services, Department of	93.597	118,221	118,221
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, Department of	93.599	448,809	448,809
Head Start Cluster:				
Head Start	Education, Department of	93.600	137,458	-
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, Department of	93.603	86,236	-
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	785,536	300,672
COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	36,223	36,223
Total Developmental Disabilities Basic Support and Advocacy Grants			<u>821,759</u>	<u>336,895</u>
Children's Justice Grants to States	Health and Human Services, Department of	93.643	246,427	24,754
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, Department of	93.645	1,925,216	-
Foster Care Title IV-E	Health and Human Services, Department of	93.658 ^	59,161,693	34,049
COVID-19 Foster Care Title IV-E	Health and Human Services, Department of	93.658	1,551,862	-
Total Foster Care Title IV-E			<u>60,713,555</u>	<u>34,049</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Adoption Assistance	Health and Human Services, Department of	93.659 ^	29,619,244	46,893
Social Services Block Grant	Health and Human Services, Department of	93.667	11,180,173	3,093,579
Child Abuse and Neglect State Grants	Health and Human Services, Department of	93.669	670,748	666,624
COVID-19 Child Abuse and Neglect State Grants	Health and Human Services, Department of	93.669	54,451	45,986
Total Child Abuse and Neglect State Grants			<u>725,199</u>	<u>712,610</u>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	1,235,173	1,235,173
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	938,278	938,278
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>2,173,451</u>	<u>2,173,451</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, Department of	93.674	865,583	840,040
Elder Justice Act - Adult Protective Services	Health and Human Services, Department of	93.698	106,818	-
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs -- financed by Prevention and Public Health Funds (PPHF)	Health and Human Services, Department of	93.734	23,480	12,000
COVID-19 Elder Abuse Prevention Interventions Program	Health and Human Services, Department of	93.747	300,382	12,257
Children's Health Insurance Program	Health and Human Services, Department of	93.767 ^	93,628,756	-
COVID-19 Children's Health Insurance Program	Health and Human Services, Department of	93.767	(142,885)	-
Total Children's Health Insurance Program			<u>93,485,871</u>	<u>-</u>
Medicaid Cluster:				
State Medicaid Fraud Control Units	Attorney General	93.775	1,007,362	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777 ^	6,238,073	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777	(36,869)	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			<u>6,201,204</u>	<u>-</u>
Grants to States for Medicaid	Health and Human Services, Department of	93.778 ^	2,515,139,871	6,025,769
COVID-19 Grants to States for Medicaid	Health and Human Services, Department of	93.778 ^	(4,169,489)	-
Total Grants to States for Medicaid			<u>2,510,970,382</u>	<u>6,025,769</u>
Total Medicaid Cluster			<u>2,518,178,948</u>	<u>6,025,769</u>
Opioid STR	Health and Human Services, Department of	93.788	3,590,786	2,462,547
Expanding Access to Women's Health Grant	Insurance, Department of	93.797	136,955	-
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, Department of	93.800	536,823	306,695

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, Department of	93.870	1,815,114	1,558,480
COVID-19 Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, Department of	93.870	101,777	101,777
Total Maternal, Infant, & Early Childhood Home Visiting Grant			<u>1,916,891</u>	<u>1,660,257</u>
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, Department of	93.898	2,064,532	326,076
Grants to States for Operation of State Offices of Rural Health	Health and Human Services, Department of	93.913	247,123	109,400
HIV Care Formula Grants	Health and Human Services, Department of	93.917	9,994,677	9,994,677
HIV Prevention Activities Health Department Based	Health and Human Services, Department of	93.940	959,680	444,145
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, Department of	93.946	605,912	114,805
Block Grants for Community Mental Health Services	Health and Human Services, Department of	93.958	3,722,152	2,657,340
COVID-19 Block Grants for Community Mental Health Services	Health and Human Services, Department of	93.958	119,847	104,882
Total Block Grants for Community Mental Health Services			<u>3,841,999</u>	<u>2,762,222</u>
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, Department of	93.959	7,758,303	7,198,501
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, Department of	93.959	1,523,543	1,453,751
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>9,281,846</u>	<u>8,652,252</u>
Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health	Health and Human Services, Department of	93.967	670,601	315,701
COVID-19 Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health	Health and Human Services, Department of	93.967	1,942,798	1,663,584
Total Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health			<u>2,613,399</u>	<u>1,979,285</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, Department of	93.977	654,559	149,524
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, Department of	93.977	(1,147,655)	(975,966)
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants			<u>(493,096)</u>	<u>(826,442)</u>
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education, Department of	93.981	158	-
Mental Health Disaster Assistance and Emergency Mental Health	Health and Human Services, Department of	93.982	157,252	157,252
Cooperative Agreements for Diabetes Control Programs	Health and Human Services, Department of	93.988	589,026	150,599
Preventive Health and Health Services Block Grant	Health and Human Services, Department of	93.991	2,911,526	792,729
Maternal and Child Health Services Block Grant to the States	Health and Human Services, Department of	93.994	3,401,776	1,594,735
Medicated Feed Inspection Contract	Agriculture, Department of	93.U01	108,205	-
Food Inspection Contract	Agriculture, Department of	93.U03	7,027	-
Total U.S. Department of Health and Human Services			<u>\$ 3,144,805,725</u>	<u>167,432,686</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Homeland Security, U.S. Department of				
Urban Areas Security Init (Non-Profit Security Program)	Military Department	97.008	\$ 1,504,976	1,504,518
Homeland Security Grant Program	Military Department	97.067	5,247,717	2,847,694
Boating Safety Financial Assistance	Game and Parks Commission	97.012	941,020	-
Community Assistance Program State Support Services Element (CAP-SSSE)	Natural Resources, Department of	97.023	361,142	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	68,265,836	65,011,036
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	22,631,307	21,846,237
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>90,897,143</u>	<u>86,857,273</u>
Hazard Mitigation Grant	Military Department	97.039	11,757,276	11,515,571
COVID-19 Hazard Mitigation Grant	Military Department	97.039	513,999	430,207
Total Hazard Mitigation Grant			<u>12,271,275</u>	<u>11,945,778</u>
National Dam Safety Program	Military Department	97.041	170,325	170,325
National Dam Safety Program	Natural Resources, Department of	97.041	493,945	-
Total National Dam Safety Program			<u>664,270</u>	<u>170,325</u>
Emergency Management Performance Grants	Military Department	97.042	3,491,164	1,889,395
State Fire Training Systems Grants	Fire Marshal	97.043	15,188	-
Assistance to Firefighters Grant	Fire Marshal	97.044	304,016	-
Cooperating Technical Partners	Natural Resources, Department of	97.045	2,015,787	-
BRIC: Building Resilient Infrastructure and Communities	Military Department	97.047	3,477,948	3,362,913
Emergency Operations Center	Military Department	97.052	562,493	562,493
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	Military Department	97.137	610,562	610,142
Total U.S. Department of Homeland Security			<u>\$ 122,364,701</u>	<u>109,750,531</u>
Housing & Urban Development, U.S. Department of				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Economic Development, Department of	14.228	\$ 24,566,997	21,195,494
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Economic Development, Department of	14.228	690,143	540,004
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>25,257,140</u>	<u>21,735,498</u>
Emergency Solutions Grant Program	Health and Human Services, Department of	14.231	958,676	925,107
Home Investment Partnerships Program	Economic Development, Department of	14.239	4,354,274	3,872,421

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Housing & Urban Development, U.S. Department of (Continued)				
Housing Opportunities for Persons with AIDS	Health and Human Services, Department of	14.241	903,713	863,469
Housing Trust Fund	Economic Development, Department of	14.275	1,497,630	1,129,023
Fair Housing Assistance Program_State and Local	Equal Opportunity Commission	14.401	217,476	-
Total U.S. Department of Housing & Urban Development			\$ 33,188,909	28,525,518
Institute of Museum and Library Services				
Grants to States	Library Commission	45.310	\$ 1,899,048	-
Total Institute of Museum and Library Services			\$ 1,899,048	-
Interior, U.S. Department of the				
Energy Community Revitalization Program	Oil and Gas Commission	15.018	\$ 6,063,949	-
Cultural and Paleontological Resources Management	Education, Department of	15.224	2,125	2,125
Cultural Resources Management	Historical Society	15.511	10,614	-
Reclamation States Emergency Drought Relief	Natural Resources, Department of	15.514	384,447	-
Fish and Wildlife Coordination Act	Game and Parks Commission	15.517	8,441	-
Recreation Resources Management	Game and Parks Commission	15.524	376,066	-
Fish and Wildlife Management Assistance	Game and Parks Commission	15.608	427,309	326,778
Fish and Wildlife Cluster:				
Sport Fish Restoration	Game and Parks Commission	15.605	7,241,735	778,434
Wildlife Restoration and Basic Hunter Education and Safety	Game and Parks Commission	15.611	15,257,942	5,957,405
Enhanced Hunter Education and Safety	Game and Parks Commission	15.626	58,302	-
Total Fish and Wildlife Cluster			<u>22,557,979</u>	<u>6,735,839</u>
Cooperative Endangered Species Conservation Fund	Game and Parks Commission	15.615	1,322,892	408,446
State Wildlife Grants	Game and Parks Commission	15.634	1,072,757	770,043
Migratory Bird Joint Ventures	Game and Parks Commission	15.637	72,101	61,592
Cooperative Landscape Conservation	Game and Parks Commission	15.669	1,102,580	890,508
Historic Preservation Fund Grants-In-Aid	Historical Society	15.904	1,014,641	258,336
Outdoor Recreation_Acquisition, Development and Planning	Game and Parks Commission	15.916	3,718,824	2,652,228
Cultural Resources Management	Historical Society	15.946	68,518	-
Total U.S. Department of the Interior			\$ 38,203,243	12,105,895

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Justice, U.S. Department of				
Sexual Assault Services Formula Program	Law Enforcement and Criminal Justice, Commission for	16.017	\$ 327,739	312,917
COVID-19 Coronavirus Emergency Supplemental Funding Program	Pardons, Board of	16.034	130,221	-
Services for Trafficking Victims	Health and Human Services, Department of	16.320	299,703	299,703
Juvenile Justice and Delinquency Prevention	Law Enforcement and Criminal Justice, Commission for	16.540	42,915	-
Missing Children's Assistance	State Patrol	16.543	344,951	-
State Justice Statistics Program for Statistical Analysis Centers	Law Enforcement and Criminal Justice, Commission for	16.550	(164)	-
National Criminal History Improvement Program (NCHIP)	State Patrol	16.554	3,713,342	181,939
Crime Victim Assistance	Law Enforcement and Criminal Justice, Commission for	16.575	7,493,658	6,522,282
Crime Victim Compensation	Law Enforcement and Criminal Justice, Commission for	16.576	86,525	-
Justice Reinvestment Initiative	Supreme Court, Nebraska	16.827	88,605	-
Justice Reinvestment Initiative	Pardons, Board of	16.827	348,564	-
Total Justice Reinvestment Initiative			<u>437,169</u>	<u>-</u>
Crime Victim Assistance/Discretionary Grants	Law Enforcement and Criminal Justice, Commission for	16.582	79,450	79,450
Violence Against Women Formula Grants	Law Enforcement and Criminal Justice, Commission for	16.588	986,721	939,433
Residential Substance Abuse Treatment for State Prisoners	Law Enforcement and Criminal Justice, Commission for	16.593	21,362	17,583
State Criminal Alien Assistance Program	Correctional Services, Department of	16.606	656,923	-
Public Safety Partnership and Community Policing Grants	State Patrol	16.710	93,166	-
Edward Byrne Memorial Justice Assistance Grant Program	Law Enforcement and Criminal Justice, Commission for	16.738	997,328	736,610
Edward Byrne Memorial Justice Assistance Grant Program	Supreme Court, Nebraska	16.738	292,437	-
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>1,289,765</u>	<u>736,610</u>
DNA Backlog Reduction Program	State Patrol	16.741	687,573	-
Paul Coverdell Forensic Sciences Improvement Grant Program	State Patrol	16.742	289,899	-
Support for Adam Walsh Act Implementation Grant Program	State Patrol	16.750	274,234	-
Harold Rogers Prescription Drug Monitoring Program	Health and Human Services, Department of	16.754	506,780	323,112
Second Chance Act Reentry Initiative	Pardons, Board of	16.812	186,885	-
NICS Act Record Improvement Program	State Patrol	16.813	1,241,986	236,871
Stop School Violence	Education, Department of	16.839	17,264	-
Equitable Sharing Program	State Patrol	16.922	341,730	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	State Patrol	16.922	228,775	-
Federal Equitable Sharing Program: Public Safety Cash Treasury	State Patrol	16.922	11,717	-
Total Equitable Sharing Program			<u>582,222</u>	<u>-</u>
DEA Grants	State Patrol	16.U01	6,047	-
Total U.S. Department of Justice			<u>\$ 19,796,336</u>	<u>9,649,900</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Labor, U.S. Department of				
Labor Force Statistics	Labor, Department of	17.002	\$ 774,870	-
Compensation and Working Conditions	Workers' Compensation Court	17.005	66,690	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	17.207	4,984,770	151,013
Jobs for Veterans State Grants	Labor, Department of	17.801	1,004,418	-
Total Employment Service Cluster			<u>5,989,188</u>	<u>151,013</u>
Unemployment Insurance - Federal	Labor, Department of	17.225	575,787	-
Unemployment Insurance - State	Labor, Department of	17.225	104,188,911	-
Unemployment Insurance - Admin	Labor, Department of	17.225	20,327,935	-
Unemployment Insurance - Admin Reed Act	Labor, Department of	17.225	207,400	-
COVID-19 Unemployment Insurance - Admin	Labor, Department of	17.225	230,905	-
Total Unemployment Insurance - Admin			<u>20,766,240</u>	<u>-</u>
Total Unemployment Insurance			<u>125,530,938</u>	<u>-</u>
Senior Community Service Employment Program	Labor, Department of	17.235	660,221	-
Trade Adjustment Assistance	Labor, Department of	17.245	205,615	-
WIOA Cluster:				
WIOA Adult Program	Labor, Department of	17.258	1,851,221	1,391,728
WIOA Youth Activities	Labor, Department of	17.259	3,003,469	2,197,014
WIOA Dislocated Worker Formula Grants	Labor, Department of	17.278	2,003,511	934,980
Total WIOA Cluster			<u>6,858,201</u>	<u>4,523,722</u>
Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	17.271	188,826	-
Temporary Labor Certification for Foreign Workers	Labor, Department of	17.273	300,400	-
Registered Apprenticeship	Education, Department of	17.285	518,270	6,998
Consultation Agreements	Labor, Department of	17.504	562,653	-
Total U.S. Department of Labor			<u>\$ 141,655,872</u>	<u>4,681,733</u>
National Archives and Records Administration				
National Historical Publications and Records Grant	Historical Society	89.003	\$ 25,784	-
Total National Archives and Records Administration			<u>\$ 25,784</u>	<u>-</u>
National Endowment for the Arts				
Promotion of the Arts_Partnership Agreements	Arts Council	45.025	\$ 927,525	723,948
Total National Endowment for the Arts			<u>\$ 927,525</u>	<u>723,948</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
President, Executive Office of the				
High Intensity Drug Trafficking Areas Program	State Patrol	95.001	\$ 1,033,623	718,442
Total Executive Office of the President			<u>\$ 1,033,623</u>	<u>718,442</u>
Small Business Administration				
State Trade Expansion Program	Economic Development, Department of	59.061	\$ 473,631	143,464
Total Small Business Administration			<u>\$ 473,631</u>	<u>143,464</u>
Social Security Administration				
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Education, Department of	96.001	\$ 13,468,149	-
Supplemental Security Income	Education, Department of	96.006	618,792	-
Supplemental Security Income	Blind and Visually Impaired Commission	96.006	335,377	-
Total Supplemental Security Income			<u>954,169</u>	<u>-</u>
Total Disability Insurance/SSI Cluster			<u>14,422,318</u>	<u>-</u>
Total Social Security Administration			<u>\$ 14,422,318</u>	<u>-</u>
Transportation, U.S. Department of				
Airport Improvement Program	Transportation, Department of	20.106	\$ 26,477,070	25,792,605
COVID-19 Airport Improvement Program	Transportation, Department of	20.106	2,378,694	2,378,694
Total Airport Improvement Program			<u>28,855,764</u>	<u>28,171,299</u>
Highway Research and Development Program	Transportation, Department of	20.200	71	-
Highway Planning and Construction	Transportation, Department of	20.205	578,064,264	30,839,236
COVID-19 Highway Planning & Construction	Transportation, Department of	20.205	547,290	431,369
Total Highway Planning & Construction			<u>578,611,554</u>	<u>31,270,605</u>
Recreational Trails Program	Game and Parks Commission	20.219	1,031,010	733,297
FMCSA Cluster:				
Motor Carrier Safety Assistance	State Patrol	20.218	4,083,525	-
Federal Lands Access Program	Transportation, Department of	20.224	1,229,582	-
Commercial Driver's License Program Implementation Grant	Motor Vehicles, Department of	20.232	32,459	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, Department of	20.505	473,299	473,299
Formula Grants for Rural Areas and Tribal Transit Program	Transportation, Department of	20.509	21,453,863	20,170,712
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	Transportation, Department of	20.509	2,858,168	2,795,507
Total Formula Grants for Rural Areas			<u>24,312,031</u>	<u>22,966,219</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By Federal Agency
For the Fiscal Year Ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Transportation, U.S. Department of (Continued)				
Transit Services Programs Cluster:				
Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation, Department of	20.513	3,693,639	3,693,639
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, Department of	20.600	3,713,527	3,141,516
National Priority Safety Programs	Transportation, Department of	20.616	4,173,077	3,849,557
Total Highway Safety Cluster			<u>7,886,604</u>	<u>6,991,073</u>
Incentive Grant Program to Prohibit Racial Profiling	Transportation, Department of	20.611	732,286	732,286
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Transportation, Department of	20.614	78,000	-
Pipeline Safety Program State Base Grant	Fire Marshal	20.700	342,947	140,830
Interagency Hazardous Materials Public Sector Training and Planning Grants	Fire Marshal	20.703	57,388	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	Military Department	20.703	107,782	-
Total Interagency Hazardous Materials Public Sector Training and Planning Grants			<u>165,170</u>	<u>-</u>
National Infrastructure Investments	Transportation, Department of	20.933	300,249	300,249
Total U.S. Department of Transportation			<u>\$ 651,828,190</u>	<u>95,472,796</u>
Veterans Affairs, U.S. Department of				
Grants to States for Construction of State Home Facilities	Veterans' Affairs, Department of	64.005	\$ 563,274	-
Veterans State Domiciliary Care	Veterans' Affairs, Department of	64.014	1,590,181	-
Veterans State Nursing Home Care	Veterans' Affairs, Department of	64.015	27,958,989	-
Suicide Mortality Review Cooperative Agreements	Veterans' Affairs, Department of	64.057	1,569	-
Veterans Cemetery Grants Program	Veterans' Affairs, Department of	64.203	6,512,079	-
Cooperative Agreement for Veteran Training Program	Education, Department of	64.U01	71,519	-
Total U.S. Department of Veterans Affairs			<u>\$ 36,697,611</u>	<u>-</u>
Treasury, U.S. Department of the				
COVID-19 Emergency Rental Assistance	Military Department	21.023	\$ 22,214,884	373,981
COVID-19 Homeowner Assistance Fund	Military Department	21.026	259,032	11,359
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Military Department	21.027	260,387,495	172,943,444
COVID-19 Coronavirus Capital Projects Fund	Military Department	21.029	22,189,265	21,933,855
State Small Business Credit Initiative Technical Assistance Grant Program	Economic Development, Department of	21.031	36,790	36,790
Total U.S. Department of the Treasury			<u>\$ 305,087,466</u>	<u>195,299,429</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,842,242,697</u>	<u>1,394,617,669</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Administrative Services, Department of				
State Digital Equity Planning and Capacity Grant	Commerce, U.S. Department of	11.032	\$ 18,473	-
ACL Independent Living State Grants	Health and Human Services, U.S. Department of	93.369	172,054	172,054
Total Department of Administrative Services			\$ 190,527	172,054
Agriculture, Department of				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, U.S. Department of	10.025	\$ 918,466	-
Specialty Crop Block Grant Program - Farm Bill	Agriculture, U.S. Department of	10.170	1,067,848	924,851
Resilient Food System Infrastructure Program	Agriculture, U.S. Department of	10.190	345,061	270,305
State Mediation Grants	Agriculture, U.S. Department of	10.435	119,387	-
Meat, Poultry, and Egg Products Inspection	Agriculture, U.S. Department of	10.477	12,197	-
Senior Farmers Market Nutrition Program	Agriculture, U.S. Department of	10.576	180,828	-
Emerging Markets Program	Agriculture, U.S. Department of	10.603	26,165	-
Nebraska Rural Rehabilitation Program	Agriculture, U.S. Department of	10.U01	185,108	-
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	728,118	-
Food and Drug Administration_Research	Health and Human Services, U.S. Department of	93.103	627,246	-
Medicated Feed Inspection Contract	Health and Human Services, U.S. Department of	93.U01	108,205	-
Food Inspection Contract	Health and Human Services, U.S. Department of	93.U03	7,027	-
Total Department of Agriculture			\$ 4,325,656	1,195,156
Arts Council				
Promotion of the Arts_Partnership Agreements	National Endowment for the Arts	45.025	\$ 927,525	723,948
Total Arts Council			\$ 927,525	723,948
Attorney General				
State Medicaid Fraud Control Units	Health and Human Services, U.S. Department of	93.775	\$ 1,007,362	-
Total Attorney General			\$ 1,007,362	-
Blind and Visually Impaired Commission				
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	\$ 4,521,732	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Education, U.S. Department of	84.177	292,666	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Education, U.S. Department of	84.187	14,913	-
Disability Insurance/SSI Cluster: Supplemental Security Income	Social Security Administration	96.006	335,377	-
Total Blind and Visually Impaired Commission			\$ 5,164,688	-

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Correctional Services, Department of				
State Criminal Alien Assistance Program	Justice, U.S. Department of	16.606	\$ 656,923	-
Donation of Federal Surplus Personal Property	General Services Administration	39.003	526,470	-
Total Department of Correctional Services			<u>\$ 1,183,393</u>	<u>-</u>
Economic Development, Department of				
Economic Development Cluster:				
Economic Adjustment Assistance	Commerce, U.S. Department of	11.307	\$ 1,148,174	970,501
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	24,566,997	21,195,494
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	690,143	540,004
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>25,257,140</u>	<u>21,735,498</u>
Home Investment Partnerships Program	Housing & Urban Development, U.S. Department of	14.239	4,354,274	3,872,421
Housing Trust Fund	Housing & Urban Development, U.S. Department of	14.275	1,497,630	1,129,023
State Small Business Credit Initiative Technical Assistance Grant Program	Treasury, U.S. Department of the	21.031	36,790	36,790
State Trade Expansion Program	Small Business Administration	59.061	473,631	143,464
Total Department of Economic Development			<u>\$ 32,767,639</u>	<u>27,887,697</u>
Education, Department of				
Local Food for Schools Cooperative Agreement Program	Agriculture, U.S. Department of	10.185	\$ 701,172	701,172
Child Nutrition-Technology Innovation Grant	Agriculture, U.S. Department of	10.541	66,615	-
Child Nutrition Cluster:				
School Breakfast Program	Agriculture, U.S. Department of	10.553	27,257,974	27,257,974
National School Lunch Program	Agriculture, U.S. Department of	10.555	100,750,998	100,750,998
Special Milk Program for Children	Agriculture, U.S. Department of	10.556	33,828	33,828
Summer Food Service Program for Children	Agriculture, U.S. Department of	10.559	4,172,766	4,072,865
Fresh Fruit and Vegetable Program	Agriculture, U.S. Department of	10.582	2,639,949	2,630,063
Total Child Nutrition Cluster			<u>134,855,515</u>	<u>134,745,728</u>
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	28,220,983	27,907,504
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	2,265,586	-
Team Nutrition Grants	Agriculture, U.S. Department of	10.574	152,352	1,593
Farm to School Grant Program	Agriculture, U.S. Department of	10.575	79,780	-
Child Nutrition Discretionary Grants Limited Availability	Agriculture, U.S. Department of	10.579	84,047	84,047
Farm to School State Formula Grant	Agriculture, U.S. Department of	10.645	263,123	5,531

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Education, Department of (Continued)				
Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Agriculture, U.S. Department of	10.666	23,395	23,395
Payments to States in Lieu of Real Estate Taxes	Defense, U.S. Department of	12.112	253,455	253,455
Cultural and Paleontological Resources Management	Interior, U.S. Department of the	15.224	2,125	2,125
Stop School Violence	Justice, U.S. Department of	16.839	17,264	-
Registered Apprenticeship	Labor, U.S. Department of	17.285	518,270	6,998
FCC - Certification	Federal Communications Commission	32.U01	34,889	-
Cooperative Agreement for Veteran Training Program	Veterans Affairs, U.S. Department of	64.U01	71,519	-
Adult Education - Basic Grants to States	Education, U.S. Department of	84.002	3,230,323	2,895,580
Title I Grants to Local Educational Agencies	Education, U.S. Department of	84.010	107,687,945	106,911,261
Migrant Education_State Grant Program	Education, U.S. Department of	84.011	8,140,162	7,856,668
Title I State Agency Program for Neglected and Delinquent Children and Youth	Education, U.S. Department of	84.013	452,817	449,653
Special Education Cluster (IDEA):				
Special Education_Grants to States	Education, U.S. Department of	84.027	95,253,570	89,706,431
Special Education_Preschool Grants	Education, U.S. Department of	84.173	2,359,550	2,145,819
Total Special Education Cluster (IDEA)			<u>97,613,120</u>	<u>91,852,250</u>
Career and Technical Education -- Basic Grants to States	Education, U.S. Department of	84.048	8,243,774	7,132,837
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	21,090,478	-
Migrant Education_Coordination Program	Education, U.S. Department of	84.144	21,216	-
Rehabilitation Services_Client Assistance Program	Education, U.S. Department of	84.161	181,961	-
Special Education-Grants for Infants and Families	Education, U.S. Department of	84.181	4,865,081	2,872,080
School Safety National Activities	Education, U.S. Department of	84.184	166,297	-
Education for Homeless Children and Youth	Education, U.S. Department of	84.196	716,061	528,738
Twenty-First Century Community Learning Centers	Education, U.S. Department of	84.287	8,399,602	7,837,803
Statewide Family Engagement Centers	Education, U.S. Department of	84.310	26,845	-
Special Education - State Personnel Development	Education, U.S. Department of	84.323	788,487	479,958
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Education, U.S. Department of	84.325	364,006	363,936
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, U.S. Department of	84.326	117	-
Rural Education	Education, U.S. Department of	84.358	97,729	90,553
English Language Acquisition State Grants	Education, U.S. Department of	84.365	6,514,084	6,255,240
Supporting Effective Instruction State Grant	Education, U.S. Department of	84.367	13,271,307	11,771,037
Competitive Grants for State Assessments	Education, U.S. Department of	84.368	1,416,556	-

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Education, Department of (Continued)				
Grants for State Assessments and Related Activities	Education, U.S. Department of	84.369	3,114,696	-
Comprehensive Literacy Development	Education, U.S. Department of	84.371	54,871	-
Statewide Longitudinal Data Systems	Education, U.S. Department of	84.372	558,936	-
Disability Innovation Fund	Education, U.S. Department of	84.421	1,630,766	-
Student Support and Academic Enrichment Program	Education, U.S. Department of	84.424	8,668,910	8,174,439
Student Support and Academic Enrichment Program - Stronger Connections Grant (SCG) Program	Education, U.S. Department of	84.424F	987,519	881,078
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, U.S. Department of	84.425U	246,169,996	230,170,061
COVID-19 Education Stabilization Fund - American Rescue Plan - Emergency Assistance to Non-Public Schools	Education, U.S. Department of	84.425V	3,428,154	-
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP HCY)	Education, U.S. Department of	84.425W	2,138,574	1,836,274
Total Education Stabilization Fund			<u>251,736,724</u>	<u>232,006,335</u>
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Health and Human Services, U.S. Department of	93.079	112,178	-
Traumatic Brain Injury State Demonstration Grant Program	Health and Human Services, U.S. Department of	93.234	209,459	-
COVID-19 Traumatic Brain Injury State Demonstration Grant Program	Health and Human Services, U.S. Department of	93.234	24,793	-
Total Traumatic Brain Injury State Demonstration Grant Program			<u>234,252</u>	<u>-</u>
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	1,175,353	620,723
University of Nebraska - Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	21,769	-
Total Substance Abuse and Mental Health Services_Projcts of Regional and National Significance			<u>1,197,122</u>	<u>620,723</u>
ACL Assistive Technology	Health and Human Services, U.S. Department of	93.464	587,677	-
Head Start Cluster:				
Head Start	Health and Human Services, U.S. Department of	93.600	137,458	-
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Health and Human Services, U.S. Department of	93.981	158	-
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Social Security Administration	96.001	13,468,149	-
Supplemental Security Income	Social Security Administration	96.006	618,792	-
Total Disability Insurance/SSI Cluster			<u>14,086,941</u>	<u>-</u>
Total Department of Education			<u>\$ 734,006,266</u>	<u>652,711,717</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Environment and Energy, Department of				
Hazardous Waste Management	Agriculture, U.S. Department of	10.U02	\$ 36,039	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Defense, U.S. Department of	12.113	101,852	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency, U.S.	66.034	357,567	170,000
Diesel Emission Reduction Act (DERA) National Grants	Environmental Protection Agency, U.S.	66.039	58,121	-
Diesel Emissions Reduction Act (DERA) State Grants	Environmental Protection Agency, U.S.	66.040	280,867	-
Climate Pollution Reduction Grant	Environmental Protection Agency, U.S.	66.046	256,411	36,539
Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency, U.S.	66.419	301,655	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	Environmental Protection Agency, U.S.	66.442	195,004	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environmental Protection Agency, U.S.	66.444	143,755	4,959
Sewer Overflow and Stormwater Reuse Municipal Grant	Environmental Protection Agency, U.S.	66.447	4,773	-
Water Quality Management Planning	Environmental Protection Agency, U.S.	66.454	109,550	-
Clean Water State Revolving Fund	Environmental Protection Agency, U.S.	66.458	17,140,109	16,869,133
Nonpoint Source Implementation Grants	Environmental Protection Agency, U.S.	66.460	2,360,450	-
Drinking Water State Revolving Fund	Environmental Protection Agency, U.S.	66.468	53,685,630	51,504,040
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	6,460,510	250,810
Environmental Information Exchange Network Grant Program and Related Assistance	Environmental Protection Agency, U.S.	66.608	27,491	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Protection Agency, U.S.	66.802	461,707	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Protection Agency, U.S.	66.805	523,202	-
State and Tribal Response Program Grants	Environmental Protection Agency, U.S.	66.817	707,374	41,952
State Programs for Control of Coal Combustion Residuals	Environmental Protection Agency, U.S.	66.820	22,246	-
Solid Waste Infrastructure for Recycling Infrastructure Grants	Environmental Protection Agency, U.S.	66.920	335,548	-
State Energy Program	Energy, U.S. Department of	81.041	681,793	-
Weatherization Assistance for Low-Income Persons	Energy, U.S. Department of	81.042	3,263,050	2,671,803
Energy Efficiency and Conservation Block Grant Program (EECBG)	Energy, U.S. Department of	81.128	323,693	286,969
State Heating Oil and Propane Program	Energy, U.S. Department of	81.138	8,995	-
Grid Infrastructure Deployment and Resilience	Energy, U.S. Department of	81.254	64,806	-
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	4,113,403	4,040,916
Total Department of Environment and Energy			\$ 92,025,601	75,877,121

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Equal Opportunity Commission				
Fair Housing Assistance Program_State and Local	Housing & Urban Development, U.S. Department of	14.401	\$ 217,476	-
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	Equal Employment Opportunity Commission, U.S.	30.001	603,784	-
Total Equal Opportunity Commission			\$ 821,260	-
Fire Marshal				
Pipeline Safety Program State Base Grant	Transportation, U.S. Department of	20.700	\$ 342,947	140,830
Interagency Hazardous Materials Public Sector Training and Planning Grants	Transportation, U.S. Department of	20.703	57,388	-
Environmental Information Exchange Network Grant Program and Related Assistance	Environmental Protection Agency, U.S.	66.608	19,908	-
Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency, U.S.	66.804	326,833	-
State Fire Training Systems Grants	Homeland Security, U.S. Department of	97.043	15,188	-
Assistance to Firefighters Grant	Homeland Security, U.S. Department of	97.044	304,016	-
Total Fire Marshal			\$ 1,066,280	140,830
Game and Parks Commission				
Voluntary Public Access and Habitat Incentive	Agriculture, U.S. Department of	10.093	\$ 310,284	310,284
Agriculture Conservation Easement Program	Agriculture, U.S. Department of	10.931	100,500	-
Regional Conservation Partnership Program	Agriculture, U.S. Department of	10.932	26,553	26,553
Fish and Wildlife Coordination Act	Interior, U.S. Department of the	15.517	8,441	-
Recreation Resources Management	Interior, U.S. Department of the	15.524	376,066	-
Fish and Wildlife Management Assistance	Interior, U.S. Department of the	15.608	427,309	326,778
Fish and Wildlife Cluster:				
Sport Fish Restoration	Interior, U.S. Department of the	15.605	7,241,735	778,434
Wildlife Restoration and Basic Hunter Education and Safety	Interior, U.S. Department of the	15.611	15,257,942	5,957,405
Enhanced Hunter Education and Safety	Interior, U.S. Department of the	15.626	58,302	-
Total Fish and Wildlife Cluster			22,557,979	6,735,839
Cooperative Endangered Species Conservation Fund	Interior, U.S. Department of the	15.615	1,322,892	408,446
State Wildlife Grants	Interior, U.S. Department of the	15.634	1,072,757	770,043
Migratory Bird Joint Ventures	Interior, U.S. Department of the	15.637	72,101	61,592
Cooperative Landscape Conservation	Interior, U.S. Department of the	15.669	1,102,580	890,508
Outdoor Recreation_Acquisition, Development and Planning	Interior, U.S. Department of the	15.916	3,718,824	2,652,228
Recreational Trails Program	Transportation, U.S. Department of	20.219	1,031,010	733,297
Regional Wetland Program Development Grants	Environmental Protection Agency, U.S.	66.461	1,017	-
Boating Safety Financial Assistance	Homeland Security, U.S. Department of	97.012	941,020	-
Total Game and Parks Commission			\$ 33,069,333	12,915,568

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of				
Local Food Purchase Agreements with States, Tribes, and Local Governments	Agriculture, U.S. Department of	10.182	\$ 168,674	161,359
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	Agriculture, U.S. Department of	10.537	1,303	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.551	332,353,414	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.561	36,427,260	3,109,593
Total SNAP Cluster			<u>368,780,674</u>	<u>3,109,593</u>
Child Nutrition Cluster:				
National School Lunch Program	Agriculture, U.S. Department of	10.555	14,444,301	14,444,301
Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture, U.S. Department of	10.557	38,855,047	12,214,060
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	128,591	128,591
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	848,725	-
Food Distribution Cluster:				
Commodity Supplemental Food Program	Agriculture, U.S. Department of	10.565	1,951,820	1,919,219
Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	133,457	133,457
COVID-19 Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	209,808	209,808
Total Emergency Food Assistance Program (Administrative Costs)			<u>343,265</u>	<u>343,265</u>
Emergency Food Assistance Program (Food Commodities)	Agriculture, U.S. Department of	10.569	7,621,645	7,621,645
Total Food Distribution Cluster			<u>9,916,730</u>	<u>9,884,129</u>
Summer Electronic Benefit Transfer Program for Children	Agriculture, U.S. Department of	10.646	23,957,099	-
Emergency Solutions Grant Program	Housing & Urban Development, U.S. Department of	14.231	958,676	925,107
Housing Opportunities for Persons with AIDS	Housing & Urban Development, U.S. Department of	14.241	903,713	863,469
Services for Trafficking Victims	Justice, U.S. Department of	16.320	299,703	299,703
Harold Rogers Prescription Drug Monitoring Program	Justice, U.S. Department of	16.754	506,780	323,112
State Indoor Radon Grants	Environmental Protection Agency, U.S.	66.032	218,811	30,619
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	193,151	-
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Health and Human Services, U.S. Department of	93.041	50,754	-
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	Health and Human Services, U.S. Department of	93.042	148,344	148,344
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, U.S. Department of	93.043	79,234	68,618
COVID-19 Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, U.S. Department of	93.043	82,588	82,588
Total Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services			<u>161,822</u>	<u>151,206</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Aging Cluster:				
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	Health and Human Services, U.S. Department of	93.044	2,122,130	1,855,273
COVID-19 Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	Health and Human Services, U.S. Department of	93.044	1,305,972	1,305,972
Total Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers			<u>3,428,102</u>	<u>3,161,245</u>
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, U.S. Department of	93.045	3,466,583	3,139,728
COVID-19 Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, U.S. Department of	93.045	1,393,033	1,393,033
Total Special Programs for the Aging_ Title III, Part C_ Nutrition Services			<u>4,859,616</u>	<u>4,532,761</u>
Nutrition Services Incentive Program	Health and Human Services, U.S. Department of	93.053	647,969	647,969
Total Aging Cluster			<u>8,935,687</u>	<u>8,341,975</u>
COVID-19 Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, U.S. Department of	93.048	8,425	8,425
National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	622,024	605,166
COVID-19 National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	374,239	374,239
Total National Family Caregiver Support, Title III, Part E			<u>996,263</u>	<u>979,405</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster:				
Public Health Emergency Preparedness	Health and Human Services, U.S. Department of	93.069	4,592,084	4,103,578
National Bioterrorism Hospital Preparedness Program	Health and Human Services, U.S. Department of	93.889	1,302,469	1,003,426
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			<u>5,894,553</u>	<u>5,107,004</u>
Environmental Public Health and Emergency Response	Health and Human Services, U.S. Department of	93.070	730,219	445,224
Guardianship Assistance	Health and Human Services, U.S. Department of	93.090 ^	326,889	-
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, U.S. Department of	93.092	254,532	167,288
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, U.S. Department of	93.110	1,131,245	621,077
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, U.S. Department of	93.116	270,352	-
Emergency Medical Services for Children	Health and Human Services, U.S. Department of	93.127	167,044	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health and Human Services, U.S. Department of	93.130	316,151	132,071
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, U.S. Department of	93.136	3,194,093	1,215,755
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, U.S. Department of	93.150	303,358	287,579
COVID-19 Grants to State for Loan Repayment Program	Health and Human Services, U.S. Department of	93.165	736,787	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, U.S. Department of	93.197	467,634	189,854

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, U.S. Department of	93.235	261,874	170,920
Grants to States to Support Oral Health Workforce Activities	Health and Human Services, U.S. Department of	93.236	306,969	193,683
State Rural Hospital Flexibility Program	Health and Human Services, U.S. Department of	93.241	985,269	674,801
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	3,198,993	2,835,937
Universal Newborn Hearing and Screening	Health and Human Services, U.S. Department of	93.251	275,248	97,547
Occupational Safety and Health Program	Health and Human Services, U.S. Department of	93.262	207,617	-
Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	37,629,307	1,635,652
COVID-19 Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	5,356,954	4,953,302
Total Immunization Cooperative Agreements			<u>42,986,261</u>	<u>6,588,954</u>
Viral Hepatitis Prevention and Control	Health and Human Services, U.S. Department of	93.270	233,724	-
Drug Abuse and Addiction Research Programs	Health and Human Services, U.S. Department of	93.279	104,416	-
Small Rural Hospital Improvement Grant Program	Health and Human Services, U.S. Department of	93.301	1,510,541	1,510,541
National and State Tobacco Control Program	Health and Human Services, U.S. Department of	93.387	987,304	110,728
COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	Health and Human Services, U.S. Department of	93.391	2,780,555	2,102,792
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Human Services, U.S. Department of	93.314	153,100	-
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	2,799,563	1,484,364
COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	21,746,461	12,388,492
Total Epidemiology & Laboratory Capacity for Infectious Diseases			<u>24,546,024</u>	<u>13,872,856</u>
Behavioral Risk Factor Surveillance System	Health and Human Services, U.S. Department of	93.336	291,832	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health and Human Services, U.S. Department of	93.354	101,779	101,779
COVID-19 Public Health Crisis Response Awards	Health and Human Services, U.S. Department of	93.354	4,434,698	2,814,531
Total Public Health Crisis Response Awards			<u>4,536,477</u>	<u>2,916,310</u>
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Human Services, U.S. Department of	93.426	757,573	290,113
ESSA/Preschool Development Grants	Health and Human Services, U.S. Department of	93.434	1,674,578	1,674,578
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	Health and Human Services, U.S. Department of	93.436	501,433	101,890
Title IV-E Prevention Program	Health and Human Services, U.S. Department of	93.472	(33,479)	-
COVID-19 Family Violence Prevention and Services/Sexual Assault/Rape Crisis Services and Supports	Health and Human Services, U.S. Department of	93.497	484,450	484,450
Promoting Safe and Stable Families	Health and Human Services, U.S. Department of	93.556	3,045,817	1,680,061
Temporary Assistance for Needy Families	Health and Human Services, U.S. Department of	93.558	61,064,616	30,643,635

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Child Support Services	Health and Human Services, U.S. Department of	93.563 ^	27,526,903	10,814,784
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Human Services, U.S. Department of	93.566 ^	11,848,101	5,315,550
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	31,650,564	-
COVID-19 Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	(48,997)	-
Total Low-Income Home Energy Assistance			<u>31,601,567</u>	<u>-</u>
Community Services Block Grant	Health and Human Services, U.S. Department of	93.569	5,578,061	5,462,886
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	77,238,027	4,119,098
COVID-19 Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	12,745,259	2,073,750
Total Child Care and Development Block Grant			<u>89,983,286</u>	<u>6,192,848</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, U.S. Department of	93.596	24,988,523	-
Total CCDF Cluster			<u>114,971,809</u>	<u>6,192,848</u>
Grants to States for Access and Visitation Programs	Health and Human Services, U.S. Department of	93.597	118,221	118,221
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, U.S. Department of	93.599	448,809	448,809
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, U.S. Department of	93.603	86,236	-
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	785,536	300,672
COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	36,223	36,223
Total Developmental Disabilities Basic Support and Advocacy Grants			<u>821,759</u>	<u>336,895</u>
Children's Justice Grants to States	Health and Human Services, U.S. Department of	93.643	246,427	24,754
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, U.S. Department of	93.645	1,925,216	-
Foster Care Title IV-E	Health and Human Services, U.S. Department of	93.658 ^	59,161,693	34,049
COVID-19 Foster Care Title IV-E	Health and Human Services, U.S. Department of	93.658	1,551,862	-
Total Foster Care Title IV-E			<u>60,713,555</u>	<u>34,049</u>
Adoption Assistance	Health and Human Services, U.S. Department of	93.659 ^	29,619,244	46,893
Social Services Block Grant	Health and Human Services, U.S. Department of	93.667	11,180,173	3,093,579
Child Abuse and Neglect State Grants	Health and Human Services, U.S. Department of	93.669	670,748	666,624
COVID-19 Child Abuse and Neglect State Grants	Health and Human Services, U.S. Department of	93.669	54,451	45,986
Total Child Abuse and Neglect State Grants			<u>725,199</u>	<u>712,610</u>

^ - Amounts taken from financial status reports
See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	1,235,173	1,235,173
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	938,278	938,278
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>2,173,451</u>	<u>2,173,451</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, U.S. Department of	93.674	865,583	840,040
Elder Justice Act - Adult Protective Services	Health and Human Services, U.S. Department of	93.698	106,818	-
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	Health and Human Services, U.S. Department of	93.734	23,480	12,000
COVID-19 Elder Abuse Prevention Interventions Program	Health and Human Services, U.S. Department of	93.747	300,382	12,257
Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767 ^	93,628,756	-
COVID-19 Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767	(142,885)	-
Total Children's Health Insurance Program			<u>93,485,871</u>	<u>-</u>
Medicaid Cluster:				
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, U.S. Department of	93.777 ^	6,238,073	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, U.S. Department of	93.777	(36,869)	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			<u>6,201,204</u>	<u>-</u>
Grants to States for Medicaid	Health and Human Services, U.S. Department of	93.778 ^	2,515,139,871	6,025,769
COVID-19 Grants to States for Medicaid	Health and Human Services, U.S. Department of	93.778 ^	(4,169,489)	-
Total Grants to States for Medicaid			<u>2,510,970,382</u>	<u>6,025,769</u>
Total Medicaid Cluster			<u>2,517,171,586</u>	<u>6,025,769</u>
Opioid STR	Health and Human Services, U.S. Department of	93.788	3,590,786	2,462,547
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, U.S. Department of	93.800	536,823	306,695
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, U.S. Department of	93.870	1,815,114	1,558,480
COVID-19 Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, U.S. Department of	93.870	101,777	101,777
Total Maternal, Infant, & Early Childhood Home Visiting Grant			<u>1,916,891</u>	<u>1,660,257</u>
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, U.S. Department of	93.898	2,064,532	326,076
Grants to States for Operation of State Offices of Rural Health	Health and Human Services, U.S. Department of	93.913	247,123	109,400
HIV Care Formula Grants	Health and Human Services, U.S. Department of	93.917	9,994,677	9,994,677
HIV Prevention Activities_Health Department Based	Health and Human Services, U.S. Department of	93.940	959,680	444,145

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, U.S. Department of	93.946	605,912	114,805
Block Grants for Community Mental Health Services	Health and Human Services, U.S. Department of	93.958	3,722,152	2,657,340
COVID-19 Block Grants for Community Mental Health Services	Health and Human Services, U.S. Department of	93.958	119,847	104,882
Total Block Grants for Community Mental Health Services			<u>3,841,999</u>	<u>2,762,222</u>
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, U.S. Department of	93.959	7,758,303	7,198,501
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, U.S. Department of	93.959	1,523,543	1,453,751
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>9,281,846</u>	<u>8,652,252</u>
Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health	Health and Human Services, U.S. Department of	93.967	670,601	315,701
COVID-19 Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health	Health and Human Services, U.S. Department of	93.967	1,942,798	1,663,584
Total Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health			<u>2,613,399</u>	<u>1,979,285</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, U.S. Department of	93.977	654,559	149,524
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, U.S. Department of	93.977	(1,147,655)	(975,966)
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants			<u>(493,096)</u>	<u>(826,442)</u>
Mental Health Disaster Assistance and Emergency Mental Health	Health and Human Services, U.S. Department of	93.982	157,252	157,252
Cooperative Agreements for Diabetes Control Programs	Health and Human Services, U.S. Department of	93.988	589,026	150,599
Preventive Health and Health Services Block Grant	Health and Human Services, U.S. Department of	93.991	2,911,526	792,729
Maternal and Child Health Services Block Grant to the States	Health and Human Services, U.S. Department of	93.994	3,401,776	1,594,735
AmeriCorps State Commissions Support Grant	Corporation For National and Community Service	94.003	294,737	-
AmeriCorps State and National	Corporation For National and Community Service	94.006	2,156,199	2,108,954
Training and Technical Assistance	Corporation For National and Community Service	94.009	250,186	-
Total Department of Health and Human Services			<u>\$ 3,591,597,047</u>	<u>200,584,629</u>
Historical Society				
Cultural Resources Management	Interior, U.S. Department of the	15.511	\$ 10,614	-
Historic Preservation Fund Grants-In-Aid	Interior, U.S. Department of the	15.904	1,014,641	258,336
Cultural Resources Management	Interior, U.S. Department of the	15.946	68,518	-
National Historical Publications and Records Grant	National Archives and Records Administration	89.003	25,784	-
Total Historical Society			<u>\$ 1,119,557</u>	<u>258,336</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Insurance, Department of				
Special Programs for the Aging Title IV and Title II Discretionary Projects	Health and Human Services, U.S. Department of	93.048	\$ 313,739	202,686
Medicare Enrollment Assistance Program	Health and Human Services, U.S. Department of	93.071	236,066	119,305
State Health Insurance Assistance Program	Health and Human Services, U.S. Department of	93.324	502,704	179,588
The State Flexibility to Stabilize the Market Grant Program	Health and Human Services, U.S. Department of	93.413	62,168	-
Expanding Access to Women's Health Grant	Health and Human Services, U.S. Department of	93.797	136,955	-
Total Department of Insurance			\$ 1,251,632	501,579
Labor, Department of				
Labor Force Statistics	Labor, U.S. Department of	17.002	\$ 774,870	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, U.S. Department of	17.207	4,984,770	151,013
Jobs for Veterans State Grants	Labor, U.S. Department of	17.801	1,004,418	-
Total Employment Service Cluster			<u>5,989,188</u>	<u>151,013</u>
Unemployment Insurance - Federal	Labor, U.S. Department of	17.225	575,787	-
Unemployment Insurance - State	Labor, U.S. Department of	17.225	104,188,911	-
Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	20,327,935	-
Unemployment Insurance - Admin Reed Act	Labor, U.S. Department of	17.225	207,400	-
COVID-19 Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	230,905	-
Total Unemployment Insurance - Admin			<u>20,766,240</u>	<u>-</u>
Total Unemployment Insurance			<u>125,530,938</u>	<u>-</u>
Senior Community Service Employment Program	Labor, U.S. Department of	17.235	660,221	-
Trade Adjustment Assistance	Labor, U.S. Department of	17.245	205,615	-
WIOA Cluster:				
WIOA Adult Program	Labor, U.S. Department of	17.258	1,851,221	1,391,728
WIOA Youth Activities	Labor, U.S. Department of	17.259	3,003,469	2,197,014
WIOA Dislocated Worker Formula Grants	Labor, U.S. Department of	17.278	2,003,511	934,980
Total WIOA Cluster			<u>6,858,201</u>	<u>4,523,722</u>
Work Opportunity Tax Credit Program (WOTC)	Labor, U.S. Department of	17.271	188,826	-
Temporary Labor Certification for Foreign Workers	Labor, U.S. Department of	17.273	300,400	-
Consultation Agreements	Labor, U.S. Department of	17.504	562,653	-
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER II)	Education, U.S. Department of	84.425C	1,500,000	1,500,000
Temporary Assistance for Needy Families	Health and Human Services, US Department of	93.558	6,020,274	6,005,782
Total Department of Labor			\$ 148,591,186	12,180,517

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Law Enforcement and Criminal Justice, Commission for				
Sexual Assault Services Formula Program	Justice, U.S. Department of	16.017	\$ 327,739	312,917
Juvenile Justice and Delinquency Prevention	Justice, U.S. Department of	16.540	42,915	-
State Justice Statistics Program for Statistical Analysis Centers	Justice, U.S. Department of	16.550	(164)	-
Crime Victim Assistance	Justice, U.S. Department of	16.575	7,493,658	6,522,282
Crime Victim Compensation	Justice, U.S. Department of	16.576	86,525	-
Crime Victim Assistance/Discretionary Grants	Justice, U.S. Department of	16.582	79,450	79,450
Violence Against Women Formula Grants	Justice, U.S. Department of	16.588	986,721	939,433
Residential Substance Abuse Treatment for State Prisoners	Justice, U.S. Department of	16.593	21,362	17,583
Edward Byrne Memorial Justice Assistance Grant Program	Justice, U.S. Department of	16.738	997,328	736,610
Total Commission for Law Enforcement and Criminal Justice			\$ 10,035,534	8,608,275
Library Commission				
Grants to States	Institute of Museum and Library Services	45.310	\$ 1,899,048	-
Total Library Commission			\$ 1,899,048	-
Military Department				
Military Construction, National Guard	Defense, U.S. Department of	12.400	\$ 12,691,536	-
National Guard Military Operations and Maintenance (O&M) Projects	Defense, U.S. Department of	12.401	35,912,914	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	Transportation, U.S. Department of	20.703	107,782	-
COVID-19 Emergency Rental Assistance	Treasury, U.S. Department of the	21.023	22,214,884	373,981
COVID-19 Homeowner Assistance Fund	Treasury, U.S. Department of the	21.026	259,032	11,359
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Treasury, U.S. Department of the	21.027	260,387,495	172,943,444
COVID-19 Coronavirus Capital Projects Fund	Treasury, U.S. Department of the	21.029	22,189,265	21,933,855
Urban Areas Security Init (Non-Profit Security Program)	Homeland Security, U.S. Department of	97.008	1,504,976	1,504,518
Homeland Security Grant Program	Homeland Security, U.S. Department of	97.067	5,247,717	2,847,694
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	68,265,836	65,011,036
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	22,631,307	21,846,237
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>90,897,143</u>	<u>86,857,273</u>
Hazard Mitigation Grant	Homeland Security, U.S. Department of	97.039	11,757,276	11,515,571
COVID-19 Hazard Mitigation Grant	Homeland Security, U.S. Department of	97.039	513,999	430,207
Total Hazard Mitigation Grant			<u>12,271,275</u>	<u>11,945,778</u>
National Dam Safety Program	Homeland Security, U.S. Department of	97.041	170,325	170,325
Emergency Management Performance Grants	Homeland Security, U.S. Department of	97.042	3,491,164	1,889,395

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Military Department (Continued)				
BRIC: Building Resilient Infrastructure and Communities	Homeland Security, U.S. Department of	97.047	3,477,948	3,362,913
Emergency Operations Center	Homeland Security, U.S. Department of	97.052	562,493	562,493
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	Homeland Security, U.S. Department of	97.137	610,562	610,142
Total Military Department			\$ 471,996,511	305,013,170
Motor Vehicles, Department of				
Commercial Driver's License Program Implementation Grant	Transportation, U.S. Department of	20.232	\$ 32,459	-
Total Department of Motor Vehicles			\$ 32,459	-
Natural Resources, Department of				
Reclamation States Emergency Drought Relief	Interior, U.S. Department of the	15.514	\$ 384,447	-
Community Assistance Program State Support Services Element (CAP-SSSE)	Homeland Security, U.S. Department of	97.023	361,142	-
National Dam Safety Program	Homeland Security, U.S. Department of	97.041	493,945	-
Cooperating Technical Partners	Homeland Security, U.S. Department of	97.045	2,015,787	-
Total Department of Natural Resources			\$ 3,255,321	-
Oil and Gas Commission				
Energy Community Revitalization Program	Interior, U.S. Department of the	15.018	\$ 6,063,949	-
State Underground Water Source Protection	Environmental Protection Agency, U.S.	66.433	155,339	-
Total Oil and Gas Commission			\$ 6,219,288	-
Pardons, Board of				
COVID-19 Coronavirus Emergency Supplemental Funding Program	Justice, U.S. Department of	16.034	\$ 130,221	-
Second Chance Act Reentry Initiative	Justice, U.S. Department of	16.812	186,885	-
Justice Reinvestment Initiative	Justice, U.S. Department of	16.827	348,564	-
Total Board of Pardons			\$ 665,670	-
Real Property Appraiser Board				
State Appraiser Agency Support Grants	Federal Financial Institutions Examination Council	38.006	\$ 51,370	-
Total Real Property Appraiser Board			\$ 51,370	-

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Secretary of State				
Emerging Markets Program	Agriculture, U.S. Department of	10.603	\$ 14,319	-
HAVA Election Security Grants	Election Assistance Commission, U.S.	90.404	785,840	111,151
Total Secretary of State			\$ 800,159	111,151
State Patrol				
Missing Children's Assistance	Justice, U.S. Department of	16.543	\$ 344,951	-
National Criminal History Improvement Program (NCHIP)	Justice, U.S. Department of	16.554	3,713,342	181,939
Public Safety Partnership and Community Policing Grants	Justice, U.S. Department of	16.710	93,166	-
DNA Backlog Reduction Program	Justice, U.S. Department of	16.741	687,573	-
Paul Coverdell Forensic Sciences Improvement Grant Program	Justice, U.S. Department of	16.742	289,899	-
Support for Adam Walsh Act Implementation Grant Program	Justice, U.S. Department of	16.750	274,234	-
NICS Act Record Improvement Program	Justice, U.S. Department of	16.813	1,241,986	236,871
Equitable Sharing Program	Justice, U.S. Department of	16.922	341,730	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	Justice, U.S. Department of	16.922	228,775	-
Federal Equitable Sharing Program: Public Safety Cash Treasury	Justice, U.S. Department of	16.922	11,717	-
Total Federal Equitable Sharing Program			582,222	-
DEA Grants	Justice, U.S. Department of	16.U01	6,047	-
FMCSA Cluster:				
Motor Carrier Safety Assistance	Transportation, U.S. Department of	20.218	4,083,525	-
High Intensity Drug Trafficking Areas Program	President, Executive Office of the	95.001	1,033,623	718,442
Total State Patrol			\$ 12,350,568	1,137,252
Supreme Court, Nebraska				
Edward Byrne Memorial Justice Assistance Grant Program	Justice, U.S. Department of	16.738	\$ 292,437	-
Justice Reinvestment Initiative	Justice, U.S. Department of	16.827	88,605	-
State Court Improvement Program	Health and Human Services, U.S. Department of	93.586	515,730	-
Total Nebraska Supreme Court			\$ 896,772	-
Transportation, Department of				
State Digital Equity Planning and Capacity Grant	Commerce, U.S. Department of	11.032	\$ 29,045	-
Broadband Equity, Access, and Deployment Program	Commerce, U.S. Department of	11.035	2,030,139	-
Airport Improvement Program	Transportation, U.S. Department of	20.106	26,477,070	25,792,605
COVID-19 Airport Improvement Program	Transportation, U.S. Department of	20.106	2,378,694	2,378,694
Total Airport Improvement Program			28,855,764	28,171,299

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2025

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2025 Expenditures</u>	<u>2025 Subrecipients</u>
Transportation, Department of (Continued)				
Highway Research and Development Program	Transportation, U.S. Department of	20.200	71	-
Highway Planning and Construction	Transportation, U.S. Department of	20.205	578,064,264	30,839,236
COVID-19 Highway Planning & Construction	Transportation, U.S. Department of	20.205	547,290	431,369
Total Highway Planning & Construction			<u>578,611,554</u>	<u>31,270,605</u>
Federal Lands Access Program	Transportation, U.S. Department of	20.224	1,229,582	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, U.S. Department of	20.505	473,299	473,299
Formula Grants for Rural Areas and Tribal Transit Program	Transportation, U.S. Department of	20.509	21,453,863	20,170,712
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	Transportation, U.S. Department of	20.509	2,858,168	2,795,507
Total Formula Grants for Rural Areas			<u>24,312,031</u>	<u>22,966,219</u>
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation, U.S. Department of	20.513	3,693,639	3,693,639
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, U.S. Department of	20.600	3,713,527	3,141,516
National Priority Safety Programs	Transportation, U.S. Department of	20.616	4,173,077	3,849,557
Total Highway Safety Cluster			<u>7,886,604</u>	<u>6,991,073</u>
Incentive Grant Program to Prohibit Racial Profiling	Transportation, U.S. Department of	20.611	732,286	732,286
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Transportation, U.S. Department of	20.614	78,000	-
National Infrastructure Investments	Transportation, U.S. Department of	20.933	300,249	300,249
Total Department of Transportation			<u>\$ 648,232,263</u>	<u>94,598,669</u>
Veterans' Affairs, Department of				
Grants to States for Construction of State Home Facilities	Veterans Affairs, U.S. Department of	64.005	\$ 563,274	-
Veterans State Domiciliary Care	Veterans Affairs, U.S. Department of	64.014	1,590,181	-
Veterans State Nursing Home Care	Veterans Affairs, U.S. Department of	64.015	27,958,989	-
Suicide Mortality Review Cooperative Agreements	Veterans Affairs, U.S. Department of	64.057	1,569	-
Veterans Cemetery Grants Program	Veterans Affairs, U.S. Department of	64.203	6,512,079	-
Total Department of Veterans' Affairs			<u>\$ 36,626,092</u>	<u>-</u>
Workers' Compensation Court				
Compensation and Working Conditions	Labor, U.S. Department of	17.005	\$ 66,690	-
Total Workers' Compensation Court			<u>\$ 66,690</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,842,242,697</u>	<u>1,394,617,669</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

State of Nebraska
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal awards programs of the State of Nebraska (the State), except as noted in note 2 below. The State's reporting entity is defined in note 1(b) to the State's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

The State's reporting entity is defined in note 1(b) to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the State (the primary government) for the fiscal year ended June 30, 2025.

Federal awards for the following discretely presented component units of the State are reported upon separately:

University of Nebraska
Nebraska State College System

(b) Basis of Presentation

The accompanying Schedule presents total expenditures for each Federal award program in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the financial position, changes in net position or cash flows of the State. Federal program titles are reported as presented in Assistance Listings (AL) on <https://sam.gov> whenever possible.

Federal Awards—Pursuant to Uniform Guidance, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary Federal awards, including food stamps, food commodities, surplus property, and vaccines are included as Federal awards and are reported on the Schedule.

Major Programs—In accordance with Uniform Guidance, major programs are determined using a risk-based approach.

(c) Basis of Accounting

The accompanying Schedule was prepared on the cash basis of accounting, except for certain amounts reported by the Department of Health and Human Services (DHHS). The amounts for DHHS denoted with a caret (^) were taken from the Federal financial status reports. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

Grants Between State Agencies—Certain primary recipient State agencies pass grant money through to subrecipient State agencies. These transactions are only shown in the primary recipient’s expenditures on the accompanying Schedule to avoid overstating the aggregate level of Federal awards expended by the State; nonetheless, purchases of services between State agencies using Federal monies are reported as expenditures by the purchasing agency and as revenue for services by the providing agency in the State’s basic financial statements.

Matching Costs—The Schedule does not include matching expenditures from general revenues of the State.

Nonmonetary Assistance—The Schedule contains amounts for nonmonetary assistance programs. The Supplemental Nutrition Assistance Program (SNAP) is presented at the dollar value of food stamp benefits disbursed to recipients. The commodities programs are presented at the value assigned by the U.S. Department of Agriculture. The Immunization vaccines are presented at the value assigned by the U.S. Department of Health and Human Services. Surplus property is presented at approximated market value.

Fixed-Price Contracts—Certain Federal awards programs are reimbursed based on a fixed price for a service and not the actual expenditure made by the State. Under these circumstances, the amounts shown on the Schedule represent the amount of assistance received from the Federal government, not the amount expended by the State.

Equivalency Loans— Amounts reported on the Schedule for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs are using equivalency loans reporting. Equivalency loans are funded with an amount equal to the capitalization grant and are considered to be Federal loans. While any of the sources of funds in the State Revolving Fund programs may be used for equivalency loans, it should be noted that all disbursements for equivalency loans are included in the Schedule and will differ from the actual expenditures and cash draws from Federal funds.

(d) Indirect Cost Rate

The State has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Nonmonetary Assistance Inventory

Nonmonetary assistance is reported in the Schedule based on the amounts disbursed. As of June 30, 2025, the inventory balance of nonmonetary assistance for food commodities at the State level was \$74,913.

(4) Commodity and Vaccine Programs

Expenditures for the following programs included nonmonetary Federal assistance in the form of food commodities:

AL #	Program	Commodities
10.555	National School Lunch Program	\$14,444,301
10.558	Child and Adult Care Food Program	128,591
10.565	Commodity Supplemental Food Program	1,359,644
10.569	Emergency Food Assistance Program	7,621,645

State of Nebraska
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

The U.S. Department of Agriculture, upon direction from the Nebraska Department of Health and Human Services, delivers a portion of the food commodities directly to the subrecipients for distribution. During the fiscal year, a total of \$10,112,731 was delivered directly to subrecipients.

The Immunization Cooperative Agreements (AL 93.268) included expenditures of \$33,684,812 of nonmonetary Federal assistance in the form of vaccines.

(5) Surplus Property Program

The State agency responsible for surplus property distributes Federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property (AL 39.003) program. Donated Federal surplus personal property in 2025 was valued at the historical cost of \$3,509,800 as assigned by the Federal government, which is substantially in excess of the property’s fair market value. The amount of expenditures presented on the Schedule is 15% of the historical cost, which approximates the fair market value of the property.

(6) Federal Loans Outstanding

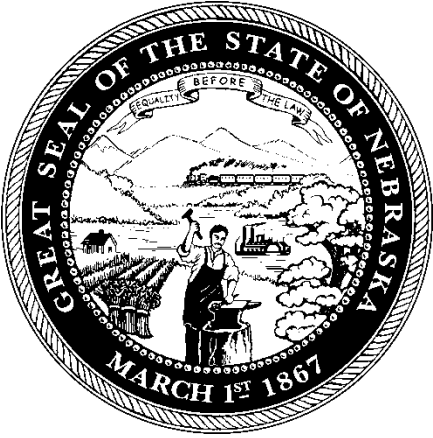
The State administers the following loan programs. The Federal government does not impose continuing compliance requirements other than repayment of the loans.

AL #	Program	Outstanding Balance at June 30, 2025
66.458	Clean Water State Revolving Funds	\$354,740,420
66.468	Drinking Water State Revolving Funds	\$182,078,521

New loans provided from these programs totaling \$45,429,190 are included as current year expenditures on the Schedule.

(7) Airport Improvement Program

The Nebraska Department of Transportation acts as an agent for the various Airport Improvement Program grants funded through the Federal Aviation Administration. The grants represent agreements between the Federal Aviation Administration and various cities, counties, and airport authorities. The Department of Transportation’s primary responsibilities are processing of requests for reimbursement and reviewing the requests to determine allowability of program expenditures. The amount of reimbursements passed through to the respective cities, counties, or airport authorities are included as expenditures on the Schedule.



AUDITOR SECTION

(This page has been intentionally left blank.)



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Governor,
Members of the Legislature and
Citizens of the State of Nebraska:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State of Nebraska's basic financial statements, and have issued our report thereon dated December 17, 2025.

Our report includes a reference to other auditors who audited the financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, the Nebraska State College System Foundations, the Nebraska State Colleges Facilities Corporation, the activity of the Nebraska State College System Revenue and Refunding Bond Program, the College Savings Plan, and the Enable Savings Plan, as described in our report on the State of Nebraska's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, the Nebraska State College System Foundations, the activity of the Nebraska State College System Revenue and Refunding Bond Program, and the Nebraska State Colleges Facilities Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these entities or that are reported on separately by those auditors who audited the financial statements of these entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Nebraska's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nebraska's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-011, and 2025-013 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, 2025-010, 2025-012, 2025-014, 2025-015, and 2025-016 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain other matters that we reported to the management of the various agencies of the State of Nebraska in separate letters.

State of Nebraska's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of Nebraska's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State of Nebraska's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nebraska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the State of Nebraska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lincoln, Nebraska
December 17, 2025



Kris Kucera, CPA, CFE
Assistant Deputy Auditor



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Governor,
Members of the Legislature and
Citizens of the State of Nebraska:

Report on Compliance for Each Major Federal Program

Adverse, Qualified, and Unmodified Opinions

We have audited the State of Nebraska's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2025. The State of Nebraska's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Adverse Opinion on the CCDF Cluster

In our opinion, because of the significance of the matters discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Nebraska did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CCDF Cluster for the year ended June 30, 2025.

Qualified Opinion on English Language Acquisition State Grants, Foster Care Title IV-E, Unemployment Insurance, and Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on English Language Acquisition State Grants, Foster Care Title IV-E, Unemployment Insurance, and Coronavirus State and Local Fiscal Recovery Funds for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

Basis for Adverse, Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State of Nebraska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions on compliance for each major Federal program. Our audit does not provide a legal determination of the State of Nebraska’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on the CCDF Cluster

As described in Findings 2025-038, 2025-039, and 2025-040 in the accompanying schedule of findings and questioned costs, the State of Nebraska did not comply with requirements regarding the following:

Finding #	AL #	Federal Program	Compliance Requirement
2025-038	93.575, 93.596	CCDF Cluster	Allowability & Eligibility & Matching
2025-039	93.575	CCDF Cluster	Period of Performance
2025-040	93.575	CCDF Cluster	Allowability

Compliance with such requirements is necessary, in our opinion, for the State of Nebraska to comply with the requirements applicable to those programs.

Matters Giving Rise to Qualified Opinion on English Language Acquisition State Grants, Foster Care Title IV-E, Unemployment Insurance, and Coronavirus State and Local Fiscal Recovery Funds

As described in Findings 2025-023, 2025-025, 2025-026, 2025-027, 2025-028, 2025-058, and 2025-064 in the accompanying schedule of findings and questioned costs, the State of Nebraska did not comply with requirements regarding the following:

Finding #	AL #	Federal Program	Compliance Requirement
2025-023	84.365	English Language Acquisition State Grants	Subrecipient Monitoring
2025-025	93.658	Foster Care Title IV-E	Allowable Costs
2025-026	93.658	Foster Care Title IV-E	Allowable Costs
2025-027	93.658	Foster Care Title IV-E	Allowable Costs
2025-028	93.658	Foster Care Title IV-E	Allowable Costs
2025-058	17.225	Unemployment Insurance	Allowability & Eligibility
2025-064	21.027	Coronavirus State and Local Fiscal Recovery Funds	Allowability

Compliance with such requirements is necessary, in our opinion, for the State of Nebraska to comply with the requirements applicable to those programs.

Other Matter — Federal Expenditures Not Included in the Compliance Audit

The basic financial statements of the State of Nebraska include the operations of the University of Nebraska and State College System component units, which expended Federal awards which are not included in the State of Nebraska’s schedule of expenditures of Federal awards during the year ended June 30, 2025. Our compliance audit, described in the “Adverse, Qualified, and Unmodified Opinions,” did not include the operations of the University of Nebraska or the State College System because the component units engaged other auditors to perform separate audits of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State of Nebraska’s Federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State of Nebraska’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State of Nebraska’s compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State of Nebraska’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State of Nebraska’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State of Nebraska’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs, as listed below. Our opinion on each major Federal program is not modified with respect to these matters.

Finding #	AL #	Federal Program	Compliance Requirement
2025-017	Various, 93.778	Various, Grants to States for Medicaid	Allowable Costs
2025-018	Various, 21.027, 10.555	Various, CSLFRF, National School Lunch Program	Reporting
2025-019	21.029	Coronavirus Capital Projects Fund	Reporting
2025-020	10.553, 10.555, 10.556, 10.559, 10.582	Child Nutrition Cluster	Reporting
2025-021	84.010	Title I Grants to Local Educational Agencies	Subrecipient Monitoring
2025-022	84.126	Rehabilitation Services Vocational Rehabilitation	Reporting
2025-024	84.425U	Education Stabilization Fund (ARP ESSER)	Reporting
2025-025	10.561, 93.558, 93.563, 93.566, 93.575, 93.659, 93.767, 93.778	SNAP, TANF, Child Support Services, Refugee and Entrant Assistance, Child Care, Adoption Assistance, CHIP, Medicaid	Allowable Costs
2025-026	10.561, 93.090, 93.558, 93.563, 93.566, 93.575, 93.659, 93.767, 93.778	SNAP, Guardianship Assistance, TANF, Child Support Services, Refugee and Entrant Assistance, Child Care, Adoption Assistance, CHIP, Medicaid	Allowable Costs
2025-029	93.575	Child Care and Development Block Grant	Allowable Costs
2025-030	93.558	Temporary Assistance for Needy Families	Subrecipient Monitoring
2025-031	93.566	Refugee and Entrant Assistance	Allowability & Eligibility
2025-032	93.566	Refugee and Entrant Assistance	Subrecipient Monitoring
2025-033	93.566, 93.991	Refugee and Entrant Assistance, Preventive Health and Health Services Block Grant	Allowability & Subrecipient Monitoring

Finding #	AL #	Federal Program	Compliance Requirement
2025-034	93.566	Refugee and Entrant Assistance	Reporting
2025-035	93.568	Low-Income Home Energy Assistance	Reporting
2025-036	93.568	Low-Income Home Energy Assistance	Reporting
2025-037	93.569	Community Services Block Grant	Subrecipient Monitoring
2025-041	93.575, 93.596	CCDF Cluster	Special Tests
2025-042	93.658	Foster Care Title IV-E	Allowability
2025-043	93.658	Foster Care Title IV-E	Allowability
2025-044	93.658	Foster Care Title IV-E	Reporting
2025-045	93.659	Adoption Assistance	Allowability
2025-046	93.659	Adoption Assistance	Level of Effort & Reporting
2025-047	93.778	Grants to States for Medicaid	Allowability
2025-048	93.778	Grants to States for Medicaid	Allowability & Eligibility
2025-049	93.778	Grants to States for Medicaid	Allowability
2025-050	93.778	Grants to States for Medicaid	Allowability & Eligibility
2025-051	93.778	Grants to States for Medicaid	Allowability
2025-052	93.778	Grants to States for Medicaid	Allowability & Eligibility
2025-053	93.778	Grants to States for Medicaid	Special Tests
2025-054	93.767, 93.778	CHIP, Grants to States for Medicaid	Special Tests
2025-055	93.767, 93.778	CHIP, Grants to States for Medicaid	Special Tests
2025-056	93.778	Grants to States for Medicaid	Special Tests
2025-057	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Level of Effort
2025-059	17.225	Unemployment Insurance	Reporting
2025-060	17.225	Unemployment Insurance	Special Tests
2025-061	12.401	National Guard Operations	Cash Management & Reporting

Finding #	AL #	Federal Program	Compliance Requirement
2025-062	21.023	Emergency Rental Assistance Program	Allowability & Eligibility
2025-063	21.023	Emergency Rental Assistance Program	Reporting
2025-065	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2025-066	21.027	Coronavirus State and Local Fiscal Recovery Funds	Reporting
2025-067	21.029	Coronavirus Capital Projects Fund	Subrecipient Monitoring

Government Auditing Standards requires the auditor to perform limited procedures on the State of Nebraska's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Nebraska's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The State of Nebraska is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Nebraska's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-023, 2025-025, 2025-026, 2025-027, 2025-028, 2025-038, 2025-039, 2025-040, 2025-058, and 2025-064 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-018, 2025-019, 2025-025, 2025-026, 2025-037, 2025-041, 2025-042, 2025-047, 2025-048, 2025-053, 2025-060, 2025-065, 2025-066, and 2025-067 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Nebraska's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Nebraska's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The State of Nebraska is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Nebraska's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State of Nebraska's basic financial statements. We issued our report thereon, dated December 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Terence Heiser, CPA, CISA
Audit Manager

Lincoln, Nebraska
March 16, 2026

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

I. Summary of Auditor’s Results

- a) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
- b) Significant deficiencies in internal control were disclosed by the audit of the financial statements and are included in the schedule of findings and questioned costs in Part II as items 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, 2025-010, 2025-012, 2025-014, 2025-015, and 2025-016. Items 2025-001, 2025-011, and 2025-013 were considered material weaknesses.
- c) The audit disclosed no instances of noncompliance, which is material to the State’s basic financial statements.
- d) Significant deficiencies in internal control over the major programs were disclosed by the audit and are included in the schedule of findings and questioned costs in Part III as items 2025-018, 2025-019, 2025-025, 2025-026, 2025-037, 2025-041, 2025-042, 2025-047, 2025-048, 2025-053, 2025-060, 2025-065, 2025-066, and 2025-067.

We consider items 2025-023, 2025-025, 2025-026, 2025-027, 2025-028, 2025-038, 2025-039, 2025-040, 2025-058, and 2025-064 to be material weaknesses in internal control over the major programs.

- e) Type of report issued on compliance for major programs: Unmodified opinion for all major programs except for English Language Acquisition State Grants, Foster Care Title IV-E, Unemployment Insurance, and Coronavirus State and Local Fiscal Recovery Funds which were qualified, and the CCDF Cluster which was adverse.
- f) The audit disclosed audit findings, which are required to be reported in accordance with 2 CFR § 200.516(a) and are included in the schedule of findings and questioned costs in Part III.
- g) The following table shows programs tested as major programs:

AL	10.646	Summer Electronic Benefit Transfer Program for Children
AL	17.225	Unemployment Insurance
AL	20.106	Airport Improvement Program
AL	20.205	Highway Planning and Construction
AL	21.023	Emergency Rental Assistance Program
AL	21.027	Coronavirus State and Local Fiscal Recovery Funds
AL	21.029	Coronavirus Capital Projects Fund
AL	66.458	Clean Water State Revolving Fund
AL	84.010	Title I Grants to Local Educational Agencies
AL	84.365	English Language Acquisition State Grants

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

AL	84.424	Student Support and Academic Enrichment Program
AL	93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs
AL	93.568	Low-Income Home Energy Assistance
AL	93.569	Community Services Block Grant
AL	93.575 and 93.596	CCDF Cluster
AL	93.658	Foster Care Title IV-E
AL	93.775, 93.777 and 93.778	Medicaid Cluster

- h) Dollar threshold used to distinguish between Type A and Type B programs: \$17,526,728
- i) The State did not qualify as a low-risk auditee.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

II. Findings Related to the Financial Statements:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2025-001

Significant Adjustments Required in the Annual Comprehensive Financial Report (ACFR)

The Department of Administrative Services – State Accounting (State Accounting) is responsible for the preparation and accuracy of the ACFR. For the fiscal year 2025 audit, and as reported in prior years, the Auditor of Public Accounts (APA) has identified a significant amount of inaccurate financial statement entries – both by State Accounting and other agencies – leading to the conclusion that State Accounting lacks adequate controls to ensure the State’s financial statements are materially correct. One of the main failures continues to be the lack of control to ensure its own and other agency entries are accurate prior to their submission to the APA for audit.

As a result, State Accounting materially misstated financial statement entries and footnote disclosures, requiring significant adjustments, revisions, and additional time to complete the audit procedures. The table below summarizes over \$1.8 billion in required adjustments to the financial statements and over \$152 million in related footnote adjustments. Without the efforts and significant time of the APA to identify and request the correction of these errors, the State’s financial statements would be materially misstated.

Type of Error	Dollar Error
State Accounting Errors	\$ 1,621,640,188
State Agency Errors	\$ 234,153,079
Capital Asset Accounting Errors	\$ 6,086,446
Total Financial Statement Adjustments	\$ 1,861,879,713
Total Footnote Errors	\$ 152,686,520
Total Errors	\$ 2,014,566,233

State Accounting and State Agency Errors

Please refer to the **Supplementary Table** at the end of this finding for details regarding 21 financial statement errors, totaling \$1,861,879,713, that were identified by the APA and recorded by State Accounting as an adjustment to ensure the financial statements were materially correct.

The **Supplementary Table** also identifies whether the adjustments were reported in the prior audit. In total, 9 of the 21 adjustments, totaling \$259,990,589, were related to issues reported in the prior audit and were not adequately addressed and corrected.

Footnote Errors

The following table explains the errors found in State Accounting’s preparation of the required footnote disclosures to the financial statements.

Footnote #	Description	Amount
#12 Risk Management	State Accounting did not properly update the Risk Management footnote for changes in insurance coverage. The result of the errors was an overstatement of Excess Property Coverage by \$50,000,000 and an overstatement of Wind & Hail Coverage by \$61,250,000.	\$ 111,250,000
#4 Capital Assets	The construction-in-progress (CIP) additions and deletions were both understated by \$12,843,597.70 due to the failure of State Accounting to include fiscal year 2025 costs for projects that were completed in fiscal year 2025. This had no net impact on CIP ending balances and no financial statement impact; however, the amounts in the footnotes were understated.	\$ 25,687,195

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Footnote #	Description	Amount
#18 COVID-19 Government Assistance	State Accounting failed to include all claimed revenue earned for the State and Local Fiscal Recovery Funds within the COVID-19 footnote, resulting in an understatement of \$6,637,688.	\$ 6,637,688
#12 Risk Management	In the Risk Management footnote, State Accounting reported an incorrect amount of "Current Year Claims and Changes in Estimates," resulting in an understatement of \$4,001,000.	\$ 4,001,000
#2 Deposits and Investments Portfolio	The State Treasurer incorrectly excluded one bank account when reporting the end-of-year bank account balances, which was not identified by State Accounting, resulting in the understatement of the deposit footnote by \$2,910,764.	\$ 2,910,764
#3 Receivables	The Department of Health and Human Services made several errors during the calculation of the patient and county billing receivable, which resulted in an understatement of the associated allowance for doubtful accounts by \$1,082,920. The Department of Labor's allowance for doubtful accounts was also understated by \$257,953.	\$ 1,340,873
#15 Bonds Payable	State Accounting failed to include all bond proceeds for fiscal year 2025 issuances, resulting in an understatement of the bonds payable by \$504,000. Additionally, other content adjustments were made to comply with Governmental Accounting Standards Board requirements.	\$ 504,000
#17 Restatements	State Accounting failed to include properly all investment restatements for the internal service funds, resulting in an understatement of \$355,000.	\$ 355,000
Total Footnote Errors		\$ 152,686,520

The APA also noted other footnote errors during testing, including mathematically inaccurate schedules, an incorrect description of the pollution remediation liability, line item changes in terminology, incorrect contribution rates for the State Patrol Retirement Plan, lack of information regarding the lease/subscription asset amortization period, and failure to report changes in the actuarial assumptions subsequent event.

Other ACFR Preparation Errors

We identified additional errors in the preparation of the ACFR that did not require a formal, proposed adjustment to the financial statements because corrections were made prior to the proposal of a formal adjustment or because they occurred in ACFR sections other than the financial section and footnotes. The table below details these additional errors:

ACFR Section	Description	Amount
Management's Discussion and Analysis (MD&A)	The APA identified 10 separate revisions to amounts in the MD&A, including issues with changes in activity, lack of agreement with the audited financial statements, incorrect percents, and incorrect balances.	\$ 511,000,000
Operating Investment Pool (OIP) Cash Adjustments	State Accounting prepares an entry at the end of each fiscal year for the purpose of essentially reclassifying OIP cash from the long-term investment account to cash. In the past, State Accounting had adjusted only ACFR funds with large cash balances. The APA's preliminary calculation showed significant variances in other ACFR funds, so State Accounting revised the entry to include all ACFR funds. The total amount adjusted between the funds was over \$106 million. A beginning balance adjustment totaling over a half million dollars was also made to various funds to record the correct allocation that should have been made in fiscal year 2024.	\$ 107,000,000
State Patrol Retirement Plan Contributions	State Accounting failed to allocate the retirement plan contributions between the employee and employer due to legislative changes effective July 1, 2024, that reduced the employee contribution from 16% or 17% to 10% and increased the employer (State) contributions from 16% or 17% to 24%. Therefore, the employee contributions were overstated and the employer contributions were understated by \$3 million.	\$ 3,081,000

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

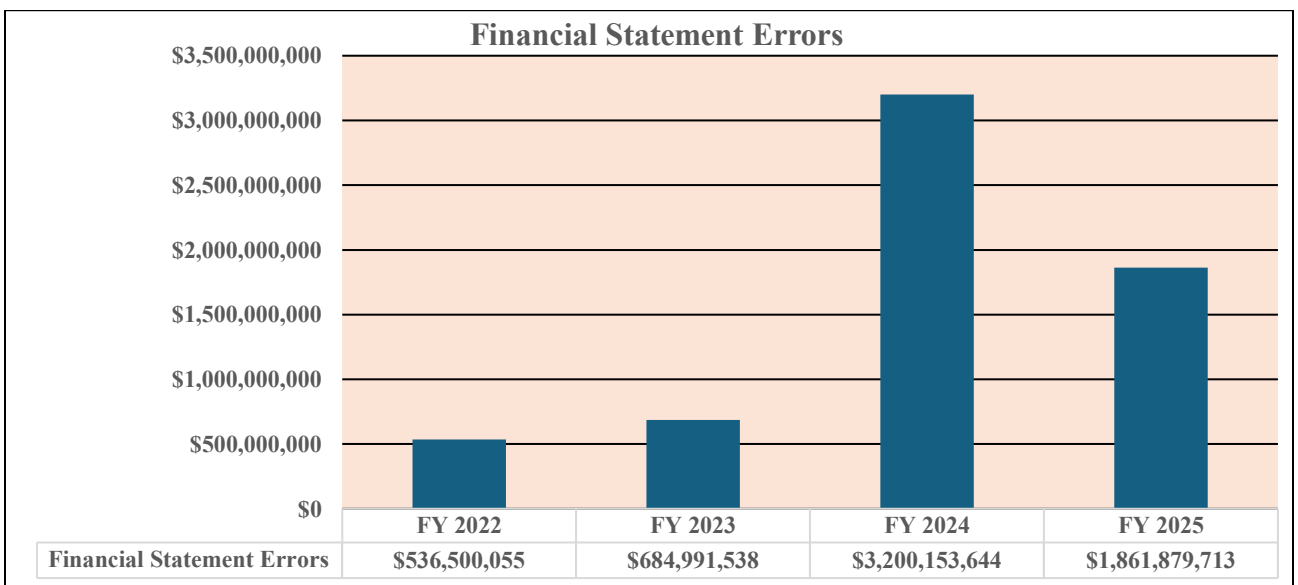
ACFR Section	Description	Amount
State Contributions to the School Employees Retirement Plan	State Accounting incorrectly reported the covered payroll and employer contribution to the Plan in the Schedule of State Contributions for the School Employees Retirement Plan, which is part of RSI. This resulted in understatements of \$79,000 and \$3,000, respectively.	\$ 82,000
Other Errors	Other Postemployment Benefits (OPEB) not administered through a trust were reported as a net OPEB liability instead of a total OPEB liability in accordance with auditing standards. Additionally, footnote disclosures for pledged future revenues did not include the relationship of the pledged amount to the total for that specific revenue source in accordance with auditing standards.	\$ 0
Total Other Errors		\$ 621,163,000

We also found that prior period information presented in the MD&A was incorrectly restated for a change in accounting principle, prior period amounts restated were not identified as such, and there was a lack of required disclosures to explain the effect of the change in accounting principle and error corrections on the prior period information.

A proper system of internal controls requires procedures to ensure the accurate reporting of financial information in the accounting system and as reported to State Accounting at the end of the year. The State’s control procedures should not include a reliance on the APA’s team to identify material errors; rather, State Accounting’s procedures should include a more detailed review of the agencies’ transactions recorded in the accounting system and on the accrual response forms to identify such errors prior to submission to the APA.

As shown throughout this finding, a lack of such procedures increases the risk of material financial statement errors going undetected. The lack of procedures increases significantly the audit time required to ensure that the financial statements are materially correct.

Similar findings have been reported in the prior year ACFRs. While, the number of errors, as well as the dollar amount of those errors, both individually and aggregately, have decreased since fiscal year 2024, State Accounting still needs to develop controls and processes to ensure the accurate and timely presentation of the ACFR. The following chart shows the progression of financial statement errors over the last 4 audits.



STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

We recommend State Accounting continue to work with and provide training to the various agencies to implement or improve procedures necessary to resolve this audit finding. We further recommend State Accounting implement procedures to ensure the financial reporting is accurate and complete, including procedures to ensure all accrual response forms and other support contain accurate information.

Department Response: State Accounting continues to focus on internal controls and the reduction of repeat errors. The \$739 million error reported by the APA as \$1.478 billion related to a new accrual in which the function of government it pertained to was miscoded. This one line, in a 400-line journal entry of statewide accruals, was commingled with accruals relating to Health and Social Services and Education functions of government. State Accounting has worked to further separate this journal entry going forward by function to reduce errors of this type in the future. This one-time error encompasses over 79% of the Total Financial Statement Adjustments reported. The total financial statement adjustments reported compares to 2.98% of the State's total net position reported at year end.

State Accounting continues to work year-round with State Agencies on appropriate accounting practices, strengthening internal controls, and reducing ACFR errors. A standalone finding on the Nebraska Department of Labor was eliminated due to the combined efforts of those teams to improve financial reporting. State Accounting also implemented a new accounting standard, recording \$363 million in compensated absences entries and implemented new accounting entries, footnotes, and statistical data on revenue bonds totaling over \$194 million in entries, neither of which had adjustable errors.

APA Response: Despite the improvements noted in its response, the “one-line” error explained above would have resulted in materially misstated financial statements had it not been identified by the APA. The \$739 million error was not complex, as State Accounting simply failed to record the proper function to all lines of the specific accrual entry. Given the fact that the total financial statement errors exceeded \$1.8 billion, we continue to recommend State Accounting strengthen its controls to identify and correct material errors.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Supplementary Table

Item #	Description	Amount	Category	Prior Audit Finding?
#1	The Department of Health and Human Services (DHHS) reported \$739,272,449 in Federal Fund accounts payable related to the Medicaid Nursing Facility and Hospital Tax programs that had not yet been paid out. This activity was reported to State Accounting as Health and Social Services expenditures; however, State Accounting incorrectly recorded the activity as Education expenditures instead. Additionally, this same error was made when recording the Federal revenues for the activity, resulting in a \$1,478,544,897 adjustment being required to correct the financial statements.	\$ 1,478,544,897	State Accounting Errors	N
#2	DHHS reported \$125,277,469 in Health and Social Services Fund accounts receivables related to the Medicaid Nursing Facility and Hospital Tax programs that had not yet been received. This activity was reported to State Accounting as license, fees and permit activity; however, State Accounting incorrectly recorded the activity as charges for services.	\$ 125,277,469	State Accounting Errors	Y
#3	DHHS reported \$7,721,057 received in Hospital Tax that was payable to the General Fund from the Health and Social Services Fund. State Accounting incorrectly recorded this payable and associated receivable twice, resulting in an overstatement of both amounts. Additionally, DHHS reported Hospital Tax receivable due after 60 days, totaling \$356,356,467; however, State Accounting only recorded \$353,980,759, resulting in an understatement of receivables by \$2,375,708.	\$ 17,817,822	State Accounting Errors	N
Total State Accounting Errors		\$ 1,621,640,188		
#4	The Nebraska Department of Revenue's (NDOR) calculation for the individual income tax payable was understated because it inaccurately included receipts associated with the pass-through entity tax, passed in 2023 as income tax withholding, resulting in an understatement of the tax refund payable by \$59,754,489.	\$ 59,754,489	Agency Errors	N
#5	DHHS inappropriately recorded \$18,158,709 as prior period transactions; however, the transactions were already included in a separate reported payable to State Accounting, resulting in the duplication of such activity. As these transactions were related to the movement of expenditures from the General Fund to the Federal Fund, this error caused overstatements in General Fund receivables and both the Federal Fund payables and receivables.	\$ 54,476,127	Agency Errors	Y
#6	The Nebraska Department of Education (NDE) incorrectly calculated the Federal payable and associated Federal receivable related to nine grants. The calculation errors were mainly attributed to the failure to account appropriately for prior year amounts, resulting in an understatement of both the Federal receivable and payable by \$17,981,228.	\$ 35,962,457	Agency Errors	Y
#7	NDE incorrectly reported the special education transportation cost payable due to the exclusion of the portion of payments made from the Education Future Fund, resulting in the understatement of the payable by \$16,424,343.	\$ 16,424,343	Agency Errors	Y
#8	NDOR incorrectly reported both a sales tax receivable to the State and a payable from the State for a municipality related to tax incentive refunds. The APA and NDOR agreed the amounts should have been shown as a net receivable from the municipality. As this balance was recorded in the General Fund, Highway Fund, and Local Government Taxes Fund, an adjustment, totaling \$14,194,086, was required to correct the financial statements.	\$ 14,194,086	Agency Errors	N
#9	A substantial amount of fiscal year 2024 and 2025 tax receipts collected in July and August 2025 was coded to partnership income taxes. NDOR did not report a receivable in either fiscal year associated with these subsequent receipts. Therefore, not only was a \$4,390,366 adjustment required to record the fiscal year 2025 receivable, but also a \$6,195,716 beginning balance adjustment was required for the fiscal year 2024 receivable that was not recorded.	\$ 10,586,081	Agency Errors	N

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Item #	Description	Amount	Category	Prior Audit Finding?
#10	DHHS made several errors in the calculation of the patient and county billings receivable, resulting in the overstatement of the receivable by \$10,578,946.	\$ 10,578,946	Agency Errors	Y
#11	DHHS failed to report an overstatement of its fiscal year 2024 graduate medical education receivable to State Accounting, resulting in an overstatement of beginning fund balance by \$8,070,209.	\$ 8,070,209	Agency Errors	Y
#12	The delinquent sales and use tax receivable reported by NDOR was understated by \$7,152,901 due to a balance being incorrectly excluded from the protested audit listing.	\$ 7,152,901	Agency Errors	Y
#13	DHHS incorrectly reported non-monetary transactions for activity related to the National School Lunch Program, Immunization Program, and Child and Adult Care Food Program, resulting in an understatement of both revenues and expenditures by \$4,930,583.	\$ 4,930,583	Agency Errors	N
#14	A \$4,253,118 beginning balance adjustment was needed to correct the prior year corporate income tax receivable reported by NDOR. In fiscal year 2025, the APA learned that only certain corporations' tax receipts should be included in the receivable because some extension payments were not due until after fiscal year end. Therefore, the prior corporate income tax receivable was overstated.	\$ 4,253,118	Agency Errors	N
#15	The Secretary of State neglected to include \$2,439,487 in accounts receivable on its accrual response form, resulting in an understatement of accounts receivable by the same amount.	\$ 2,439,487	Agency Errors	N
#16	NDE failed to void several interagency transactions that were rebilled. This error resulted in the interagency revenue and receivable being recorded twice for a \$2,380,858 overstatement.	\$ 2,380,858	Agency Errors	N
#17	The Nebraska Department of Labor (NDOL) recorded a payable for expected reimbursement requests from other states for the quarter April – June 2025, which totaled \$2,427,935. This expected payable was \$1,585,038 higher than actual reimbursement requests received for the quarter after the end of the fiscal year, resulting in the payable being overstated by the same amount.	\$ 1,585,038	Agency Errors	Y
#18	NDOT recorded a payment, totaling \$645,294, for October through December 2024 workers' compensation expenses that was incorrectly recorded as a prior period adjustment instead of a current expenditure. This error resulted in the understatement of beginning fund balance by \$645,294.	\$ 645,294	Agency Errors	N
#19	Several errors affected the overpayment receivable account and its related allowance for doubtful accounts that were reported by NDOL. These errors, resulting in an overstatement of benefits receivable by \$463,099, included NDOL's 1) use of incorrect collection rates to calculate the allowance for doubtful accounts; 2) inclusion of fiscal year 2026 activity in the fiscal year 2025 calculation; 3) inclusion of amounts that had already been written off; 4) use of mathematically inaccurate reports; 5) errors in the recording of a prior year adjustment in the current year; and 6) use of amounts that did not agree to reports.	\$ 463,099	Agency Errors	Y
#20	A beginning balance adjustment was necessary because NDOL calculated the prior year benefits payable too early based on only one month's data instead of the standard three months used in other accruals, resulting in the prior year benefits payable being understated by \$255,963.	\$ 255,963	Agency Errors	N
Total Agency Errors		\$ 234,153,079		
#21	The Nebraska Department of Transportation (NDOT) failed to report five ongoing construction-in-progress (CIP) projects accurately to State Accounting, resulting in the understatement of beginning CIP balances by \$3,051,076 and CIP additions by \$3,035,370.	\$ 6,086,446	Capital Asset Errors	N
Grand Total		\$ 1,861,879,713		

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-002

State Health Insurance Monitoring

The State of Nebraska offers its employees the ability to enroll in a comprehensive benefit and wellness program administered through the Department. Such program is offered in accordance with Neb. Rev. Stat. § 84-1601(1) (Reissue 2024), which states the following:

There is hereby established a program of group life and health insurance for all permanent employees of this state who work one-half or more of the regularly scheduled hours during each pay period, excluding employees of the University of Nebraska, the state colleges, and the community colleges. Such program shall be known as the Nebraska State Insurance Program and shall replace any current program of such insurance in effect in any agency and funded in whole or in part by state contributions.

Each employee enrolled in the program will elect coverage annually and, based on this enrollment, an amount will be deducted from each paycheck and deposited into the State Employees Insurance Fund. These employee deductions, paired with Legislative appropriations to pay the State's share of cost, are used, pursuant to Neb. Rev. Stat. § 84-1613 (Reissue 2024), for "premium payments to the carrier, carriers, or combinations of carriers selected under section 84-1603 from this fund. The division may also use the fund to make incentive payments to state employees pursuant to section 44-1413."

For the rates effective in fiscal year 2026, the Department increased health insurance premiums by 11% for the WellNebraska Health Plan and 8% for all other Health Plans. In June 2025, the Department notified State agencies that an additional 18.5% premium increase paid for by each agency would be required to cover a shortage in the State Employees Insurance Fund.

Upon inquiry regarding this shortage, the Department clarified with the APA that it relies on projections provided by a contracted actuary in determining the amount of premiums to charge in comparison with the available fund balance of the State Employees Insurance Fund. During the year, the Department became aware of increasing expenses that were being incurred above the actuarially projected amount.

The APA noted that claims paid increased from \$254,708,311 in fiscal year 2024 to \$290,046,777 in fiscal year 2025. Despite an increase in claims of over \$35.3 million, the rebates received only increased \$6.5 million, from \$29,997,433 to \$36,512,263.

The Department failed to provide any review of the claims paid or rebates received to ensure they were accurate or supported. In fact, no information was provided to explain how the rebates were even calculated or what the basis for the rebates were.

The Department also failed to perform any data analytics to review claim types or individual providers to ensure that an increase in claims was appropriate. Such review and data analytics would also ensure that the full amount of rebates owed by the carrier have been received.

A good internal control plan and sound business practices require procedures to ensure adequate documentation is on file to support the accuracy and completeness of all health insurance claims paid and rebates received.

Without such procedures, there is a significant increased risk of fraud, waste, abuse, and material misstatement to the financial statements.

We recommend the Department implement procedures to ensure that an adequate review and data analytic procedures are completed for verifying documentation is on file to support the accuracy and completeness of all health insurance claims paid and rebates received.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Department Response: DAS utilizes actuarial services to assist in setting health insurance premium rates and has solicited bids for the health insurance administrator contract. Rates were initially set in early 2024 for plan years ending June 2026 and 2027. For plan year 2024-2025 actual claim experience exceed projected costs for medical claims, catastrophic claims (>\$75,000), and prescription drug claims by \$10.80, \$7.28, and \$6.05 million respectively. Actual costs exceeded projections by over 11% for the plan year, and catastrophic claims increased by more than 16%.

As part of the effort to control costs, Requests for Proposal were issued for health insurance and for prescription drug contracts. A new vendor was selected for both services effective July 1, 2026. The Department is reviewing other controls such as additional claims auditing services and stop-loss insurance coverage to monitor and/or mitigate increasing costs.

APA Response: The APA did not verify the dollar amounts or percentages provided in State Accounting's response.

Finding 2025-003

Timesheet and Supervisor Approval in State Accounting System

A total of 21 State agencies utilized the State's accounting system to record their employees' time worked and leave used. For these agencies, we noted the following:

- Supervisors and human resource staff within the State agencies were able to change the employees' submitted timesheets without the employees' knowledge or documentation to support the changes.
- The State's accounting system did not accurately track who approved timesheets in the system. For State agencies that utilized timesheet entry in the State's accounting system, the supervisor assigned to an employee approved the timesheet. However, supervisors were allowed to set up delegates, or another employee, in the system to approve timesheets in the supervisor's absence. Instead of recording which supervisor actually approved the timesheets, the system would record the assigned supervisor as the approver. When delegates were set up for their supervisor, the delegate was then able to alter and approve his or her own timesheet. Furthermore, there was no audit trail for delegates in the State's accounting system. Supervisors were able to delete delegates without any record of the assignment.
- Employees were able to record their time worked to any other agency funding source because a field was available to record time to any State agency and was not restricted to only the employing agency.

A proper system of internal control requires procedures to ensure that the approval of timesheets is documented for subsequent review, and funding sources are restricted to an employee's agency. Additionally, failure to retain important payroll documentation risks noncompliance with Nebraska Records Retention and Disposition Schedule 124, which requires certain payroll documentation, such as timesheets and reports, to be retained for five years.

Without such procedures, there is an increased risk for fraudulent or inaccurate payment of regular hours worked or accumulation of leave. When the funding source is not restricted, moreover, there is an increased risk that an employee may record payroll expenditures to an incorrect funding source or another agency's general ledger in error.

A similar comment has been reported since the fiscal year 2013 ACFR audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

We recommend the Department implement procedures to maintain adequate supporting documentation of time worked for all employees, such as timesheets, in compliance with State statute and Nebraska Records Retention and Disposition Schedule 124. Furthermore, we recommend the Department make the necessary changes to the State's accounting system, or save supporting documentation to a data warehouse, to allow for the retention of documentation of approvals, to ensure compliance with Nebraska Records Retention and Disposition Schedule 124. Lastly, we recommend the Department restrict funding access to an employee's agency only.

Department Response: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. Agencies choosing to delegate time approval are trained to maintain documentation when a delegate approves time. Under federal law, exempt employees do not need to track their hours. DAS is currently implementing a new time tracking and payroll system which will address concerns noted in this finding.

APA Response: As noted, Neb. Rev. Stat. § 84-1001(1) requires all state officers and heads of departments and their deputies, assistants, and employees to work no less than forty hours each week. Therefore, documentation should be retained, such as a certification or a detailed timesheet to ensure compliance with State statute.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF EDUCATION

Finding 2025-004

Tax Equity and Educational Opportunity Support Act (TEEOSA) Calculation Errors

The Department is responsible for the accurate calculation of school State Aid funding under the TEEOSA. In simplified terms, the TEEOSA formula compares a school district's formula needs to its formula resources. If a school district's resources exceed its needs, the district will not receive any Equalization Aid. If the opposite is true, the district will receive Equalization Aid for the amount that formula needs exceed formula resources. This Equalization Aid is then added to four additional aid types, such as Foundation Aid, to calculate the total State Aid received. The calculation of each school district's formula needs consists of 18 different components, and each district's formula resources consists of 6 different components as provided by statute.

During our review of the calculation of school State Aid for 26 schools completed in August 2025, we noted the Department lacked procedures to ensure that these calculations were complete and accurate. Errors were noted associated with multiple components of the State Aid calculation, including the poverty allowance, the calculation of the general fund operating expenditure (GFOE), the transportation allowance, verification of annual financial report data, variances in average daily membership audits, and various documentation errors. These are described in detail below.

Poverty Allowance Error

One component of a school district's formula needs is the poverty allowance. The poverty allowance, governed by Neb. Rev. Stat. § 79-1007.06 (Reissue 2024), includes multiple calculations involving the number of low-income and free lunch and milk students compared to the school's formula students. The lesser of the amount calculated and the amount of funding requested by the school district is then used in the final calculation of formula needs.

We noted the poverty allowance calculation was not completed in compliance with State statute. As shown below, in relevant part, Neb. Rev. Stat. § 79-1003(18) (Reissue 2024) provides a definition of free lunch and free milk calculated students, which is used in the poverty allowance calculation:

(b) for schools that provided free meals to all students pursuant to the community eligibility provision, the greater of the number of students in such school who individually qualified for free lunch or free milk using the most recent school fiscal year for which the school did not provide free meals to all students pursuant to the community eligibility provision or one hundred ten percent of the product of the students who qualified for free meals at such school pursuant to the community eligibility provision multiplied by the identified student percentage calculated pursuant to such federal provision, except that the free lunch and free milk calculated students for any school pursuant to subdivision (18)(b) of this section shall not exceed one hundred percent of the students qualified for free meals at such school pursuant to the community eligibility provision[.]

(Emphasis added.) The Department failed to multiply the number of students times the identified student percentage for all 21 school districts participating in the community eligibility program. While this error was caught by the Auditor of Public Accounts (APA) during the fiscal year 2025 audit, similar errors would have been made in prior year State Aid calculations for any school district participating previously in the community eligibility provision.

After receiving confirmation from the Department that this portion of the statute had not been considered, we requested additional information to help determine the impact of such error on the State Aid payments. Despite an explanation from the Department that the error was "a technical error at the state Department of

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Education after a report that was changed wasn't caught by the person doing the calculation for Omaha's funding," the Department was unable to provide the APA with complete information to recalculate the poverty allowance at the time of fieldwork. (<https://www.1011now.com/2025/11/21/pillen-calls-education-funding-overhaul-after-30m-overpayment-omaha-schools/>)

The Department did provide a listing of schools and their identified student percentage; however, that report contained enrollment data on a different day than used in the State Aid calculation and, therefore, the total enrolled students used in one part of the calculation did not agree to a different part. At the time of fieldwork, the Department was unable to explain how this report would be used in the calculation, rendering us unable to determine the impact of this error on the State Aid calculation.

In November 2025, Omaha Public Schools released a statement regarding an error made by the Department in the calculation of the Poverty Allowance and noted an overpayment for the year tested of \$30 million. We requested information on how this calculation was completed – because, as previously noted, the relevant data was not available at the time of fieldwork. The Department provided a spreadsheet with only a portion of the calculation related to the students multiplied by the identified student percentage and explained that the Department “worked through the data with the Nutrition team and were able to come up with the [identified student percentages] used/approved by the Feds for the different groups as applied to free lunch reimbursements. We believe it makes the most sense to use the approved grouping/approved [identified student percentage] for this calculation.” The reported error of \$30 million has not been verified during our testing and will be subject to review in a future Department audit.

The Department lacked sufficient procedures to catch errors of this nature. As explained by the Education Commissioner, their procedures, amongst others, include “the funding assessments are released to school districts for their review. And if mistakes aren't caught during that round, the final step is a review by the state auditor's office, which caught these overpayment errors.” (<https://nebraskapublicmedia.org/es/news/news-articles/state-ed-board-member-says-overpaid-districts-stole-money-after-overpayment-mistakes/>).

The Commissioner appears to misunderstand the purpose of the APA's **external** audit – which cannot be considered part of the Department's internal control procedures. In fact, the definition of a deficiency in internal control exists when the design or operation of a control **does not allow management or employees, in the normal course of performing their assigned functions**, to prevent, or detect and correct, misstatements on a timely basis. The Department is solely responsible for the \$1.1 billion in State Aid payments and all necessary control procedures related to the accurate calculation, certification, and distribution of aid to each district.

Additionally, a member of the Board of Education stated, the following:

Board member Deborah Neary, who represents a district that overlaps with the Omaha Public Schools district, defended the mistakes made by the department, saying employees have been consistent in clean audits in the past, and that they're allowed mistakes.

“As a matter of fact, we have always had one of the cleanest audits of any of the state agencies for many, many years,” Neary said. “I'm really proud of our finance team. They're allowed a mistake once in a while. This is a mistake – and Dr. Maher can't say this, but I can – that could have been caught on the other end as well. There's many ways this could have been stopped, but actually, the system worked exactly the way it's supposed to work, which is, it was found during the audit, which is what an audit is all about.”

(<https://nebraskapublicmedia.org/es/news/news-articles/state-ed-board-member-says-overpaid-districts-stole-money-after-overpayment-mistakes/>)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Similar to the Commissioner, this Board member has the mistaken belief that the external audit is part of the Department’s internal control system. The system did not work the way it was supposed to work because the Department lacked necessary procedures to identify and correct the error prior to the aid certification. The Board member also believes the Department has had “one of the cleanest audits of any of the state agencies for many, many years.” In reality, since 2021, the Annual Comprehensive Financial Report (ACFR) audits noted the following significant financial statement accounting errors identified by the APA:

Fiscal Year	\$ Amount of Financial Statement Errors
2021	\$ 6,187,991
2023	\$ 6,891,971
2024	\$ 281,351,290
2025	\$ 55,311,855

See Finding 2025-006 (Financial Statement Errors) for details on the 2025 amount.

Additionally, as indicated by the above quotation, the Board appears to lay some blame with the school district for not catching this error. The Department’s own guidance document related to the Certification of State Aid for TEEOSA fails to include any information regarding the community eligibility provision or the identified student percentage. In fact, it states that the source of information used to calculate students eligible for free lunch and free milk is taken from the Nutrition Services lunch report, which does not contain the identified student percentage. Unless expectations are that each school district should be well versed in the State statutes pertaining to TEEOSA, the failure to provide the appropriate information appears to fall solely on the Department. This, coupled with the amount of interrelated components between the formula resources and needs, makes it difficult, at best, for any school district to ensure the amount certified is accurate. It is also important to remember that Omaha Public Schools did not receive a sudden windfall of an extra \$30 million. The Department’s calculation has been incorrect since Omaha Public Schools began participation in the community eligibility provision. The relevant portions of the guidance document relating to the Poverty Allowance are shown below:

<p>POVERTY ALLOWANCE</p> <p>The Poverty Allowance is the lesser of:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The amount the District designates they will spend on poverty for the 2024/25 school year. <input type="checkbox"/> The sum of the statewide average general fund operating expenditures per student multiplied by graduated percentages then multiplied by student weightings based on free lunch/milk students or students under 19 or residing in homes with adjusted gross income in 2022 tax year and 2022/23 school year equal to or less than the maximum household income that would allow a student to be a free lunch or free milk student during the 2022/23 school year.

On the more detailed pages of the same guidance, the Department provides the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

POVERTY ALLOWANCE

Poverty Student = number of low income students or the number of students who are free lunch and free milk students whichever is greater + (poverty students – 3 year average of poverty students) if greater than 0.
 Low Income Students = number of low income children within the local system X ratio of formula students/total children under 19.

Low Income Child = a child under 19 living in a household having an annual adjusted gross income in 2022 tax year 2022/23 school year equal to or less than the maximum household income for a household of that size that would have allowed the child to meet the income qualifications to be a free lunch and free milk student during the 2022/23 school year.

2024/25 Statewide Average General Fund Operating Expenditures per Formula Student = 13,023.25

The lesser of: Maximum Poverty Allowance designated by the school district OR

Poverty Adjustment Calculation
 Local System Formula Students = (Stu)
 Poverty Students = (Poverty)
 Poverty Adjustment (Povadj)
 Stu X .05 = a
 Stu X .10 = b
 Stu X .15 = c
 Stu X .20 = d
 Stu X .25 = e
 Stu X .30 = f

- If (Poverty) is less than or equal to a, then (Povadj) = 0
- If (Poverty) is greater than a, and (Poverty) is less than or equal to b, then ((Poverty) – a) X (.0375 X Statewide Average GFOE per formula student)) = (Povadj)
- If (Poverty) is greater than b, and (Poverty) is less than or equal to c, then ((b-a) X (.0375 X Statewide Average GFOE per formula student)) + (((Poverty) – b) X (.075 X Statewide Average GFOE per formula student)) = (Povadj)
- If (Poverty) is greater than c, and (Poverty) is less than or equal to d, then ((b-a) X (.0375 X Statewide Average GFOE per formula student)) + ((c-b) X (.075 X Statewide Average GFOE per formula student)) + (((Poverty) – c) X (.1125 X Statewide Average GFOE per formula student)) = (Povadj)
- If (Poverty) is greater than d, and (Poverty) is less than or equal to e, then ((b-a) X (.0375 X Statewide Average GFOE per formula student)) + ((c-b) X (.075 X Statewide Average GFOE per formula student)) + ((d-c) X (.1125 X Statewide Average GFOE per formula student)) + (((Poverty) – d) X (.15 X Statewide Average GFOE per formula student)) = (Povadj)
- If (Poverty) is greater than e, and (Poverty) is less than or equal to f, then ((b-a) X (.0375 X Statewide Average GFOE per formula student)) + ((c-b) X (.075 X Statewide Average GFOE per formula student)) + ((d-c) X (.1125 X Statewide Average GFOE per formula student)) + ((e-d) X (.15 X Statewide Average GFOE per formula student)) + (((Poverty) – e) X (.1875 X Statewide Average GFOE per formula student)) = (Povadj)
- If (Poverty) is greater than f, then ((b-a) X (.0375 X Statewide Average GFOE per formula student)) + ((c-b) X (.075 X Statewide Average GFOE per formula student)) + ((d-c) X (.1125 X Statewide Average GFOE per formula student)) + ((e-d) X (.15 X Statewide Average GFOE per formula student)) + ((f-e) X (.1875 X Statewide Average GFOE per formula student)) + (((Poverty) – f) X (.225 X Statewide Average GFOE per formula student)) = (Povadj)

DATA SOURCES:
 ✓ Low income student count is from the 2022 Nebraska Income Tax Returns, Department of Revenue website
 ✓ Students on free lunch and free milk is taken from the October 2022 Lunch Report, Department of Education, Nutrition Services

It must be noted that nowhere in the description above does the Department refer to either community eligibility provision or the identified student percentage.

Lastly, the Department has stated on multiple occasions that this money will be reallocated to all the school districts. Upon inquiry, the Department referenced Neb. Rev. Stat. § 79-1015.01 (Reissue 2024) to support such reallocation of the full amount certified. Our understanding, however, is that the purpose of this statute is primarily to correct any errors arising from the change in the number of students enrolled at each school, not to address situations in which the initial certification was incorrect. As noted throughout the above finding, this error did not result from enrollment changes; instead, it was due to the failure of the Department to certify accurately to the Nebraska Legislature (Legislature) the actual amount of school funding needed. We question not only the logic of reallocating funds that should not have been paid out in the first place, effectively giving school districts a windfall for two years, but also the specific authority for doing so. We recommend the Department seek formal guidance from the Nebraska Attorney General (Attorney General) regarding this unique situation, as well as work with the Legislature, both to determine if State Aid should be redistributed when the original certified amount is subsequently found to have been incorrect and to implement measures for addressing or, better yet, preventing similar occurrences in the future.

GFOE Errors

The GFOE calculation, as governed by Neb. Rev. Stat. § 79-1003(22) (Reissue 2024), is not directly included in the State Aid calculation; however, it is an essential element used in the calculation of 11 components of formula needs and 2 components of formula resources. GFOE consists of each school district’s annual reported total general fund operating expenditures less funds associated with several categories laid out in State statute, including “summer school tuition” and “tuition paid to other school districts, [and] tuition paid to postsecondary institutions for college credit.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The Department failed to exclude all statutory items from the calculation of GFOE. We noted the following errors:

- One receipt code related to the Medicaid Administrative Activities (MAAPS) was included in the GFOE calculation as a reduction; however, this receipt should not have reduced the total expenditures because it is not noted as a reduction in State statute, resulting in errors in the amount of State Aid paid for 147 school districts, totaling \$3,669,200, with the largest underpayments attributed to the Lincoln Public Schools totaling \$883,692 and Millard Public Schools totaling \$487,047. See **Exhibit A** at the end of this finding for a listing of underpayments by school district. The APA did not review whether this error was corrected by the Department in its \$30 million adjustment to Omaha Public Schools, as reported by the various media outlets. This will be reviewed in a future audit.
- One expenditure code related to tuition paid to other organizations was included in the GFOE calculation as a reduction; however, this expenditure code is comingled with items that are not eligible as a reduction of GFOE. We noted \$6,361,410 coded to this expenditure code; however, as it is comingled, we were unable to determine how much recorded was in error. Any amounts adjusted from this expenditure code would have a similarly widespread effect as the error noted in the bullet above.
- For one school district, Winside Public Schools, the Department failed to include costs, totaling \$2,655, related to Summer School Tuition to Postsecondary Schools as a reduction of GFOE. This failure to calculate accurately the GFOE caused an overcalculation of the Basic Funding need component of \$156. Because the formula needs did not exceed formula resources for this school district, there was no impact on the amount of State Aid paid.

Transportation Allowance Error

One component of a District's formula need is the transportation allowance. Governed by Neb. Rev. Stat. § 79-1007.12 (Reissue 2024), the transportation allowance is included in the State Aid calculation at the lesser of the following: 1) the school district's general fund transportation expenditures, excluding special education transportation and any "other expenditures previously excluded from" GFOE; or 2) the number of miles traveled times 400% of the mileage rate.

As noted above, § 79-1007.12(1) requires "other expenditures previously excluded from" GFOE to be excluded from the calculation; however, the Department failed to exclude all such items. Included in the Department's guidance document related to TEEOSA, the GFOE calculation excludes any amounts paid for an "Increase in Retirement Contribution," but such items were not adjusted by the Department in the calculation of the transportation allowance. Copied below is the relevant page from the guidance document:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

GENERAL FUND OPERATING EXPENDITURES		
□ Each district's General Fund Operating Expenditures for the most recently available complete data year.		
□ Calculated from the 2022/23 Annual Financial Report (AFR) as follows:		
Total General Fund Expenditures.....		01-2-20400-000
	Minus	
Tuition Paid.....	1-2-011xx-xxx and 01-2-012xx-xxx with object codes 561, 565, 569 and 01-2-013xx-xxx and 1-2-21xx-xxx with object codes 561	01-2-01400-000
Adult Education.....		01-1-05200-000
Transfers from Other Funds.....		01-2-03300-000
Community Services.....		01-2-05000-805, 807 & 831
Redemption of General Fund Debt Service Principal.....		01-2-02710-511, 01-2-02711-511, 01-2-02712-511, 01-2-02713-511, 01-2-02714-511 & 01-2-02715-511
Transportation Paid to Other Districts.....		01-2-03400-000
Categorical Grants from Corporations & Other Private Interest.....		01-2-035xx-000
State Categorical Programs.....		01-2-02290-287
Retirement Incentive Plan.....		01-2-02290-288
Staff Development Assistance.....		01-2-08000-914
Transfers to Bond Fund.....		01-1-01315-000
Tuition Received from Other Educational Entities (Distance Education).....		01-1-01312-000
Summer School Tuition and Fees.....		01-1-01370-000
Preschool Tuition and Fees.....		01-1-01920-000
Contributions and Donations.....		01-1-03155-000
Textbook Loan.....		01-1-04709-000
Medicaid Administrative Activities (MAAPS).....		01-1-04305-000
Impact Aid.....		01-1-04306-000
Johnson O'Malley.....		01-2-02330-000
Legal Services (in excess of .0015 of the 2022/23 formula need).....		(Calculated Amt)
Levy Override Receipts .99 ((Total General Fund Levy – \$1.05) x (Assessed Value/100)).....		Object Code 237 Functions (1xxx, & 2xxx)
Increase in Retirement Contribution.....		Object Code 238 Functions (1xxx, & 2xxx)
Voluntary Termination (per statute).....		1-2-2310-314, 1-2-2320-314 & 1-2-2510-314
Lobbyist Fees and Expenses.....		

DATA SOURCE:
2022/23 Annual Financial Report

Because the amount to be included in the State Aid calculation is the lesser of two figures, as noted above, only 4 of the 26 school districts tested were affected by this error, with an overcalculated allowance totaling \$16,897. One of those district's final State Aid was impacted by this error, resulting in an overpayment of \$2,054 for that district.

Additionally, we noted that the Department had no documented review process or verification for the accuracy of miles traveled reported by school districts. A process requiring supporting documentation was implemented for the 2025-2026 school year, and such process will be reviewed during next year's audit. For the remaining 22 of 26 school districts tested, the miles traveled was used to calculate the Transportation Allowance included in the final State Aid calculation. We noted 2,144,931 miles traveled with a calculated allowance of \$5,747,156 that would be unsupported.

Lack of Verification of Annual Financial Report Data

Each school district reports its annual financial data to the Department annually by November 1st for the previous school year using account codes prescribed by the Department. This annual financial data, which is not audited nor has any independent assurance provided on its accuracy, is then used in the following: 1) the calculation of GFOE, which is then used throughout various components, as noted above; 2) seven formula needs components; and 3) one formula resource component.

Each school is also audited annually by an independent accounting firm. The audited financial statements use broad categories of receipts and disbursements, such as regular instruction disbursements or special education disbursements. The Department compares the audited financial statements to the annual financial data for these broad categories of receipts and disbursements.

The State Aid calculation uses more specific categories than those included in the audited financial statements. For example, "increased retirement contributions" is included in the transportation allowance calculation, as noted above; however, this detailed line item would comprise only a portion of the audited total for regular instruction disbursements. Therefore, this specific amount used in the State Aid calculation cannot be considered audited or verified.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Similarly, for 25 of the 26 school districts tested, 24 specific financial statement categories could not be considered audited or verified, as noted below:

- Eleven accounts related to the calculation of GFOE were not verified. The amount reported by the school districts on the annual financial report related to those 11 accounts was \$6,547,272.
- Seven accounts related to the calculation of formula needs were not verified. The amount reported by the school districts on the annual financial report related to those seven accounts was \$24,166,715.
- Six accounts related to the calculation of formula resources were not verified. The amount reported by the school districts on the annual financial report related to those six accounts was \$46,062.

Variances in Average Daily Membership Audits

Each school district uses software to record student membership and attendance data. This data interfaces to the Department software used in the calculation of State Aid. The Department requires each school district to have an independent annual audit of these records to ensure enrollment and attendance data agree between the two systems.

Title 92 of Nebraska Administrative Code requires this independent audit to include tests for compliance with the calculation of Average Daily Membership (ADM), which is used in the school district’s formula students calculation. The formula students calculation is then used in 11 formula needs components and 3 formula resources components.

The Department reviewed these ADM audits; however, if variances in the number of students are noted, the Department failed to take appropriate action to ensure the formula students calculation was accurate. During our review of 26 ADM audits tested, we noted six school districts that reported variances between their attendance records and the amounts recorded in the Department’s records. The Department did not appear to make any adjustments for these variances in the State Aid calculation.

School District Tested	Days Over (Under) Department Records
Winside Public Schools	(503)
Centennial Public Schools	63
Humphrey Public Schools	10,593
Columbus Public Schools	24,446
Madison Public Schools	3,295
Riverside Public Schools	Exact amounts not reported

The Department lacks any procedures to ensure these variances are updated in time for the recertification of State Aid. The Department explained that these amounts cannot be used in the initial calculation due to timing of when the State Aid calculation needs to be certified and when the audits are received. The Department currently pulls the data in late July of each year to start the prior year correction on August 1, while the audit reports are not received until November. The Department explained further that “reasonableness checks which is the best that can be done. The whole State Aid formula is designed to use the best data available which is what we do but was never designed to be absolute perfect as many of the numbers are estimates that get checked in a lot of different ways but many can’t be verified to perfect.”

While the APA sympathizes with the Department’s workload, the prior year correction is a part of the certification that is required to be completed by March 1 of each year and is intended to be a “true-up” for any variances between the estimated State Aid and actual State Aid owed. Further, the explanation provided related to timing appears to be wholly inaccurate. The ADM audits used in the fiscal year 2025

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

recertification payment calculation were due by November 2023 and November 2024; however, the prior year correction calculation that would utilize this information would not be completed until August 2025. The Department could not provide any information as to if, or when, these errors were corrected to ensure the accuracy of the State Aid calculation performed after the audits were received.

Other Documentation Errors

As noted throughout the above finding, membership data for each school district is used by the Department in the State Aid calculation. For two school districts tested, we noted that the documentation in the Department's system did not support the calculation completed by the Department, as follows:

- For Columbus Public Schools, the Fall Membership from 2023-2024 used in the calculation of Formula Students could not be verified to support and had a variance of one student. Assuming the accuracy of the supporting documentation, this variance of one formula student would cause a \$9,703 overpayment of State Aid.
- For Ralston Public Schools, the Fall Membership from 2021-2022 used in the calculation of Formula Students could not be verified to support and had a variance of one student. Assuming the accuracy of the supporting documentation, this variance of one formula student would cause a \$510 overpayment of State Aid.
- For Ralston Public Schools, the Total Net Option Students could not be verified to support and had a variance of four students. Assuming the accuracy of the supporting documentation, this variance of four students would cause a \$40,422 overpayment of State Aid.

A good internal control plan requires adequate procedures for verifying all amounts used in the calculation of the various State Aid components – including dollar amounts, mileage, student membership/enrollment numbers, or exclusions from general fund operating expenditures – to ensure the State Aid components and, ultimately, the amount of State Aid to be provided to school districts is calculated properly. Such procedures should also include the following: 1) a comprehensive review of the various components to ensure that all calculations and reported data are in line with TEEOSA statutes; 2) adequate supporting documentation to support all figures used in the State Aid calculation; and 3) the correction of variances noted in any ADM audits, with the most accurate figures included in the State Aid calculation.

Without such procedures, there is a significant risk of the school districts not being paid the correct amount of State Aid.

We recommend the Department implement procedures to ensure the following: 1) all State Aid formula calculations are supported adequately, in compliance with State statute, and calculated accurately; 2) a comprehensive review is completed of all State Aid formula calculations for compliance with TEEOSA statutes; and 3) all financial and ADM audits are reviewed, and any issues noted are addressed appropriately. We recommend further that the Department work with both the Attorney General and the Legislature regarding the issue of redistributing State Aid to schools when the original certified amount was inaccurate.

Department Response: The NDE made all the noted changes in the 2025/26 TEEOSA Recalculation which was made public in November of 2025. NDE has reviewed our current TEEOSA calculation process and made updates to further improve the internal controls that were already in place.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

NDE relies on statutorily required school district audits completed by independent auditors to test Annual Financial Report data. NDE verifies the audited information matches the Annual Financial Report data submitted.

APA Response: As stated in the management letter, we understand that the Department has a procedure to verify the audited information to the annual financial report; however, the audited information only contains broad financial categories and not the specific line items used in the State Aid calculation. While we agree that this process is a good initial control, we continue to recommend the Department consider a procedure to review the specific line items to ensure their accuracy.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

General Fund Operating Expenditure Calculation Errors
By School District
Payments Made in FY2025

Exhibit A

District #	School District Name	Original State Aid Calculated	APA Calculated State Aid	Underpayment
55-0001-000	LINCOLN PUBLIC SCHOOLS	\$ 72,974,146	\$ 73,857,838	\$ 883,692
28-0017-000	MILLARD PUBLIC SCHOOLS	64,231,083	64,718,130	487,047
77-0027-000	PAPILLION LA VISTA COMMUNITY SCHS	21,053,217	21,301,867	248,650
40-0002-000	GRAND ISLAND PUBLIC SCHOOLS	68,970,126	69,171,125	200,999
77-0001-000	BELLEVUE PUBLIC SCHOOLS	50,746,695	50,944,566	197,871
77-0037-000	GRETNA PUBLIC SCHOOLS	17,158,538	17,311,265	152,727
27-0001-000	FREMONT PUBLIC SCHOOLS	21,616,697	21,731,819	115,122
59-0002-000	NORFOLK PUBLIC SCHOOLS	10,896,284	10,996,270	99,986
71-0001-000	COLUMBUS PUBLIC SCHOOLS	16,380,852	16,474,376	93,524
28-0059-000	BENNINGTON PUBLIC SCHOOLS	14,056,646	14,149,183	92,537
22-0011-000	SO SIOUX CITY COMMUNITY SCHS	28,819,854	28,911,390	91,536
56-0001-000	NORTH PLATTE PUBLIC SCHOOLS	9,345,814	9,431,451	85,637
01-0018-000	HASTINGS PUBLIC SCHOOLS	20,824,777	20,900,606	75,829
79-0032-000	SCOTTSBLUFF PUBLIC SCHOOLS	18,477,438	18,552,005	74,567
24-0001-000	LEXINGTON PUBLIC SCHOOLS	25,313,653	25,381,042	67,389
76-0002-000	CRETE PUBLIC SCHOOLS	12,580,512	12,643,045	62,533
34-0015-000	BEATRICE PUBLIC SCHOOLS	5,850,234	5,911,617	61,383
19-0123-000	SCHUYLER COMMUNITY SCHOOLS	3,642,494	3,694,882	52,388
79-0016-000	GERING PUBLIC SCHOOLS	9,551,172	9,600,627	49,455
28-0066-000	WESTSIDE COMMUNITY SCHOOLS	30,256,911	30,298,804	41,893
13-0001-000	PLATTSMOUTH COMMUNITY SCHOOLS	4,456,881	4,492,674	35,793
73-0017-000	MC COOK PUBLIC SCHOOLS	5,571,913	5,605,648	33,735
66-0111-000	NEBRASKA CITY PUBLIC SCHOOLS	4,810,037	4,842,135	32,098
07-0006-000	ALLIANCE PUBLIC SCHOOLS	2,637,097	2,668,409	31,312
17-0001-000	SIDNEY PUBLIC SCHOOLS	5,068,332	5,092,361	24,029
24-0011-000	COZAD COMMUNITY SCHOOLS	2,636,449	2,655,813	19,364
40-0082-000	NORTHWEST PUBLIC SCHOOLS	10,359,111	10,376,257	17,146
66-0501-000	PALMYRA DISTRICT O R 1	3,664,829	3,681,610	16,781
90-0560-000	WAKEFIELD PUBLIC SCHOOLS	2,044,174	2,056,649	12,475
10-0002-000	GIBBON PUBLIC SCHOOLS	897,961	909,720	11,759
55-0148-000	MALCOLM PUBLIC SCHOOLS	3,227,512	3,238,925	11,413
28-0054-000	RALSTON PUBLIC SCHOOLS	10,698,127	10,709,477	11,350
78-0009-000	YUTAN PUBLIC SCHOOLS	2,244,232	2,254,701	10,469
78-0107-000	CEDAR BLUFFS PUBLIC SCHOOLS	3,869,712	3,879,407	9,695
81-0003-000	HAY SPRINGS PUBLIC SCHOOLS	1,615,758	1,622,637	6,879
65-0011-000	SUPERIOR PUBLIC SCHOOLS	1,015,193	1,021,872	6,679
87-0013-000	WALTHILL PUBLIC SCHOOLS	3,330,119	3,336,461	6,342
89-0003-000	FORT CALHOUN COMMUNITY SCHS	4,344,880	4,351,159	6,279
61-0049-000	PALMER PUBLIC SCHOOLS	1,806,034	1,811,900	5,866
54-0501-000	NIOBRARA PUBLIC SCHOOLS	1,955,020	1,960,776	5,756
67-0001-000	PAWNEE CITY PUBLIC SCHOOLS	963,378	968,156	4,778
16-0030-000	CODY-KILGORE PUBLIC SCHS	1,338,825	1,343,523	4,698
23-0071-000	CRAWFORD PUBLIC SCHOOLS	559,911	564,383	4,472
22-0031-000	HOMER COMMUNITY SCHOOLS	2,008,739	2,013,157	4,418
14-0101-000	WYNOT PUBLIC SCHOOLS	1,451,145	1,455,514	4,369
56-0037-000	HERSHEY PUBLIC SCHOOLS	2,787,275	2,791,432	4,157
10-0019-000	SHELTON PUBLIC SCHOOLS	460,869	465,001	4,132
45-0044-000	STUART PUBLIC SCHOOLS	1,542,391	1,546,402	4,011

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Original State Aid Calculated	APA Calculated State Aid	Underpayment
56-0007-000	MAXWELL PUBLIC SCHOOLS	1,862,368	1,865,497	3,129
88-0021-000	ARCADIA PUBLIC SCHOOLS	1,352,096	1,354,858	2,762
77-0046-000	SPRINGFIELD PLATTEVIEW COMMUNITY SCHOOLS	3,213,883	3,216,326	2,443
10-0119-000	AMHERST PUBLIC SCHOOLS	1,673,855	1,676,212	2,357
89-0024-000	ARLINGTON PUBLIC SCHOOLS	2,267,616	2,269,973	2,357
41-0002-000	GILTNER PUBLIC SCHOOLS	1,430,624	1,432,853	2,229
26-0001-000	PONCA PUBLIC SCHOOLS	1,639,726	1,641,762	2,036
47-0103-000	ELBA PUBLIC SCHOOLS	1,144,074	1,146,088	2,014
55-0160-000	NORRIS SCHOOL DIST 160	4,902,861	4,904,854	1,993
71-0005-000	LAKEVIEW COMMUNITY SCHOOLS	2,447,940	2,449,933	1,993
34-0034-000	FREEMAN PUBLIC SCHOOLS	1,693,913	1,695,863	1,950
62-0063-000	BRIDGEPORT PUBLIC SCHOOLS	1,727,046	1,728,954	1,908
69-0055-000	LOOMIS PUBLIC SCHOOLS	1,241,343	1,243,100	1,757
48-0303-000	MERIDIAN PUBLIC SCHOOLS	1,140,550	1,142,243	1,693
93-0083-000	MC COOL JUNCTION PUBLIC SCHS	1,165,607	1,167,257	1,650
28-0015-000	DOUGLAS CO WEST COMMUNITY SCHS	2,847,471	2,849,014	1,543
59-0005-000	BATTLE CREEK PUBLIC SCHOOLS	1,573,746	1,575,246	1,500
27-0595-000	NORTH BEND CENTRAL PUBLIC SCHS	1,632,298	1,633,777	1,479
48-0300-000	TRI COUNTY PUBLIC SCHOOLS	1,332,832	1,334,268	1,436
07-0010-000	HEMINGFORD PUBLIC SCHOOLS	1,243,678	1,245,092	1,414
91-0074-000	BLUE HILL COMMUNITY SCHOOLS	1,114,137	1,115,551	1,414
13-0097-000	ELMWOOD-MURDOCK PUBLIC SCHOOLS	1,407,982	1,409,311	1,329
78-0072-000	MEAD PUBLIC SCHOOLS	1,055,990	1,057,297	1,307
20-0020-000	BANCROFT-ROSALIE COMM SCHOOLS	1,008,806	1,010,070	1,264
64-0023-000	JOHNSON-BROCK PUBLIC SCHOOLS	1,136,986	1,138,229	1,243
01-0090-000	ADAMS CENTRAL PUBLIC SCHOOLS	2,246,370	2,247,571	1,201
32-0046-000	MAYWOOD PUBLIC SCHOOLS	860,558	861,759	1,201
87-0001-000	PENDER PUBLIC SCHOOLS	1,214,201	1,215,380	1,179
93-0012-000	YORK PUBLIC SCHOOLS	2,917,804	2,918,962	1,158
51-0006-000	PAXTON CONSOLIDATED SCHOOLS	845,567	846,703	1,136
90-0595-000	WINSIDE PUBLIC SCHOOLS	919,264	920,400	1,136
50-0501-000	AXTELL COMMUNITY SCHOOLS	1,013,283	1,014,376	1,093
41-0091-000	HAMPTON PUBLIC SCHOOL	789,040	790,112	1,072
72-0032-000	SHELBY - RISING CITY PUBLIC SCHOOLS	1,135,713	1,136,785	1,072
70-0002-000	PIERCE PUBLIC SCHOOLS	1,586,142	1,587,171	1,029
71-0067-000	HUMPHREY PUBLIC SCHOOLS	986,546	987,553	1,007
56-0006-000	BRADY PUBLIC SCHOOLS	741,253	742,239	986
27-0594-000	LOGAN VIEW PUBLIC SCHOOLS	1,391,224	1,392,167	943
80-0005-000	MILFORD PUBLIC SCHOOLS	1,733,090	1,734,033	943
06-0001-000	BOONE CENTRAL SCHOOLS	1,443,624	1,444,545	921
17-0009-000	POTTER-DIX PUBLIC SCHOOLS	655,811	656,647	836
67-0069-000	LEWISTON CONSOLIDATED SCHOOLS	675,030	675,866	836
47-0100-000	CENTURA PUBLIC SCHOOLS	1,091,248	1,092,020	772
21-0015-000	ANSELMO-MERNA PUBLIC SCHOOLS	721,239	721,989	750
54-0096-000	CROFTON COMMUNITY SCHOOLS	952,717	953,467	750
24-0004-000	OVERTON PUBLIC SCHOOLS	758,653	759,382	729
33-0021-000	CAMBRIDGE PUBLIC SCHOOLS	757,668	758,375	707
02-0018-000	ELGIN PUBLIC SCHOOLS	627,029	627,715	686
36-0100-000	BURWELL PUBLIC SCHOOLS	751,355	752,041	686
91-0002-000	RED CLOUD COMMUNITY SCHOOLS	728,179	728,865	686
10-0009-000	ELM CREEK PUBLIC SCHOOLS	839,780	840,423	643

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Original State Aid Calculated	APA Calculated State Aid	Underpayment
15-0010-000	CHASE COUNTY SCHOOLS	1,346,284	1,346,927	643
25-0095-000	SOUTH PLATTE PUBLIC SCHOOLS	666,832	667,475	643
04-0001-000	BANNER COUNTY PUBLIC SCHOOLS	515,922	516,543	621
18-0002-000	SUTTON PUBLIC SCHOOLS	949,004	949,625	621
20-0030-000	WISNER-PILGER PUBLIC SCHOOLS	979,019	979,619	600
24-0020-000	GOTHENBURG PUBLIC SCHOOLS	1,614,142	1,614,742	600
34-0100-000	DILLER-ODELL PUBLIC SCHOOLS	676,335	676,935	600
76-0082-000	WILBER-CLATONIA PUBLIC SCHOOLS	1,232,649	1,233,249	600
03-0500-000	ARTHUR COUNTY SCHOOLS	447,781	448,359	578
13-0032-000	LOUISVILLE PUBLIC SCHOOLS	1,384,081	1,384,638	557
24-0101-000	SUMNER-EDDYVILLE-MILLER SCHS	578,309	578,866	557
76-0044-000	DORCHESTER PUBLIC SCHOOL	592,441	592,934	493
19-0039-000	LEIGH COMMUNITY SCHOOLS	622,208	622,658	450
46-0001-000	MULLEN PUBLIC SCHOOLS	460,676	461,105	429
75-0100-000	ROCK COUNTY PUBLIC SCHOOLS	537,213	537,642	429
74-0056-000	FALLS CITY PUBLIC SCHOOLS	1,462,183	1,462,590	407
90-0017-000	WAYNE COMMUNITY SCHOOLS	1,812,898	1,813,284	386
01-0003-000	KENESAW PUBLIC SCHOOLS	598,619	598,983	364
31-0506-000	FRANKLIN PUBLIC SCHOOLS	624,137	624,501	364
57-0501-000	STAPLETON PUBLIC SCHOOLS	404,256	404,577	321
85-0060-000	DESHLER PUBLIC SCHOOLS	514,575	514,875	300
30-0054-000	SHICKLEY PUBLIC SCHOOLS	369,457	369,735	278
72-0015-000	CROSS COUNTY COMMUNITY SCHOOLS	726,565	726,843	278
56-0565-000	WALLACE PUBLIC SCH DIST 65 R	383,104	383,361	257
86-0001-000	THEDFORD PUBLIC SCHOOLS	308,599	308,856	257
54-0576-000	WAUSA PUBLIC SCHOOLS	431,483	431,675	192
17-0003-000	LEYTON PUBLIC SCHOOLS	318,825	318,997	172
73-0179-000	SOUTHWEST PUBLIC SCHOOLS	545,937	546,109	172
21-0089-000	ARNOLD PUBLIC SCHOOLS	381,021	381,171	150
33-0018-000	ARAPAHOE PUBLIC SCHOOLS	548,763	548,913	150
54-0583-000	VERDIGRE PUBLIC SCHOOLS	298,001	298,130	129
66-0027-000	SYRACUSE-DUNBAR-AVOCA SCHOOLS	1,332,755	1,332,884	129
82-0015-000	LITCHFIELD PUBLIC SCHOOLS	234,964	235,093	129
05-0071-000	SANDHILLS PUBLIC SCHOOLS	189,382	189,489	107
26-0070-000	ALLEN CONSOLIDATED SCHOOLS	278,508	278,615	107
38-0011-000	HYANNIS AREA SCHOOLS	284,138	284,245	107
08-0051-000	BOYD COUNTY SCHOOLS	539,566	539,652	86
45-0137-000	CHAMBERS PUBLIC SCHOOLS	239,958	240,044	86
54-0013-000	CREIGHTON COMMUNITY PUBLIC SCHS	542,279	542,365	86
56-0055-000	SUTHERLAND PUBLIC SCHOOLS	496,434	496,520	86
59-0080-000	ELKHORN VALLEY SCHOOLS	758,395	758,459	64
70-0542-000	OSMOND COMMUNITY SCHOOLS	336,255	336,319	64
60-0090-000	MC PHERSON COUNTY SCHOOLS	104,082	104,125	43
83-0500-000	SIOUX COUNTY PUBLIC SCHOOLS	160,079	160,122	43
84-0003-000	STANTON COMMUNITY SCHOOLS	678,901	678,944	43
06-0075-000	RIVERSIDE PUBLIC SCHOOLS	376,390	376,411	21
45-0007-000	O'NEILL PUBLIC SCHOOLS	1,296,257	1,296,278	21
28-0010-000	ELKHORN PUBLIC SCHOOLS	20,391,748	20,391,750	2
Totals		\$ 732,324,273	\$ 735,993,473	\$ 3,669,200

Source: Prepared by APA

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-005

Special Education Expense Reimbursement Errors

The Department is authorized to reimburse school districts from its General Fund and Education Future Fund appropriations for allowable excess costs for all special education (SPED) programs and support services. During the prior year, it was noted that the Department was noncompliant with the reimbursement of these costs at 80%. During the 2025 Legislative session, through LB 264 (2025), the new language in Neb. Rev. Stat. § 79-1142 (Supp. 2025) was adopted to authorize the Department to reimburse a pro-rata share based on the amounts appropriated, as follows:

*(3)(a) Except as provided in subsection (6) of this section, for special education and support services provided in each school fiscal year, the department shall reimburse each school district in the following school fiscal year **a pro rata amount** of the total allowable excess costs for all special education programs and support services as determined by the department pursuant to subdivision (3)(b) of this section. . . .*

*(b) The department shall reimburse the total allowable excess costs for all special education programs and support services from the General Fund and Education Future Fund appropriations approved by the Legislature for special education pursuant to section 79-1145, minus the amounts set aside pursuant to subsection (5) of this section, **on a pro rata basis at the maximum rate of reimbursement such appropriations will allow as determined by the department.***

(Emphasis added.) The Department failed to make payments based on the pro-rata share of the total amount appropriated, as provided by the revised statutory language, and lacked adequate procedures to ensure the Department's software was distributing these funds accurately. This error appeared to be related partially to a full reliance by Department staff on the Department's Special Education software and a lack of understanding of how that software was making distributions. Such errors caused all 247 school districts to be paid the incorrect amount of special education reimbursements during fiscal year 2025, ranging from a \$5,142,285 overpayment to Omaha Public Schools to a \$994,863 underpayment to Lincoln Public Schools. See **Exhibit B** at the end of this finding for full listing by school district.

A good internal control plan requires procedures to ensure that the reimbursement of special education expenses is calculated accurately and distributed in accordance with State statute.

Without such procedures, there is an increased risk of not only school districts receiving the incorrect amount of funding but also the Department being noncompliant with State statute.

We recommend the Department implement procedures to ensure the reimbursement to school districts for special education expenses is calculated in accordance with State statute.

Department Response: The Department updated the SPEDFRS system to correctly apply the pro rata reimbursement methodology required by statute and corrected the miscalculations in the current year to ensure reimbursements align with the revised statutory language. The Department is revising and formalizing internal procedures to verify SPEDFRS reimbursement calculations. The system has already been updated and additional verification steps will be completed during the final payment to ensure accuracy

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

**Special Education Expense Reimbursements
By School District**

Exhibit B

District #	School District Name	Over/(Under) Payment
28-0001-000	OMAHA PUBLIC SCHOOLS	\$ 5,142,285
13-0056-000	CONESTOGA PUBLIC SCHOOLS	\$ 168,709
46-0001-000	MULLEN PUBLIC SCHOOLS	\$ 65,108
79-0016-000	GERING PUBLIC SCHOOLS	\$ 32,013
15-0536-000	WAUNETA-PALISADE PUBLIC SCHS	\$ 18,852
13-0032-000	LOUISVILLE PUBLIC SCHOOLS	\$ 8,314
34-0001-000	SOUTHERN SCHOOL DISTRICT 1	\$ 7,562
00-0001-000	EDUCATIONAL SERVICE UNIT 01	\$ (292)
05-0071-000	SANDHILLS PUBLIC SCHOOLS	\$ (1,451)
60-0090-000	MC PHERSON COUNTY SCHOOLS	\$ (1,452)
52-0100-000	KEYA PAHA COUNTY SCHOOLS	\$ (1,554)
86-0001-000	THEDFORD PUBLIC SCHOOLS	\$ (1,626)
82-0015-000	LITCHFIELD PUBLIC SCHOOLS	\$ (1,804)
92-0045-000	WHEELER CENTRAL SCHOOLS	\$ (1,821)
81-0003-000	HAY SPRINGS PUBLIC SCHOOLS	\$ (2,049)
03-0500-000	ARTHUR COUNTY SCHOOLS	\$ (2,116)
47-0103-000	ELBA PUBLIC SCHOOLS	\$ (2,142)
58-0025-000	LOUP COUNTY PUBLIC SCHOOLS	\$ (2,156)
83-0500-000	SIOUX COUNTY PUBLIC SCHOOLS	\$ (2,279)
45-0137-000	CHAMBERS PUBLIC SCHOOLS	\$ (2,314)
32-0046-000	MAYWOOD PUBLIC SCHOOLS	\$ (2,361)
21-0084-000	SARGENT PUBLIC SCHOOLS	\$ (2,485)
00-0013-000	EDUCATIONAL SERVICE UNIT 13	\$ (2,547)
38-0011-000	HYANNIS AREA SCHOOLS	\$ (2,560)
90-0595-000	WINSIDE PUBLIC SCHOOLS	\$ (2,715)
67-0069-000	LEWISTON CONSOLIDATED SCHOOLS	\$ (2,803)
45-0044-000	STUART PUBLIC SCHOOLS	\$ (2,851)
17-0003-000	LEYTON PUBLIC SCHOOLS	\$ (2,860)
56-0565-000	WALLACE PUBLIC SCH DIST 65 R	\$ (2,871)
64-0023-000	JOHNSON-BROCK PUBLIC SCHOOLS	\$ (2,952)
43-0079-000	HAYES CENTER PUBLIC SCHOOLS	\$ (2,998)
29-0117-000	DUNDY CO STRATTON PUBLIC SCHS	\$ (3,004)
57-0501-000	STAPLETON PUBLIC SCHOOLS	\$ (3,011)
16-0030-000	CODY-KILGORE PUBLIC SCHS	\$ (3,050)
88-0021-000	ARCADIA PUBLIC SCHOOLS	\$ (3,130)
19-0039-000	LEIGH COMMUNITY SCHOOLS	\$ (3,132)
27-0062-000	SCRIBNER-SNYDER COMMUNITY SCHS	\$ (3,222)
21-0089-000	ARNOLD PUBLIC SCHOOLS	\$ (3,293)
48-0303-000	MERIDIAN PUBLIC SCHOOLS	\$ (3,315)
32-0095-000	EUSTIS-FARNAM PUBLIC SCHOOLS	\$ (3,323)
54-0583-000	VERDIGRE PUBLIC SCHOOLS	\$ (3,333)
24-0004-000	OVERTON PUBLIC SCHOOLS	\$ (3,337)
69-0055-000	LOOMIS PUBLIC SCHOOLS	\$ (3,396)
59-0013-000	NEWMAN GROVE PUBLIC SCHOOLS	\$ (3,437)
14-0101-000	WYNOT PUBLIC SCHOOLS	\$ (3,448)
49-0033-000	STERLING PUBLIC SCHOOLS	\$ (3,483)
21-0044-000	ANSLEY PUBLIC SCHOOLS	\$ (3,515)
41-0091-000	HAMPTON PUBLIC SCHOOL	\$ (3,581)
04-0001-000	BANNER COUNTY PUBLIC SCHOOLS	\$ (3,740)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Over/(Under) Payment
78-0072-000	MEAD PUBLIC SCHOOLS	\$ (3,803)
26-0070-000	ALLEN CONSOLIDATED SCHOOLS	\$ (3,811)
37-0030-000	ELWOOD PUBLIC SCHOOLS	\$ (3,830)
36-0100-000	BURWELL PUBLIC SCHOOLS	\$ (3,933)
21-0015-000	ANSELMO-MERNA PUBLIC SCHOOLS	\$ (3,935)
32-0125-000	MEDICINE VALLEY PUBLIC SCHOOLS	\$ (3,939)
51-0006-000	PAXTON CONSOLIDATED SCHOOLS	\$ (3,991)
85-2001-000	BRUNING-DAVENPORT UNIFIED SYS	\$ (4,013)
23-0071-000	CRAWFORD PUBLIC SCHOOLS	\$ (4,044)
13-0022-000	WEeping WATER PUBLIC SCHOOLS	\$ (4,091)
24-0101-000	SUMNER-EDDYVILLE-MILLER SCHS	\$ (4,144)
19-0070-000	HOWELLS-DODGE CONSOLIDATED SCHOOLS	\$ (4,299)
41-0002-000	GILTNER PUBLIC SCHOOLS	\$ (4,338)
54-0013-000	CREIGHTON COMMUNITY PUBLIC SCHOOLS	\$ (4,372)
56-0006-000	BRADY PUBLIC SCHOOLS	\$ (4,464)
72-0075-000	HIGH PLAINS COMMUNITY SCHOOLS	\$ (4,486)
75-0100-000	ROCK COUNTY PUBLIC SCHOOLS	\$ (4,512)
26-0561-000	EMERSON-HUBBARD PUBLIC SCHOOLS	\$ (4,516)
79-0002-000	MINATARE PUBLIC SCHOOLS	\$ (4,655)
02-0018-000	ELGIN PUBLIC SCHOOLS	\$ (4,662)
44-0070-000	HITCHCOCK CO SCH SYSTEM	\$ (4,664)
14-0045-000	RANDOLPH PUBLIC SCHOOLS	\$ (4,680)
34-0034-000	FREEMAN PUBLIC SCHOOLS	\$ (4,790)
50-0001-000	WILCOX-HILDRETH PUBLIC SCHOOLS	\$ (4,803)
34-0100-000	DILLER-ODELL PUBLIC SCHOOLS	\$ (4,854)
61-0049-000	PALMER PUBLIC SCHOOLS	\$ (4,875)
54-0576-000	WAUSA PUBLIC SCHOOLS	\$ (4,895)
76-0044-000	DORCHESTER PUBLIC SCHOOL	\$ (4,901)
21-0180-000	CALLAWAY PUBLIC SCHOOLS	\$ (4,910)
10-0009-000	ELM CREEK PUBLIC SCHOOLS	\$ (4,942)
25-0095-000	SOUTH PLATTE PUBLIC SCHOOLS	\$ (5,000)
73-0179-000	SOUTHWEST PUBLIC SCHOOLS	\$ (5,113)
56-0007-000	MAXWELL PUBLIC SCHOOLS	\$ (5,131)
01-0003-000	KENESAW PUBLIC SCHOOLS	\$ (5,171)
30-0001-000	EXETER-MILLIGAN PUBLIC SCHOOLS	\$ (5,201)
17-0009-000	POTTER-DIX PUBLIC SCHOOLS	\$ (5,213)
53-0001-000	KIMBALL PUBLIC SCHOOLS	\$ (5,297)
56-0055-000	SUTHERLAND PUBLIC SCHOOLS	\$ (5,327)
54-0586-000	BLOOMFIELD COMMUNITY SCHOOLS	\$ (5,523)
33-0018-000	ARAPAHOE PUBLIC SCHOOLS	\$ (5,525)
10-0119-000	AMHERST PUBLIC SCHOOLS	\$ (5,573)
20-0020-000	BANCROFT-ROSALIE COMM SCHOOLS	\$ (5,643)
69-0054-000	BERTRAND PUBLIC SCHOOLS	\$ (5,872)
19-0058-000	CLARKSON PUBLIC SCHOOLS	\$ (5,891)
00-0005-000	EDUCATIONAL SERVICE UNIT 05	\$ (5,912)
06-0017-000	ST EDWARD PUBLIC SCHOOLS	\$ (5,937)
48-0300-000	TRI COUNTY PUBLIC SCHOOLS	\$ (5,944)
76-0068-000	FRIEND PUBLIC SCHOOLS	\$ (5,970)
30-0054-000	SHICKLEY PUBLIC SCHOOLS	\$ (6,015)
25-0025-000	CREEK VALLEY SCHOOLS	\$ (6,050)
35-0001-000	GARDEN COUNTY SCHOOLS	\$ (6,097)
33-0021-000	CAMBRIDGE PUBLIC SCHOOLS	\$ (6,098)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Over/(Under) Payment
68-0020-000	PERKINS COUNTY SCHOOLS	\$ (6,154)
06-0075-000	RIVERSIDE PUBLIC SCHOOLS	\$ (6,155)
10-0019-000	SHELTON PUBLIC SCHOOLS	\$ (6,226)
72-0019-000	OSCEOLA PUBLIC SCHOOLS	\$ (6,271)
10-0105-000	PLEASANTON PUBLIC SCHOOLS	\$ (6,282)
62-0021-000	BAYARD PUBLIC SCHOOLS	\$ (6,363)
70-0005-000	PLAINVIEW PUBLIC SCHOOLS	\$ (6,383)
70-0542-000	OSMOND COMMUNITY SCHOOLS	\$ (6,411)
72-0015-000	CROSS COUNTY COMMUNITY SCHOOLS	\$ (6,749)
56-0037-000	HERSHEY PUBLIC SCHOOLS	\$ (6,754)
26-0001-000	PONCA PUBLIC SCHOOLS	\$ (6,774)
54-0096-000	CROFTON COMMUNITY SCHOOLS	\$ (6,903)
01-0123-000	SILVER LAKE PUBLIC SCHOOLS	\$ (6,920)
31-0506-000	FRANKLIN PUBLIC SCHOOLS	\$ (7,078)
90-0560-000	WAKEFIELD PUBLIC SCHOOLS	\$ (7,196)
78-0009-000	YUTAN PUBLIC SCHOOLS	\$ (7,440)
72-0032-000	SHELBY - RISING CITY PUBLIC SCHOOLS	\$ (7,455)
15-0010-000	CHASE COUNTY SCHOOLS	\$ (7,461)
22-0031-000	HOMER COMMUNITY SCHOOLS	\$ (7,469)
63-0001-000	FULLERTON PUBLIC SCHOOLS	\$ (7,562)
08-0051-000	BOYD COUNTY SCHOOLS	\$ (7,645)
85-0070-000	THAYER CENTRAL COMMUNITY SCHS	\$ (7,647)
59-0005-000	BATTLE CREEK PUBLIC SCHOOLS	\$ (7,715)
33-0540-000	SOUTHERN VALLEY SCHOOLS	\$ (7,732)
11-0020-000	LYONS-DECATUR NORTHEAST SCHS	\$ (7,741)
91-0002-000	RED CLOUD COMMUNITY SCHOOLS	\$ (7,874)
79-0031-000	MITCHELL PUBLIC SCHOOLS	\$ (7,879)
55-0148-000	MALCOLM PUBLIC SCHOOLS	\$ (7,891)
78-0107-000	CEDAR BLUFFS PUBLIC SCHOOLS	\$ (7,963)
47-0100-000	CENTURA PUBLIC SCHOOLS	\$ (7,975)
54-0501-000	NIOBRARA PUBLIC SCHOOLS	\$ (7,985)
50-0501-000	AXTELL COMMUNITY SCHOOLS	\$ (8,116)
59-0080-000	ELKHORN VALLEY SCHOOLS	\$ (8,180)
18-0002-000	SUTTON PUBLIC SCHOOLS	\$ (8,192)
71-0067-000	HUMPHREY PUBLIC SCHOOLS	\$ (8,280)
85-0060-000	DESHLER PUBLIC SCHOOLS	\$ (8,309)
93-0083-000	MC COOL JUNCTION PUBLIC SCHS	\$ (8,337)
84-0003-000	STANTON COMMUNITY SCHOOLS	\$ (8,448)
63-0030-000	TWIN RIVER PUBLIC SCHOOLS	\$ (8,458)
40-0126-000	DONIPHAN-TRUMBULL PUBLIC SCHS	\$ (8,485)
91-0074-000	BLUE HILL COMMUNITY SCHOOLS	\$ (8,487)
06-0001-000	BOONE CENTRAL SCHOOLS	\$ (8,678)
13-0097-000	ELMWOOD-MURDOCK PUBLIC SCHOOLS	\$ (8,729)
62-0063-000	BRIDGEPORT PUBLIC SCHOOLS	\$ (9,017)
20-0030-000	WISNER-PILGER PUBLIC SCHOOLS	\$ (9,148)
74-0070-000	HUMBOLDT TABLE ROCK STEINAUER	\$ (9,150)
47-0001-000	ST PAUL PUBLIC SCHOOLS	\$ (9,170)
45-0239-000	WEST HOLT PUBLIC SCHOOLS	\$ (9,175)
02-0009-000	NELIGH-OAKDALE SCHOOLS	\$ (9,204)
14-0054-000	LAUREL-CONCORD-COLERIDGE SCHOOL	\$ (9,475)
66-0501-000	PALMYRA DISTRICT O R 1	\$ (9,604)
81-0010-000	GORDON-RUSHVILLE PUBLIC SCHS	\$ (9,715)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Over/(Under) Payment
09-0010-000	AINSWORTH COMMUNITY SCHOOLS	\$ (9,787)
11-0014-000	OAKLAND CRAIG PUBLIC SCHOOLS	\$ (9,870)
02-0115-000	SUMMERLAND PUBLIC SCHOOLS	\$ (9,905)
07-0010-000	HEMINGFORD PUBLIC SCHOOLS	\$ (9,928)
59-0001-000	MADISON PUBLIC SCHOOLS	\$ (9,929)
70-0002-000	PIERCE PUBLIC SCHOOLS	\$ (9,942)
88-0005-000	ORD PUBLIC SCHOOLS	\$ (9,988)
80-0567-000	CENTENNIAL PUBLIC SCHOOLS	\$ (10,186)
87-0013-000	WALTHILL PUBLIC SCHOOLS	\$ (10,773)
14-0008-000	HARTINGTON NEWCASTLE PUBLIC SCHS	\$ (10,974)
79-0011-000	MORRILL PUBLIC SCHOOLS	\$ (11,028)
76-0082-000	WILBER-CLATONIA PUBLIC SCHOOLS	\$ (11,220)
20-0001-000	WEST POINT PUBLIC SCHOOLS	\$ (11,231)
82-0001-000	LOUP CITY PUBLIC SCHOOLS	\$ (11,332)
87-0001-000	PENDER PUBLIC SCHOOLS	\$ (11,373)
40-0083-000	WOOD RIVER RURAL SCHOOLS	\$ (11,571)
67-0001-000	PAWNEE CITY PUBLIC SCHOOLS	\$ (11,629)
65-0011-000	SUPERIOR PUBLIC SCHOOLS	\$ (11,930)
11-0001-000	TEKAMAH-HERMAN COMMUNITY SCHS	\$ (12,264)
27-0595-000	NORTH BEND CENTRAL PUBLIC SCHS	\$ (12,374)
89-0003-000	FORT CALHOUN COMMUNITY SCHS	\$ (12,517)
49-0050-000	JOHNSON CO CENTRAL PUBLIC SCHS	\$ (12,912)
54-0505-000	ISANTI COMMUNITY SCHOOL	\$ (12,924)
18-0011-000	HARVARD PUBLIC SCHOOLS	\$ (12,992)
66-0027-000	SYRACUSE-DUNBAR-AVOCA SCHOOLS	\$ (13,090)
39-0060-000	CENTRAL VALLEY PUBLIC SCHOOLS	\$ (13,733)
93-0096-000	HEARTLAND COMMUNITY SCHOOLS	\$ (13,866)
27-0594-000	LOGAN VIEW PUBLIC SCHOOLS	\$ (14,380)
45-0007-000	O'NEILL PUBLIC SCHOOLS	\$ (14,387)
23-0002-000	CHADRON PUBLIC SCHOOLS	\$ (14,631)
80-0005-000	MILFORD PUBLIC SCHOOLS	\$ (14,642)
24-0011-000	COZAD COMMUNITY SCHOOLS	\$ (15,137)
17-0001-000	SIDNEY PUBLIC SCHOOLS	\$ (15,317)
50-0503-000	MINDEN PUBLIC SCHOOLS	\$ (15,382)
89-0024-000	ARLINGTON PUBLIC SCHOOLS	\$ (16,318)
30-0025-000	FILLMORE CENTRAL PUBLIC SCHS	\$ (16,384)
74-0056-000	FALLS CITY PUBLIC SCHOOLS	\$ (16,411)
24-0020-000	GOTHENBURG PUBLIC SCHOOLS	\$ (16,525)
10-0069-000	RAVENNA PUBLIC SCHOOLS	\$ (16,703)
90-0017-000	WAYNE COMMUNITY SCHOOLS	\$ (17,145)
21-0025-000	BROKEN BOW PUBLIC SCHOOLS	\$ (17,554)
78-0001-000	ASHLAND-GREENWOOD PUBLIC SCHS	\$ (18,490)
71-0005-000	LAKEVIEW COMMUNITY SCHOOLS	\$ (18,505)
65-2005-000	SOUTH CENTRAL NEBRASKA UNIFIED 5	\$ (18,959)
12-0056-000	DAVID CITY PUBLIC SCHOOLS	\$ (20,678)
42-0002-000	ALMA PUBLIC SCHOOLS	\$ (20,863)
77-0046-000	SPRINGFIELD PLATTEVIEW COMMUNITY SCHOOLS	\$ (21,020)
64-0029-000	AUBURN PUBLIC SCHOOLS	\$ (21,295)
01-0090-000	ADAMS CENTRAL PUBLIC SCHOOLS	\$ (22,127)
69-0044-000	HOLDREGE PUBLIC SCHOOLS	\$ (22,385)
78-0039-000	WAHOO PUBLIC SCHOOLS	\$ (22,415)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

District #	School District Name	Over/(Under) Payment
87-0016-000	UMO N HO N NATION PUBLIC SCHS	\$ (22,548)
48-0008-000	FAIRBURY PUBLIC SCHOOLS	\$ (22,555)
12-0502-000	EAST BUTLER PUBLIC SCHOOLS	\$ (22,563)
28-0015-000	DOUGLAS CO WEST COMMUNITY SCHS	\$ (22,743)
19-0123-000	SCHUYLER COMMUNITY SCHOOLS	\$ (23,106)
55-0160-000	NORRIS SCHOOL DIST 160	\$ (24,518)
61-0004-000	CENTRAL CITY PUBLIC SCHOOLS	\$ (24,662)
51-0001-000	OGALLALA PUBLIC SCHOOLS	\$ (24,840)
10-0002-000	GIBBON PUBLIC SCHOOLS	\$ (24,931)
66-0111-000	NEBRASKA CITY PUBLIC SCHOOLS	\$ (25,185)
41-0504-000	AURORA PUBLIC SCHOOLS	\$ (26,590)
55-0161-000	RAYMOND CENTRAL PUBLIC SCHOOLS	\$ (27,975)
16-0006-000	VALENTINE COMMUNITY SCHOOLS	\$ (28,828)
80-0009-000	SEWARD PUBLIC SCHOOLS	\$ (29,817)
07-0006-000	ALLIANCE PUBLIC SCHOOLS	\$ (30,572)
76-0002-000	CRETE PUBLIC SCHOOLS	\$ (32,764)
13-0001-000	PLATTSMOUTH COMMUNITY SCHOOLS	\$ (33,256)
89-0001-000	BLAIR COMMUNITY SCHOOLS	\$ (33,768)
40-0082-000	NORTHWEST PUBLIC SCHOOLS	\$ (33,810)
87-0017-000	WINNEBAGO PUBLIC SCHOOLS DISTRICT 17	\$ (34,300)
93-0012-000	YORK PUBLIC SCHOOLS	\$ (35,382)
73-0017-000	MC COOK PUBLIC SCHOOLS	\$ (35,852)
34-0015-000	BEATRICE PUBLIC SCHOOLS	\$ (40,655)
55-0145-000	WAVERLY SCHOOL DISTRICT 145	\$ (43,515)
56-0001-000	NORTH PLATTE PUBLIC SCHOOLS	\$ (50,913)
28-0054-000	RALSTON PUBLIC SCHOOLS	\$ (54,725)
24-0001-000	LEXINGTON PUBLIC SCHOOLS	\$ (57,884)
71-0001-000	COLUMBUS PUBLIC SCHOOLS	\$ (72,948)
59-0002-000	NORFOLK PUBLIC SCHOOLS	\$ (80,731)
79-0032-000	SCOTTSBLUFF PUBLIC SCHOOLS	\$ (82,078)
22-0011-000	SO SIOUX CITY COMMUNITY SCHS	\$ (85,689)
27-0001-000	FREMONT PUBLIC SCHOOLS	\$ (86,326)
28-0059-000	BENNINGTON PUBLIC SCHOOLS	\$ (87,383)
01-0018-000	HASTINGS PUBLIC SCHOOLS	\$ (87,768)
10-0007-000	KEARNEY PUBLIC SCHOOLS	\$ (103,528)
77-0037-000	GRETNA PUBLIC SCHOOLS	\$ (109,433)
28-0010-000	ELKHORN PUBLIC SCHOOLS	\$ (167,621)
28-0066-000	WESTSIDE COMMUNITY SCHOOLS	\$ (175,852)
40-0002-000	GRAND ISLAND PUBLIC SCHOOLS	\$ (193,859)
77-0001-000	BELLEVUE PUBLIC SCHOOLS	\$ (197,509)
77-0027-000	PAPILLION LA VISTA COMMUNITY SCHOOLS	\$ (226,356)
28-0017-000	MILLARD PUBLIC SCHOOLS	\$ (310,847)
55-0001-000	LINCOLN PUBLIC SCHOOLS	\$ (994,863)

Source: Prepared by APA

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-006

Financial Statement Errors

The Department is responsible for recording accurately financial transactions in the State’s accounting system and providing additional financial information, including various accounts receivable and payable entries, to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation.

The Department failed to report accurately values related to interagency billings, multiple grants payables, and the special education expense reimbursement payable. See below for more information.

The table below details over \$54.7 million in errors made by the Department that, after APA inquiry, were proposed and adjusted by State Accounting to ensure the State’s financial statements were materially correct:

Description	Amount
As noted in Finding 2025-005 (“Special Education Expense Reimbursement Errors”) herein, the Department makes payments to school districts for reimbursement of special education costs. The reimbursement for special education transportation costs is on a one-year lag; therefore, it is calculated and reported to State Accounting for inclusion as a payable. As noted in the prior year, the Department used only the unspent General Fund appropriations in determining the payable; however, as a portion of this funding is paid from the Education Future Fund, this procedure was neither reasonable nor reflected the actual amount of the payable. The Department underreported its special education transportation payable by \$16,424,343 due to this error.	\$ 16,424,343
The Department is party to multiple Federal grants. Due to the number of expenses for these grants that occur after the fiscal year, the Department has created a procedure to calculate the expected payables rather than attempt to record them all as a prior period adjustment in the State’s accounting system. This payable is then compared to transactions that were actually recorded as a prior period adjustment in the State’s accounting system to ensure the expected payable and amounts reported as a prior period adjustment are not duplicated. State Accounting then records the net amount. The Department failed to report accurately the Federal payables for nine grants due to errors in this calculation, as follows:	
<ul style="list-style-type: none"> • Every Student Succeeds Act Grant – The Department incorrectly reduced the payable for 2023-2024 expenses that had not yet been paid out, totaling \$18,555,571, resulting in an understatement of payables. 	\$ 18,555,571
<ul style="list-style-type: none"> • Early Childhood Sixpence Project – The Department failed to identify only transactions recorded as prior period adjustments in its calculation and instead reduced the expected payable by fiscal year 2026 transactions, which understated the payable by \$4,370. 	\$ 4,370
<ul style="list-style-type: none"> • Discretionary Project Fund Grants – Multiple errors were noted with these grants because the Department failed to do the following: 1) identify all fiscal year 2025 transactions related to these grants, which would overstate the payable; 2) use the accurate total grant award amount for one grant tested, which would understate the payable; and 3) identify only transactions recorded as prior period adjustments in the calculation and instead reduced the payable by fiscal year 2026 transactions, which would understate the payable. The net impact of these errors was a \$330,161 overstatement of the payable. 	\$ (330,161)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Amount
<ul style="list-style-type: none"> • The Department failed to adjust the expected payable by any prior period adjustments: <ul style="list-style-type: none"> ○ Early Childhood TEACH grants overstated the payable by \$86,728. ○ CDA Navigator grants overstated the payable by \$51,970. ○ Quality Enhancement – Child Care Development Fund grants overstated the payable by \$14,440. ○ Nurturing Healthy Behaviors grants overstated the payable by \$10,127. 	\$ (163,265)
<ul style="list-style-type: none"> • Individuals with Disabilities Education Act Grant – Similar to the Every Student Succeeds Act grant, the Department incorrectly reduced the payable for 2023-2024 expenses that had not yet been paid out, totaling \$9,016,549. When completing its procedure for comparing the expected payables to the amounts recorded as a prior period adjustment in the State’s accounting system, the Department failed to include this grant on the spreadsheet, which resulted in an overstatement of \$9,076,310. The net effect of these errors was a \$59,761 overstatement of the payable. 	\$ (59,761)
<ul style="list-style-type: none"> • Rural and Low Income Schools Grant – The Department incorrectly projected 100% of this grant to be recorded as a payable; however, this grant was awarded through September 30, 2025, and, therefore, only 89% of the grant expenditures would have been incurred prior to the fiscal year end. This error resulted in a \$25,526 overstatement of the payable. 	\$ (25,526)
<ul style="list-style-type: none"> • The total of all above Grants also caused a \$17,981,228 understatement in the associated Federal receivable. 	\$ 17,981,228
The Department failed to void several interagency transactions that were rebilled. This error resulted in the interagency revenue and receivable being recorded twice for a \$2,380,858 overstatement.	\$ 2,380,858
Total Adjusted Errors	\$ 54,767,657

Additionally, we identified over \$500,000 in other accounting issues and financial statement errors that did not require formal adjustments to the financial statements, as described in the table below:

Description	Amount
Payments made after the end of each fiscal year but for the prior fiscal year are recorded in the State’s accounting system as a prior period adjustment, and an adjustment to the beginning balance in the relevant fund is made by State Accounting. The Department inappropriately recorded \$938,920 in expenditures as prior period adjustments, resulting in \$938,920 of expenses recorded as a beginning balance adjustment in error.	\$ 938,920
Similar issues as reported in the table above were noted for Department grants paid with State funds, as follows:	
<ul style="list-style-type: none"> • The Department failed to identify only transactions recorded as prior period adjustments in its calculation for three grants and instead reduced the expected payable by fiscal year 2026 transactions. <ul style="list-style-type: none"> ○ State CTE grants understated the payable by \$150,000. ○ Early Childhood project grants understated the payable by \$22,400. ○ Discretionary Project grants understated the payable by \$512. 	\$ 172,912
<ul style="list-style-type: none"> • The Department failed to adjust the expected payable by any prior period adjustments: <ul style="list-style-type: none"> ○ Early Childhood Education Expansion grants overstated the payable by \$537,696. ○ TEACH – Step Up to Quality grants overstated the payable by \$29,938. 	\$ (567,634)
Total Unadjusted Errors	\$ 544,198

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A proper system of internal control requires procedures to ensure complete and accurate financial information is entered into the State's accounting system and reported to State Accounting at year-end for proper financial statement presentation.

Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

A similar finding was noted in the previous audits.

We recommend the Department implement procedures to ensure the accuracy of financial information entered into the State's accounting system and reported to State Accounting.

Department Response: The Department agrees with the finding. The understatement of the special education transportation payable occurred because the accrual calculation relied solely on unspent General Fund appropriations rather than estimating the full reimbursement obligation supported by both the General Fund and the Education Future Fund. The FY year-end accrual has been corrected to reflect the total obligation based on the Department's three-year average methodology.

The Department will update written procedures and implement an independent review and reasonableness check during year-end close to verify accuracy and funding source completeness.

The Department agrees with the finding. The misstatements in Federal payables resulted from manual processes and inconsistent identification of prior period adjustments and current-year activity. The affected grant payables and related receivables have been corrected for year-end reporting. To strengthen accuracy, the Department is transitioning its ACFR preparation from manual methods to an automated, formula-based process with embedded edit checks. Beginning with the next cycle, all Federal payable calculations will undergo a structured three-level review: peer/group review, verification by the Central Accounting Director, and final review and approval by the Assistant Administrator of Budget & Grants Management and the Finance Officer. These improvements will ensure consistent, accurate reporting of Federal payables going forward.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2025-007

Multiple Financial Statement Adjustments

The Department is responsible for the accurate recording of financial transactions in the State’s accounting system and providing additional financial information, including various accounts receivable and payable entries, to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation.

The Department failed to record or report accurately values related to four financial transactions, resulting in over \$78 million in errors that, after our inquiry, were proposed and adjusted by State Accounting to ensure the State’s financial statements were materially correct. The errors are summarized in the table below:

Description of Accrual or Error	Amount in Error
Prior Period Activity Error	\$ 54,476,127
Patient and County Billing Receivable	\$ 10,578,946
Medicaid Graduate Medical Education (GME) Accrual	\$ 8,070,209
Non-Monetary Inventory Accruals	\$ 4,930,583
Total	\$ 78,055,865

Many of the current year accruals were inaccurate and not prepared in accordance with governmental accounting standards.

Similar issues have been reported since the 2003 audit, for over 20 years.

The following information provides more detail on each of the accrual errors noted in the above table.

Prior Period Activity Error

The State’s accounting system allows users to identify transactions made in the prior fiscal year by applying certain codes. When transactions are processed using this code, State Accounting records an adjustment to report the activity in the prior fiscal year. The following error was noted during our review of the July to September 2025 transactions containing the prior fiscal year code:

Reason	Dollar Error
Transactions in the amount of \$18,158,709 were inappropriately recorded as prior period transactions; however, the transactions were already included in a separate reported payable, resulting in the duplication of such activity. As these transactions were related to the movement of expenditures from the General Fund to the Federal Fund, this error caused overstatements in General Fund receivables and both the Federal Fund payables and receivables.	\$ 54,476,127

Patient and County Billing Receivable

The Department received payments related to care provided and billed to clients at any of the four regional centers or for developmental disability services provided at non-State facilities. A receivable is recorded to estimate the funds due to the State for these services at the fiscal year-end. The following error was noted related to the Department’s patient and county billings receivable accrual:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Reason	Dollar Error
The patient and county billings receivable was overstated by \$10,578,946 due to a combination of errors noted for 20 billing categories. Most significantly, the Department failed to adjust the receivable for several billing categories that will be paid from State sources and, therefore, would not be a third-party receivable, including \$7,304,021 for 11 different billing categories at the Lincoln Regional Center and Beatrice State Development Center.	\$ 10,578,946

In addition to the adjustment proposed above, we noted the following other issues related to the Department’s patient and county billing receivable:

- Due to the error noted above, the related allowance for doubtful accounts presented in the financial statement footnotes was understated by \$1,082,920, and an adjustment to the footnote was required.
- The balance of one billing category for the Norfolk Regional Center had decreased by \$2,639,056 from June 30, 2024, despite payments received, totaling only \$409,625, in that billing category during fiscal year 2025. The Department explained that a large portion of the balances had been found to be uncollectible; however, documentation was not available to support this reduction.
- For 10 of 25 individual patient balances tested, certain portions of their balances, totaling \$152,781, were incorrectly included in the receivable calculation. Additionally, for 3 of the 25 balances, the Department failed to take timely follow-up action to collect or otherwise write off such balances, totaling \$963,320.

Medicaid Graduate Medical Education (GME) Accrual

In January 2022, the Nebraska Medicaid State Plan was amended to include new funding for supplemental GME payments. These supplemental payments help offset growing costs and allow for support and investment in future educational and clinical training activities of health professionals. The Department makes payments directly to eligible teaching hospitals. As part of this amendment, the University of Nebraska Medical Center (UNMC) is required to transfer funds to the Department for the State share of these supplemental GME payments. Typically, these payments are on a one-year lag and, therefore, the Department reports both a payable to the eligible teaching hospitals and a receivable for the return of the State portion. The following error was noted related to the Department’s calculation of the supplemental GME accrual:

Reason	Dollar Error
The receivable and payable accrual reported by the Department in fiscal year 2024 was overstated by \$8,070,209, and the Department appropriately reported the payable overstatement to State Accounting. However, the Department failed to report properly the associated receivable overstatement to State Accounting. As this entry occurred in the prior year and only the payable portion was corrected by State Accounting, this error resulted in the beginning fund balance being overstated by \$8,070,209 for the receivable portion.	\$ 8,070,209

As previously noted, the supplemental GME payments are on a one-year lag and, therefore, the Department estimates the payment amounts that will go out in the next fiscal year by calculating a percentage change between the last two years of payments. In the estimation of the payments to be made in fiscal year 2026, the Department used an incorrect formula to calculate the amount of the percentage change, which resulted in an understatement of the reported payable of \$643,387 and receivable of \$283,473. Due to the size of these errors, a formal adjustment was not proposed.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Non-Monetary Inventory Accruals

The Department reported non-monetary transactions, such as food and immunization distributions, to State Accounting so that the activity could be included in the financial statements. Because they are physical goods, the distribution of such items has no financial activity recorded in the State’s accounting system and, therefore, are required to be manually reported each year. The following issues were noted in our review of the non-monetary transactions reported by the Department:

Reason	Dollar Error
The Department failed to use the correct reports and include all transactions for the amounts related to the National School Lunch Program, resulting in an understatement of \$4,840,014.	\$ 4,840,014
The Department failed to use the correct column when accumulating activity related to the Immunization Program, resulting in an understatement of \$112,654.	\$ 112,654
The Department failed to use the correct reports for the amounts related to the Child and Adult Care Food Program, resulting in an overstatement of \$22,085.	\$ (22,085)
Total	\$ 4,930,583

A proper system of internal controls requires procedures to ensure that complete and accurate financial information is recorded in the State’s accounting system and reported to State Accounting at year-end for proper financial statement presentation.

Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

We recommend the Department implement procedures to ensure the accuracy of financial information entered into the State’s accounting system and reported to State Accounting, which should include the prioritization of staff training and the correction of repeated errors.

Department Response: The Department has continued to develop, assess, and improve upon internal procedures, which has led to a significant reduction of repeat errors and adjustments needed for the financial statements. In addition, the Department will continue to work closely with the Department of Administrative Services – State Accounting Division to ensure accurate reporting.

Finding 2025-008

Capital Asset Errors

The Department is responsible for recording information regarding capital assets into the State’s accounting system as well as reporting other capital asset-related information to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation.

The Department failed to record or report accurately values related to 16 capital asset transactions, resulting in over \$7.7 million in errors. These errors did not require a formal proposed adjustment to the financial statements due to either the Department’s correction of the error before a formal adjustment was proposed or the dollar amount of the error. The details of these errors are provided in the table below:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Department Errors	Total Errors
Software Asset Capitalization	<p>The Department lacked procedures to ensure internally developed software was capitalized appropriately. We noted the Department failed to capitalize four software assets, as follows:</p> <ul style="list-style-type: none"> • myLicense system: This software was developed and went live in February 2025, resulting in an understatement of equipment of \$1,579,476 and associated depreciation of \$219,372. • Enrollment Broker: This software was developed and went live in June 2017, resulting in an understatement of equipment of \$728,322 and associated depreciation of the same amount. • Quality Information Data System: This software was developed and went live in August 2021, resulting in an understatement of equipment assets of \$428,581 and associated depreciation of the same amount. • Radon: This software was developed and went live in January 2025, resulting in an understatement of equipment of \$365,609 and associated depreciation of \$60,935. <p>Due to the timing of when these errors were communicated, the Department made corrections prior to the calculation of the capital asset schedules and, therefore, no formal adjustment to the financial statements was proposed.</p>	\$ 4,539,198
Software CIP Reporting Error	<p>One of the software assets noted above, myLicense system, also should have been reported to State Accounting as construction-in-progress (CIP) as it was a multiple-year development project. The failure to report this asset as CIP resulted in the understatement of CIP beginning balance of \$892,844, additions of \$686,632, and deletions of \$1,579,476.</p>	\$ 1,579,476
CIP Reporting Errors	<p>The Department failed to report accurately CIP activity for two assets tested, resulting in an overstatement of CIP beginning balance of \$598,648 and CIP additions of \$767,789. This error was made, in part, due to the Department's failure to use the appropriate object account in the State's accounting system related to CIP and instead recorded the payments to a current expense account. The details of these two assets are as follows:</p> <ul style="list-style-type: none"> • iServe Phase III: The Department failed to exclude planning costs from the activity reported, resulting in an overstatement of CIP beginning balance of \$598,648 and CIP additions of \$748,037. • Med DMS: This software asset was overstated by \$19,752 due to certain expenditures being duplicated. 	\$ 1,366,437
Prior Year Fixed Asset Errors	<p>The Department failed to correct asset cost errors noted in the prior year, as follows:</p> <ul style="list-style-type: none"> • Two software assets, iServe Phase I and Phase II, were not capitalized at the correct costs and continued to be reported at the incorrect cost. iServe Phase I was overstated by \$1,297,595, while iServe Phase II was understated by \$1,163,591, resulting in a net overstatement to equipment beginning balance of \$134,004. • One equipment asset's value was overstated, resulting in an overstatement to equipment beginning balance of \$8,850. • One equipment asset inaccurately had new costs added to it that should have been added to a new asset in the accounting system, resulting in an overstatement to equipment beginning balance of \$4,867. 	\$ 147,721
Equipment Cost Attachment	<p>The Department failed to attach costs to six equipment assets in the State's accounting system timely, resulting in an understatement of equipment beginning balance of \$91,155 and additions of \$8,200. Such asset costs were not added until after inquiry during fieldwork in October 2025, as follows:</p>	\$ 99,355

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Department Errors	Total Errors
	<ul style="list-style-type: none"> • Convection Oven with an acquisition date in March 2019 with costs of \$8,159. • Pressure Steamer, IPack, and Ice Dispenser with acquisition dates in January 2024 and costs of \$33,987, \$34,897, and \$8,137, respectively. • Scanner with an acquisition date in October 2015 with costs of \$5,975. • 2011 Ford E350 with an acquisition date in September 2024 with costs of \$8,200. <p>Such failure to add costs properly to assets causes the State’s accounting system to contain the incorrect asset values and calculate depreciation at the incorrect amount, which then causes errors in the financial reporting process.</p>	
Total		\$ 7,732,187

A proper system of internal controls and sound accounting practices require procedures to ensure that capital asset activity is recorded accurately, assets are properly capitalized in the accounting system, and costs are added to assets in a timely manner.

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

We recommend the Department implement procedures to ensure that the capital asset amounts reported in the financial statements are complete and accurate, and changes to an asset’s costs are added in a timely manner.

Department Response: The Department will continue to develop, assess, and improve upon internal procedures for capital assets. In addition, the Department will continue to work closely with the Department of Administrative Services – State Accounting Division to ensure accurate reporting.

Finding 2025-009

Other Errors in Financial Reporting

The Department made an additional \$7.3 million in other accounting errors that did not require a formal proposed adjustment to the financial statements due to the dollar amount of the error. These errors are detailed in the table below:

Description	Department Errors	Dollar Error
Physician and Dental Directed Payment Receivable	<p>The Department makes payments to cover additional costs for physician and dental services provided by the University of Nebraska Medical Center (UNMC). UNMC will then return the State share of such payments back to the Department.</p> <p>For the physician-directed payment, a formal adjustment was corrected by State Accounting in the prior year because the Department failed to report this receivable; however, for the current year, the Department failed to consider this adjustment in the amounts reported to State Accounting, resulting in an overstatement of beginning balance of \$1,943,518.</p> <p>For the dental directed payment, the Department improperly calculated the beginning balance adjustment, resulting in an understatement of beginning balance of \$63,529.</p>	\$ 1,879,989

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Department Errors	Dollar Error
Inappropriate Financial Coding	The Department directed the creation of a journal entry moving funds from Nebraska Medicine to the General Fund for managed care rates charged above the average commercial rate, totaling \$1,541,084. The entry in the State’s accounting system recorded this transaction as a reduction in revenue, while the University’s accounting system recorded it as an expense. Further, the Department could not provide documentation to support the recording of such transaction as a reduction of revenue.	\$ 1,541,084
	Two providers returned to the Department a total of \$1,026,762 in unspent funds that were provided to them in prior fiscal years. Upon receipt of these funds, the Department incorrectly reduced the current fiscal year expenditures; however, these transactions should have been recorded as a prior period adjustment.	\$ 1,026,762
	In October 2024, the Department received notice from the United States Department of Health and Human Services of disallowed expenditures from the fiscal year 2019 and fiscal year 2021 audits. These expenditures, totaling \$782,938, were incorrectly recorded as a prior period adjustment, when they should have been adjusted when the notification was received as a current expense.	\$ 782,938
	The Federal fiscal year 2024 Poison Control payment to the University of Nebraska Medical Center, totaling \$250,000, was improperly recorded as a reduction of revenue, instead of an expense.	\$ 250,000
Medicaid Third Party Liability Receivable	<p>The Medicaid Third Party Liability (TPL) receivable calculates the expected collections to be received from third parties (individuals, entities, insurers, or programs) to pay part or all the expenditures for medical assistance furnished under a Medicaid state plan. The following concerns related to the underlying data used to calculate the receivable were noted:</p> <ul style="list-style-type: none"> • The Department utilized the change in balances from year-to-year to determine collectability, rather than the actual collections. • Although receipts are tracked by case number, the Department has been unable to produce a report that can show collections by case or by the year the case began in order to review actual collections. <p>Additionally, to calculate the receivable, the Department multiplied a calculated collection rate for one year to the outstanding balance for the following year. This did not appear reasonable due to the concerns with the underlying date noted above, and it could result in large increases in the amount expected to be collected due to unexpected collections of older balances. We used a more reasonable average collection rate of the prior two years for health claims and four years for casualty claims, resulting in a \$454,879 understatement of the receivable.</p>	\$ 454,879
Nursing Facility Receivable Error	Nursing Facility Quality Assurance Assessment (NFQAA) fees are based on total patient days in each quarter and are generally paid in the next quarter. The Department did not include all NFQAA fees collected in July – September 2025 in their receivable balance as of June 30, 2025, resulting in an understatement of \$312,846.	\$ 312,846
Medicaid Drug Rebate Receivable Error	The Department estimated the amount of Medicaid Drug Rebate receivable by using billed and collected amounts history to calculate average collection rates, which was then used to estimate the expected collections and related allowance for doubtful accounts. The Department made two errors in the calculation of this receivable. First, the calculation completed by the Department used the incorrect amount collected for claims from 2018 due to a formula error. Second, the Department reduced the calculated receivable for amounts held in the Medicaid Holding Account; however, the amount of the reduction did not agree to the balance of that account in the State’s accounting system. These two errors resulted in a \$1,078,154 understatement of the receivable.	\$ 1,078,154
Total		\$ 7,326,652

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

In addition to the errors noted above, we noted the following errors to the receivable footnote for the allowance for doubtful accounts:

- \$454,879 overstatement related to the error for the Medicaid Third Party Liability Receivable, and
- \$1,107,821 overstatement related to the error for the Medicaid Drug Rebate Receivable.

Additionally, we noted that the Department lacked procedures for ensuring adequate reconciliations and documentation were on file to support three financial transactions tested, totaling over \$5.3 million, as follows:

Description	Department Errors	Transaction Amount
Medicaid Managed Care Excess Profit Fund Costs	The Department moved \$3,163,666 in expenditures from the General Fund to the Medicaid Managed Care Excess Profit Fund to reimburse costs incurred for three newly established programs in accordance with State statute. The costs were based on estimates and not actual costs incurred. The Department lacked documentation to support the actual costs incurred by each program and, therefore, it also failed to review the costs to ensure the amounts moved were for actual costs incurred, in accordance with State statute.	\$ 3,163,666
PRTF Settlement Calculation	In the prior year, we noted errors in the calculation of the Psychiatric Residential Treatment Facility (PRTF) Managed Care Organization settlement, including the use of claims outside of the settlement period. In fiscal year 2025, we tested one receipt from United HealthCare, totaling \$2,143,720, to ensure this error was corrected; however, the Department failed to obtain any documentation related to this receipt and could not provide documentation to verify its accuracy.	\$ 2,143,720
Credit Card Clearing Account Balance	As noted in the two prior audits, the Department failed to perform a reconciliation of the balance in the credit card clearing account. At June 30, 2024, the balance was (\$1,013,504). On June 30, 2025, the balance was (\$205,279); however, after considering prior period adjustments, the balance had increased to \$91,330. While progress has been made on the reconciliation of this account, the Department continues to lack procedures for routinely monitoring and reconciling this account.	\$ 91,330
Total		\$ 5,398,716

Similar issues have been noted in prior audits.

A proper system of internal control requires procedures to ensure: 1) transactions are recorded properly and accurately in the accounting system; 2) there is adequate review and approval for processing transactions or accruals; and 3) documentation is maintained to support the transactions or accruals.

Without such procedures, there is an increased risk of material misstatement of financial statements due to errors going undetected.

We recommend the Department implement procedures to ensure all transactions are not only recorded accurately but also adequately supported and reviewed, so they are properly identified and classified for correct financial statement presentation.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF INSURANCE

Finding 2025-010

Incorrect Coding for Annual Distribution

In accordance with several State statutes, the Department is required to distribute all funds remaining in the Comprehensive Health Insurance Pool Distributive Fund (CHIP Fund) no later than May 1 each year. The CHIP Fund receives premium and related retaliatory taxes paid by insurers writing health insurance in Nebraska. Such revenue is recorded in a liability object account in the accounting system due to the distributive nature of the CHIP Fund.

In April 2025, the Department recorded its annual balance distribution, totaling \$68,125,719, using a transfer out object account instead of offsetting the liability object account that was originally used when the revenue was received. By not using the liability account to remove the activity from that fund, the payable was still included on the financial statements in error.

In July 2025, after inquiry during audit fieldwork, the Department recorded another transaction that reversed the original transfer out account of the CHIP Fund and recorded it instead as an offset to the liability accounts. That July 2025 transaction was identified in the accounting system as a transaction from the prior period (fiscal year 2025), so the Department of Administrative Services – State Accounting Division (State Accounting) properly included the entry as fiscal year 2025 activity.

This error, which was initially identified during the audit, did not require a formal adjustment to the financial statement because the Department entered the subsequent transaction described above. Had the subsequent entry not been recorded, the State's financial statements could have contained a \$68 million overstatement of liabilities and transfers.

A proper system of internal controls requires procedures to ensure accurate financial information is recorded in the State's accounting system. Without such procedures, the risk for misstated financial information substantially increases.

We recommend the Department implement procedures to ensure its accounting entries are complete and accurate for proper financial statement presentation.

Department Response: The CHIP Fund (72210) was closed out as required and distributed properly per statute; however, incorrect coding was used for the CHIP fund portion of the entry. The Department will contact DAS/Accounting for guidance should similar issues occur.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF LABOR

Finding 2025-011

Unemployment Insurance Benefit Issues

The Department paid \$107,466,760 in unemployment insurance (UI) benefits to 23,163 claimants between July 1, 2024, and June 30, 2025.

The Auditor of Public Accounts (APA) identified \$45,708 of questioned costs during testing procedures. The following table summarizes the questioned costs, which are explained in detail below:

	FY 2025 Questioned Costs
Random Sample Adjudication Issues	\$ 1,320
Claimants with Excessive Wages	\$ 25,770
Claimants with Excessive Benefits Paid	\$ 13,650
Improper Benefits Paid to State Employees	\$ 4,968
Total	\$ 45,708

Similar findings have been noted since the fiscal year 2020 audit.

A proper system of internal controls requires procedures to ensure that UI claimants are eligible, and benefit payments are proper.

Per 2 CFR § 2900.4 (January 1, 2024, and January 1, 2025), the U.S. Department of Labor adopted the Office of Management and Budget (OMB) Uniform Guidance as its policies and procedures for financial assistance administration.

2 CFR § 200.403 (January 1, 2024, and January 1, 2025) requires costs charged to Federal programs to be reasonable, necessary, and adequately documented.

2 CFR § 200.302(a) (January 1, 2024, and January 1, 2025) requires states to expend Federal awards in accordance with state laws.

Random Sample Adjudication Issues

Our testing included a random sample of 40 payments, totaling \$18,372, and resulted in \$1,320 in questioned costs. Based on the sample tested, the dollar error rate for the sample was 7.18% ($\$1,320/\$18,372$), which estimates the potential dollars at risk for fiscal year 2025 to be \$7,716,113 (dollar error rate multiplied by the population).

Adjudication of Employer Responses

When a claimant files for UI benefits, the Department sends a “Separation Information Request” to the claimant’s previous employers to provide certain information, such as beginning and ending dates of employment, reason for termination, and whether vacation, severance, or other wages were paid after termination. Employers are required to respond within 10 days after the mailing or electronic transmission of such a request in accordance with Neb. Rev. Stat. § 48-632(1) (Reissue 2021).

For 1 of the 40 randomly selected claimants tested, the Department failed to adjudicate properly the most recent separating employer response. This case was reviewed by two separate adjudicators, neither of whom actually approved or denied benefits for the claimant.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Claimant	Claimant Response	Employer Response	Benefit Paid for Weeks Ended	FY 2025 Questioned Costs	Total Payments
#1	Fired/Discharged	Terminated/Fired	06/11/2025 - 06/30/2025	\$ 198	\$ 792

Neb. Rev. Stat. § 48-626(3) (Cum. Supp. 2024) requires the Department to adjudicate the claimant’s separation from employment with his or her most recent insured employer.

The Employment and Training Administration (ETA) Handbook 301, 5th Edition (July 2005), page I-1, states, in relevant part, the following:

The determination of a claimant’s eligibility for unemployment insurance (UI) benefits is a critical UI program function. When issues arise that may affect a claimant’s past, present or future benefits, the adjudicator is responsible for determining the claimant’s eligibility for those benefits. Such determinations may also affect an employer’s liability for benefit charges, depending on the type of issue adjudicated. The adjudicator’s work impacts the rights of both claimants and employers.

A proper system of internal control requires procedures to ensure that the Department adjudicates properly each claimant’s last separation from employment.

Without such procedures, there is an increased risk of not only benefit payments being made to ineligible claimants but also noncompliance with State statute.

Adjudication of Claimant Responses

The APA also found issues and questioned costs related to the Department’s failure to adjudicate properly or verify information provided by the claimant. In both cases, the claimants were not completing required work searches.

Claimant	Claimant Response	Employer Response	Benefit Paid for Weeks Ended	FY 2025 Questioned Costs	Total Payments	Adjudication Issue
#2	Lack of Work / Layoff	Lack of Work / Layoff	8/24/2024 - 12/14/2024	\$ 546	\$ 8,959	The claimant did not complete the required work searches because he reported being a member in good standing with a labor union – which, per Department rules and regulations, would permit waiver of statutory work search requirements. However, the only documentation to support that the individual was in good standing with the union was for August 2023, almost one year earlier, and the Department failed to confirm that the claimant remained in good standing at the time of the application. The questioned costs include only the payment tested.
#3	Lack of Work / Layoff	Did not Respond	12/7/2024 - 06/14/2025	\$ 546	\$ 14,196	The claimant did not complete the required work searches because she reported to the Department anticipating being recalled to work by her employer. The employer did not respond to the separation information request, and the Department failed to perform other procedures to verify if the employer expected to recall the individual. The questioned costs include only the payment tested.
Totals				\$ 1,092	\$ 23,155	

Neb. Rev. Stat. § 48-627 (Reissue 2021) provides, as is relevant, the following:

An unemployed individual shall be eligible to receive benefits with respect to any week, only if the Commissioner of Labor finds:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

(1) He or she has registered for work at an employment office, is actively searching for work, and thereafter reports at an employment office in accordance with such rules and regulations as the commissioner may adopt and promulgate.

The Employment and Training Administration (ETA) Handbook 301, 5th Edition (July 2005), page V-14, states the following:

Often it is necessary to get relevant information from parties other than the claimant or the employer. "Others" includes, but is not limited to, physicians, union officials, school officials, public transportation officials, licensing agencies and other governmental agencies such as Welfare, Workers' Compensation, Employment Service (ES), and the United States Citizenship and Immigration Services (USCIS).

(Emphasis added.) Title 219 NAC 4.007 states, in relevant part, the following:

The Commissioner may waive the requirement that an applicant search for work if:

A. The applicant is attached to a regular job or industry;

B. The applicant is eligible for referral as a member in good standing in a labor union which has a union hiring hall[.]

A proper system of internal control requires procedures to ensure that the Department adjudicates properly each claimant's last separation from employment. This would include following up on potentially disqualifying information provided by claimants.

Without such procedures, there is an increased risk of not only benefit payments being made to ineligible claimants but also noncompliance with State statute.

Weekly Benefit & Maximum Benefit Amount Issues

The benefits paid on a claim are based on the wages reported within the claimant's base period. The base period of a claim is the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year.

For 1 of the 40 randomly selected claims tested, actual wages did not agree to the base period wages used in the calculation for the claim. This subsequently resulted in incorrect Weekly Benefit Amounts (WBA) and Maximum Benefit Amounts (MBA).

Claimant	Original Base Period Wages	Correct Base Period Wages	FY 2025 Questioned Costs	Original WBA	Correct WBA	Description
#4	\$ 6,019	\$ 5,243	\$ 30	\$ 230	\$ 200	The claimant's base period originally included \$776 in wages that were not earned by her and instead were for other individuals. The employer of these other individuals had incorrectly reported these wages to the Department under the claimant's social security number. The adjudicator did identify this error when reviewing the claim; however, it was not corrected in the system, so the claimant's WBA was overstated by \$30, which then caused the MBA to be overstated as well. In total, the claimant was overpaid \$259 between the weeks ended 4/6/2024 and 7/27/2024. The questioned costs include only the payment tested.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Neb. Rev. Stat. § 48-626 (Cum. Supp. 2024) provides guidance for calculating the total benefit based on the lesser of twenty-six times the weekly benefit or one-third of the wages of each employer per calendar quarter of the base period. Neb. Rev. Stat. § 48-624 (Reissue 2021) also provides guidance on calculating the weekly benefit amount.

A proper system of internal control requires procedures to ensure that claimant wages and, therefore, the claim’s WBA and MBA, are correct prior to benefit payments being issued.

Without such procedures, there is an increased risk of not only benefit payments being made for amounts greater than allowable but also noncompliance with State statute.

Claimants with Excessive Wages

The APA tested five claimants who received over \$340,000 in wages during the period July 1, 2024, through June 30, 2025, and an additional five claimants who received over \$75,000 in wages and received over \$6,000 in unemployment benefits during the period.

Benefits paid to 3 of the 10 claimants were inappropriate, as detailed in the table below:

Claimant	FY 2025 Wages	FY 2025 Questioned Costs	Description of Issue
#1	\$ 409,911	\$ 8,190	The claimant separated from her employer in January 2025 and received benefits from January 2025 through June 2025. The claimant reported a \$150,000 severance payment from her employer. The Department failed to review the reported severance payment, nor was any attempt made to contact the claimant or the employer regarding it. Had the severance been applied properly to the claim, the claimant would not have been eligible to receive benefits until May 2025. The claimant was paid \$8,190 for the weeks ended 1/25/2025 to 5/3/2025, which is considered questioned costs.
#2	\$ 378,989	\$ 3,384	The claimant separated from his employer in February 2025 and received benefits from March 2025 to April 2025. The claimant reported receiving \$137,057 in severance pay from his employer upon separation. The Department used an incorrect separation date of 7/15/2024 when applying the severance pay. Had the severance been applied properly to the claim, the claimant would not have been eligible to receive benefits until the week ending 4/26/2025. The claimant was paid \$3,384 for the weeks ended 3/15/2025 to 4/19/2025, which is considered questioned costs.
#3	\$ 105,572	\$ 14,196	The claimant separated from his employer on 6/4/2024. The employer reported that the claimant was discharged for violating a reasonable and known policy. The Department’s adjudicator determined that the employer had not provided evidence of the separation being due to misconduct in connection with the work. Therefore, the adjudicator did not assess any disqualification. However, the adjudicator did not actually contact the employer to verify that no additional information was available. Consequently, the separation was adjudicated improperly because the misconduct was not investigated appropriately, and the employer was not given an opportunity to refute the information. The claimant received a total of \$14,196 in benefits during fiscal year 2025 for the claim, which is considered questioned costs.
Totals	\$ 894,472	\$ 25,770	

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Neb. Rev. Stat. § 48-628.02 (Reissue 2021) provides, in relevant part, the following:

1) An individual shall be disqualified for benefits for any week in which he or she is receiving or has received remuneration in the form of:

(a) Wages in lieu of notice or a dismissal or separation allowance;

* * * *

(2) Payments described in subsection (1) of this section that are made in a lump sum shall be prorated in an amount which is reasonably attributable to such week. If the prorated remuneration is less than the benefits which would otherwise be due, he or she shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such remuneration. The prorated remuneration shall be considered wages for the quarter to which it is attributed.

(Emphasis added.) Neb. Rev. Stat. § 48-628.10 (Reissue 2021) provides the following:

(1) An individual shall be disqualified for benefits for the week in which he or she has been discharged for misconduct connected with his or her work, if so found by the commissioner, and for the fourteen weeks immediately thereafter.

* * * *

(3) If the commissioner finds that the individual's misconduct was gross, flagrant, and willful, or was unlawful, the commissioner shall totally disqualify such individual from receiving benefits with respect to wage credits earned prior to discharge for such misconduct.

The ETA Handbook 301, 5th Edition (July 2005), page V-11, states the following:

A request for information which is returned by the claimant, employer or interested party with insufficient or missing information is not considered a reasonable attempt.

The ETA Handbook 301, 5th Edition (July 2005), page V-13, states the following:

Employer information is essential on eligible voluntary quit, discharge, refusal-of work, and certain deductible income cases. Also, the employer must be given the opportunity to be heard and to refute information which could be adverse to the interests of the business.

A proper system of internal control requires procedures to ensure that unemployment benefits are paid properly to claimants in accordance with State statute and Federal regulations.

Without such procedures, there is an increased risk of improper benefit payments to claimants.

Claimants with Excessive Benefits Paid

The APA summarized the total UI benefits received by claimants during the fiscal year ended June 30, 2025. The APA then selected five individuals who had received more than \$15,000 in total benefits for the fiscal year. The total amount of benefits paid to these five individuals was \$111,178.

For one of the five individuals tested, the total benefits paid to the claimant appeared unreasonable based on the type of unemployment benefit and amount received.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Claimant	FY 2025 Total Benefits	FY 2025 Questioned Costs	Description of Issue
#1	\$ 27,846	\$ 13,650	The claimant was separated from his employer in June 2024. The employer responded that the separation had been due to elimination of the claimant’s position. The claimant received \$14,196 in regular unemployment insurance benefits during fiscal year 2025. Once those benefits were exhausted, he was eligible for and could receive up to an additional 26 weeks of unemployment benefits because he had provided a class schedule showing that he was enrolled in a training program. However, there was no documentation of current class schedules or grades for completed classes, which would demonstrate that the claimant was still enrolled and making satisfactory progress through the training program. The claimant received \$13,650 in the additional benefits for the 25 weeks ended 12/21/2024 to 6/7/2025, which is considered questioned costs.

Neb. Rev. Stat. § 48-628.17 (Reissue 2021) allows an individual to receive an additional 26 weeks of benefits if he or she was “involuntarily separated from employment as a result of a permanent reduction of operations” and is “enrolled and making satisfactory progress” in a training program.

Title 225 NAC 1.007 allows the Commissioner to disqualify a claimant’s approved training program “if the claimant does not regularly attend the classes of the program or receives notice of unsatisfactory progress from the training institution.” Furthermore, Title 225 NAC 1.008 requires the claimant to “promptly notify his or her regular claims office in writing if he or she discontinues regular attendance of the training program or receives notice of unsatisfactory progress from the training institution.” Finally, per Title 225 NAC 1.006, a claimant “shall be ineligible to receive additional training payments during the period of any break in training of thirty or more days.”

A proper system of internal controls requires procedures for obtaining documentation of a claimant’s continued enrollment and progress in an approved training program to ensure that he or she is remaining eligible to receive additional unemployment benefits.

Without such procedures, there is an increased risk of improper benefit payments being made to claimants in violation of Federal and State requirements.

Improper Benefits Paid to State Employees

The APA compared a list of UI benefit claimants to the State’s employee management system to identify State of Nebraska (State) employees who had also received UI benefits during the fiscal year ended June 30, 2025. The APA then compared the weeks these individuals were paid UI benefits to the weeks they were paid wages from the State.

In total, the APA identified 13 State employees who received UI benefits for weeks they were also employed with the State. We selected five of those employees to test further. During fiscal year 2025, the Department paid improper unemployment benefits to three of the five State employees tested. All three claimants, as shown in the table below, failed to report all wages earned for weeks that they claimed benefits.

Claimant	Wages per State Accounting System	FY 2025 Benefits Paid	APA-Calculated Benefits to be Paid	Amount Overpaid	Overpayments Established by NDOL	Unrecorded Overpayments
#1	\$ 6,263	\$ 4,441	\$ 301	\$ 4,140	\$ 2,964	\$ 1,176
#2	\$ 3,805	\$ 948	\$ -	\$ 948	\$ 316	\$ 632
#3	\$ 3,461	\$ 1,544	\$ -	\$ 1,544	\$ -	\$ 1,544
Total Overpayments				\$ 6,632	\$ 3,280	\$ 3,352

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

In addition to the overpayments detailed above, the APA noted the following adjudication issues for the three claimants at issue:

Claimant	Adjudication Issue Noted by APA
#1	<p>Along with the failure to report all wages, several other issues were identified during testing that were already included in the above unrecorded overpayments. In April 2025, the claimant filed an application for benefits. In review of the claim, we noted the following:</p> <ul style="list-style-type: none"> • The employer responded to the separation information request sent by the Department; however, the Department never completed the adjudication of the separation, and it was shown as an active or unresolved issue in the system. • The Department failed also to complete the adjudication of a vacation payout from an employer. • Having established an overpayment for the claimant’s failure to report wages in March 2025, the Department attempted to reduce subsequent weekly benefit payments by \$91; however, due to a system error, the reduction did not occur, and the claimant still received her full benefits. The Department was unaware of this error until the APA brought it to attention.
#2	<p>Having established an overpayment for the failure of the claimant to report wages in August 2024, the Department attempted to reduce subsequent weekly benefit payments by \$158; however, due to a system error, the reduction did not occur, and the claimant still received her full benefits.</p>
#3	<p>In November 2024, the claimant filed an additional application for benefits, claiming to have been separated from an employer on 4/17/2024. The notice of separation information request was sent, and the employer responded that the claimant had quit voluntarily, with a last day of 3/5/2024. During adjudication of the separation information, the Department disqualified the claimant from 4/14/2024 until 7/13/2024, or 13 weeks starting the week the claimant reported last working. In accordance with Neb. Rev. Stat. § 48-628.12(2) (Reissue 2021), however, the disqualification should have been from the employer’s reported last day worked. This resulted in an additional \$1,616 in overpayments, which are not included in the unrecorded overpayments above, that the Department failed to establish properly.</p>

In total, the amount of unrecorded overpayments that should have been established was \$4,968 and are considered questioned costs.

Based upon information provided by the Department in both an online FAQ (<https://dol.nebraska.gov/UIBenefits/Claims/FAQ>) and its “Unemployment Insurance Handbook for Unemployed Workers in Nebraska” (pg. 3), active State workers could be eligible for unemployment benefits if: a) their work hours were reduced; b) they were terminated from other employment; or c) their hours from another job were reduced. In these instances, the employee would be required to report his or her wages earned from the State to determine both eligibility and benefit amount.

Neb. Rev. Stat. § 48-625(1) (Cum. Supp. 2024) allows individuals to receive unemployment compensation benefits for weeks in which they earn wages; however, those benefits are to be reduced by the amount of those wages that exceed one-fourth of the individual’s weekly benefit amount.

Neb. Rev. Stat. § 48-626(3) (Cum. Supp. 2024) allows individuals to receive benefits except when separated from employment with **the most recent insured employer** under circumstances that would disqualify them from eligibility.

Neb. Rev. Stat. § 48-628.12(2) (Reissue 2021) requires an individual to be disqualified for benefits, as follows:

[F]or the week in which he or she has left work voluntarily without good cause, if so found by the commissioner, and for all subsequent weeks until the individual has earned wages in insured work in an amount of at least four times his or her weekly benefit amount and has separated from the most recent subsequent employment under nondisqualifying conditions.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A proper system of internal control requires the proper adjudication of claimant separations to ensure the propriety of benefits paid. These procedures should be sufficient to identify improper or questionable benefits for further investigation and proper resolution.

Without such procedures, there is an increased risk of improper or fraudulent benefit payments being made.

The APA also identified the following issues that did not result in questioned costs.

Wage Crossmatch Issues

According to 20 CFR § 603.23(b) (April 1, 2025), “The State UC agency must crossmatch quarterly wage information with UC payment information to the extent that such information is likely . . . to be productive in identifying ineligibility for benefits and preventing or discovering incorrect payments.” When warranted by the results of such quarterly crossmatch, an automatic investigation should be created that would include sending a wage audit request to the employer to obtain the wages earned for each week that the claimant was receiving benefits.

The APA selected a separate random sample of 40 claimants who received UI benefit payments during calendar year 2024 to test the fiscal year 2025 wage crossmatch control process. Our testing included payments totaling \$18,860. The benefit payments for calendar year 2024 totaled \$98,372,378. We noted the following error during testing:

- One claimant tested had three employers identified who had reported wages during the quarter ended September 30, 2024, for which the crossmatch was performed. However, wage audits were sent only to two of the three employers. The third employer reported \$80 in wages for the quarter, but no wage audit was sent to verify. The claimant had received \$298 for the benefit week ended July 27, 2024, and the Department established a \$100 overpayment based on the wage audits received. Had the third employer been sent a wage audit, however, an additional overpayment may have been established for a portion of the remaining \$198 in benefits paid for that week.

In addition to the errors noted above, the Department’s wage crossmatch criteria in place for the fiscal year ended June 30, 2025, did not appear reasonable. The parameters used by the Department to create wage crossmatch investigations were established in a way that there was an increased risk for significant overpayments not to be caught. Additionally, the Department appeared to lack adequate knowledge of the parameters being used, having to obtain the criteria from the system vendor in order to provide it to the APA when requested.

A proper system of internal control requires procedures to ensure that wage crossmatches are performed and benefits are paid in compliance with applicable Federal requirements.

Without such procedures, there is an increased risk of improper benefit payments being made in violation of Federal requirements.

We recommend the Department implement procedures to prevent the payment of improper UI benefits by ensuring compliance with applicable State and Federal requirements. At a minimum, those procedures should ensure the following: 1) proper adjudication actions – including wage crossmatches, investigations into suspect separation from employment information, separation information requests being sent to employers, ensuring wages are appropriately applied, and verifying that overpayments are established appropriately – are undertaken; and 2) neither ineligible State employees nor other ineligible claimants receive benefit payments.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Department Response: NDOL will conduct a comprehensive review of its current procedures designed to prevent the payment of improper UI benefits and ensure compliance with all applicable State and Federal requirements. Where existing procedures are effective, NDOL will reinforce them through proper and comprehensive staff training. In areas where compliance oversight is minimal or absent, NDOL will implement enhanced review processes to strengthen adherence. These actions will ensure that proper adjudication steps—such as wage crossmatches, investigations into suspect separation information, employer separation requests, accurate wage application, and appropriate establishment of overpayments—are consistently undertaken, and that neither ineligible State employees nor other ineligible claimants receive benefit payments.

Finding 2025-012

Reoccurring Accounting Issues

The Auditor of Public Accounts (APA) reported modified opinions for the Unemployment Insurance (UI) Fund for the fiscal years 2020 through 2022 audits, and material weaknesses were reported in the fiscal years 2023 and 2024 audits.

After each of the last five audits, the APA recommended that the Department establish procedures to ensure a proper review of documentation, including the trial balance, and to reconcile the Department’s separate tax and benefit system, NEworks, to the State’s accounting system to identify any discrepancies between the systems. The UI Funds were maintained in separate, outside bank accounts, which differed from most State funds that are maintained by the Nebraska State Treasurer. The Department prepared manual entries to record financial activity from NEworks and its bank to the State’s accounting system, which was used to generate the State’s financial statements.

While improvements were noted, adjustments to the financial statements due to Department errors were still necessary. The table below summarizes over \$2 million in errors made by the Department for the fiscal year ended June 30, 2025. The APA proposed, and the Department of Administrative Services – State Accounting Division (State Accounting) posted, these adjustments to correct the financial statements.

Account	Description	Amount
Combined Wage Claims Payable	Combined Wage Claims (CWC) are UI claims for claimants with wages in multiple states. When payments are made, the state that the claim was made in is entitled to reimbursement from the other states. The Department recorded a payable for expected reimbursement requests from other States for the quarter April – June 2025, which totaled \$2,427,935. This projection was \$1,585,038 higher than actual reimbursement requests received for the quarter after the end of the fiscal year, resulting in the payable being overstated.	\$ 1,585,038
Overpayments Receivable	Several errors overstated the overpayment receivable account and impacted its related allowance for doubtful accounts. These errors included the Department’s 1) use of incorrect collection rates to calculate the allowance for doubtful accounts; 2) inclusion of fiscal year 2026 activity in the fiscal year 2025 calculation; 3) inclusion of amounts that had already been written off; 4) use of mathematically inaccurate reports; 5) errors in the recording of a prior year adjustment in the current year; and 6) use of amounts that did not agree to reports.	\$ 463,099
Claimant Payment Expense	A beginning balance adjustment was necessary because the Department calculated the prior year benefits payable too early based on only one month’s data instead of the standard three months used in other accruals, resulting in the prior year benefits payable being understated.	\$ 255,963
Total Adjustments		\$ 2,304,100

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The APA identified other accounting issues and financial statement errors that did not require adjustments to the financial statements due to their relative insignificance; nevertheless, these were errors and are detailed in the table below:

Error	Description	Dollar Error
1	Negative expenses, totaling \$174,374, related to an adjustment from the prior year were not eliminated because the Department recorded the correction as a miscellaneous adjustment instead.	\$ 174,374
2	The Department had pending refunds potentially due to claimants at June 30, 2025, totaling \$137,922, that were not recorded in the State's accounting system.	\$ 137,922
3	The Due From Other Funds and the corresponding Due To Other Funds balances were understated by \$131,527 each because the Department duplicated a transfer incorrectly between their funds, adjusted incorrectly the amount of transfers due to a recording error, and failed to account for all amounts in fiscal year 2025 that needed to be transferred between funds.	\$ 131,527
4	The Department's calculation of the allowance for doubtful accounts related to employer balances was understated by \$128,790. This was due to the Department's failure to record an allowance for doubtful accounts related to employer tax contribution receivables as well as the Department running the report too early.	\$ 128,790
5	Negative overpayment balances are overpayment amounts collected by the Department that should be returned to the individual. The Department incorrectly recorded \$41,443 related to these balances as miscellaneous adjustments, when they should have been recorded as a reduction to expense.	\$ 41,443
6	Amounts Due To the Federal Government were overstated by \$29,929 due to errors in calculating the overpayments receivable allowance for doubtful accounts.	\$ 29,929
7	The ending employer account asset and liability balances in the State's accounting system did not agree to the balances in NEworks. The State's accounting system asset balances were understated by \$28,310, while the liability balances were overstated by \$1,178.	\$ 29,488
8	The Department's calculation of the allowance for doubtful accounts related to the overpayment penalties receivable was understated by \$11,120 because the Department used the incorrect collection rates in its calculations.	\$ 11,120
9	Benefits payable was understated by \$8,068 due to 11 checks written during the year that were recorded incorrectly in the State's accounting system. The errors also resulted in overpayments receivable being understated by \$7,689 and benefit payment expense being understated by \$379.	\$ 8,068
10	The overpayment penalties receivable established during the fiscal year was understated by \$753.	\$ 753
11	The reports from NEworks that support the overpayment balances due from claimants do not properly show all activity that occurred during the month. Because of this, it is necessary for the Department to calculate "adjustment" entries each month to present properly the overpayment receivable amounts in the State's accounting system. As of June 30, 2025, we noted a variance of \$131,324 between monthly reports within NEworks.	\$ -
12	The Department did not have any procedures in place to ensure that the \$4,292,590 in CWC charges received from other states during the year were accurate.	\$ -
13	When a benefit payment fails to clear the claimant's bank account, it is cancelled and then must be manually reissued by the Department. It was noted that there was potentially \$4,074,326 in cancelled unemployment payments that still needed to be reissued to claimants as of June 30, 2025. The Department could not provide documentation to support whether these cancelled payments were due to the claimants.	\$ -
Total Unadjusted Errors		\$ 693,414

A proper system of internal control requires procedures to ensure that accurate information is included in the State's accounting system for the proper presentation of the State's financial statements.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Without such procedures, there is an increased risk of not only material misstatements occurring and remaining undetected but also improper payments being made.

We continue to recommend the Department implement procedures to ensure its accounting transactions are recorded properly in the State's accounting system.

Department Response: NDOL is actively working to strengthen its accounting processes to ensure all transactions are properly recorded. As these processes are refined, NDOL is also enhancing the development of internal controls to encompass all accounting activities. Additionally, NDOL will continue collaborating with its partners in State Accounting to improve accuracy, consistency, and compliance across all financial reporting functions.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF REVENUE

Finding 2025-013

Financial Statement Errors

As noted in the prior fiscal year management letter, the Auditor of Public Accounts (APA) continued to identify substantial errors in the reporting of accrual entries submitted to the Department of Administrative Services – Accounting Division (State Accounting), resulting in materially misstated financial statement entries, requiring significant adjustments, revisions, and additional time to complete required audit procedures.

Errors Requiring Financial Statement Adjustments

The following table identifies \$95,940,675 in errors made by the Department in its reporting of accrual activity to State Accounting, which resulted in the need for adjusting journal entries.

Description	Reason	Dollar Error
Item #1: Individual Income Tax Refund Payable	The Department’s calculation for the individual income tax payable was understated because it inaccurately included receipts associated with the pass-through entity tax (PTET) passed in 2023 as income tax withholding.	\$ 59,754,489
Item #2: Sales Taxes Receivable and Payable	The Department incorrectly reported both a sales tax receivable to the State and a payable from the State to a municipality related to tax incentive refunds. The APA and the Department determined the amounts should be shown as a net receivable from the municipality.	\$ 14,194,086
Item #3: Partnership Income Taxes Receivable	A substantial amount of fiscal year 2024 and 2025 tax receipts collected in July and August were coded to partnership income taxes. The Department did not report a receivable in either fiscal year associated with these subsequent receipts. Therefore, not only was an adjustment required to record the fiscal year 2025 receivable, but also a beginning balance adjustment was required for the fiscal year 2024 receivable that was not recorded.	\$ 10,586,081
Item #4: Delinquent Sales and Use Tax Receivable	The delinquent sales and use tax receivable was understated due to a balance being incorrectly excluded from the protested audit listing.	\$ 7,152,901
Item #5: Corporate Income Tax Receivable	A beginning balance adjustment was needed to correct the prior year corporate income tax receivable reported. In fiscal year 2025, the APA learned that only certain corporations’ tax receipts should be included in the receivable because some extension payments were not due until after fiscal year end. Therefore, the prior corporate income tax receivable was overstated.	\$ 4,253,118
Total Adjusting Journal Entries		\$ 95,940,675

The following information contains more details on each item included above.

Item #1 – Individual Income Tax Refund Payable

The Department calculated its estimated individual income taxes payable at the end of each year. The calculation included a five-year comparison of the refunds paid each year to the income tax withholding and estimated income tax receipts.

Tax year 2023 had considerable changes to the receipts and refunds used in the calculation due to the passage of LB 754 in June 2023, which allowed pass-through entities, such as partnerships and S corporations, to elect voluntarily to pay Nebraska income taxes on behalf of their owners. The tax forms for tax year 2023 were not changed, so the pass-through entity taxes (PTET) were included in the withholding category on the tax forms. After 2023, there was a separate field to report the pass-through entity tax. In its initial calculation of the income taxes payable, the Department included the new PTET taxes as income tax withholding receipts. However, after further discussions, the Department was able both to isolate the PTET taxes attributed to tax year 2023 in its system and to adjust the 2023 income tax withholding receipts used in the accrual calculation by over \$1.2 billion.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Upon revision of the calculation, the income taxes payable was understated by \$59,754,489.

Item #2 – Sales Taxes Receivable and Payable

As a result of some large tax incentive refunds of local sales and use taxes under the Nebraska Advantage Act, one municipality owed money back to the State for refunds paid under the Act.

Neb. Rev. Stat. § 77-27,144(1) (Supp. 2025) allows the Tax Commissioner to deduct the amount of refunds from the monthly distribution to the municipalities. More specifically section (2)(a) requires the deductions for a refund owed by a city to be delayed for one year after the refund has been paid.

As a result of the large tax incentive refund, the municipality owed the State money, creating the receivable. The Department also created a liability for certain local other tax distributions it owed but had not paid to the municipality, such as motor vehicle sales taxes, consumer use taxes, motorboat sales taxes, and ATV sales taxes. However, the Department lacks the statutory authority to withhold tax distributions – but it can offset the amount of the refund owed using those taxes. Consequently, there should be only a net receivable reported by the State that is owed from the municipality. The total effect of this error was \$14,194,086.

For more information on the effect of tax incentive refunds on municipalities, see **Finding 2025-014** (Nebraska Advantage Act Tax Incentive Program Issues) herein.

Item #3 – Partnership Income Tax Receivable

The Department failed to calculate a receivable for its partnership income tax types, which resulted in the more than \$10 million adjustment. Partnership income tax receivable at year-end should consist of those taxes for a tax period of June 2025 or prior, which are received after June 30.

Using the July and August system reports, the fiscal year 2025 partnership income tax receivable was determined to be \$4,390,366, and the fiscal year 2024 partnership income tax receivable was determined to be \$6,195,715, requiring a beginning balance adjustment.

Item #4 – Delinquent Sales and Use Tax Receivable

The Department calculated delinquent tax receivables that include both delinquent and protested tax balances. The protested tax balances for sales and income taxes reported for fiscal year 2025 were significantly understated because one balance was incorrectly removed from the listing as of June 30, 2025, even though the account was not settled until August 2025.

The protested balance in question was over \$19 million – which, when factored in with the collection percentage for the sales and use tax protested balances, resulted in an understatement of the receivable in the amount of \$7,152,901.

Item #5 – Corporate Income Tax Receivables

During fiscal year 2024, the APA worked with the Department to ensure the estimated corporate income taxes receivable were properly recorded at the fiscal year-end and agreed upon an adjusted receivable of \$4,253,118. However, when reviewing the fiscal year 2025 receivable, the APA learned that not all corporate income taxpayers have the same due date; moreover, for corporations with a March fiscal year-end, only the S corporations should be included in the receivable. Therefore, the adjusted entry from the prior year was incorrect, and a beginning balance adjustment of \$4,253,118 was necessary.

Footnote Corrections

The Department is responsible for the preparation of the Annual Comprehensive Financial Report's (ACFR) tax abatement footnote, in which we identified significant errors in the reported amounts. The Department's original submission failed to include \$45,440,317 in tax abatements, as shown in the table below:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Program	Amount Not Reported
Nebraska Advantage Act	\$ 36,274,065
Employment and Investment Growth Act	\$ 1,651,736
ImagiNE Nebraska Act	\$ 7,514,516
Total Error	\$ 45,440,317

Statement No. 77 of the Governmental Accounting Standards Board (GASB 77) requires the State to disclose the gross dollar amount of taxes being abated.

Other Corrections Required

In addition to the errors noted above, all of which required adjustments to the State’s financial statements, the APA identified other errors made by the Department that were communicated to State Accounting for correction prior to being recorded within the State’s accounting system. However, had the APA not advised the Department of the errors, the corrections likely would not have been made. The errors are included below:

Description	Reason	Dollar Error
Corporate Income Tax Receivable	Similar to the correction noted in Item #5 from the first table above, the Department incorrectly included certain corporate income tax receipt extension payments in its receivable calculation for fiscal year 2025. Only S corporations with a March tax year-end should be included in the receivable based upon their due date of June 15. However, the Department initially included all corporate income tax extension payments with a March year-end. Upon notification from the APA and its subsequent agreement with the error, the Department communicated the error to State Accounting, which removed the incorrect portion of the accrual prior to its entry into the accounting system.	\$ 2,752,087
Motor Fuels Tax Receivable	The motor fuels tax receivable was overstated due to an error in a report used by the Department to calculate the amount. Upon being notified by the APA of the error, the Department communicated the error to State Accounting by adjusting the accrual response form.	\$ 762,660
Total Errors		\$ 3,514,747

Other Errors That Were Not Corrected

The Department also made the following slightly less significant errors, which were not corrected during its preparation of accrual information provided to State Accounting as part of the year-end ACFR reporting.

Description of Issue	Dollar Error
In addition to the \$2,752,087 error noted in the preceding table, the APA found other errors in the Department’s calculation of the corporate income taxes receivable. The Department lacked adequate review procedures for July and August tax receipts to ensure they were properly included in the receivable calculation; therefore, the APA tested these receipts. In our testing of 18 receipts used in the calculation, we identified issues with 8 of them, which included amounts that should have been included in the accrual but were not as well as balances that were included in the accrual and should not have been. The cumulative effect of these errors resulted in the receivable being overstated by \$864,359. These errors were not corrected in the financial statements.	\$ 864,359
To calculate the delinquent tax receivable, the Department relies on the accuracy of the reports generated within their tax databases. The Department’s reports incorrectly included two delinquent income tax withholding balances that did not actually have taxes due. The issue was related to the taxpayer being assigned a new tax identification number. This resulted in the receivable being overstated by \$568,218.	\$ 568,218
The Department’s motor fuels tax receivable calculation was incorrect because the reports it used understated the July and August collections that were for tax periods prior to June. Therefore, the receivable was understated.	\$ 283,791
The Department lacked adequate review procedures for estimated individual income tax receipts that occur after fiscal year-end to assess the reasonableness of the inclusion of such receipts in their individual income tax accrual. The APA tested one \$105,000 estimated tax receipt from August 2025 and determined that amount was included in the accrual calculation and should not have been.	\$ 105,000
Certain estimated corporate income tax receipts from July 2025 were excluded from the calculation of the tax receivable. The Department neglected to include some activity from July 2025 within its corporate income tax receivable, resulting in a \$25,390 variance.	\$ 25,390
Total Errors Noted	\$ 982,399

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A proper system of internal controls requires procedures to ensure accurate reporting of financial information in the accounting system and to State Accounting on the accrual response forms. As seen throughout this finding, a lack of such procedures increases the risk of material financial statement errors going undetected. The absence of procedures also increases the audit time required to ensure financial statements are materially correct.

Without such control procedures, there is an increased risk that material misstatements will go undetected.

This issue was also noted in the prior year management letter.

We recommend the Department implement procedures to improve its procedures for calculating and reporting significant accounting information to State Accounting at fiscal year-end to help ensure the proper presentation of the financial statements and footnote disclosures.

Department Response:

Item 1: This issue was due to a systems report (IIT120) that combined withholding and PTET shown as withholding on the report. The IIT120 report now separates the PTET and withholding amounts. This will resolve any future issues when arriving at the average refund percentage.

Item 2: This was a new and complex accrual item reported on this year's ACFR. The DOR will correctly report this accrual on next year's ACFR.

APA Response: Although the Department first reported this as an accrual in fiscal year 2025, it has existed since fiscal year 2023.

Item 3: Until recently, partnership returns were informational returns. The DOR will ensure partnership receivables are accounted for in subsequent accruals.

Item 4: This was a clerical error, and the docket system was corrected. Management will review the protested audit listing to ensure all protests are accounted for correctly.

Item 5: DOR does not agree with Item 5 and the corporate income tax finding of \$2,752,087 as a finding for the following reason. On the prior year 2023-24 Management Letter, Page 4, Item #3, the APA states, "The Department failed to include significant receipts for Corporate Income Tax extensions in its receivable calculation", in the amount of \$4,253,118. On the 2024-25 Management Letter the APA is reversing their prior year finding of \$4,253,118 for the same amount.

APA Response: In the fiscal year 2024 audit, we had questioned whether certain corporate income tax activity should be reported as an accrual. In its response to our question, the Department stated, "It was our understanding that we were agreement on how to arrive at the accrual . . . However, after looking at your analysis, we think we agree with your determination." In fiscal year 2025, we obtained new information regarding this issue, which the Department had failed to provide previously. This new information did, in fact, change the calculation of the corporate income tax receivable. We rely on the Department to provide the APA with an understanding of these complex tax accruals.

After further review the DOR is questioning if the \$45M should be included in the abatement footnotes since the amount is reported as an accrual item. If reported on the footnote it should be stated that the amount is already reported in the statements.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

APA Response: Again, the Department agreed to this change in a December 5, 2025, email response, stating, “Both amounts are reported on the ACFR as an accrual. We agree that it should be included in the abatement footnote.” The purpose of the financial statement footnotes is to provide essential context behind the actual numbers in the financial statements. Additionally, the footnote states clearly that the table included therein is on the accrual basis; therefore, these amounts should not be excluded simply because they are included already in the financial statements.

Finding 2025-014

Nebraska Advantage Act Tax Incentive Program Issues

As the Nebraska Legislature entered its 109th session in January 2026, the State faced a \$451 million budget deficit – as cited by multiple sources. Yet, in its fiscal year 2025 annual audit, the State reported that over \$295 million in various taxes had been abated in one fiscal year alone. Taxes abated refers to the reduction or exemption of taxes owed by individuals or companies.

The largest program in terms of taxes abated is the Nebraska Advantage Act (Act), which allows taxpayers involved in a qualified business to earn and use tax benefits based on investment and employment growth. Although the Act has been closed to new entrants since December 31, 2020, it remains the largest and most utilized tax abatement program offered by the State. The following table, from the State’s fiscal year 2025 Annual Comprehensive Financial Report (ACFR), illustrates the reduction of the State’s tax revenues during fiscal year 2025:

No.	Program	Taxes Abated
A	Nebraska Advantage Act	\$ 227,847
B	Nebraska Advantage Rural Development Act	2,683
C	Nebraska Advantage Microenterprise Tax Credit Act	1,190
D	Employment and Investment Growth Act	(892)
E	Job Creation and Mainstreet Revitalization Act	3,740
F	New Market Job Growth Investment Tax Credit Act	6,578
G	Beginning Farmer Tax Credit Act	1,434
H	Community Development Assistance Act	552
I	Affordable Housing Tax Credit Act	28,474
J	ImagiNE Nebraska Act	11,578
K	Renewable Chemical Production Tax Credit Act	567
L	Key Employer and Jobs Retention Act	*
M	Urban Redevelopment Act	129
N	Invest Nebraska Act	*
O	Good Life Transformational Projects Act	11,338
Total		\$ 295,218 **

*To maintain confidentiality, no information is disclosed due to the low number of companies reporting activity.
 **This total excludes amounts for programs that were not individually reported.

The State reported that its tax revenues were reduced by \$227.8 million as a result of the Act. In comparison, only \$11.6 million in taxes were abated for the ImagiNE Nebraska Act.

The APA has previously communicated many of the issues addressed in this finding and recommendation in its December 18, 2024, ACFR management letter and in a letter issued to the Nebraska Legislature on April 14, 2025 (“Tax Incentives Letter to Senators”). Both letters can be found on the APA’s website (<https://auditors.nebraska.gov/>).

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The following are the three greatest concerns that arose from the APA’s testing of the refunds paid under the Act:

- *Unlimited Direct Refunds of Sales and Use Taxes*
- *Lack of Maintenance Audits*
- *Effect on Local Governments*

Each of these issues is discussed in greater detail below.

Unlimited Direct Refunds of Sales and Use Taxes

Neb. Rev. Stat. § 77-5725(2) (Supp. 2025) generally allows participating companies to request and receive a refund of sales and use taxes – which is not limited by investment or employment credits earned – paid on the purchase or lease of qualified property for a project. The Department refers to these refunds as “direct refunds” of sales and use taxes.

Below is a summary of the refunds of sales and use tax paid via “direct refunds,” as reported by the Department in its October 31, 2025, “Nebraska Tax Incentives 2025 Annual Report to the Legislature” (Annual Report):

Fiscal Year	Direct Refunds
2023	\$ 93,496,829
2024	\$ 86,912,401
2025	\$ 111,009,065
Total	\$ 291,418,295

The nature of the activities that qualify for “direct refunds” – i.e., projects with significant amounts of building construction – could result in an increased likelihood of unusually large refund requests.

In our April 14, 2025, “Tax Incentives Letter to Senators,” the APA expressed the concern that the State may not be adequately prepared for unusually large “direct refund” requests under its current budgetary constraints. Based off of tax receipt activity observed since January 2025, the large volume of consumer use taxes remitted by one company might indicate that another unusually large refund request is imminent.

A proper system of internal control requires procedures to ensure that the State is prepared for significant “direct refund” requests since these refunds appear to have no dollar limit.

Without such procedures, there is an increased risk that the State, as well as local governments, could be faced with significantly reduced revenues.

We recommend the Department and the Legislature review this concern and consider the possibility of a statutory dollar limit on “direct refunds,” similar to those that exist for other State tax incentive programs. Such action could help to protect the State from further significant revenue shortages.

Department Response: DOR follows the statutes as written. This would require a legislative change.

APA Response: Being the administrator of the Nebraska Advantage Act, the Department has vital oversight responsibilities that include both informing the Legislature of important statutory considerations for ensuring the effectiveness of the Act and working toward their expedient

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

implementation – especially in light of the State’s current budgetary issues. While honoring the exclusive authority of the Legislature to make policy decisions, the Department is in a unique position to provide information and, in some instances, important assistance regarding beneficial statutory revisions to the Act.

Lack of Maintenance Audits

The Department lacked procedures for ensuring that the required minimum levels of employment and investment were maintained for participating companies under the Act. This could have been accomplished had the Department conducted maintenance audits after the companies had qualified for and begun receiving refunds under the Act.

The table below shows 16 of 21 companies tested that have not had a maintenance audit completed by the Department. These companies earned \$126.1 million in credits during fiscal year 2025 and earned \$208.6 million in credits during fiscal year 2024. These companies received tax refunds under the Act of \$75.3 million in fiscal year 2025.

Company	Date of Qualification Audit	Amount of Refund Tested	Refunds Paid in FY 2025
Company #6	12/17/2020	\$ 6,629,163	\$ 33,731,246
Company #13	12/16/2020	\$ 3,582,825	\$ 14,982,597
Company #3	11/14/2022	\$ 1,523,649	\$ 7,388,419
Company #16	11/2/2021	\$ 5,148	\$ 7,083,457
Company #15	11/29/2021	\$ 4,919	\$ 2,816,688
Company #5	12/15/2022	\$ 136,935	\$ 2,519,191
Company #17	1/19/2022	\$ 104,870	\$ 2,165,912
Company #12	11/12/2020	\$ 80,654	\$ 2,034,587
Company #20	8/4/2020	\$ 145,242	\$ 851,389
Company #4	1/28/2019	\$ 35,593	\$ 666,419
Company #10	6/20/2023	\$ 60,919	\$ 339,874
Company #8	7/5/2018	\$ 20,710	\$ 280,888
Company #9	6/17/2024	\$ 4,093	\$ 224,222
Company #14	12/9/2019	\$ 3,129	\$ 120,246
Company #2	3/26/2024	\$ 7,974	\$ 79,273
Company #21	3/20/2024	\$ 23,568	\$ 61,579
Totals		\$ 12,369,391	\$ 75,345,987

A proper system of internal control requires procedures to ensure that the required levels of investment and employment growth are maintained.

The lack of such procedures increases significantly the risk of participating companies reducing, without detection by the Department, their employment levels after the initial qualification.

A similar finding was noted in the prior year.

We recommend the Department implement procedures to ensure that companies participating in the Act maintain the required levels of employment.

Department Response: DOR will develop a written procedure to ensure consistency.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Effect on Local Governments

Both State and local sales and use taxes are refunded to participating companies under the Act. When a refund of local sales and use taxes is paid to a participating company, the Department reduces the monthly distribution of those taxes to the affected municipality.

As detailed in the following table, the APA has accumulated from the State’s accounting system the local portion of sales and use taxes refunded since the Act’s inception:

Fiscal Year	Refunds of Local Sales and Use Tax
FY 2019 and Prior	\$ 46,544,297
FY 2020	\$ 18,929,776
FY 2021	\$ 8,573,143
FY 2022	\$ 11,040,868
FY 2023	\$ 54,380,041
FY 2024	\$ 23,249,574
FY 2025	\$ 17,973,807
Total	\$ 180,691,506

Over \$180 million in local sales and use taxes collected have been paid to participating companies, resulting in the reduction of those same taxes to the municipalities that levied them. Because the Act authorizes the reduction of local sales and use taxes, the municipalities have little, if any, control over it.

One municipality has seen all of its local sales taxes abated since fiscal year 2023 due to local refunds paid of nearly \$65 million. State statutes require such large refunds to be deducted from the monthly distribution over the period of one year in equal installments. Therefore, starting in October 2023, the State began deducting the refund amounts from the municipality’s monthly distribution. The State retained not only local sales taxes but also motor vehicle sales taxes, consumer use taxes, motorboat sales taxes, and ATV sales taxes.

The APA expects the impact on this municipality to continue indefinitely as the company continues to pay sales taxes under the project as well as to request refunds under the Act. The APA also estimates that other municipalities in Nebraska will be similarly impacted in the future as activity under the Act and the ImagiNE Act progresses.

In its “Tax Incentives Letter to Senators,” the APA recommended the Legislature consider whether the denial of local sales and use taxes to municipalities is both consistent with underlying legislative intent and beneficial to the overall economic health of the State, particularly in those cities and villages that have experienced such loss of funding.

A proper system of internal control requires procedures to ensure that the State periodically reviews its tax incentive programs to evaluate the impact of those programs on both the overall economic health of the State and the affected municipalities.

Without such procedures, there is an increased risk that the State, as well as local governments, could be faced with significantly reduced revenues.

We recommend the Department and the Legislature work together on solutions to prevent the total loss of local sales and use taxes for cities and villages affected by the Act, as well as provide for some mechanism that allows for the projection of future impacts of the Act on cities and villages.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

It may be worth considering also whether statutory changes to the Act are necessary to provide for a limit on local tax refunds, similar to those that exist for other State tax incentive programs.

Department Response: DOR complies with statutes as written and reports the information required in the Nebraska Tax Incentives Annual Report.

APA Response: Being the administrator of the Nebraska Advantage Act, the Department has vital oversight responsibilities that include both informing the Legislature of important statutory considerations for ensuring the effectiveness of the Act and working toward their expedient implementation – especially in light of the State’s current budgetary issues. While honoring the exclusive authority of the Legislature to make policy decisions, the Department is in a unique position to provide information and, in some instances, important assistance regarding beneficial statutory revisions to the Act.

In addition to the three primary issues identified above, the APA has concerns regarding the following matters, which are addressed in greater detail below:

- ***Participating Companies “Uninvesting” in Nebraska***
- ***Project End Dates***
- ***Allowability of Certain Sales and Use Tax Refunds***
- ***Untimely Qualification Audits***
- ***Incomplete or Inadequate Departmental Reviews***

Participating Companies “Uninvesting” in Nebraska

Each year, millions of dollars in State and local tax refunds are paid to companies whose projects in the State are no longer operational.

Specifically, the APA observed the following:

- Company #5 and its qualifying project were acquired by another company. The acquiring company closed the project location in Nebraska and eliminated the associated jobs upon acquisition. The acquiring company requested and received the refunds paid under the Act.
- Company #19 declared bankruptcy years ago and closed its qualifying projects over a period of years. Since that time, the State has paid the company’s bankruptcy estate the refunds under the Act.

Neb. Rev. Stat. § 77-5728 (Reissue 2018) allows for the transfer of tax incentives earned through the Act to companies that acquire the qualifying projects that earned the incentives. The Act fails to consider, however, whether the acquiring company continues to operate the project, allowing for payment of tax incentives even if the qualifying project is eliminated upon acquisition.

Such payments appear contrary to the purpose of the Act – which, per Neb. Rev. Stat. § 77-5702 (Reissue 2018), includes retaining existing businesses, promote the retention of quality jobs, and retain investment capital in Nebraska.

Neb. Rev. Stat. § 77-5733 (Reissue 2018) authorizes the Department to adopt rules and regulations to accomplish the purposes Act, as follows:

The Tax Commissioner may adopt and promulgate all rules and regulations necessary to carry out the purposes of the Nebraska Advantage Act.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The Department should consider whether administrative rules and regulations could be utilized to limit refunds under the Act when companies uninvest in Nebraska.

A proper system of internal control requires procedures to ensure that tax incentives are sustainable, which might include the adoption of administrative rules and regulations allowing incentives to be paid only when a company continues to operate a project in this State.

Without such procedures, tax incentive payments to companies whose projects have terminated are likely to continue, which appears contrary to the intent of the Act.

We recommend the Department work with the Legislature to determine whether restrictions should be placed on the payment of tax incentives when companies terminate approved projects. We also recommend the Department consider whether administrative rules and regulations could be used to limit refunds under the Act when companies uninvest in Nebraska.

Department Response: DOR follows the statutes that are active. This would require a legislative change.

APA Response: Being the administrator of the Nebraska Advantage Act, the Department has vital oversight responsibilities that include both informing the Legislature of important statutory considerations for ensuring the effectiveness of the Act and working toward their expedient implementation. As pointed out in our letter, the Department may already have the statutory authority to enact rules and regulations to address these concerns.

Project End Dates

The APA and the Department disagree on whether the Act provides for a definite end date for qualifying projects, meaning the date after which tax credits previously earned are no longer available for use.

The APA points to Neb. Rev. Stat. § 77-5726 (Cum. Supp. 2024), which appears to provide a definite end date for the use of credits under the Act.

Specifically, § 77-5726(1)(a) states the following, in relevant part:

The last year for which credits may be used is the taxable year which includes December 31 of the last year of the carryover period.

Furthermore, § 77-5726(1)(e) states the following:

Credits may be carried over until fully utilized, except that such credits may not be carried over more than nine years after the year of application for a tier 1 or tier 3 project, fourteen years after the year of application for a tier 2 or tier 4 project, or more than sixteen years past the end of the entitlement period for a tier 6 project.

The APA interprets these statutes as providing an end date for the project – meaning that, once a project’s carryover period has expired, a company is no longer able to receive tax incentives through the use of credits previously earned.

The APA identified 4 of the 19 payments tested that were to companies that requested and received refunds after the end of the project’s carryover period, ranging from almost two years to over three years later.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Company #	End of Carryover Period	Date of Payment	Amount
Company #7	12/31/2022	12/16/2024	\$ 1,021,539
Company #5	9/25/2022	10/4/2024	\$ 131,012
Company #11	3/31/2022	5/20/2025	\$ 13,660
Company #5	9/25/2022	10/8/2024	\$ 5,923
Total			\$ 1,172,134

In response to a similar finding in the APA’s December 18, 2024, ACFR management letter, the Department stated, in part, the following:

The statute does not provide for an end date to the project. Rather, the statute provides that credits may not be carried over for more than a certain number of years following the end of the entitlement period. The language used by the legislature is referencing the tax years in which credits may be used. If the relevant tax year is open to the statute of limitation a tax return may be filed to utilize available credits.

The “statute of limitation” referenced in the Department’s response refers to the use of extension agreements entered into by companies with the Department. The Department has allowed companies to file these extensions – though not authorized expressly in the Act – to keep the credits operative indefinitely. This results in the effective elimination of any statutory time limit during which the Department may allow the use of previously earned tax incentives. Given that the Act has been “replaced” already by its intended successor program, ImagiNE Nebraska, the APA questions whether it is reasonable or sustainable to operate two large tax incentive programs indefinitely.

In its “Tax Incentives Letter to Senators,” the APA recommended that the Legislature consider whether the Department’s use of extensions – which, as noted previously, are expressly authorized nowhere in statute – to allow for the indefinite use of credits earned under the Act is both consistent with underlying legislative intent and beneficial to the economic health of the State.

A proper system of internal control requires procedures to ensure that tax credits under the Act expire in conformity with the provisions of State statute.

Without such procedures, there is an increased risk for both material statutory noncompliance and loss of State revenue.

We recommend the Department implement procedures to ensure that tax credits under the Act expire in conformity with the provisions of State statute.

Department Response: The statute does not provide for an end date to the project. Rather, the statute provides that credits may not be carried over for more than a certain number of years following the end of the entitlement period. The language used by the legislature is referencing the tax years in which credits may be used. That means that if the relevant tax year is open to the statute of limitation, a tax return may be filed to utilize available credits. Additionally, DOR files the Nebraska Tax Incentives Report annually with the Legislature where the amount of outstanding credits under the Nebraska Advantage Act (NAA) is reported. For purposes of the report, DOR does not expire any credits that are open as a result of a statute of limitations extension even though the project itself has passed the last year of the carryover period. In the Nebraska Tax Incentives 2024 Annual Report to the Nebraska Legislature (issued 10/31/2024) DOR stated: “No new Nebraska Advantage Act applications may be filed after December 31, 2020. However, benefits under the Nebraska Advantage Act may be claimed through 2051, not including extensions or legal matters that remain open.” The Legislature is aware, through the DOR’s reporting, that credits may be claimed in years open to the statute of limitation even though the project itself has passed the last year of the carryover period. The additional language does not impact how DOR reports the data in the Annual Report, it provides an interpretation of that data.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

In addition, the incentives acts reference Neb. Rev. Stat. §77-2708 which allows refunds to be filed with a waiver for an extended period of time if a waiver has been given. Eliminating extensions would require legislative change.

APA Response: The statutes referenced in the finding are clear and unambiguous. Nevertheless, as the administrator of the Nebraska Advantage Act, the Department has the responsibility both to inform the Legislature of any apparent impediments, statutory or otherwise, to the proper functioning of the Act and to work energetically toward the appropriate resolution thereof.

Allowability of Certain Sales and Use Tax Refunds

Current language in the Act allows participating companies to receive refunds of sales and use tax on purchases that have little applicability towards the overall promotion of growth and investment within the State.

Neb. Rev. Stat. § 77-5726(1)(c) (Cum. Supp. 2024) states the following:

Credits may be used to obtain a refund of sales and use taxes under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, and sections 13-319, 13-324, 13-2813, and 77-6403 which are not otherwise refundable that are paid on purchases, including rentals, for use at the project for a tier 1, tier 2, tier 3, or tier 4 project or for use within this state for a tier 2 large data center project or a tier 6 project.

(Emphasis added.) The APA observed that the Department has used the above statutory language to allow refunds of sales tax paid on meals and food requested by participating companies.

The following are some examples found during our testing:

Company	Food Purchased	State Sales Tax Refunded
Company #4	550 entrees of 8 oz. New York strip steaks, green bean almondine, oven-roasted potatoes, cheesecake.	\$ 579
	555 entrees of beef brisket, turkey, mashed potatoes, green bean casserole, salad, rolls, pies.	\$ 554
	553 entrees of beef brisket, salmon filet and unidentified sides.	\$ 438
Total		\$ 1,571

Along with these catered meals, Company #4 requested and received from the Department a refund of sales tax paid on 157 unique food-related transactions, totaling \$3,384 in tax refunded, on one claim tested.

As the APA tests refund activity on only a sample basis, additional similar refunds are likely to have occurred.

The APA contends that allowing refunds of tax paid on catered meals or other food purchases is unreasonable for carrying out the purpose of promoting investment and employment growth in Nebraska. As noted previously, Neb. Rev. Stat. § 77-5733 (Reissue 2018) authorizes the Department to adopt rules and regulations to ensure fulfillment of the Act’s purposes. Such being the case, the Department should consider whether administrative rules and regulations could be utilized to prohibit refunds on items that fail to promote the purposes of the Act.

A proper system of internal control requires procedures, including the possible adoption of administrative rules and regulations, to ensure that unreasonable refunds of State and local sales and use taxes under the Act are identified, leading to action by the Department to prevent further payment thereof.

Without such procedures, there is an increased likelihood of similar refunds continuing to be paid.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

We recommend the Department implement procedures, including the possible adoption of administrative rules and regulations, to ensure that refunds of State and local sales and use taxes under the Act promote investment and employment growth in the State.

Department Response: As far as the legislative policy decisions as to which activities deserve benefits under the program, the DOR does not take a position.

APA Response: Being the administrator of the Nebraska Advantage Act, the Department has vital oversight responsibilities that include both informing the Legislature of important statutory considerations for ensuring the effectiveness of the Act and working toward their expedient implementation. While honoring the exclusive authority of the Legislature to make policy decisions, the Department is in a unique position to provide information and, in some instances, important assistance regarding beneficial statutory revisions to the Act.

Untimely Qualification Audits

Once a company has notified the Department that it has met the required levels of investment and employment to qualify for participation in the Act, the Department completes a qualification audit to determine whether the company is eligible to receive tax incentives and the amount thereof.

To ascertain whether the Department performed qualification audit work in a timely manner, the APA reviewed the following: (1) the length of time from a company’s notification to the Department to the start of the audit; and (2) the length of time to complete the audit once started.

There were four companies whose qualification audits took from 375 days (1.03 years) to 1,561 days (4.28 years) to start.

Company #	Number of Days (Years) From Notification to Start
Company #11	1,561 (4.28)
Company #17	434 (1.19)
Company #3	384 (1.05)
Company #19	375 (1.03)

We also found that the Department took from 431 days (1.18 years) to 1,534 days (4.20 years) to complete the qualification audits for 13 companies tested.

Company #	Number of Days (Years) From Start to Completion
Company #19	1,534 (4.20)
Company #3	1,253 (3.43)
Company #17	1,216 (3.33)
Company #16	897 (2.46)
Company #1	886 (2.43)
Company #2	784 (2.15)
Company #11	730 (2.00)
Company #15	676 (1.85)
Company #13	659 (1.81)
Company #7	631 (1.73)
Company #18	598 (1.64)
Company #20	448 (1.23)
Company #9	431 (1.18)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The Act contains no specific deadline for completing a qualification audit; however, a proper system of internal control requires the timely performance of all audit functions. The extensive delays noted reflect an ineffective control environment that increases the risk of fraud or abuse of State funds.

Additionally, delays in the qualification audit process affect the timeliness of all other processes performed by the Department under the Act, which further increases the risk of fraud or abuse of State funds.

A similar finding was noted in the prior year.

We recommend the Department implement procedures for ensuring that qualification audits are started and completed in a timely manner.

Department Response: There is no statutory deadline for the length of time that a qualification audit should take. Since a qualification audit determines whether a business has met the minimum required levels based on the type of project, and the level of benefits that the business earned for the audit period, it is unclear how the time to completion increases the risk of fraud, or abuse of State funds. The taxpayer provides substantiating information to ensure that all parts of the agreement have been met, and they are entitled to benefits. Sometimes delays occur due to the untimely receipt of requested information from the taxpayer.

APA Response: As noted in a similar response in last year’s management letter, despite the lack of a statutory deadline, the APA disagrees that untimely qualification audits pose no increased risk for fraud or abuse. The further removed that an audit is from the period tested, the greater the likelihood of adequate supporting documentation being unavailable – which necessarily heightens the potential for financial impropriety. Additionally, being the administrator of the Nebraska Advantage Act, the Department has vital oversight responsibilities that include both informing the Legislature of important statutory considerations for ensuring the effectiveness of the Act and working toward their expedient implementation.

Incomplete or Inadequate Departmental Reviews

The APA identified some issues with the various reviews performed by the Department for the tax incentive programs.

First, the Department failed to perform a proper review of each company’s annual filings of the Form 312N, which contains information pertaining to investment and compensation credits earned, including an examination of the pattern in full-time equivalent (FTE) growth, the withholding ratio, whether Medicare wages compared to taxable wages on the W-3N, etc. This form is used by companies to report tax credits earned.

Additionally, the APA discovered that the Department did not require participating companies to file the Form 312N each year until the expiration of all tax incentives under the Act, as stipulated in their signed agreements with the Department. Instead, the Department acts only on unfiled forms when companies are earning credits – even though the forms have important employment information that could be reviewed throughout the life of the project.

The Department also lacked procedures for adequately reviewing the invoices provided to support the refund claims. The APA selected a small sample of five invoices to review for the 16 refunds tested and noted the following issues:

- The Department’s reduction of a refund claim was inaccurate. This company reported no compensation or investment credits for the year ending December 31, 2023, which was the last year of its entitlement period. Therefore, the company was noncompliant with its project agreement. As such, the Department was authorized to retain 1/7 (for the number of years not in compliance) of the total amount of credits used, or \$539,083, which was split between State sales tax for \$408,960 and local sales tax for \$130,123.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The company had received refunds for income tax credits and withholding refunds, which are entirely State funded, but the Department's calculation allocated the reduction of those taxes to the local sales taxes as well. The APA's calculation included a reduction of \$453,234 for State sales taxes and \$85,849 for local sales taxes. The Department agreed that its original calculation was inaccurate.

Additionally, the Department failed to consider the impact of this reduction on the financial statement presentation by reducing the refund for sales taxes when the original refunds also involved income taxes.

- The Department took over four years to approve and pay a refund claim after the case with the company was settled in 2021.
- The Department failed to maintain documentation to support that it reviews prior invoices submitted for reimbursement to ensure no duplicated invoices are paid.
- Invoices contained different sales tax rates or incorrect sales tax calculations, which were not questioned by the Department.
- The amount of sales taxes requested for reimbursement differed from the amount of sales taxes included on the invoice, which was not questioned by the Department.
- Invoices lacked certain details needed to determine whether the refund was accurate or allowable, which was not questioned by the Department.
- Supporting documentation provided by the company did not agree to the invoices provided, which was not questioned by the Department.

It is important to remember that some companies remit hundreds of invoices to claim their refunds. Although our testing is limited, therefore, the errors that the Department failed to question could result in significant refund errors.

A proper system of internal control should ensure that audit and review procedures performed by the Department while administering the Act are timely and sufficient.

Otherwise, there is a significantly increased risk of fraud, waste, and abuse of State funds.

A similar finding was noted in the prior year.

We recommend the Department implement procedures for ensuring not only that its review of sales and use tax refund claims is accurate and complete but also all documentation pertinent thereto is maintained and reviewed.

Department Response: In our procedures we will implement steps to properly allocate recapture between the state and the applicable city.

The Department takes issue with the assertion that the refund claim was paid four years after the case was settled in 2021 as other related matters remained open with the taxpayer. Upon resolution those accounts were timely paid.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

SECRETARY OF STATE

Finding 2025-015

Accrual Response Form Reporting

Each year, agencies are required to complete an accrual response form and provide the information to the Department of Administrative Services – State Accounting Division (State Accounting) for use in its preparation of the Annual Comprehensive Financial Report. The accrual response form is designed to report end-of-year financial activity, including the reporting of any accounts receivables due to the State at June 30, 2025.

The Secretary of State neglected to include \$2,439,487 in accounts receivable on its accrual response form. During our review of journal entries recorded after the fiscal year end, we identified transactions that moved receipts from the Secretary of State’s fund to the various funds to which they were owed. These funds were identified in the accounting system as prior period (fiscal year 2025) activity. However, the original receipt of these funds was not recorded as prior period activity but should have been.

This resulted in the Auditor of Public Accounts proposing an adjusting journal entry, which was then recorded by State Accounting for the fiscal year June 30, 2025, financial statements.

A proper system of internal controls requires procedures to ensure that year-end financial information is properly reported to State Accounting. Without such procedures, there is an increased risk for financial statement misstatements.

We recommend the Secretary of State implement procedures to ensure that the year-end financial information reported to State Accounting is complete and accurate.

Secretary of State Response: As noted in the Auditor’s comment, the “funds were identified in the accounting system as prior period (fiscal year 2025) activity.” State Accounting guidance specifically states, “Transactions recorded as [prior period activity] should not be reported on the Accrual Response Form.” Based on this guidance and the many years of reporting these amounts in the same way, we believed these funds were being properly recorded as accounts receivable. Going forward, we will change our reporting in conformance with the Auditor’s management letter.

APA Response: The funds identified in the accounting system as prior period activity were related to the journal entry moving prior period receipts to the proper funds; however, the initial recording of the receipts was not properly accounted for as prior period activity, and should have been recorded as a receivable on the accrual response form.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF TRANSPORTATION

Finding 2025-016

Year-End Financial Reporting and Other Accounting Issues

The Department is responsible for ensuring accurate financial information is entered into the State’s accounting system, as well as reporting other financial information to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation.

The Department failed to report accurately values related to construction-in-progress (CIP), retainage payables, beginning balance adjustments, Federal grant expenditures, and infrastructure assessed road condition. See below for more information.

The table below details over \$6.7 million in errors made by the Department that, after inquiry, were proposed and adjusted by State Accounting to ensure the State’s financial statements were materially correct:

Description	Amount
Ongoing projects to the State’s highway system are reported as CIP until substantially complete. Projects meeting certain criteria for the preservation of the highway system are expensed as incurred. Two highway system projects were expensed in the prior year; however, these projects should have been capitalized, resulting in an understatement of CIP beginning balance of \$2,931,205.	\$ 2,931,205
Ongoing projects to the State’s highway system are reported as CIP until substantially complete. Projects meeting certain criteria for the preservation of the highway system are expensed as incurred. Three highway system projects were expensed in the current year; however, these projects should have been capitalized, resulting in an understatement of CIP beginning balance of \$119,871, and additions of \$3,035,370.	\$ 3,155,241
Payments made after the end of each fiscal year are recorded in the State’s accounting system as a prior period adjustment. One payment tested, totaling \$645,294, for October through December 2024 workers’ compensation expenses was incorrectly recorded as a prior period adjustment instead of as a current expenditure. This error resulted in the understatement of the Highway Fund beginning balance and transportation expenditures by the same amount.	\$ 645,294
Total Adjusted Errors	\$ 6,731,740

Additionally, State Accounting reports “Required Supplementary Information” in the Annual Comprehensive Financial Report, which contains the assessed condition of the State Highway System. The Department provides documentation containing these assessment amounts to State Accounting; however, the various reports provided did not agree to each other. After the Auditor of Public Accounts’ inquiry, it was determined that amounts contained in the original report were not calculated correctly, which resulted in the “Required Supplementary Information” table requiring adjustments.

Lastly, as described below, we identified over \$1.4 million in other accounting issues and financial statement errors that did not require formal adjustments to the financial statements either due to the insignificance of the dollar amount or the error being corrected by State Accounting:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Amount
The Department's Aeronautics Division records expenditures in the Airport Development Fund that are actually Federal Fund expenditures and are moved to the appropriate fund as part of the year-end process. The Department reported \$684,465 in expenses that were to be moved to the Federal Fund; however, upon inquiry, the Department could not provide documentation to support what fiscal year the expenses were incurred or if they have been included in prior accruals. Due to the lack of documentation, we could not determine the financial impact of this error on beginning fund balance or current expenditures.	\$ 684,465
Capital grant revenue is reported separately from operating grant revenue on the State's financial statements. The Department overstated the amount of capital grant revenue received by \$368,140. This caused State Accounting to reclassify an incorrect amount, resulting in the Highway Fund capital grant revenue being overstated by \$368,140 and the operating grant revenue being understated by the same amount.	\$ 368,140
Payments made after the end of each fiscal year are recorded in the State's accounting system as a prior period adjustment. One payment tested, totaling \$164,923, for work performed in fiscal year 2026 was incorrectly recorded as a prior period adjustment. As this payment was an inter-agency transaction, this error caused the Highway Fund payable and expenditures to be overstated by \$164,923 and the Other Special Revenue Fund receivable and revenue to be overstated by the same amount.	\$ 329,845
Retainage Payable includes liabilities due to contractors/vendors for amounts to be paid once a project is completed. The Department's retainage payable calculation failed to account for all prior period adjustments recorded in the State's accounting system during fiscal year 2026, resulting in the retainage payable being understated by \$22,443.	\$ 22,443
Total Unadjusted Errors	\$ 1,404,893

A proper system of internal control requires procedures to ensure complete and accurate financial information is entered into the State's accounting system and reported to State Accounting at year-end for proper financial statement presentation.

Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

A similar finding was noted in the previous four audits.

We recommend the Department implement procedures to ensure the accuracy of financial information entered into the State's accounting system and reported to State Accounting.

Department Response: The Year-End Financial Reporting and Other Accounting Issues finding relates to accounting and financial reporting errors only. It does not involve misappropriation or loss of funds. Rather, the finding reflects instances of inaccurate or incomplete financial reporting. NDOT will maintain rigorous oversight and conduct a thorough review of accruals each fiscal year to ensure continued accuracy and compliance.

The year-end reporting and accounting issues have been addressed, and corrective measures have been implemented to prevent similar reporting errors in the future. NDOT will also continue to work collaboratively with the Department of Administrative Services (DAS) to ensure the accuracy of reported information moving forward.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Regarding the Division of Aeronautics' \$684,465 finding, the discrepancy was identified during the audit process and was determined to be the result of miscoded federal receivables caused by journal entry transfers between business units. The Division of Aeronautics coordinated with DAS to develop and implement a corrective action plan. With DAS' guidance, the drawdown process was revised so that funds are deposited directly into the appropriate business unit, eliminating the need for journal entries. These changes, along with enhanced fiscal year expense reviews, will help ensure accurate financial reporting in the State's accounting system moving forward.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

III. Findings and Questioned Costs Relating to Federal Awards:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2025-017

Program: Various, including AL 93.778 – Grants to States for Medicaid – Allowable Costs/Cost Principles

Grant Number & Year: Various, including 2405NE5ADM, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.403 (October 1, 2024) states, in relevant part, the following:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

* * * *

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

* * * *

(g) Be adequately documented.

45 CFR § 75.405(b) (October 1, 2024) states, in relevant part, the following:

All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

45 CFR § 75, Appendix V, Subsection (G)(2), (October 1, 2024) states the following:

Internal service funds are dependent upon a reasonable level of working capital reserve to operate from one billing cycle to the next. Charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve, in addition to the full recovery of costs, are allowable. A working capital reserve as part of retained earnings of up to 60 calendar days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 calendar days may be approved by the cognizant agency for indirect costs in exceptional cases.

45 CFR § 75, Appendix V, Subsection (G)(4), (October 1, 2024) states, in relevant part, the following:

Billing rates used to charge Federal awards must be based on the estimated costs of providing the services, including an estimate of the allocable central service costs. A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and the allowable costs.

Neb. Rev. Stat. § 81-1120.22 (Reissue 2024) provides the following:

The Director of Communications shall develop a system of equitable billings and charges for communications services provided in any consolidated or joint-use system of communications. Such system of charges shall reflect, as nearly as may be practical, the actual share of costs incurred on behalf of or for services to each department, agency, or political subdivision provided communications services. Using agencies shall pay for such services out of appropriated or available funds. Beginning July 1, 2011, all payments shall be credited to the Communications Revolving Fund. Beginning July 1, 2011, all collections for payment of telephone expenses shall be credited to the Communications Revolving Fund.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

45 CFR § 75.444(a) (October 1, 2024) states, in relevant part, the following:

For states . . . , the general costs of government are unallowable. . . . Unallowable costs include:

(1) Salaries and expenses of the Office of the Governor of a state . . . ;

(2) Salaries and other expenses of a state legislature . . . [.]

A good internal control plan requires:

- Procedures to ensure rate charges are equitable, reflect actual costs incurred, and are reviewed periodically, so charges are appropriate for the services provided.
- Maintenance of adequate documentation to support both rates charged and the approval thereof.
- Periodic review of internal service fund balances to ensure revenues are not in excess of expenses.

Condition: The Agency lacked adequate documentation to support the rates charged by the Office of the Chief Information Office (OCIO). Additionally, the Agency's Material Division lacked adequate documentation to support service rates charged for the Print Shop.

Furthermore, we noted also that the Agency lacked adequate documentation to support the allocation of security costs in developing building rental rates.

Lastly, the OCIO Internal Service Fund Balance was greater than 60 calendar days for cash expenses for normal operations incurred.

A similar finding has been noted in prior audits since 2015.

Repeat Finding: 2024-029

Questioned Costs: Unknown

Statistical Sample: No

Context: We noted the following:

Office of the Chief Information Officer (OCIO)

As noted in prior audits, the OCIO lacked adequate support for service rates charged. The Agency was in the process of developing a standard procedure for each rate, but no changes were made for fiscal year 2025. In that year, the OCIO received \$27,337,548 in Federal dollars for services performed for Federal programs. Of this amount, \$15,736,395 was charged to Medicaid. As the rates were unsupported, the amount of questioned costs could not be determined.

Print Shop

As noted in prior audits, the Print Shop lacked adequate support for service rates charged. The Agency was in the process of updating its rates through a new methodology, but no changes were made for fiscal year 2025. Receipts from sales for that year totaled \$3,171,998. As the rates were unsupported, the amount of questioned costs could not be determined.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Building Division

The rental rate charged to agencies for building space includes an allocation for security costs. We noted that neither the State Capitol Building (Capitol) nor the Governor's residence was allocated any costs for security, even though both locations have security. Because these locations were not allocated any security costs, Federal programs could be overcharged. Moreover, security costs to the Capitol and the Governor's residence are general costs of government and, therefore, not allowable. The fiscal year 2025 indirect allocations for security total \$1,137,662.

OCIO Internal Service Fund Balance

Per the Agency's calculation, as of June 30, 2024, the OCIO Internal Service Fund Balance for allowable costs was \$26.743 million; however, the allowable reserve was only \$20.826 million, a difference of \$5.917 million. The Agency has not completed its calculation for June 30, 2025; however, per the APA's review of the State accounting system, the fund balance has increased by over \$9 million during State fiscal year 2025 and was significantly larger than the allowable reserve at June 30, 2025.

Cause: Procedures are inadequate to ensure that rates are sufficiently supported, and the Internal Service Fund Balances do not exceed allowable thresholds.

Effect: Without adequate controls and procedures to ensure rates are equitable and based on actual costs, there is an increased risk that Federal programs or State agencies will be overcharged for services, and the Agency's internal service funds will exceed the allowable threshold per Federal regulations. When security costs are not allocated to all buildings in an equitable manner, moreover, the risk of Federal programs not being charged in accordance with Federal cost principles is increased.

Recommendation: We recommend the Agency review its allocation of security costs to ensure that such costs are allocated in an equitable manner to all activities that benefit from the services. Additionally, we recommend the Agency maintain adequate documentation to support charges and ensure rates are equitable and reflect the actual costs incurred for services. Lastly, we recommend the Agency implement procedures to ensure fund balances do not exceed the allowable threshold.

Management Response: The OCIO agrees with the finding as it is the result of rates calculated 18-24 months in advance of the period under review as this was the 2nd year of the State's fiscal biennium. Efforts have been made to both reduce the number of rates for clarity as well as right size the rate to align with cost recovery expectations more effectively. In addition, OCIO will be engaging in a period of "no-bills" to customer agencies to draw down the identified federal funds OCIO had previously collected and are in excess of the 60-day allowable threshold.

The Print Shop is reviewing other options to provide Printing Services to state agencies.

DAS Building Division - The methodology for the allocation for security (an Indirect Cost) is a management decision and there have been no changes in the allocation methodology.

APA Response: As noted above, security costs to the Capitol and the Governor's residence are general costs of government and, therefore, not allowable. This is true regardless of any management decision.

Finding 2025-018

Program: Various, including 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds; 10.555 – National School Lunch Program – Reporting

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Grant Number & Year: Various, including SLFRP1965, March 3, 2021, through December 31, 2024; 253NE308N1099, FFY 2025

Federal Grantor Agency: Various, including U.S. Department of the Treasury and U.S. Department of Agriculture

Criteria: A good internal control plan requires adequate procedures to ensure the Schedule of Expenditures of Federal Awards (SEFA) is presented properly.

2 CFR § 200.510(b) (January 1, 2024, and January 1, 2025) states that the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements that includes the total Federal awards expended, the total Federal awards expended for each individual Federal program, and the total amount provided to subrecipients from each Federal program.

Neb. Rev. Stat. § 81-1111(1) (Reissue 2024) states, in part, the following:

Subject to the supervision of the Director of Administrative Services, the Accounting Administrator shall have the authority to prescribe the system of accounts and accounting to be maintained by the state and its departments and agencies, develop necessary accounting policies and procedures, coordinate and approve all proposed financial systems, and manage all accounting matters of the state’s central system.

EnterpriseOne is the official accounting system of the State.

Condition: Several programs did not have expenditures or the amount provided to subrecipients reported accurately on the SEFA. We notified the Department of Administrative Services (Administrative Services) of the errors, and the SEFA was subsequently adjusted. A similar finding has been noted for several years.

Repeat Finding: 2024-030

Questioned Costs: None

Statistical Sample: No

Context: Administrative Services is responsible for managing the accounting matters of the State and certifies the data collection form for the Statewide Single Audit. Administrative Services compiles the SEFA from information provided by the individual agencies and submits it to the auditor. During our review, we noted 12 programs for various State agencies needed correction. This included overreporting AL 21.027 by \$4,254,865 and underreporting AL 10.555 by \$4,757,669. Additionally, a program was originally included on the SEFA for over \$16 million that was initially selected as a major program; however, it was determined subsequently that the program should not have been reported on the SEFA.

The total expenditures and amounts provided to subrecipients, as both originally reported and per the final SEFA, were as follows:

Original SEFA		Final SEFA	
Expenditures	Subrecipients	Expenditures	Subrecipients
\$ 5,856,769,376	\$ 1,401,950,202	\$ 5,842,242,697	\$ 1,394,617,669

Cause: Administrative Services did not have adequate procedures to ensure the accuracy of amounts not pulled directly from the accounting system. Administrative Services established a specific account code for aid to subrecipients, but not all agencies utilized this account code.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Effect: Increased risk for the SEFA to be inaccurate, which could lead to Federal sanctions or programs not audited that should be.

Recommendation: We recommend Administrative Services improve procedures to ensure the SEFA is complete and accurate.

Management Response: We will continue agency training, review of chart of accounts setup, review of object account usage, and working with State employees to help ensure the SEFA is accurate and complete.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF ECONOMIC DEVELOPMENT

Finding 2025-019

Program: AL 21.029 – COVID-19 Coronavirus Capital Projects Fund – Reporting

Grant Number & Year: CPFFN0183, grant period ending December 31, 2026

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 2 CFR § 170, Appendix A I. (January 1, 2024) states, in part, the following:

a. Reporting of first-tier subawards.

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency

2. Where and when to report.

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made.

Good internal controls require procedures to ensure all required reports are submitted on time.

Condition: Federal Funding Accountability and Transparency Act (FFATA) reporting was not completed for the one subaward issued by the Agency for the Coronavirus Capital Projects Fund program.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: Twenty-nine subawards obligated to 10 subrecipients, totaling \$65,921,433, were required to be reported during the fiscal year ended June 30, 2025. We tested 11 of the subawards (to three subrecipients), and one of those subawards was not reported. The subaward obligated \$35,000,000 to one subrecipient in March 2024 for a Multi-Purpose Community Facility Project. This award was required to be reported in the FFATA Subaward Reporting System (FSRS) by April 30, 2024. Upon inquiry, it was noted that the Agency was unaware that FFATA reporting was required for this program and, as such, had not completed the required reporting. After our inquiry, the Agency attempted to complete the reporting; however, as of November 3, 2025, the award still had not been reported.

Transactions Tested	Subawards Not Reported	Subawards Not Reported Timely	Subawards Amount Incorrect	Subawards Missing Key Elements
11	1	0	0	0
Dollar Amount of Tested Transactions	Dollar Amount of Subawards Not Reported	Dollar Amount of Subawards Not Reported Timely	Dollar Amount of Subawards Amount Incorrect	Dollar Amount of Subawards Missing Key Elements
\$ 45,492,483	\$ 35,000,000	\$ 0	\$ 0	\$ 0

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: Inadequate procedures to ensure that all required reporting was completed.

Effect: Without adequate procedures, there is an increased risk that subawards will not be reported timely.

Recommendation: We recommend the Agency improve its procedures to ensure all subawards are properly reported as required.

Management Response: DED acknowledges that it failed to complete the Federal Funding Accountability and Transparency Act (FFATA) for the subaward that DED issued for the Coronavirus Capital Projects Fund program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF EDUCATION

Finding 2025-020

Program: AL 10.553 – School Breakfast Program; AL 10.555 – National School Lunch Program; AL 10.556 – Special Milk Program for Children; AL 10.559 – Summer Food Service Program for Children; and AL 10.582 – Fresh Fruit and Vegetable Program – Reporting

Grant Number & Year: Various, including 253NE308N1199, FFY 2025; and 253NE308N1099, FFY 2025

Federal Grantor Agency: U.S. Department of Agriculture

Criteria: 2 CFR § 170, Appendix A I. (January 1, 2025) states, in part, the following:

- (a) Reporting of first-tier subawards – (1) Applicability. Unless the recipient is exempt as provided in paragraph (d) of this award term, the recipient must report each subaward that equals or exceeds \$30,000 in Federal funds for a subaward to an entity or Federal agency. The recipient must also report a subaward if a modification increases the Federal funding to an amount that equals or exceeds \$30,000. All reported subawards should reflect the total amount of the subaward.*

- (2) Reporting Requirements. (i) The recipient must report each subaward described in paragraph (a)(1) of this award term to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at <http://www.fsrs.gov>.*
 - (ii) For subaward information, report no later than the end of the month following the month in which the subaward was issued. . . .*

Good internal control requires procedures to ensure all required reports are submitted on time.

Condition: Federal Funding Accountability and Transparency Act (FFATA) reporting for the Child Nutrition programs has not been completed since December 2020 as of January 14, 2026. A similar finding was noted in the prior audit.

Repeat Finding: 2024-031

Questioned Costs: None

Statistical Sample: No

Context: We met with the Agency to verify that the reporting had been completed. However, during our discussions, it was noted that the Agency was still unable to upload the required reports because it was using the wrong Federal Award Identification Numbers (FAINs). As of January 14, 2026, the reporting still had not been completed. For the fiscal year ended June 30, 2025, the Agency paid subrecipients \$134,745,728 from the Child Nutrition programs.

Cause: The Agency had not developed adequate procedures to complete the reporting requirements and was using the wrong information for the FAINs, causing the data-upload file to be rejected.

Effect: Without adequate procedures to ensure that FFATA reports are submitted in a timely manner, there is an increased risk of the State not complying with Federal regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Recommendation: We recommend the Agency update its procedures and complete the FFATA reporting as soon as possible.

Management Response: The FAINs used for FFATA reporting did not match the coding utilized in the E1 payment system the NDE uses. Therefore, the report of recipient payments was not generating data that the sam.gov reporting system recognized and would accept.

Finding 2025-021

Program: AL 84.010 – Title I Grants to Local Educational Agencies – Subrecipient Monitoring

Grant Number & Year: All open, including S010A230027, FFY 2024; S010A240027, FFY 2025

Federal Grantor Agency: U.S. Department of Education

Criteria: 2 CFR § 200.332 (January 1, 2024, and January 1, 2025) requires a pass-through entity to monitor the activities of subrecipients as necessary to ensure that subaward funds are used for authorized purposes in compliance with Federal regulations, track Single audit requirements and verify that a Single audit was obtained if required, review financial and performance reports of the subrecipient, and follow-up and resolve all audit finding pertaining to the Federal award.

2 CFR § 200.501 (January 1, 2024), as it applies to audit requirements of entities for fiscal years ended prior to October 1, 2025, states the following:

(a) Audit required. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

(b) Single audit. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with § 200.514[.]

Good internal control requires policies and procedures to ensure that subrecipient monitoring is sufficiently designed and performed regularly to provide assurance that grant funds are used in accordance with Federal requirements. This includes maintaining adequate documentation to support fiscal monitoring performed for Federal programs and documentation of follow-up procedures performed when subrecipients are expected to have Federal expenditures exceeding Federal audit requirement thresholds but do not receive a Federal Single audit.

Condition: The Agency's procedures can be improved to ensure that:

- Subrecipients' uses of funds were monitored to ensure compliance with all Federal and grant requirements.
- Subrecipients obtain Single audits mandated by Federal requirements.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The Agency disbursed \$106,911,261 of Title I Federal funds to 242 different subrecipients during the fiscal year ended June 30, 2025. We noted the following during our subrecipient monitoring testing.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Insufficient Subrecipient Fiscal Monitoring Procedures

Per its fiscal monitoring procedures and schedule, the Agency is to perform fiscal monitoring of the various subrecipients on a three-year rotational cycle. These procedures include reviewing subrecipient expenditures claimed for subgrant awards applicable for the period the Agency is monitoring. We randomly selected 25 subrecipients to review the fiscal monitoring documentation provided by the Agency. We noted the following for two subrecipients:

- For one subrecipient tested, the fiscal monitoring was last completed in August 2021 for the 2019–2020 program year, during which no compliance errors were noted. Per the Agency, fiscal monitoring was scheduled to be performed again in calendar year 2023 for the 2022–2023 program year; however, this monitoring was never performed. As of June 30, 2025, no fiscal monitoring review had been initiated. Additionally, during a review of reimbursement requests submitted during the fiscal year, we noted some questionable expenditures, including \$3,027 spent on hotels at Disney’s Animal Kingdom in Florida, which were reportedly in association with a teaching conference held eight miles away at the Orlando World Center Marriott. The daily rate charged by the hotel was \$299 per night; the Government Services Administration’s rate for lodging in Orlando for June 2024 was \$140 per night. We also noted that a possible travel expenditure of \$955 was paid to Holiday Express for which no support was obtained. These types of higher-risk expenditures further highlight the need for subrecipient monitoring to be performed regularly.
- For another subrecipient, the Agency last completed its fiscal monitoring in August 2025 for the 2023–2024 program year. However, monitoring documentation was not sufficient to determine what monitoring procedures were completed or whether that monitoring was adequate. While we did observe various records on file, including employee time and effort logs and invoices supporting supplies and service costs, the audit worksheet that the Agency is supposed to complete for all fiscal monitoring performed did not indicate what items were reviewed or the conclusion regarding those items. We did observe an exit letter issued by the Agency in August 2025, which indicated that no issues were found.

Single Audit Tracking Procedures

During our review of subrecipient audits and Single audit tracking procedures implemented by the Agency, we noted that, for one subrecipient tested, the Agency had identified the subrecipient as having more than \$750,000 in Federal expenditures for the subrecipient’s fiscal year ended August 31, 2024, but noted that no Single audit was required. After we inquired with the Agency, no documentation could be provided to support that the Agency performed any follow-up procedures to verify that a Single audit was not required.

Cause: Inadequate procedures to ensure that subrecipients complied with all Federal and grant requirements or to ensure that subrecipients obtained Single audits when required.

Effect: Without adequate monitoring and review procedures, there is an increased risk that Federal awards could be used for unallowable costs.

Recommendation: We recommend the Agency strengthen procedures to ensure that subrecipient monitoring is properly designed to ensure compliance with all Federal and grant requirements and that documentation is maintained to support procedures performed. We also recommend the Agency strengthen procedures to ensure that subrecipient Single audit requirements are properly tracked, and all Single audits are reviewed in a timely manner.

Management Response: NDE agrees with this finding.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-022

Program: AL 84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States – Reporting

Grant Number & Year: H126A240039, FFY 2024; H126A250039, FFY 2025

Federal Grantor Agency: U.S. Department of Education

Criteria: Per 2 CFR § 3474.1 (January 1, 2024, and January 1, 2025), the U.S. Department of Education adopted the OMB Uniform Guidance in 2 CFR part 200, except for 2 CFR § 200.102(a) and 200.207(a).

2 CFR § 200.302 (January 1, 2024, and January 1, 2025) requires financial management systems of the State to be sufficient to permit both preparation of required reports and tracing of funds to a level of expenditures adequate to establish that the use of those funds was in accordance with applicable regulations.

Per 34 CFR § 76.707 (July 1, 2024), personal services performed by an employee of the State are obligated when the services are performed.

Good internal control and sound accounting practices require adequate policies and procedures to ensure that information included in Federal reports is correct and accurate.

Condition: The Agency lacked procedures to ensure that the unliquidated obligations and administrative costs were reported accurately on the RSA-17 reports.

Repeat Finding: 2024-033

Questioned Costs: None

Statistical Sample: No

Context: We tested two RSA-17 reports submitted by the Agency. We noted the following:

Grant H126A240039, Quarter Ended March 31, 2025

- The Federal Share of Unliquidated Obligations reported on line 18 was \$3,760,436. The amounts reported were not correct due to the following:
 - The Agency did not report \$190,628 of payroll costs charged to the grant on April 2, 2025, which was associated with work performed during the period March 10, 2025, through March 23, 2025.
 - The Agency reported \$626,761 of unliquidated payroll obligations for payroll costs charged to the grant on April 16, 2025, which was associated with work performed during the period March 24, 2025, through April 6, 2025. Work performed during the period April 1, 2025, through April 6, 2025, would not constitute an obligation as of March 31, 2025.

Grant H126A250039, Quarter Ended March 31, 2025

- The Non-Federal Share of Unliquidated Obligations reported on line 29 was \$110,371. The amount reported was incorrect, as it excluded \$441,446 in payroll costs for vocational rehabilitation services performed from March 10, 2025, through March 23, 2025, which were coded to non-Federal funds on April 2, 2025.
- The Administrative Expenditures reported on line 37 was \$1,533,909. The amount reported was incorrect because it counted indirect costs twice, resulting in an overstatement of \$244,108.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: Inadequate review and documentation of amounts reported.

Effect: Increased risk for errors and noncompliance with Federal requirements.

Recommendation: We recommend the Agency update its procedures to ensure that obligations and expenditures are being properly reported in accordance with reporting requirements.

Management Response: H126A2400390 - Federal Share of Unliquidated Obligations: Agency error in noting that 3/23/25 payroll had not posted by 3/31/25, and inclusion of partial payroll (4/1-4/6) in unliquidated obligations.

H126A2500390 - Non-federal Share of Unliquidated Obligations: While these payroll costs were obligated to H126A2500390 on the 4/2/2025 payroll, Nebraska VR anticipated a JE from H126A2500390 to H126A2400390 would be completed because the match requirement for H126A2500390 had been met, and an overmatch of general funds would have resulted in an MOE penalty. Based on the information at that time and the assumption the costs would be paid from H126A2400390, they were included as an unliquidated obligation on the H126A2400390 RSA17. Due to an opportunity to capture additional federal dollars via the re-allotment process, it was later determined to leave the payroll costs coded to H126A2500390 and draw down additional federal funds. For future reports, unliquidated obligations will be reported as is.

Administrative Expenditures: When providing documentation for the audit, Nebraska VR discovered this error and reported it to the auditor. The federal report has been re-opened and the error corrected.

Finding 2025-023

Program: AL 84.365 – English Language Acquisition State Grants – Subrecipient Monitoring

Grant Number & Year: All open, including S365A230027, FFY 2024; T365A240027, FFY 2025

Federal Grantor Agency: U.S. Department of Education

Criteria: 2 CFR § 200.332 (January 1, 2024, and January 1, 2025) requires a pass-through entity to monitor the activities of subrecipients as necessary to ensure that subaward funds are used for authorized purposes in compliance with Federal regulations, track Single audit requirements and verify that a Single audit was obtained, if required, review financial and performance reports of the subrecipient, and follow up and resolve all audit finding pertaining to the Federal award.

Good internal control requires policies and procedures to ensure that subrecipient monitoring is sufficiently designed and performed regularly to provide assurance that grant funds are used in accordance with Federal requirements. This includes maintaining adequate documentation to support fiscal monitoring performed for Federal programs, such as documenting the populations of transactions that agree or reconcile to reimbursement requests, identifying the specific transactions that are being reviewed, and maintaining supporting documentation for those specific items reviewed.

Condition: The Agency lacked adequate procedures for monitoring subrecipient use of funds to ensure compliance with all Federal and grant requirements.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Context: The Agency disbursed \$6,255,240 of Federal funds to 26 different subrecipients during the fiscal year ended June 30, 2025. We randomly selected 10 subrecipients to ensure that subrecipient monitoring was adequate to ensure that funds were used in accordance with Federal requirements. We noted issues with monitoring procedures for eight subrecipients tested. The following table identifies the eight subrecipients, the total amount of aid paid during the fiscal year ended June 30, 2025, the last school year reviewed, and the funds subject to monitoring for those years.

Subrecipient	Funds Received in FY25	School Year Reviewed	Funds Subject to the Review	
			English Learners (EL)	Immigrant Education (IE)
Education Service Unit 3	\$ 39,364	2023-2024	\$ 31,241	\$ 3,485
Fremont Public Schools	\$ 351,965	2020-2021	\$ 97,048	\$ 74,892
Education Service Unit 13	\$ 85,555	2023-2024	\$ 72,451	N/A
Education Service Unit 4	\$ 89,698	2022-2023	\$ 63,001	\$ 2,313
Norfolk Public Schools	\$ 83,537	2023-2024	\$ 34,558	\$ 14,093
South Sioux City Community Schools	\$ 146,723	unknown	unknown	unknown
Columbus Public Schools	\$ 158,357	2019-2020	\$ 62,850	\$ 16,728
Omaha Public Schools	\$ 3,236,357	2023-2024	\$ 2,431,874	\$ 261,763
Totals	\$ 4,191,556		\$ 2,793,023	\$ 373,274

Insufficient Subrecipient Fiscal Monitoring Procedures

Per the Agency’s fiscal monitoring procedures and monitoring schedule, the Agency is to perform fiscal monitoring of the various subrecipients on a three-year rotational cycle. These procedures include reviewing subrecipient expenditures claimed for subgrant awards applicable for the period the Agency is monitoring. There are two subprograms that subrecipients may be awarded Federal funds by the Agency, Immigrant Education (IE) for schools that have experienced a significant increase in number of immigrant children and youth in their schools, and English Learners (EL) for schools to use to help identified students attain English proficiency and meet challenging State academic standards.

During review of fiscal monitoring documentation provided by the Agency, we noted the following:

- For one subrecipient tested, the Agency could not provide documentation to support the Agency’s last completed review. The Agency did provide an engagement letter, dated November 18, 2025, indicating that it had started a new monitoring review of the subrecipient for the 2023-2024 school year; however, this was after our audit period and was not yet completed.
- For seven subrecipients tested, we were unable to determine how the Agency had sampled transactions for the subrecipients’ accounting records, such as a general ledger report of transactions, supporting the expenditures for the periods being reviewed. In one instance, no such records were provided in the review documentation. In another instance, the accounting records did not agree to the period being reviewed, and there was no documentation of a reconciliation by the Agency. For the remaining five, there were appropriate accounting reports; however, there was not adequate documentation of items selected for review. Additionally, when considering the specific IE and EL subprograms for which subrecipients are awarded funds, we noted the following:
 - For two subrecipients, there was no documentation that amounts awarded under the IE or EL subprogram were reviewed. For one of the subrecipients, documentation was provided, but it was not clear if it was actually reviewed by the Agency.
 - For four subrecipients, transactions were identified as being reviewed for the IE subprogram; however, there was no supporting documentation on file that could be provided to us for verification.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- For four subrecipients that received EL subprogram funds, documentation was not adequate to support amounts reviewed. For one, there was no indication of amounts reviewed. Amounts were identified for the other three, but the Agency did not have any supporting documentation for the amounts identified, or it was not clear that supporting documentation was actually reviewed.

We also noted that, for one subrecipient tested, the most recent fiscal monitoring review was completed in calendar year 2021, which was over three years prior. As the Agency's procedures indicate every subrecipient should be subject to fiscal monitoring at least once every three years, we consider this review to be untimely.

Other Issues Noted

During our review of one subrecipient aid payment tested, we noted that the Agency's reimbursement request review did not obtain documentation for credit card transactions, totaling \$7,118, as required by the Agency's grant management procedures. The Agency personnel that reviewed the request had indicated they reviewed the credit card transactions; however, no documentation was obtained and on file to support the transactions in accordance with the Agency's grant management procedures.

Additionally, we noted one instance of the Agency not having documentation on file to demonstrate that it followed up on corrective actions being taken by a subrecipient for issues the Agency identified during its subrecipient monitoring.

Cause: Inadequate procedures to ensure that subrecipients complied with all Federal and grant requirements.

Effect: Without adequate monitoring and review procedures, there is an increased risk that Federal awards could be used for unallowable costs.

Recommendation: We recommend the Agency strengthen procedures to ensure that subrecipient monitoring is properly designed to ensure compliance with all Federal and grant requirements, and documentation is maintained to support procedures performed, including maintaining documentation of follow-up performed when corrective action plans are required for problems identified during the monitoring.

Management Response: NDE agrees with this finding.

Finding 2025-024

Program: AL 84.425U – COVID-19 Education Stabilization Fund – American Rescue Plan – Elementary and Secondary School Emergency Relief Fund (ARP ESSER) – Reporting

Grant Number & Year: S425U210048, grant period ending 9/30/2024

Federal Grantor Agency: U.S. Department of Education

Criteria: 2 CFR § 170, Appendix A I. (January 1, 2024) states, in part, the following:

- a. *Reporting of first-tier subawards.*

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

2. *Where and when to report.*

- i. *The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.*
- ii. *For subaward information, report no later than the end of the month following the month in which the obligation was made. . . .*

2 CFR § 200.511 (January 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) of that same regulation states, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

Good internal control requires procedures to ensure all subawards subject to Federal Funding Accountability and Transparency Act (FFATA) reporting are submitted on time.

Condition: FFATA reporting was not submitted for one of five subawards/amendments tested. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2024-035

Questioned Costs: None

Statistical Sample: No

Context: Per the usaspending.gov website, the Agency had reported 20 subawards/amendments obligated during the fiscal year ended June 30, 2025, totaling \$1,378,197. We tested five subawards/amendments. One subaward was not reported in the FFATA Subaward Reporting Systems (FSRS) as of February 18, 2026.

Transactions Tested	Subawards Not Reported	Subawards Not Reported Timely	Subawards Amount Incorrect	Subawards Missing Key Elements
5	1	0	0	0
Dollar Amount of Tested Transactions	Dollar Amount of Subawards Not Reported	Dollar Amount of Subawards Not Reported Timely	Dollar Amount of Subawards Amount Incorrect	Dollar Amount of Subawards Missing Key Elements
\$ 1,717,401	\$ 1,000,000	\$ 0	\$ 0	\$ 0

Cause: Inadequate review and reporting procedures.

Effect: Without adequate procedures, there is an increased risk of noncompliance with Federal regulations.

Recommendation: We recommend the Agency review its procedures for FFATA reporting to ensure compliance with Federal Requirements.

Management Response: NDE agrees with this finding.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2025-025

Program: AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.558 – Temporary Assistance for Needy Families; AL 93.563 – Child Support Services; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 Child Care and Development Block Grant; AL 93.658 – Foster Care Title IV-E; AL 93.659 – Adoption Assistance; AL 93.767 – Children’s Health Insurance Program; AL 93.778 – Grants to States for Medicaid – Allowable Cost/Cost Principles

Grant Number & Year: 243NE406S2514, FFY 2024; 253NE406S2514, FFY 2025; 2201NETANF, FFY 2022; 2501NESCSS, FFY 2025; 2401NERCMA, FFY 2024; 2301NECCDD, FFY 2023; 2401NECCDD, FFY 2024; 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025; 2401NEADPT, FFY 2024; 2501NEADPT, FFY 2025; 2405NE5021, FFY 2024; 2505NE5021, FFY 2025; 2405NE5ADM, FFY 2024; 2505NE5ADM, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services and U.S. Department of Agriculture

Criteria: Per 2 CFR § 400.1 (January 1, 2024, and January 1, 2025), the U.S. Department of Agriculture adopted the OMB Uniform Guidance as its policies and procedures for uniform administrative requirements, cost principles, and audit requirements for Federal awards.

Per 45 CFR § 75.405(a) (October 1, 2024) and 2 CFR § 200.405(a) (January 1, 2024, and January 1, 2025), costs are allocable to Federal awards or other cost objectives if the costs involved are assignable to those Federal awards or other cost objectives in accordance with relative benefits received.

45 CFR § 75.403 (October 1, 2024) and 2 CFR § 200.403 (January 1, 2024, and January 1, 2025) require costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.303 (October 1, 2024) and 2 CFR § 200.303 (January 1, 2024, and January 1, 2025) require the State to “maintain effective internal control over the Federal award that provides reasonable assurance that the [State] is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

45 CFR § 75.302 (October 1, 2024) and 2 CFR § 200.302 (January 1, 2024, and January 1, 2025) require financial management systems of the State sufficient to permit both preparation of required reports and tracing of funds to a level of expenditures adequate to establish that the use of those funds was in accordance with applicable regulations.

Per Title 471 NAC 25, Attachment A, Claiming Issues, C. Offset of Revenues (eff. 10/4/2020) and the Medicaid School-Based Administrative Claiming Guide provided by the Centers for Medicare and Medicaid Services (May 2003), Section V (“Claiming Issues”), C. (“Offset Revenues”), “[a] government program may not be reimbursed in excess of its actual costs, i.e., make a profit.”

EnterpriseOne is the official accounting system for the State of Nebraska, and all expenditures are generated from it.

Good internal control requires procedures to ensure that amounts charged to Federal funds are proper.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

45 CFR § 75.511 (October 1, 2024) and 2 CFR § 200.511 (January 1, 2024, and January 1, 2025) require the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) of both regulations also requires that, when the audit findings were not corrected or only partially corrected, the auditee must describe the reasons for the findings recurrence and planned corrective action.

Condition: Inadequate procedures to ensure the accuracy of journal entries and adjustments to the Public Assistance Cost Allocation Plan (PACAP), resulting in multiple Federal programs being overcharged. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2024-037

Questioned Costs: \$3,986,559 known

AL #	Grant #	Questioned Costs (Federal Share)
10.561	243NE406S2514	\$ 43,194
10.561	253NE406S2514	\$ 124,058
93.558	2201NETANF	\$ 22,258
93.563	2501NESCSS	\$ 65,422
93.566	2401NERCMA	\$ 4,200
93.575	2301NECCDD	\$ 69,873
93.575	2401NECCDD	\$ 7,895
93.658	2401NEFOST	\$ 27,529
93.658	2501NEFOST	\$ 2,624,487
93.659	2401NEADPT	\$ 29,876
93.659	2501NEADPT	\$ 1,062
93.767	2405NE5021	\$ 16,918
93.767	2505NE5021	\$ 8,324
93.778	2405NE5ADM	\$ 58,159
93.778	2505NE5ADM	\$ 883,304

Statistical Sample: No

Context: We selected 14 journal entries related to the PACAP. We noted the following:

- Four journal entries to reconcile Foster Care Title IV-E expenditures to the PACAP contained multiple errors, including using aid amounts as administrative costs, miscalculating the portion of the Bridge to Independence (B2I) program that can be charged to the grant, not accounting for all amounts already charged to the grant, and adding in additional amounts earned that did not exist or were calculated incorrectly. For one entry, the Agency not only calculated the wrong amounts to charge to the grant, but then posted the exact same entry from the previous quarter instead of the current quarter's entry. In total, \$306,667 was overcharged to the Foster Care Title IV-E grant due to these errors. We consider this amount to be Federal questioned costs.
- Another journal entry for Foster Care Title IV-E was posted to correct an error in previous quarters' journal entries. The Agency was charging program-related training costs at a 50% Federal financial participation rate (FFP), while such activity is allowable at a 75% FFP. However, the Agency did not correctly account for all the costs that had already been charged to the grant for training costs. This error led to the Agency charging an additional \$1,777,318 in costs to the Federal award that was already charged to the grant. We consider this amount to be Federal questioned costs.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- One journal entry was to reconcile Supplemental Nutrition Assistance Program (SNAP) expenditures to the PACAP. The Agency’s calculation included costs earned by the Summer EBT program but failed to include amounts already charged to the Summer EBT Federal grant of \$72,292. Additionally, the Summer EBT program is a separate Federal grant from SNAP and should have been accounted for separately. The full \$72,292 is the Federal portion and is considered questioned costs.
- One journal entry to reconcile Medicaid administrative expenditures to the PACAP did not properly account for \$35,114 in personnel costs that had already been charged to the grant. As a result, the Federal funds were overcharged this amount and are considered questioned costs.
- One journal entry to allocate costs related to Field Office Administration to various programs across the Agency for the month of March 2025 was calculated incorrectly and did not account for all programs involved. Each quarter, Field Office Administration costs are allocated in the PACAP to various programs based on hours worked in the field offices. The journal entry tested was meant to do the same calculation, but on a monthly basis, so programs can keep track of their budgets more timely. When calculating the amounts to allocate, however, the Agency used six months of costs, or \$1,798,755, rather than just the costs that occurred in March 2025, or \$171,255. Further, the Agency did not move the costs to all of the applicable programs, such as Foster Care and SNAP. Lastly, the Agency used the Labor Hours from the quarter ending December 31, 2023, rather than the quarter ending March 31, 2025. Due to these errors, Medicaid was overcharged \$131,637, which are considered Federal questioned costs.
- For one journal entry to move costs from the State General Fund to a Cash Fund for \$1,766,949, the Agency used the incorrect business units within EnterpriseOne, which resulted in multiple Federal programs being overcharged through the PACAP, as listed below. We consider these to be Federal questioned costs.

AL #	Program	Questioned Costs (Federal Share)
10.561	SNAP	\$ 51,766
93.558	TANF	\$ 13,983
93.563	Child Support Services	\$ 65,422
93.566	Refugee Assistance	\$ 3,564
93.575	Child Care	\$ 69,873
93.658	Foster Care	\$ 177,479
93.659	Adoption	\$ 1,062
93.767	CHIP	\$ 8,324
93.778	Medicaid	\$ 208,694

We also selected six adjustments made to the PACAP and noted the following:

- Two adjustments tested were related to the Medicaid School-based Administration program. The Agency uses a contractor to determine the allowable Medicaid activities by school district, and the amounts owed to each school district, for the Federal share of expenses. Schools are responsible for covering matching funds. The Agency makes an adjustment to the Cost Allocation Plan to account for the matching funds that are not shown on the State Accounting records. However, we noted that the Agency is calculating this adjustment based on the amount of allowable expenses provided by the contract, and not the actual amount of Federal funds paid to the schools. The Agency reduces the amount to pay to the schools for missing provider enrollment, negative claims, and/or recoupments. We then reviewed the CMS-64 reports and noted that the Agency is claiming

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

the entire amount of allowable expenses provided by the contractor, and not just the amount paid to the schools. It is not reasonable to claim costs on the CMS-64 reports that are not actually spent. We recalculated the amounts that should have been reported based on the actual amounts paid to the schools and noted that the Agency overclaimed \$566,018 in Federal costs.

Of the \$566,018, \$110,970 is due to a 3% fee for administration that the Agency subtracts from each school's payment. The Agency then essentially pays itself this amount through a reconciliation journal entry. Administrative costs of the Agency are distributed through the PACAP to benefiting programs and would include charges to Medicaid; therefore, the Federal portion of the 3% administrative fee should have been credited back to Medicaid, but it was not.

The \$566,018 is considered Federal questioned costs.

- Two adjustments tested were to correct prior period allocation errors. Both errors were due to a finding from the Fiscal Year 2024 Single audit. The Agency's calculations to correct allocations included errors, such as using the incorrect statistics, using the incorrect amounts, and inputting the incorrect amounts into the cost allocation system. These errors resulted in the following programs being overcharged.

AL #	Program	Questioned Costs (Federal Dollars)
10.561	SNAP	\$ 43,194
93.575	Child Care	\$ 7,895
93.558	TANF	\$ 8,275
93.566	Refugee Assistance	\$ 636
93.658	Foster Care	\$ 390,552
93.659	Adoption	\$ 29,876
93.767	CHIP	\$ 16,918

Cause: Inadequate procedures to ensure that adjustments to the PACAP are proper, and journal entries are appropriate for each program.

Effect: Unallowable expenditures were charged to Federal funds and an increased risk for errors, fraud, and noncompliance with Federal regulations.

Recommendation: We recommend the Agency strengthen procedures to ensure adjusting entries are complete and accurate. We further recommend the Agency strengthen procedures to ensure compliance with Federal regulations.

Management Response: The Agency agrees with the finding.

Finding 2025-026

Program: AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.090 – Guardianship Assistance; AL 93.558 – Temporary Assistance for Needy Families; AL 93.563 – Child Support Services; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 Child Care and Development Block Grant; AL 93.658 – Foster Care Title IV-E; AL 93.659 – Adoption Assistance; AL 93.767 – Children's Health Insurance Program; AL 93.778 – Grants to States for Medicaid – Allowable Cost/Cost Principles

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Grant Number & Year: 243NE406S2514, FFY 2024; 253NE406S2514, FFY 2025; 2501NEGARD, FFY 2025; 2201NETANF, FFY 2022; 2401NESCSS, FFY 2024; 2501NESCSS, FFY 2025; 2401NERCMA, FFY 2024; 2401NECCDD, FFY 2024; 2501NECCDD, FFY 2025; 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025; 2401NEADPT, FFY 2024; 2501NEADPT, FFY 2025; 2405NE5021, FFY 2024; 2505NE5021, FFY 2025; 2405NE5ADM, FFY 2024; 2505NE5ADM, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services and U.S. Department of Agriculture

Criteria: Per 2 CFR § 400.1 (January 1, 2024, and January 1, 2025), the U.S. Department of Agriculture adopted the OMB Uniform Guidance as its policies and procedures for uniform administrative requirements, cost principles, and audit requirements for Federal awards.

45 CFR § 75.303 (October 1, 2024) and 2 CFR § 200.303 (January 1, 2024, and January 1, 2025) require the State to “maintain effective internal control over the Federal award that provides reasonable assurance that the [State] is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

45 CFR § 75.403 (October 1, 2024) and 2 CFR § 200.403 (January 1, 2024, and January 1, 2025) require costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.302 (October 1, 2024) and 2 CFR § 200.302 (January 1, 2024, and January 1, 2025) require financial management systems of the State sufficient to permit both preparation of required reports and tracing of funds to a level of expenditures adequate to establish that the use of those funds was in accordance with applicable regulations.

Per 45 CFR § 75.405(a) (October 1, 2024) and 2 CFR § 200.405(a) (January 1, 2024, and January 1, 2025), costs are allocable to Federal awards or other cost objectives if the costs involved are assignable to those Federal awards or other cost objectives in accordance with relative benefits received.

Good internal control and sound accounting practices require policies and procedures to ensure that all administrative costs are allocated to the proper funding source for activities performed.

45 CFR § 75.511 (October 1, 2024) and 2 CFR § 200.511 (January 1, 2024, and January 1, 2025) require the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) of both regulations also requires that when the audit findings were not corrected or only partially corrected, the auditee must describe the reasons for the findings recurrence and planned corrective action.

Condition: The Agency did not properly charge Federal programs for 9 of 27 allocations tested. A similar finding has been noted since 2013.

Repeat Finding: 2024-038

Questioned Costs: \$2,743,946 known

AL #	Grant #	Questioned Costs (Federal Share)
10.561	243NE406S2514	\$ 208,302
10.561	253NE406S2514	\$ 520
93.090	2501NEGARD	\$ 9,739
93.558	2201NETANF	\$ 44,850

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

AL #	Grant #	Questioned Costs (Federal Share)
93.563	2401NECSS	\$ 453
93.563	2501NECSS	\$ 15
93.566	2401NERCMA	\$ 2,655
93.575	2401NECCDD	\$ 43,896
93.575	2501NECCDD	\$ 855
93.658	2401NEFOST	\$ 182,755
93.658	2501NEFOST	\$ 2,028,410
93.659	2401NEADPT	\$ 10,493
93.659	2501NEADPT	\$ 39,343
93.767	2405NE5021	\$ 71,275
93.767	2505NE5021	\$ 85,174
93.778	2405NE5ADM	\$ 14,561
93.778	2505NE5ADM	\$ 650

Statistical Sample: No

Context: We tested 27 PACAP allocations. We noted errors for 9 of 27 allocations tested, resulting in various programs undercharged or overcharged. We consider the overcharged to be questioned costs. We noted the following:

RMTS Allocations

For four of four allocations tested based on the Random Moment Time Study (RMTS) observations, the RMTS Summary report was not allocated correctly to the various State and Federal programs. Additionally, costs were included in the allocations that were either misassigned or unrelated to the cost centers being allocated. The following RMTS allocations were tested:

Allocation Tested	Total Allocated for Quarter Ended	
	September 30, 2024	March 31, 2025
Protection & Safety (P&S)	\$ 11,768,116	\$ 12,643,351
Economic Assistance	\$ 9,065,892	\$ 9,009,648

- RMTS observations were not properly determined. We reviewed two quarters to determine if observations were correctly counted. The September quarter allocation included 4,481 activity observations and the March quarter included 4,402 observations. We noted the following:
 - Four responses were invalidated by supervisors; however, these responses were originally left blank as they were not completed by employees. This resulted in four additional responses being created as activities funded by the State.
 - For two responses that were not included in the sub-sample for supervisory review, the supervisor performed a review and invalidated the moments. As these were not originally selected for supervisor review, this invalidation resulted in two additional responses being created and recorded as activities funded by the State as well as the original responses remaining under their original funding source.
 - One response was originally recorded as SNAP and was later invalidated by the supervisor. This moment was incorrectly not moved to “Non-DHHS Activity” and remained coded as SNAP on the final allocation.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

- The Agency did not properly allocate observations in accordance with the PACAP for 7 of the 81 activities in the quarter ended September 31, 2024, and 2 of the 75 activities in the quarter ended March 31, 2025:
 - Six of the observations included Child Protection Initial Assessment. Per the PACAP, Child Protection Initial Assessment is allocated to Foster Care, Guardianship, and Adoption. The Agency did not properly update the formula used to calculate each quarterly allocation for Child Protection Initial Assessment from the previous quarter. In both quarters tested, this resulted in overcharges to the Adoption and Guardianship programs and undercharges to the Foster Care program.
 - Two of the observations should have been allocated evenly between SNAP and the State; however, the observation was incorrectly allocated three ways, between SNAP, the State, and the Social Services Block Grant Program (SSBG). This resulted in overcharges to SSBG and undercharges to SNAP and the State.
 - One of the observations should have been allocated with two-thirds to the Temporary Assistance for Needy Families Program (TANF) and one-third to SNAP; however, the observation was incorrectly allocated evenly between TANF and SNAP. This resulted in overcharges to SNAP and undercharges to TANF.

Additionally, two business units were misassigned to the RMTS allocations.

- One business unit with total charges of \$125,246 during State fiscal year 2025 was assigned to the Economic Assistance RMTS allocation when it should have been assigned to the P&S RMTS allocation. Impacts of this error included undercharges to Foster Care and overcharges to SNAP.
- The second business unit with total charges of \$5,433,458 during State fiscal year 2025 was assigned to the P&S RMTS; however, it should not have been assigned to either RMTS allocation as the costs were related to the Youth Rehabilitation Treatment Center in Kearney, Nebraska. This resulted in overcharges to Federal programs, including Foster Care and Adoption Assistance.

Questioned costs by Program for RMTS Allocations are as follows:

AL	Program	Questioned Costs (Federal Share)
10.561	SNAP Administration	\$ 2,315
93.090	Guardianship	\$ 9,739
93.566	Refugee Assistance	\$ 279
93.575	Child Care	\$ 2,522
93.658	Foster Care	\$ 1,756,155
93.659	Adoption	\$ 43,718
93.778	Medicaid	\$ 226

Time Study Allocation

One allocation tested was based on a time study of the Legal and Regulatory Services Team for the quarter ended March 31, 2025, which allocated \$1,126,957 of administrative costs. The time study was completed annually by the attorneys of the Legal and Regulatory Services Team. We noted the following issues regarding the time study and the allocation tested.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- The Agency’s processes and procedures for the time study were not adequately defined in the PACAP, and there were no written processes and procedures for how the time study would be completed.
- The time study used for the basis of the allocation tested consisted of only 26 of the 33 attorneys that were part of the team, and the time study was only conducted during a two-week period. Additionally, a paralegal also completed the time study, which was against the Agency’s stated procedures.
- An Internal Auditor’s payroll costs were also included in the allocation; however, the Internal Auditor was not part of the Legal and Regulatory Services Team. This resulted in \$16,281 in misallocated costs.
- Hours coded on the time study for “Child Welfare” were all allocated directly to Foster Care; however, the “Child Welfare” hours should have also been allocated to Adoption, Guardianship, and other State programs.
- Hours coded on the time study for “TANF” were incorrectly charged to LIHEAP.

As the same time study was used for allocations for all four quarters of the State fiscal year 2025, we calculated the impact for all four quarters. Questioned costs by program for the Time Study allocation are as follows:

AL	Program	Questioned Costs (Federal Share)
10.561	SNAP Administration	\$ 4,490
93.563	Child Support Services	\$ 468
93.566	Refugee Assistance	\$ 103
93.575	Child Care	\$ 5,624
93.658	Foster Care	\$ 447,706
93.778	Medicaid	\$ 11,492

Recipient Counts

The PACAP includes five cost centers allocated to State and Federal programs based on recipient counts per NFOCUS and MMIS reports. NFOCUS and MMIS are applications used to manage various programs such as SNAP, Child Care, TANF, and Medicaid. Over \$39.5 million in costs were allocated using these counts during the State fiscal year 2025. We tested the allocation for the quarter ended September 30, 2024, and noted the following:

- The Agency did not maintain the detail for the recipients of Medicaid or the Children’s Health Insurance Program (CHIP). The numbers they used in the allocations for Medicaid and CHIP were maintained on a summary spreadsheet. The counts used for the allocation tested, pulled from the summary spreadsheet, did not include Medicaid Expansion recipients in the count of Medicaid recipients, thus undercharging Medicaid for the quarter tested and overcharging all other programs in the allocation. Furthermore, when we requested detailed reports to support the numbers on the summary spreadsheet, the Agency was unable to provide detailed reports at the time of the allocation. Instead, the reports showed recipients for Medicaid and CHIP, for September 2024 as of August 2025. The detailed report did not agree to the summary spreadsheets.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- Other recipient counts were off due to clerical errors:
 - The recipient count for the TANF Solely State Funded Plan was incorrect. The recipient count used by the Agency was zero, but the supported number was 2,017 recipients.
 - The recipient count for SNAP included 1,609 more recipients than what was supported.

Having recalculated the quarter’s allocation, based on the supported recipient counts available, we have the following questioned costs:

AL	Program	Federal Questioned Costs
10.561	SNAP Administration	\$ 202,017
93.558	TANF	\$ 44,850
93.566	Refugee Assistance	\$ 2,273
93.575	Child Care	\$ 36,605
93.658	Foster Care	\$ 1,325
93.659	Adoption	\$ 6,118
93.767	CHIP	\$ 70,640

Labor Hours Statistics

The PACAP includes 36 cost centers allocated to State and Federal programs through labor hours. Over \$295.6 million in costs were allocated by labor hours during the 2025 State fiscal year. We tested seven of these allocations, and one had errors. Below is a summary of allocations tested:

Cost Center	Quarter Ending	Amount Allocated
25C20960 IST Technical Services	September 30, 2024	\$ 4,259,657
25C20280 HRD Human Resources	September 30, 2024	\$ 1,712,535
25C21430 Children & Family Services Director’s Office	September 30, 2024	\$ 588,390
25C20936 Service Area Field Office Rent	March 31, 2025	\$ 2,677,663
25C21910 Field Office Administration	March 31, 2025	\$ 1,799,500
25C20940 IST Administration	March 31, 2025	\$ 1,468,112
25C23545 Deputy Director Finance & Program Integrity	June 30, 2025	\$ 2,030,288

For the allocation tested for Cost Center 25C23545, we noted that five business units related to Home and Community Based Services were being incorrectly mapped to Cost Center 25C23545. Additionally, the labor hours statistic should have allocated the costs throughout the Finance and Program Integrity Section, but it only allocated costs to one unit within this section. These errors resulted in CHIP being overcharged \$85,174.

Time and Effort Report Allocations

We tested the allocation of cost center 25C21940 Field Office Resource Development for the quarter ended September 30, 2024, which allocated \$1,077,853 of administrative costs, based on Time & Effort reports. During testing, we noted the payroll costs for 71 employees were charged to the cost center; however, four of the employees’ payroll costs should not have been charged to the cost center. The four employees included three Child and Family Services Specialist Supervisors (CFSSS), and a Program Specialist. The three CFSSS employees were, at one time, Resource Developers; however, when their roles changed, their pay source was not updated. The Program Specialist has been a Program Specialist since he was hired in April 2022. Because of this error, the following programs were overcharged.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

AL	Program	Federal Questioned Costs
93.658	Foster Care	\$ 5,979
93.767	CHIP	\$ 635
93.778	Medicaid	\$ 3,493

Other

We tested the allocation of cost center 25C23823 iServe IAPD H971 – Shared, which allocated \$17,529,039 in project costs for State fiscal year 2025. The iServe Nebraska Portal, which is an online application for Nebraskans to apply for benefits from Federal and State programs, began implementation in July 2021 and went live in October 2023, replacing ACCESSNebraska. For the implementation phase of the project, the Agency allocated costs only to the following four programs: LIHEAP, TANF, SNAP, and Medicaid. However, there are other Federal and State programs that are utilizing, or intend to utilize, the iServe application. We reviewed documentation obtained in the prior year, including correspondence from the Agency’s Federal contacts, which stated the following:

As long as SNAP, Medicaid, LIHEAP, and TANF are the only benefiting programs for the State’s iServe Nebraska Portal project, the State may just include these four programs in the development of its cost allocation plan. If/when the State decides to add other Federal programs that will benefit from enhancements to the portal, it will need to revisit and adjust its cost allocation plan.

In addition to SNAP, Medicaid, LIHEAP, and TANF, other programs went live during the previous fiscal year, including Child Care, SSBG, Refugee Assistance, and various State programs. We noted the following:

- The allocation method was last updated by the Agency, and approved by the Federal grantor, as of September 28, 2023, to include the Child Care program and some State-funded programs, such as Assistance to the Aged, Blind, or Disabled Program (AABD) and State Disability Program (SDP). However, the Agency-provided implementation date for Child Care, AABD, and SDP was the same as the implementation date for the initial four programs, July 26, 2021. So it remains unclear why all benefiting programs were not being included in the allocation of this cost center from the start of implementation.
- The SSBG program began implementation in October 2023 and went live in April 2024, but no costs have been allocated to this program. Similarly, the Refugee Assistance program began implementation in March 2024 and went live in July 2024, but no costs have been allocated to this program either.

We were unable to determine questioned costs for the cost center. The total costs allocated from the iServe project for fiscal year 2025 are noted below.

AL #	Program	Fiscal Year 2025 Costs	Federal Share
10.561	SNAP Administration	\$ 8,121,204	\$ 4,060,602
93.558	TANF	\$ 201,584	\$ 201,584
93.568	LIHEAP	\$ 275,206	\$ 275,206
93.575	Child Care	\$ 529,377	\$ 529,377
93.778	Medicaid	\$ 8,121,204	\$ 7,309,083
N/A	State Programs	\$ 280,464	-
Total		\$ 17,529,039	\$ 12,375,852

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: Inadequate procedures to ensure that allocations were adequately supported and calculated correctly.

Effect: Without adequate documentation to support the allocation of costs, there is an increased risk of programs not being charged the proper amounts.

Recommendation: We recommend the Agency improve procedures to ensure the following: employee pay is recorded correctly; system reports are set up correctly, and formatting instructions are followed; and costs are properly allocated and charged, based on supporting documentation.

Management Response: The Agency agrees with the finding.

Finding 2025-027

Program: AL 93.658 – Foster Care Title IV-E – Allowable Costs/Cost Principles

Grant Number & Year: 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.303 (October 1, 2024):

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

45 CFR § 75.405(a) (October 1, 2024) states, in part, the following:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

45 CFR § 1356.60(b)(1) (October 1, 2024) states, in part, the following:

Federal financial participation is available at the rate of seventy-five percent (75%) in the costs of:

- (i) Training personnel employed or preparing for employment by the title IV-E agency administering the plan, and;*
- (ii) Providing short-term training (including travel and per diem expenses) to current or prospective foster or adoptive parents[.]*

Per 45 CFR § 1356.60(c), Federal financial participation is 50% for administrative expenditures.

The Public Assistance Cost Allocation Plan (PACAP) has the following description for the Protection and Safety New Worker Training 75% cost center:

This cost center contains training costs for CFSS staff during their training period of the first six months of service. There are approximately 70 trainees in the Children and Family Services Training Program at any one time. The cost center also includes the interagency agreement with the University of Nebraska to manage and deliver the training program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Good internal control and sound accounting practices require policies and procedures to ensure that all payroll costs are properly recorded within the State accounting system to ensure that amounts charged to the Federal programs are proper.

Condition: The Agency incorrectly charged payroll costs to the Protection and Safety New Worker Training 75% cost center.

Repeat Finding: No

Questioned Costs: \$3,304,598 known (\$650,976, 2401NEFOST; \$2,653,622, 2501NEFOST)

Statistical Sample: No

Context: During testing of Foster Care payroll, we noted that 337 employees were included in the Protection and Safety New Worker Training 75% cost center, which is 267 more than what was included in the cost center description within the PACAP of 70 workers. After further review, we noted that 296 employees were incorrectly coded to the Protection and Safety New Worker Training 75% cost center, resulting in \$3,304,598 in Federal questioned costs.

Cause: The Agency was not timely updating employees' coding within its payroll system when a Child and Family Service Specialist (CFSS) Trainee was promoted.

Effect: When the payroll system is not timely and correctly updated when employees' job changes, there is an increased risk of Federal programs being charged incorrectly.

Recommendation: We recommend the Agency strengthen procedures to ensure payroll is recorded properly.

Management Response: The Agency agrees with the finding.

Finding 2025-028

Program: AL 93.658 – Foster Care Title IV-E – Allowable Costs/Cost Principles

Grant Number & Year: 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.405(a) (October 1, 2024) states, in part, the following:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

45 CFR § 75.403 (October 1, 2024) provides the following, in relevant part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

* * * *

(g) Be adequately documented.

Per 45 CFR § 75.303 (October 1, 2024):

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Per the Public Assistance Cost Allocation Plan's (PACAP) RMTS Time Study Design/Coding Structure:

[P]articipants are asked whether they are working on an activity that is client related. If they select "Yes" to this question, they are asked to identify the Case ID and type of case

Per the PACAP's RMTS Survey Validation:

The contractor and the NE DHHS staff review subsample responses to ensure the activity selected matches the description provided. If the activity and description do not match, the participant is notified and the moment is considered invalid.

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) provides the following, as is relevant:

When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken.

Good internal control and sound accounting practices require procedures to ensure that staff know how to complete accurate random moment time studies, which are used to allocate costs to Federal programs.

Condition: The Agency did not have adequate procedures to ensure payroll charges were proper. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Additionally, for two quarters tested, we noted that the number of RMTS surveys generated and validated were not in compliance with the PACAP.

Repeat Finding: 2024-040

Questioned Costs: \$29,201 known (\$16,314, 2401NEFOST; \$12,887, 2501NEFOST)

Statistical Sample: No

Context: The Random Moment Time Study (RMTS) is conducted on an ongoing basis to provide data for the allocations of direct and indirect costs to various programs. The objective is to identify employee efforts directly related to programs administered by the Agency. We tested 55 validated RMTS surveys and noted that inadequate documentation was provided on 13 surveys.

For 9 of 16 surveys tested, the workers erroneously reported that they were working on a Foster Care IV-E case when the survey should have been reported as Foster Care Non IV-E; therefore, Foster Care was overcharged.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

For one of six surveys tested, the worker erroneously reported he was working on an Alternative Response case when the survey should have been reported as Child Protection Initial Assessment.

For 3 of 12 surveys tested, the worker erroneously reported working on a Child Protection Initial Assessment.

- For one moment, the worker was conducting a family team meeting for a Foster Care Non IV-E case. The worker incorrectly reported that he was working on an Initial Assessment.
- For one moment, the worker gave a response to the RMTS survey; however, we were unable to find what case she was working on. The Agency was unable to determine if coding to Child Protection Initial Assessment was correct.
- For another moment, the worker responded that she was preparing for a training on the Child And Family Services Review (CFSR), which is not related to the Child Protection Initial Assessment.

Total known Federal payment errors, amount tested, error rate (amount of errors/amount tested), total dollars charged via RMTS, and potential dollars at risk (dollar rate multiplied by the population total dollars charged) are summarized below:

Program	Federal Payment Errors in Sample	Federal Sample Tested	Dollar Error Rate	Total Federal Funds Charged via RMTS in FY25	Potential Dollars at Risk
Foster Care	\$ 29,201	\$ 76,614	38.11%	\$ 17,477,611	\$ 6,660,718

According to the PACAP, 2,761 RMTS surveys are generated per quarter for each cost pool (SSW and Children Family Services Specialists (CFSS)) for a total of 5,522 moments. Additionally, 10% of all RMTS surveys generated are selected at random to participate in a subsample. The subsamples are validated by the worker’s supervisor. We selected the quarters ended September 2024 and March 2025 for testing. We noted the number of RMTS surveys generated were not in compliance with the PACAP as follows:

Quarter Ending	# of RMTS Surveys Required per PACAP	# of RMTS Surveys Generated	Shortage
September 30, 2024	5,522	4,796	726
March 31, 2025	5,522	4,727	795
Totals	11,044	9,523	1,521

There were 552 RMTS subsamples for each quarter tested for a total of 1,104. This does agree to the subsample requirement in the PACAP. However, only 500 of the RMTS subsample surveys were validated, leaving 604 moments not validated. Due to the low number of subsample moments validated, we were unable to complete testing of supervisors validating the subsample moments and it was determined to be an ineffective control.

The Agency noted supervisors should be trained in the completion of the RMTS form, validation process, and the importance of accurate and timely validation response. We asked the Agency for documentation to support that supervisors had been trained in the RMTS process. The Project Analyst provided training compliance reports for both economic assistance and protection and safety employees. The training compliance report for economic assistance for the fiscal year included 83 supervisors with 37 who completed the training for a 44.6% completion rate. The training compliance report for protection and safety workers for the fiscal year included 172 supervisors with 100 supervisors who completed the training, a 58.1% completion rate. Due to the low percentage of supervisors completing the training, this was determined to be an ineffective control of the RMTS process as well.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: The Agency’s training of staff and supervisor reviews of RMTS surveys were not sufficient to ensure the surveys were accurately completed. The Agency did not have adequate documentation of supervisor training on the RMTS survey process.

Effect: Random moment sampling is based on the laws of probability, which state, in essence, that there is a high probability that a relatively small number of random surveys will yield an accurate depiction of the overall characteristics of the population for which the sample was taken. If RMTS surveys are not accurate, there is an increased risk costs will be allocated incorrectly between programs.

Recommendation: We recommend the Agency improve procedures to ensure that random moment surveys are accurate and adequately reviewed. We also recommend supervisor training is completed and adequately documented.

Management Response: The Agency agrees with the finding that system-generated subsample moments were not adequately validated. It should be noted, however, that the required number of surveys were validated, just not as the system was intended to be used via the subsample generation process.

Finding 2025-029

Program: AL 93.575 – Child Care and Development Block Grant – Allowable Costs/Cost Principles

Grant Number & Year: 2301NECCDD; FFY 2023

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 45 CFR § 75.303 (October 1, 2024) states, in relevant part, the following:

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 45 CFR § 75.405(a) (October 1, 2024) states, in part, the following:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

45 CFR § 75.403 (October 1, 2024) provides the following, in relevant part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

* * * *

(g) Be adequately documented.

Good internal control requires procedures to ensure that amounts charged to Federal programs are proper.

Condition: One of 25 operating expenditures tested was not properly charged to the Federal grant.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Repeat Finding: No

Questioned Costs: \$1,358 known

Statistical Sample: No

Context: We randomly selected 25 operating expenditures paid with Federal funds. One of the expenditures tested was charged to the incorrect program. That \$1,358 expenditure was for computer equipment and was charged to the Child Care and Development Block Grant (Child Care). However, the employees who benefited from the computer equipment worked in the Developmental Disabilities Division. Therefore, the Child Care block grant was incorrectly charged.

The total Federal sample tested for Child Care was \$11,351, and total Federal operating expenditures for Child Care during the fiscal year totaled \$2,597,660. Based on the sample tested, the dollar error rate for the sample was 11.96% (\$1,358/\$11,351), which estimates the potential dollars at risk for fiscal year 2025 to be \$310,680 (dollar error rate multiplied by the population).

Cause: Employee error.

Effect: Without adequate documentation to support the allocation of costs, there is increased risk of programs not being charged the proper amounts.

Recommendation: We recommend the Agency improve procedures to ensure that costs are properly allocated and charged, based on supporting documentation.

Management Response: The Agency agrees with the finding.

Finding 2025-030

Program: AL 93.558 – Temporary Assistance for Needy Families (TANF) – Subrecipient Monitoring

Grant Number & Year: 2201NETANF, FFY 2022

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.352 (October 1, 2024) requires a pass-through entity to do the following:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward . . .

* * * *

(f) Verify that every subrecipient is audited as required by subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 75.501.

Per 45 CFR § 75.431(c) (October 1, 2024):

The cost of fringe benefits . . . must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Good internal control requires procedures to ensure Federal requirements are met.

Condition: The Agency's subrecipient monitoring procedures could be improved. A similar finding was noted in the prior audit.

Repeat Finding: 2024-041

Questioned Costs: None

Statistical Sample: No

Context: The Agency paid \$30,643,635 to 31 TANF subrecipients during the fiscal year. We tested the desk review the Agency completed during the fiscal year for one subrecipient and noted the following:

- The subrecipient tested is a child advocacy center (CAC). The Agency stated it allows CACs to charge expenses to TANF up to the percentage of TANF-eligible clients the CACs serve in a month. The subrecipient tested reported that 90.38% of the clients it served for the month tested were TANF eligible. However, during its desk review, the Agency did not view support for this percentage to ensure it was proper and adequately supported.
- The Agency did not require the subrecipient to charge benefits to TANF consistently. The subrecipient charged 80% of the salaries and wages for four employees to TANF and 63% of the salaries and wages of the other two employees to TANF. The subrecipient charged FICA and retirement benefit costs to TANF individually by employee based on these percentages. Thus, the subrecipient charged 80% of these costs to TANF for four employees and 63% of these costs to TANF for two employees. However, the subrecipient charged 80% of its insurance (health, dental, and vision) benefit expenses for all employees to TANF. This included the two employees whose wages and other benefits were charged to TANF at 63%.

We also selected two subrecipients for testing that would have required a Single audit based on the amount of TANF funds received from the Agency during the subrecipients' previous fiscal years. One of the subrecipients received \$1,871,251 in TANF funds during the subrecipient's fiscal year 2024. The subrecipient should have submitted a Single audit for fiscal year 2024 by March 31, 2025. However, it had not submitted the report at the time of fieldwork on December 12, 2025, and the Agency had not followed up with the subrecipient.

Cause: Inadequate review procedures.

Effect: Noncompliance with Federal regulations and an increased risk for fraud or errors to occur.

Recommendation: We recommend the Agency strengthen its subrecipient monitoring procedures to ensure compliance with Federal regulations. We further recommend the Agency strengthen procedures to ensure subrecipient audits are obtained and reviewed timely.

Management Response: The Agency partially agrees. The Agency disagrees with the second bullet point. We agree that the subrecipient is not charging benefits to TANF consistently. However, they are charging less than they potentially could. As long as the provider is not over charging the grant, we do not see any need to force the provider to charge more.

APA Response: Fringe benefits should be charged to Federal awards consistent with how salaries and wages are charged to the Federal program per 45 CFR § 75.431(c). Had the subrecipient tested charged insurance benefits expenses consistent with how the salaries and benefits were charged to the program, it would have charged less – not more – to the program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-031

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Allowability & Eligibility

Grant Number & Year: 2401NERCMA, FFY 2024

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.303 (October 1, 2024):

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

45 CFR § 400.2 (October 1, 2024) defines “refugee medical assistance” (RMA) as “(a) Medical assistance provided under section 412(e) of the Act to refugees who are ineligible for the Medicaid program”

Per the U.S. Department of Health and Human Services’ Office of Refugee Resettlement (ORR) guidance, published in the Federal Register on March 28, 2022, at 87 FR 17312:

In accordance with ORR regulations, the Director of ORR is announcing the expansion of the Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) eligibility period from 8 months to 12 months of assistance for participants whose date of eligibility for ORR benefits is on or after October 1, 2021.

Title 470 NAC 2-002 states, in part, the following:

Eligibility begins with the date of arrival in the United States, if the refugee meets all eligibility requirements. For asylees, victims of severe forms of trafficking, and Cuban and Haitian Parolees eligibility begins with the date of granted status. The time limit is applied to each refugee separately, not to the unit as a whole. If the refugee applies after the date of arrival in the United States, they may receive assistance for the remaining months of their eligibility period.

Good internal control requires procedures to ensure eligibility is correctly determined, and benefits end when the period of eligibility expires.

Condition: For 5 of 35 Refugee Resettlement Program (RRP) assistance payments tested, the payments were noncompliant with Federal and State regulations. A similar finding was noted in the prior audit.

Repeat Finding: 2024-042

Questioned Costs: \$3,663 known

Statistical Sample: No

Context: The RRP helps refugees and other eligible newcomers achieve economic self-sufficiency, well-being, and successful integration in the United States. The RRP provides both aid payments directly to individuals who are deemed eligible for cash assistance (RCA) and medical assistance (RMA) through the managed care program. We randomly tested 35 aid payments: 20 to individuals who received RCA payments and 15 for RMA payments. We noted the following:

- Three of 15 RMA recipients tested appeared to have been eligible for Medicaid; however, their monthly capitation payments were paid by RRP. As a result, we question costs of \$2,198.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- Two recipients tested received RMA benefits after their 12-month eligibility period had ended, resulting in additional questioned costs of \$1,465.

We did note during testing that the Agency had identified some of the capitation payments were incorrectly charged to RRP; however, the Agency had not corrected these payments at the time of fieldwork.

RMA aid expenditures for the fiscal year totaled \$1,123,609. The Federal RMA sample tested was \$3,663, and Federal payment errors noted for the random sample tested were \$732. The dollar error rate for the sample was 19.98% (\$732/\$3,663), which estimates the potential dollars at risk for fiscal year 2025 to be \$224,497 (dollar error rate multiplied by the population).

In addition to the \$732 Federal questioned costs noted in the sample items tested, we noted \$2,931 of Federal questioned costs on other RMA payments on behalf of these recipients.

Cause: The Agency incorrectly enrolled refugees under the RMA program, when the refugees were eligible for Medicaid and incorrectly set the eligibility end dates within its case management system.

Effect: Increased risk of loss or misuse of funds.

Recommendation: We recommend the Agency strengthen procedures to ensure RMA recipients are eligible, and benefits are discontinued when the period of eligibility expires.

Management Response: The Agency agrees.

Finding 2025-032

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Subrecipient Monitoring

Grant Number & Year: Various, including 2401NERSSS, FFY 2024

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.352(d) (October 1, 2024) requires a pass-through entity to “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”

45 CFR § 75.302(a) (October 1, 2024) requires the State to have accounting procedures sufficient to allow for “the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.”

45 CFR § 75.403 (October 1, 2024) requires costs to be reasonable, necessary, and adequately documented.

45 CFR § 75.405(a) (October 1, 2024) states the following:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- (1) *Is incurred specifically for the Federal award;*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- (2) *Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and*
- (3) *Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.*

45 CFR § 75.430(i)(1) (October 1, 2024) states, in part, the following:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) *Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;*
- (ii) *Be incorporated into the official records of the non-Federal entity;*
- (iii) *Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . .*

* * * *

- (vii) *Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

* * * *

- (x)(3) *In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.*

45 CFR § 75.431(c) (October 1, 2024) states the following:

The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in § 75.447); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

A good internal control plan requires procedures to ensure subrecipient expenditures are properly documented in accordance with Federal regulations, and payments apply to work performed under the subaward project description.

Condition: Subrecipient monitoring procedures could be improved. A similar finding was noted in the prior audit.

Repeat Finding: 2024-043

Questioned Costs: Unknown

Statistical Sample: No

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Context: The Agency paid 13 subrecipients a total of \$5,316,302 during the fiscal year ended June 30, 2025, for the program. Subrecipient reimbursement requests were submitted quarterly with a summarized invoice of costs incurred and the general ledger. The Agency reviewed the quarterly invoices and general ledger to ensure submitted expenditures were consistent with the approved budget. In addition, the Agency performed quarterly desk audits where it selected lines of expenses to obtain the underlying support from the subrecipient. Depending on the timing and the time period reviewed, the Agency's procedures required it to select 10% or 40% of expenditures for the quarterly desk audit.

We randomly selected three subrecipients for testing and requested documentation of the desk audits performed by the Agency for the three subrecipients. We noted the following:

- **Subrecipient One:** The Agency completed a desk audit for the quarter ended March 31, 2025. The expenses for the quarter totaled \$176,958, and the Agency selected 81.6% of the expenditures for review, which is more than what the Agency's policies required. We noted that the Agency obtained timesheets for all employees to support the allocation percentage; however, the Agency did not obtain other records, such as pay stubs, to support that the correct percentage of wages was charged to the grant for the employees tested. The Agency also reviewed two fringe benefits expenses, totaling \$17,928, but it does not appear the Agency received documentation to determine that the amounts charged were correct.
- **Subrecipient Two:** The Agency completed a desk audit for the quarter ended March 31, 2025. The expenses for the quarter totaled \$70,779. The Agency selected just over 40% of the expenses to test. We noted that, for five employees the Agency selected, the timesheets provided did not specify the cost objectives the employee worked. One of these employees had his wages split 50% between the Refugee grant and another Federal award, but there was no documentation to support this was the correct allocation. Additionally, the Agency reviewed the fringe benefits charged to the grant; however, no documentation was obtained to ensure the amount of fringe benefits charged was correct. The Agency identified noncompliance for inadequate timesheets, but there was nothing documented on how the Agency followed up to resolve the noncompliance.
- **Subrecipient Three:** The Agency completed a desk audit for the quarter ended March 31, 2025. The expenses for the quarter totaled \$87,047. The Agency selected over 40% of the expenses to test; however, the Agency did not review fringe benefits, which were for 21% of the expenses. We also noted that, for nine hourly employees, no timesheets were provided to support the number of hours worked. The Agency had identified the lack of timesheets as noncompliance, but it was unclear how the Agency followed up on this noncompliance.

Cause: There appears to be adequate written procedures; however, documentation of how the Agency completed its reviews and follow-up of noncompliance was inadequate.

Effect: Without adequate subrecipient monitoring procedures, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations.

Recommendation: We recommend the Agency perform adequate subrecipient monitoring to ensure both the allowability of costs and adherence to Federal regulations. Subrecipient monitoring procedures could be improved by documenting what steps were taken when noncompliance issues were noted and how they were resolved. Procedures could also be improved by obtaining all needed source documentation to support payroll and benefit charges. This may include timesheets, paystubs, payroll registers, benefit documentation, and other financial records.

Management Response: The Agency agrees.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-033

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.991 – Preventative Health and Health Services Block Grant – Allowability & Subrecipient Monitoring

Grant Number & Year: 2301NERSSS, FFY 2023; NB01TO000039, FFY 2023

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.352(d) (October 1, 2024) requires a pass-through entity to “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”

45 CFR § 75.302(a) (October 1, 2024) requires the State to have accounting procedures sufficient to allow for “the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.”

45 CFR § 75.403 (October 1, 2024) requires costs to be reasonable, necessary, and adequately documented.

45 CFR § 75.403(f) (October 1, 2024), states that costs should “[n]ot be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.”

45 CFR § 75.405(a)(1) (October 1, 2024) requires costs to be incurred specifically for the Federal award in order to be considered an allowable cost.

45 CFR § 75.430(i)(1) (October 1, 2024) states, in part, the following:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;*
- (ii) Be incorporated into the official records of the non-Federal entity;*
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities. . .*

* * * *

- (vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

A proper system of internal controls requires procedures to ensure subrecipients are following subaward terms and Federal regulations, including ensuring costs are adequately supported, reasonable, necessary, allowable, and not included as a cost of any other federally financed program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Condition: We performed an attestation of the Nebraska Department of Health and Human Services’ payments to The Karen Society of Nebraska (KSN) for the period July 1, 2023, through December 31, 2024. KSN was a subrecipient of the Agency. We noted the Agency’s monitoring procedures of the subrecipient were inadequate. A similar finding was noted in the prior audit.

Repeat Finding: 2024-043

Questioned Costs: \$55,880 known (\$35,880, 2301NERSSS; \$20,000, NB01TO000039)

Statistical Sample: No

Context: We performed an attestation examination of the Nebraska Department of Health and Human Services’ payments to KSN for the period July 1, 2023, through December 31, 2024. During the period July 1, 2024, through December 31, 2024, the Agency paid \$55,880 to KSN through subawards funded by the following Federal programs:

Federal Program	Assistance Lising #	Amount
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	\$ 35,880
Preventive Health and Health Services Block Grant	93.991	\$ 20,000
Total Federal Program Revenue		\$ 55,880

We reviewed the payments made with Federal funds and noted numerous issues with Federal questioned costs, totaling \$55,880. We noted the following related to payments made with Federal funds:

Unallowable Expenditures

Unsupported Personnel Costs

The subrecipient payments to KSN for the Refugee and Entrant Assistance State/Replacement Designee Administered Programs (Refugee) and Preventive Health and Health Services Block Grant (PHHS) Subawards included reimbursements for personnel costs, totaling \$46,656, during the period July 1, 2024, through December 31, 2024. KSN provided timesheets to support these costs, which included dates, start and end times worked, and employees’ names and signatures. KSN also provided pictures of checks written to individuals for the personnel costs and stated that they were contractors and not employees. However, KSN could provide neither contractual agreements nor any other documentation that described the services provided by the individuals, dates or estimates of time required to complete the services, or rates of compensation. In addition, the timesheets provided did not contain detailed information on which of the Subawards the individuals worked on and instead listed only brief descriptions, such as “Health Promotion” or “Meeting.” As a result, we were unable to determine how many hours the individuals worked on each of the Subawards, if any.

Additionally, one of the proclaimed contractors, identified on documentation submitted to the Agency for both subawards as the “Coordinator” was also the Executive Director of KSN. The Executive Director received a monthly salary, was an authorized signer on the KSN checking accounts, and performed other regular duties on behalf of KSN.

As an employee, the Executive Director was required to keep time records in accordance with 45 CFR § 75.430(i)(1), including records that reflect the total activity for which he was compensated, and supported the distribution of his wages among the activities and Subawards he worked on. However, the time records submitted to the Agency for reimbursement reflected only the hours, dates, and times he worked on a single Subaward.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Due to the issues noted above, we questioned all personnel costs paid to KSN by the Agency during the period July 1, 2024, through December 31, 2024.

Printing and Cleaning Supplies

The Agency reimbursed KSN \$4,735 for printing and cleaning supplies during the period July 1, 2024, through December 31, 2024. We questioned all \$4,735 of these costs, as the costs were charged to multiple grant awards, incurred at the end of the period of performance, inadequately supported, or did not appear reasonable and necessary.

- *Costs Charged to Multiple Grant Awards*

In addition to the PHHS and Refugee Subawards awarded by the Agency to KSN, we noted that Lancaster County (County) paid American Rescue Plan Act (ARPA) grant funds to KSN for the purpose of providing “funding for video equipment, contractual services costs, and administration costs to help with prevention and educational presentations” during the period July 1, 2024, through December 31, 2024. However, we noted several printing supplies that were charged to multiple grant awards, including the PHHS Subaward, Refugee Subaward, and the County ARPA grant award, as shown in the table below. We questioned the entire amount paid to KSN by the Agency, totaling \$2,221.

Vendor	Order	Order Date	Items	Amount Charged to PHHS Subawards	Amount Charged to Refugee Subawards	Amount Charged to County
Amazon	112-9901275-3110648	7/10/24	Toner Cartridge	\$ 94	\$ 94	\$ 94
Amazon	112-8960724-6349838	7/10/24	Toner Cartridges	253	253	253
Amazon	112-1362509-3670658	9/3/24	Toner Cartridges	365	365	365
Amazon	112-1057972-3669849	9/3/24	Toner Cartridge	94	94	94
Amazon	112-5263796-1347460	7/10/24	Toner Cartridge	122	122	122
Sam’s Club	2040 06413 002 3663	7/9/24	Paper, Binder, Envelopes	74	-	74
Office Max	165-2-7342-1053039-24.4.2	7/9/24	Toner	291	-	291
Totals				\$ 1,293	\$ 928	\$ 1,293

- *Costs Incurred at the End of the Period of Performance*

We also noted that KSN ordered a printer, printer ink, and a printer carrying case on September 28, 2024, for \$413. These costs were reimbursed by the Agency as part of the PHHS Subaward on October 24, 2024. However, the period of performance for the subaward ended on September 30, 2024, only two days after the purchase was ordered. It appears unlikely that this purchase was incurred for the Federal award and, therefore, would be unallowable per 42 CFR § 75.405(a)(1). We questioned the entire \$413 purchase.

- *Inadequately Supported Costs*

On August 2, 2024, the Agency reimbursed KSN \$1,412 for cleaning supplies as part of the Refugee Subaward, which included \$461 of supplies ordered on July 10, 2024. However, KSN failed to provide detailed support showing what was purchased for \$75 of the total order amount, so we questioned these unsupported costs.

- *Unreasonable and Unnecessary Costs*

Further, KSN had three separate office locations in Lincoln, Omaha, and Madison, Nebraska. Cleaning supplies were authorized for reimbursement by the Agency as part of the Refugee Subaward for use at the training sessions held at the locations. However, we noted \$1,965 of the reimbursed cleaning supply costs did not appear reasonable based on the number of locations and the number of supplies ordered, as shown in the table below.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Description	Quantity Ordered	Order Date	Amount
40, 4-packs 30 oz dish soap containers	4,800 oz of dish soap	4/30/24	\$ 503
16, 12-packs dish washing sponges	192 dish washing sponges	4/30/24	197
5 broom and dustpan sets	5 broom and dustpan sets	7/10/24	75
9, 1000-packs trash bags	9,000 trash bags	7/10/24	311
2, 12-packs 10-gallon trash cans	24 trash cans	7/10/24	251
1, 9-pack kitchen sponges	9 kitchen sponges	8/27/24	14
10 sets of 3, 24 oz dish soap containers and 2 sponges	720 oz of dish soap and 20 sponges	8/27/24	182
2, 6-pack dish sponges	12 dish sponges	8/27/24	24
4 dish brushes	4 dish brushes	8/27/24	40
10, 100-pack microfiber cleaning cloths	1,000 cleaning cloths	8/27/24	289
4, 6-packs 23 oz glass cleaner spray	552 oz glass cleaner	8/27/24	79
Total			\$ 1,965

Additionally, we noted \$61 of supplies, shown in the table below, which were reimbursed by the Agency for the Refugee Subaward, appeared to be for personal use, as the purchases were for vehicle cleaning supplies. Further, these vehicle cleaning supplies did not appear reasonable based on the purpose of the Subaward, which was to provide refugee-related services. Therefore, we questioned these reimbursed costs.

Description	Order Date	Amount
2, 18 oz containers of leather car seat cleaner	8/27/24	\$ 34
1, 22 oz garage surface prep cleanser	8/27/24	20
1 carpet cleaning brush for car interior	8/27/24	7
Total		\$ 61

Translation Costs

The PHHS Subaward stated that, as part of the award, KSN would translate a total of 12 health information booklets to be distributed in print. At the time of reimbursement, KSN provided lists which showed a total of 46 translations to substantiate the reimbursed costs. These lists included only a description of the translation and the number of words translated. The Agency did not obtain or request support for the costs, including copies of the translated material, before reimbursing KSN a total of \$1,684; therefore, we questioned the total amount reimbursed.

Additionally, for 2 of the 46 translations, we found discrepancies between the number of words on the translations found online, compared to the number of words KSN was reimbursed for, as shown in the table below. Further, the translation titled “Prepare for a hurricane or tropical storm” did not appear to be a reasonable or necessary cost for refugees living in Nebraska.

Description	Payment Date	Words Reimbursed	Amount Reimbursed	Words per Online Translation	Overpayment
Prepare for a hurricane or tropical storm	10/24/24	111	\$ 31	106	\$ 1
Stay safe in the heat	10/24/24	81	23	48	10
Totals		192	\$ 54	154	\$ 11

Travel and Training Costs

KSN was reimbursed \$1,805, from both the Refugee and PHHS Subawards, for travel costs during the period July 1, 2024, through December 31, 2024. Based on the documentation provided, the reimbursed travel costs were often for trips taken to locations other than the three KSN offices, and the purpose of the travel was listed as “Health Promotion.” No other documentation was provided to support that the reimbursed travel costs were reasonable, necessary, or allocable to the Subawards, so we questioned the \$1,805 of payments from the Agency.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

We also noted the travel costs included mileage reimbursements for trips taken by individuals on days when they had no hours recorded on their timesheets to the Subawards.

KSN was also reimbursed a total of \$1,000 from the Agency as part of the PHHS Subaward for costs associated with training students in five face-to-face classes. The supporting documentation provided for these costs consisted solely of timesheets signed by the trainer. No other documentation, such as sign-in sheets signed by attendees, was offered to verify that any students attended the classes. Therefore, we question the \$1,000 included in reimbursement from the Agency.

Payments to the Executive Director

The Executive Director of KSN worked as the coordinator for both the Refugee and PHHS Subawards and was reimbursed by the Agency for his services during the period July 1, 2023, through December 31, 2024. During this time, he also received a salary of \$1,675 per month from KSN. Further, we discovered that the Executive Director of KSN had full-time employment with a private firm during the fiscal year. We obtained timesheets from the firm and compared the hours worked to those reimbursed by the Agency. As a result of this comparison, we noted 1,308 hours worked at the firm, totaling \$23,544, were also reimbursed by the Agency. We summarized the overlapping hours below, along with the amounts reimbursed for those hours.

Agency Payment	Time Period	Days Overlapping	Hours Overlapping	Amount Reimbursed
Refugee, Q3, 2023	April – June, 2023	31	197	\$ 3,546
Refugee, Q4, 2023	July – September, 2023	29	192	3,456
Refugee, Q1, 2024	October – December, 2023	20	131	2,358
Refugee, Q2, 2024	January – March, 2024	20	134	2,412
*Refugee, Q3, 2024	April – June, 2024	21	138	2,484
*Refugee, Q4, 2024	July – September, 2024	23	155	2,790
PHHS 2023	March – September, 2023	21	144	2,592
*PHHS 2024	January – September, 2024	31	217	3,906
Totals		196	1,308	\$ 23,544

**These payments were made during the period July 1, 2024, through December 31, 2024, and are included as questioned costs under Unsupported Personnel Costs.*

While we might not expect the Agency to be aware of outside employment of subrecipients, the Agency is required by 45 CFR § 75.302(b)(4) (October 1, 2024) to adequately safeguard all assets and ensure that they are used solely for authorized purposes. The Agency should have required KSN to provide additional documentation to support what services were actually performed by the Executive Director in relation to each Subaward, as required per 45 CFR § 75.430(i)(1). Had this documentation been requested, it is likely the Agency may have noticed the discrepancies in the timesheets and could have denied payments.

While the Executive Director acknowledged that KSN’s record keeping could be improved, we consider this beyond the scope of poor record keeping. The timesheets provided to the Agency appear to have been falsified, as the Executive Director could not have been working full-time at a private firm while also performing duties for the Refugee and PHHS Subawards.

Cause: Inadequate subrecipient monitoring procedures.

Effect: Without adequate subrecipient monitoring procedures, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Recommendation: We recommend the Agency strengthen its subrecipient monitoring procedures to ensure that they are adequate and timely performed to ensure both the allowability of costs and adherence to Federal regulations and subaward agreements, including ensuring there is proper coordination between the Agency’s divisions when multiple subawards are awarded to the same subrecipient. We also recommend the Agency review these findings to determine if any sanctions against KSN are warranted, and the repayment of funds is necessary.

Management Response: The Agency agrees. DHHS acknowledges the finding related to deficiencies in subrecipient monitoring and documentation oversight identified during the audit period. DHHS agrees that, for the period reviewed, documentation obtained from the subrecipient was insufficient to fully demonstrate allowability, allocability, and reasonableness of certain costs in accordance with federal requirements.

Since the period of performance under review, DHHS has taken steps to strengthen subrecipient monitoring practices and improve front-end documentation requirements to ensure that costs are adequately supported prior to reimbursement. These actions are intended to reduce the risk of unsupported or unallowable costs and to improve consistency and compliance across programs.

Finding 2025-034

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Reporting

Grant Number & Year: 2401NERSSS, FFY 2024; 2501NERSSS, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 2 CFR § 170, Appendix A 1. (January 1, 2024) states, in relevant part, the following:

a. Reporting of first-tier subawards.

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency.

...

2. Where and when to report.

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. . . .

Good internal control requires procedures to ensure all subawards subject to Federal Funding Accountability and Transparency Act (FFATA) reporting are submitted on time.

45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) of that same section states, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Good internal control requires procedures to ensure all subawards subject to Federal Funding Accountability and Transparency Act (FFATA) reporting are submitted on time.

Condition: FFATA reporting was not submitted for one of eight subawards tested. An additional four subawards were not submitted timely, and one of those subawards noted an incorrect date. A similar finding was noted in the prior audit.

Repeat Finding: 2024-044

Questioned Costs: None

Statistical Sample: No

Context: According to the Agency’s Subaward tracking spreadsheet, there were 14 subawards/amendments obligated during the fiscal year ended June 30, 2025. We tested eight of those subawards obligated to three subrecipients. One of those subawards was not reported as of February 4, 2026. The subaward should have been reported by May 31, 2025. Additionally, four subawards were not submitted timely. Two subawards were 25 days late, and the other two were 156 days late. One subaward amendment submitted 25 days late incorrectly reported that the subaward amendment was signed on July 21, 2024, but the subaward amendment was signed on April 28, 2025.

Transactions Tested	Subawards Not Reported	Subawards Not Reported Timely	Subawards Amount Incorrect	Subawards Missing Key Elements
8	1	4	0	0
Dollar Amount of Tested Transactions	Dollar Amount of Subawards Not Reported	Dollar Amount of Subawards Not Reported Timely	Dollar Amount of Subawards Amount Incorrect	Dollar Amount of Subawards Missing Key Elements
\$ 4,336,704	\$ 48,188	\$ 2,912,595	\$ 0	\$ 0

Cause: Procedures were not properly implemented to ensure that all subawards were reported as required.

Effect: Without adequate controls, there is an increased risk that subawards will not be reported timely and correctly.

Recommendation: We recommend the Agency improve its procedures to ensure that all subawards are reported as required.

Management Response: The Agency agrees.

Finding 2025-035

Program: AL 93.568 – Low-Income Home Energy Assistance – Reporting

Grant Number & Year: Various, including 2401NELIEA, FFY24, and 2501NELIEA, FFY25

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 96.30(a) (October 1, 2024) states, in relevant part, the following:

Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Good internal control requires procedures to ensure that all Federal reports contain complete and accurate information.

Condition: The State lacked procedures to ensure that Federally required reports contained complete and accurate information.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: During our testing of Federally required annual and quarterly LIHEAP reports submitted for the fiscal year ended June 30, 2025, we noted the following:

Annual Carryover Report

On the annual carryover report, the State is required to report the amount of LIHEAP funds unobligated at the end of year one of the grant. Based on the amount of unobligated funds, the State then reports the amount of funds allowable for carryover into year two and the amount of unobligated funds that are to be returned to the Federal government.

During our review of the September 30, 2024, carryover report submitted for grant 2401NELIEA, we observed the following variances between the amount reported and underlying accounting records.

Line Description	Amount Reported	Amount Observed	Under Reported
Projected Unobligated Balance	\$ 3,965,103	\$ 4,041,357	\$ (76,254)
Carryover Amount	\$ 3,593,943	\$ 3,593,943	\$ -
Reallotment Amount (amount to be returned to the Federal government)	\$ 371,160	\$ 447,414	\$ (76,254)

The variance above was due to the Agency incorrectly assessing the effects of correcting journal entries made after September 30, 2024. In determining the amount of unobligated funds, the Agency used the projected amount of the correcting journal entries rather than the actual amount of the journal entries that were made.

Annual Performance Data Report

Following the end of each Federal fiscal year, the State is to report the estimated uses of LIHEAP funds and the average household benefit by type of LIHEAP assistance provided.

We observed numerous errors in the annual performance data report submitted for Federal fiscal year 2024, as summarized in the tables below. The inaccurate reporting was the result of the Agency inaccurately compiling the data used to determine the amount of unobligated funds and inconsistently reporting administrative and planning costs. Further, due to the method used to estimate uses of LIHEAP funds, the errors in the unobligated, administrative, and planning costs were pulled through to the other report fields, as shown in the table below.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section IV - Estimated Uses of Funds - Total Obligations			
Report Category	Reported Obligations	APA Obligations Observed	Over/(Under) Reported
Heating	\$ 19,634,058	\$ 19,326,271	\$ 307,787
Cooling	\$ 7,073,703	\$ 6,962,814	\$ 110,889
Year-Round Crisis	\$ 1,077,706	\$ 1,060,812	\$ 16,894
Other Crisis	\$ 37,900	\$ 37,306	\$ 594
Total Energy Assistance	\$ 27,823,367	\$ 27,387,203	\$ 436,164
Weatherization	\$ 3,260,000	\$ 3,260,000	\$ -
Unobligated Funds	\$ 3,965,103	\$ 4,041,357	\$ (76,254)
Administrative and Planning	\$ 3,145,440	\$ 3,505,350	\$ (359,910)
Total LIHEAP Funds	\$ 38,193,910	\$ 38,193,910	\$ -

Additionally, we noted that the average household benefits reported by the Agency did not agree to the underlying documentation on file. The reported amounts agreed to neither the amount calculated by the Agency, which failed to update the reported amounts properly, nor the amount we calculated due to the errors noted above.

Section IV - Estimated Uses of Funds - Average Household Benefit					
Report Category	Reported Average Benefit	Agency Calc. Average Benefit	Variance (Reported less Agency Calc.)	APA Calc. Average Benefit	Variance (Reported less APA Calc.)
Heating	\$ 565	\$ 508	\$ 57	\$ 500	\$ 65
Cooling	\$ 584	\$ 525	\$ 59	\$ 517	\$ 67
Year Round Crisis	\$ 432	\$ 389	\$ 43	\$ 383	\$ 49
Other Crisis	\$ 216	\$ 194	\$ 22	\$ 191	\$ 25

Lastly, we noted that the Agency reported an average heating assistance benefit of \$514/household using infrastructure act funds. However, the Agency could not provide documentation to support how this amount was calculated. The Agency subsequently informed us that the funds were used for supplemental payments, which were set at \$143/household, resulting in an overstatement of \$371/household.

Quarterly Performance Reports

All LIHEAP recipients are required to submit quarterly performance data, including the number of households assisted during the quarter, cumulative obligations, and program implementation detail.

We tested the reports submitted for the quarters ended September 30, 2024, and June 30, 2025. During testing of these two quarterly reports, we noted the following:

Number of Households Assisted & Cumulative Obligations

During our review, we noted variances in the amounts reported for the number of assisted households and cumulative obligations, as detailed in the table below.

Quarter Ending	Line Description	Reported Amount	Observed Amount	Over/(Under) Reported
September 2024	Cumulative Obligations	\$ 32,684,159	\$ 31,898,075	\$ 786,084
September 2024	Assisted Households	18,820	3,077	15,743
June 2025	Assisted Households	13,215	13,347	(132)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

For both reports, we noted the following errors when the Agency compiled the household data: 1) improperly reporting applicant-only households as assisted households; 2) errors in the reporting logic of the Agency's LIHEAP system; 3) households being counted multiple times; and 4) households being reported in the wrong quarter. Additionally, we noted that the amount of obligations reported was inconsistent with the carryover report submitted for September 30, 2024, and was overstated when compared to the amount of unobligated funds reported on the carryover report.

Program Implementation and Support Information

On the report submitted for the quarter ended September 30, 2024, the Agency reported that the State had increased the number of unduplicated households served by over 3,951 households. The Agency could not provide support for how this amount was determined and reported to us that the number of households served had actually decreased during the year.

Cause: 1) Inadequate review of grant activity to ensure the obligations were determined properly; 2) logic errors in system reports; and 3) inadequate procedures to ensure data was not duplicated for reporting purposes.

Effect: Increased risk for errors and noncompliance with Federal requirements.

Recommendation: We recommend the Agency review its procedures, making necessary updates to ensure that obligations and household assistance data is reported in accordance with reporting requirements.

Management Response: The Agency agrees.

Finding 2025-036

Program: AL 93.568 – Low-Income Home Energy Assistance – Reporting

Grant Number & Year: 2401NELIEA, FFY24, 2501NELIEA, FFY25

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 2 CFR § 170, Appendix A I. (January 1, 2024) states, in part, the following:

a. Reporting of first-tier subawards.

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency

2. Where and when to report.

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made.

Good internal control requires procedures to ensure all subawards subject to Federal Funding Accountability and Transparency Act (FFATA) reporting are submitted both timely and accurately.

Condition: FFATA reporting was not submitted timely for four of four subawards/amendments tested, and the amount of the subaward/amendment reported was inaccurate for two of four subawards tested.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The Agency had 16 subawards obligated during the fiscal year ended June 30, 2025. We tested four of those subawards. Two of the subawards had incorrect subaward amounts reported, and four of the subawards were not submitted timely, ranging from 55 to 196 days late.

Additionally, we noted that the reported action date for two of the four subawards tested was inaccurate. In one instance, the action date was reported as June 7, 2024; however, the subaward was issued on July 11, 2024. In the other instance, the action date was reported as January 13, 2025; however, the subaward was not issued until February 20, 2025.

Transactions Tested	Subawards Not Reported	Subawards Report Not Timely	Subawards Amount Incorrect	Subawards Missing Key Elements
4	0	4	2	0
Dollar Amount of Tested Transactions	Subawards Not Report	Subawards Not Reported Timely	Subawards Amount Incorrect	Subawards Missing Key Elements
\$ 1,384,420	\$ 0	\$ 1,384,420	\$ 668,070	\$ 0

Cause: Inadequate procedures to ensure that subawards are reported timely and accurately.

Effect: Increased risk of noncompliance with Federal requirements.

Recommendation: We recommend the Agency update its procedures to ensure that subawards are reported timely and accurately.

Management Response: The Agency agrees.

Finding 2025-037

Program: AL 93.569 – Community Services Block Grant – Subrecipient Monitoring

Grant Number & Year: Various, including 2501NECOSR, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.352(d) (October 1, 2024) requires a pass-through entity to do the following:

Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

45 CFR § 75.405(a) (October 1, 2024) states, in part, the following:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

45 CFR § 75.403 (October 1, 2024) provides the following, in relevant part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) *Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*

* * * *

(g) *Be adequately documented. See also §§ 75.300 through 75.309.*

45 CFR § 75.430(i)(1) (October 1, 2024) states, in part, the following:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) *Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;*

(ii) *Be incorporated into the official records of the non-Federal entity;*

(iii) *Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . .*

* * * *

(vii) *Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

Per 45 CFR § 75.431(c) (October 1, 2024):

The cost of fringe benefits . . . must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

Good internal control requires procedures to ensure that Federal requirements are met.

Condition: The Agency's subrecipient monitoring procedures for reviewing expenditure reports can be improved upon.

Repeat Finding: No

Questioned Costs: Unknown

Statistical Sample: No

Context: The Agency required Community Services Block Grant (CSBG) subrecipients to submit monthly and quarterly expenditure reports. The Agency reimbursed the subrecipients monthly after reviewing and approving the monthly expenditure reports. The Agency did not require the subrecipients to provide

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

detailed supporting documentation for expenses claimed on the monthly expenditure reports. However, the Agency did require the subrecipients to submit line-item detail of all expenses reflected on the quarterly expenditure reports. From the line-item detail provided, the Agency selected expenses to review and requested the subrecipients to provide detailed supporting documentation for these expenses. We reviewed two quarterly expenditure report reviews the Agency completed, each for a different subrecipient, during the fiscal year. We noted the following:

- The Agency selected one employee's salaries and wages to test for each subrecipient. The Agency did not obtain adequate supporting documentation for salaries and wages that both subrecipients charged to the program.
 - For the first subrecipient, the employee tested was paid \$3,947 in salaries and wages for work during the quarter, and the subrecipient charged this entire amount to the CSBG program. However, per the employee's timesheet, the employee's time was coded to a non-CSBG program. The subrecipient recorded a journal entry to move the employee's wages to the CSBG program. The Agency did not follow up with the subrecipient for an explanation for why the wages were transferred.
 - The second subrecipient charged \$2,974 in salaries and wages to the CSBG program for the employee tested. While the Agency obtained timesheets and paystubs for support, the amount charged did not agree directly to the support, and the Agency could not explain how the amount charged was determined from the support.
- For the first subrecipient, the personnel expenses claimed included \$25,159 in other benefits (over 23% of the subrecipient's expenses for the quarter), which included accrued leave and "other fringe benefits." The Agency obtained detail from the subrecipient's accounting system to support this amount but did not review detailed support (such as paystubs or leave records) for this amount to verify the subrecipient properly charged the benefits to CSBG in accordance with benefits received.
- For both subrecipients, the Agency did not document how it determined the non-personnel expenditures were charged to the CSBG program in accordance with benefits received. Following APA inquiry, the Agency provided explanations for how it determined some (but not all) of the expenses were proper.
- For the first subrecipient, the Agency did not obtain adequate underlying supporting documentation for two expenses, totaling \$230. The Agency obtained internal records from the subrecipient but did not obtain vendor invoices.

Cause: Inadequate review procedures.

Effect: Noncompliance with Federal regulations and an increased risk for the occurrence of fraud or errors.

Recommendation: We recommend the Agency strengthen its subrecipient monitoring procedures to ensure compliance with Federal regulations.

Management Response: The Agency agrees.

Finding 2025-038

Program: AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility & Matching

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Grant Number & Year: 2401NETANF, FFY 2024; 2301NECCDD, FFY 2023; 2401NECCDD, FFY 2024; 2401NECCDF, FFY 2024; 2501NECCDM, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 98.67 (October 1, 2024) states, in part, the following:

(a) Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds.

* * * *

(c) Fiscal control and accounting procedures shall be sufficient to permit:

* * * *

(2) The tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.

42 USC § 9858k(b) (1992) states, “With regard to services provided to students enrolled in grades 1 through 12, no financial assistance provided under this subchapter shall be expended for— (1) any services provided to such students during the regular school day[.]”

45 CFR § 98.55 (October 1, 2024) states, in relevant part, the following:

(a) Federal matching funds are available for expenditures in a State based upon the formula at § 98.63(a).

(b) Expenditures in a State under paragraph (a) of this section will be matched at the Federal medical assistance rate for the applicable fiscal year for allowable activities, as described in the approved State Plan, that meet the goals and purposes of the Act.

To be eligible for services, 45 CFR § 98.20 (October 1, 2024) requires a child to be under 13 years of age, a citizen, and reside with a family whose income does not exceed 85% of the State’s median income.

Title 392 NAC 3-001.02(D) requires the recipient and child care provider to ensure that the services are delivered as authorized.

Title 392 NAC 3-004.01 states the following:

A provider must establish a private pay rate before being approved as an enrolled provider. Child Care Subsidy payments to a provider will not exceed the private pay rate.

Title 392 NAC 3-004.01(A) states the following:

The Department pays by attendance, not enrollment. Providers do not receive payment when the provider is on vacation, is ill, or is not providing care for some reason unrelated to the child or recipient.

Title 392 NAC 4-002 states, in relevant part, the following:

Before furnishing any service, each provider must sign an enrollment form agreeing:

(A) No payments will be made for child care provided to a child before the service authorization date;

(B) To provide service only as authorized, in accordance with the Department’s standards;

* * * *

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

(E) To accept a rate which is reasonable, necessary, and does not exceed the amount charged to private-paying persons;

* * * *

(G) To retain authorizations, billing documents, and attendance records for four years to support and document all claims[.]

The Child Care Subsidy Provider Handbook (June 2023 revision), Section 5 (“Financial Matters”), states, in relevant part, the following:

You must complete an attendance calendar to accurately reflect the dates on which child care services were provided, as well as the exact number of hours of service provided. You should mark “A” on the calendars for children who are absent. Up to five absent days can be billed per child per month.

Nebraska Department of Health and Human Services’ Guidance Document for the Child Care Subsidy Program has the following guidance for Title 392 NAC Chapter 2-011, Categories of Eligibility Based on Income:

The total amount of the sliding fee assessed will be based on 7% of the household’s gross income for all of their children enrolled in the subsidy program. It will not vary with the number of children in care, the amount of care they need, or the type of care they choose to use. The sliding fee must be paid each month to the provider before the provider bills the Department, it covers the first dollars of payment, regardless of when service begins or ends.

The Child Care Subsidy Provider Handbook (June 2023 revision) requires that, for providers other than child care centers, “[P]arents/caregivers must sign the calendar at the end of the billing period.”

EnterpriseOne is the official accounting system for the State of Nebraska, and all expenditures are generated from it.

Good internal control requires procedures to ensure that payments are in accordance with Federal and State requirements.

Condition: Child care payments did not comply with Federal and State requirements. A similar finding has been noted in our previous audit reports since 2007.

Repeat Finding: 2024-045

Questioned Costs: \$27,326 known

Grant #	Federal Questioned Costs
2401NETANF	\$ 8,076
2301NECCDD	\$ 13,446
2401NECCDD	\$ 1,117
2401NECCDF	\$ 1,653
2501NECCDM	\$ 3,034

Statistical Sample: No

Context: We noted claims that lacked support, did not agree to support, or billed more than authorized, as detailed below.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Federal Random Sample

We tested 25 child care claims paid with Federal funds. We noted seven claims with errors. Some payments had more than one type of error.

- For one claim tested, the household's income was not calculated correctly, which resulted in the family fee co-pay being incorrectly calculated. The Agency originally calculated the household's income to be less than 100% of the Federal Poverty Level, and a family fee co-pay was not assessed. However, the household's income was understated by \$2,077, and a family fee co-pay of \$315 should have been assessed.
- For one claim tested, the rate the provider charged was more than the provider's private rate. The provider charged \$41.40/day, but the provider's private rate was only \$28/day. Additionally, the provider charged \$28.70/partial day, but using an Agency-provided conversion table, the partial rate charged should only have been \$15.56/partial day.
- For five claims tested, the providers billed for more days than what was recorded on the child's attendance sheet:
 - One provider improperly billed the Agency for the wrong sibling.
 - One provider billed for 21 days of child care in a month; however, the attendance calendar only reported 20 days of child care in the month.
 - One provider billed for 7 full days and 12 partial days of child care in a month; however, the attendance calendar only reported 2 full days and 12 partial days of child care in the month.
 - For two claims tested, the attendance records were not provided.
- For one claim tested, the attendance record was not signed by the parent, as required for providers other than child care centers.

Federal payment errors noted for the sample tested were \$2,679. The total Federal sample tested was \$12,979, and total child care Federal assistance claims for the fiscal year were \$85,359,477. Based on the sample tested, the case error rate was 28% (7/25). The dollar error rate for the sample was 20.64% (\$2,679/\$12,979), which estimates the potential dollars at risk for fiscal year 2025 to be \$17,618,196 (dollar error rate multiplied by the population).

In addition to the \$2,679 in questioned costs noted on the sample items tested, we noted \$446 of questioned costs on other line items of the claims reviewed, which resulted from missing and inaccurate documentation.

Excessive Units

The Nebraska Family Online Client User System (NFOCUS) application was used to automate benefit/service delivery and claim processing and payments for the Child Care program. Due to the volume of claims processed by the NFOCUS application, the Agency did not perform a review of each claim paid. Therefore, the Agency relied on edit checks within the system to review claims and deny or suspend claims that did not meet the criteria determined by the Agency.

In the prior year audit, on Finding 2024-015, we noted that the "UN" edit check ("Units too high for service dates and frequency") was incorrectly bypassed on claims submitted and interfaced through the Child and Family Services Provider online claims portal, which appears to have been properly corrected in January

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

2025. However, the Agency posted several journal entries to charge the Federal child care grants during fiscal year 2025 for claims that occurred prior to January 2025. Therefore, numerous claims charged to the Federal child care grants during fiscal year 2025 did not have the “UN” edit check properly applied to them.

We identified 865 lines paid with Federal funds, totaling \$368,795, where the number of days or partial days billed exceeded the number of days in the service period.

We selected 24 claim lines, totaling \$33,870, for review and noted 16 claim lines with errors as follows:

- The claims charged to Federal funds were “Version 1” of the claim. Sometimes an error is detected, and a “Version 2” of the claim is created with an underpayment or overpayment. We noted that 12 of the claim lines tested had a Version 2 where overpayments were created. However, the overpayments collected and recouped are credited to the State General Fund, not Federal funds. The 12 claim lines totaled \$17,256 and are considered Federal questioned costs. Errors noted included two claim lines that billed 120 partial days for a 28-day period. The errors were discovered, and a Version 2 was created on January 18, 2025, but on January 30, 2025, the Agency moved the Version 1 claim to Federal funds, resulting in the Federal grant being overcharged.
- Four claim lines did not agree to the attendance records, resulting in Federal questioned costs of \$6,945.
 - One provider billed 37 partial days and 13 days for one month, when the attendance record only supported 19 days.
 - Another provider billed 58 partial days and 10 days for a 15-day period. The attendance record only supported 10 days.
 - A third provider billed 168 partial days in a 29-day period, which is not feasible. The attendance record only supported 12 partial days.
 - The last provider did not provide the attendance record. The provider billed 37 partial days and 15 days for one month.

State Matching Claims

States are required to match the Federal funds spent with the Federal Matching grant with State funded expenditures at the Federal Medical Assistance Percentage (FMAP) rate for the applicable fiscal year. Those State funding expenditures must be an eligible and allowable activity per the State Plan. The Agency periodically performs journal entries to move child care claims to the applicable business unit to identify and track the State matching expenditures. During the fiscal year, the Agency moved \$10,560,322 of child care claims paid with State General funds to the business units for State matching expenditures.

We tested 25 child care claims paid with State matching funds. We noted six claims with errors.

- For one claim tested, the rate the provider charged was more than provider’s private rate. The provider charged \$40/full day and \$36/partial day, but the provider’s private rates were only \$37/full day and \$27/partial day.
- For one claim tested, the provider billed for child care over the authorized amount. The provider was authorized 41 hours of child care a week; however, per the attendance sheet, the child received over 46 hours for one week tested.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- For four claims tested, the providers billed for more days than what was recorded on the child’s attendance sheet.
 - One provider billed for 28 full days and 15 partial days, while the attendance sheet reported 27 full days and 0 partial days.
 - One provider billed for 8 full days and 5 partial days, while the attendance sheet reported 10 full days and 0 partial days.
 - One provider billed 13 full days and 6 partial days, while the attendance sheet reported 10 full days and 6 partial days.
 - One provider recorded full days of service from 8:00 a.m. to 5:00 p.m. for nine hours of service each day for the claim tested. The total number of days billed was 21 full days. However, according to the school calendar, school was in session for 15 of the 21 days billed; therefore, it is unreasonable that the provider provided services during the entire time billed.

Payment errors noted for the sample tested were \$943. The total sample tested was \$10,490, and total child care matching claims for the fiscal year were \$10,560,322. Based on the sample tested, the case error rate was 24% (6/25). The dollar error rate for the sample was 8.99% (\$943/\$10,490), which estimates the potential dollars at risk for fiscal year 2025 to be \$949,373 (dollar error rate multiplied by the population).

Cause: Ineffective review. The Agency does not have automated procedures to ensure attendance records agree to billing documents, service authorizations are not exceeded, and claims are in accordance with regulations. The edit check “Units too high for service dates and frequency” was incorrectly bypassed on claims submitted and interfaced through the Child and Family Services Provider online claims portal prior to January 2025.

Effect: Ineffective review of claims increases the risk for errors, fraud, and misuse of State and Federal funds.

Recommendation: We recommend the Agency implement procedures to ensure payments are allowable, adequately supported, and in accordance with State and Federal regulations. We also recommend the Agency ensure billing documents agree with attendance sheets.

Management Response: The Agency agrees.

Finding 2025-039

Program: AL 93.575 – COVID-19 Child Care and Development Block Grant – Period of Performance

Grant Number & Year: 2101NECDC6, FFY 2021

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 98.60(d) (October 1, 2024):

The following obligation and liquidation provisions apply to States and Territories:

- (1) *Discretionary Fund allotments shall be obligated in the fiscal year in which funds are awarded or in the succeeding fiscal year. Unliquidated obligations as of the end of the succeeding fiscal year shall be liquidated within one year.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Per the Federal Notice of Award for 2101NECDC6, “ARP CCDF Discretionary funds must be obligated by September 30, 2023, and liquidated by September 30, 2024.”

A good internal control plan requires procedures to ensure compliance with Federal regulations.

Condition: Expenditures were charged to the American Rescue Plan Act (ARPA) grant after the period of performance. A similar finding was noted in the prior audit.

Repeat Finding: 2024-047

Questioned Costs: \$2,829,758 known

Statistical Sample: No

Context: ARPA Child Care and Development Fund (CCDF) Discretionary funds must be obligated by September 30, 2023, and liquidated by September 30, 2024.

Expenditures for the ARPA grant included two journal entries for claims originally paid with State funds from April 2024 through June 15, 2024. The claims were for the service period January 2024 through May 2024, which is after the obligation period. There was no obligation to pay these claims as of September 30, 2023, as services had not been provided.

Journal Entry Date	Amount	Original Claims Paid	Service Dates
September 6, 2024	\$ 2,676,948	April 2024 – June 2024	January 2024 – May 2024
September 30, 2024	\$ 152,810	April 2024 – May 2024	March 2024 – April 2024

Cause: The Agency had verbal discussions with the Federal grantor and believed, based on those discussions, that the expenditures were allowable.

Effect: Noncompliance with Federal regulations.

Recommendation: We recommend the Agency improve procedures to ensure expenditures charged are within the allowed time period.

Management Response: The Agency disagrees. Federal Partners approved this process in writing, which was provided to the APA. These costs are allowable and in the federally allowed period for these grants.

APA Response: To support its position, the Agency relies upon a cursory email response from its Federal Partners. That generic, one-sentence message lacked the detail necessary to address our finding. Additionally, an almost identical finding in the prior year’s audit required a management decision by the cognizant Federal agency per Title 2 CFR § 200.521(a); however, we have yet to receive it.

Finding 2025-040

Program: AL 93.575 – COVID-19 Child Care and Development Block Grant – Allowability

Grant Number & Year: 2101NECDC6, FFY 2021

Federal Grantor Agency: U.S. Department of Health and Human Services

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: 45 CFR § 98.67 (October 1, 2024) states, in part, the following:

(a) *Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds.*

* * * *

(c) *Fiscal control and accounting procedures shall be sufficient to permit:*

* * * *

(2) *The tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.*

The Frequently Asked Questions (FAQs) for the Restoration and Enhancement Program (https://dhhs.ne.gov/Documents/NE_DHHS_CCDF_REP%20FAQ%20Revised_5.1.2024.pdf) includes, in part, the following:

The goal of the Restoration and Enhancement Program (REP) is to improve facilities, invest in new equipment, and enhance the quality of child care homes and centers throughout the state of Nebraska.

* * * *

III. 6. All Restoration and Enhancement Program funds must be spent on or before November 30, 2024. Requests for extensions will be reviewed case by case.

* * * *

IV. 1. Programs may only need to repay any funds that are not spent on or before November 30, 2024, if the program has not remained open and caring for children for 12 months after the award date, or if the grant funds were spent on items not allowed. Repayment may be required if the applicant provides inaccurate or false information or there are other applicable instances of non-compliance.

* * * *

IV. 2. Ten percent (10%) of programs who receive Restoration and Enhancement Program grant funds may be audited to ensure the proper use of grant funds and continued program eligibility. All grant recipients are required to keep receipts of the items purchased for 5 (five) years for potential auditing purposes. Repayment may be required if the applicant cannot provide receipts.

Good internal control requires procedures to ensure that State and Federal requirements are met. Good internal control also requires procedures to ensure amounts awarded are adequately supported.

Condition: The Agency did not have adequate procedures to ensure grants to child care providers were spent properly and complied with State and Federal requirements.

Repeat Finding: No

Questioned Costs: \$388,654 known

Statistical Sample: No

Context: Section 2201 of the American Rescue Plan Act (ARPA) of 2021 provided states supplemental discretionary Federal funding to help more families afford child care and to improve the quality of child care for all children. The Restoration and Enhancement Program (REP) utilized this funding to assist

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

licensed child care providers to improve facilities, invest in new equipment, and enhance the quality of child care homes and centers. Funding could be used for minor remodeling and for upgrading child care programs to meet state and local health and safety requirements and also to improve the quality of care to meet accreditation or other quality enhancement programs such as Step up to Quality.

During fiscal year 2025, a total of \$4,493,424 in grants was paid to 94 eligible child care providers. Providers had until November 30, 2024, to spend the funds.

We tested 10 grant payments to child care providers, totaling \$688,254. We requested the application, award notification, and supporting documentation for expenditures, including proof of payment such as a cancelled check, bank statement, or credit card receipts. The Agency did not require the child care programs to submit documentation for their purchases, so the Agency had to request the supporting documentation for the expenditures from the child care providers we selected for testing. Six of the 10 grant payments tested did not provide adequate supporting documentation. We noted the following issues:

- One child care center was awarded \$152,128. The center submitted receipts, totaling \$51,451, for allowable expenses. The center provided \$131,809 in receipts that did not appear allowable, which included the following: \$82,874 in loan payoffs; \$43,195 in flooring expenses not approved in the grant agreement; and \$5,740 for unknown items. All expenses by the child care center were made after the November 30, 2024, spending deadline; therefore, we questioned the entire \$152,128 awarded.
- One Family Child Care Home I provider was awarded \$23,071. The provider submitted receipts that supported \$13,524 in allowable expenses. The remaining \$9,547 was not adequately supported, so we questioned the costs. Additional documentation provided was not sufficient to determine if the expense was allowable per the grant agreement. This included several screen shots of toys and other items that appear to be from Amazon, but no prices were listed or other information was missing that was needed to verify the expense was allowable. The grant agreement awarded \$20,695 to the provider to install fencing, replace windows, purchase a toilet, and repaint walls with non-toxic paint. The invoice provided for these expenses totaled \$21,023 but did not include proof of payment. We requested proof of payment for these expenses, and the provider submitted copies of three handwritten receipts, totaling \$13,128, that noted payments were made in cash. We then requested receipts for the remaining \$7,895 and asked for bank statements to see if there were large cash withdrawals that corresponded to the large cash payments. The provider did not submit any additional receipts or copies of a bank statement, and she stated that she used cash from her safe for these expenses. She also stated that a new toilet was not installed, but a kid's toilet set was added to the existing toilet. Pictures were provided to support the installation of the fence, replacement of windows, painting of walls, and kid's toilet seat.
- One child care center was awarded \$128,843. The center submitted receipts, totaling \$63,749, for allowable expenses. There were two receipts provided that did not appear allowable: a quote for \$7,415 for installing a fence with no accompanying proof of payment; and a credit card receipt for \$474 that did not include a description of what was purchased. No receipts were provided for the remaining \$65,094 grant awarded, and this amount is questioned.
- One child care center was awarded \$213,945. The center submitted receipts, totaling \$211,267, and noted that it had not spent \$2,678 of the grant payment. Per a review of the receipts submitted, \$144,439 was supported, and \$69,506 was not adequately supported and is questioned. The center was awarded \$84,985 for external modifications and submitted \$138,655 in invoices. The center stated that it underspent money in other categories, so it believed it could use this money towards the external modification category where it installed fencing and turf for the playground. This substitution was not allowed per the grant agreement. Expenses under the External Modification

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

category required a quote, so these additional expenses were not approved and are unallowable. The provider also submitted \$4,955 in duplicate receipts and \$21,906 in expenses that did not appear allowable for the following reasons: 1) receipts included items noted as unallowable on the Frequently Asked Questions (FAQs) for the REP program; 2) receipts did not include sufficient information to determine whether the expense was allowable; 3) the expense was not approved by the Agency on the application, such as painting, drywall, and electrical work; and 4) no proof of payment was provided for a \$2,001 invoice that included labor to build a storage tote rack and to move items in and out of storage, and mileage reimbursement.

- One child care center was awarded \$84,845. The center submitted receipts, totaling \$84,845; however, all items were purchased after the November 30, 2024, spending deadline. Receipts were dated between June 16, 2025, and September 16, 2025. The entire \$84,845 grant payment is questioned.
- One Family Child Care Home I provider was awarded \$14,508. Invoices provided did not support the full amount awarded. We determined only \$6,974 of expenses were allowable, resulting in \$7,534 in questioned costs. One invoice, totaling \$7,750, was for a custom playhouse building and dirt work. We requested proof of payment and pictures of the playhouse. The provider submitted a handwritten receipt for \$7,550, which was \$200 less than the invoice amount. When asked for a copy of the bank statement, the provider told the Child Care and Development Fund Administrator that her daycare parents pay in cash, and she saved this money to use for the project and did not use the grant money.

The provider submitted two pictures of the outside of the playhouse. Per the county gWorks website, it appeared the playhouse was an elevated structure on the property in August 2023, and updates were made to the existing playhouse. It appears a new roof was installed, the existing stairs were removed, and the structure was placed on the ground. No pictures were provided of the inside of the structure, so it is unknown if it is a playhouse. The work appears to have been completed by the provider's son because the invoice noted that the checks were payable to him.



*Pictures of playhouse provided during field work in December 2025.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025



*Picture of playhouse structure as of August 2023 per the county's gWorks website.

Another invoice for \$500 was for the assembly of items purchased for the child care center, including two tricycles, three drift bikes, table and chairs, a rock wall climber, and a double tricycle. Payment was due to the provider's daughter. Again, we asked for proof of payment and were provided with another hand-written receipt. The invoice was dated November 13, 2024, and the receipt was dated October 15, 2025, which raises questions about when the receipt was written. Regardless, it does not appear reasonable for the provider to pay a relative \$500 for assembling these items using the grant funds.

Federal payment errors noted for the REP sample tested were \$388,654. The total sample tested was \$688,254, and the total REP payments for the fiscal year were \$4,493,424. The REP payment dollar error rate for the sample was 56.48 % ($\$388,654/\$688,254$), which estimates the potential dollars at risk for fiscal year 2025 to be \$2,537,437 (dollar error rate multiplied by the population).

As part of the REP grant monitoring process, the Agency audited 10% of grant payments made to child care providers. There were 122 grant payments, totaling \$7,125,998, made during State fiscal year 2024, and 94 grant payments, totaling \$4,493,424, made during State fiscal year 2025, for a total of 216 grant payments. The Agency selected 25 grant payments to audit. As of December 9, 2025, four audits were still under review by the Agency.

Of the 21 audits completed by the Agency, only 10 of the grant payments passed. The remaining 11 grant payments had various issues. This included expenses after the November 30, 2024, deadline, no receipts or incomplete receipts, items purchased not approved on the application and no quote, quotes not agreeing to invoice vendor or amount, expenses prior to the grant award, and not all funds being spent. Both the Agency's testing and our random testing identified similar issues with over 52% of grant payments having findings. Therefore, it does not appear that the Agency's procedures to audit 10% of the payments after the fact was an adequate control.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: Inadequate control procedures. The Agency performed audits on only 10% of the subgrants after the fact.

Effect: Noncompliance with Federal regulations. Additionally, a lack of adequate supporting documentation increases risk of payments not being made in accordance with State and Federal requirements, leading to a loss of Federal funds.

Recommendation: We recommend the Agency implement procedures to ensure that payments are adequately supported and in accordance with State and Federal requirements. We further recommend the Agency take steps to recover funding that was not spent or was not spent properly.

Management Response: The Agency partially agrees. The Restoration and Enhancement Program (REP) frequently asked questions allows for programs to receive an extension to spend funds after November 30, 2024. The program reviewed situations where funds were spent after the spend date and approved based on the provider's justification. The agency has conducted internal audits of child care providers who received grants funded by the American Rescue Plan Act (ARPA). Specific to the REP grant, the program audited approximately 10% (21 child care providers) and after identifying concerns with multiple providers within the initial sample determined an expanded audit was necessary. The Agency is in the process of auditing an additional 50 REP cases and will take appropriate action on any findings from the cases under review.

APA Response: **The provider's justifications and the Agency's approval for spending funds after November 30, 2024, were not provided to us. Additionally, the period of performance ended on September 30, 2024, which raises the question of whether it is appropriate to allow providers extensions to spend the funds.**

Finding 2025-041

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Grant Number & Year: Various, including 2501NECCDF, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 98.41 (October 1, 2024), the State must have requirements to protect the health and safety of children, including the prevention and control of infectious diseases, building and physical premises safety, and health and safety training.

Per 391 NAC 3-005.09A and 4-005.09A:

The Department will make a fire inspection referral when: . . . 2. Every two years following the initial fire inspection[.]

Per 391 NAC 3-005.09B:

The Department will make a sanitation inspection referral when: . . . 2. Every two years following the initial sanitation inspection . . . [.]

391 NAC 1-005.02 provides the following:

The Department will conduct an unannounced inspection each year to assess compliance with licensing regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

A good internal control plan requires that adequate documentation be maintained to support compliance with health and safety requirements.

Condition: The Agency did not have adequate procedures in place to ensure health and safety requirements were met for child care providers. A similar finding was noted in prior audits since 2017.

Repeat Finding: 2024-046

Questioned Costs: None

Statistical Sample: No

Context: Child care centers and family child care homes are subject to health and safety requirements. Each type of provider is subject to separate but similar State regulations. We tested 25 child care providers subject to health and safety requirements. We noted the following:

One child care center tested did not have a sanitation inspection within the last two years. The last sanitation inspection was completed on February 14, 2023, four months overdue as of June 30, 2025. The Agency submitted a referral on February 14, 2025, for the next inspection due; however, the Agency did not provide documentation to support follow-up was completed on the referral.

For a school-age-only child care center, the last sanitation inspection was completed on September 19, 2025, according to an email provided by the Agency from the Douglas County Health Department. However, a copy of the inspection report was not provided to us; therefore, we could not verify whether the health and safety requirements were met.

Five of 20 child care centers tested did not have a fire inspection within the last two years:

#	Date of Last Fire Inspection	Date Referral was Sent for Inspection	Months Overdue as of June 30, 2025
1	September 6, 2016	*	81
2	July 19, 2017	May 16, 2025	71
3	July 24, 2019	June 4, 2024	47
4	November 3, 2021	January 10, 2025	19
5	April 21, 2023	January 15, 2025	2

**The child care center was located in a school, and the Agency does not make referrals to school-age-only centers in a school.*

The referrals sent for three of the overdue fire inspections were not made timely. The Agency did not provide documentation to support that any follow-up was completed on the referrals. As of the end of fieldwork on January 8, 2026, no follow-up had been done for almost 8 months to over 19 months.

Cause: Depending on the city or county, the Agency relies on local fire departments or the State Fire Marshal to conduct fire inspections for child care centers. The Agency makes a referral to the fire department when an inspection is due, but the Agency does not pay for these inspections and cannot control the timing of the inspections.

Effect: Without adequate procedures to ensure health and safety requirements are met, there is an increased risk of noncompliance with Federal regulations and the possibility of children being cared for in unsafe facilities.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Recommendation: We recommend the Agency implement procedures to ensure all health and safety requirements are met for child care centers. These procedures should include regular follow-up with the Fire Marshall or local fire departments and local health departments or the Environmental Health Agency to ensure the inspections are completed timely. This also should include establishing a documented review of inspection requirements for school-age-only child care centers as well as child care centers located in a school.

Management Response: The Agency agrees.

Finding 2025-042

Program: AL 93.658 – Foster Care Title IV-E – Allowability

Grant Number & Year: 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.403 (October 1, 2024), costs must be necessary, reasonable, and adequately documented.

Per 45 CFR § 75.303(a) (October 1, 2024), the Agency must do the following:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

45 CFR § 75.302(a) (October 1, 2024) states:

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 392 NAC 4-002 states, in relevant part, “Before furnishing any service, each provider must sign an enrollment form agreeing: (A) No payments will be made for child care provided to a child before the service authorization date; (B) To provide service only as authorized, in accordance with the Department’s standards;” and “(G) To retain authorizations, billing documents, and attendance records for four years to support and document all claims[.]”

The Child Care Provider Handbook (June 2023 revision), Section 5, states, in relevant part, “You must complete an attendance calendar to accurately reflect the dates on which child care services were provided, as well as the exact number of hours of service provided.”

Good internal control requires procedures to ensure that payments are in accordance with Federal and State requirements.

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Condition: The Agency did not have adequate documentation on file to support that payments were in accordance with Federal and State regulations. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings states the corrective action is completed.

Repeat Finding: 2024-050

Questioned Costs: \$256 known (2401NEFOST, \$195; 2501NEFOST, \$61)

Statistical Sample: No

Context: We tested 25 Foster Care claims for maintenance. Foster Care maintenance payments include payments to foster parents and payments to licensed child care providers for child care when work responsibilities preclude foster parents from being at home. For five of the claims, the providers billed for more days than what was recorded on the child’s attendance sheet, as noted in the table below.

Provider	Days Billed	Days per Attendance Sheet	Partial Days Billed	Partial Days per Attendance Sheet	In-Sample Questioned Costs	Out-of-Sample Questioned Costs
Provider 1	22	18	18	16	\$ 121	\$ 48
Provider 2	0	0	11	10	\$ 24	\$ -
Provider 3	6	5	0	0	\$ 20	\$ -
Provider 4	8	7	2	3	\$ -	\$ 6
Provider 5	0	0	16	15	\$ 14	\$ -
Total					\$ 179	\$ 54

For a separate claim tested, the attendance calendar provided appeared to be prepared by the provider after it was requested by the Agency as the calendar was for services in September 2024, but the calendar was noted as being prepared and signed on December 3, 2025. We questioned costs of \$23, which is in-sample.

Federal payment errors noted in the sample were \$202. The total Federal sample tested was \$10,052, and the total Federal maintenance payments during the year were \$7,295,988. Based on the sample tested, the dollar rate error was 2.01% (\$202/\$10,052), which projects the potential dollars at risk for fiscal year 2025 to be \$146,649 (dollar error rate multiplied by the population).

In addition to the \$202 questioned costs noted on the sample items, we noted \$54 of questioned costs on other line items of the claims reviewed.

Cause: Inadequate procedures to ensure documentation was on file.

Effect: When adequate support is not on file, there is an increased risk of both noncompliance with State and Federal requirements and improper payments.

Recommendation: We recommend the Agency implement procedures to ensure that adequate documentation is maintained to support that expenditures are allowable and in accordance with State and Federal regulations.

Management Response: The Agency agrees.

Finding 2025-043

Program: AL 93.658 – Foster Care Title IV-E – Allowability

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Grant Number & Year: 2501NEFOST, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.403 (October 1, 2024), costs must be necessary, reasonable, and adequately documented.

Per 45 CFR § 75.303(a) (October 1, 2024), the Agency must do the following:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

45 CFR § 75.302(a) (October 1, 2024) states:

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Good internal control requires procedures to ensure expenditures are reasonable, accurate, and adequately documented.

Condition: The Agency did not have adequate procedures to ensure that Tribal administrative payments were coded properly.

Repeat Finding: No

Questioned Costs: \$10,494 known

Statistical Sample: No

Context: We tested four Foster Care contract payments. For one of the payments tested, we noted that the payment was not properly coded in the State's accounting system and overcharged the Foster Care grant. The payment was to a Tribal entity to reimburse its administrative costs related to child protection and safety services. The total amount that should have been charged to the Federal grant was \$77,879; however, the Agency improperly coded \$88,373 to the Federal grant, resulting in \$10,494 being overcharged. Upon further review and discussion with the Agency, payments to this Tribal entity for the months of July 2024 to September 2025 overcharged \$127,628 to the Federal grant.

Federal payment errors noted in the sample were \$10,494. The total Federal sample tested was \$270,143, and the total Federal contract payments in the population were \$3,486,052. Based on the sample tested, the dollar rate error was 3.88% ($\$10,494/\$270,143$), which projects the potential dollars at risk for fiscal year 2025 to be \$135,259 (dollar error rate multiplied by the population).

Cause: Employee error. The Agency's spreadsheet to calculate the split coding for the payments was not set up properly.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Effect: Without adequate oversight procedures, there is an increased risk of payments not being coded properly, resulting in the Federal grant being overcharged.

Recommendation: We recommend the Agency improve procedures to ensure that payments are properly coded in the State's accounting system.

Management Response: The Agency agrees.

Finding 2025-044

Program: AL 93.658 – Foster Care Title IV-E – Reporting

Grant Number & Year: 2401NEFOST, FFY 2024; 2501NEFOST, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: A good internal control plan requires procedures to ensure reports are accurate and complete and reconcile to the accounting system.

45 CFR § 75.302 (October 1, 2024) states, in part, the following:

- (a) *Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §75.450.*

- (b) *The financial management system of each non-Federal entity must provide for . . . (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements. . . .*

Condition: The Agency lacked adequate procedures to ensure the accuracy of Federal Financial Reports (FFRs).

Repeat Finding: No

Questioned Costs: Unknown

Statistical Sample: No

Context: We tested the FFRs for the quarters ended September 30, 2024, and March 31, 2025. During our review, we noted clerical errors that included the following: 1) the Agency's supporting spreadsheets not agreeing to the actual reports; 2) using the incorrect amounts for calculating prior period adjustments; 3) reporting the same costs multiple times; and 4) calculating the incorrect percentages for reporting Bridge to Independence expenses. See the tables below for the net errors noted.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Quarter Ended September 30, 2024, FFR						
Line Description	Total Reported	Federal Share Reported	APA Total	APA Federal Share	Total Variance	Federal Share Variance
Part 1, Line 1a: Agency Maintenance Payments	\$ 3,845,351	\$ 2,253,376	\$ 3,716,183	\$ 2,177,683	\$ 129,168	\$ 75,693
Part 1, Line 5: Case Planning and Management	\$ 676,431	\$ 338,216	\$ 408,612	\$ 204,306	\$ 267,819	\$ 133,910
Part 1, Line 7: Provider and Agency Management	\$ 8,127,066	\$ 4,063,533	\$ 8,101,427	\$ 4,050,714	\$ 25,639	\$ 12,819
Part 2, Adjustment 1	\$ 770,678	\$ 493,234	\$ 1,333,353	\$ 853,347	\$ (562,675)	\$ (360,113)
Part 2, Adjustment 2	\$ 419,878	\$ 246,049	\$ 104,978	\$ 61,517	\$ 314,900	\$ 184,532
Net Errors					\$ 174,851	\$ 46,841

Quarter Ended March 31, 2025, FFR						
Line Description	Total Reported	Federal Share Reported	APA Total	APA Federal Share	Total Variance	Federal Share Variance
Part 1, Line 6: Eligibility Determinations	\$ 8,933	\$ 4,467	\$ 3,389	\$ 1,695	\$ 5,544	\$ 2,772
Part 1, Line 7: Provider and Agency Management	\$ 7,718,504	\$ 3,859,252	\$ 7,705,706	\$ 3,852,853	\$ 12,798	\$ 6,399
Net Errors					\$ 18,342	\$ 9,171

Cause: Clerical errors and inadequate review.

Effect: Increased risk for errors and noncompliance with Federal requirements.

Recommendation: We recommend the Agency implement procedures to ensure that Federal reports are accurate and reconcile to the accounting system.

Management Response: The Agency agrees.

Finding 2025-045

Program: AL 93.659 – Adoption Assistance – Allowability

Grant Number & Year: 2501NEADPT, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.403 (October 1, 2024), costs must be necessary, reasonable, and adequately documented.

Per 45 CFR § 75.303(a) (October 1, 2024), the Agency must do the following:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

45 CFR § 75.302(a) (October 1, 2024) states:

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 392 NAC 4-002. (Eff. 9/15/2020) states, in relevant part, “Before furnishing any service, each provider must sign an enrollment form agreeing: (A) No payments will be made for child care provided to a child before the service authorization date; (B) To provide service only as authorized, in accordance with the Department’s standards;” and “(G) To retain authorizations, billing documents, and attendance records for four years to support and document all claims[.]”

The Child Care Provider Handbook (June 2023 revision), Section 5, states, in relevant part, “You must complete an attendance calendar to accurately reflect the dates on which child care services were provided, as well as the exact number of hours of service provided.”

Good internal control requires procedures to ensure that payments are in accordance with Federal and State requirements.

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

Condition: We noted that two of five Adoption Assistance payments tested, which were for child care, did not have adequate documentation on file to support that the payments were in accordance with Federal and State regulations. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as complete.

Repeat Finding: 2024-051

Questioned Costs: \$1,025 known

Statistical Sample: No

Context: We tested five assistance claims and noted the following:

- For one claim tested, the Agency was unable to obtain the attendance calendar from the provider. With no attendance calendar, we were unable to verify the payment amounts were accurate, resulting in total Federal share questioned costs of \$906.
- For another claim tested, the provider billed for eight full days and eight partial days of child care, while the attendance calendar for the child showed only nine full days and zero partial days of child care, resulting in questioned costs of \$119.

Cause: Employee oversight; inadequate procedures to ensure documentation was on file.

Effect: When adequate support is not on file, there is an increased risk of both noncompliance with State and Federal requirements and improper payments.

Recommendation: We recommend the Agency implement procedures to ensure that adequate documentation is maintained to support that expenditures are allowable and in accordance with State and Federal regulations.

Management Response: The Agency agrees.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-046

Program: AL 93.659 – Adoption Assistance – Level of Effort & Reporting

Grant Number & Year: 2401NEADPT, FFY 2024

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: A good internal control plan requires procedures to ensure reports are accurate and complete and reconcile to the accounting system. EnterpriseOne is the official accounting system of the State.

45 CFR § 75.302 (October 1, 2024) states in part:

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state’s own funds. In addition, the state’s and the other non-Federal entity’s financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §75.450.

(b) The financial management system of each non-Federal entity must provide for . . . (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements

Per Instructions for Completion of Form CB – 496:

Line 12. Reporting Period - Expenditures of Adoption Savings On Other Title IV-B or Title IV-E Allowable Services (from line 8 amount) – This line consists of the actual title IV-E agency expenditures (without federal matching funds) of calculated cumulative adoption savings for the purposes of providing title IV-B or title IV-E allowable services other than those specified for reporting on lines 10 and 11 of this Part.

Title IV-E agencies are required to enter into an adoption assistance agreement with the prospective adoptive parents of any child who meets specified criteria by applying differing, and less restrictive, program eligibility criteria. This results in some number of children who, under previously applied program eligibility criteria, would not have been determined as Title IV-E eligible, but who will now be determined as Title IV-E eligible for adoption assistance. Each Title IV-E agency is required to calculate and spend an amount equal to any savings in Title IV-E agency expenditures as a result of applying the differing program eligibility criteria for a Federal fiscal year for services permitted under Title IV-B or IV-E. These non-Federal funds are referred to as “adoption savings.” The State is required to spend an amount equal to any adoption savings in State expenditures for a fiscal year for any services that may be provided under Title IV-B or IV-E.

Per 42 USC 673(a)(8)(D)(ii) “Any State spending required under clause (i) shall be used to supplement, and not supplant, any Federal or non-Federal funds used to provide any service under part B or this part.”

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

Condition: The Agency did not have adequate procedures to ensure Federal Financial Reports (FFRs) were accurate. Adoption Savings reported were not in accordance with Level of Effort requirements. The Summary Schedule of Prior Audit Findings states the corrective action is completed. A similar finding was noted in the prior audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Repeat Finding: 2024-052

Questioned Costs: None

Statistical Sample: No

Context: We tested Part 4 of the September 2024 report for the Annual Adoption Savings Calculation and Accounting Report. We noted the following:

- Line 12, Expenditures of Adoption Savings on Other Title IV-B or IV-E Allowable Services, reported \$558,014, but \$413,076 of these expenditures should not have been included. These expenditures were paid with Federal funds and State matching funds and, therefore, are not allowable uses of Adoption Savings.
- Line 13, Total Expenditures of Calculated Adoption Savings, was overstated by \$413,076 due to the error noted on Line 12.

The Agency's Corrective Action Plan stated that it updated both its FFR procedures/instructions to include steps to review Level-of-Effort Requirements and the amounts reported on its September 2023 Annual Adoption Savings Report. We received the Summary Schedule from the Department of Administrative Services on August 6, 2025. However, when we reached out to the Agency on January 28, 2026, the Agency stated it had not completed the corrective action.

Cause: Inadequate review procedures.

Effect: Increased risk for errors and noncompliance with Federal requirements.

Recommendation: We recommend the Agency implement procedures to ensure Federal reports are accurate and reconcile to the accounting system.

Management Response: The Agency agrees.

Finding 2025-047

Program: AL 93.778 – Grants to States for Medicaid – Allowability

Grant Number & Year: 2405NE5MAP, FFY 2024; 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.302(a) (October 1, 2024) states, "Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds." Per 45 CFR § 75.403 (October 1, 2024), costs must be reasonable, necessary, and adequately documented.

Title 471 NAC 15-003.02(H) requires that the provider perform the personal assistance services noted on the service plan, accurately document services provided in the EVV (Electronic Visit Verification) system, and confirm that services were received as authorized according to Agency procedures.

Title 471 NAC 15-005.02(A) states that the provider can provide services to only one client at a time, and services will not be paid unless performed during the actual hours noted in the EVV system.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Title 471 NAC 15-005.01(A) states that the provider will comply with all EVV billing requirements.

A good internal control plan requires procedures to ensure services provided agree to the service needs assessment or individual support plan and service authorization.

Section 1903(l)(5)(A) of the Social Security Act states the following:

The term “electronic visit verification system” means, with respect to personal care services or home health care services, a system under which visits conducted as part of such services are electronically verified with respect to –

- (i) the type of service performed;*
- (ii) the individual receiving the service;*
- (iii) the date of the service;*
- (iv) the location of service delivery;*
- (v) the individual providing the service; and*
- (vi) the time the service begins and ends.*

Public Law 114-255, § 12006 (December 13, 2016) (“21st Century Cures Act”) provides, as is relevant, the following:

(a) In General. Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended by inserting after subsection (k) the following new subsection:

“(l)(1) Subject to paragraphs (3) and (4), with respect to any amount expended for personal care services or home health care services requiring an in-home visit by a provider that are provided under a State plan under this title (or under a waiver of the plan) and furnished in a calendar quarter beginning on or after January 1, 2019 (or, in the case of home health care services, on or after January 1, 2023), unless a State requires the use of an electronic visit verification system for such services furnished in such quarter under the plan or such waiver, the Federal medical assistance percentage shall be reduced—

“(A) in the case of personal care services—

- “(i) for calendar quarters in 2019 and 2020, by .25 percentage points;*
- “(ii) for calendar quarters in 2021, by .5 percentage points;*
- “(iii) for calendar quarters in 2022, by .75 percentage points; and*
- “(iv) for calendar quarters in 2023 and each year thereafter, by 1 percentage point[.]”*

Neb. Rev. Stat. § 28-512 (Reissue 2016) creates the offense of “theft by deception.” That statute says the following, in relevant part:

A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:

- (1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person’s intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*
- (2) Prevents another from acquiring information which would affect his judgment of a transaction; or*
- (3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship[.]”*

Further, Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits “abuse of public records,” as follows:

- (1) A person commits abuse of public records, if:*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

(a) He knowingly makes a false entry in or falsely alters any public record; or

(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or

(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or

(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.

(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.

(3) Abuse of public records is a Class II misdemeanor.

Condition: During testing of personal assistance service (PAS) and personal care service claims, we noted the following:

- Services provided lacked adequate supporting documentation. This included providers being able to submit claims without the verification of the location the services were provided.
- Services billed exceeded the number of hours authorized.
- PAS and personal care services appeared to be claimed at the same time the provider was working at another job, resulting in apparently fraudulent billings and payments.
- The PAS and other employment hours exceeded 24 hours in one day for one client, which is not possible.
- The PAS and personal care providers had the ability to edit the billable start and end times in the EVV system.
- The Agency authorized a PAS provider to perform services for three clients, totaling up to 118 hours a week, which is unreasonable.
- Providers billed for unfeasible scenarios, such as the supposed performance of duties that were supposed to be done once a week but were billed as being done every day.

Similar findings have been noted in prior audits since 2014.

Repeat Finding: 2024-053

Questioned Costs: \$11,136 known (\$11, 2405NE5MAP; \$11,125, 2505NE5MAP)

Statistical Sample: No

Context: The Agency offers personal assistance services (assistance with hygiene, mobility, housekeeping, etc.) to Medicaid recipients with disabilities and chronic conditions. The services to be provided are based on individual needs and criteria that must be determined in a written service needs assessment (SNA). The Agency also offers personal care services under the Aged and Disabled (AD) Waiver to recipients with disabilities. These services enable the participants to carry out tasks that they are unable to perform because of their disabilities.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The Agency implemented an electronic visit verification (EVV) system for PAS providers on January 3, 2021, as required by Section 12006(a) of the 21st Century CURES Act, passed by Congress in 2016. The EVV system electronically captured and verified provider visit information and providers were required to submit claims to the Agency electronically through this application.

We judgmentally selected four providers and a PAS agency based on high total dollars. For those providers, we selected one week of claims for testing, and one month of claims for the PAS agency for testing. We also randomly selected five PAS payments for testing and, from there, one week of claims was tested.

In addition to the billing issues identified for the weeks tested, we noted two of these providers had outside employment that conflicted with the PAS hours billed. We expanded testing for these two providers. We identified \$13,044 in potentially fraudulent payments made to the providers during fiscal year 2025. In addition to the potentially fraudulent payments related to hours claimed while at another job, we noted \$6,315 payment errors related to other issues. Total Federal share questioned costs were \$11,136. The Federal share of payments tested totaled \$18,927.

Potentially Fraudulent Provider Payments			Other Questioned Costs			Total Questioned Costs			
Provider #	Federal Share	State Share	Total	Federal Share	State Share	Total	Federal Share	State Share	Total
1	\$ 6,273	\$ 4,633	\$ 10,906	\$ 41	\$ 30	\$ 71	\$ 6,314	\$ 4,663	\$ 10,977
2	1,230	908	2,138	837	618	1,455	2,067	1,526	3,593
3				688	508	1,196	688	508	1,196
4				544	401	945	544	401	945
5				1,445	1,067	2,512	1,445	1,067	2,512
6				11	8	19	11	8	19
7				26	19	45	26	19	45
8				11	8	19	11	8	19
9				28	21	49	28	21	49
10				2	2	4	2	2	4
Totals	\$ 7,503	\$ 5,541	\$ 13,044	\$ 3,663	\$ 2,682	\$ 6,315	\$ 11,136	\$ 8,223	\$ 19,359

The total Federal share of PAS claims paid for the fiscal year was \$6,212,765, and the State share of PAS claims paid for the fiscal year was \$4,334,744.

The following information describes issues noted with each provider.

Judgmental Testing

Provider #1

For the initial week tested, the provider was authorized a total of 39.75 hours per week for a PAS client and 40 hours per week for a client who received personal care services through the AD Waiver program. The provider did not follow the SNA when billing for tasks for the PAS client. The SNA authorized some tasks to be completed seven days a week, but the provider billed on only three days. For example, the provider was authorized to receive assistance on and off the toilet six times per day for seven days per week, but the provider performed services on only three days. We consider the services billed on the other four days to be overpayments. We identified 18.5 hours that were overbilled. We did not question costs for these hours because they were included in the hours questioned as potential fraud described below.

The provider used the Global Positioning System (GPS) verification method for the initial week tested, and we noted that some of the times billed did not seem reasonable for both the PAS and personal care clients. For example, the provider billed 22.5 hours from 10:39 a.m. on June 1, 2025, to 9:00 a.m. on June 2, 2025, for the personal care client. We also noted three instances during the week where the provider changed the

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

end times of the visit – most likely to avoid exceeding the service authorization. The claim form in the EVV system included the scheduled end time, the actual service end time, and the billable service end time. The ability to edit the billable start and stop times recorded in the EVV system, with no secondary review, places doubt on whether the services were performed as billed. These two clients lived with the provider making it convenient to clock in and out as the provider pleased. See the table below:

Date	Client	GPS Start	GPS End	Billable Start	Billable End
6/3/2025	2 – Personal Care	10:08 a.m.	11:57 p.m.	No change	6:08 p.m.
6/4/2025	2 – Personal Care	9:37 a.m.	11:16 p.m.	No change	7:18 p.m.
6/7/2025	1 – PAS	11:06 a.m.	11:59 p.m.	No change	10:59 p.m.

The provider not only billed for 79.5 hours of PAS and personal care services in the week tested but also worked full-time for a family counseling business. Due to all of these issues, we reviewed the claims submitted for a three-month period from March 31, 2025, through June 25, 2025. We obtained employment records from the family counseling business and compared the PAS and personal care billings to the employment records. During this comparison of records, we noted also that the provider was billing independent living services through the Home and Community-Based Services (HCBS) Waiver. We identified 70 days during which PAS, personal care hours, and independent living services overlapped with times that the provider was recorded as having been working for the family counseling business. For 45 days out of the three months, the total Medicaid and employment hours exceeded 24 hours, which is impossible. See examples for two days in the table below:

Date	Employer	Time	Hours Worked
5/11/2025	Family Counseling Services	7:00 a.m. – 11:15 p.m.	16.25
5/11/2025	Medicaid	11:18 a.m. – 11:59 p.m.	12.75
Total Hours			29
5/12/2025	Family Counseling Services	7:00 a.m. – 10:00 p.m.	15
5/12/2025	Medicaid	12:00 a.m. – 12:00 p.m.	12
5/12/2025	Medicaid	2:24 p.m. – 11:59 p.m.	9.5
Total Hours			36.5

The visits were completed through a device using GPS. As stated earlier, the PAS and personal care clients lived with the provider. The independent living services were provided remotely. The services would not be allowed to be provided at the same time the provider was working another job. Based on some of the times the PAS and waiver services began and ended, another individual may have aided the provider in falsely claiming that PAS and waiver services were performed, as the provider could not have been in two places at once. We questioned 690 hours as potential fraud, totaling \$10,906 (\$6,273 Federal Share and \$4,633 State Share). The total amount paid to the provider for the period tested was \$13,847; therefore, we questioned nearly the entire amount paid to the provider for overlapping hours. The table below contains examples of the overlapping hours:

Family Counseling Business			EVV Visit Form and Claim Documentation		
Date	Start Time	End Time	Start Time	End Time	Hours Billed
4/7/2025	12:00 p.m.	5:00 p.m.	12:01 p.m.	5:00 p.m.	5
5/12/2025	7:00 a.m.	12:00 p.m.	12:00 a.m.	12:00 p.m.	12
5/31/2025	8:00 a.m.	1:00 p.m.	8:00 a.m.	1:00 p.m.	5
6/10/2025	5:00 p.m.	10:00 p.m.	5:01 p.m.	11:40 p.m.	6.75

The following chart summarizes the potential fraud questioned costs by program:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Service Type	Hours Overlapped	Federal Share Questioned Costs	State Share Questioned Costs
Personal Assistance Services	318.50	\$ 2,748	\$ 2,029
Personal Care Services	352.25	\$ 3,242	\$ 2,394
Independent Living	19.25	\$ 283	\$ 210
Totals	690	\$ 6,273	\$ 4,633

We also noted other billing issues. In one case, the provider double billed a PAS service on April 30, 2025. The visit form on April 30 had a clock-in time of 3:03 p.m. and a clock-out time of 12:03 a.m. on May 1, 2025. Upon crossing from one day to another, the visit generated two claim forms in the EVV system. The first claim had an end time of 11:59 p.m., and the second claim form had the start time of midnight or 24:00 on the next day. In this case, the provider changed the billable start and end times for both claims and was able to double bill 4.75 hours, resulting in \$41 in Federal share questioned costs.

First Claim		Second Claim	
4/30/2025	4/30/2025	5/1/2025	4/30/2025
GPS Time	Billable Time	GPS Time	Billable Time
3:03 p.m. – 11:59 p.m.	3:03 p.m. – 11:59 p.m.	12:00 a.m. – 12:03 a.m.	3:05 p.m. – 7:50 p.m.

Overlapping hours were billed on May 25, 2025, between a personal care claim and the independent living claim. There are no additional questioned costs because the overlapping hours for independent living were questioned as potential fraud as they overlapped with the provider’s outside employment. See the table below:

Program	Start Time	End Time	Hours Billed
Personal Care Services	5:00 p.m.	11:59 p.m.	7
Independent Living	7:45 p.m.	9:00 p.m.	1.25

The Agency has been aware of the provider’s billing issue and continued to allow the provider to bill for services. On June 21, 2025, the Agency established Accounts Receivables for overbilling for PAS and AD Waiver services. The PAS overpayment totaled \$17,008, and it included services provided from December 28, 2023, through May 2, 2025. The first PAS service date billed by the provider was December 28, 2023. One recoupment of \$68 was applied towards the balance on August 2, 2025, and no other payments have been made. The AD Waiver overpayment totaled \$4,078 and included weeks billed from March 17, 2024, through March 20, 2025, prior to the services we reviewed. As of October 20, 2025, \$781 has been recouped from payments made to the provider, leaving a balance due of \$3,297. The overpayments for both programs did not account for the potentially fraudulent payments made due to the provider having outside employment.

Finally, we noted the provider and her husband were foster parents to an Agency ward during the period reviewed beginning on June 7, 2025. The PAS and personal care clients were also residing in the home. Per narratives, the personal assistance client, the provider’s daughter, was renting a room from the provider for \$200 per month for rent and utilities. The personal care client was also a relative of the provider and was on the sex offender registry. Per the sex offender registry, he was convicted of felony sex trafficking of children in 2014. The provider’s address listed on the sex offender registry was the same as that for the personal care client. This address was first reported on September 20, 2024, and was last verified as of July 10, 2025.

According to the case file, the personal care client first moved to the provider’s residence on February 11, 2025, and he lived in his mother-in-law’s cabin in the provider’s backyard with no separate entrance, utilities, or address. The Agency was told the client had his own kitchenette, bathroom, and living area. He paid \$400 per month for rent and utilities. The following is a picture of the cabin in which the client was residing:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025



The provider and her husband completed a home study through APEX Foster Care (APEX) on June 16, 2025, in order to be foster parents to a 14 year old girl. The home study did not disclose the personal care client as residing at the residence. The home study also noted that the PAS client was sleeping on the couch in order for the foster youth to have a room in which to sleep. Additionally, the home study noted that there were no outbuildings. The foster care regulations require the applicant and household members 18 years of age and older to submit background checks prior to licensing. Since the personal care client was not disclosed as a household member, he did not have a background check completed. On July 9, 2025, APEX sent a “Closure of Support Letter” to the provider, stating they would no longer be supporting the foster home effective July 23, 2025. The letter noted the provider’s husband did not disclose an assault and battery charge from June 26, 2024, and there were concerns about the accuracy and honesty of reported household information.

The new agency supporting the foster family, Saint Francis Ministries, completed a home study on August 29, 2025. Again, the home study did not disclose the personal care client as residing at the residence. The home study noted that the PAS client now lived in Hastings, Nebraska. The home study also noted that there was a shed in the backyard where they kept their lawn equipment and four-wheeler. The shed is kept locked, and only the provider and her husband have a key. Based on this information, the personal care client must live in the home. The provider’s husband disclosed the assault charge from 2024 where he broke a man’s jaw in a fight after a hit and run incident. He was found guilty of misdemeanor assault and battery on June 26, 2024. Although a misdemeanor assault conviction does not prevent a prospective foster parent from being eligible to provide care, the Agency has the discretion to review convictions to determine eligibility. The background check also noted four Driving Under the Influence convictions prior to August 2013, two resisting arrest misdemeanor convictions, and three possession of marijuana convictions prior to September 22, 2005.

Not only was there a safety risk for having a registered sex offender living with the foster youth, but also the provider appeared to be purposefully deceitful in failing to disclose this information to the foster care agencies, knowing that doing so would result in the placement being denied. Once the Agency was aware of the situation, the foster youth was removed from the home on October 6, 2025. The provider and personal care client were also deceitful when they obtained services through the AD Waiver as well. The personal care client did not live in a cabin in the backyard with a separate kitchen, living area, and bathroom, but

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

cleaning of these areas was authorized for the provider even though the living area, kitchen, and bathroom would have been shared with the provider’s other family members, and these services should not have been authorized.

Provider #2

The provider was authorized 39.25 hours of service per week for one client and 26.75 hours of service per week for a second client. For the initial week tested of January 12, 2025, through January 18, 2025, the provider billed 40.5 hours and 27 hours of service, respectively. Additionally, none of the visits were completed through a device using GPS to track the location of the service, and no signatures were obtained from the clients.

We also noted that the provider was employed with a public school as a student bus driver. We obtained the provider’s employment records and compared the PAS billings to the employment records for a three-month period from October 28, 2024, through January 31, 2025. The provider generally worked for the other employer between 6:00 a.m. to 5:30 p.m., Monday through Friday, which conflicted with hours being billed for personal assistance services. We identified 28 days during which PAS hours billed overlapped with times that the provider was working for the other employer. We questioned as potential fraud any PAS hours billed that overlapped with the provider’s employment hours. In determining these overlapped hours, we did not factor in any travel time that may have occurred between the client’s homes and the provider’s place of employment; therefore, the possibility exists of additional fraudulent payments. We questioned 142.5 hours as potential fraud, totaling \$2,138 (Federal share \$1,230 and State share \$908). The table below contains a few examples of overlapping hours billed by the provider:

Public School Employer			EVV Visit Form and Claim			
Date	Start Time	End Time	Client	Start Time	End Time	Hours Billed
10/29/2024	8:34 a.m.	5:29 p.m.	Client 1	6:00 a.m.	11:45 a.m.	5.75
			Client 2	12:00 p.m.	5:00 p.m.	5
11/7/2024	8:23 a.m.	5:34 p.m.	Client 1	6:00 a.m.	11:45 a.m.	5.75
			Client 2	12:00 p.m.	5:00 p.m.	5
11/14/2024	9:11 a.m.	5:36 p.m.	Client 1	6:00 a.m.	11:45 a.m.	5.75
			Client 2	12:00 p.m.	5:00 p.m.	5
11/22/2024	10:33 a.m.	5:36 p.m.	Client 1	6:00 a.m.	11:00 a.m.	5
			Client 2	12:00 p.m.	3:00 p.m.	3

The PAS claims for the additional weeks tested also did not use GPS to track the location; therefore, any hours that were not questioned due to potential fraud were questioned for not complying with the GPS location verification requirement. Federal questioned costs for not complying with the GPS requirements totaled \$837.

On February 19, 2025, the Agency implemented system enhancements to the EVV system, including the required use of GPS or Interactive Voice Response (IVR) verification. The last large payment issued to the provider was on July 25, 2025, for service dates from February 1, 2025, through February 19, 2025. From July 26, 2025, through October 28, 2025, the provider has received only \$338 in payments. It appears the EVV system enhancement may have prevented the provider from manually entering times into the EVV system for PAS services while performing outside employment.

Providers #3 – #5

Provider #3 was an individual who provided services to 3 clients. Provider #4 was an individual who provided services to 2 clients, and Provider #5 was an agency that provided services to 10 clients during the period we reviewed. For each provider, we noted that the hours billed did not follow the SNA. For example, the SNA included tasks that were to be provided every day of the week, but the provider provided the services less than seven days a week. Another example is that the provider would bill for services

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

multiple times a week when the service was authorized only once per week. Additionally, Provider #5 billed for hours that exceeded the service authorizations. See the table below for a summary of the hours overbilled:

Provider #	Total Hours Billed	Hours Billed that Exceeded the Authorization	Hours Billed that Did Not Follow the SNA	Federal Share Questioned Costs
Provider #3	113	0	3.75	\$ 32
Provider #4	67.25	0	63	\$ 544
Provider #5				
- Client 1	82.25	.5	7.75	\$ 71
- Client 2	54.25	.5	5.5	\$ 52
- Client 3	93.5	.25	9	\$ 80
- Client 4	68	1.75	5.5	\$ 63
- Client 5	73.5	.5	5	\$ 47
- Client 6	27.25	0	17.25	\$ 149
- Client 7	108	0	40.5	\$ 349
- Client 8	62.25	2.5	24.25	\$ 231
- Client 9	100	.75	46	\$ 403
Totals	849.25	6.75	227.5	\$ 2,021

Additionally, we noted the following issues for Provider #3:

- The provider was authorized 39.75 hours per week for one client, 40 hours per week for another, and 38.25 hours per week for the third client, for a total of 118 hours. It is not reasonable to authorize 118 hours of service to be performed in a week. This would require the provider to perform services for more than 16 hours every day of the week.
- We also noted that two of the clients that Provider #3 served were the parents of the provider. These clients did not live with the provider; however, the provider stated that the start and end address for these two clients was that of the provider. Both of these clients were authorized services for cleaning the bathroom, kitchen, bedroom, and living room at the client’s home. Services were not allowed and would not be reasonable at the provider’s home. Per the Agency, “Since the two clients do not live with the provider none of the visits should have been scheduled nor can services be performed at the provider’s address.” All services billed for these two clients were questioned. It should be noted that we reviewed only one week, and there may be additional claims billed for services at the provider’s home that would not be allowed. Federal share questioned costs were \$656.

Random Sample Testing

We selected five PAS payments randomly for testing. We noted issues with all five PAS claims tested. The Federal payment errors for PAS claims totaled \$78 for the sample. The total sample tested was \$884, and the total population for the Federal share of PAS claims for the fiscal year totaled \$6,212,765. Based on the sample tested, the dollar error rate for the sample was 8.82% (\$78/\$884), which estimates the potential dollars at risk for fiscal year 2025 to be \$547,966 (dollar error rate multiplied by the population).

For three of the five providers, the hours billed by the provider exceeded the SNA. Additionally, for four of the five providers, the provider did not follow the SNA when billing for tasks provided. For example, the SNA included tasks that were to be provided every day of the week, but the provider performed the services fewer than seven days a week. Another example is that the provider would bill for services multiple times a week when the service was authorized for only once per week. See the table below for a summary of the hours overbilled:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Provider #	Total Hours Billed	Hours Billed that Exceeded the Authorization	Hours Billed that Did Not Follow the SNA	Federal Share Questioned Costs
Provider #6	40	0.25	1	\$ 11
Provider #7	16.5	3	0	\$ 26
Provider #8	15.75	0	1.25	\$ 11
Provider #9	29.25	2	1.25	\$ 28
Provider #10	2.5	0	0.25	\$ 2
Totals	104	5.25	3.75	\$ 78

Additionally, for Provider #7 we noted that there were three visits during the week tested that were not completed through a device using GPS. Two of these visits were services claimed from 5:15 a.m. to 6:15 a.m., and the third was from 7:30 p.m. to 8:35 p.m. The provider stated that GPS was not used due to a scheduling error and forgetting to clock in or clock out. The three non-GPS utilized visits exceeded the Agency’s 10% allowance at the time of service for non-use of GPS. Additionally, we noted that the provider changed the service end date for one visit from 6:48 p.m. to 7:48 p.m., which appears unreasonable.

Cause: Procedures were not adequate to prevent and/or detect errors.

Effect: An inadequate review of PAS claims increases the risk of services provided not being in accordance with recipient needs, as well as a risk of services being billed but not provided. There is a significant risk for fraud or abuse to occur and not be detected. State and Federal funds appear to have been misspent.

Recommendation: We recommend the Agency implement procedures to ensure payments are allowable, adequately supported, and in accordance with State and Federal regulations. We further recommend the Agency immediately discontinue paying claims that are not in accordance with EVV/GPS requirements. Additionally, because this comment gives rise to concerns regarding possible violations of State statute, we are forwarding the information herein to the Nebraska Attorney General for further review.

Management Response: The Nebraska Department of Health and Human Services (DHHS) appreciates the work of the auditor’s office and the opportunity to respond to this early management letter. DHHS agrees with the recommendations articulated in the early management letter.

Finding 2025-048

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Grant Number & Year: 2405NE5MAP, FFY 2024; 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.302(a) (October 1, 2024), “Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state’s own funds.” Per 45 CFR § 75.403 (October 1, 2024), costs must be necessary, reasonable, and adequately documented.

477 NAC 3-007 states, in part, “A redetermination of eligibility for continued Medicaid benefits must be completed every 12 months.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

477 NAC 3-007.01, states the following:

A renewal of modified adjusted gross income (MAGI)-based eligibility shall be completed on the basis of information available to the Department without requiring information from the individual. Information will only be required from the individual when not available through other sources. If information is not available to complete a renewal, a prepopulated renewal form shall be sent by the Department to the applicant or authorized representative. The completed renewal form and necessary verifications shall be returned within 30 days of the date the renewal form was sent.

477 NAC 9-002 requires the Agency to provide the applicant or client a 10-day notice prior to an adverse action against the applicant or client.

477 NAC 16-001.02 states “Current monthly household income and family size shall be used for individuals who have been determined financially eligible for Medicaid.”

477 NAC 15-005 states that the household for an individual who is under 19 years old includes the individual’s natural, adopted, and stepparents if the parent is living in the household.

Good internal control requires policies and procedures to ensure that recipients meet eligibility requirements, and reviews are completed in accordance with State and Federal regulations.

Condition: The Agency’s procedures were inadequate to ensure managed care payments were allowable, and recipients were eligible.

Repeat Finding: 2024-058

Questioned Costs: \$5,358 known (\$592, 2405NE5MAP; \$4,766, 2505NE5MAP)

Statistical Sample: No

Context: We tested 40 managed care payments and noted the following issues:

- For one client, the household income reported was \$0. Per the Agency’s case management system, the client’s father was living in the household; however, the Agency inappropriately did not include the father in the client’s budget when determining eligibility. Since the Agency did not include the father in the budget, the Agency did not verify whether the father had income or not. As a result, we questioned \$530 for the payment tested and additional questioned costs of \$4,236 for payments made for October 2024 to June 2025.
- For four clients tested, the Agency did not redetermine eligibility in a timely manner. For one of these clients, this resulted in the client remaining on Medicaid after the client was no longer eligible. The renewal for this client was due on December 31, 2023. A renewal form was mailed to the client on December 26, 2023, and was due on January 25, 2024. The renewal form was not received by the Agency, so the case should have been closed in February 2024 after a 10-day notice was provided to the client. The case was not closed until July 13, 2024, resulting in managed care payments being made from March 2024 to July 2024. We questioned costs of \$592 for the July 2024 payment tested.

Federal payment errors for the sample tested were \$1,122. The total sample tested was \$17,952, and the total Federal Managed Care expenditures during the fiscal year were \$1,611,236,276. Based on the sample tested, the dollar error rate for the sample was 6.25% (\$1,122/\$17,952), which estimates the potential dollars at risk for fiscal year 2025 to be \$100,702,267 (dollar error rate multiplied by the population). Out-of-sample questioned costs total \$4,236.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: Worker error and inadequate review.

Effect: An inadequate review of recipient eligibility increases the risk of benefits paid not being in accordance with State and Federal regulations.

Recommendation: We recommend the Agency strengthen procedures to ensure recipients are eligible, and payments are proper.

Management Response: The Agency agrees.

Finding 2025-049

Program: AL 93.778 – Grants to States for Medicaid – Allowability

Grant Number & Year: 2405NE5MAP, FFY 2024; 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.302(a) (October 1, 2024), “Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state’s own funds.” Per 45 CFR § 75.403 (October 1, 2024), costs must be necessary, reasonable, and adequately documented.

Per the Application for a § 1915(c) Home and Community-Based Services Waiver, effective March 1, 2022:

- “The Community Integration provider is primarily in the community, providing a combination of habilitation, supports, protective oversight, and supervision to bill in hourly units.”
- “Day Supports is a habilitative service offering habilitative activities in a provider-owned or controlled nonresidential setting when not delivered virtually.”
- “Supported Family Living cannot exceed a weekly amount of 70 hours.”

A good internal control plan requires procedures to ensure that services provided agree to the individual support plan and service authorization.

Condition: We tested 15 claims paid from the Comprehensive Developmental Disability (CDD) Waiver and noted three payments tested did not have adequate documentation.

Repeat Finding: No

Questioned Costs: \$887 known (\$644, 2405NE5MAP; \$243, 2505NE5MAP)

Statistical Sample: No

Context: For three claims tested, adequate supporting documentation was not on file, as detailed below:

- For one claim, the provider billed 33 hours for Community Integration Services. Upon review of the documentation on file, only 30 hours should have been billed. Additionally, of those 30 hours, 24.5 should have been billed as Day Support and 5.5 hours as Community Integration. As a result, we questioned \$243 on the claim tested.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- During review of another claim, we noted that two providers were approved to provide Support Family Living services for one client for a total of 300 hours during September 2024. However, the providers billed for 330.75 hours during the month, exceeding the authorization by 30.75 hours. Additionally, the providers billed for more than the allowed 70 hours a week for three different weeks during September 2024. Hours for these three weeks ranged from 79.75 to 84.5 hours. Lastly, one of the providers billed for 0.25 hours of Community Integration at the same time as Supported Family Living. As a result, we questioned \$562, which is out-of-sample.
- During review of one claim, we noted that the provider billed for 0.75 hours of Community Integration and for Supported Family Living at the same time. Additionally, the provider billed for the same day twice. As a result, we questioned \$82, which is out-of-sample.

Federal payment errors noted in the sample were \$243. The Federal sample tested was \$10,919, and the total Federal CDD expenditures during the fiscal year were \$271,944,685. Based on the sample tested, the dollar error rate for the sample was 2.23% ($\$243/\$10,919$), which estimates the potential dollars at risk for fiscal year 2025 to be \$6,064,366 (dollar error rate multiplied by the population). Out-of-sample questioned costs totaled \$644.

Cause: Procedures were inadequate to prevent and/or detect errors.

Effect: An inadequate review of CDD claims increases the risk of services provided not being in accordance with the recipient's needs, as well as a risk of services being billed but not provided.

Recommendation: We recommend the Agency implement procedures to ensure payments are allowable, adequately supported, and in accordance with State and Federal regulations.

Management Response: The Agency agrees.

Finding 2025-050

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Grant Number & Year: 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per 45 CFR § 75.303 (October 1, 2024):

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Per 45 CFR § 75.302(a) (October 1, 2024), “Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds.”

45 CFR § 75.403(g) requires costs to be adequately documented.

477 NAC 22-005.03(b) states the following, in relevant part, “The amount paid for private health insurance premiums is deducted from countable income in determining eligibility. . . . This disregard does not apply to individuals eligible as medically needy. For medically needy individuals, the amount of health insurance premiums is deducted from any share of cost due.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A good internal control plan requires procedures to ensure that income is updated for changes timely and adequately, and such updates are documented and verified.

Condition: The Agency did not adequately verify the deductions of individuals residing in long-term care facilities to ensure that limits were not exceeded, and the individuals were eligible.

Repeat Finding: No

Questioned Costs: \$47 known

Statistical Sample: No

Context: We tested 25 long-term care facility payments and noted the following issues:

- For two recipients, the wrong medical deduction amount was used, causing the share of cost to be understated.
 - For one recipient, the budget included premiums for dental and vision insurance of \$47 and \$16, respectively. However, the documentation on file did not support the amounts used. Per the documentation on file, the dental insurance premium should have been \$46, and no documentation was on file for the vision insurance premium. This resulted in questioned costs of \$10 for the payment tested.
 - For the other recipient, the budget included a health insurance premium of \$378. However, the documentation on file supported an amount of \$327. This resulted in questioned costs of \$37 for the payment tested.

Federal payment errors noted in the sample were \$47. The Federal sample tested was \$81,558, and the total Federal long-term care facility expenditures during the fiscal year were \$311,735,268. Based on the sample tested, the dollar error rate for the sample was 0.06% ($\$47/\$81,558$), which estimates the potential dollars at risk for fiscal year 2025 to be \$187,041 (dollar error rate multiplied by the population).

Cause: Worker error and inadequate review.

Effect: If income, including deductions, are not adequately verified, there is an increased risk recipients will be inappropriately determined eligible for Medicaid or determined eligible with an incorrect share of cost.

Recommendation: We recommend the Agency implement procedures to ensure all income and deductions identified are verified and adequately documented.

Management Response: The Agency agrees.

Finding 2025-051

Program: AL 93.778 – Grants to State for Medicaid – Allowability

Grant Number & Year: 2405NE5MAP, FFY 2024

Federal Grantor Agency: U.S. Department of Health and Human Services

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: 45 CFR § 75.403 (October 1, 2024) provides the following, in relevant part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) *Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*

* * * *

(g) *Be adequately documented.*

45 CFR § 75.303 (October 1, 2024) states, in part, the following:

The non-Federal entity must:

(a) *Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

Good internal control requires procedures to ensure journal entries are proper and coded correctly.

Condition: The Agency did not have adequate procedures to ensure the journal entry tested was proper and coded correctly.

Repeat Finding: No

Questioned Costs: \$1,597,253 known

Statistical Sample: No

Context: We tested a journal entry to adjust the Federal Medical Assistance Percentages (FMAP) rates for managed care payments made during the period October 1, 2022, to December 31, 2022. When the Agency prepared the journal entry, it used calendar year 2023 managed care rates to calculate the adjustment. However, since the managed care payments were during calendar year 2022, the Agency should have used the calendar year 2022 managed care rates to calculate the adjustment. This resulted in \$1,597,253 being overcharged to the Medicaid grant.

Cause: The Agency used the incorrect rates when calculating the adjustment.

Effect: When adequate procedures are not in place to ensure journal entries are coded correctly, there is an increased risk for errors to occur.

Recommendation: We recommend the Agency improve procedures to ensure journal entries are prepared and coded properly.

Management Response: The Agency agrees.

Finding 2025-052

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Grant Number & Year: 2405NE5MAP, FFY 2024; 2505NE5MAP, FFY 2025

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: 45 CFR § 75.403 (October 1, 2024) provides the following, in relevant part:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) *Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*

Good internal controls require procedures to ensure the following: 1) all payments are proper and allowable, which necessarily precludes disbursements to MCOs for deceased individuals; 2) when identified, errors and overpayments are corrected and, as necessary, recouped in a timely manner; and 3) records are updated promptly to include accurate dates of death. Such procedures could include also setting up effective interfaces with systems containing accurate dates of death or other information used to determine eligibility end dates.

Condition: The Agency’s procedures did not prevent payments made for deceased individuals and did not identify the unreasonable payments in a timely manner.

Repeat Finding: No

Questioned Costs: \$32,545 known (\$493, 2405NE5MAP; \$32,052, 2505NE5MAP)

Statistical Sample: No

Context: We obtained a listing of all Medicaid capitation payments, with the corresponding Medicaid recipient details, made to Managed Care Organizations (MCOs) in March 2025. We then compared the claims paid in March 2025 to the Vital Statistics records, including death information, maintained by the Office of Vital Records to determine whether any MCOs were receiving capitation payments for deceased individuals. Based on our analysis, we identified that the Agency made capitation payments to the MCOs for 13 deceased individuals in March 2025. For these 13 deceased individuals, we then determined whether additional payments were made after their dates of death. Based on that review, we identified \$65,554 in overpayments from both State and Federal funds. In State fiscal year 2025, \$32,545 was spent from Federal funds, which are considered questioned costs for State fiscal year 2025.

Recipient #	Date of Death	Last Paid Date	FY2023 Federal	FY2023 State	FY2024 Federal	FY2024 State	FY2025 Federal	FY2025 State	FY2026 Federal	FY2026 State	Total
1	1/10/2023	3/3/2025	\$ 2,761	\$ 1,630	\$ 4,594	\$ 3,098	\$ 1,461	\$ 1,063	\$ -	\$ -	\$ 14,607
2	1/18/2025	3/3/2025	-	-	-	-	2,482	1,833	-	-	4,315
3	1/24/2025	7/7/2025	-	-	-	-	810	599	162	120	1,691
4	1/25/2025	7/7/2025	-	-	-	-	709	524	142	105	1,480
5	2/27/2025	7/7/2025	-	-	-	-	3,980	2,939	995	735	8,649
6	2/28/2025	3/3/2025	-	-	-	-	1,342	991	-	-	2,333
7	12/17/2024	6/9/2025	-	-	-	-	763	563	-	-	1,326
8	1/29/2025	7/7/2025	-	-	-	-	4,918	3,632	984	726	10,260
9	2/23/2025	7/7/2025	-	-	-	-	5,044	560	1,261	140	7,005
10	2/23/2025	4/7/2025	-	-	-	-	2,522	280	-	-	2,802
11	2/26/2025	3/3/2025	-	-	-	-	1,402	156	-	-	1,558
12	2/26/2025	3/3/2025	-	-	-	-	1,261	140	-	-	1,401
13	2/7/2025	7/7/2025	-	-	-	-	5,851	650	1,463	163	8,127
Totals			\$ 2,761	\$ 1,630	\$ 4,594	\$ 3,098	\$32,545	\$13,930	\$ 5,007	\$ 1,989	\$ 65,554

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Cause: The eligibility system did not receive an automated notice from Vital Records regarding the recipients' deaths. Identification and verification of recipients' deaths by staff were untimely. Medicaid eligibility end dates were established after the recipients' dates of deaths.

Effect: Without adequate procedures to identify and prevent payments for deceased individuals, there is an increased risk for fraud or misuse of funds.

Recommendation: We recommend the Agency strengthen its procedures to ensure the following: 1) all payments are proper and allowable, which necessarily precludes disbursements to MCOs for deceased individuals; 2) errors or overpayments are corrected and, as necessary, recouped in a timely manner; and 3) records are updated promptly to include accurate dates of death. Such procedures could include also setting up effective interfaces with systems containing accurate dates of death or other information used to determine eligibility end dates.

Management Response: The Agency partially agrees. The Agency agrees with the cases identified. However, the Agency has had processes in place that have largely been effective to identify, take eligibility action, and recoup payments made after the date of death for Medicaid recipients, this review highlights opportunities to strengthen established controls.

Finding 2025-053

Program: AL 93.778 – Grants to States for Medicaid – Special Tests and Provisions

Grant Number & Year: All open, including 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Title 42 CFR § 447.253(b)(1)(i) (October 1, 2024) provides the following:

The Medicaid agency pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards.

According to 42 CFR § 447.253(g) (October 1, 2024), "The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers."

The Nebraska Medicaid State Plan, Attachment 4.19-D (Audits), says the following:

The Department will perform at least one initial desk audit and may perform subsequent desk audits and/or a periodic field audit of each cost report. Selection of subsequent desk audits and field audits will be made as determined necessary by the Department to maintain the integrity of the Nebraska Medicaid. The Department may retain an outside independent public accounting firm, licensed to do business in Nebraska or the state where the financial records are maintained, to perform the audits. Audit reports must be completed on all field audits and desk audits.

American Institute of Certified Public Accountants (AICPA) Professional Standards AU-C Section 520.07 states:

If analytical procedures performed in accordance with this section identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor should investigate such differences by a. inquiring of management and obtaining appropriate audit evidence relevant to management's responses and b. performing other audit procedures as necessary in the circumstances.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A good internal control plan requires desk audits to include a testing sample of expenses to supporting documentation.

Condition: Desk audit procedures could be improved. A similar finding was noted in the prior audit.

Repeat Finding: 2024-054

Questioned Costs: Unknown

Statistical Sample: No

Context: The APA selected 20 of 192 facilities to review desk audits of the fiscal year 2024 cost reports. One State-owned facility did not have a desk audit performed, and 9 of the 19 desk audits tested did not have adequate support to verify large variances. The contractor compared costs from the prior year to the current year and did request verbal explanations; however, appropriate audit evidence was not obtained to verify the explanations. For example:

- For one facility, Direct Care Staff and Aides Costs increased by \$1,067,965 (31%). The provider explanation was that Staff and Aides increased due to a shift away from using Purchased Services for care staff. However, Purchased Services – Direct Care only decreased \$187,461, leaving over \$800,000 unexplained.
- For another facility, Insurance Costs increased by \$82,639 (99%). The facility explained that two separate facilities' flood insurance policies were split 50/50 in 2023, and they were updated in 2024 to reflect appropriately only one facility. The insurance policies were not obtained to verify the explanation provided.

Generally, invoices or other documentation were not obtained to determine if increases or decreases in supplies, services, or direct care costs were accurate. Additionally, looking at variances alone would not support that expenses are accurate and not misstated from year to year.

Cause: The contract does not require the accounting firm to obtain underlying support for expenses.

Effect: When facilities do not have adequate desk audits performed, there is an increased risk for submitted cost reports to contain errors or fraud.

Recommendation: We recommend the Agency ensure desk audits provide reasonable assurance that nursing facility cost reports are accurate.

Management Response: The Agency partially agrees. The Agency agrees with the recommendation to include the state-owned facility in the desk review process. The Agency disagrees that requiring voucher documentation in every instance of noted material variance is necessary and is considered excessive for the parameters of the desk review. The Agency completes both desk reviews and field audit examinations. The desk review process is not designed to examine every invoice but rather to inspect variances for both increases and decreases and obtain supporting documentation for various inquiries, when warranted. If the explanation from facilities is adequately explained, no documentation is deemed necessary. If there is reason to believe that the information is not accurate, the Agency can either make an adjustment or flag facility as a high risk and include the facility for a more comprehensive review with a field audit examination. When facilities are selected for field audit examinations, additional scrutiny is applied, resulting in additional procedures – particularly documentation review.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

APA Response: Obtaining only verbal explanations to support significant variances is inadequate to ensure that errors did not occur. Additionally, in the first example noted above, the explanation provided addressed less than 20% of the variance, leaving more than 80% with no explanation.

Finding 2025-054

Program: AL 93.778 – Grants to States for Medicaid; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

Grant Number & Year: All open, including 2505NE5MAP, FFY 2025; 2505NE5021, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Per Title 42 CFR § 455.104(b)(4) (October 1, 2024), the State Medicaid Agency must require the disclosing entity to provide the following disclosures:

The name, address, date of birth, and Social Security Number of any managing employee of the disclosing entity (or fiscal agent or managed care entity).

Per 42 CFR § 455.101 (October 1, 2024):

Managing employee means – (1) A general manager, business manager, administrator, director, or other individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operation of an institution, organization, or agency[.]

Per the Medicaid Provider Enrollment Compendium (MPEC) (3/22/21) Section 1.4.1C:

There are not exceptions to the managing employee disclosure requirement. To the extent any individual meets the definition of “managing employee” under §455.101, their information is required to be disclosed.

Further, MPEC Section 1.4.1C states the following:

However, if a non-profit entity has managing employees, to the extent these individuals meet the definition of “managing employee” under § 455.101; they would have to be disclosed as such. In addition, as discussed further below, entities, including non-profit entities, that are organized as corporations must provide disclosures regarding their officers and directors If a corporation has, for instance, a Director of Finance who is not a member of the board of directors, he/she would not need to be disclosed as a director/board member. However, as discussed in section C., below, to the extent he/she meets the definition of “managing employee” under § 455.101; he/she would have to be disclosed as a “managing employee.”

Per 42 CFR § 455.436 (October 1, 2024), the State Medicaid Agency must do the following:

- (a) *Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.*
- (b) *Check the Social Security Administration’s Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe.*
- (c) (1) *Consult appropriate databases to confirm identity upon enrollment and reenrollment; and*
(2) *Check the LEIE and EPLS no less frequently than monthly.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

45 CFR § 75.303(a) (October 1, 2024) requires the Agency to “[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) provides the following, as is relevant:

When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.

Good internal control requires procedures to ensure that all required disclosures are provided.

Condition: Two of 25 providers tested did not include disclosure requirements for managing employees. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2024-055

Questioned Costs: Unknown

Statistical Sample: No

Context: We tested screening and enrollment for 25 Medicaid/CHIP providers. We noted two providers failed to disclose any managing employee. Therefore, no screenings for managing employees were performed for these two providers.

Cause: The Agency relies on each provider’s disclosure to be complete, true, and accurate. The enrollment system was updated on July 1, 2024, which now requires that an owner (when applicable) and managing employee be reported on the application to move forward with the enrollment. This requirement would apply to providers enrolling or completing the revalidation process after this date. A provider who did not disclose a managing employee enrolled on June 1, 2024, would not complete the revalidation process for five years, so such employer would not be required to update this disclosure until June 1, 2029.

Effect: Without adequate procedures to ensure providers are screened, and disclosures are complete, there is an increased risk of provider ineligibility, which could result in unallowable costs or potential harm to patients.

Recommendation: We recommend the Agency obtain disclosures and screen providers, as required by Federal regulations.

Management Response: The Agency agrees.

Finding 2025-055

Program: AL 93.778 – Grants to States for Medicaid; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

Grant Number & Year: All open, including 2505NE5MAP, FFY 2025; 2505NE5021, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: Per 42 CFR§ 438.3(m) (October 1, 2024):

The contract must require MCOs [managed care organizations], PIHPs [prepaid inpatient health plans], and PAHPs [prepaid ambulatory health plans] to submit audited financial reports specific to the Medicaid contract on an annual basis. The audit must be conducted in accordance with generally accepted accounting principles and generally accepted auditing standards.

Amendment One of the contract between the Agency and the MCOs under Section V.P.1.g. states, “The MCO must audit financial reports in accordance with generally accepted accounting principles (GAAP).”

A good internal control plan requires policies and procedures to ensure that mandatory financial audits are completed in accordance with Federal regulations.

Condition: One of three managed care organizations’ (MCO) audited financial reports for the year ended December 31, 2024, was not in accordance with generally accepted accounting principles (GAAP). A similar finding was noted in the prior audit.

Repeat Finding: 2024-056

Questioned Costs: Unknown

Statistical Sample: No

Context: One MCO had an audit performed in accordance with generally accepted auditing standards; however, the financial statements were not in accordance with GAAP. The financial statement for the MCO was prepared using “accounting practices prescribed or permitted by the Nebraska Department of Insurance, which is a basis of accounting other than U.S. generally accepted accounting principles.” The Department of Insurance has adopted the Statement of Statutory Accounting Principles (SSAP) found in the National Association of Insurance Commissioners’ (NAIC) manual.

Cause: The audited financial reports for one MCO was completed for the Nebraska Department of Insurance, which did not require the financial statements to be in accordance with GAAP.

Effect: When the financial audits completed by the MCOs are not presented in accordance with GAAP, the Agency is not in compliance with Federal regulations, and there is an increased risk for fraud or errors.

Recommendation: We recommend the Agency require the MCO financial statements to be presented in accordance with GAAP.

Management Response: The Agency partially agrees. MCO contracts have been amended to require financial audits on the basis of GAAP (generally accepted accounting principles). The requirement has been reiterated to the MCO who did not do a separate GAAP audit and instead completed the audit in a manner that has been determined sufficient with Medicare and in other state Medicaid programs.

Finding 2025-056

Program: AL 93.778 – Grants to States for Medicaid – Special Tests and Provisions

Grant Number & Year: 2505NE5MAP, FFY 2025

Federal Grantor Agency: U.S. Department of Health and Human Services

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: Title 42 CFR § 455.1 (October 1, 2024) sets forth requirements for a State fraud detection and investigation program, including having a method to verify whether services reimbursed by Medicaid were actually furnished to beneficiaries. The Agency’s Program Integrity (PI) and Special Investigations Units (SIU) perform these functions.

Per 42 CFR § 455.14 (October 1, 2024):

If the agency receives a complaint of Medicaid fraud or abuse from any source or identifies any questionable practices, it must conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation.

Per 42 CFR § 455.16 (October 1, 2024):

A full investigation must continue until—

- (a) Appropriate legal action is initiated;*
- (b) The case is closed or dropped because of insufficient evidence to support the allegations of fraud or abuse; or*
- (c) The matter is resolved between the agency and the provider or beneficiary. This resolution may include but is not limited to—*
 - (1) Sending a warning letter to the provider or beneficiary, giving notice that continuation of the activity in question will result in further action;*
 - (2) Suspending or terminating the provider from participation in the Medicaid program;*
 - (3) Seeking recovery of payments made to the provider; or*
 - (4) Imposing other sanctions provided under the State plan.*

The Nebraska Medicaid State Plan, Section 4.5 (Medicaid Agency Fraud Detection and Investigation Program), states, “The Medicaid agency has established and will maintain methods, criteria and procedures that meet all requirements of 42 CFR 455.13 through 455.21 and 455.23 for prevention and control of program fraud and abuse.”

Under PI’s Policies and Procedures:

Full investigations

- *Each month, investigators will review their cases and use their professional judgment to determine the prioritization of their active cases. The following guidelines will be considered in this review:*
 - *The investigation of a provider for termination due to a finding on annual or monthly screening is a HIGH priority*
 - *Client health & safety influences the priority of a case*
 - *Definitive interpretation of regulations influences the priority of a case*
 - *Cases in the preliminary investigation phase are of a moderate priority*

PI’s Policies and Procedures also include the following under SURS [Surveillance and Utilization Review System] Quarterly Sample Selection & Review Procedures:

At the end of each calendar quarter, [a contractor] runs the Advantage Suite SURS reports. . . Effective with the reports received in January 2008, a minimum of three provider and three recipient cases will be opened from the SURS Ranking Reports sometime during the calendar quarter of January 1, 2008 – March 31, 2008 and for each quarter thereafter unless notified otherwise.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A good internal control plan requires procedures to ensure that cases are not only reviewed and adequately collected on, but also appropriate dispositions are made in a timely manner.

Title 42 CFR § 433.320(a) (October 1, 2024) states, in relevant part, the following:

- (1) *The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).*
- (2) *The agency must credit CMS with the Federal share of overpayments subject to recovery on the earlier of—*
 - (i) *The Form CMS-64 submission due to CMS for the quarter in which the State recovers the overpayment from the provider; or*
 - (ii) *The Form CMS-64 due to CMS for the quarter in which the 1-year period following discovery, established in accordance with § 433.316, ends.*

Condition: For one of five SIU cases tested, there was a lack of documentation to support that the case was fully reviewed. For 4 of 20 Program Integrity cases tested, the cases were not worked timely. Two of five overpayments were not reported properly. Additionally, policies and procedures to identify potential cases were not being followed.

Repeat Finding: 2024-057

Questioned Costs: Unknown

Statistical Sample: No

Context: PI is tasked with, among other things, investigating cases of potential provider fraud in the Medicaid Program. Cases received are delegated to investigators who track their activity notes and documentation in one central Investigative Case Management system (ICM). Substantial cases with a large amount of money that may be due back will be referred to the Attorney General’s Medicaid Fraud and Patient Abuse Unit (MFFPAU). In cases that are not referred to and accepted by the MFFPAU, PI can sanction a provider, request a refund, provide education, and/or terminate the provider from the Medicaid Program. In the fiscal year ended June 30, 2025, PI opened 372 new cases and worked another 327 cases that had been opened prior to fiscal year 2025. Open cases may include those no longer being investigated, but seeking repayment, and cases that are currently with MFFPAU.

SIU investigates allegations of suspected recipient fraud. In the fiscal year ended June 30, 2025, SIU opened 76 new cases and worked another 31 cases that had been opened prior to fiscal year 2025.

We tested 20 PI cases and 5 SIU cases and noted the following:

- One SIU case was opened on September 18, 2024, after an allegation that a Medicaid recipient was working a full-time job and a part-time job, all the while receiving SNAP and Medicaid benefits. Per the investigator’s notes, the case was identified as “not fraud” and closed on October 30, 2024. The recipient in question averaged over \$4,000 per month in income during calendar year 2024, while the Medicaid income limit for a single adult was only \$1,670 per month; therefore, the recipient was clearly over the income limit. Additionally, per Title 477 NAC 3-004(B)(viii)(2)(a), a “client must report new employment within 10 days of receipt of the first paycheck” However, the recipient failed to report new employment on at least three occasions during calendar year 2024. After this was brought to the Agency’s attention, the Agency calculated \$6,390 in overpayments.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- Four PI cases were not worked timely:
 - One PI case was opened in April 2023 for a caregiver working for a Personal Care provider that was billing more hours through EVV (electronic visit verification) than what was authorized. The investigator on the case pulled the EVV data for the caregiver and noted potential overbilling; however, the investigator soon left the Agency, and the case was reassigned in November 2023. From November 2023 through May 2025, monthly notes were added to the case indicating the new investigator needed assistance on the case, but no investigative actions were taken. Additionally, a second referral for the Personal Care provider was received in November 2024, alleging that one of the clients was not receiving the work that was “needed, authorized, and billed,” yet still no investigative action was taken. As of December 2025, at the time of field work, the investigator was still waiting for guidance on how the case should be worked, over 2.5 years after it was opened. The Personal Care provider received \$588,135 in Medicaid payments during fiscal year 2025.

In addition, the case above was linked to a related case that was noted to have “credible allegation of fraud” and had been referred to the MFPAU in October 2019. The related case appears to have involved the same provider, but under a different name. Payments were suspended to the related provider in August 2022. Coincidentally, the new provider in the case above began submitting claims to the State in September 2022. Both providers have the same physical location and mailing address. Although the connections between the two providers appear obvious, there was no documentation to support that PI had referred the new provider’s case to the MFPAU.

- One PI case was opened in December 2022 when PI received a referral from a Developmental Disabilities (DD) Service provider from the MFPAU that another DD Service Provider was double billing Medicaid. PI was requesting and reviewing records from the provider and one of the managed care organizations through September 2024. Then, from October 2024 until July 2025, no investigative actions were taken on the PI case. The case was closed in October 2025 after a review of claims in the State’s DD claim system, and the managed care organization confirmed receipt of overpayment.
- One PI case was opened in December 2023 when a managed care organization flagged a provider for potential overbilling and identified an overpayment totaling \$15,491. We reported a finding on this same case in the prior year audit, as there was little investigative work done since January 2024. As of November 2025, no work has still been done over 17 months after the case was opened.
- One PI case was opened in March 2024, when PI received a referral that a caregiver working for a Personal Care provider was working excessive hours. The investigator ran EVV claim reports in May 2024, October 2024, and February 2025; however, no other significant action appears to have been taken on the case as of November 2025, at the time of field work. The caregiver claimed \$163,223 in services provided during fiscal year 2025. We also noted that the provider received a total of \$3,263,963 in fiscal year 2025 for the claimed services of all its caregivers combined.

Furthermore, we noted that PI was not following current policies and procedures for identifying potential fraud, waste, and abuse. Its policies and procedures indicated it would review the Statewide SURS report quarterly, and “a minimum of three provider and three recipient cases will be opened from the SURS Ranking Reports.” This would equate to at least 24 cases a year. Since at least July 2021, the number of cases sampled from the SURS reports has been less than 13 annually, as shown in the table below.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Fiscal Year	SURS Cases sampled	Fiscal Year	SURS Cases sampled
2009-2020	281 (avg. 23 per year)	2023	6
2021	12	2024	2
2022	7	2025	5

The Agency noted during the prior audit that the SURS reporting mechanism was not functioning as designed, and it would be searching for a replacement fraud abuse detection system and would be updating its policies and procedures. However, there were no updates as of field work in October 2025.

In addition, we noted that three overpayments tested were not properly reported:

- In June 2022, MFPAU notified PI of having reached a settlement with a developmental disabilities service provider for \$300,000. PI opened a case in its ICM to track the overpayments. The first payment was received in June 2022, and the second payment was received in October 2022. However, the receipt of the overpayments was not reported on the CMS-64 report as of the quarter ended September 30, 2025. The Agency has not determined the Federal portion of the \$300,000; therefore, Federal questioned costs are unknown.
- In March 2024, Centers for Medicaid Services (CMS) sent PI a final findings report, which showed unallowable claims of \$332,645 for services provided by a medical provider during the period of December 2018 through February 2023. The accompanying letter also directed PI to report on the CMS-64 report the amount of \$332,645 (\$223,165 Federal portion) in overpayments. However, the overpayments were not reported until the quarter ended September 30, 2025. As the overpayments were identified in March 2024, the Federal share was required to be refunded on the CMS-64 report for the quarter ended March 31, 2025, if not received sooner. The amount was eventually reported on the CMS-64 report for the quarter ended September 30, 2025.
- One PI case, opened in January 2017, resulted in the individual being convicted of a Class 4 Felony for “Fraud to obtain assistance \$1,500+.” Restitution was ordered on March 8, 2021, for \$10,536, including a \$5,954 Medicaid overpayment. The Medicaid overpayment was established in the Agency’s case management system on August 2, 2021. Per Federal regulations, the overpayment should be reported on the CMS-64 report no later than one year after the overpayment has been identified, which would be the quarter ending September 30, 2022, report. However, the overpayment has not been reported as of the quarter ended September 30, 2025, report. The Agency has not determined the Federal portion of the overpayment; therefore, Federal questioned costs are unknown.

Cause: The Agency did not follow proper procedures, including supervisor reviews, to ensure Medicaid cases were worked properly and timely. The PI unit is understaffed. Clerical errors by staff resulted in overpayments not being reported.

Effect: When potential fraud cases are not adequately and timely pursued, there is an increased risk for misuse of funds and potential harm to individuals receiving services.

Recommendation: We recommend the Agency strengthen procedures to ensure cases are properly and timely reviewed, and appropriate dispositions are made. We further recommend the Agency strengthen procedures to ensure overpayments are accurately reported.

Management Response: The Agency agrees.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-057

Program: AL 93.959 – Block Grants for Prevention and Treatment of Substance Abuse – Level of Effort

Grant Number & Year: B08TI085820, FFY 2023

Federal Grantor Agency: U.S. Department of Health and Human Services

Criteria: Good internal control requires procedures to ensure Maintenance of Effort (MOE) requirements are met.

45 CFR § 96.30(a) (October 1, 2024) requires the following:

Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

45 CFR § 96.134(a) (October 1, 2024) states the following:

With respect to the principal agency of a State for carrying out authorized activities, the agency shall for each fiscal year maintain aggregate State expenditures by the principal agency for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two year period preceding the fiscal year for which the State is applying for the grant. The Block Grant shall not be used to supplant State funding of alcohol and other drug prevention and treatment programs.

45 CFR § 96.124(c) (October 1, 2024) requires the State to expend the Block Grant on treatment services for pregnant women and women with dependent children no less than an amount equal to the amount expended by the State for fiscal year 1994.

“A Primer on Maintenance of Effort Requirements” (2020), issued by the Substance Abuse and Mental Health Services Administration (SAMHSA), states the following, as is relevant:

A state MUST provide accurate MOE figures every year. Otherwise, it risks a reduction in its award following the period of noncompliance.

* * * *

States must use a consistent methodology to calculate spending in base and subsequent years so that the expenditure data reflect the same fund sources from year to year. States must use generally accepted accounting principles.

* * * *

Examples of state fund sources that can be included in the SABG state MOE calculations are:

* * * *

Medicaid match funds (the state’s share of covered services in state Medicaid programs; this does not include the federal share of covered services)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Title 45 CFR § 75.511(a) (October 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

Condition: The Agency lacked adequate documentation to support that Maintenance of Effort (MOE) requirements were met. The Summary Schedule of Prior Audit Findings lists the status as complete. A similar finding was noted in the prior audit.

Repeat Finding: 2024-059

Questioned Costs: None

Statistical Sample: No

Context: We tested the State MOE and the MOE for Expenditures for Services to Pregnant Women and Women with Dependent Children (Women’s Set-Aside) for State fiscal year 2024, which was reported on December 2, 2024.

The required State MOE was \$25,520,679, and the Agency reported \$28,532,246 of expenditures. However, per review of supporting detail, we noted only \$18,141,434 of MOE expenditures, including \$7,206,213 of Medicaid Matching funds as well as \$10,935,221 in other State expenditures to prevent and treat substance use disorders. We inquired with the Agency regarding the \$10,390,812 variance between the amount it reported and the amount per support. The Agency agreed it should have reported \$18,141,434 in MOE expenditures. It noted that \$10 million of the variance was due to it improperly including opioid settlement payments in the reported amount.

The required Women’s Set-Aside was \$753,713, and the Agency reported \$918,287. The expenditures reported included \$48,757 in Federal Medicaid funds, but Federal Medicaid funds are not an allowable source of funds to include.

Cause: Inadequate procedures.

Effect: Without adequate procedures, there is an increased risk for errors or unallowable expenditures to be reported.

Recommendation: We recommend the Agency ensure that MOE requirements are both met and accurately reported, and only allowable categories of expenditures are utilized.

Management Response: The Agency agrees. The incorrect data error was discovered prior to the audit by the Division of Behavioral Health (DBH). DBH is currently working with SAMHSA to correct the issue. DBH has already created and implemented another method to pull fiscal data to double-check the substance abuse expenditures for MOE purposes.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DEPARTMENT OF LABOR

Finding 2025-058

Program: AL 17.225 – Unemployment Insurance – State – Allowability & Eligibility

Grant Number & Year: N/A

Federal Grantor Agency: U.S. Department of Labor

Repeat Finding: 2024-061

Questioned Costs: \$45,708 known

Statistical Sample: No

Summary: Audit Finding 2025-011, included in Part II of this report, relates to both the financial statements and Federal awards.

The APA performed a random sample of benefit payments and tested payments to State employees, individuals with high wages, and other payments. Our procedures revealed adjudication issues, improper payments to claimants, and other issues.

The APA randomly selected 40 claimant benefit payments. The total tested was \$18,372, and questioned costs for payments tested were \$1,320. Total benefit payments for the fiscal year ended June 30, 2025, were \$107,466,760. Based on the sample tested, the dollar error rate for the sample was 7.18% ($\$1,320/\$18,372$), which estimates the potential dollars at risk for fiscal year 2025 to be \$7,716,113 (dollar error rate multiplied by population).

We noted additional questioned costs during testing, totaling \$44,388.

A similar finding was noted in the prior audit.

Recommendation: We recommend the Agency implement procedures to prevent the payment of improper Unemployment Insurance (UI) benefits by ensuring compliance with applicable State and Federal requirements. At a minimum, those procedures should ensure the following: 1) proper adjudication actions – including wage crossmatches, investigations into suspect separation from employment information, and separation information requests being sent to employers – are undertaken; and 2) neither ineligible State employees nor other ineligible claimants receive benefit payments.

Management Response: As part of our ongoing commitment to the accuracy of benefit payments, the Department will continue to take steps to reduce improper payments. The Department will further refine its processes to minimize errors and acknowledges that continued improvement is necessary in certain areas. NDOL is committed to addressing these issues through ongoing evaluation, monitoring of performance, staff training and refresher instruction, and timely adjustments as needed.

Finding 2025-059

Program: AL 17.225 – Unemployment Insurance – State – Reporting

Grant Number & Year: N/A

Federal Grantor Agency: U.S. Department of Labor

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Criteria: Per 2 CFR § 2900.4 (January 1, 2024, and January 1, 2025), the U.S. Department of Labor adopted the OMB Uniform Guidance as its policies and procedures for financial assistance administration.

Per 2 CFR § 200.302(a) (January 1, 2024, and January 1, 2025), the State’s financial management systems, including records documenting compliance with Federal statutes, regulations, and terms and conditions of the Federal award, must be sufficient to permit the preparation of required reports and tracing of funds to an adequate level of expenditures to establish that such funds have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award.

Per ETA Handbook 401 (5th Edition) (August 16, 2017):

The data used in preparing the ETA 2112 must be obtained from the books of the state. A properly completed ETA 2112 will accurately show the net result of all transactions in the three accounts comprising the state unemployment fund as they appear in each state’s records.

Good internal control requires adequate procedures to ensure reports are complete and accurate.

Condition: During testing of the ETA 2112 reports, we noted the following:

- For three reports tested, a reconciliation of the ending balance per the report to the bank statement for each account was not properly completed.
- For two reports tested, amounts reported either could not be traced to supporting documentation or used the inaccurate amounts from the supporting documentation provided.

Repeat Finding: 2024-062

Questioned Costs: None

Statistical Sample: No

Context: The ETA 2112 Report is a monthly summary of transactions in a State unemployment fund which consists of the Clearing Account, Unemployment Trust Fund (UTF) Account, and Benefit Payment Account. Agency controls over the ETA 2112 report include completing a reconciliation of the ending balance per the report to the bank statement for each account. For the three months we tested, a reconciliation was completed by the Agency; however, the ending balances per the report did not agree to the reconciled bank account balances. See the table below for a summary of the variances noted. Upon inquiry, it was noted that these variances had been occurring since the April 2024 monthly report. After this issue was brought to the Agency’s attention, the Agency restated all 12 reports for fiscal year 2025.

Account	Ending Report Balance	Ending Reconciled Account Balance	Variance Over (Under)
November 2024			
Benefit Account	\$ 1,366,581	\$ 1,366,540	\$ 41
Clearing Account	\$ 8,722,357	\$ 8,720,691	\$ 1,666
Trust Account	\$ 549,434,929	\$ 549,434,970	\$ (41)
April 2025			
Benefit Account	\$ 956,001	\$ 955,960	\$ 41
Clearing Account	\$ 34,660,618	\$ 34,656,824	\$ 3,794
Trust Account	\$ 530,087,201	\$ 530,087,242	\$ (41)
June 2025			
Benefit Account	\$ (92,212)	\$ (92,253)	\$ 41
Clearing Account	\$ 6,683,120	\$ 6,679,326	\$ 3,794
Trust Account	\$ 550,314,877	\$ 550,314,918	\$ (41)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

In addition to testing the Agency's reconciliations, we performed detailed testing of two monthly ETA 2112 reports. During this review, the following issues were noted:

November 2024

- The beginning benefit account balance agreed to the ending balance from the October 2024 report; however, due to the issues noted above, the beginning balance was overstated by \$41. This also resulted in the ending account balance being overstated by the same amount.
- The beginning clearing account balance agreed to the ending balance from the October 2024 report; however, due to the issues noted above, the beginning balance was overstated by \$1,666. This also resulted in the ending account balance being overstated by the same amount.
- The beginning trust account balance agreed to the ending balance from the October 2024 report; however, due to the issues noted above, the beginning balance was understated by \$41. This also resulted in the ending account balance being understated by the same amount.

The three errors noted were corrected by the Agency with a reissued report on July 17, 2025, after we questioned the Agency about the amounts reported.

April 2025

- The beginning benefit account balance agreed to the ending balance from the March 2025 report; however, due to the issues noted above, the beginning balance was overstated by \$41. This also resulted in the ending account balance being overstated by the same amount.
- Net UI contributions reported in the Clearing account were originally understated by \$1,854 due to the Agency improperly adjusting for a correction made by the bank for a check that originally cleared for an incorrect amount.
- The beginning clearing account balance agreed to the ending balance from the March 2025 report; however, due to the reconciliation issues noted above and the bank correction issue, the beginning balance was overstated by \$5,648. This issue, along with the understatement due to the improper adjustment for the bank correction noted above, then resulted in the ending balance being overstated by \$3,794.
- The beginning trust account balance agreed to the ending balance from the March 2025 report; however, due to the issues noted above, the beginning balance was understated by \$41. This also resulted in the ending account balance being understated by the same amount.

The errors noted were corrected by the Agency with a reissued report on July 17, 2025, after we questioned the Agency about the amounts reported.

Additionally, for both months tested, it was noted that the Daily Payment Register Summary was used to report the amount of disbursements by program. In prior years, it was noted that the Daily Payment Register Summary does not account for cancellations, which causes certain program disbursements to be overstated, such as UCFE, and Net UI Benefits to be understated. Upon inquiry of the Department, it was noted that this issue still existed during the fiscal year ended June 30, 2025.

Cause: Inadequate review and reporting procedures.

Effect: Without adequate procedures, there is an increased risk of misrepresented amounts being reported for Federal unemployment insurance programs.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Recommendation: We recommend the Agency implement procedures to ensure that amounts reported for Federal unemployment programs are accurate. These procedures should include the following: 1) accurate reconciliations between the ending balances on the reports and supporting documentation are completed; 2) duplicate payments for the various programs are accounted for to ensure proper reporting; 3) amounts reported on the 2112 report can be traced to supporting documentation; and 4) amounts reported on the 2112 report are in line with Federal and State guidelines.

Management Response: NDOL agrees that the agency should establish and enforce procedures to ensure the accuracy and reliability of amounts reported for Federal unemployment programs. At a minimum, these procedures should include accurate reconciliation, traceability to source documents, and adherence to guidelines.

Finding 2025-060

Program: AL 17.225 – Unemployment Insurance – State – Special Tests and Provisions

Grant Number & Year: N/A

Federal Grantor Agency: U.S. Department of Labor

Criteria: Neb. Rev. Stat. § 48-652 (Supp. 2024) states, in relevant part, the following:

(3)(a) Each experience account shall be charged only for benefits based upon wages paid by such employer. No benefits shall be charged to the experience account of any employer if:

(i) Such benefits were paid on the basis of a period of employment from which the claimant (A) left work voluntarily without good cause, (B) left work voluntarily due to a nonwork-connected illness or injury, (C) left work voluntarily with good cause to escape abuse as defined in section 42-903 between household members as provided in subdivision (1) of section 48-628.13, (D) left work from which he or she was discharged for misconduct connected with his or her work, (E) left work voluntarily and is entitled to unemployment benefits without disqualification in accordance with subdivision (3), (5), or (11) of section 48-628.13, or (F) was involuntarily separated from employment and such benefits were paid pursuant to section 48-628.17; and (ii) The employer has filed timely notice of the facts on which such exemption is claimed in accordance with rules and regulations adopted and promulgated by the commissioner.

* * * *

(d) Benefits paid to an eligible individual shall be charged against the account of his or her most recent employers within his or her base period[.]

(Emphasis added) Neb. Rev. Stat. § 48-664 (Reissue 2021) provides the following:

Any employer, whether or not subject to the Employment Security Law, or any officer or agent of such an employer or any other person who makes a false statement or representation knowing it to be false, or who knowingly fails to disclose a material fact, to prevent or reduce the payment of benefits to any individual entitled thereto, to obtain benefits for an individual not entitled thereto, to avoid becoming or remaining subject to such law, or to avoid or reduce any contribution or other payment required from an employer under sections 48-648 and 48-649 to 48-649.04, or who willfully fails or refuses to make any such contributions or other payment or to furnish any reports required under the Employment Security Law or to produce or permit the inspection or copying of records as required under such law, shall be guilty of a Class III misdemeanor. . . . When an unemployment benefit overpayment occurs, in whole or in part, as the result of a violation of this section by an employer, the amount of the overpayment recovered shall not be credited back to such employer's experience account.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Title 221 NAC Chapter 3-004 provides that employers have 10 days to respond to the Separation Information Request.

Title 219 NAC Chapter 15-001 provides the following:

Pursuant to Neb. Rev. Stat. §48-631 and §48-607, the Commissioner or the Commissioner's designee may redetermine a previous monetary or non-monetary determination if (1) there is an error in computation or identity, (2) pertinent wages not previously considered have been newly discovered, or (3) benefits have been allowed or denied or the amount fixed based upon misrepresentations of fact. When deciding if a redetermination should be made, the following definitions shall provide guidelines:

A. "Error in computation". Erroneous information based on omission, misconception, or mathematical error with a resultant consequence of altering claimant eligibility.

B. "Error in identity". The identity of a specific individual or employer as claimed or asserted which does not meet the condition of being the same as described.

C. "Newly discovered wages". Wages for an individual relevant to their eligibility which have not been previously known or incorrectly reported and documented.

D. "Misrepresentation of fact". An indication by words or other conduct by a person(s) to another that, under the circumstances, amounts to an assertion by words or other conduct not in accordance with the facts, and that if accepted leads the mind of the person relying thereon to an understanding other and different from that which actually exists. Misrepresentation can occur either ignorantly or intentionally[.]

Good internal controls require procedures to ensure the following: 1) employers are properly charged, or credited, for unemployment benefits; and 2) adjudicators properly establish overpayments according to statutes and regulations.

Condition: During our testing, we noted the following issues regarding overpayments:

- For five overpayments established, the employers on the claim were not properly charged or relieved of charging for benefits overpaid to claimants.
- One overpayment was identified by the Agency's Benefit Accuracy Measurement (BAM) staff; however, it was not properly applied to the claim.

Repeat Finding: 2024-065

Questioned Costs: None

Statistical Sample: No

Context: The table below outlines the overpayments tested, the amounts of the overpayments, the weeks ended during which the overpayments occurred, the amount each employer was charged for these weeks, and the amounts credited to their accounts after the overpayments were established. In each case, we noted that the amount credited to the employer's account was not correct based on the amount overpaid and State statute.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Overpayment	Amount	Weeks Ended	Amount Credited	Correct Amount to Credit	Variance
#1	\$ 195	6/15/2024, 8/17/2024, 9/7/2024, 11/2/2024	\$ 155	\$ 195	\$ 40
#2	\$ 1,119	5/3/2025, 5/17/2025	\$ 654	\$ 1,119	\$ 465
#3	\$ 2,478	4/13/2024 – 4/20/2024, 5/4/2024 – 6/15/2024, 6/29/2024	\$ 1,936	\$ 2,478	\$ 542
#4	\$ 546	11/16/2024	\$ 546	\$ 0	\$ (546)
#5	\$ 3,822	7/13/2024, 8/10/2024 – 9/14/2024	\$ 3,346	\$ 3,822	\$ 476
Grand Totals			\$ 6,637	\$ 7,614	\$ 977

For overpayments #1, #2, #3, and #5, the overpayment amounts should have been credited to the employers’ accounts. However, the credits were not appropriately applied to the employers’ accounts due to both system errors and employee errors when applying the credits. For overpayment #4, the Pool Account should not have been credited because the overpayment was cancelled. However, the Agency still credited the Pool Account.

Additionally, we noted the following regarding BAM Investigations.

An additional error was found regarding the Agency not properly establishing an overpayment after being discovered by a BAM Investigator. The overpayment was identified by the BAM Investigator on October 21, 2024, due to late wage reporting by an employer, which affected the base period wages used to determine the benefit amount and resulted in a reduction in the maximum benefit amount (MBA) allowable for the claim. However, the overpayment was not properly established in the benefit payment system. When we inquired about the overpayment, the Agency stated that the system should have created an overpayment. The MBA was adjusted from \$7,181 to \$4,038. The overpayment should have been established at the point the MBA was exhausted. The total overpayment that should have been established was \$2,412.

Cause: Inconsistency in staff review/adjudication of claim issues. System not properly set up to charge employers correctly.

Effect: Without adequate procedures to ensure employers are properly credited for charges against them, there is an increased risk of noncompliance with Federal and State regulations. Without adequate procedures to ensure claimants are properly rewarded benefits, there is an increased risk of noncompliance with Federal and State regulations.

Recommendation: We recommend the Agency review procedures for applying credits to employers for overpayments to ensure the system is working properly. Having an employee review the system’s work will help to ensure proper compliance with regulations. We recommend the Agency review procedures for establishing overpayments with employees to ensure proper compliance with regulations.

Management Response: The Nebraska Department of Labor agrees with the recommendation. NDOL recognizes the importance of accurate employer charging and the proper application of credits and overpayments to ensure compliance with applicable State and Federal regulations. NDOL is committed to reviewing and strengthening procedures related to employer charging and overpayment establishment to promote effective internal controls.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

MILITARY DEPARTMENT

Finding 2025-061

Program: AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management & Reporting

Grant Number & Year: Appendices – W91243-23-2-1001, FFY 2023; W91243-24-2-1001, FFY 2024; W91243-25-2-1024, FFY 2025; W91243-25-2-1001, FFY 2025; W91243-25-2-1021, FFY 2025

Federal Grantor Agency: U.S. Department of Defense

Criteria: Per 2 CFR § 1128.100 and 2 CFR § 1128.200 (January 1, 2024, and January 1, 2025), the Department of Defense adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR parts 200.302, 200.303, and 200.305.

Per 2 CFR § 200.303 (January 1, 2024, and January 1, 2025), a non-Federal entity must establish and maintain effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 2 CFR § 200.302 (January 1, 2024, and January 1, 2025) requires financial management systems of the State be sufficient to permit preparation of required reports and permit the tracing of funds to expenditures adequate to establish the use of these funds were in accordance with applicable regulations. EnterpriseOne is the official accounting system for the State of Nebraska, and all expenditures are generated from it.

Per Title 2 CFR § 200.305(a) (January 1, 2024, and January 1, 2025), payments for States are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205.

National Guard Policy (NG Policy) 5-1, National Guard Grants and Cooperative Agreements, Section 11-5, Advance Payment Method, Section (5), states in part, “[T]he grantee agrees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the State. (no more than 45 days).” GCAPL 20-02 AQ-A Policy (February 4, 2020) turned NGR 5-1 into NG Policy 5-1. It generally maintained the principles and operational aspects of NGR 5-1, except as provisions of the document were adjusted in the AQ-A Policy. The AQ-A Policy did not make any changes to the 45-day requirement found in NGR 5-1.

The instructions for OMB Standard Form 270 (REV. 1/2016) include the following for line 11a:

Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients.

A good internal control plan would include procedures to ensure the time between the drawdown of Federal funds and disbursements is minimized and in compliance with National Guard Regulations.

Condition: The Agency was noncompliant with the Federal cash management requirements during the fiscal year and did not properly report program outlays on the OMB Standard Form (SF) 270. A similar finding was noted in the prior audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

Repeat Finding: 2024-066

Questioned Costs: None

Statistical Sample: No

Context: We tested five drawdowns of Federal funds to support the Agency’s operations. We tested to determine whether the Agency had expended the cumulative amounts drawn down for the awards tested within the required timeframe and noted the following:

- Three drawdowns were noncompliant with NG Policy 5-1. Cumulative drawdowns for one of the draws were expended 63 days after the drawdown of the Federal funds. Cumulative draws for the other draws had yet to be fully expended as of January 8, 2026.

The table below provides a summary of the three draws:

	Award	Draw Receipt Date	Total Draws as of Draw Receipt Date	Cash on hand at 45 days	# of Days to spend Total Draws
1	W91243-23-2-1001 (SAG 132)	6/4/2025	\$ 17,674,345	\$ 309,894	N/A*
2	W91243-24-2-1001 (SAG 132)	6/6/2025	\$ 10,687,186	\$ 2,219,549	N/A*
3	W91243-25-2-1024	4/9/2025	\$ 2,275,000	\$ 175,680	63

**As of January 8, 2026, 216 to 218 days after drawing down funds, the Agency has not fully expended the cumulative amount drawn down under these awards.*

- For 5 of 5 SF-270’s tested, the Agency did not properly report total program outlays on the OMB SF-270 report. The Agency reported the total drawdowns for the program to date, rather than actual cash disbursements, as total program outlays. The variance between what was reported and what should have been reported ranged from an overreporting of \$2,764 to an overreporting of \$3,530,797, with a net total overreporting of expenditures by \$4,074,284 for the five reports tested.

Cause: Inadequate procedures for estimating fund needs for the upcoming month. Regarding SF-270 reporting, the Agency has stated it agrees with the finding; however, it has yet to implement corrective action.

Effect: The Agency is noncompliant with Federal cash management and reporting requirements, which could result in sanctions. Additionally, there is an increased risk for the loss of Federal funding.

Recommendation: We recommend the Agency ensure the amount of time between the Federal draw and the disbursement of funds by the State is minimized and in compliance with National Guard requirements. We also recommend the Agency report total program outlays in compliance with Federal requirements.

Management Response: The Agency agrees with the finding. The drawdown timeline is a partial result of the variances in federal reimbursement functionalities and the advance state requirement function. Program obligations and liquidations are reconciled and reported on at least a quarterly basis with federal constituents.

Finding 2025-062

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Eligibility

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Grant Number & Year: ERAE1185, grant period ending 9/30/2025

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: Title III, Subtitle B, Section 3201(f)(2), of the American Rescue Plan Act, 2021, Pub. L. No. 117-2 (March 11, 2021) states, in relevant part the following:

ELIGIBLE HOUSEHOLD. - The term ‘eligible household’ means a household of 1 or more individuals who are obligated to pay rent on a residential dwelling and with respect to which the eligible grantee involved determines that—

* * * *

(C) the household is a low-income family (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

Low-income family is defined in 42 U.S.C § 1437a(b)(2)(A) as follows:

[F]amilies whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families

Per 2 CFR § 1000.10 (January 1, 2024), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200.

Per 2 CFR § 200.303 (January 1, 2024):

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Question 4 of the Frequently Asked Questions (FAQ) guidance document (Revised December 4, 2024), issued by the U.S. Department of the Treasury, for the Emergency Rental Assistance program, states, in relevant part, the following:

If a written attestation without further verification is relied on to document the majority of the applicant’s income, the grantee must reassess the household’s income every three months, by obtaining appropriate documentation or a new self-attestation.

Question 7 of the FAQ guidance document states that other expenses that can be paid for include “reasonable accrued late fees.”

Good internal control requires procedures to ensure that adequate supporting documentation is obtained and utilized during the application review process. Good internal control also requires procedures to ensure compliance with Federal regulations.

2 CFR § 200.511 (January 1, 2024) requires the auditee to prepare a summary schedule of prior audit findings. Subsection (b)(2) of that same regulation states, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

Condition: Documentation to support the eligibility and the amount paid for 5 of 40 payments/households tested was not adequate. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Repeat Finding: 2024-067

Questioned Costs: \$1,580 known

Statistical Sample: No

Context: We tested 40 assistance payments. We noted the following:

- For one payment, adequate income verification was not performed. The applicant attested that the household did not have income. Subsequent payments were made for rent over three months after the attestation. The Agency neither reassessed the household's income nor obtained a new self-attestation, as required per the FAQ. This resulted in questioned costs of \$1,277.
- For four payments, the payment amount was incorrect.
 - For three payments, we did not agree with the amount paid for late fees. For rent paid for future months, it was the Agency's policy to pay the late fee if the payment was approved after the 15th of the previous month. For example, if the Agency approved a rental payment for the month of October 2024 on September 16, 2024, the Agency would also pay a late fee for October 2024. However, per review of the actual date paid, the late fees paid were either excessive or should not have been paid at all. In total, we questioned \$146 in excessive late fees.
 - For one payment, the Agency calculated a payment amount of \$1,342; however, after reviewing the lease, we calculated an amount of \$1,185, a difference of \$157.

Federal payment errors for the sample tested were \$1,580. The total sample tested was \$64,938, and assistance payments for the year totaled \$18,220,684. Based on the sample tested, the dollar error rate for the sample was 2.43% ($\$1,580/\$64,938$), which estimated the potential dollars at risk for fiscal year 2025 to be \$442,763 (dollar error rate multiplied by the population).

Cause: Inadequate procedures to ensure that self-attestations of income were obtained every three months. Inadequate procedures to ensure the payment amount was correct, and late fees were reasonable.

Effect: Increased risk of loss or misuse of funds and noncompliance with Federal guidelines.

Recommendation: We recommend the Agency strengthen policies and procedures to ensure applicants are eligible for assistance, and payment amounts are reasonable and proper.

Management Response: Management agrees with the finding presented.

Finding 2025-063

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Reporting

Grant Number & Year: ERAE1185, grant period ending 9/30/2025

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 2 CFR § 200.302(a) (January 1, 2024) states, in relevant part, the following:

[T]he state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

The Emergency Rental Assistance Program (ERA2) Reporting Guidance (Revised June 16, 2025) issued by the U.S. Department of the Treasury states, in part, the following:

Each ERA2 Recipient must report the cumulative obligations and cumulative expenditures for the Recipient's Rental Assistance Project between date of receipt of the ERA2 award through the end of the current reporting period. This includes all amounts obligated and expended by the ERA2 Recipient and its subrecipients and contractors, as applicable.

* * * *

- iv. *Total Cumulative Dollar Amount of the ERA2 Funds Paid (Expended) for Housing Stability Services in the ERA2 Rental Assistance Project from award date through the end of the reporting period.*

* * * *

- v. *Total Cumulative Dollar Amount of the ERA2 Funds Obligated for Housing Stability Services in the ERA2 Rental Assistance Project from award date through the end of the reporting period.*

A good internal control plan requires procedures to ensure that all required information is reported accurately and supported by underlying data.

Condition: For two of two quarterly reports tested, expenditures reported as administrative costs were not accurately categorized as housing stability services costs.

Repeat Finding: 2024-068

Questioned Costs: None

Statistical Sample: No

Context: For the quarters ended December 31, 2024, and June 30, 2025, \$1,727,607 and \$2,371,862 in ERA2 expenditures, respectively, were reported under the category of administrative costs instead of housing stability services costs. We noted during testing that payments made to two vendors, explicitly for housing stability services per their contracts with the Agency, were not properly categorized in data submitted to the U.S. Department of the Treasury. Upon inquiry, the Department confirmed that the amounts were miscategorized.

Cause: Inadequate procedures to compile the reporting data.

Effect: Without adequate procedures to ensure reports contain accurate information, there is an increased risk of noncompliance with Federal regulations.

Recommendation: We recommend the Agency implement procedures to ensure that figures reported in the ERA2 quarterly compliance report are accurately categorized.

Management Response: We agree with the finding.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding 2025-064

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Allowability

Grant Number & Year: SLFRP1965, March 3, 2021, through December 31, 2024

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 31 CFR § 35.6(b) (July 1, 2024) states, in relevant part, the following:

A recipient may use funds to respond to the public health emergency or its negative economic impacts if the use meets the criteria provided in paragraph (b)(1) of this section or is enumerated in paragraph (b)(3) of this section; provided that, in the case of a use of funds for a capital expenditure under paragraph (b)(1) or (b)(3) of this section, the use of funds must also meet the criteria provided in paragraph (b)(4) of this section. Treasury may also articulate additional eligible programs, services, or capital expenditures from time to time that satisfy the eligibility criteria of this paragraph (b), which shall be eligible under this paragraph (b).

(1) Identifying eligible responses to the public health emergency or its negative economic impacts.

(i) A program, service, or capital expenditure is eligible under this paragraph (b)(1) if a recipient identifies a harm or impact to a beneficiary or class of beneficiaries caused or exacerbated by the public health emergency or its negative economic impacts and the program, service, or capital expenditure responds to such harm.

(ii) A program, service, or capital expenditure responds to a harm or impact experienced by an identified beneficiary or class of beneficiaries if it is reasonably designed to benefit the beneficiary or class of beneficiaries that experienced the harm or impact and is related and reasonably proportional to the extent and type of harm or impact experienced.

* * * *

(3) Enumerated eligible uses: responses presumed reasonably proportional. A recipient may use funds to respond to the public health emergency or its negative economic impacts on a beneficiary or class of beneficiaries for one or more of the following purposes unless such use is grossly disproportionate to the harm caused or exacerbated by the public health emergency or its negative economic impacts:

* * * *

(ii) Responding to the negative economic impacts of the public health emergency for purposes including:

* * * *

(D) Assistance to tourism, travel, hospitality, and other impacted industries for programs, services, or capital expenditures, including support for payroll costs and covered benefits for employees, compensating returning employees, support for operations and maintenance of existing equipment and facilities, and technical assistance[.]

31 CFR § 35.6(c) (July 1, 2024) states the following:

Providing premium pay to eligible workers. A recipient may use funds to provide premium pay to eligible workers of the recipient who perform essential work or to provide grants to eligible employers that have eligible workers who perform essential work, provided that any premium pay or grants provided under this

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

paragraph (c) must respond to eligible workers performing essential work during the COVID-19 public health emergency. A recipient uses premium pay or grants provided under this paragraph (c) to respond to eligible workers performing essential work during the COVID-19 public health emergency if:

- (1) The eligible worker's total wages and remuneration, including the premium pay, is less than or equal to 150 percent of the greater of such eligible worker's residing State's or county's average annual wage for all occupations as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics;*
- (2) The eligible worker is not exempt from the Fair Labor Standards Act overtime provisions (29 U.S.C. 207); or*
- (3) The recipient has submitted to the Secretary a written justification that explains how providing premium pay to the eligible worker is responsive to the eligible worker performing essential work during the COVID-19 public health emergency (such as a description of the eligible workers' duties, health, or financial risks faced due to COVID-19, and why the recipient determined that the premium pay was responsive despite the worker's higher income).*

31 CFR § 35.3 (July 1, 2024) defines “premium pay,” in relevant part, as follows:

Premium pay means an amount of up to \$13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 in total over the period of performance with respect to any single eligible worker.

H.J. Res 7 (2023) states the following:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, pursuant to section 202 of the National Emergencies Act (50 U.S.C. 1622), the national emergency declared by the finding of the President on March 13, 2020, in Proclamation 9994 (85 Fed. Reg. 15337) is hereby terminated.

Approved April 10, 2023.

Additionally, the “Final Rule” was released by the U.S. Department of the Treasury on January 6, 2022.

The Final Rule, Section II. Eligible Uses, A. Public Health and Negative Economic Impacts, 1. General Provisions: Structure and Standards, a. Standards for Identifying a Public Health or Negative Economic Impact, Standards: Designating a Negative Economic Impact, states the following, in relevant part:

(Page 4344) First, there must be a negative economic impact, or an economic harm, experienced by an individual or a class. The recipient should assess whether, and the extent to which, there has been an economic harm, such as loss of earnings or revenue, that resulted from the COVID-19 public health emergency. A recipient should first consider whether an economic harm exists and then whether this harm was caused or made worse by the COVID-19 public health emergency.

* * * *

Second, the response must be designated to address the identified economic harm or impact resulting from or exacerbated by the public health emergency. In selecting responses, the recipient must assess whether, and the extent to which, the use would respond to or address this harm or impact.

* * * *

Responses must be reasonably designed to benefit the individual or class that experienced the negative economic impact or harm. Uses of funds should be assessed based on their responsiveness to their intended beneficiary and the ability of the response to address the impact or harm experienced by that beneficiary.

Responses must also be related and reasonably proportional to the extent and type of harm experienced.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

The Final Rule, Section II. Eligible Uses, A. Public Health and Negative Economic Impacts, 4. General Provisions: Other, a. Public Sector Capacity and Workforce, states the following, in relevant part:

(Page 4386) The final rule allows for an expanded set of eligible uses to restore and support public sector employment. Eligible uses include hiring up to a pre-pandemic baseline that is adjusted for historic underinvestment in the public sector, providing additional funds for employees who experienced pay cuts or were furloughed, avoiding layoffs, providing worker retention incentives, and paying for ancillary administrative costs related to hiring.

* * * *

The final rule provides two options to restore pre-pandemic employment, depending on recipient's needs. Under the first and simpler option, recipients may use SLFRF funds to rehire staff for pre-pandemic positions that were unfilled or were eliminated due the pandemic without undergoing further analysis. Under the second option, the final rule provides recipients an option to hire above the pre-pandemic baseline, by adjusting the pre-pandemic baseline for historical growth in public sector employment over time, as well as flexibility on roles for hire.

* * * *

To pursue the second option, recipients should undergo the analysis provided below. In short, this option allows recipients to pay for payroll and covered benefits associated with the recipient increasing its number of budgeted full-time equivalent employees (FTEs) up to 7.5 percent above its pre-pandemic employment baseline, which adjusts for the continued underinvestment in state and local governments since the Great Recession.

* * * *

Funds may be used to maintain current compensation levels, with adjustments for inflation, in order to prevent layoffs that would otherwise be necessary. Recipients must be able to substantiate that layoffs were likely in the absence of SLFRF funds and would be substantially due to the public health emergency or its negative economic impacts (e.g., fiscal pressures on state and local budgets) and should document their assessment.

* * * *

Funds may be used to provide worker retention incentives, which are designed to persuade employees to remain with the employer as compared to other employment options. Recipients must be able to substantiate that the employees were likely to leave employment in the absence of the retention incentive and should document their assessment.

* * * *

All worker retention incentives must be narrowly tailored to need and should not exceed incentives traditionally offered by the recipient or compensation that alternative employers may offer to compete for the employees. Further, because retention incentives are intended to provide additional incentive to remain with the employer, they must be entirely additive to an employee's regular rate of wages and other remuneration and may not be used to reduce or substitute for an employee's normal earnings. Treasury will presume that retention incentives that are less than 25 percent of the rate of base pay for an individual employee or 10 percent for a group or category of employees are reasonably proportional to the need to retain employees, as long as the other requirements are met.

The Final Rule, Footnote 230, states the following, in relevant part:

(Page 4379) Ultimately, recipients must comply with the eligible use requirements and any other applicable laws or requirements and are responsible for the actions of their subrecipients or beneficiaries.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Per 2 CFR § 1000.10 (January 1, 2024), “[T]he Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.”

2 CFR § 200.303 (January 1, 2024) states, in relevant part, the following:

The non-Federal entity must:

- (a) *Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

Per 2 CFR § 200.403 (January 1, 2024), costs must be necessary and reasonable for the performance of the Federal award. Costs must also be adequately documented.

Good internal control and sound business practices require procedures for ensuring that: 1) premium pay is paid to only eligible individuals; 2) expenditures are adequately supported; and 3) all expenditures are for allowable purposes.

Condition: The State lacked procedures to ensure that:

- Grants issued to beneficiaries for worker retention and incentives were used for such purposes.
- Premium pay paid to eligible individuals was for work performed during the COVID-19 public health emergency.

Repeat Finding: 2024-069

Questioned Costs: \$2,619,690 known

Statistical Sample: No

Context: We randomly selected 40 payments to test. We also judgmentally selected 12 payments and 7 journal entries to test. We noted the following:

Payments to Nursing Facilities & Assisted Living Centers for Employee Retention and Recruitment

LB 1014 (2022), section 28, appropriated \$12,500,000 from the CSLFRF grant to the Department of Health and Human Services (DHHS) for State fiscal year 2025 to be paid out to Medicaid-certified nursing facilities. The funds were to be used to provide supplemental incentive payments for direct care staff members employed at the nursing facilities. DHHS paid out \$12,500,000 to Medicaid-certified nursing facilities during State fiscal year 2025.

During testing of 40 randomly selected CSLFRF payments, we tested five payments, totaling \$452,690, made to Medicaid-certified nursing facilities. We asked for documentation of how DHHS ensured that the payments were used for allowable employee retention and recruitment programs, and for any documented assessments that were required by the Final Rule for worker incentive programs. According to DHHS, the funds were paid out in accordance with the requirements of LB 1014 (2022). Additionally, during June and July 2024, DHHS obtained signed attestations from all entities that had previously received funds in fiscal years 2023 and 2024, attesting that the entity was aware that funds provided could be used only to enhance employee recruitment and retention and that funds were used for such purpose. These forms applied only to funds already received at the time and did not include language referencing that they would apply to those payments issued in the State fiscal year 2025.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

DHHS claimed to have performed additional monitoring procedures in response to our finding in fiscal year 2024, which consisted of reviewing four entities that received funds in fiscal year 2024. The APA noted that this review consisted of only 4 of the 181 entities that received payments in fiscal year 2025, and the review considered only the use of funds disbursed prior to fiscal year 2025. Lastly, the APA noted that the documentation on file for DHHS' review did not contain any analysis to support that funds were allowed for allowable retention and recruitment.

Because no documentation was provided to support that funds were used for allowable employee retention and recruitment programs, we questioned all costs for the five payments tested, totaling \$452,690, and noted that all \$12,500,000 disbursed are dollars at risk.

Premium Pay

LB 1412 (2024), section 112, allowed the Governor to reallocate previously appropriated CSLFRF dollars that could not otherwise be obligated by the December 31, 2024, obligation deadline. Under this authority, the Office of the Governor authorized \$3,007,058 to be used for premium pay to State employees. In December 2024, May 2025, and June 2025, DHHS posted three journal entries to move payroll costs of \$2,167,000 to the CSLFRF grant.

During our review of these entries, totaling \$2,167,000, we noted that DHHS had determined the allowability of the entry by calculating the total amount of allowable premium pay during the grant period. DHHS had identified premium pay, totaling \$10,537,975, paid to employees providing mental health services as part of the Lincoln Regional Center and Norfolk Regional Center Sex Offender Treatment Program for work dates from December 23, 2019, through April 30, 2023, and stated that this was more than the \$9,760,287 in premium pay coded to the grant as of June 30, 2025, including the \$2,167,000 tested; therefore, the entry was allowable. However, during our review, we noted the following deficiencies in DHHS' review:

- DHHS included \$5,054,478 of payroll costs associated with work performed prior to the implementation of any premium pay on November 1, 2021, and after the end of the public health emergency on April 10, 2023, which is not allowable.
- DHHS projections did not include any review of employee exemption status or total wages to support that moving payroll costs to the grant was responsive to employees performing essential work. Further, DHHS had no written justification on file to support the responsiveness of premium pay for any employees. We noted 28 employees who were exempt with wages over 150% of the State average.
- DHHS did not properly cap the amount of premium pay at \$25,000 per person for the life of the grant. Rather, DHHS capped premium pay at \$25,000 per employee per each fiscal year during the grant.
- Despite attempting to cap premium pay at \$13 per hour for all employees, DHHS did not properly calculate the amount of premium pay earned by each employee. Employees were afforded a 20-30% pay increase for premium pay; however, DHHS calculated the premium pay as 20-30% of the new rate (including premium pay) instead of the employees' original pay rate, resulting in overstatements of 3-7%.
- In determining the amount of premium pay, DHHS erroneously included duplicate payroll lines, totaling \$709,206, of gross pay.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Taking all of the deficiencies into consideration, the APA calculated total allowable premium pay for the grant period to be only \$5,001,281, which was \$4,759,005 less than the amount of premium pay coded to the grant. The APA observed that, prior to fiscal year 2025, the agency had moved \$7,593,287 of payroll costs to the grant. Therefore, all \$2,167,000 of these journal entries tested are questioned costs.

Cause: Inadequate procedures to ensure: 1) grants to nursing and assisted-living facilities were used for allowable purposes; and 2) premium pay was paid only to individuals who performed work during the COVID-19 public health emergency and at allowable rates.

Effect: Without adequate supporting documentation and review procedures, there is an increased risk that Federal awards could be used for unallowable costs.

Recommendation: We recommend the State strengthen procedures for ensuring that all Federal funds are used for intended and allowable purposes.

Management Response:

Department of Health and Human Services

Agency disagrees with this finding. The methods utilized to calculate claims over the \$25k per person cap and the max \$13/hour increase cap were erroneous. DHHS was able to consolidate the entire data set for the appropriation periods between State fiscal year 2022 and State fiscal year 2025 and showed that, based on allowable claims for each period, there was a total of \$10,537,974.76 possible to be claimed, and \$9,760,286.67 actually claimed.

APA Response: As noted above, 31 CFR § 35.3 (July 1, 2024) defines “premium pay” as an additional amount up to \$13 per hour that is paid to an eligible worker for all work performed by the eligible worker during the COVID-19 public health emergency and states that it “may not exceed \$25,000 in total over the period of performance with respect to any single eligible worker.” Review of DHHS’s analysis of \$10,537,974.76 noted that it includes premium pay in excess of the \$25,000 per person total limit for the period of performance for 138 individuals, totaling \$4,208,829.04.

Finding 2025-065

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Subrecipient Monitoring

Grant Number & Year: SLFRP1965, March 3, 2021, through December 31, 2024

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 2 CFR § 200.332 (January 1, 2024) states, in relevant part, the following:

All pass-through entities must:

- (a) *Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:*

- (1) *Federal award identification.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

* * * *

(ii) *Subrecipient's unique entity identifier;*

(iii) *Federal Award Identification Number (FAIN);*

(iv) *Federal Award Date*

* * * *

(x) *Federal award project description, as required by the Federal Funding Accountability and Transparency Act (FFATA);*

(xi) *Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;*

(xii) *Assistance Listings title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement;*

* * * *

(5) *A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient's records and financial statements for the pass-through entity to fulfill its monitoring requirements; and*

(6) *Appropriate terms and conditions concerning the closeout of the subaward.*

* * * *

(d) *Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

(1) *Reviewing financial and performance reports required by the passthrough entity.*

(2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the passthrough entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.*

(3) *Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521.*

(4) *The pass-through entity is responsible for resolving audit findings specifically related to the subaward*

* * * *

(f) *Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

2 CFR § 200.318 (January 1, 2024) states, in relevant part, the following:

- (a) *The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.*

* * * *

- (i) *The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.*

2 CFR § 180.300 (January 1, 2024) requires that the pass-through entity take specific steps to document that subrecipients are not suspended or debarred, as outlined below:

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) *Checking SAM.gov Exclusions; or*
- (b) *Collecting a certification from that person; or*
- (c) *Adding a clause or condition to the covered transaction with that person.*

2 CFR § 200.430(i) (January 1, 2024) states the following in relevant part:

- (1) *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

* * * *

- (iii) *Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);*

* * * *

- (vii) *Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

- (viii) *Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards[.]*

Good internal controls and sound business practices require policies and procedures to ensure that adequate monitoring is performed to verify that subrecipients are using funds in accordance with all Federal and grant requirements.

Condition: The State lacked procedures to ensure that:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- Subrecipient use of funds was monitored to ensure compliance with all Federal and grant requirements.
- Subrecipients obtained audits required by Federal requirements, and those audits were obtained and reviewed in a timely manner.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The State paid \$172,943,444 to subrecipients for 143 subawards during the fiscal year ended June 30, 2025. We selected 17 subrecipients to test. Additionally, we reviewed the single audit tracking procedures for all State agencies acting as pass-through entities. We noted the following:

Insufficient Subrecipient Monitoring Procedures

For 5 of 17 subawards tested, the APA noted that subrecipient monitoring was insufficient to ensure that the subrecipient complied with all Federal and grant requirements. Additionally, for one of the subawards tested, the APA noted that the pass-through entity did not have documentation on file to support it verified the subrecipient was not suspended or otherwise debarred. Deficiencies noted included the following:

- One \$86,650,000 subaward tested was issued by the Military Department (Military) to the University of Nebraska Board of Regents (University). During testing, the APA noted that the only monitoring performed by the Military was a review of the University's single audit for fiscal year ended June 30, 2024. A total of \$47,533,117 was paid to the University for the fiscal year ended June 30, 2025.
- During our audit, we observed that for two subawards, one issued by the Department of Natural Resources (DNR) and one by the Department of Health and Human Services (DHHS), each valued at \$2,000,000 for capital riverfront improvements and the construction of a youth activity center, respectively, significant disbursements were used to cover construction costs. However, neither pass-through entity could provide documentation supporting that subrecipient monitoring performed or planned included adequate procedures to ensure that the subrecipient had followed its written procurement policies, and procurement procedures were adequately documented. These subrecipients were paid \$1,362,909 and \$841,446, respectively, during the fiscal year ended June 30, 2025.
- For one subaward tested, issued by the Department of Correctional Services (Corrections) for \$1,505,826 to implement a transitional living and vocational skills program for former inmates, the APA did not observe any documentation supporting that Corrections had verified the subrecipient was not suspended or otherwise debarred from receiving Federal funds. Additionally, the APA noted that the subaward included significant costs for subrecipient payroll and benefit costs. For those salaried employees who had only a portion of their payroll coded to the grant, Corrections relied on budget estimates submitted at the beginning of the subaward to ensure the cost allocation was proper. The APA observed that six salaried employees had payroll costs coded to the grant, ranging from 2% - 98% of their total salaries. During the fiscal year ended June 30, 2025, the total paid to the subrecipient for this subaward was \$204,302.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- For one subaward issued by DHHS for \$4,000,000 to be used towards increasing childcare license capacity, the APA noted that DHHS failed to perform the subrecipient monitoring procedures outlined in their monitoring policy. The monitoring policy for the subaward indicated that 10% of all expenses would be reviewed. DHHS claimed to have reviewed 10% of all reimbursements between July 2023 – April 2024; however, the APA observed \$628,610 of reimbursed costs after April 2024, all of which was disbursed in August 2024 for which no review was performed. Additionally, the APA noted DHHS did not obtain appropriate documentation to support \$387 of payroll costs coded to the grant. A total of \$627,110 was paid to this subrecipient during the fiscal year ended June 30, 2025.

Failure to Communicate all Required Subaward Information

During our review of subrecipient monitoring, the APA noted that, for 4 of 17 subawards tested, the subaward did not contain all required information or contained erroneous information, as follows:

- In two instances of subawards issued by DHHS, the subaward listed the Federal Award Identification Number (FAIN) as SLFRP3145; however, the primary CLSFRF award to the State of Nebraska was SLFRP1965, while the SLFRP3145 award merely passed through the State to various Non-Entitlement Units (NEU’s) in the State that were the primary recipients.
- One subaward issued by DNR and one subaward issued by Corrections lacked required information, as noted below. Neither department could provide documentation showing that this information had otherwise been communicated to the subrecipient.

Required Information	Missing Information	
	DNR Subaward	Corrections Subaward
Subrecipient’s unique entity identifier (UEI).	X	X
Federal Award Identification Number (FAIN).	X	X
Federal Award Date.	X	X
Federal award project description.		X
Name of the Federal agency, pass-through entity, and contact information for awarding official of the pass-through entity.		X
Assistance Listings title and number.	X	X
A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient’s records and financial statements.		X
Appropriate terms and conditions concerning the closeout.	X	X

Single Audit Tracking Procedures

During our review of single audit tracking procedures implemented by the State, we noted the following:

- DNR and the Department of Labor (DOL) lacked procedures for determining if subrecipients were required to have a single audit or obtain and review such audits. DOL had 10 subrecipients who had received cumulative payments as of June 30, 2025, ranging from \$1,000 to \$318,669. DNR had 13 subrecipients that received cumulative payments as of June 30, 2025, ranging from \$12,557 to \$32,256,022. Three of DNR’s subrecipients have received payments over \$750,000 as of June 30, 2025. In reviewing the Federal Audit Clearinghouse (FAC), two of these subrecipients had single audits for the subrecipients’ fiscal year 2024, which listed CSLFRF (ALN 21.027) as a major program and reported no findings.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- During testing, the APA identified three instances of DHHS failing to obtain and review subrecipient single audits due to errors in that agency’s tracking procedures. The three subrecipients had received \$2,209,137 in CSLFRF funds as of June 30, 2025. The APA obtained the fiscal year 2024 single audits for all three subrecipients from the FAC and noted that ALN 21.027 was listed as a major program on all three audits. None of the audits noted any program-related findings.

Cause: Inadequate procedures to ensure that subrecipients complied with all Federal and grant requirements or to ensure that subrecipients obtained single audits when required.

Effect: Without adequate monitoring and review procedures, there is an increased risk of Federal awards being used for unallowable costs.

Recommendation: We recommend the State strengthen procedures to ensure that subrecipient monitoring is designed properly to ensure compliance with all Federal and grant requirements. We also recommend the State strengthen procedures to ensure that subrecipient single audit requirements are tracked properly, and all single audits are reviewed in a timely manner.

Management Response:

Military Department

The Department of Military disagrees with this finding. The subrecipient submitted an independent audit on 4/1/2025. The independent auditor employed auditing standards generally accepted in the United States (GAAS). Major federal programs included COVID-19, Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing Number 21.027. The independent auditor concluded there were no significant deficiencies or material weaknesses. The auditee was deemed “low risk.” In NEMA’s risk evaluation, it considers two separate University of Nebraska offices whose responsibility includes work to monitor and ensure compliance with Federal regulations.

When determining risk appetite and risk tolerance, the “...cost of internal control should never exceed anticipated benefits. Thus, an entity must accept a certain level of risk.” Findings by the independent auditor and Auditor of Public Accounts exceed any benefit that might have been gained by additional subrecipient monitoring. In October 2025, the Agency formally adopted the Subrecipient Monitoring policy and procedure it has informally used the last several years.

APA Response: 2 CFR § 200.332(d)(4) (January 1, 2024) requires pass-through entities to perform subrecipient monitoring, which includes obtaining and reviewing subrecipient Single Audit reports. Subsection (d)(4) of this regulation states:

If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient’s cognizant audit agency or cognizant oversight agency to perform audit follow-up. . . . Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

Department of Natural Resources

While DNR conducted general subrecipient monitoring activities, documentation did not sufficiently demonstrate that monitoring procedures included a review of subrecipient procurement practices for compliance. DNR communicated the required federal award information to the subrecipient through other means, it was not consistently incorporated into the formal subaward agreement as required. While DNR does require Single Audits per their contracts, they did not have formalized, written

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

procedures to consistently determine whether subrecipients met the Single Audit threshold, to ensure timely receipt and review of Single Audit reports when required. The Department acknowledges that documented procedures are necessary to ensure compliance with applicable federal regulations and to strengthen subrecipient oversight.

Department of Health and Human Services

Agency agrees with finding.

Department of Correctional Services

Management agrees with the finding.

Finding 2025-066

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Reporting

Grant Number & Year: SLFRP1965, March 3, 2021, through December 31, 2024

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 31 CFR § 35.3 (July 1, 2024) defines “obligation” to include the following:

[A]n order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.

31 CFR § 35.6(b)(4) (July 1, 2024) states, in relevant part, the following:

A recipient, other than a Tribal government, must prepare a written justification for certain capital expenditures according to Table 1 to paragraph (b) of this section. Such written justification must include the following elements:

- (i) Describe the harm or need to be addressed;*
- (ii) Explain why a capital expenditure is appropriate; and*
- (iii) Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.*

Table 1 to Paragraph (b)

<i>If a Project has total expected Capital Expenditures of:</i>	<i>and the use is enumerated in (b)(3), then</i>	<i>and the use is not enumerated in (b)(3), then</i>
<i>Less than \$1 Million</i>	<i>No Written Justification required</i>	<i>No Written Justification required</i>
<i>Greater than or equal to \$1 Million, but less than \$10 Million</i>	<i>Written Justification required but recipients are not required to submit as part of regular reporting to Treasury</i>	<i>Written Justification required and recipients must submit as part of regular reporting to Treasury.</i>
<i>\$10 Million or More</i>	<i>Written Justification required and recipients must submit as part of regular reporting to Treasury</i>	

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

2 CFR § 200.302(a) (January 1, 2024) states, in relevant part, the following:

[T]he state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions[.]

2 CFR § 200.511(b) (January 1, 2024) states, in relevant part, the following:

The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. . . .

* * * *

(2) When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken. When corrective action is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule must provide an explanation.

Good internal control and sound business practices require policies and procedures to ensure that all CSLFRF reporting requirements are met, including the maintenance of written justification on file for projects with expected capital expenditures of more than \$1 million and that written justification is submitted to the Treasury, as required, for projects with expected capital expenditures of \$10 million or more.

Condition: The Department of Administrative Services (DAS) was responsible for preparing the Quarterly Project and Expenditure Reports. DAS lacked procedures to ensure that CSLFRF obligations and expenditures were reported accurately on the Quarterly Project and Expenditure Reports, or written justification was submitted accurately or on file for projects with expected capital expenditures.

A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as complete.

Repeat Finding: 2024-070

Questioned Costs: None

Statistical Sample: No

Context: We tested the quarters ended December 31, 2024, and June 30, 2025, Project and Expenditure Reports. We selected 11 of 106 projects from the quarter ended December 31, 2024, report and 11 of 109 projects from the quarter ended June 30, 2025, report to test. We noted the following:

Cumulative Expenditures Reported

Four of the projects tested did not have cumulative expenditures reported correctly.

Quarter Ended Tested	Project Description	Cumulative Expenditures Reported	Actual Cumulative Expenditures	Cumulative Expenditures Difference
Dec. 2024	PH EMS Equipment	\$ 4,367,486	\$ 4,243,047	\$ 124,439
Dec. 2024	Shovel Ready	\$ 91,014,890	\$ 90,958,906	\$ 55,984

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Quarter Ended Tested	Project Description	Cumulative Expenditures Reported	Actual Cumulative Expenditures	Cumulative Expenditures Difference
June 2025	PH EMS Ambulance	\$ 11,042,843	\$ 11,166,249	\$ (123,406)
June 2025	Hastings Automotive	\$ 4,700,000	\$ 1,824,500	\$ 2,875,500

The APA noted that, while the cumulative expenditures for the Hastings Automotive project was overstated by \$2,875,500, the Grand Island Welding project was similarly understated by \$2,875,500.

Cumulative Obligations Reported

One of the projects tested did not have cumulative obligations reported correctly.

Quarter Ended Tested	Project Description	Cumulative Obligations Reported	Actual Cumulative Obligations	Cumulative Obligations Difference
June 2025	Hastings Automotive	\$ 4,700,000	\$ 1,824,500	\$ 2,875,500

The APA noted that, while the cumulative obligations for the Hastings Automotive project was overstated by \$2,875,500, the Grand Island Welding project was similarly understated by \$2,875,500.

Capital Expenditures

We noted 10 projects that either did not properly report expected capital expenditures, or a proper required written justification was not on file.

- NE Rural Healthcare – The State reported \$50,000,000 in expected capital expenditures for this project as of December 31, 2024, which uses CSLFRF funds to build a rural health complex in Kearney, Nebraska. The quarterly report included written justification which identified the harm to be addressed and an explanation for why the capital expenditure is appropriate but did not compare the proposed capital expenditure to at least two alternatives and a demonstration of why the proposed expenditure was superior. The APA noted that documentation on file did support that a comparison had been performed.
- PH EMS Equipment – The State reported \$0 of expected capital expenditures for the project as of December 31, 2024. However, the project uses CSLFRF funds to purchase equipment for emergency medical services and, therefore, it appears that all \$6,539,617 of obligated funds would be considered as expected capital expenditures. The Department of Health and Human Services (DHHS), which is administering the program, did have the required written justification on file for this project.
- Long-Term Housing Security – Affordable Housing – the State reported the project as having \$750,000 of expected capital expenditures as of June 30, 2025. However, the Department of Economic Development (DED), which is the State agency responsible for administering the project, informed the APA that all \$36,467,838 of funds obligated for the project are expected to be used for capital expenditures associated with the development of affordable housing. Therefore, expected capital expenditures were underreported by \$35,717,838. Additionally, because the project was erroneously reported as having less than \$1 million in expected capital expenditures, written justification was not reported to the Treasury. The APA noted that written justification was on file; however, it did not include a comparison to at least two alternatives or a demonstration of how the proposed expenditure was superior.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025

- PH EMS Ambulance – The State reported the project as having no expected capital expenditures as of June 30, 2025. However, the APA noted that all funds obligated under the project were for purchasing ambulances for rural emergency services. Therefore, all \$18,460,383 of funds obligated for the project should be considered expected capital expenditures. Additionally, because the project was erroneously reported as having no expected capital expenditures, written justification was not submitted to the Treasury. The APA noted that written justification was on file and included all required elements.
- HVAC – The State reported the project as having no expected capital expenditures as of June 30, 2025. However, the APA noted that the \$5,000,000 obligated for the project was to be used for construction costs related to HVAC improvements at a rehabilitation hospital. Therefore, expected capital expenditures should have been reported as \$5,000,000. Written justification was on file and appeared to contain all required elements.
- Strong Healthy Communities – The State reported the project as having no expected capital expenditures as of June 30, 2025. However, the APA noted that the \$10,000,000 obligated for the project was to be used for rehabilitation and adaptive reuse of vacant and abandoned property. Per DED, the State agency responsible for administering the project, all funds obligated were expected to be used for capital expenditures. Therefore, expected capital expenditures should have been reported as \$10,000,000. Additionally, because the State erroneously reported the project as having no expected capital expenditure, written justification was not included in the report to the Treasury. The APA noted that written justification was on file; however, it did not include a comparison to at least two alternatives or a demonstration of how the proposed expenditure was superior.
- Hastings Automotive – The State reported the project as having \$4,700,000 of expected capital expenditures. However, this did not take into consideration that in quarter ended March 31, 2025, an award amendment was issued that transferred \$2,875,500 from the Hastings Automotive project to the Grand Island Welding Center project. Therefore, expected capital expenditures were overreported for the Hastings Automotive project and underreported for the Grand Island Welding Center project.

For the projects below, the APA noted that written justification was on file but did not include a comparison to at least two alternatives or demonstrate why the proposed expenditure was superior.

Quarter Ended Tested	Project Description	Expected Capital Expenditures Reported
Dec. 2024	PRH Long-term Housing Security	\$ 5,906,112
June 2025	Food Security	\$ 3,967,469
June 2025	Healthy Childhood Environments	\$ 2,000,000

Lastly, during testing of allowability, the APA identified two additional projects that did not have written justification on file, as follows:

- NIFA – The State reported the project as having \$20,500,000 in expected capital expenditures. The APA observed that the written justification submitted to the Treasury did not include a comparison to at least two alternative expenditures or a demonstration of why the proposed expenditure was superior. DHHS was unable to provide any additional documentation supporting that such a comparison had been completed.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

- City of Norfolk Water Projects – The State reported the project as having \$2,000,000 of expected capital expenditures. However, the Department of Natural Resources could not provide any documentation to support that a written justification was completed.

Cause: Individual agencies were responsible for reporting to DAS what should be reported on the Quarterly Project and Expenditure Report, and DAS did not perform adequate procedures to verify the information reported. Not all information reported by the agencies was accurate, and the agencies had a poor understanding of written justification requirements.

Effect: Without adequate procedures, there is increased risk that the quarterly project and expenditure reports will be materially misstated, and required written justification will not be on file.

Recommendation: We recommend the Agency strengthen procedures to ensure that all quarterly project and expenditure reports are complete and accurate, and any required written justification is maintained on file or submitted to the Treasury, as required.

Management Response: Agency agrees with finding.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

PUBLIC SERVICE COMMISSION

Finding 2025-067

Program: AL 21.029 – COVID-19 Coronavirus Capital Projects Fund – Subrecipient Monitoring

Grant Number & Year: CPFFN0183, grant period ending December 31, 2026

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: 2 CFR § 200.201(b)(1) (January 1, 2024) states the following, in relevant part:

The Federal awarding agency or pass-through entity may use fixed amount awards if the project scope has measurable goals and objectives and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost.

The U.S. Department of the Treasury issued the SLFRF and CPF Supplementary Broadband Guidance on May 17, 2023, which states the following, in relevant part:

Treasury further clarifies that a subaward that otherwise meets the requirements of 2 CFR 200.201(b) may be considered a fixed amount subaward even if: 1) the recipient uses its discretion to impose a cost-sharing or match requirement on the subrecipient; or 2) the recipient requires ISPs to submit evidence of costs. More specifically, subawards that provide for a maximum payment amount that is calculated based on a reasonable estimate of actual cost (see 2 CFR 200.201(b)(1)) will be considered fixed amount subawards even if the subaward agreement also provides that payments to the ISP subrecipient will be limited to actual costs after review of evidence of costs.

Good internal controls require procedures to ensure that fixed amount subawards are based on a reasonable estimate of actual costs. This would include tracing budgeted costs to historical costs for similar projects, unit pricing data, or other documentation.

Condition: For all four subrecipients tested, the Agency did not obtain adequate documentation to support that the subrecipients' fixed amount subawards were based on a reasonable estimate of actual costs.

Repeat Finding: 2024-072

Questioned Costs: Unknown

Statistical Sample: No

Context: The Agency awarded a total of \$92,266,720 to 19 subrecipients for 93 separate broadband infrastructure projects. The Agency considered the subawards to be fixed amount subawards. We tested subawards issued to four subrecipients, which totaled \$6,121,549. The Agency did not have adequate documentation on file to support that the fixed amount of the subaward was based on a reasonable estimate of actual costs. Documentation on file included a project budget, business plan, technical capability, and a funding breakdown. However, none of the costs included in this documentation was traced to historical costs for similar projects, unit pricing data, or other documentation.

The Agency's procedures include obtaining documentation for all costs actually incurred by the subrecipients when the project is completed. As of June 30, 2025, only 5 of the 93 projects were completed. We tested two subawards for completed projects and noted that the Agency had obtained additional documentation to support the costs incurred by the subrecipient.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Total payments to the Agency's subrecipients during the fiscal year ended June 30, 2025, were \$20,289,827.

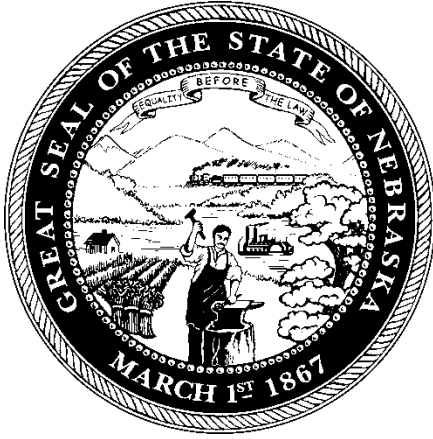
Cause: Inadequate procedures to verify the amount of the subaward was based on a reasonable estimate of actual costs.

Effect: Without procedures to ensure the fixed amount of the subaward is based on a reasonable estimate of actual costs, there is an increased risk of disbursed Federal funds exceeding a justifiable amount.

Recommendation: We recommend the Agency improve its procedures to include tracing estimated costs of a project to historical costs for similar projects, unit pricing data, or other documentation.

Management Response: The Treasury's May 17, 2023, supplemental guidance that classified these awards as fixed-price awards, even where actual costs are reviewed prior to full reimbursement, was issued after the first application round had already been submitted, reviewed, and cured. Both CPF-1 awards, issued on June 27, 2023, and CPF-2 awards, issued on June 4, 2024, were established well before the initial audit finding dated March 25, 2025. The agency has implemented modified procedures and adopted a corrective action plan, prospective in nature, to strengthen documentation requirements and cost-reasonableness determinations for any potential future awards, rather than to retroactively alter previously issued awards. However, no new CPF awards have been issued since the initial audit finding. We acknowledge that traditional fixed-price awards do not require reconciliation to actual costs and, absent appropriate safeguards, may present a risk of unjust enrichment. That risk has been fully mitigated by the additional requirement capping final reimbursement at actual costs incurred, thereby eliminating any exposure to inflated award amounts or improper financial benefit to subrecipients. Reimbursements to CPF-1 and CPF-2 subrecipients for the remainder of the federal grant period will be strictly for actual costs incurred.





AUDITEE SECTION

(This page has been intentionally left blank.)



Corrective Action Plan

The State of Nebraska Administrative Services respectfully submits the following corrective action plans for the fiscal year ended June 30, 2025. The corrective action plans were prepared by the State agency noted.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

The accompanying schedule of prior audit findings is reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs.

If the U.S. Department of Health and Human Services has questions regarding the corrective action plans or status of prior audit findings please contact Philip Olsen at (402) 471-0600 or Philip.Olsen@nebraska.gov.

Sincerely yours,

A handwritten signature in cursive script that reads "Philip J. Olsen".

Philip J. Olsen
State Accounting Administrator

Philip J. Olsen, CPA, C.L.S.S.E.G.B.

Administrator

Department of Administrative Services | STATE ACCOUNTING

P.O. Box 94664

Lincoln, Nebraska 68509-4664

1526 K Street, Ste. 190

Lincoln, Nebraska 68508

OFFICE 402-471-2581

das.nebraska.gov

STATE OF NEBRASKA
Corrective Action Plans

II. Findings Relating to the Financial Statements:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2025-001

Significant Adjustments Required in the Annual Comprehensive Financial Report (ACFR)

Corrective Action Plan: DAS has updated procedures to ensure the majority of the issues noted will not be repeated in the future. DAS will also continue to work with agencies to reduce errors and repeat findings.

Contact: Philip Olsen

Anticipated Completion Date: August 2026

Finding 2025-002

State Health Insurance Monitoring

Corrective Action Plan: As part of the effort to control costs, Requests for Proposal were issued for health insurance and for prescription drug contracts. A new vendor was selected for both services effective July 1, 2026. The Department is reviewing other controls such as additional claims auditing services and stop-loss insurance coverage to monitor and/or mitigate increasing costs.

Contact: Philip Olsen

Anticipated Completion Date: July 2026

Finding 2025-003

Timesheet and Supervisor Approval in State Accounting System

Corrective Action Plan: DAS is currently implementing a new time tracking and payroll system which will address concerns noted in this finding.

Contact: Philip Olsen

Anticipated Completion Date: January 2027

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF EDUCATION

Finding 2025-004

Tax Equity and Educational Opportunity Support Act (TEEOSA) Calculation Errors

Corrective Action Plan: The NDE made all the noted changes in the 2025/26 TEEOSA Recalculation which was made public in November of 2025. NDE has reviewed our current TEEOSA calculation process and made updates to further improve the internal controls that were already in place.

NDE relies on statutorily required school district audits completed by independent auditors to test Annual Financial Report data. NDE verifies the audited information matches the Annual Financial Report data submitted.

Contact: Bryce Wilson

Anticipated Completion Date: Completed

Finding 2025-005

Special Education Expense Reimbursement Errors

Corrective Action Plan: The Department updated the SPEDFRS system to correctly apply the pro rata reimbursement methodology required by statute and corrected the miscalculations in the current year to ensure reimbursements align with the revised statutory language.

The Department is revising and formalizing internal procedures to verify SPEDFRS reimbursement calculations. These updated procedures—including documented verification steps—will be in place by **April 1, 2026**. If miscalculations are identified during the seven required payment cycles, the Department will issue an additional corrective payment to ensure districts receive the proper total reimbursement amount.

Contact: Steve Bauers

Anticipated Completion Date: Completed by end of April 1, 2026.

Finding 2025-006

Financial Statement Errors

Corrective Action Plan: The Department will estimate the full special education transportation payable using the established three-year average of total expected reimbursements, without limiting the calculation to any single fund source. The payable will then be allocated across applicable funding sources as a separate step. The Department will update written procedures and implement an independent review and reasonableness check during year-end close to verify accuracy and funding source completeness.

The misstatements in Federal payables resulted from manual processes and inconsistent identification of prior period adjustments and current-year activity. The affected grant payables and related receivables have been corrected for year-end reporting.

To strengthen accuracy, the Department is transitioning its ACFR preparation from manual methods to an automated, formula-based process with embedded edit checks. Beginning with the next cycle, all Federal

STATE OF NEBRASKA
Corrective Action Plans

payable calculations will undergo a structured three-level review: peer/group review, verification by the Central Accounting Director, and final review and approval by the Assistant Administrator of Budget & Grants Management and the Finance Officer. These improvements will ensure consistent, accurate reporting of Federal payables going forward.

Contact: Steve Bauers

Anticipated Completion Date: June 1, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2025-007

Multiple Financial Statement Adjustments

Corrective Action Plan: The Agency has continued to develop, assess, and improve upon internal procedures, which has led to a significant reduction of repeat errors and adjustments needed for the financial statements. In addition, the Agency will continue to work closely with the Department of Administrative Services – State Accounting Division to ensure accurate reporting.

Contact: Heather Arnold

Anticipated Completion Date: September 30, 2026

Finding 2025-008

Capital Asset Errors

Corrective Action Plan: The Agency will continue to develop, assess, and improve upon internal procedures for capital assets. In addition, the Agency will continue to work closely with the Department of Administrative Services – State Accounting Division to ensure accurate reporting.

Contact: Heather Arnold

Anticipated Completion Date: September 30, 2026

Finding 2025-009

Other Errors in Financial Reporting

Corrective Action Plan: The Agency has continued to develop, assess, and improve upon internal procedures, which has led to a significant reduction of repeat errors and adjustments needed for the financial statements. In addition, the Agency will continue to work closely with the Department of Administrative Services – State Accounting Division to ensure accurate reporting.

Contact: Heather Arnold

Anticipated Completion Date: September 30, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF INSURANCE

Finding 2025-010

Incorrect Coding for Annual Distribution

Corrective Action Plan: This agency will defer to the Department of Administrative Services/Accounting for guidance any time balance sheet accounts are involved in transactions. This is a fairly rare occurrence, and should always be addressed with an inquiry to DAS/Accounting.

Contact: Robin Edwards

Anticipated Completion Date: April 30, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF LABOR

Finding 2025-011

Unemployment Insurance Benefit Issues

Corrective Action Plan: NDOL will reinforce adjudication controls. This includes working with our vendor on wage and other crossmatches to continue making enhancements, so they are as effective as possible. NDOL will also reinforce the importance of obtaining separation information from employers, and employer responses will be reviewed and documented to support accurate eligibility determinations. NDOL agrees that the identification and treatment of excessive wages is an area that warrants additional consideration and will continue to evaluate procedures to ensure wages are applied appropriately.

NDOL will also develop additional training related to benefit charging to ensure staff are familiar with applicable requirements and procedures. NDOL remains committed to continuous improvement and will adjust procedures, training, and system functionality as needed.

Contact: Andi Bridgmon

Anticipated Completion Date: 09/30/2026

Finding 2025-012

Reoccurring Accounting Issues

Corrective Action Plan: NDOL is actively working to strengthen its accounting processes to ensure all transactions, including accruals, are properly recorded. To this end NDOL has improved its accrual methodology to more closely represent actual activity. As these processes are refined, NDOL is also enhancing the development of internal controls to encompass all accounting activities. NDOL is working with its vendor to improve reporting. Additionally, NDOL will continue collaborating with its partners in State Accounting to improve accuracy, consistency, and compliance across all financial reporting functions.

Contact: Rea Easton

Anticipated Completion Date: 12/31/2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF REVENUE

Finding 2025-013

Financial Statement Errors

Corrective Action Plan: The Department of Revenue (DOR) places a high value on accurate financial statements. One of DOR's findings involved an issue with a systems report. This report was fixed and will resolve any future issues when arriving at amounts for the financial statements. DOR will also more closely review the July, August and September receivable and payable balances so that year-end accruals are reported properly to State Accounting.

Contact: James Jehorek

Anticipated Completion Date: 09/30/2026

Finding 2025-014

Nebraska Advantage Act Tax Incentive Program Issues

Corrective Action Plan: For the Lack of Maintenance Audits, and Incomplete or Inadequate Departmental Reviews, DOR will update its incentive procedures.

For the Untimely Qualification Audits, Effect on Local Governments, Allowability of Certain Sale and Use Tax Refunds, Unlimited Direct Refunds of Sales and Use Taxes, Participating Companies "Uninvesting" in Nebraska, Project End Dates, DOR either complies with statutes, does not take a position on recommendation, or notes that recommendation would require a legislative change. Therefore, there are no corrective actions that need to be initiated.

Contact: James Jehorek

Anticipated Completion Date: 06/30/2026

STATE OF NEBRASKA
Corrective Action Plans

SECRETARY OF STATE

Finding 2025-015

Accrual Response Form Reporting

Corrective Action Plan: We will report the full June 30 receivable amount due from Tyler Nebraska on the Accrual Response Form going forward.

Contact: Joan Arnold

Anticipated Completion Date: The new reporting process is already noted and will be utilized for the upcoming accrual responses due in August 2026.

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF TRANSPORTATION

Finding 2025-016

Year-End Financial Reporting and Other Accounting Issues

Corrective Action Plan: The Year-End Financial Reporting and Other Accounting Issues finding pertains exclusively to accounting and financial reporting inaccuracies. It does not involve the misappropriation, misuse, or loss of funds. Rather, the finding reflects instances of incomplete or inaccurate financial reporting.

NDOT will maintain stringent oversight and conduct a comprehensive review of accruals at the close of each fiscal year to ensure ongoing accuracy, transparency, and compliance with applicable accounting standards. Targeted corrective measures will be implemented to mitigate the risk of similar reporting deficiencies in the future. Additionally, NDOT will continue to collaborate closely with the Department of Administrative Services (DAS) to strengthen internal controls and ensure the integrity and reliability of reported financial information.

Regarding the Division of Aeronautics' \$684,465 finding, the Division partnered with DAS to develop and implement a formal corrective action plan. Under DAS's guidance, the drawdown process was revised to require funds to be deposited directly into the appropriate business unit, thereby eliminating the need for subsequent journal entries and reducing the risk of reporting errors. These procedural enhancements, coupled with strengthened fiscal year-end expenditure reviews, will promote accurate and timely financial reporting within the State's accounting system moving forward.

Contact: Lily Kathee, Jeremy Borrell, and Jenessa Boynton

Anticipated Completion Date: July 1st, 2026

STATE OF NEBRASKA
Corrective Action Plans

III. Findings Relating to Federal Awards:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2025-017

Program: Various, including AL 93.778 – Grants to States for Medicaid – Allowable Costs/Cost Principles

Corrective Action Plan: OCIO - Efforts have been made to both reduce the number of rates for clarity as well as right size the rate to align with cost recovery expectations more effectively. In addition, OCIO will be engaging in a period of “no-bills” to customer agencies to draw down the identified federal funds OCIO had previously collected and are in excess of the 60-day allowable threshold. DAS Materiel – The Print Shop is reviewing other options to provide Printing Services to state agencies.

Contact: OCIO - Noah Finlan; Materiel, Print Shop, Building Division – Ann Martinez.

Anticipated Completion Date: OCIO – June 2026; Print Shop – ongoing.

Finding 2025-018

Program: Various, including 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds; 10.555 – National School Lunch Program – Reporting

Corrective Action Plan: State Accounting will continue to work with State agencies on correct coding and business unit setup to reduce agency errors.

Contact: Philip Olsen

Anticipated Completion Date: Continuous review performed.

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF ECONOMIC DEVELOPMENT

Finding 2025-019

Program: AL 21.029 – COVID-19 Coronavirus Capital Projects Fund – Reporting

Corrective Action Plan: DED will create a policy that requires the Division Director and/or lead program manager, legal counsel and Compliance Team Manager to review all Federal Financial Assistance agreements immediately after execution to determine whether a FFATA report is required.

Contact: Audrey Sautter, DED Compliance Team Manager

Anticipated Completion Date: End of Quarter 2, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF EDUCATION

Finding 2025-020

Program: AL 10.553 – School Breakfast Program; AL 10.555 – National School Lunch Program; AL 10.556 – Special Milk Program for Children; AL 10.559 – Summer Food Service Program for Children; and AL 10.582 – Fresh Fruit and Vegetable Program – Reporting

Corrective Action Plan: On February 25, the NDE grants management team completed a crosswalk that matches the coding in the E1 payment system with the grant award FAINs the sam.gov system recognizes. Next, the data management team will query the E1 payment system to generate a report with correct FAINs needed for reporting; this will be completed by March 2, 2026. Finally, the Nutrition Services team will review the reports and will complete submission of missing reports using the corrected data files by March 31, 2026.

Contact: Kayte Partch

Anticipated Completion Date: March 31, 2026

Finding 2025-021

Program: AL 84.010 – Title I Grants to Local Educational Agencies – Subrecipient Monitoring

Corrective Action Plan: The Agency will strengthen both its fiscal monitoring and Single Audit tracking processes to ensure full compliance with 2 CFR §200.332 and §200.501.

The Agency will update its fiscal monitoring procedures to ensure timely, well-documented, and risk-responsive reviews. Key actions include:

- Updating the fiscal monitoring SOP to require complete documentation of all procedures performed, including use of the fiscal monitoring worksheet.
- Implementing a monitoring calendar with automated reminders to ensure subrecipients are reviewed within the three-year cycle and that higher-risk entities receive additional attention.
- Requiring supervisory review of all monitoring files to confirm completeness and adequacy.
- Strengthening documentation standards so that all items reviewed and conclusions reached are clearly recorded.
- Providing refresher training to staff on federal cost principles and monitoring expectations.
- Introducing standardized naming conventions and consistent terminology aligned with 2 CFR Part 200 to ensure clarity, uniformity, and ease of review across all monitoring files. This includes consistent labeling of subprograms, transaction samples, supporting documentation, and references to applicable regulatory requirements.

The Agency will reinforce its Single Audit tracking and verification procedures to ensure accurate identification and documentation of audit requirements. Key actions include:

- Creating a standardized Single Audit tracking log capturing fiscal year-end, total federal expenditures, audit requirement status, and follow-up actions.
- Revising SOPs to require documented verification when a subrecipient exceeds the \$1,000,000 threshold but reports that no Single Audit is required.
- Implementing system alerts to flag subrecipients approaching or exceeding the audit threshold.
- Ensuring timely review and documentation of all submitted Single Audits, including any findings and resolutions.
- Providing staff training on Single Audit requirements and updated procedures.

STATE OF NEBRASKA
Corrective Action Plans

These actions will strengthen internal controls, improve documentation, and ensure consistent compliance with federal subrecipient monitoring and audit requirements.

Contact: Victoria Katzberg, Director of Grants Compliance

Anticipated Completion Date: 6/30/2026

Finding 2025-022

Program: AL 84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States – Reporting

Corrective Action Plan: An additional review will be completed by NDE Budget and Grant Management staff to ensure accuracy.

Contact: Cathy Callaway

Anticipated Completion Date: Completed

Finding 2025-023

Program: AL 84.365 – English Language Acquisition State Grants – Subrecipient Monitoring

Corrective Action Plan: The Agency will strengthen its subrecipient fiscal monitoring processes to ensure compliance with 2 CFR §200.332 and to improve the consistency, documentation, and timeliness of monitoring activities. The Agency will also reinforce procedures to ensure that all monitoring steps, including transaction sampling, documentation review, and follow-up on corrective actions, are fully supported and aligned with Federal requirements.

The Agency will update and reinforce its fiscal monitoring procedures to ensure timely, well-documented, and risk-responsive reviews. Key actions include:

- Updating the fiscal monitoring SOP to require complete documentation of all procedures performed, including use of the fiscal monitoring worksheet and clear identification of all transactions reviewed.
- Implementing a monitoring calendar with automated reminders to ensure subrecipients are reviewed within the three-year cycle and that higher-risk entities receive additional attention.
- Providing refresher training to program and fiscal staff on federal cost principles, documentation requirements, and monitoring expectations.

Contact: Victoria Katzberg, Director of Grants Compliance

Anticipated Completion Date: 6/30/2026

Finding 2025-024

Program: AL 84.425U – COVID-19 Education Stabilization Fund – American Rescue Plan – Elementary and Secondary School Emergency Relief Fund (ARP ESSER) – Reporting

Corrective Action Plan: The NDE is in the process of reviewing all FFATA rules and regulations. Within the next three months business rules will be established to ensure all federal regulations are being followed when reporting FFATA on a monthly basis. We will have our FFATA Specialist make the corrections in the SAM.gov system to ensure this subaward is reported. This will occur in the next two weeks. As we continue to establish the FFATA procedures we will continue to implement the double checking of all FFATA entries to ensure all funds are reported in the system.

Contact: Dottie Heusman, ESEA Assistant Administrator

Anticipated Completion Date: June 30, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2025-025

Program: AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.558 – Temporary Assistance for Needy Families; AL 93.563 – Child Support Services; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 Child Care and Development Block Grant; AL 93.658 – Foster Care Title IV-E; AL 93.659 – Adoption Assistance; AL 93.767 – Children’s Health Insurance Program; AL 93.778 – Grants to States for Medicaid – Allowable Cost/Cost Principles

Corrective Action Plan: DHHS has begun strengthening processes and procedures to ensure entries are complete and accurate and in compliance with Federal regulations.

Contact: Patrick Werner

Anticipated Completion Date: June 30, 2026

Finding 2025-026

Program: AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.090 – Guardianship Assistance; AL 93.558 – Temporary Assistance for Needy Families; AL 93.563 – Child Support Services; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 Child Care and Development Block Grant; AL 93.658 – Foster Care Title IV-E; AL 93.659 – Adoption Assistance; AL 93.767 – Children’s Health Insurance Program; AL 93.778 – Grants to States for Medicaid – Allowable Cost/Cost Principles

Corrective Action Plan: A new Business Unit mapping process has been implemented that will ensure that all Business Units are correctly accounted for. In addition, procedures were updated and sent to applicable staff to ensure payroll is correctly recorded.

Contact: Patrick Werner

Anticipated Completion Date: Complete

Finding 2025-027

Program: AL 93.658 – Foster Care Title IV-E – Allowable Costs/Cost Principles

Corrective Action Plan: DHHS will review and reconcile any discrepancies quarterly until process is confirmed to be working to ensure that Federal programs are not being charged incorrectly.

Contact: Patrick Werner

Anticipated Completion Date: June 30, 2026

Finding 2025-028

Program: AL 93.658 – Foster Care Title IV-E – Allowable Costs/Cost Principles

Corrective Action Plan: DHHS has been working with contractor on a process to assist with correcting issues. In addition, leadership from the various areas in error were notified of issues and future solutions are being developed.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Patrick Werner

Anticipated Completion Date: June 30, 2026

Finding 2025-029

Program: AL 93.575 – Child Care and Development Block Grant – Allowable Costs/Cost Principles

Corrective Action Plan: This was an instance of human error and was communicated to employees responsible for the transaction.

Contact: Patrick Werner

Anticipated Completion Date: Complete

Finding 2025-030

Program: AL 93.558 – Temporary Assistance for Needy Families (TANF) – Subrecipient Monitoring

Corrective Action Plan: The CAC subrecipients have already been determining TANF eligibility when serving clients. CFS is now requiring the CAC subrecipients to provide copies of those eligibility worksheets along with their monthly billing in order to verify that the percentage billed to TANF is accurate.

In addition, the Agency has followed up with the subrecipient regarding their Single Audit not being submitted. They are currently in the process of having it completed.

Contact: Bryan Gilliland; Jennifer Auman; Gillian Suh

Anticipated Completion Date: February 28, 2026

Finding 2025-031

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Allowability & Eligibility

Corrective Action Plan: The Refugee Resettlement Program has requested eligibility system changes to prevent eligibility errors. In addition, the Refugee Resettlement Program performs monthly reviews of RMA enrollees and will coordinate case reviews with the RMA team to ensure comprehensive case review. Retraining of eligibility staff will occur as needed.

Contact: Sara Bockelman

Anticipated Completion Date: April 30, 2026

Finding 2025-032

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Subrecipient Monitoring

Corrective Action Plan: The Refugee Resettlement Program has implemented new OEA Subrecipient Monitoring Procedures. In addition, OEA has recently hired new finance staff and is in the process of transitioning financial monitoring to the OEA Federal Aid Administrators, who will work in conjunction

STATE OF NEBRASKA
Corrective Action Plans

with the RRP Program staff to complete monitoring and desk reviews to ensure compliance with Federal regulations. These streamlined processes with specifically trained staff will increase accuracy of the reviews and improve compliance. In addition, a monitoring summary will be utilized to document reviews, findings, corrective actions plans, etc.

Contact: Sara Bockelman

Anticipated Completion Date: October 30, 2026

Finding 2025-033

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.991 – Preventative Health and Health Services Block Grant – Allowability & Subrecipient Monitoring

Corrective Action Plan: DHHS has implemented enhanced subrecipient monitoring procedures designed to strengthen oversight and documentation requirements. Corrective actions include:

- Termination of the subaward agreements with the Karen Society of Nebraska.
- Issuance of a formal demand for repayment and initiation of collection actions for disallowed costs.
- Implementation of a standardized Subrecipient Monitoring Procedures Manual outlining documentation expectations, desk review requirements, and risk-based monitoring activities.
- Strengthened front-end invoice review processes to require sufficient financial source documentation prior to reimbursement.
- Increased coordination between program and fiscal staff when a subrecipient receives funding from multiple programs or divisions.
- Ongoing monitoring and verification of corrective actions through routine monitoring activities and future audits.

Contact: Ryan Daly

Anticipated Completion Date: November 20, 2025

Finding 2025-034

Program: AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs – Reporting

Corrective Action Plan: Office of Procurement and Grants will review current reporting practices, update as necessary, and schedule refresher training.

Contact: Chelsea Peisen

Anticipated Completion Date: February 27, 2026

Finding 2025-035

Program: AL 93.568 – Low-Income Home Energy Assistance – Reporting

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: A new LIHEAP Household Report was developed and implemented for FFY 2025 data (available October 2025). New LIHEAP Quarterly Performance Data reports are currently being developed and are anticipated to be released in February 2026. In addition, a process is being developed to ensure all other LIHEAP funds, including journal entries, are captured and reported accurately.

Contact: Andrea Morinelli

Anticipated Completion Date: March 31, 2026

Finding 2025-036

Program: AL 93.568 – Low-Income Home Energy Assistance – Reporting

Corrective Action Plan: The Agency will improve the current process to ensure accurate and timely submission of FFATA reporting.

Contact: Heather Arnold

Anticipated Completion Date: June 30, 2026

Finding 2025-037

Program: AL 93.569 – Community Services Block Grant – Subrecipient Monitoring

Corrective Action Plan: The Community Services Block Grant (CSBG) staff recently implemented individualized monitoring plans for each of the CSBG subrecipients. Additionally, the Office of Economic Assistance (OEA) has established a finance team. The finance team is responsible for conducting fiscal monitoring, in conjunction with the CSBG staff, as the finance team has expertise in accounting and fiscal practices. CSBG staff and the finance team will implement a monitoring summary to document reviews, findings, corrective action plans, etc.

Contact: Jill Giles

Anticipated Completion Date: August 10th, 2026

Finding 2025-038

Program: AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility & Matching

Corrective Action Plan: The Agency will evaluate and develop new processes to review and ensure that attendance records match billing documents, authorizations, and claims. An evaluation of the Provider Portal will be completed to identify enhancements to this area. The Agency will develop a new fraud prevention process for the Resource Development team to enhance controls over attendance, billing, and the auditing of provider claims, and to ensure compliance. A Provider Probation process will be implemented to address identified billing concerns. The Agency will evaluate current regulations and requirements surrounding provider rate increases related to the Step Up to Quality provider rate enhancements and develop a process to address concerns with exceeding private pay rates.

Contact: Nicole Vint

Anticipated Completion Date: September 30, 2026

STATE OF NEBRASKA
Corrective Action Plans

Finding 2025-039

Program: AL 93.575 – COVID-19 Child Care and Development Block Grant – Period of Performance

Corrective Action Plan: N/A

Contact: Heather Arnold

Anticipated Completion Date: Complete

Finding 2025-040

Program: AL 93.575 – COVID-19 Child Care and Development Block Grant – Allowability

Corrective Action Plan: In 2025, The Agency developed a subrecipient monitoring tool to ensure effective controls and processes are in place. The Agency will review all findings and take appropriate actions when warranted.

Contact: Nicole Vint

Anticipated Completion Date: June 30, 2026

Finding 2025-041

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Corrective Action Plan: DHHS will continue to communicate with State Fire Marshall (SFM), Nebraska Department Water, Energy, and Environment (DWEE) Agency, and delegated authorities regarding expectations and timeframes for fire and sanitation inspections. DHHS is establishing quarterly meetings with SFM, DWEE, and delegated authorities to review overdue routine inspections, address issues, and collaborate on best practices. Quarterly meetings have been established with DWEE as of January 2025. DHHS will work with SFM and local delegates to establish regular meetings. As part of the regular meetings, DHHS will address overdue fire and sanitation inspections individually to establish reason for delay of the required inspections. DHHS Child Care Inspection Specialists conduct inspections that occur annually at a minimum and which address regulatory requirements that address a healthy and safe child care environment. If serious fire and sanitation concerns are observed at any inspection that may endanger the health and safety of children in care, DHHS will work with the appropriate authority to request an immediate inspection. SFM, DWEE, or delegated authorities always respond timely to these immediate requests. DHHS referral and follow-up procedures will be reviewed with staff and reemphasized. Due to turnover and retirement of three Child Care Licensing Supervisors, five Child Care Inspection Specialists, and two Administrative Specialist over the last two years, fire and sanitation referral procedures and follow-ups were assigned to now departed staff whose referral and follow-up records are unavailable.

DHHS will continue to explore contractual options with SFM, DWEE, and delegated authorities for fire and sanitation inspections. DHHS will continue to explore statutory, regulatory and/or contract options to place more accountability on the licensee and referred agencies for maintaining current fire and sanitation approvals.

DHHS will continue to implement policies and procedures for file reviews by Child Care Licensing Supervisors (CCLS). The Program Manager will reestablish file reviews that were not done consistently due to turnover in which all three Child Care Licensing Supervisors (CCLS) retired or left in the last 24 months. DHHS will continue to complete the statutory child care inspection requirements.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Lindsay Braddock; Matthew Hayden

Anticipated Completion Date: September 30, 2026

Finding 2025-042

Program: AL 93.658 – Foster Care Title IV-E – Allowability

Corrective Action Plan: The Agency will evaluate and develop new processes to review and ensure that attendance records match billing documents, authorizations, and claims. An evaluation of the Provider Portal will be completed to identify enhancements to this area. The Agency will develop a new fraud prevention process for the Resource Development team to enhance controls over attendance, billing, and the auditing of provider claims, and to ensure compliance. A Provider Probation process will be implemented to address identified billing concerns.

Contact: Nicole Vint

Anticipated Completion Date: September 30, 2026

Finding 2025-043

Program: AL 93.658 – Foster Care Title IV-E – Allowability

Corrective Action Plan: The spreadsheet has been corrected and a journal entry will be completed to correct the amount billed to IV-E.

Contact: Bryan Gilliland

Anticipated Completion Date: February 28, 2026

Finding 2025-044

Program: AL 93.658 – Foster Care Title IV-E – Reporting

Corrective Action Plan: The FFR reporting instructions will be revised to implement procedures to ensure federal reports are accurate and reconcile to the accounting system.

Contact: Ann Murphy

Anticipated Completion Date: June 30, 2026

Finding 2025-045

Program: AL 93.659 – Adoption Assistance – Allowability

Corrective Action Plan: The Agency will evaluate and develop new processes to review and ensure that attendance records match billing documents, authorizations, and claims. An evaluation of the Provider Portal will be completed to identify enhancements to this area. The Agency will develop a new fraud prevention process for the Resource Development team to enhance controls over attendance, billing, and the auditing of provider claims, and to ensure compliance. A Provider Probation process will be implemented to address identified billing concerns.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Nicole Vint

Anticipated Completion Date: September 30, 2026

Finding 2025-046

Program: AL 93.659 – Adoption Assistance – Level of Effort & Reporting

Corrective Action Plan: The FFR instructions in the workpapers will be revised to include instructions that are in accordance with Level of Effort and Reporting Requirements. In addition, the Adoption Savings Data (for lines 10-12) will be revised to only include the federal portion of expenditures in accordance with the Level of Effort and Reporting Requirements.

Contact: Ann Murphy; Bryan Gilliland

Anticipated Completion Date: June 30, 2026

Finding 2025-047

Program: AL 93.778 – Grants to States for Medicaid – Allowability

Corrective Action Plan: DHHS and Medicaid and Long-Term Care (MLTC) have been actively implementing procedures and controls to ensure that payments are allowable, adequately supported, and in accordance with State and Federal regulations. As noted in the early management letter, the findings and conditions are consistent with findings from prior year(s) audits. As a result, the department had already taken significant actions throughout State Fiscal Year 2025 to implement several procedures and controls which are expected to mitigate the majority of the conditions observed in the audit. Specifically, in late February 2025, MLTC implemented systematic controls to require that GPS/IVR visit verification and recipient signature is captured for visits to be submitted for claim payment. Additional changes included tightening down, or reducing, the radius of the geofence area for location verification.

Additionally, in late June 2025, the department implemented additional, significant procedures and controls which include the requirement of all PAS and Home and Community Based caregivers and providers obtain and use their unique National Provider Identifier (NPI) on all visits and claims for visits to be submitted for claim payment, new systematic controls that do not allow for unreasonable billing of units/hours in a day on both a client and caregiver level, and new controls that parse the client authorizations into weekly segments which create limits for the number of hours/units per week that can be billed for services for a client, based on the authorized amounts in the client assessment. DHHS and MLTC will continue to monitor data and claims and identify and evaluate opportunities to implement additional controls and procedures that ensure payments for these services are allowable and in accordance with State and Federal regulations.

In addition to the changes in MLTC, the following actions are being implemented by Child and Family Services (CFS).

CFS will collaborate with the Nebraska State Patrol to develop an automated process to compare the addresses of foster parents with the Sex Offender Registry on a quarterly basis to ensure that no registered sex offenders reside at the same household address as a ward of the state.

Additionally, Agency-Supported Foster Care contracts and Relative/Kinship Caregiver Agreements will be amended to include a requirement that caregivers report all criminal citations, charges, convictions, and any individuals who have moved into the home within five (5) business days to CFS.

STATE OF NEBRASKA
Corrective Action Plans

Finally, Foster Care Regulations require background checks for all individuals in the foster home who are 18 years of age and older. There are certain crimes that make a person ineligible to provide foster care, while other criminal convictions fall under the discretionary category. To ensure consistency, CFS has centralized the review and approval of discretionary convictions that are not subject to mandatory exclusion.

Contact: Jeremy Brunssen, MLTC
Kathleen Stolz, CFS

Anticipated Completion Date: 6/30/2026 (ongoing)

Finding 2025-048

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Corrective Action Plan: The Agency has standard processes and procedures for processing renewals timely and updating budgets to reflect changes that have occurred within a household; however, worker errors resulted in these conditions.

The Agency will ensure established standard processes are followed. Additionally, user guides and training materials will be reviewed and updated if deemed necessary for clarity. Individual staff who made the errors will be followed up with to ensure they understand the policies.

Contact: Tiffanie Green

Anticipated Completion Date: June 30, 2026

Finding 2025-049

Program: AL 93.778 – Grants to States for Medicaid – Allowability

Corrective Action Plan: Currently, the Agency conducts preauthorization reviews of these services. The Agency will implement regular post-claim reviews for services to ensure compliance and catch any errors after claims are submitted. This will ensure monitoring of both preauthorization and post-claim activity, reducing errors.

In addition, the Agency will issue a formal communication to Service Coordination staff and DD Providers reminding them of the importance of adhering to service definitions and billing guidelines.

These steps will strengthen oversight and compliance, reduce billing errors, and ensure alignment with Medicaid requirements.

Contact: Jennifer Clark; Tony Green

Anticipated Completion Date: January 30, 2026

Finding 2025-050

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Corrective Action Plan: The Agency has standard operating processes and procedures however worker error resulted in these conditions. The Agency will ensure established standard processes are followed. Additionally, user guides and training materials will be reviewed and updated if deemed necessary for clarity. New guidance material will be issued if deemed necessary. Individual staff who made the errors will be followed up with to ensure they understand the policies.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Tiffanie Green

Anticipated Completion Date: June 30, 2026

Finding 2025-051

Program: AL 93.778 – Grants to State for Medicaid – Allowability

Corrective Action Plan: This issue arose from an oversight: Optum’s rate sheet listed calendar-year 2022 dates, but the rates corresponded to 2023. As a result of this error in the file received from Optumas, staff mistakenly processed the 2022 capitation adjustment using the 2023 rates. The overcharged Federal amount will be refunded to CMS.

Contact: Snita Soni

Anticipated Completion Date: April 30, 2026

Finding 2025-052

Program: AL 93.778 – Grants to States for Medicaid – Allowability & Eligibility

Corrective Action Plan: Medicaid eligibility program accuracy unit plans to update internal eligibility staff training, guidance, and communication related to working vital statistics NFOCUS notices as applicable. Individual staff who made errors will receive additional training to ensure they understand policies and procedures going forward. Additionally, the program accuracy unit, responsible for quality control case reviews, will begin the ongoing monitoring of both date of death records and actions taken as a result of notices of death. The Medicaid division is collaborating with the DHHS Information Systems and Technology team to perform root cause analysis for Vital Statistic records that may not have triggered automated case notices, and to evaluate system related internal control improvement opportunities.

Contact: Jeremy Brunssen, Tiffanie Green, Anne Harvey

Anticipated Completion Date: June 30, 2026

Finding 2025-053

Program: AL 93.778 – Grants to States for Medicaid – Special Tests and Provisions

Corrective Action Plan: The Agency will begin completing desk reviews on the state-owned facility. The Agency will continue to select high risk facilities for field audit examinations based on their risk identified during the initial desk reviews.

Contact: Jerry Vanderbeek

Anticipated Completion Date: June 30, 2026

Finding 2025-054

Program: AL 93.778 – Grants to States for Medicaid; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: The Agency relies on each provider's disclosure to be complete, true, and accurate and has procedures to appropriately screen any information submitted by providers.

The Agency is evaluating the capability to identify all providers who enrolled prior to the implementation of the system changes implemented on July 1, 2024 that required that owners and managing employees be entered to move forward with the provider enrollment process. Once identified, the Agency would determine the feasibility to initiate required reporting of this information to the department for screening, prior to the provider's scheduled revalidation screening date.

Contact: Melinda Abbott, Anne Harvey

Anticipated Completion Date: June 30, 2026

Finding 2025-055

Program: AL 93.778 – Grants to States for Medicaid; AL 93.767 – Children's Health Insurance Program – Special Tests and Provisions

Corrective Action Plan: The Agency will continue to reiterate the requirement in the contract with the MCO and will review and reject any audit submitted that does not meet the GAAP requirement.

Contact: Jeremy Brunssen

Anticipated Completion Date: June 30, 2026

Finding 2025-056

Program: AL 93.778 – Grants to States for Medicaid – Special Tests and Provisions

Corrective Action Plan: The Agency has prioritized the cases identified in the review. Additionally, the Agency is in the process of adding additional staff to reduce the caseload per investigator to ensure adequate resources are available to work cases in a timelier manner. Additionally, the Agency has begun providing accounting support to the PI team to assist with reporting overpayments and collections.

Contact: Anne Harvey

Anticipated Completion Date: June 30, 2026

Finding 2025-057

Program: AL 93.959 – Block Grants for Prevention and Treatment of Substance Abuse – Level of Effort

Corrective Action Plan: DBH will utilize the Women's Set Aside (WSA) budget subprogram to identify applicable MOE expenditures. Also, DBH will utilize the Electronic Billing System (EBS) to verify if other WSA services have been paid with other sources or business units and, if applicable, will utilize Medicaid State WSA dollars provided by the Division of Medicaid.

Contact: Valerie Standeven; Christine Mohlman; Diana Meadors

Anticipated Completion Date: August 18, 2026

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF LABOR

Finding 2025-058

Program: AL 17.225 – Unemployment Insurance – State – Allowability & Eligibility

Corrective Action Plan: NDOL will reinforce adjudication controls. This includes working with our vendor on wage and other crossmatches to continue making enhancements, so they are as effective as possible. NDOL will also reinforce the importance of obtaining separation information from employers, and employer responses will be reviewed and documented to support accurate eligibility determinations. NDOL agrees that the identification and treatment of excessive wages is an area that warrants additional consideration and will continue to evaluate procedures to ensure wages are applied appropriately.

NDOL will also develop additional training related to benefit charging to ensure staff are familiar with applicable requirements and procedures. NDOL remains committed to continuous improvement and will adjust procedures, training, and system functionality as needed.

Contact: Andi Bridgmon

Anticipated Completion Date: 9/30/2026

Finding 2025-059

Program: AL 17.225 – Unemployment Insurance – State – Reporting

Corrective Action Plan: NDOL has streamlined its ETA 2112 reporting process to ensure that errors between supporting documents and the reporting is kept to a minimum. NDOL has already started reconciling the ETA 2112 to other ETA reports in compliance with reporting instructions. As of this writing the only variance is due to rounding in the referenced reports. NDOL therefore believes that the inadequacies noted above have been properly addressed and continuation rather than correction are all that is required moving forward.

Contact: Rea Easton

Anticipated Completion Date: Completed

Finding 2025-060

Program: AL 17.225 – Unemployment Insurance – State – Special Tests and Provisions

Corrective Action Plan: NDOL will review existing procedures for applying credits to employers. This review will include confirming that credits are applied correctly and that overpayments are properly established. In addition, NDOL will implement enhanced staff review and oversight of employer charging activities to identify and correct errors.

NDOL will work closely with its system vendor to address any system issues affecting employer charging and to ensure processes function as intended. Any gaps identified through these reviews will be addressed through procedural updates, targeted staff training, and ongoing monitoring. NDOL will continue to evaluate and refine employer charging procedures to ensure that credits and overpayments are applied accurately.

Contact: Andi Bridgmon

Anticipated Completion Date: 1/31/2027

STATE OF NEBRASKA
Corrective Action Plans

MILITARY DEPARTMENT

Finding 2025-061

Program: AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management & Reporting

Corrective Action Plan: Continue to monitor program expenditures to aid in optimizing forecasting and advance request accuracy.

Contact: Lauren Hargreaves

Anticipated Completion Date: Ongoing

Finding 2025-062

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Eligibility

Corrective Action Plan: The ERA2 program officially concluded as of September 30, 2025. Because the program ended, there will be no further eligibility determinations to be made and no additional action is necessary. On all other grant programs for which the Agency is the recipient, eligibility determinations are a shared responsibility of the Agency and the funding entity.

Contact: Erv Portis

Anticipated Completion Date: Complete

Finding 2025-063

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Reporting

Corrective Action Plan: The categorization issue was corrected on the ERA2 Closeout report.

Contact: Philip Olsen

Anticipated Completion Date: January 28, 2026

Finding 2025-064

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Allowability

Corrective Action Plan: DHHS will work with Federal Partners on reviewing allowability of methodology used.

Contact: Patrick Werner

Anticipated Completion Date: June 30, 2026

Finding 2025-065

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Subrecipient Monitoring

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: DNR will enhance subrecipient monitoring procedures to specifically include documented reviews of subrecipient procurement policies and procurement files to ensure compliance with applicable federal requirements and the subrecipient's own written policies.

DNR will revise subaward templates and procedures to ensure that all required federal award information and applicable terms and conditions, including closeout requirements, are consistently included in subaward agreements at the time of issuance.

DNR will develop and implement formal written procedures for subrecipient Single Audit monitoring.

DHHS will continue to improve subrecipient monitoring where necessary.

NDCS will revise its policy to include a requirement for verifying subrecipient qualifications for federal funds. Additionally, NDCS will notify all subrecipients that proper payroll and benefit documentation must be submitted to ensure accurate cost allocation.

NDCS will ensure that all required subaward documentation is provided to each subrecipient. This documentation will include:

- a. The subrecipient's Unique Entity Identifier (UEI)
- b. Federal Award Identification Number (FAIN)
- c. Federal Award Date
- d. Federal award project description
- e. The name of the Federal agency, pass-through entity, and contact information for the awarding official of the pass-through entity
- f. Assistance Listings title and number
- g. A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient's records and financial statements
- h. Appropriate terms and conditions concerning closeout

NDCS will incorporate these requirements into its subaward process to ensure compliance with federal regulations.

Contact: Erv Portis, Shelby Mikulak, Heather Arnold, Jenise Trautman

Anticipated Completion Date: June 30, 2026

Finding 2025-066

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Reporting

Corrective Action Plan: As of the reporting period ended December 31, 2025, changes requested by agencies to obligations or expenditures have been updated. DAS will obtain, or expand where possible, the written justification for capital expenditures over \$10 million for the projects identified.

Contact: Philip Olsen

Anticipated Completion Date: January 31, 2026

STATE OF NEBRASKA
Corrective Action Plans

PUBLIC SERVICE COMMISSION

Finding 2025-067

Program: AL 21.029 – COVID-19 Coronavirus Capital Projects Fund – Subrecipient Monitoring

Corrective Action Plan: For the current year, no new awards have been issued; therefore, the following reflects the continued implementation of the prior-year corrective action. Prior to the second round of CPF awards, the department created a standardized “Budget Template” that has been incorporated into the grant application process. This tool allows for a more robust documented review of reasonable and estimated costs. The updated budget process has already been applied to the 2024 Capital Projects Fund awards. The Commission has a standardized reimbursement template that further strengthens this process by allowing us to compare verified actual costs to the original budgeted costs. The implementation of this enhanced process allows us to build a documented dataset of historical project data and associated costs, which will continue to expand as reimbursement requests reflecting actual costs are received.

Contact: Carrie Gans

Anticipated Completion Date: Completed and approved by The Department of Administrative Services in June of 2025.

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-001 Since 2007	Administrative Services Significant ACFR Preparation Issues	<p>Status: Ongoing</p> <p>Reasons for Recurrence: DAS gathers accrual information from 73 separate State agencies. Several errors noted are from agency prepared accruals.</p> <p>Partial Corrective Action Taken: DAS has met directly with the leadership of agencies with audit findings to assist with correcting errors and reducing repeat findings. For DAS findings we have revised internal procedures to address issues noted in the last audit so repeat findings are resolved.</p> <p>Corrective Action Planned: DAS will continue to work with State agencies to reduce errors and repeat findings and continue to work on revising internal procedures where necessary for accuracy in financial reporting.</p>
2024-002 Since 2020	Administrative Services Repeat Accounting Weaknesses for the Unemployment Insurance Fund	<p>Status: Ongoing</p> <p>Reasons for Recurrence: UI accounting errors.</p> <p>Partial Corrective Action Taken: DAS has worked with NDOL to post corrective entries. DAS has reviewed established reconciliations and reporting procedures that will reduce errors.</p> <p>Corrective Action Planned: DAS will continue to assist NDOL as they refine procedures to ensure reporting accuracy.</p>
2024-003	Administrative Services Capital Asset Accounting Errors	<p>Status: Ongoing</p> <p>Corrective Action Planned: DAS will continue to train and work with agencies to prevent and correct capital asset reporting errors</p>
2024-004 Since 2020	Administrative Services E1 Timesheets	<p>Status: Ongoing</p> <p>Reasons for Recurrence: System limitations.</p> <p>Partial Corrective Action Taken: Timesheet images are maintained in EnterpriseOne until the payroll is processed. The electronic data is maintained in EnterpriseOne indefinitely.</p> <p>Corrective Action Planned: Under federal law, exempt employees do not need to track their hours.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-005 Since 2020	Administrative Services Changes to Vendor and Banking Information	<p>Status: Completed</p> <p>Reasons for Recurrence: W-9 form updates in progress.</p> <p>Partial Corrective Action Taken: Changes to a vendor/payee require prior banking information be provided for verification. During FY 2025 the W-9 form was revised to include agency review and approval sign-off by two separate individuals to ensure additions and changes are proper.</p> <p>Corrective Action Planned: N/A</p>
2024-006	BELF Accounting Issues	<p>Status: In Process</p> <p>Reason for Recurrence: N/A</p> <p>Partial Corrective Action Taken: The Board will accrue any tax return credits each year on the ACFR Accrual Response Form. The Board will reconcile supporting documentation with the General Ledger to aid in accurate reporting in the Accounting System. Upon receipt of the Treasury Warrant the Board will request supporting documentation from the Department of Revenue to identify any variances.</p> <p>Corrective Action Planned: The Board will continue to update and review procedures to identify any data entry errors.</p>
2022-007	Correctional Services Lack of Adherence to Legislative Bill and Federal Regulations	<p>Status: Completed.</p> <p>Reasons for Recurrence: NDCS does not agree with the findings. They were allowable expenses under the federal regulations for the program.</p> <p>Partial Corrective Action Taken: None needed.</p> <p>Corrective Action Planned: None needed.</p>
2024-007	Correctional Services Lack of Inventory Valuation Procedures	<p>Status: Completed</p> <p>Reasons for Recurrence: CSI did not complete inventory cycle counts for December 2023 through February 2024.</p> <p>Partial Corrective Action Taken: Physical inventories were completed for all CSI shops and warehouses.</p> <p>Corrective Action Planned: Continue annual physical inventories for all CSI shops and warehouse. Complete inventory cycles count monthly.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-008	Correctional Services Capital Asset Errors	<p>Status: Completed</p> <p>Reasons for Recurrence: Coding errors</p> <p>Partial Corrective Action Taken: Reviewed procedures with the applicable team members to ensure costs are recorded properly and timely, acquisition dates are accurate, adequate supporting documentation is maintained, and invoices are paid in a timely manner.</p> <p>Corrective Action Planned: Periodically review procedures and coding.</p>
2024-009	Correctional Services Missing FY 2023 Accrual and Review of Revenues	<p>Status: Completed</p> <p>Reasons for Recurrence: Lack of needed review</p> <p>Partial Corrective Action Taken: Procedures have been reviewed with applicable team members and the sales reports are reviewed to ensure accuracy. Sales reports were timely run.</p> <p>Corrective Action Planned: Periodically review procedures with team members and review accounting reports for accuracy.</p>
2024-010 Since 2023	Education Multiple Financial Statement Adjustments	<p>Status: Prior Year Expenditures Accrual Error – Completed Department Accrual Errors – Partially Completed</p> <p>Reasons for Recurrence: Department Accrual Errors – Implemented new procedure in 2024 from a manual process, in transition incorrect formulas existed.</p> <p>Partial Corrective Action Taken: Revised policy and procedures based on APAs opinion.</p> <p>Corrective Action Planned: Implemented 3-step review process to ensure accuracy.</p>
2024-011	Education Special Education Program Noncompliance and Accrual	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: Amount was corrected in the following fiscal year so that the correct amounts were used from each fund for the biennium.</p> <p>Corrective Action Planned: School finance staff and budget staff work together to check the correct fund use going forward.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-012	Environment and Energy Accounting Errors	<p>Status: Completed</p> <p>Reasons for Recurrence: No recurrence</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: The NDEE financial team worked with DAS to address SRF loan payment accrual accounting on the annual ACFR. Improvements/Updates made to the process of gathering and reporting accruals will prevent a similar audit finding in the future. Communications with DAS will start in each new fiscal year as NDEE gathers and updates State Revolving Fund accruals for ACFR reporting. Information will be shared through July and August until final accruals are recorded and reported.</p>
2024-013 Since 2004	Health & Human Services Multiple Financial Statement Adjustments	<p>Status: In Progress</p> <p>Reasons for Recurrence: Worker error</p> <p>Partial Corrective Action Taken: Reviews are in place for all accrual items.</p> <p>Corrective Action Planned: Each accrual item will have multiple reviews in place to catch errors.</p>
2024-014 Since 2019	Health & Human Services Other Errors in Financial Reporting	<p>Status: In Progress</p> <p>Reasons for Recurrence: Worker error</p> <p>Partial Corrective Action Taken: Reviews are in place for all accrual items.</p> <p>Corrective Action Planned: Each accrual item will have multiple reviews in place to catch errors.</p>
2024-015	Health & Human Services NFOCUS Edit Checks and Override of Service Authorizations	<p>Status: In Progress</p> <p>Reasons for Recurrence: Inadequate controls</p> <p>Partial Corrective Action Taken: Several changes have occurred in NFOCUS.</p> <p>Corrective Action Planned: More changes will be implemented in NFOCUS.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-016 Since 2022	Health & Human Services User Access	<p>Status: In Progress</p> <p>Reasons for Recurrence: Inadequate controls</p> <p>Partial Corrective Action Taken: Several processes are being implemented including annual review of access report, revising annual security training, and reviewing duplicative accounts.</p> <p>Corrective Action Planned: Changes are ongoing</p>
2024-017 Since 2022	Health & Human Services Lack of MMIS to MDR Reconciliation and Extract Criteria Issue	<p>Status: In Progress</p> <p>Reasons for Recurrence: Inadequate controls</p> <p>Partial Corrective Action Taken: The Department has implemented a separate MMIS to MDR reconciliation process, which provides a file output of claims that potentially should or should not have been sent to MDR for invoicing.</p> <p>Corrective Action Planned: The Department will work to adjust its systematic business processes in the MMIS to MDR extract in assuring negative paid claims are not included in the outbound file to MDR.</p>
2024-018	Insurance Excess Liability Fund Adjustments	<p>Status: In progress</p> <p>Reasons for Recurrence: none</p> <p>Partial Corrective Action Taken: 31 Dec report was reviewed, and 30 June will be reviewed once received</p> <p>Corrective Action Planned: Department personnel will review the 30 June report when received</p>
2024-019	Investment Council Issues with the Transition to Northern Trust	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: The reporting errors and delays occurred due to the bank transition. However, we do not anticipate the need for another transition for many years, as the move to the custodial bank has been successful.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-020 Since 2020	Labor Reoccurring Accounting Errors	<p>Status: In process</p> <p>Reasons for Recurrence: Poor historic understanding of Treasury accounting and system issues.</p> <p>Partial Corrective Action Taken: NDOL has worked with State of Nebraska Dept of Admin Services Stat Accounting to post corrective entries. Improved understanding of vendor reports and information has led to improvement of existing processes. NDOL has instituted monthly reconciliations of all Treasury accounting activity from E1 back to the source documentation. NDOL has discovered or gained access to reports from the vendor that were previously unknown improving the accuracy of the treasury accounting. Treasury processes have been streamlined, and preventative checks established. Unwieldy processes have been divided into smaller more practical processes.</p> <p>DAS Accounting has continued as a willing partner in the improvement of existing and establishment of new processes.</p> <p>Corrective Action Planned: NDOL will continue to refine processes to ensure accounting accuracy.</p>
2024-021 Since 2020	Labor Unemployment Insurance Benefit Issues	<p>Status: Completed</p> <p>Reasons for Recurrence: The Department acknowledges the APA has had findings for adjudication errors since 2020, the details of each have varied each year. The Department continues to take the APA’s findings and improve training and support in order to minimize errors.</p> <p>Corrective Action Planned:</p> <p>Random Sample Adjudication Issues:</p> <p><u>Adjudication of Employer Responses:</u> The Department acknowledges the APA’s findings and recognizes that these were adjudication errors. The Department has been working to improve its quality and has coached the adjudication team on ETA requirements for follow-up with employers. To further stress the importance, the Department has made changes to its review process related to employer responses. Separation issues as a cause of improper payment under our BAM review decreased from 3.17% in FY 2023 to 3.04% in FY 2024. The Department recognizes this needs to improve and is committed to improving our processes to prevent similar errors in the future.</p> <p><u>Issues Regarding Separation Information Requests:</u> The Department acknowledges the APA’s finding regarding the failure to send the Separation Information Request to employers. The Department stressed the importance of quality this year and has been making changes to its review process to catch and prevent errors earlier. Additionally, the Department continues to work with our vendor to have the system properly send Separation Information Requests as expected.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
		<p><u>Adjudication of Claimant Responses:</u> The Department acknowledges the APA’s findings and recognizes that these were adjudication errors. The Department is committed to improving our processes to prevent similar errors in the future.</p> <p>Schedule of Findings and Questioned Costs:</p> <p>Department acknowledges several errors, the Department respectfully disagrees with the APA’s finding related to receiving benefits while attending school. The APA is correct that an individual must be able and available to work, but this specific individual stated that they were willing and able to accept full-time work. The education program at issue allowed the individual to be available for work. The program advertises that, “many such courses are designed for working professionals.”</p> <p><u>Weekly Benefit and Maximum Benefit Amount Issues:</u> The Department acknowledges the APA’s findings regarding the claimants’ wages impacting the weekly benefit and maximum benefit amounts. The Department stressed the importance of quality this year and has been making changes to its review processes to catch and prevent errors earlier.</p> <p><u>Overpayment Establishment Errors:</u> The Department acknowledges the APA’s findings related to overpayment establishment. The Department has established procedures to address the timely establishment of overpayments. The Department will continue to refine our processes to ensure that overpayments are established promptly and in accordance with all applicable regulations. We will continue to monitor the implemented procedures and make improvements as necessary to ensure that overpayments are established accurately and timely.</p> <p><u>Claimants with Excessive Wages:</u> The Department acknowledges the APA’s findings and recognizes that these were adjudication errors. The Department is committed to improving our processes to prevent similar errors in the future. These errors will be brought to the appropriate individual’s attention, and they will be provided with the necessary guidance and support. The Department acknowledges that there are areas where continued improvement is necessary.</p> <p><u>Improper Benefits Paid to State Employees:</u> The Department acknowledges the APA’s findings related to improper benefits paid to state employees. The Department agrees that the crossmatch findings should have been prioritized in a timelier manner, and we have trained more staff on this type of investigation in response to this finding. The Department recognizes the need for improvement in this area and is focusing on the prioritization of crossmatches to ensure more timely action moving forward.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
		<p><u>Wage Crossmatch Issues:</u> The Department acknowledges the APA’s findings related to the wage crossmatch issues. The Department continues to work extensively with their vendor to address and resolve the issues related to wage crossmatches. The Department agrees that there are areas where continued improvement is necessary, and we will continue refining our processes to reduce the errors. The Department has stressed the importance of prioritizing crossmatches and are providing additional training to more staff so they can effectively handle these tasks.</p>
2024-022	NPERS Deferred Compensation Plan Issues	<p>Status: Completed</p> <p>Reasons for Recurrence: Change in Custodial Bank/change of reports with the Recordkeeper</p> <p>Partial Corrective Action Taken: Worked with the Custodial Bank and Recordkeeper to make sure all information is in the reports needed.</p> <p>Corrective Action Planned: Will continue to work with Recordkeeper and Custodial Bank to understand the information and make sure the information is properly entered into E1.</p>
2024-023	Racing and Gaming Gaming License Fee Accrual	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: A spreadsheet has been created to help track the amount received and due. When it is time to report any outstanding accounts receivable, the spreadsheet showing the remaining balances will be used and reported on the correct ACFR form.</p>
2024-024 Since 2023	Revenue Financial Statement Errors	<p>Status: Pending</p> <p>Reasons for Recurrence: New accrual issues identified from audit.</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: The DOR will continue to work with State Accounting to ensure that the custodial funds are classified correctly. The DOR will also more closely review the July, August and September’s receivables and payables so that year-end accruals are reported properly to State Accounting.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-025	Transportation Capital Asset Issues	<p>Status: In Process</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: Audit findings for FY24 related to buildings and land, as well as any outstanding transactions identified in the No Cost Integrity Report, have been reconciled with NDOT's records and are consistent/align with the data in the State's accounting system. For audit finding on equipment, NDOT has conducted a reconciliation based on information provided by the APA. NDOT has been working collaboratively with the APA to address and resolve discrepancies between the respective analyses. This portion of the reconciliation remains in progress, as coordination with the APA is ongoing. For FY25, NDOT has reviewed both the No Cost Integrity Report and the Unposted Fixed Asset Report within the State's accounting system.</p> <p>Corrective Action Planned: For FY25, NDOT will reconcile land and building records with the State's accounting system upon completion of the General Ledger reconciliation, which is expected by the end of July 2025. For equipment, once concurrence is reached with the APA, NDOT will proceed accordingly.</p>
2024-026 Since 2021	Transportation Year-End Financial Information Errors	<p>Status: In Process</p> <p>Reasons for Recurrence: Ongoing training is being provided for staff assigned new responsibilities, along with cross-training initiatives to ensure continuity and resilience in NDOT's financial operations.</p> <p>Partial Corrective Action Taken: Controller Division drafted Standard Operating Procedure (SOP) for the ACFR process. Ongoing training is being provided for staff assigned new responsibilities, along with cross-training initiatives to ensure continuity and resilience in NDOT's financial operations.</p> <p>Corrective Action Planned: NDOT will involve additional team members in the preparation, review, and oversight of information compiled for the Annual Comprehensive Financial Report. Additionally, prior to submitting the Accrual Response Form to DAS State Accounting, NDOT will consult with DAS to clarify any questions related to the accuracy and completeness of the information to be submitted.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2024-027	Supreme Court Expenditures Recorded in the Wrong Fiscal Year	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: Will record as P9/J9 for all prior year transactions.</p>
2024-028	Workers' Compensation Court Premium Tax Collection Coding Error	<p>Status: Corrected.</p> <p>Reasons for Recurrence: This was corrected in FY 2024 and no recurrence has occurred since that time.</p> <p>Partial Corrective Action Taken: Not applicable.</p> <p>Corrective Action Planned: The Nebraska Workers' Compensation Court understands that for purposes of the State's accounting transactions, this Finding is described as a Premium "Tax" Collection Coding Error. The Workers' Compensation Act doesn't describe the amounts collected as a "tax". For that reason, the court doesn't agree these amounts are "taxes" for any purpose other than consistency in the accounting transactions. Still, the court agrees to continue to use object code 455101 each year when funds are received from the Department of Insurance.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

FINDINGS RELATING TO FEDERAL AWARDS:

Nebraska Department of Administrative Services

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-029 Since 2015	Various, 93.778 Allowable Costs	<p>Status: Ongoing for print shop. OCIO rates are completed.</p> <p>Reasons for Recurrence: Timing of rate setting.</p> <p>Partial Corrective Action Taken: None.</p> <p>Corrective Action Planned: The Print Shop rate setting methodology is still under review and being developed at the individual service line level.</p>
2024-030 Since 2015	Various, 10.542, 10.551, 93.566 Reporting	<p>Status: Ongoing</p> <p>Reasons for Recurrence: Agency errors reported through State Accounting.</p> <p>Partial Corrective Action Taken: DAS has improved communication with State Agencies on accurately reporting SEFA amounts.</p> <p>Corrective Action Planned: State Accounting will continue to work with State agencies on correct coding and business unit setup to reduce agency errors.</p>

Nebraska Department of Correctional Services

Finding#	AL/Compliance	Status of Finding/Agency Comments
2022-020	21.027 Allowability	<p>Status: Completed.</p> <p>Reasons for Recurrence: NDCS does not agree with the findings. They were allowable expenses under the federal regulations for the program.</p> <p>Partial Corrective Action Taken: None needed.</p> <p>Corrective Action Planned: None needed.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Education

Finding#	AL/Compliance	Status of Finding/Agency Comments
2022-021	84.010 Allowability/ Subrecipient Monitoring	<p>Status: Completed</p> <p>Reasons for Recurrence: Updating NDE reimbursement review process to align with USED Federal guidance and compliance.</p> <p>Partial Corrective Action Taken: Updated reimbursement review process and technology to assist. Launched October 2024.</p> <p>Corrective Action Planned: N/A</p>
2024-031 Since 2023	10.553, 10.555, 10.556, 10.559, 10.582 Reporting	<p>Status: In process</p> <p>Reasons for Recurrence: Waiting for assistance from Federal Government to get into FFATA reporting system.</p> <p>Partial Corrective Action Taken: The issue with the old FFATA reporting system was resolved then the Federal Government changed reporting systems to SAM.Gov before all the reports were completed. Now attempting to get access to SAM.gov to complete the submission of the remaining FFATA reports.</p> <p>Corrective Action Planned: Complete submission of remaining outstanding reports once access to SAM.gov is obtained.</p>
2023-026	84.027, 84.173, 84.425D, 84.425U Subrecipient Monitoring	<p>Status: Completed</p> <p>Reasons for Recurrence: Updating NDE reimbursement review process to align with USED Federal guidance and compliance.</p> <p>Partial Corrective Action Taken: Updated reimbursement review process and technology to assist. Launched October 2024.</p> <p>Corrective Action Planned: N/A</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Education (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-032	84.048 Allowability	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: The Nebraska Department of Education’s Office of Career, Technical, and Adult Education has completed the following actions to improve procedures to ensure that all payments are supported by adequate documentation: Provide ongoing technical assistance to subrecipients and NDE staff to ensure they are familiar with and fully informed on the documentation necessary to process reimbursement for all types of expenditures. Conduct regular desk audits to ensure subrecipients are adhering to all applicable state and federal laws and regulations.</p> <p>The fiscal monitoring team ensures all subrecipients have a stipend policy in writing.</p> <p>Corrective Action Planned: N/A</p>
2024-033	84.126 Reporting	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: Instructions for completing the RSA-17 report have been updated to ensure unliquidated obligations for indirect costs are correctly reported, and the correct payroll periods are included with the appropriate supporting documentation. Unliquidated obligations will not include contract amounts unless the contracts have been completed. As noted above, administrative costs will be reported using the sub ledgers/subsidiaries already set up in E1.</p> <p>Corrective Action Planned: N/A</p>
2024-034	84.126 Period of Performance	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: A validation will be added into the case management system (QE2) that prevents an obligation from being created in a federal fiscal year with a service start date in a previous federal fiscal year.</p> <p>Corrective Action Planned: N/A</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Education (Concluded)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2023-027	84.287 Subrecipient Monitoring	<p>Status: Completed</p> <p>Reasons for Recurrence: Updating NDE reimbursement review process to align with USED Federal guidance and compliance.</p> <p>Partial Corrective Action Taken: Updated reimbursement review process and technology to assist. Launched October 2024.</p> <p>Corrective Action Planned: N/A</p>
2024-035 Since 2023	84.425U Reporting	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: NDE has implemented new FFATA reporting procedures with the change to SAM.gov to improve accuracy of submissions.</p> <p>Corrective Action Planned: N/A</p>

Nebraska Game and Parks Commission

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-036	15.611 Allowability/ Subrecipient Monitoring	<p>Status: Completed.</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: NGPC has resolved the questionable costs with USFWS. A new document was created to gather more information from subrecipients.</p>

Nebraska Department of Health and Human Services

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-037 Since 2023	93.558, 93.566, 93.568, 93.575, 93.658, 93.659, 93.667, 93.778, 10.561 Allowable Costs	<p>Status: Complete</p> <p>Reasons for Recurrence: Worker error</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-038 Since 2013	93.558, 93.563, 93.566, 93.568, 93.575, 93.658, 93.659, 93.667, 93.767, 93.778, 10.561 Allowable Costs	Status: Complete Reasons for Recurrence: Large process that extends to entire Agency, leading to worker error
2024-039 Since 2023	93.778, 93.959, 93.767, 93.575, 10.561 Allowable Costs	Status: Complete Reasons for Recurrence: Inadequate policies and procedures for review and documentation of payroll expenses
2024-040 Since 2021	93.658 Allowable Costs	Status: Complete Reasons for Recurrence: Staff turnover
2023-034 Since 2021	93.069, 93.889 Matching/ Reporting	Status: Complete Reasons for Recurrence: Staff turnover and inadequate documentation
2023-035 Since 2021	93.323 Allowability/ Subrecipient Monitoring	Status: Complete Reasons for Recurrence: Inadequate procedures
2023-036 Since 2022	93.558 Allowability/ Eligibility	Status: Complete Reasons for Recurrence: Worker Error
2024-041 Since 2023	93.558 Allowability/ Subrecipient Monitoring	Status: In Progress Reasons for Recurrence: Inadequate review procedures. Partial Corrective Action Taken: A subrecipient monitoring plan has been developed. Corrective Action Planned: The monitoring plan is being implemented for each subrecipients as agreements are established or renewed.
2024-042 Since 2023	93.566 Allowability/ Eligibility	Status: Complete Reasons for Recurrence: Written procedures are in place but not consistently followed
2024-043 Since 2023	93.566 Allowability/ Subrecipient Monitoring	Status: Complete Reasons for Recurrence: Subrecipient monitoring procedures were inadequate

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-044	93.566 Reporting	Status: Complete Reasons for Recurrence: N/A
2022-032 Since 2021	93.568 Eligibility	Status: Complete Reasons for Recurrence: Timing of completion of corrective action plan
2023-042 Since 2021	93.568 Reporting	Status: Complete Reasons for Recurrence: Timing of completion of corrective action plan
2024-045 Since 2007	93.575, 93.596 Allowability/ Eligibility/ Matching	Status: Complete Reasons for Recurrence: Worker error
2024-046 Since 2017	93.575, 93.596 Special Tests	Status: In Progress Reasons for Recurrence: Some Routine Fire and Sanitation Inspections, which must be completed every two years for some licensed childcare providers, continue to be overdue. Of the seven licensed childcare providers sited in the #2 Response, 5 have since had a routine fire inspection completed and are now in compliance. DHHS continues to work with SFM, NDEE, and delegated authorities to complete the remaining overdue routine inspections. Partial Corrective Action Taken: The process in place to address inspections missed due to licensee absence continues to be in place and will be used when a childcare provided is not responsive to DHHS attempts to complete inspections. DHHS continues to communicate with SFM, NDEE, and delegated authorities to address overdue fire and sanitation inspections. DHHS has begun to send new inspection referrals every year for overdue routine inspection. Previously, DHHS would send reminders of overdue inspections but would not send new referrals. Corrective Action Planned: DHHS is working with their new licensing system to create a monthly report of overdue fire and sanitation inspections, which will be sent monthly to SFM, NDEE, and delegated authorities

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-047 Since 2016	93.575 Period of Performance	<p>Status: In process</p> <p>Reasons for Recurrence: Disagree with unallowability</p> <p>Partial Corrective Action Taken: The Agency has worked with Federal Partners on period of performance and was in agreeance with them on what is allowable.</p> <p>Corrective Action Planned: Waiting on further discussions with Federal Partners</p>
2024-048 Since 2023	93.575 Allowability/ Period of Performance	<p>Status: Complete</p> <p>Reasons for Recurrence: The program was in the process of preparing and completing the audit to assess and strengthen compliance measures and ensure these funds are utilized appropriately.</p>
2022-037 Since 2021	93.575, 93.596 Special Tests	<p>Status: Complete</p> <p>Reasons for Recurrence: Cases were not worked in a timely manner.</p>
2024-049	93.658 Allowability	<p>Status: Complete</p> <p>Reasons for Recurrence: N/A</p>
2024-050 Since 2023	93.658 Allowability/ Eligibility	<p>Status: Complete</p> <p>Reasons for Recurrence: Employee oversight</p>
2024-051	93.659 Allowability/ Eligibility	<p>Status: Complete</p> <p>Reasons for Recurrence: N/A</p>
2024-052 Since 2023	93.659 Level of Effort/ Reporting	<p>Status: Complete</p> <p>Reasons for Recurrence: Worker error</p>
2023-051 Since 2017	93.778 Allowability/ Eligibility	<p>Status: Complete</p> <p>Reasons for Recurrence: Worker error</p>
2024-053 Since 2014	93.778 Allowability	<p>Status: Complete</p> <p>Reasons for Recurrence: Procedures were inadequate to prevent and/or detect errors.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-054 Since 2017	93.778 Special Tests	Status: Complete Reasons for Recurrence: Timing of corrective action plan/audit
2024-055 Since 2019	93.767, 93.778 Special Tests	Status: Complete Reasons for Recurrence: Timing of corrective action plan/audit
2024-056 Since 2021	93.767, 93.778 Special Tests	Status: Complete Reasons for Recurrence: Timing of corrective action plan/audit
2024-057 Since 2022	93.778 Special Tests	Status: In Progress Reasons for Recurrence: The Agency did not follow proper procedures, including supervisor reviews of cases, to ensure Medicaid cases were properly and timely worked. The PI unit is understaffed. Clerical error by Finance staff in reporting overpayment. Partial Corrective Action Taken: Program Integrity staff will continue to attempt to update cases at least every 30 days when case totals are at or below 25 and every 45 days when higher than 25. Trainings and regular conversations emphasize the need for descriptive narrative entries. As a result, the narrative entries will be more descriptive of the status of the case. Reporting has been corrected. Corrective Action Planned: Program Integrity staff will continue to attempt to update cases at least every 30 days when case totals are at or below 25 and every 45 days when higher than 25. For the exception reporting, the team continues to work on developing alternatives to using the reports in the Fraud Abuse Detection System.
2024-058	93.767, 93.778 Allowability/ Eligibility	Status: In process Reasons for Recurrence: N/A Partial Corrective Action Taken: Updated procedures to prevent issues going forward. Corrective Action Planned: Waiting on CMS approval for 2024 rates
2024-059	93.959 Level of Effort	Status: Complete Reasons for Recurrence: Staff turnover

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Concluded)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-060	93.959 Allowability/ Subrecipient Monitoring	<p>Status: In process</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: Subrecipient monitoring procedures are being improved.</p> <p>Corrective Action Planned: Agency will continue to update the audit manual for subrecipient monitoring.</p>

Nebraska Department of Labor

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-061 Since 2020	17.225 Allowability/ Eligibility	<p>Status: In process</p> <p>Corrective Action Planned: The Department continues to refine our processes to reduce errors. We acknowledge that there are areas where continued improvement is necessary, and we are committed to working to address these issues. We also continue to monitor performance and make adjustments as needed. NDOL made changes to its review process to catch and prevent errors earlier.</p>
2024-062	17.225 Reporting	<p>Status: Completed</p> <p>Corrective Action Planned: 2112 report process was reviewed and revised to ensure proper reconciliation and reporting. It is reviewed monthly by someone that does not complete the report.</p>
2024-063	17.225 Allowability	<p>Status: In process</p> <p>Corrective Action Planned: NDOL has received provisional approval for plan revision as of FY2025. NDOL continues to work with the Federal Cost Negotiator.</p>
2024-064	17.225 Special Tests	<p>Status: In process</p> <p>Corrective Action Planned: The Department understands the importance of ensuring that employer charging is correctly updated following appeal determinations. We are committed to improving the accuracy and timeliness of these updates. We are working with the vendor to prioritize the required system updates, and in the interim, we continue to monitor and adjust our processes to minimize any impact on employer charging accuracy.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Labor (Concluded)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-065	17.225 Special Tests	<p>Status: In process</p> <p>Corrective Action Planned: The Department is committed to ensuring that employer accounts are properly charged or relieved of charges when overpayments are identified. We recognize the importance of addressing overpayments promptly to maintain the integrity of the UI system. We have established procedures to address the timely establishment of overpayment and their impact on charging. We are actively working with the vendor to prioritize the required system updates.</p>
2022-048	17.225 Special Tests	<p>Status: In process</p> <p>Corrective Action Planned: The Agency is working with the vendor to better identify and report amounts in the Tax Systems.</p> <p>The system has reports now that list contribution receivables and the Department is working to verify accuracy.</p>

Nebraska Military Department

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-066 Since 2019	12.401 Cash Management/ Reporting	<p>Status: Ongoing</p> <p>Reasons for Recurrence: The drawdown timeline is a partial result of the variances in federal reimbursement functionalities and advance state requirement functionalities, as Nebraska operations under the “Advance” method for Cooperative Agreement federal funding.</p> <p>Partial Corrective Action Taken: State Services Support Division (SSSD) has increased monitoring of SF270 functions and encouraged Cooperative Agreement Program Managers to submit more frequent funding requests to reduce drawdown timelines.</p> <p>Corrective Action Planned: Report program outlays on all SF270s via Advance method. Review and close out business units associated with program years with no future expected activity to improve funding trackability and reconciliation.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Military Department (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2022-051 Since 2021	21.023 Allowability/ Earmarking	<p>Status: The Military Department does not agree with this finding.</p> <p>The State as the Grantee was able to demonstrate that the administrative costs are related to the delivery of the program in a timely fashion and are aligned with the US Treasury Guidance. Vendor performance was monitored through twice-weekly status meetings, bi-weekly Executive Steering Committee meetings, and review of detailed invoices. All these procedures led to the first year of the ERAP program coming in \$1.6 million under the contractual amount. The State has complied with the procurement standards set forth in 2 CFR 200.317-200.327, including expected contract provisions, key program assumptions, and not to exceed thresholds.</p>
2024-067 Since 2021	21.023 Allowability/ Eligibility	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A – The Military does not agree that this was a repeat finding. This program (ERA2) was a new and separate grant program comparable, but not equivalent to the program testing in prior fiscal year finding (ARPA).</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: The Military Department has already sought reclamation for validated overpayments, executed as of 28 February 2025. Weekly program reviews were conducted and shortcomings addressed weekly as identified. Future internal controls for accuracy have been implemented.</p>
2024-068	21.023 Reporting	<p>Status: Complete</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: N/A</p> <p>Corrective Action Planned: On 03 February 2025, an error identified in vendor-supplied reporting of AMI data was corrected. Ongoing reconciliations are being performed to ensure continued accuracy.</p>
2024-069 Since 2023	21.027 Allowability	<p>Status: Complete</p> <p>Reasons for Recurrence: N/A. Coronavirus State and Local Fiscal Recovery Funds – Allowability, was broadly construed as a repeat finding, but the details involved were dissimilar.</p> <p>Partial Corrective Action Taken: DHHS obtained signed legal affidavits from all recipients attesting to using the employee retention and recruitment funds in accordance with state and federal law. NDEE recalculated tourism loss.</p> <p>Corrective Action Planned: N/A</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Military Department (Concluded)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-070 Since 2023	21.027 Reporting	<p>Status: Complete</p> <p>Reasons for Recurrence: Agency data errors</p> <p>Partial Corrective Action Taken: All funds were obligated by December 31, 2024, with quarterly and cumulative expenditures reported.</p> <p>Corrective Action Planned: N/A</p>
2024-071 Since 2023	97.036 Subrecipient Monitoring	<p>Status: Ongoing</p> <p>Reasons for Recurrence: Agency initially interpreted findings indicated as not qualifying subrecipient payments.</p> <p>Partial Corrective Action Taken: Subrecipient Monitoring is in place; agency is contracting with Deloitte for regular review.</p> <p>Corrective Action Planned: Effective April 1, 2025, NEMA implemented a process to review the information submitted by subrecipient organizations regarding their 2 CFR Single Audit Certification.</p> <p>We added the total fiscal year dollar amount of funds received from NEMA, by the subrecipient, as a data element on our tracking table. All subrecipients complete a 2CFR Part 200 Single Audit Certification document that indicates whether they are subject to 2 CFR §200.501 Audit Requirements. All responses we receive on audit certification forms are cross-referenced with the total amount of funds the subrecipient received from NEMA in fiscal year 2024.</p> <p>For subrecipients who indicate that they have expended less than \$750,000 in cumulative Federal funds in fiscal year 2024 we have added the following review steps.</p> <ul style="list-style-type: none"> • NEMA selects a sample of these subrecipients and asks them to provide documentation to confirm their response. • We request a copy of their fiscal year 2024 Financial Statements & Independent Auditor’s Reports. • We also request a listing of each federal award, and the amount expended from each in fiscal year 2024 to confirm this amount is under \$750,000 and they are not subject to a single audit. <p>In subsequent years that the \$750,000 in cumulative Federal funds change to \$1,000,000 our process will change to reflect that increase.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Public Service Commission

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-072	21.029 Subrecipient Monitoring	<p>Status: Corrected</p> <p>Reasons for Recurrence: N/A Last year was the first time this was identified as a weakness.</p> <p>Partial Corrective Action Taken: We took action during their 2024 Field Work. We added a mandatory document that requires that potential subrecipients submit detailed estimates of twenty-three major expense types across six major categories, (see attached). We implemented and utilized this form in our only subsequent CPF award to date. In addition, it is now also part of our Broadband Bridge Award packets as well. We felt combining the data made sense as the services were like, the only difference being the funding source. As more data is collected over time, it will provide an ability to establish some averages and parameters to compare against proposed projects moving forward.</p> <p>Corrective Action Planned: Corrective action already taken has remedied the situation</p>

Nebraska Department of Transportation

Finding#	AL/Compliance	Status of Finding/Agency Comments
2022-056	20.205 Subrecipient Monitoring	<p>Status: Completed</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: Local Assistance Division has worked with Legal to draft a supplement agreement which includes all required information.</p> <p>Corrective Action Planned: New supplemental agreements will be generated and issued for current active projects.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Transportation (Concluded)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2024-073 Since 2013	20.509 Allowability/ Subrecipient Monitoring	<p>Status: In Process</p> <p>Reasons for Recurrence: N/A</p> <p>Partial Corrective Action Taken: NDOT recently updated the Invoicing Reimbursement Acceptable Documentation Requirement Guidelines. These guidelines offer comprehensive instruction, best practices, and a clearer definition of allowable expenses for subrecipients. The updated guide was distributed to subrecipients in February 2024. Over the next six months, NDOT plans to conduct additional training sessions through opportunities such as the monthly Transit Manager meetings, on-site visits, or webinars with subrecipients. The objective is to ensure a thorough understanding of required documentation and the identification of eligible federal reimbursement expenses. To assist with transit subrecipient monitoring, NDOT management has designated an internal auditor within the Transit Section. The auditor’s focus will be assessing reimbursement documentation, reviewing time studies, evaluating cost allocation plans, developing risk assessment, and helping to intensify monitoring efforts over all subrecipients. NDOT is also in the process of improving and updating the invoice review process to provide consistency for reviewing and approving invoices to enhance accuracy within the Transit Section. Additionally, NDOT has established a dedicated unit “Financial Oversight” within the Transit Section solely focusing on Subrecipient reimbursements. The four staff members in this unit will report directly to Financial Aid Administrator III, this oversight will enhance the quality checks and consistency among subrecipient reimbursements. The Financial Oversight unit will continue to evaluate and refine the operations to ensure federal regulation and required documentation is in place prior to any subrecipient reimbursement.</p> <p>Corrective Action Planned: NDOT Transit has revised the reimbursement guidelines for subrecipients, clarifying allowed expenses and required documentation. Over the next 6-12 months, NDOT will conduct training sessions with subrecipients and collaborate with internal auditors on compliance matters. The establishment of the “Federal “Oversight” unit within the Transit Section aims to improve monitoring, consistency, and compliance with federal requirements for all subrecipients.</p>