

STATE OF NEBRASKA
STATEWIDE SINGLE AUDIT
Year Ended June 30, 2021

**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 June 23, 2022

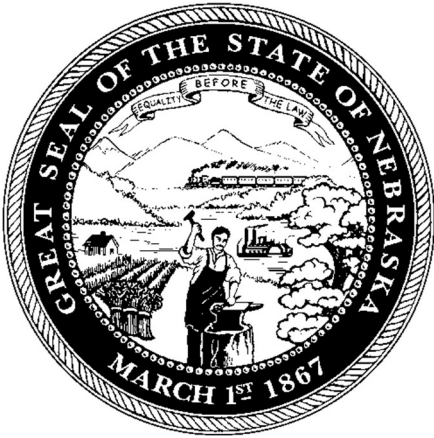
STATE OF NEBRASKA

Single Audit Report

Year Ended June 30, 2021

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:	
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>	40
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	42
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
Correctional Services, Department of.....	67
Health and Human Services, Department of	68
Labor, Department of	77
Military Department	114
Motor Vehicles, Department of.....	115
Transportation, Department of.....	117
III. Findings and Questioned Costs Relating to Federal Awards	
Administrative Services, Department of.....	118
Education, Department of	124
Health and Human Services, Department of	133
Labor, Department of	189
Military Department	199
Transportation, Department of.....	216
Auditee Section:	
Corrective Action Plans	220
Summary Schedule of Prior Audit Findings	249
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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Agriculture, U.S. Department of				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	10.025	\$ 839,496	-
Wetlands Reserve Program	Game and Parks Commission	10.072	41,782	-
Voluntary Public Access and Habitat Incentive	Game and Parks Commission	10.093	813,600	813,600
Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	10.170	715,398	702,231
State Mediation Grants	Agriculture, Department of	10.435	149,255	-
Meat and Poultry Inspection	Agriculture, Department of	10.477	375	-
Food Safety Cooperative Agreements	Agriculture, Department of	10.479	11,119	-
COVID-19 - Pandemic EBT Food Benefits	Health and Human Services, Department of	10.542	63,137,044	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.551	242,671,716	-
COVID-19 - Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.551	92,821,269	-
Total Supplemental Nutrition Assistance Program			335,492,985	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.561	20,921,254	2,053,947
Total SNAP Cluster			356,414,239	2,053,947
Child Nutrition Cluster:				
School Breakfast Program	Education, Department of	10.553	324,981	324,981
COVID-19 - School Breakfast Program	Education, Department of	10.553	526,874	526,874
Total School Breakfast Program			851,855	851,855
National School Lunch Program	Education, Department of	10.555	1,893,460	1,893,460
COVID-19 - National School Lunch Program	Education, Department of	10.555	2,137,113	2,137,113
National School Lunch Program	Health and Human Services, Department of	10.555	12,504,366	-
Total National School Lunch Program			16,534,939	4,030,573
Special Milk Program for Children	Education, Department of	10.556	24,141	24,141
COVID-19 - Special Milk Program for Children	Education, Department of	10.556	5,674	5,674
Total Special Milk Program for Children			29,815	29,815
Summer Food Service Program for Children	Education, Department of	10.559	135,010,798	134,783,952
COVID-19 - Summer Food Service Program for Children	Education, Department of	10.559	31,336,467	31,336,467
Summer Food Service Program for Children	Health and Human Services, Department of	10.559	3,260	-
Total Summer Food Service Program for Children			166,350,525	166,120,419
Child Nutrition Discretionary Grants Limited Availability	Education, Department of	10.579	367,202	367,202
Total Child Nutrition Cluster			184,134,336	171,399,864
Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Human Services, Department of	10.557	21,879,785	8,170,952

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Agriculture, U.S. Department of (Continued)				
COVID-19 - Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Human Services, Department of	10.557	2,598,009	739,475
Total Special Supplemental Nutrition Program for Women, Infants, and Children			24,477,794	8,910,427
Child and Adult Care Food Program	Education, Department of	10.558	15,750,833	15,477,101
COVID-19 - Child and Adult Care Food Program	Education, Department of	10.558	7,283,547	7,283,547
Child and Adult Care Food Program	Health and Human Services, Department of	10.558	137,060	-
Total Child and Adult Care Food Program			23,171,440	22,760,648
State Administrative Expenses for Child Nutrition	Education, Department of	10.560	1,799,366	-
State Administrative Expenses for Child Nutrition	Health and Human Services, Department of	10.560	658,510	-
Total State Administrative Expenses for Child Nutrition			2,457,876	-
Food Distribution Cluster:				
Commodity Supplemental Food Program	Health and Human Services, Department of	10.565	2,475,568	497,514
Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	553,971	553,971
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	1,270,202	1,270,202
Total Emergency Food Assistance Program (Administrative Costs)			1,824,173	1,824,173
Emergency Food Assistance Program (Food Commodities)	Health and Human Services, Department of	10.569	9,711,408	-
Total Food Distribution Cluster			14,011,149	2,321,687
WIC Farmers' Market Nutrition Program (FMNP)	Agriculture, Department of	10.572	36,141	-
Farm to School Grant Program	Education, Department of	10.575	16,469	-
Senior Farmers Market Nutrition Program	Agriculture, Department of	10.576	191,170	-
Fresh Fruit and Vegetable Program	Education, Department of	10.582	1,950,039	1,869,211
COVID-19 - Pandemic EBT Administrative Costs	Health and Human Services, Department of	10.649	38,250	-
Cooperative Forestry Assistance	Game and Parks Commission	10.664	40,997	12,551
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Education, Department of	10.666	164,517	164,517
AG Conservation Easement PGM	Game and Parks Commission	10.931	22,809	-
Nebraska Rural Rehabilitation Program	Agriculture, Department of	10.U01	121,307	-
Total U.S. Department of Agriculture			\$ 672,956,602	211,008,683
Commerce, U.S. Department of				
State and Local Implementation Grant Program	Military Department	11.549	\$ 30,790	-
Total U.S. Department of Commerce			\$ 30,790	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Corporation for National and Community Service				
State Commissions	Health and Human Services, Department of	94.003	\$ 269,901	-
AmeriCorps	Health and Human Services, Department of	94.006	1,160,013	1,160,013
Training and Technical Assistance	Health and Human Services, Department of	94.009	184,640	-
Total Corporation for National and Community Service			<u>\$ 1,614,554</u>	<u>1,160,013</u>
Defense, U.S. Department of				
Payments to States in Lieu of Real Estate Taxes	Education, Department of	12.112	\$ 160,271	160,271
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environment and Energy, Department of	12.113	133,339	-
Military Construction, National Guard	Military Department	12.400	4,754,387	-
National Guard Military Operations and Maintenance (O&M) Projects	Military Department	12.401	33,984,001	-
Total U.S. Department of Defense			<u>\$ 39,031,998</u>	<u>160,271</u>
Education, U.S. Department of				
Adult Education - Basic Grants to States	Education, Department of	84.002	\$ 3,001,646	2,685,613
Title I Grants to Local Educational Agencies	Education, Department of	84.010	75,795,466	75,070,981
Migrant Education_State Grant Program	Education, Department of	84.011	4,614,425	4,325,654
Title I State Agency Program for Neglected and Delinquent Children and Youth	Education, Department of	84.013	1,363	-
Special Education Cluster (IDEA):				
Special Education_Grants to States	Education, Department of	84.027	75,274,357	71,945,984
Special Education_Preschool Grants	Education, Department of	84.173	2,119,099	1,875,881
Total Special Education Cluster (IDEA)			<u>77,393,456</u>	<u>73,821,865</u>
Career and Technical Education -- Basic Grants to States	Education, Department of	84.048	6,394,739	5,678,349
Career and Technical Education -- National Programs	Education, Department of	84.051	157,350	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Blind and Visually Impaired Commission	84.126	3,029,123	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, Department of	84.126	11,366,552	-
Total Rehabilitation Services_Vocational Rehabilitation Grants to States			<u>14,395,675</u>	<u>-</u>
Migrant Education_Coordination Program	Education, Department of	84.144	48,054	36,000
Rehabilitation Services_Client Assistance Program	Education, Department of	84.161	169,591	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Blind and Visually Impaired Commission	84.177	283,797	-
Special Education-Grants for Infants and Families	Education, Department of	84.181	2,469,113	1,917,888
Safe and Drug-Free Schools and Communities_National Programs	Education, Department of	84.184	521,811	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Education, U.S. Department of (Continued)				
Supported Employment Services for Individuals with the Most Significant Disabilities	Blind and Visually Impaired Commission	84.187	7,558	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Education, Department of	84.187	414,500	414,500
Total Supported Employment Services for Individuals with the Most Significant Disabilities			<u>422,058</u>	<u>414,500</u>
Education for Homeless Children and Youth	Education, Department of	84.196	351,343	300,331
Rehabilitation Services Demonstration and Training Programs	Education, Department of	84.235	561,295	202,457
Twenty-First Century Community Learning Centers	Education, Department of	84.287	7,518,752	7,140,154
Statewide Family Engagement Centers	Education, Department of	84.310	3,388	-
Special Education - State Personnel Development	Education, Department of	84.323	576,453	139,824
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, Department of	84.326	93,932	64,132
Rural Education	Education, Department of	84.358	62,106	55,601
English Language Acquisition State Grants	Education, Department of	84.365	3,153,948	2,889,200
Supporting Effective Instruction State Grant	Education, Department of	84.367	8,380,140	7,633,979
Competitive Grants for State Assessments	Education, Department of	84.368	910,768	-
Grants for State Assessments and Related Activities	Education, Department of	84.369	4,214,017	-
Statewide Data Systems	Education, Department of	84.372	539,643	-
School Improvement Grants	Education, Department of	84.377	963,878	957,726
Student Support and Academic Enrichment Program	Education, Department of	84.424	5,349,861	5,265,774
COVID-19 - Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER I)	Education, Department of	84.425C	9,955,057	-
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER I)	Education, Department of	84.425D	45,919,662	43,436,482
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER II)	Education, Department of	84.425D	2,347,501	2,166,759
COVID-19 - Education Stabilization Fund - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance for Non-Public Schools (CRRSA EANS)	Education, Department of	84.425R	465,489	-
COVID-19 - Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, Department of	84.425U	488	-
Total Education Stabilization Fund	Education, Department of		<u>58,688,197</u>	<u>45,603,241</u>
Disaster Recovery Assistance for Education	Education, Department of	84.938	4,423	4,423
Total U.S. Department of Education			<u>\$ 277,040,688</u>	<u>234,207,692</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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
U.S. Election Assistance Commission				
2018 HAVA Election Security Grants	Secretary of State	90.404	\$ 252,070	-
COVID-19 - 2018 HAVA Election Security Grant	Secretary of State	90.404	981,563	642,991
Total 2018 HAVA Election Security Grants			<u>1,233,633</u>	<u>642,991</u>
Total U.S. Election Assistance Commission			<u>\$ 1,233,633</u>	<u>642,991</u>
Energy, U.S. Department of				
State Energy Program	Environment and Energy, Department of	81.041	\$ 532,738	-
Weatherization Assistance for Low-Income Persons	Environment and Energy, Department of	81.042	1,787,389	1,423,270
State Heating Oil and Propane Program	Environment and Energy, Department of	81.138	6,597	-
Total U.S. Department of Energy			<u>\$ 2,326,724</u>	<u>1,423,270</u>
Environmental Protection Agency, U.S.				
State Indoor Radon Grants	Health and Human Services, Department of	66.032	\$ 120,178	2,306
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environment and Energy, Department of	66.034	308,309	-
Diesel Emissions Reduction Act (DERA) State Grants	Environment and Energy, Department of	66.040	249,300	-
Multipurpose Grant to States and Tribe	Oil and Gas Commission	66.204	24,051	-
Multipurpose Grant to States and Tribe	Health and Human Services, Department of	66.204	3,608	-
Multipurpose Grant to States and Tribe	Game and Parks Commission	66.204	16,561	-
Total Multipurpose Grant to States and Tribe			<u>44,220</u>	<u>-</u>
Water Pollution Control State, Interstate, and Tribal Program Support	Environment and Energy, Department of	66.419	242,297	-
State Public Water System Supervision	Health and Human Services, Department of	66.432	822,171	-
State Underground Water Source Protection	Oil and Gas Commission	66.433	82,875	-
Assistance for Small and Disadvantaged Communities Drinking Water	Environment and Energy, Department of	66.442	50,049	-
Lead Testing in School and Child Care Program Drinking Water (SDQA 1464(d))	Environment and Energy, Department of	66.444	33,158	-
Water Quality Management Planning	Environment and Energy, Department of	66.454	159,695	-
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	Environment and Energy, Department of	66.458	3,940,364	3,417,828
Nonpoint Source Implementation Grants	Environment and Energy, Department of	66.460	2,365,780	-
Regional Wetland Program Development Grants	Game and Parks Commission	66.461	142,797	92,864
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	Environment and Energy, Department of	66.468	10,051,098	8,571,948
Underground Storage Tank Prevention, Detection and Compliance Program	Fire Marshal	66.804	421,759	-
Performance Partnership Grants	Agriculture, Department of	66.605	669,927	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Environmental Protection Agency, U.S. (Continued)				
Performance Partnership Grants	Environment and Energy, Department of	66.605	4,670,495	-
Total Performance Partnership Grants			5,340,422	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Health and Human Services, Department of	66.707	288,153	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environment and Energy, Department of	66.802	750,507	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program Recovery	Environment and Energy, Department of	66.805	780,636	-
State and Tribal Response Program Grants	Environment and Energy, Department of	66.817	468,706	-
Total U.S. Environmental Protection Agency			\$ 26,662,474	12,084,946
Equal Employment Opportunity Commission, U.S.				
Employment Discrimination Title VII of the Civil Rights Act of 1964	Equal Opportunity Commission	30.001	\$ 545,708	-
Total U.S. Equal Employment Opportunity Commission			\$ 545,708	-
Federal Communications Commission				
FCC - Certification	Education, Department of	32.U01	\$ 32,010	14,436
Total Federal Communications Commission			\$ 32,010	14,436
General Services Administration				
Donation of Federal Surplus Personal Property	Corrections, Department of	39.003	\$ 549,654	-
Total General Services Administration			\$ 549,654	-
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	\$ 25,681	-
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	51,060	51,060
COVID-19 - 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	52,378	47,735
Total Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals			103,438	98,795
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, Department of	93.043	69,509	62,572
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	951,127	518,099

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
COVID19 - Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	Health and Human Services, Department of	93.044	909,905	909,905
Total Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers			1,861,032	1,428,004
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, Department of	93.045	2,091,936	1,972,397
COVID-19 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, Department of	93.045	3,360,093	3,164,275
Total - Special Programs for the Aging_ Title III, Part C_ Nutrition Services			5,452,029	5,136,672
Nutrition Services Incentive Program	Health and Human Services, Department of	93.053	907,318	907,318
Total Aging Cluster			8,220,379	7,471,994
Special Programs for the Aging_ Title IV_ and Title II_ Discretionary Projects	Insurance, Department of	93.048	256,670	121,200
Special Programs for the Aging_ Title IV_ and Title II_ Discretionary Projects	Health and Human Services, Department of	93.048	8,464	8,464
COVID-19 - Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, Department of	93.048	49,564	49,564
Total Special Programs for the Aging_ Title IV_ and Title II_ Discretionary Projects			314,698	179,228
National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	432,724	397,548
COVID-19 - National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	403,951	403,951
Total - National Family Caregiver Support, Title III, Part E			836,675	801,499
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	4,225,319	3,648,681
National Bioterrorism Hospital Preparedness Program	Health and Human Services, Department of	93.889	1,117,718	934,421
COVID-19 - National Bioterrorism Hospital Preparedness Program	Health and Human Services, Department of	93.889	14,451	-
Total National Bioterrorism Hospital Preparedness Program			1,132,169	934,421
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			5,357,488	4,583,102
Medicare Enrollment Assistance Program	Insurance, Department of	93.071	166,113	76,420
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education, Department of	93.079	32,964	28,467
Guardianship Assistance	Health and Human Services, Department of	93.090 ^	336,239	-
COVID-19 - Guardianship Assistance	Health and Human Services, Department of	93.090	18,233	-
Total Guardianship Assistance			354,472	-
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, Department of	93.092	227,653	154,432
Food and Drug Administration_ Research	Agriculture, Department of	93.103	752,704	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Health and Human Services, Department of	93.104	1,199,626	1,174,009

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, Department of	93.110	572,878	196,657
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, Department of	93.116	208,917	-
Emergency Medical Services for Children	Health and Human Services, Department of	93.127	107,916	-
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, Department of	93.136	3,045,988	564,646
COVID-19 - Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, Department of	93.136	53,109	32,674
Total Injury Prevention and Control Research and State and Community Based Programs			<u>3,099,097</u>	<u>597,320</u>
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, Department of	93.150	268,399	262,428
Grants to State for Loan Repayment Program	Health and Human Services, Department of	93.165	439,364	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, Department of	93.197	323,529	85,844
Traumatic Brain Injury State Demonstration Grant Program	Education, Department of	93.234	306,408	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, Department of	93.235	213,767	136,669
State Rural Hospital Flexibility Program	Health and Human Services, Department of	93.241	808,261	518,699
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Education, Department of	93.243	1,296,052	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, Department of	93.243	2,986,677	2,775,040
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance			<u>4,282,729</u>	<u>2,775,040</u>
Early Hearing Detection and Intervention	Health and Human Services, Department of	93.251	240,400	67,074
Occupational Safety and Health Program	Health and Human Services, Department of	93.262	131,985	5,058
Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	24,102,298	721,755
COVID-19 - Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	1,235,105	517,975
Total Immunization Cooperative Agreements			<u>25,337,403</u>	<u>1,239,730</u>
Viral Hepatitis Prevention and Control	Health and Human Services, Department of	93.270	84,174	3,656
Drug Abuse and Addiction Research Programs	Health and Human Services, Department of	93.279	139,831	-
State Partnership Grant Program to Improve Minority Health	Health and Human Services, Department of	93.296	53,869	4,082
Small Rural Hospital Improvement Grant Program	Health and Human Services, Department of	93.301	379,712	379,712
COVID-19 - Small Rural Hospital Improvement Grant Program	Health and Human Services, Department of	93.301	5,264,087	5,264,087
Total Small Rural Hospital Improvement Grant Program			<u>5,643,799</u>	<u>5,643,799</u>
National State Based Tobacco Control Programs	Health and Human Services, Department of	93.305	85,305	28,857
National and State Tobacco Control Program	Health and Human Services, Department of	93.387	761,058	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Human Services, Department of	93.314	144,516	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	2,505,959	752,128
COVID-19 - Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	67,203,570	3,584,522
Total - Epidemiology & Laboratory Capacity for Infectious Diseases			69,709,529	4,336,650
State Health Ins Asst Program	Insurance, Department of	93.324	407,750	149,000
Behavioral Risk Factor Surveillance System	Health and Human Services, Department of	93.336	386,453	-
COVID-19 - Public Health Crisis Response Awards	Health and Human Services, Department of	93.354	920,629	166,096
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Human Services, Department of	93.426	1,133,528	532,514
ESSA/Preschool Development Grants	Health and Human Services, Department of	93.434	4,052,092	3,901,588
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	Health and Human Services, Department of	93.435	259,543	11,300
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	Health and Human Services, Department of	93.436	382,221	63,562
Food Safety and Security Monitoring Project	Agriculture, Department of	93.448	25,884	-
ACL Assistive Technology	Education, Department of	93.464	418,656	-
Title IV-E Kinship Navigator	Health and Human Services, Department of	93.471	24,145	24,145
Pregnancy Assistance Fund Program	Health and Human Services, Department of	93.500	242,454	239,226
National Health Service Corps	Health and Human Services, Department of	93.547	174,052	-
Promoting Safe and Stable Families	Health and Human Services, Department of	93.556	1,498,345	927,826
Temporary Assistance for Needy Families	Health and Human Services, Department of	93.558	35,608,302	12,114,315
Child Support Enforcement	Health and Human Services, Department of	93.563 ^	18,801,620	8,042,737
Refugee and Entrant Assistance_State Administered Programs	Health and Human Services, Department of	93.566 ^	2,139,142	1,711,967
COVID-19 - Refugee and Entrant Assistance_State Administered Programs	Health and Human Services, Department of	93.566	200,429	200,429
Total Refugee and Entrant Assistance_State Administered Programs			2,339,571	1,912,396
Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	30,986,769	-
COVID-19 - Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	7,852,336	-
Low-Income Home Energy Assistance	Environment and Energy, Department of	93.568	2,648,644	1,967,001
Total Low-Income Home Energy Assistance			41,487,749	1,967,001
Community Services Block Grant	Health and Human Services, Department of	93.569	5,260,236	5,069,380
COVID-19 - Community Services Block Grant	Health and Human Services, Department of	93.569	2,301,742	2,297,724
Total Community Services Block Grant			7,561,978	7,367,104
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, Department of	93.575	32,529,877	3,777,321
COVID-19 - Child Care and Development Block Grant	Health and Human Services, Department of	93.575	11,398,283	9,330,015
Total Child Care and Development Block Grant			43,928,160	13,107,336

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, Department of	93.596	20,967,618	-
Total CCDF Cluster			64,895,778	13,107,336
Refugee and Entrant Assistance_Discretionary Grants	Health and Human Services, Department of	93.576	141,500	141,500
State Court Improvement Program	Supreme Court, Nebraska	93.586	354,726	-
COVID-19 - State Court Improvement Program	Supreme Court, Nebraska	93.586	2,961	-
Total State Court Improvement Program			357,687	-
Grants to States for Access and Visitation Programs	Health and Human Services, Department of	93.597	99,705	99,705
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, Department of	93.599	205,044	205,044
Head Start Cluster:				
Head Start	Education, Department of	93.600	122,509	2,300
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, Department of	93.603	880,126	145,345
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	441,452	189,908
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	430	-
Total Developmental Disabilities Basic Support and Advocacy Grants			441,882	189,908
Children's Justice Grants to States	Health and Human Services, Department of	93.643	74,386	74,386
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, Department of	93.645	1,782,648	-
COVID-19 - Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, Department of	93.645	142,600	142,600
Total Stephanie Tubbs Jones Child Welfare Service Program			1,925,248	142,600
Foster Care_Title IV-E	Health and Human Services, Department of	93.658 ^	26,058,686	787,839
COVID-19 - Foster Care_Title IV-E	Health and Human Services, Department of	93.658	557,324	-
Total Foster Care Title IV-E			26,616,010	787,839
Adoption Assistance	Health and Human Services, Department of	93.659 ^	23,288,864	-
COVID-19 - Adoption Assistance	Health and Human Services, Department of	93.659	3,196,082	-
Total Adoption Assistance			26,484,946	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders during COVID-19	Health and Human Services, Department of	93.665	324,765	315,445
Social Services Block Grant	Health and Human Services, Department of	93.667	9,019,061	36,011
Child Abuse and Neglect State Grants	Health and Human Services, Department of	93.669	962,829	866,529
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	903,755	891,579
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	124,662	124,662
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			1,028,417	1,016,241

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, Department of	93.674	893,869	837,491
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	43,262	10,134
State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	Health and Human Services, Department of	93.735	9,614	-
State and Local Public Health Actions to Prevent Obesity, Heart Disease, and Stroke (PPHF)	Health and Human Services, Department of	93.757	(15,000)	-
Children's Health Insurance Program	Health and Human Services, Department of	93.767 ^	75,393,459	-
COVID-19 - Children's Health Insurance Program	Health and Human Services, Department of	93.767	4,259,593	-
Total - Children's Health Insurance Program			79,653,052	-
Medicaid Cluster:				
State Medicaid Fraud Control Units	Attorney General	93.775	938,671	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777 ^	4,008,484	-
COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777	485,045	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			4,493,529	-
Medical Assistance Program	Health and Human Services, Department of	93.778 ^	1,856,923,332	6,918,655
COVID-19 - Medical Assistance Program	Health and Human Services, Department of	93.778 ^	160,441,865	463,363
Total - Medical Assistance Program			2,017,365,197	7,382,018
Total Medicaid Cluster			2,022,797,397	7,382,018
Opioid STR	Health and Human Services, Department of	93.788	3,870,366	3,600,027
Money Follows the Person Rebalancing Demonstration	Health and Human Services, Department of	93.791	105,404	-
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, Department of	93.800	153,424	30,700
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health and Human Services, Department of	93.817	206,253	206,253
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, Department of	93.870	1,264,310	1,006,585
The Health Insurance Enforcement and Consumer Protection Grants Program	Insurance, Department of	93.881	351,049	-
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, Department of	93.898	2,229,437	417,306
Grants to States for Operation of Offices of Rural Health	Health and Human Services, Department of	93.913	177,335	22,993
HIV Care Formula Grants	Health and Human Services, Department of	93.917	1,429,297	1,429,297
COVID-19 - HIV Care Formula Grants	Health and Human Services, Department of	93.917	15,957	15,768
Total HIV Care Formula Grants			1,445,254	1,445,065
HIV Prevention Activities_Health Department Based	Health and Human Services, Department of	93.940	1,047,252	277,625

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, U.S. Department of (Continued)				
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, Department of	93.946	192,394	-
Block Grants for Community Mental Health Services	Health and Human Services, Department of	93.958	2,654,241	2,421,689
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, Department of	93.959	6,876,221	6,148,923
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, Department of	93.977	582,080	185,425
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education, Department of	93.981	254,318	9,903
COVID-19 - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education, Department of	93.981	272,358	40,898
Total Improving Student Health and Academic Achievement			526,676	50,801
Mental Health Disaster Assistance and Emergency Mental Health	Health and Human Services, Department of	93.982	2,135,672	2,061,799
Preventive Health and Health Services Block Grant	Health and Human Services, Department of	93.991	2,157,164	461,833
Maternal and Child Health Services Block Grant to the States	Health and Human Services, Department of	93.994	3,545,095	1,139,202
Medicated Feed Inspection Contract	Agriculture, Department of	93.U01	272,223	-
Food Inspection Contract	Agriculture, Department of	93.U03	35,616	-
Total U.S. Department of Health and Human Services			\$ 2,513,139,059	112,786,949
Homeland Security, U.S. Department of				
Map Modernization Management	Natural Resources, Department of	97.070	\$ 1,145	-
Urban Areas Security Init (Non-Profit Security Program)	Military Department	97.008	121,924	121,924
Homeland Security Grant Program	Military Department	97.067	3,862,036	2,412,808
Boating Safety Financial Assistance	Game and Parks Commission	97.012	564,624	-
Community Assistance Program State Support Services Element (CAP-SSSE)	Natural Resources, Department of	97.023	123,959	-
Flood Mitigation Assistance	Natural Resources, Department of	97.029	13,476	-
COVID-19 - Crisis Counseling	Military Department	97.032	939,648	939,648
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	67,144,467	63,246,937
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	100,865,094	6,635,222
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			168,009,561	69,882,159
Hazard Mitigation Grant	Military Department	97.039	3,191,084	2,406,257
National Dam Safety Program	Natural Resources, Department of	97.041	239,972	-
Emergency Management Performance Grants	Military Department	97.042	3,794,613	2,500,425
COVID-19 - Emergency Management Performance Grants	Military Department	97.042	197,557	20,908
Total Emergency Management Performance Grants			3,992,170	2,521,333
State Fire Training Systems Grants	Fire Marshal	97.043	5,884	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Homeland Security, U.S. Department of (Continued)				
Cooperating Technical Partners	Natural Resources, Department of	97.045	666,112	-
BRIC: Building Resilient Infrastructure and Communities	Military Department	97.047	347,998	347,998
Presidential Declared Disaster Assistance to Individual and Households	Labor, Department of	97.050	53,756,093	-
Total U.S. Department of Homeland Security			\$ <u>235,835,686</u>	<u>78,632,127</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	\$ 13,750,865	13,294,486
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Economic Development, Department of	14.228	157,937	-
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>13,908,802</u>	<u>13,294,486</u>
Emergency Solutions Grant Program	Health and Human Services, Department of	14.231	1,073,758	976,000
COVID-19 - Emergency Solutions Grant Program	Health and Human Services, Department of	14.231	1,650,568	1,631,686
Total Emergency Solutions Grant Program			<u>2,724,326</u>	<u>2,607,686</u>
Home Investment Partnerships Program	Economic Development, Department of	14.239	2,973,553	2,658,780
Housing Opportunities for Persons with AIDS	Health and Human Services, Department of	14.241	460,307	415,174
COVID-19 - Housing Opportunities for Persons with AIDS	Health and Human Services, Department of	14.241	62,523	62,523
Total Housing Opportunities for Persons with AIDS			<u>522,830</u>	<u>477,697</u>
Housing Trust Fund	Economic Development, Department of	14.275	3,831,131	3,661,809
Fair Housing Assistance Program State and Local	Equal Opportunity Commission	14.401	228,564	-
Total U.S. Department of Housing & Urban Development			\$ <u>24,189,206</u>	<u>22,700,458</u>
Institute of Museum and Library Services				
Grants to States	Library Commission	45.310	\$ 1,439,433	-
COVID-19 - Grants to States	Library Commission	45.310	200,363	-
Total Grants to States			<u>1,639,796</u>	-
National Leadership Grants	Library Commission	45.312	112,711	-
National Leadership Grants	Historical Society	45.312	17,452	-
Total National Leadership Grants			<u>130,163</u>	-
Total Institute of Museum and Library Services			\$ <u>1,769,959</u>	-
Interior, U.S. Department of				
Cultural and Paleontological Resource Management	Education, Department of	15.224	\$ 1,134	1,134
Cultural Resources Management	Historical Society	15.511	10,389	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Interior, U.S. Department of (Continued)				
Recreation Resources Management	Game and Parks Commission	15.524	286,619	-
Fish and Wildlife Management Assistance	Game and Parks Commission	15.608	4,646	4,646
Fish and Wildlife Cluster:				
Sport Fish Restoration	Game and Parks Commission	15.605	3,548,961	305,480
Wildlife Restoration and Basic Hunter Education	Game and Parks Commission	15.611	11,376,811	2,733,016
Enhanced Hunter Education and Safety	Game and Parks Commission	15.626	37,121	-
Total Fish and Wildlife Cluster			14,962,893	3,038,496
Cooperative Endangered Species Conservation Fund	Game and Parks Commission	15.615	67,079	54,415
Partners for Fish and Wildlife	Game and Parks Commission	15.631	3,684	-
State Wildlife Grants	Game and Parks Commission	15.634	1,183,438	662,554
Migratory Bird Joint Ventures	Game and Parks Commission	15.637	87,855	76,468
National Outreach and Communication	Game and Parks Commission	15.653	7,454	-
Endangered Species Conservation – Recovery Implementation Funds	Game and Parks Commission	15.657	175	175
Cooperative Landscape Conservation	Game and Parks Commission	15.669	1,965	1,965
Historic Preservation Fund Grants-In-Aid	Historical Society	15.904	670,980	137,223
Outdoor Recreation_Acquisition, Development and Planning	Game and Parks Commission	15.916	615,072	358,837
Total U.S. Department of Interior			\$ 17,903,383	4,335,913
Justice, U.S. Department of				
Sexual Assault Services Formula Program	Law Enforcement and Criminal Justice, Commission for	16.017	\$ 252,810	232,691
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Law Enforcement and Criminal Justice, Commission for	16.034	2,004,183	1,560,416
Juvenile Justice and Delinquency Prevention	Law Enforcement and Criminal Justice, Commission for	16.540	11,775	8,880
Missing Children's Assistance	State Patrol	16.543	424,082	-
State Justice Statistics Program for Statistical Analysis Centers	Law Enforcement and Criminal Justice, Commission for	16.550	123,478	-
National Criminal History Improvement Program (NCHIP)	State Patrol	16.554	2,054,785	-
National Institute of Justice Research, Evaluation, and Development Project Grants	Education, Department of	16.560	4,135	-
Crime Victim Assistance	Law Enforcement and Criminal Justice, Commission for	16.575	10,350,816	8,798,231
Crime Victim Compensation	Law Enforcement and Criminal Justice, Commission for	16.576	115,544	-
Justice Reinvestment Initiative	Nebraska Supreme Court	16.827	164,274	-
Crime Victim Assistance/Discretionary Grants	Law Enforcement and Criminal Justice, Commission for	16.582	445,608	2,315
Drug Court Discretionary Grant	Nebraska Supreme Court	16.585	39,875	-
Violence Against Women Formula Grants	Law Enforcement and Criminal Justice, Commission for	16.588	1,055,303	704,056
Residential Substance Abuse Treatment for State Prisoners	Law Enforcement and Criminal Justice, Commission for	16.593	416,213	-
Special Data Collection	State Patrol	16.734	45,634	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Justice, U.S. Department of (Continued)				
Edward Byrne Memorial Justice Assistance Grant Program	Law Enforcement and Criminal Justice, Commission for	16.738	1,134,255	634,223
DNA Backlog Reduction Program	State Patrol	16.741	502,918	-
Paul Coverdell Forensic Sciences Improvement Grant Program	State Patrol	16.742	198,872	-
Support for Adam Walsh Act Implementation Grant Program	State Patrol	16.750	132,082	-
Harold Rogers Prescription Drug Monitoring Program	Health and Human Services, Department of	16.754	7,954	-
Second Chance Act Reentry Initiative	Pardons, Board of	16.812	61,493	-
NICS Act Record Improvement Program	State Patrol	16.813	398,688	98,837
JRJ Prosecutors & Defenders	Justice, U.S. Department of	16.816	652	-
Stop School Violence	Education, Department of	16.839	93,536	63,423
Equitable Sharing Program	State Patrol	16.922	246,810	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	State Patrol	16.922	1,090,623	-
Total Equitable Sharing Program			<u>1,337,433</u>	<u>-</u>
DEA Grants	State Patrol	16.U01	4,340	-
Total U.S. Department of Justice			<u>\$ 21,380,738</u>	<u>12,103,072</u>
Labor, U.S. Department of				
Labor Force Statistics	Labor, Department of	17.002	\$ 756,192	-
Compensation and Working Conditions	Worker's Compensation Court	17.005	40,977	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	17.207	4,801,802	-
Jobs for Veterans State Grants	Labor, Department of	17.801	633,974	-
Local Veterans' Employment Representative Program	Labor, Department of	17.804	254,767	-
Total Employment Service Cluster			<u>5,690,543</u>	<u>-</u>
Unemployment Insurance - Federal	Labor, Department of	17.225	2,558,149	-
COVID-19 - Unemployment Insurance - Federal	Labor, Department of	17.225	396,792,026	-
Total Unemployment Insurance - Federal			<u>399,350,175</u>	<u>-</u>
Unemployment Insurance - State	Labor, Department of	17.225	106,643,240	-
Unemployment Insurance - Admin	Labor, Department of	17.225	30,159,025	-
Unemployment Insurance - Admin Reed Act	Labor, Department of	17.225	2,044,895	-
COVID-19 - Unemployment Insurance - Admin	Labor, Department of	17.225	10,563,620	-
Total Unemployment Insurance - Admin			<u>42,767,540</u>	<u>-</u>
Total Unemployment Insurance			<u>548,760,955</u>	<u>-</u>
Senior Community Service Employment Program	Health and Human Services, Department of	17.235	610,911	572,710
Trade Adjustment Assistance	Labor, Department of	17.245	795,420	-

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Labor, U.S. Department of (Continued)				
WIOA Cluster:				
WIOA Adult Program	Labor, Department of	17.258	2,373,500	1,985,640
WIOA Youth Activities	Labor, Department of	17.259	1,997,778	1,433,398
WIOA Dislocated Worker Formula Grants	Labor, Department of	17.278	1,462,503	775,059
Total WIOA Cluster			5,833,781	4,194,097
Reentry Employment Opportunities	Labor, Department of	17.270	472	-
Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	17.271	88,646	-
Temporary Labor Certification for Foreign Workers	Labor, Department of	17.273	100,036	-
WIOA National Dislocated Worker Grant/WIA National Emergency Grants	Labor, Department of	17.277	575,856	-
Apprenticeship USA Grants	Labor, Department of	17.285	157,301	-
Consultation Agreements	Labor, Department of	17.504	517,920	-
Total U.S. Department of Labor			\$ 563,929,010	4,766,807
National Endowment for the Arts				
Promotion of the Arts_Partnership Agreements	Arts Council	45.025	\$ 789,059	572,765
COVID-19 - Promotion of the Arts_Partnership Agreements	Arts Council	45.025	116,000	116,000
Total of Promotion of the Arts_Partnership Agreements			905,059	688,765
Total National Endowment for the Arts			\$ 905,059	688,765
National Endowment for the Humanities				
Promotion of the Humanities Division of Preservation and Access	Historical Society	45.149	\$ 10,000	-
Total National Endowment for the Humanities			\$ 10,000	-
President, Executive Office of				
High Intensity Drug Trafficking Areas Program	State Patrol	95.001	\$ 759,417	585,751
Total President, Executive Office of			\$ 759,417	585,751
Small Business Administration				
State Trade Expansion Program	Economic Development, Department of	59.061	\$ 78,348	72,398
Small Business Credit Initiative	Economic Development, Department of	59.U01	277,330	-
Total Small Business Administration			\$ 355,678	72,398

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Social Security Administration				
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Education, Department of	96.001	\$ 10,697,359	-
Supplemental Security Income	Education, Department of	96.006	947,909	375,143
Supplemental Security Income	Blind and Visually Impaired Commission	96.006	194,875	-
Total Supplemental Security Income			<u>1,142,784</u>	<u>375,143</u>
Total Disability Insurance/SSI Cluster			<u>11,840,143</u>	<u>375,143</u>
Total Social Security Administration			<u>\$ 11,840,143</u>	<u>375,143</u>
Transportation, U.S. Department of				
Airport Improvement Program	Transportation, Department of	20.106	\$ 27,565,875	27,455,089
COVID-19 - Airport Improvement Program	Transportation, Department of	20.106	6,201,608	6,127,431
Total Airport Improvement Program			<u>33,767,483</u>	<u>33,582,520</u>
Highway Research and Development Program	Transportation, Department of	20.200	40,124	-
Highway Planning and Construction Cluster:				
Highway Planning and Construction	Transportation, Department of	20.205	402,248,770	8,569,136
Recreational Trails Program	Game and Parks Commission	20.219	69,241	17,220
Total Highway Planning and Construction Cluster			<u>402,318,011</u>	<u>8,586,356</u>
Highway Training and Education	Transportation, Department of	20.215	300,000	-
FMCSA Cluster:				
Motor Carrier Safety Assistance	State Patrol	20.218	3,111,075	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	State Patrol	20.237	621,920	-
Total FMCSA Cluster			<u>3,732,995</u>	<u>-</u>
Commercial Driver's License Program Implementation Grant	Motor Vehicles, Department of	20.232	70,216	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, Department of	20.505	890,483	38,214
Formula Grants for Rural Areas	Transportation, Department of	20.509	4,009,212	1,843,735
COVID-19 - Formula Grants for Rural Areas	Transportation, Department of	20.509	14,662,550	14,662,550
Total Formula Grants for Rural Areas			<u>18,671,762</u>	<u>16,506,285</u>
Transit Services Programs Cluster:				
Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation, Department of	20.513	406,638	401,227
Federal Transit Cluster:				
Buses and Bus Facilities Formula Program	Transportation, Department of	20.526	1,267	1,267

^ - 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, 2021

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Transportation, U.S. Department of (Continued)				
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, Department of	20.600	2,428,798	1,861,698
Incentive Grant Program to Prohibit Racial Profiling	Transportation, Department of	20.611	301,134	301,134
National Priority Safety Programs	Transportation, Department of	20.616	1,850,348	894,573
Total Highway Safety Cluster			4,580,280	3,057,405
E-911 Grant Program	Public Service Commission	20.615	218,133	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	Transportation, Department of	20.614	76,598	-
Pipeline Safety Program State Base Grant	Fire Marshal	20.700	450,697	101,337
Interagency Hazardous Materials Public Sector Training and Planning Grants	Military Department	20.703	337,433	188,171
National Infrastructure Investments	Transportation, Department of	20.933	22,834,733	3,834,733
Total U.S. Department of Transportation			\$ 488,696,853	66,297,515
Veterans Affairs, U.S. Department of				
Grants to States for Construction of State Home Facilities	Department of Veterans' Affairs	64.005	\$ 665,905	-
Veterans State Domiciliary Care	Department of Veterans' Affairs	64.014	1,713,011	-
Veterans State Nursing Home Care	Department of Veterans' Affairs	64.015	20,305,615	-
Total U.S. Department of Veterans Affairs			\$ 22,684,531	-
Treasury, Department of				
COVID-19 - Coronavirus Relief Fund	Military Department	21.019	\$ 1,000,367,555	199,752,040
COVID-19 - Emergency Rental Assistance	Military Department	21.023	5,099,713	-
Total Department of Treasury			\$ 1,005,467,268	199,752,040
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,930,890,825	963,799,240

^ - 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, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Agriculture, Department of				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, U.S. Department of	10.025	\$ 839,496	-
Specialty Crop Block Grant Program - Farm Bill	Agriculture, U.S. Department of	10.170	715,398	702,231
State Mediation Grants	Agriculture, U.S. Department of	10.435	149,255	-
Meat and Poultry Inspection	Agriculture, U.S. Department of	10.477	375	-
Food Safety Cooperative Agreements	Agriculture, U.S. Department of	10.479	11,119	-
WIC Farmers' Market Nutrition Program (FMNP)	Agriculture, U.S. Department of	10.572	36,141	-
Senior Farmers Market Nutrition Program	Agriculture, U.S. Department of	10.576	191,170	-
Nebraska Rural Rehabilitation Program	Agriculture, U.S. Department of	10.U01	121,307	-
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	669,927	-
Food and Drug Administration_Research	Health and Human Services, U.S. Department of	93.103	752,704	-
Food Safety and Security Monitoring Project	Health and Human Services, U.S. Department of	93.448	25,884	-
Medicated Feed Inspection Contract	Health and Human Services, U.S. Department of	93.U01	272,223	-
Food Inspection Contract	Health and Human Services, U.S. Department of	93.U03	35,616	-
Total Department of Agriculture			\$ 3,820,615	702,231
Arts Council				
Promotion of the Arts_Partnership Agreements	National Endowment for the Arts	45.025	\$ 789,059	572,765
COVID-19 - Promotion of the Arts_Partnership Agreements	National Endowment for the Arts	45.025	116,000	116,000
Total of Promotion of the Arts_Partnership Agreements			905,059	688,765
Total Arts Council			\$ 905,059	688,765
Attorney General				
Medicaid Cluster:				
State Medicaid Fraud Control Units	Health and Human Services, U.S. Department of	93.775	\$ 938,671	-
Total Attorney General			\$ 938,671	-
Blind and Visually Impaired Commission				
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	\$ 3,029,123	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Education, U.S. Department of	84.177	283,797	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Education, U.S. Department of	84.187	7,558	-
Disability Insurance/SSI Cluster:				
Supplemental Security Income	Social Security Administration	96.006	194,875	-
Total Blind and Visually Impaired Commission			\$ 3,515,353	-

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Corrections, Department of				
Donation of Federal Surplus Personal Property	General Services Administration	39.003	\$ 549,654	-
Total Department of Corrections			<u>\$ 549,654</u>	<u>-</u>
Economic Development, Department of				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	\$ 13,750,865	13,294,486
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	157,937	-
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>13,908,802</u>	<u>13,294,486</u>
Home Investment Partnerships Program	Housing & Urban Development, U.S. Department of	14.239	2,973,553	2,658,780
Housing Trust Fund	Housing & Urban Development, U.S. Department of	14.275	3,831,131	3,661,809
State Trade Expansion Program	Small Business Administration	59.061	78,348	72,398
Small Business Credit Initiative	Small Business Administration	59.U01	277,330	-
Total Department of Economic Development			<u>\$ 21,069,164</u>	<u>19,687,473</u>
Education, Department of				
Child Nutrition Cluster:				
School Breakfast Program	Agriculture, U.S. Department of	10.553	\$ 324,981	324,981
COVID-19 - School Breakfast Program	Agriculture, U.S. Department of	10.553	526,874	526,874
Total School Breakfast Program			<u>851,855</u>	<u>851,855</u>
National School Lunch Program	Agriculture, U.S. Department of	10.555	1,893,460	1,893,460
COVID-19 - National School Lunch Program	Agriculture, U.S. Department of	10.555	2,137,113	2,137,113
Total National School Lunch Program			<u>4,030,573</u>	<u>4,030,573</u>
Special Milk Program for Children	Agriculture, U.S. Department of	10.556	24,141	24,141
COVID-19 - Special Milk Program for Children	Agriculture, U.S. Department of	10.556	5,674	5,674
Total Special Milk Program for Children			<u>29,815</u>	<u>29,815</u>
Summer Food Service Program for Children	Agriculture, U.S. Department of	10.559	135,010,798	134,783,952
COVID-19 - Summer Food Service Program for Children	Agriculture, U.S. Department of	10.559	31,336,467	31,336,467
Total Summer Food Service Program for Children			<u>166,347,265</u>	<u>166,120,419</u>
Child Nutrition Discretionary Grants Limited Availability	Agriculture, U.S. Department of	10.579	367,202	367,202
Total Child Nutrition Cluster			<u>171,626,710</u>	<u>171,399,864</u>
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	15,750,833	15,477,101
COVID-19 - Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	7,283,547	7,283,547
Total Child and Adult Care Food Program			<u>23,034,380</u>	<u>22,760,648</u>

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Education, Department of (Continued)				
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	1,799,366	-
Farm to School Grant Program	Agriculture, U.S. Department of	10.575	16,469	-
Fresh Fruit and Vegetable Program	Agriculture, U.S. Department of	10.582	1,950,039	1,869,211
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Agriculture, U.S. Department of	10.666	164,517	164,517
Payments to States in Lieu of Real Estate Taxes	Defense, U.S. Department of	12.112	160,271	160,271
Cultural and Paleontological Resource Management	Interior, U.S. Department of	15.224	1,134	1,134
National Institute of Justice Research, Evaluation, and Development Project Grants	Justice, U.S. Department of	16.560	4,135	-
Stop School Violence	Justice, U.S. Department of	16.839	93,536	63,423
FCC - Certification	Federal Communications Commission	32.U01	32,010	14,436
Adult Education - Basic Grants to States	Education, U.S. Department of	84.002	3,001,646	2,685,613
Title I Grants to Local Educational Agencies	Education, U.S. Department of	84.010	75,795,466	75,070,981
Migrant Education_State Grant Program	Education, U.S. Department of	84.011	4,614,425	4,325,654
Title I State Agency Program for Neglected and Delinquent Children and Youth	Education, U.S. Department of	84.013	1,363	-
Special Education Cluster (IDEA):				
Special Education_Grants to States	Education, U.S. Department of	84.027	75,274,357	71,945,984
Special Education_Preschool Grants	Education, U.S. Department of	84.173	2,119,099	1,875,881
Total Special Education Cluster (IDEA)			<u>77,393,456</u>	<u>73,821,865</u>
Career and Technical Education -- Basic Grants to States	Education, U.S. Department of	84.048	6,394,739	5,678,349
Career and Technical Education -- National Programs	Education, U.S. Department of	84.051	157,350	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	11,366,552	-
Migrant Education_Coordination Program	Education, U.S. Department of	84.144	48,054	36,000
Rehabilitation Services_Client Assistance Program	Education, U.S. Department of	84.161	169,591	-
Special Education-Grants for Infants and Families	Education, U.S. Department of	84.181	2,469,113	1,917,888
Safe and Drug-Free Schools and Communities_National Programs	Education, U.S. Department of	84.184	521,811	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Education, U.S. Department of	84.187	414,500	414,500
Education for Homeless Children and Youth	Education, U.S. Department of	84.196	351,343	300,331
Rehabilitation Services Demonstration and Training Programs	Education, U.S. Department of	84.235	561,295	202,457
Twenty-First Century Community Learning Centers	Education, U.S. Department of	84.287	7,518,752	7,140,154
Statewide Family Engagement Centers	Education, U.S. Department of	84.310	3,388	-
Special Education - State Personnel Development	Education, U.S. Department of	84.323	576,453	139,824
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, U.S. Department of	84.326	93,932	64,132
Rural Education	Education, U.S. Department of	84.358	62,106	55,601
English Language Acquisition State Grants	Education, U.S. Department of	84.365	3,153,948	2,889,200

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Education, Department of (Continued)				
Supporting Effective Instruction State Grant	Education, U.S. Department of	84.367	8,380,140	7,633,979
Competitive Grants for State Assessments	Education, U.S. Department of	84.368	910,768	-
Grants for State Assessments and Related Activities	Education, U.S. Department of	84.369	4,214,017	-
Statewide Data Systems	Education, U.S. Department of	84.372	539,643	-
School Improvement Grants	Education, U.S. Department of	84.377	963,878	957,726
Student Support and Academic Enrichment Program	Education, U.S. Department of	84.424	5,349,861	5,265,774
COVID-19 - Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER I)	Education, U.S. Department of	84.425C	9,955,057	-
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER I)	Education, U.S. Department of	84.425D	45,919,662	43,436,482
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER II)	Education, U.S. Department of	84.425D	2,347,501	2,166,759
COVID-19 - Education Stabilization Fund - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance for Non-Public Schools (CRRSA EANS)	Education, U.S. Department of	84.425R	465,489	-
COVID-19 - Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, U.S. Department of	84.425U	488	-
Total Education Stabilization Fund			58,688,197	45,603,241
Disaster Recovery Assistance for Education	Education, U.S. Department of	84.938	4,423	4,423
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	32,964	28,467
Traumatic Brain Injury State Demonstration Grant Program	Health and Human Services, U.S. Department of	93.234	306,408	-
Substance Abuse and Mental Health Issues	Health and Human Services, U.S. Department of	93.243	1,296,052	-
ACL Assistive Technology	Health and Human Services, U.S. Department of	93.464	418,656	-
Head Start Cluster:				
Head Start	Health and Human Services, U.S. Department of	93.600	122,509	2,300
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	254,318	9,903
COVID-19 - 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	272,358	40,898
Total Improving Student Health and Academic Achievement			526,676	50,801
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Social Security Administration	96.001	10,697,359	-
Supplemental Security Income	Social Security Administration	96.006	947,909	375,143
Total Disability Insurance/SSI Cluster			11,645,268	375,143
Total Department of Education			\$ 486,951,310	431,097,907

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Environment and Energy, Department of				
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Defense, U.S. Department of	12.113	\$ 133,339	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency, U.S.	66.034	308,309	-
Diesel Emissions Reduction Act (DERA) State Grants	Environmental Protection Agency, U.S.	66.040	249,300	-
Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency, U.S.	66.419	242,297	-
Assistance for Small and Disadvantaged Communities Drinking Water	Environmental Protection Agency, U.S.	66.442	50,049	-
Lead Testing in School and Child Care Program Drinking Water (SDQA 1464(d))	Environmental Protection Agency, U.S.	66.444	33,158	-
Water Quality Management Planning	Environmental Protection Agency, U.S.	66.454	159,695	-
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency, U.S.	66.458	3,940,364	3,417,828
Nonpoint Source Implementation Grants	Environmental Protection Agency, U.S.	66.460	2,365,780	-
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency, U.S.	66.468	10,051,098	8,571,948
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	4,670,495	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Protection Agency, U.S.	66.802	750,507	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program Recovery	Environmental Protection Agency, U.S.	66.805	780,636	-
State and Tribal Response Program Grants	Environmental Protection Agency, U.S.	66.817	468,706	-
State Energy Program	Energy, U.S. Department of	81.041	532,738	-
Weatherization Assistance for Low-Income Persons	Energy, U.S. Department of	81.042	1,787,389	1,423,270
State Heating Oil and Propane Program	Energy, U.S. Department of	81.138	6,597	-
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	2,648,644	1,967,001
Total Department of Environmental and Energy			\$ 29,179,101	15,380,047
Equal Opportunity Commission				
Fair Housing Assistance Program State and Local	Housing & Urban Development, U.S. Department of	14.401	\$ 228,564	-
Employment Discrimination Title VII of the Civil Rights Act of 1964	Equal Employment Opportunity Commission, U.S.	30.001	545,708	-
Total Equal Opportunity Commission			\$ 774,272	-
Fire Marshal				
Pipeline Safety Program State Base Grant	Transportation, U.S. Department of	20.700	\$ 450,697	101,337
Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency, U.S.	66.804	421,759	-
State Fire Training Systems Grants	Homeland Security, U.S. Department of	97.043	5,884	-
Total Fire Marshal			\$ 878,340	101,337

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Game and Parks Commission				
Wetlands Reserve Program	Agriculture, U.S. Department of	10.072	\$ 41,782	-
Voluntary Public Access and Habitat Incentive	Agriculture, U.S. Department of	10.093	813,600	813,600
Cooperative Forestry Assistance	Agriculture, U.S. Department of	10.664	40,997	12,551
AG Conservation Easement PGM	Agriculture, U.S. Department of	10.931	22,809	-
Recreation Resources Management	Interior, U.S. Department of	15.524	286,619	-
Fish and Wildlife Management Assistance	Interior, U.S. Department of	15.608	4,646	4,646
Fish and Wildlife Cluster:				
Sport Fish Restoration	Interior, U.S. Department of	15.605	3,548,961	305,480
Wildlife Restoration and Basic Hunter Education	Interior, U.S. Department of	15.611	11,376,811	2,733,016
Enhanced Hunter Education and Safety	Interior, U.S. Department of	15.626	37,121	-
Total Fish and Wildlife Cluster			14,962,893	3,038,496
Cooperative Endangered Species Conservation Fund	Interior, U.S. Department of	15.615	67,079	54,415
Partners for Fish and Wildlife	Interior, U.S. Department of	15.631	3,684	-
State Wildlife Grants	Interior, U.S. Department of	15.634	1,183,438	662,554
Migratory Bird Joint Ventures	Interior, U.S. Department of	15.637	87,855	76,468
National Outreach and Communication	Interior, U.S. Department of	15.653	7,454	-
Endangered Species Conservation – Recovery Implementation Funds	Interior, U.S. Department of	15.657	175	175
Cooperative Landscape Conservation	Interior, U.S. Department of	15.669	1,965	1,965
Outdoor Recreation_Acquisition, Development and Planning	Interior, U.S. Department of	15.916	615,072	358,837
Highway Planning and Construction Cluster:				
Recreational Trails Program	Transportation, U.S. Department of	20.219	69,241	17,220
Multipurpose Grants to States and Tribes	Environmental Protection Agency, U.S.	66.204	16,561	-
Regional Wetland Program Development Grants	Environmental Protection Agency, U.S.	66.461	142,797	92,864
Boating Safety Financial Assistance	Homeland Security, U.S. Department of	97.012	564,624	-
Total Game and Parks Commission			\$ 18,933,291	5,133,791
Health and Human Services, Department of				
COVID-19 - Pandemic EBT Food Benefits	Agriculture, U.S. Department of	10.542	\$ 63,137,044	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.551	242,671,716	-
COVID-19 - Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.551	92,821,269	-
Total Supplemental Nutrition Assistance Program			335,492,985	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.561	20,921,254	2,053,947
Total SNAP Cluster			356,414,239	2,053,947

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Child Nutrition Cluster:				
National School Lunch Program	Agriculture, U.S. Department of	10.555	12,504,366	-
Summer Food Service Program for Children	Agriculture, U.S. Department of	10.559	3,260	-
Total Child Nutrition Cluster			<u>12,507,626</u>	-
Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture, U.S. Department of	10.557	21,879,785	8,170,952
COVID-19 - Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture, U.S. Department of	10.557	2,598,009	739,475
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>24,477,794</u>	<u>8,910,427</u>
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	137,060	-
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	658,510	-
Food Distribution Cluster:				
Commodity Supplemental Food Program	Agriculture, U.S. Department of	10.565	2,475,568	497,514
Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	553,971	553,971
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	1,270,202	1,270,202
Total - Emergency Food Assistance Program (Administrative Costs)			<u>1,824,173</u>	<u>1,824,173</u>
Emergency Food Assistance Program (Food Commodities)	Agriculture, U.S. Department of	10.569	9,711,408	-
Total Food Distribution Cluster			<u>14,011,149</u>	<u>2,321,687</u>
COVID-19 - Pandemic EBT Administrative Costs	Agriculture, U.S. Department of	10.649	38,250	-
Emergency Solutions Grant Program	Housing & Urban Development, U.S. Department of	14.231	1,073,758	976,000
COVID-19 - Emergency Solutions Grant Program	Housing & Urban Development, U.S. Department of	14.231	1,650,568	1,631,686
Total Emergency Solutions Grant Program			<u>2,724,326</u>	<u>2,607,686</u>
Housing Opportunities for Persons with AIDS	Housing & Urban Development, U.S. Department of	14.241	460,307	415,174
COVID-19 - Housing Opportunities for Persons with AIDS	Housing & Urban Development, U.S. Department of	14.241	62,523	62,523
Total Housing Opportunities for Persons with AIDS			<u>522,830</u>	<u>477,697</u>
Harold Rogers Prescription Drug Monitoring Program	Justice, U.S. Department of	16.754	7,954	-
Senior Community Service Employment Program	Labor, U.S. Department of	17.235	610,911	572,710
State Indoor Radon Grants	Environmental Protection Agency, U.S.	66.032	120,178	2,306
Multipurpose Grants to States and Tribes	Environmental Protection Agency, U.S.	66.204	3,608	-
State Public Water System Supervision	Environmental Protection Agency, U.S.	66.432	822,171	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Protection Agency, U.S.	66.707	288,153	-
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	25,681	-
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	51,060	51,060
COVID-19 - 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	52,378	47,735

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Total Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			103,438	98,795
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	69,509	62,572
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	951,127	518,099
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	909,905	909,905
Total - Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers			1,861,032	1,428,004
Special Programs for the Aging_ Title III, Part C_Nutrition Services	Health and Human Services, U.S. Department of	93.045	2,091,936	1,972,397
COVID-19 - Special Programs for the Aging_ Title III, Part C_Nutrition Services	Health and Human Services, U.S. Department of	93.045	3,360,093	3,164,275
Total - Special Programs for the Aging_ Title III, Part C_Nutrition Services			5,452,029	5,136,672
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, U.S. Department of	93.048	8,464	8,464
COVID-19 - Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, U.S. Department of	93.048	49,564	49,564
Total Special Programs for the Aging - Title IV and Title II - Discretionary Projects			58,028	58,028
Nutrition Services Incentive Program	Health and Human Services, U.S. Department of	93.053	907,318	907,318
Total Aging Cluster			8,278,407	7,530,022
National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	432,724	397,548
COVID-19 - National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	403,951	403,951
Total - National Family Caregiver Support, Title III, Part E			836,675	801,499
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	4,225,319	3,648,681
National Bioterrorism Hospital Preparedness Program	Health and Human Services, U.S. Department of	93.889	1,117,718	934,421
COVID-19 - National Bioterrorism Hospital Preparedness Program	Health and Human Services, U.S. Department of	93.889	14,451	-
Total National Bioterrorism Hospital Preparedness Program			1,132,169	934,421
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			5,357,488	4,583,102
Guardianship Assistance	Health and Human Services, U.S. Department of	93.090 ^	336,239	-
COVID-19 - Guardianship Assistance	Health and Human Services, U.S. Department of	93.090	18,233	-
Total Guardianship Assistance			354,472	-
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, U.S. Department of	93.092	227,653	154,432
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Health and Human Services, U.S. Department of	93.104	1,199,626	1,174,009

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, U.S. Department of	93.110	572,878	196,657
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, U.S. Department of	93.116	208,917	-
Emergency Medical Services for Children	Health and Human Services, U.S. Department of	93.127	107,916	-
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, U.S. Department of	93.136	3,045,988	564,646
COVID-19 - Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, U.S. Department of	93.136	53,109	32,674
Total Injury Prevention and Control Research and State and Community Based Programs			3,099,097	597,320
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, U.S. Department of	93.150	268,399	262,428
Grants to State for Loan Repayment Program	Health and Human Services, U.S. Department of	93.165	439,364	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, U.S. Department of	93.197	323,529	85,844
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, U.S. Department of	93.235	213,767	136,669
State Rural Hospital Flexibility Program	Health and Human Services, U.S. Department of	93.241	808,261	518,699
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	2,986,677	2,775,040
Early Hearing Detection and Intervention	Health and Human Services, U.S. Department of	93.251	240,400	67,074
Occupational Safety and Health Program	Health and Human Services, U.S. Department of	93.262	131,985	5,058
Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	24,102,298	721,755
COVID-19 - Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	1,235,105	517,975
Total Immunization Cooperative Agreements			25,337,403	1,239,730
Viral Hepatitis Prevention and Control	Health and Human Services, U.S. Department of	93.270	84,174	3,656
Drug Abuse and Addiction Research Programs	Health and Human Services, U.S. Department of	93.279	139,831	-
State Partnership Grant Program to Improve Minority Health	Health and Human Services, U.S. Department of	93.296	53,869	4,082
Small Rural Hospital Improvement Grant Program	Health and Human Services, U.S. Department of	93.301	379,712	379,712
COVID-19 - Small Rural Hospital Improvement Grant Program	Health and Human Services, U.S. Department of	93.301	5,264,087	5,264,087
Total Small Rural Hospital Improvement Grant Program			5,643,799	5,643,799
National State Based Tobacco Control Programs	Health and Human Services, U.S. Department of	93.305	85,305	28,857
National and State Tobacco Control Program	Health and Human Services, U.S. Department of	93.387	761,058	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Human Services, U.S. Department of	93.314	144,516	-
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	2,505,959	752,128
COVID-19 - Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	67,203,570	3,584,522
Total - Epidemiology & Laboratory Capacity for Infectious Diseases			69,709,529	4,336,650
Behavioral Risk Factor Surveillance System	Health and Human Services, U.S. Department of	93.336	386,453	-
COVID-19 - Public Health Crisis Response Awards	Health and Human Services, U.S. Department of	93.354	920,629	166,096
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	1,133,528	532,514

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
ESSA/Preschool Development Grants	Health and Human Services, U.S. Department of	93.434	4,052,092	3,901,588
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	Health and Human Services, U.S. Department of	93.435	259,543	11,300
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	Health and Human Services, U.S. Department of	93.436	382,221	63,562
Title IV-E Kinship Navigator	Health and Human Services, U.S. Department of	93.471	24,145	24,145
Pregnancy Assistance Fund Program	Health and Human Services, U.S. Department of	93.500	242,454	239,226
National Health Service Corps	Health and Human Services, U.S. Department of	93.547	174,052	-
Promoting Safe and Stable Families	Health and Human Services, U.S. Department of	93.556	1,498,345	927,826
Temporary Assistance for Needy Families	Health and Human Services, U.S. Department of	93.558	35,608,302	12,114,315
Child Support Enforcement	Health and Human Services, U.S. Department of	93.563 ^	18,801,620	8,042,737
Refugee and Entrant Assistance_State Administered Programs	Health and Human Services, U.S. Department of	93.566 ^	2,139,142	1,711,967
COVID-19 - Refugee and Entrant Assistance_State Administered Programs	Health and Human Services, U.S. Department of	93.566	200,429	200,429
Total Refugee and Entrant Assistance_State Administered Programs			2,339,571	1,912,396
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	30,986,769	-
COVID-19 - Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	7,852,336	-
Total Low-Income Home Energy Assistance			38,839,105	-
Community Services Block Grant	Health and Human Services, U.S. Department of	93.569	5,260,236	5,069,380
COVID-19 - Community Services Block Grant	Health and Human Services, U.S. Department of	93.569	2,301,742	2,297,724
Total Community Services Block Grant			7,561,978	7,367,104
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	32,529,877	3,777,321
COVID-19 - Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	11,398,283	9,330,015
Total Child Care and Development Block Grant			43,928,160	13,107,336
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, U.S. Department of	93.596	20,967,618	-
Total CCDF Cluster			64,895,778	13,107,336
Refugee and Entrant Assistance_Discretionary Grants	Health and Human Services, U.S. Department of	93.576	141,500	141,500
Grants to States for Access and Visitation Programs	Health and Human Services, U.S. Department of	93.597	99,705	99,705
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, U.S. Department of	93.599	205,044	205,044
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, U.S. Department of	93.603	880,126	145,345
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	441,452	189,908
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	430	-
Total Developmental Disabilities Basic Support and Advocacy Grants			441,882	189,908
Children's Justice Grants to States	Health and Human Services, U.S. Department of	93.643	74,386	74,386

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, U.S. Department of	93.645	1,782,648	-
COVID-19 - Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, U.S. Department of	93.645	142,600	142,600
Total Stephanie Tubbs Jones Child Welfare Service Program			<u>1,925,248</u>	<u>142,600</u>
Foster Care_Title IV-E	Health and Human Services, U.S. Department of	93.658 ^	26,058,686	787,839
COVID 19-Foster Care_Title IV-E	Health and Human Services, U.S. Department of	93.658	557,324	-
Total Foster Care_Title IV-E			<u>26,616,010</u>	<u>787,839</u>
Adoption Assistance	Health and Human Services, U.S. Department of	93.659 ^	23,288,864	-
COVID-19 - Adoption Assistance	Health and Human Services, U.S. Department of	93.659	3,196,082	-
Total Adoption Assistance			<u>26,484,946</u>	<u>-</u>
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders during COVID-19	Health and Human Services, U.S. Department of	93.665	324,765	315,445
Social Services Block Grant	Health and Human Services, U.S. Department of	93.667	9,019,061	36,011
Child Abuse and Neglect State Grants	Health and Human Services, U.S. Department of	93.669	962,829	866,529
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	903,755	891,579
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	124,662	124,662
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>1,028,417</u>	<u>1,016,241</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, U.S. Department of	93.674	893,869	837,491
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	43,262	10,134
State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	Health and Human Services, U.S. Department of	93.735	9,614	-
State and Local Public Health Actions to Prevent Obesity, Heart Disease, and Stroke (PPHF)	Health and Human Services, U.S. Department of	93.757	(15,000)	-
Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767 ^	75,393,459	-
COVID-19 - Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767	4,259,593	-
Total - Children's Health Insurance Program			<u>79,653,052</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 ^	4,008,484	-
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	485,045	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			<u>4,493,529</u>	<u>-</u>

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Health and Human Services, Department of (Continued)				
Medical Assistance Program	Health and Human Services, U.S. Department of	93.778 ^	1,856,923,332	6,918,655
COVID-19 - Medical Assistance Program	Health and Human Services, U.S. Department of	93.778 ^	160,441,865	463,363
Total - Medical Assistance Program			<u>2,017,365,197</u>	<u>7,382,018</u>
Total Medicaid Cluster			<u>2,021,858,726</u>	<u>7,382,018</u>
Opioid STR	Health and Human Services, U.S. Department of	93.788	3,870,366	3,600,027
Money Follows the Person Rebalancing Demonstration	Health and Human Services, U.S. Department of	93.791	105,404	-
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, U.S. Department of	93.800	153,424	30,700
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health and Human Services, U.S. Department of	93.817	206,253	206,253
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, U.S. Department of	93.870	1,264,310	1,006,585
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, U.S. Department of	93.898	2,229,437	417,306
Grants to States for Operation of Offices of Rural Health	Health and Human Services, U.S. Department of	93.913	177,335	22,993
HIV Care Formula Grants	Health and Human Services, U.S. Department of	93.917	1,429,297	1,429,297
COVID-19 - HIV Care Formula Grants	Health and Human Services, U.S. Department of	93.917	15,957	15,768
Total HIV Care Formula Grants			<u>1,445,254</u>	<u>1,445,065</u>
HIV Prevention Activities_Health Department Based	Health and Human Services, U.S. Department of	93.940	1,047,252	277,625
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, U.S. Department of	93.946	192,394	-
Block Grants for Community Mental Health Services	Health and Human Services, U.S. Department of	93.958	2,654,241	2,421,689
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, U.S. Department of	93.959	6,876,221	6,148,923
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, U.S. Department of	93.977	582,080	185,425
Mental Health Disaster Assistance and Emergency Mental Health	Health and Human Services, U.S. Department of	93.982	2,135,672	2,061,799
Preventive Health and Health Services Block Grant	Health and Human Services, U.S. Department of	93.991	2,157,164	461,833
Maternal and Child Health Services Block Grant to the States	Health and Human Services, U.S. Department of	93.994	3,545,095	1,139,202
State Commissions	Corporation For National and Community Service	94.003	269,901	-
AmeriCorps	Corporation For National and Community Service	94.006	1,160,013	1,160,013
Training and Technical Assistance	Corporation For National and Community Service	94.009	184,640	-
Total Department of Health and Human Services:			<u>\$ 2,982,319,140</u>	<u>128,498,233</u>
Historical Society				
Cultural Resources Management	Interior, U.S. Department of	15.511	\$ 10,389	-
Historic Preservation Fund Grants-In-Aid	Interior, U.S. Department of	15.904	670,980	137,223
Promotion of the Humanities Division of Preservation and Access	National Endowment for the Humanities	45.149	10,000	-
National Leadership Grants	Institute of Museum and Library Services	45.312	17,452	-
Total Historical Society			<u>\$ 708,821</u>	<u>137,223</u>

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 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	\$ 256,670	121,200
Medicare Enrollment Assistance Program	Health and Human Services, U.S. Department of	93.071	166,113	76,420
State Health Ins Asst Program	Health and Human Services, U.S. Department of	93.324	407,750	149,000
The Health Insurance Enforcement and Consumer Protections Grant Program	Health and Human Services, U.S. Department of	93.881	351,049	-
Total Department of Insurance			\$ 1,181,582	346,620
Labor, Department of				
Labor Force Statistics	Labor, U.S. Department of	17.002	\$ 756,192	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, U.S. Department of	17.207	4,801,802	-
Jobs for Veterans State Grants	Labor, U.S. Department of	17.801	633,974	-
Local Veterans' Employment Representative Program	Labor, U.S. Department of	17.804	254,767	-
Total Employment Service Cluster			5,690,543	-
Unemployment Insurance - Federal	Labor, U.S. Department of	17.225	2,558,149	-
COVID-19 - Unemployment Insurance - Federal	Labor, U.S. Department of	17.225	396,792,026	-
Total Unemployment Insurance - Federal			399,350,175	-
Unemployment Insurance - State	Labor, U.S. Department of	17.225	106,643,240	-
Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	30,159,025	-
Unemployment Insurance - Admin Reed Act	Labor, U.S. Department of	17.225	2,044,895	-
COVID-19 - Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	10,563,620	-
Total Unemployment Insurance - Admin			42,767,540	-
Total Unemployment Insurance			548,760,955	-
Trade Adjustment Assistance	Labor, U.S. Department of	17.245	795,420	-
WIOA Cluster:				
WIOA Adult Program	Labor, U.S. Department of	17.258	2,373,500	1,985,640
WIOA Youth Activities	Labor, U.S. Department of	17.259	1,997,778	1,433,398
WIOA Dislocated Worker Formula Grants	Labor, U.S. Department of	17.278	1,462,503	775,059
Total WIOA Cluster			5,833,781	4,194,097
Reentry Employment Opportunities	Labor, U.S. Department of	17.270	472	-
Work Opportunity Tax Credit Program (WOTC)	Labor, U.S. Department of	17.271	88,646	-
Temporary Labor Certification for Foreign Workers	Labor, U.S. Department of	17.273	100,036	-
WIOA National Dislocated Worker Grant/WIA National Emergency Grants	Labor, U.S. Department of	17.277	575,856	-
Apprenticeship USA Grants	Labor, U.S. Department of	17.285	157,301	-
Consultation Agreements	Labor, U.S. Department of	17.504	517,920	-
Presidential Declared Disaster Assistance to Individual and Households	Homeland Security, U.S. Department of	97.050	53,756,093	-
Total Department of Labor			\$ 617,033,215	4,194,097

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Law Enforcement and Criminal Justice, Commission for				
Sexual Assault Services Formula Program	Justice, U.S. Department of	16.017	\$ 252,810	232,691
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Justice, U.S. Department of	16.034	2,004,183	1,560,416
Juvenile Justice and Delinquency Prevention	Justice, U.S. Department of	16.540	11,775	8,880
State Justice Statistics Program for Statistical Analysis Centers	Justice, U.S. Department of	16.550	123,478	-
Crime Victim Assistance	Justice, U.S. Department of	16.575	10,350,816	8,798,231
Crime Victim Compensation	Justice, U.S. Department of	16.576	115,544	-
Crime Victim Assistance/Discretionary Grants	Justice, U.S. Department of	16.582	445,608	2,315
Violence Against Women Formula Grants	Justice, U.S. Department of	16.588	1,055,303	704,056
Residential Substance Abuse Treatment for State Prisoners	Justice, U.S. Department of	16.593	416,213	-
Edward Byrne Memorial Justice Assistance Grant Program	Justice, U.S. Department of	16.738	1,134,255	634,223
JRJ Prosecutors & Defenders	Justice, U.S. Department of	16.816	652	-
Total Commission for Law Enforcement and Criminal Justice			\$ 15,910,637	11,940,812
Library Commission				
Grants to States	Institute of Museum and Library Services	45.310	\$ 1,439,433	-
COVID-19 - Grants to States	Institute of Museum and Library Services	45.310	200,363	-
Total Grants to States			1,639,796	-
National Leadership Grants	Institute of Museum and Library Services	45.312	112,711	-
Total Library Commission			\$ 1,752,507	-
Military Department				
State and Local Implementation Grant	Commerce, Department of	11.549	\$ 30,790	-
Military Construction, National Guard	Defense, U.S. Department of	12.400	4,754,387	-
National Guard Military Operations and Maintenance (O&M) Projects	Defense, U.S. Department of	12.401	33,984,001	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	Transportation, U.S. Department of	20.703	337,433	188,171
COVID-19 - Coronavirus Relief Fund	Treasury, Department of	21.019	1,000,367,555	199,752,040
COVID-19 - Emergency Rental Assistance	Treasury, Department of	21.023	5,099,713	-
Urban Areas Security Init (Non-Profit Security Program)	Homeland Security, U.S. Department of	97.008	121,924	121,924
Homeland Security Grant Program	Homeland Security, U.S. Department of	97.067	3,862,036	2,412,808
COVID-19 - Crisis Counseling	Homeland Security, U.S. Department of	97.032	939,648	939,648
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	67,144,467	63,246,937
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	100,865,094	6,635,222
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			168,009,561	69,882,159
Hazard Mitigation Grant	Homeland Security, U.S. Department of	97.039	3,191,084	2,406,257
Emergency Management Performance Grants	Homeland Security, U.S. Department of	97.042	3,794,613	2,500,425

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Military Department (Continued)				
COVID-19 - Emergency Management Performance Grants	Homeland Security, U.S. Department of	97.042	197,557	20,908
Total Emergency Management Performance Grants			3,992,170	2,521,333
BRIC: Building Resilient Infrastructure and Communities	Homeland Security, U.S. Department of	97.047	347,998	347,998
Total Military Department			\$ 1,225,038,300	278,572,338
Motor Vehicles, Department of				
Commercial Driver's License Program Implementation Grant	Transportation, U.S. Department of	20.232	\$ 70,216	-
Total Department of Motor Vehicles			\$ 70,216	-
Natural Resources, Department of				
Community Assistance Program State Support Services Element (CAP-SSSE)	Homeland Security, U.S. Department of	97.023	\$ 123,959	-
Flood Mitigation Assistance	Homeland Security, U.S. Department of	97.029	13,476	-
National Dam Safety Program	Homeland Security, U.S. Department of	97.041	239,972	-
Cooperating Technical Partners	Homeland Security, U.S. Department of	97.045	666,112	-
Map Modernization Management	Homeland Security, U.S. Department of	97.070	1,145	-
Total Department of Natural Resources			\$ 1,044,664	-
Oil and Gas Commission				
Multipurpose Grant to States and Tribe	Environmental Protection Agency, U.S.	66.204	\$ 24,051	-
State Underground Water Source Protection	Environmental Protection Agency, U.S.	66.433	82,875	-
Total Oil and Gas Commission			\$ 106,926	-
Pardons, Board of				
Second Chance Act Reentry Initiative	Justice, U.S. Department of	16.812	\$ 61,493	-
Total Board of Pardons			\$ 61,493	-
Public Service Commission				
E-911 Grant Program	Transportation, U.S. Department of	20.615	\$ 218,133	-
Total Public Service Commission			\$ 218,133	-
Secretary of State				
2018 HAVA Election Security Grants	U.S. Election Assistance Commission	90.404	\$ 252,070	-
COVID-19 - 2018 HAVA Election Security Grant	U.S. Election Assistance Commission	90.404	981,563	642,991
Total 2018 HAVA Election Security Grants			1,233,633	642,991
Total Secretary of State			\$ 1,233,633	642,991

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
State Patrol				
Missing Children's Assistance	Justice, U.S. Department of	16.543	\$ 424,082	-
National Criminal History Improvement Program (NCHIP)	Justice, U.S. Department of	16.554	2,054,785	-
Special Data Collection	Justice, U.S. Department of	16.734	45,634	-
DNA Backlog Reduction Program	Justice, U.S. Department of	16.741	502,918	-
Paul Coverdell Forensic Sciences Improvement Grant Program	Justice, U.S. Department of	16.742	198,872	-
Support for Adam Walsh Act Implementation Grant Program	Justice, U.S. Department of	16.750	132,082	-
NICS Act Record Improvement Program	Justice, U.S. Department of	16.813	398,688	98,837
Equitable Sharing Program	Justice, U.S. Department of	16.922	246,810	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	Justice, U.S. Department of	16.922	1,090,623	-
Total Federal Equitable Sharing Program: Public Safety			<u>1,337,433</u>	-
DEA Grants	Justice, U.S. Department of	16.U01	4,340	-
FMCSA Cluster:				
Motor Carrier Safety Assistance	Transportation, U.S. Department of	20.218	3,111,075	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Transportation, U.S. Department of	20.237	621,920	-
Total FMCSA Cluster			<u>3,732,995</u>	-
High Intensity Drug Trafficking Areas Program	Executive Office of the President	95.001	759,417	585,751
Total State Patrol			<u>\$ 9,591,246</u>	<u>684,588</u>
Supreme Court, Nebraska				
Drug Court Discretionary Grant	Justice, U.S. Department of	16.585	\$ 39,875	-
Justice Reinvestment Initiative	Justice, U.S. Department of	16.827	164,274	-
State Court Improvement Program	Health and Human Services, U.S. Department of	93.586	354,726	-
COVID-19 - State Court Improvement Program	Health and Human Services, U.S. Department of	93.586	2,961	-
Total State Court Improvement Program			<u>357,687</u>	-
Total Nebraska Supreme Court			<u>\$ 561,836</u>	-
Transportation, Department of				
Airport Improvement Program	Transportation, U.S. Department of	20.106	\$ 27,565,875	27,455,089
COVID-19 - Airport Improvement Program	Transportation, U.S. Department of	20.106	6,201,608	6,127,431
Total Airport Improvement Program			<u>33,767,483</u>	<u>33,582,520</u>
Highway Research and Development Program	Transportation, U.S. Department of	20.200	40,124	-
Highway Planning and Construction Cluster:				
Highway Planning and Construction	Transportation, U.S. Department of	20.205	402,248,770	8,569,136
Highway Training and Education	Transportation, U.S. Department of	20.215	300,000	-

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

STATE OF NEBRASKA
Schedule of Expenditures of Federal Awards - By State Agency
For the Fiscal Year Ended June 30, 2021

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2021 Expenditures</u>	<u>2021 Subrecipients</u>
Transportation, Department of (Continued)				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, U.S. Department of	20.505	890,483	38,214
Formula Grants for Rural Areas	Transportation, U.S. Department of	20.509	4,009,212	1,843,735
COVID-19 - Formula Grants for Rural Areas	Transportation, U.S. Department of	20.509	14,662,550	14,662,550
Total Formula Grants for Rural Areas			<u>18,671,762</u>	<u>16,506,285</u>
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation, U.S. Department of	20.513	406,638	401,227
Federal Transit Cluster:				
Buses and Bus Facilities Formula Program	Transportation, U.S. Department of	20.526	1,267	1,267
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, U.S. Department of	20.600	2,428,798	1,861,698
Incentive Grant Program to Prohibit Racial Profiling	Transportation, U.S. Department of	20.611	301,134	301,134
National Priority Safety Programs	Transportation, U.S. Department of	20.616	1,850,348	894,573
Total Highway Safety Cluster			<u>4,580,280</u>	<u>3,057,405</u>
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	Transportation, U.S. Department of	20.614	76,598	-
National Infrastructure Investments	Transportation, U.S. Department of	20.933	22,834,733	3,834,733
Total Department of Transportation			<u>\$ 483,818,138</u>	<u>65,990,787</u>
Veterans' Affairs, Department of				
Grants to States for Construction of State Home Facilities	Veterans Affairs, U.S. Department of	64.005	\$ 665,905	-
Veterans State Domiciliary Care	Veterans Affairs, U.S. Department of	64.014	1,713,011	-
Veterans State Nursing Home Care	Veterans Affairs, U.S. Department of	64.015	20,305,615	-
Total Department of Veterans' Affairs			<u>\$ 22,684,531</u>	<u>-</u>
Worker's Compensation Court				
Compensation and Working Conditions	Labor, U.S. Department of	17.005	\$ 40,977	-
Total Worker's Compensation Court			<u>\$ 40,977</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,930,890,825</u>	<u>963,799,240</u>

^ - Amounts taken from financial status reports.

See accompanying notes to the Schedules of Expenditures of Federal Awards.

State of Nebraska
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

(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, 2021.

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 assets or cash flows of the State. Federal program titles are reported as presented in Assistance Listings (AL), (formerly the Catalog of Federal Domestic Assistance (CFDA)), 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, 2021

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.

(d) Indirect Cost Rate

The State has elected not to use the 10-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, 2021, the inventory balance of nonmonetary assistance for food commodities at the State level was \$92,921.

(4) Commodity and Vaccine Programs

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

<u>AL #</u>	<u>Program</u>	<u>Commodities</u>
10.555	National School Lunch Program	\$ 12,504,366
10.558	Child and Adult Care Food Program	137,060
10.559	Summer Food Service Program for Children	3,260
10.565	Commodity Supplemental Food Program	1,886,691
10.569	Emergency Food Assistance Program	9,711,408

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 \$11,923,878 was delivered directly to subrecipients.

State of Nebraska
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

The Immunization Cooperative Agreements (AL 93.268) included expenditures of \$22,805,314 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 2021 was valued at the historical cost of \$3,664,361 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, 2021
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$130,669,947
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$84,052,327

New loans provided from these programs totaling \$9,325,912 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.

(8) Donated Personal Protective Equipment (PPE) (unaudited)

The State received donated PPE from the Federal Emergency Management Agency (FEMA) to help hospitals, medical centers, and other local entities serving the public for COVID-19 response. The fair market value of the donated PPE received was \$20,130,332. The amount of donated PPE received is not reported as an expenditure on the SEFA.

(9) Coronavirus Relief Fund Transfers

AL 21.019 Coronavirus Relief Fund (CRF) expenditures for fiscal year ended June 30, 2021, totaling \$1,000,367,555, do not include the reversing effect of \$41,818,170 of expenditures that were originally charged to the CRF program in fiscal year 2020 but were subsequently claimed under (i.e., transferred to) AL 97.036 COVID-19 Disaster Grants – Public Assistance (Disaster Assistance).

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

On September 1, 2020, Nebraska was awarded Disaster Assistance related to the nationwide emergency declaration for COVID-19. Costs from the beginning of the pandemic in January 2020 were eligible at a 75% Federal cost share. In January 2021, a Presidential Memorandum was issued to increase reimbursement, and the FEMA announced that the Federal cost share would be increased to 100%. For the fiscal year ended June 30, 2021, the Schedule of Expenditures of Federal Awards (SEFA) includes expenditures of \$168,009,561 for Disaster Assistance, of which \$41,818,170 was incurred prior to fiscal year ended June 30, 2021. As noted above, \$41,818,170 was paid and reported under the CRF on the fiscal year 2020 SEFA and transferred to Disaster Assistance in 2021.

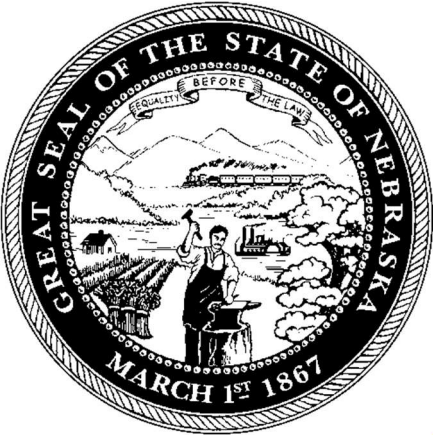
CRF funds were also used to support State unemployment insurance funds that were incurred due to COVID-19. During fiscal year 2021, the State paid \$248,755,293 from the CRF to AL 17.225 Unemployment Insurance - State (UI - State). All of the \$248,755,293 paid is reported under the CRF on the 2021 SEFA. Of this, \$167,908,114 related to 2020 UI - State expenditures and was reported as UI - State on the 2020 SEFA, and \$80,847,179 related to 2021 unemployment claims and was not reported under UI - State on the 2021 SEFA.

Subsequently, in the fiscal year ending June 30, 2022, the State paid \$40,343,463 from the CRF to UI - State for benefits that occurred during fiscal year ended June 30, 2021. The \$40,343,463 is reported under UI - State on the SEFA for fiscal year ended June 30, 2021, as these expenditures occurred during this fiscal year.

(10) Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards (SEFA) reports expenditures of \$168,009,561 for this program. Of this amount, \$124,084,079 was incurred in the fiscal year ended June 30, 2021. The remaining expenditures of \$43,925,482 were incurred in prior years. This includes the expenditures of \$41,818,170 that were originally disbursed from AL 21.019 Coronavirus Relief Fund (CRF) as detailed in note 9.





AUDITOR SECTION

(This page has been intentionally left blank.)



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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

**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***

Independent Auditor's Report

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

We were engaged to audit, 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, 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, 2021, 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 April 28, 2022. Our report disclaims an opinion on such financial statements because the State of Nebraska was unable to provide sufficient appropriate audit evidence that controls were in place to ensure the financial statements were free from material misstatements. During testing, we proposed over 110 adjustments to the financial statements for a total of over \$4,300,000,000. Even though the Department of Administrative Services made the majority of these proposed adjustments, the significant dollar amount and number of errors to several financial statement line items and funds, provide support that controls were not in place or were not effective for the proper presentation of the financial statements of which substantive procedures alone would not provide sufficient audit evidence. Therefore, we conclude that the possible effects on the financial statements of undetected misstatements, could be both material and pervasive. Additionally, the Nebraska Department of Labor was unable to provide timely and accurate records of the Unemployment Insurance Fund. Monies for the Fund are maintained outside of the Nebraska State Treasurer in separate accounts. Journal entries are prepared to record the activity in the State accounting system, EnterpriseOne. Our testing noted numerous errors and required multiple proposed adjustments to the financial statements. The Department agreed with the adjustment proposed by our office; however, due to the inability of the Department to provide accurate and complete accounting records we were unable to determine whether any further adjustment may have been necessary for the financial statements.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the State of Nebraska, 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 2021-001, 2021-002, 2021-003, 2021-004, 2021-011, 2021-015, and 2021-016 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 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, 2021-010, 2021-012, 2021-013, 2021-014, 2021-017, 2021-018, 2021-019, 2021-020, 2021-021, and 2021-022 to be significant deficiencies.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the State of Nebraska, 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 engagement, 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*. However, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, instances of noncompliance or other matters may have been identified and reported herein.

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

The State of Nebraska's responses to the findings identified in our engagement are described in the accompanying schedule of findings and questioned costs. The State of Nebraska's responses were not subjected to the auditing procedures applied in the engagement to audit 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 engagement to perform an audit 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
April 28, 2022



Kris Kucera, CPA, CFE
Assistant Deputy Auditor



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the State of Nebraska's compliance with the types of compliance requirements described 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, 2021. The State of Nebraska's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The basic financial statements of the State of Nebraska include the operations of the University of Nebraska and State College System component units, which received Federal awards which are not included in the schedule of expenditures of Federal awards during the year ended June 30, 2021. Our audit, described below, 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.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Nebraska's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State of Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our adverse, qualified, and unmodified opinions on compliance for major Federal programs. However, our audit does not provide a legal determination of the State of Nebraska’s compliance.

Basis for Qualified Opinion on Small Rural Hospital Improvement Grant Program, CCDF Cluster, Formula Grants for Rural Areas

As described in Findings 2021-037, 2021-043, and 2021-065 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
2021-037	93.301	Small Rural Hospital Improvement Grant Program	Allowability & Subrecipient Monitoring
2021-043	93.575, 93.596	CCDF Cluster	Allowability & Eligibility
2021-065	20.509	Formula Grants for Rural Areas	Allowability & Subrecipient Monitoring

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

Qualified Opinion on Small Rural Hospital Improvement Grant Program, CCDF Cluster, Formula Grants for Rural Areas

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Small Rural Hospital Improvement Grant Program, CCDF Cluster, and Formula Grants for Rural Areas for the year ended June 30, 2021.

Basis for Adverse Opinion on Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Epidemiology & Laboratory Capacity for Infectious Diseases, Low-Income Home Energy Assistance, Unemployment Insurance, National Infrastructure Investments

As described in Findings 2021-035, 2021-036, 2021-038, 2021-041, 2021-054, and 2021-066 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
2021-035	93.069, 93.889	HPP and PHEP Cluster	Allowability & Subrecipient Monitoring
2021-036	93.069, 93.889	HPP and PHEP Cluster	Matching & Reporting
2021-038	93.323	Epidemiology & Laboratory Capacity for Infectious Diseases	Allowability
2021-041	93.568	Low-Income Home Energy Assistance	Eligibility
2021-054	17.225	Unemployment Insurance	Allowability & Eligibility
2021-066	20.933	National Infrastructure Investments	Reporting

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

Adverse Opinion on Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Epidemiology & Laboratory Capacity for Infectious Diseases, Low-Income Home Energy Assistance, Unemployment Insurance, National Infrastructure Investments

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the State of Nebraska did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Epidemiology & Laboratory Capacity for Infectious Diseases, Low-Income Home Energy Assistance, Unemployment Insurance, and National Infrastructure Investments for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Nebraska complied, in all material respects, with the types of 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 auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

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
2021-023	21.019, 93.323, 97.036	CRF, ELC, Disaster Assistance	Allowability
2021-024	Various, 93.778	Various, Medical Assistance Program	Allowable Costs
2021-025	Various, 93.767, 93.778	Various, Children's Health Insurance Program, Medical Assistance Program	Reporting
2021-026	84.287	Twenty-First Century Community Learning Centers	Allowability & Subrecipient Monitoring
2021-027	84.367	Supporting Effective Instruction State Grant	Special Tests
2021-028	84.425C	Education Stabilization Fund	Allowability & Cash Management
2021-029	84.425D	Education Stabilization Fund	Reporting
2021-030	93.575, 93.778	Child Care, Medical Assistance Program	Allowable Costs & Cash Management

Finding #	AL #	Federal Program	Compliance Requirement
2021-031	10.561, 93.575, 93.767, 93.778	SNAP, Child Care, CHIP, Medical Assistance Program	Allowable Costs
2021-032	10.561, 93.323, 93.575, 93.767, 93.778	SNAP, ELC, Child Care, CHIP, Medical Assistance Program	Allowable Costs
2021-033	93.658	Foster Care Title IV-E	Allowable Costs
2021-034	10.542	Pandemic EBT Food Benefits	Allowability
2021-039	93.323	ELC for Infectious Diseases	Allowability & Subrecipient Monitoring
2021-040	93.323	ELC for Infectious Diseases	Reporting
2021-042	93.568	Low-Income Home Energy Assistance	Reporting
2021-044	93.575, 93.596	CCDF Cluster	Special Tests
2021-045	93.575	Child Care and Development Block Grant	Period of Performance
2021-046	93.575, 93.596	CCDF Cluster	Special Tests
2021-047	93.674	Chafee Foster Care Program	Allowability & Subrecipient Monitoring
2021-048	93.778	Medical Assistance Program	Allowability
2021-049	93.778	Medical Assistance Program	Allowability & Eligibility
2021-050	93.778	Medical Assistance Program	Special Tests
2021-051	93.767, 93.778	CHIP, Medical Assistance Program	Special Tests
2021-052	93.778	Medical Assistance Program	Allowability
2021-053	93.767, 93.778	CHIP, Medical Assistance Program	Special Tests
2021-054	97.050	Presidential Declared Disaster Assistance to Individuals and Households	Allowability & Eligibility
2021-055	17.225	Unemployment Insurance	Allowability
2021-056	17.225	Unemployment Insurance	Special Tests
2021-057	17.225	Unemployment Insurance	Special Tests

Finding #	AL #	Federal Program	Compliance Requirement
2021-058	97.050	Presidential Declared Disaster Assistance to Individuals and Households	Reporting
2021-059	12.401	National Guard Military Operations and Maintenance Projects	Cash Management
2021-060	21.019	Coronavirus Relief Fund	Allowability
2021-061	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-062	21.019	Coronavirus Relief Fund	Reporting
2021-063	21.023	Emergency Rental Assistance	Allowability & Earmarking
2021-064	21.023	Emergency Rental Assistance	Allowability & Eligibility

The State of Nebraska’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State of Nebraska’s responses were not subjected to the 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

Management of the State of Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Nebraska’s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Nebraska’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 2021-035, 2021-036, 2021-037, 2021-038, 2021-041, 2021-043, 2021-054, 2021-065, and 2021-066 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 2021-023, 2021-025, 2021-026, 2021-028, 2021-030, 2021-032, 2021-033, 2021-039, 2021-040, 2021-042, 2021-048, 2020-049, 2021-050, 2021-053, 2021-060, 2021-061, and 2021-062 to be significant deficiencies.

The State of Nebraska's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State of Nebraska's responses were not subjected to the 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 were engaged to audit the financial statements of the State of Nebraska as of and for the year ended June 30 2021, and have issued our report thereon dated April 28, 2022. However, the scope of our audit of the financial statements was not sufficient to enable us to express an opinion because the State of Nebraska was unable to provide sufficient appropriate audit evidence that controls were in place to ensure the financial statements were free from material misstatements. During testing, we proposed over 110 adjustments to the financial statements for a total of over \$4,300,000,000. Even though the Department of Administrative Services made the majority of these proposed adjustments, the significant dollar amount and number of errors to several financial statement line items and funds, provide support that controls were not in place or were not effective for the proper presentation of the financial statements of which substantive procedures alone would not provide sufficient audit evidence, and accordingly we did not express an opinion on such financial statements. The schedule of expenditures of Federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.



Pat Reding, CPA, CFE
Assistant Deputy Auditor

Lincoln, Nebraska
June 22, 2022

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

I. Summary of Auditors' Results

- a) The auditor's report expresses a disclaimer of opinion on whether the financial statements of the State of Nebraska were prepared in accordance with GAAP.
- 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 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, 2021-010, 2021-012, 2021-013, 2021-014, 2021-017, 2021-018, 2021-019, 2021-020, 2021-021, and 2021-022. Items 2021-001, 2021-002, 2021-003, 2021-004, 2021-011, 2021-015, and 2021-016 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 2021-023, 2021-025, 2021-026, 2021-028, 2021-030, 2021-032, 2021-033, 2021-039, 2021-040, 2021-042, 2021-048, 2020-049, 2021-050, 2021-053, 2021-060, 2021-061, and 2021-062.

We consider items 2021-035, 2021-036, 2021-037, 2021-038, 2021-041, 2021-043, 2021-054, 2021-065, and 2021-066 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 Small Rural Hospital Improvement Grant Program, CCDF Cluster, and Formula Grants for Rural Areas which were qualified, and Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Epidemiology & Laboratory Capacity for Infectious Diseases, Low-Income Home Energy Assistance, Unemployment Insurance, and National Infrastructure Investments, which were 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	10.542	Pandemic EBT Food Benefits
AL	10.551 and 10.561	SNAP Cluster
AL	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
AL	17.225	Unemployment Insurance
AL	20.106	Airport Improvement Program
AL	20.509	Formula Grants for Rural Areas
AL	20.933	National Infrastructure Investments
AL	21.019	Coronavirus Relief Fund

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

AL	21.023	Emergency Rental Assistance
AL	84.287	Twenty-First Century Community Learning Centers
AL	84.425C, 84.425D, 84.425R and 84.425U	Education Stabilization Fund
AL	93.069 and 93.889	Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements Cluster
AL	93.301	Small Rural Hospital Improvement Grant Program
AL	93.323	Epidemiology & Laboratory Capacity for Infectious Diseases
AL	93.568	Low-Income Home Energy Assistance
AL	93.575 and 93.596	CCDF Cluster
AL	93.767	Children's Health Insurance Program
AL	93.775, 93.777 and 93.778	Medicaid Cluster
AL	97.050	Presidential Declared Disaster Assistance to Individuals and Households

- h) Dollar threshold used to distinguish between Type A and Type B programs: \$17,792,672
- i) The State did not qualify as a low-risk auditee.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

II. Findings Related to the Financial Statements:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2021-001

ACFR Preparation Issues

The Department of Administrative Services (DAS), State Accounting Division (State Accounting), prepares the State of Nebraska Annual Comprehensive Financial Report (ACFR). Similar to the previous audit, the financial statements were neither accurate nor prepared in accordance with governmental accounting standards. Additionally, adequate controls were not in place, including a secondary review to ensure that entries were accurate prior to being submitted to the Auditor of Public Accounts (APA) to audit. As a result, DAS materially misstated financial statement entries, footnote disclosures, and other supporting documentation, requiring numerous adjustments and revisions.

The table below summarizes over **\$4.3 billion** in 115 adjustments for the fiscal year ended June 30, 2021. However, also noted are an additional **\$6.2 billion** in errors from items other than the formal adjustments presented below, bringing the total errors to over **\$10.5 billion**. These errors would affect multiple line items, funds, and financial statements of the ACFR. The number of errors noted – not to mention their detrimental impact upon the credibility of the financial statements – is particularly concerning because an audit is performed by testing a limited number of transactions; therefore, it is reasonable to assume that additional errors went undetected. The dollar errors noted below include totals for lines necessary for the adjustment.

Type of Error	Dollar Error
GASB 84 Implementation Adjustments – See separate Comment Number 3	\$ 950,249,015
Allocation Errors	\$ 946,565,186
Incorrect Coding	\$ 776,921,497
Improper Eliminations	\$ 323,552,452
Unemployment Insurance Fund Issues – See separate Comment Number 2	\$ 285,954,675
Duplicated Coronavirus Relief Funds Activity	\$ 248,755,293
Capital Asset Accounting Errors – See separate Comment Number 4	\$ 233,761,014
DAS Accrual Errors	\$ 214,419,147
Unemployment Insurance Fund Issues by the Department of Labor	\$ 103,182,097
Errors on Agency Accruals	\$ 101,381,663
Beginning Balance Adjustments	\$ 73,185,787
Reversing Entry Errors	\$ 30,589,737
Ending Balances Not Appropriately Reflected	\$ 24,058,023
Errors Made on Adjustments	\$ 21,181,711
Security Incorrectly Classified	\$ 9,424,258
Duplicated Entries	\$ 4,295,724
Errors on Prior Year Adjustments	\$ 3,204,551
Total Financial Statement Adjustments	\$ 4,350,681,830
Total Document Preparation Errors	\$ 5,521,414,995
Total Footnote Errors	\$ 674,872,663
Total Errors	\$ 10,546,969,488

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Several adjustments noted above required multiple revisions before the documentation was presented accurately, causing significant time and work by the APA. We also noted several errors in workpapers that did not require adjustments because they were insignificant to the financial statements; however, they also required additional time by the APA to work through and resolve. These errors included, among numerous others, recording entries to the incorrect account code, recording duplicate entries, and not properly eliminating transfers.

During testing, we also pointed out several errors prior to when entries were made or before the audit draft report was prepared, which allowed DAS to make the needed corrections beforehand. Despite being corrected due to the APA's early notification, preventing the need for subsequent formal adjustments, those errors demonstrate further the inability of DAS to provide accurate financial information. Detail is as follows:

- Amounts reported in the Budgetary Comparison Schedules were incorrect. Errors included expenditures overstated by \$4,594,046,000; \$312,733,000 in transfers not eliminated; \$259,064,000 in revenues categorized incorrectly; \$15,066,275 not included in the schedule; \$930,027 in fund misclassifications; and reconciliation errors up to \$1,369,000.
- DAS had to revise these journal entries, which were used to create the government-wide financial statements, in order to rectify errors in the following amounts:
 - Construction in Progress – \$149,376,000
 - Deferred Inflows – \$2,730,000
 - Elimination of transfers – \$592,000
 - Capital lease proceeds – \$45,000
- In review of the Governmental Funds trial balance, two journal entries were incorrect, resulting in CARES revenue being overstated by \$103,245,000 and expenditures of \$461,000 being recorded to the wrong function.
- DAS incorrectly classified \$10,088,889 of net position, which was corrected after APA inquiry. Also, during testing, we noted another three funds that were classified incorrectly for net position, totaling \$29,872,977.
- DAS incorrectly recorded the component unit's capital assets and accumulated depreciation of \$4,136,000 and erroneously eliminated component unit activity of \$22,901,000.
- DAS had to revise the donated personal protective equipment journal entry multiple times, which resulted in an understatement of \$14,638,827.
- The assigned fund balance for Licensing and Regulation was miscategorized between Conservation of Natural Resources and Other Purposes by \$120,000.
- Several errors were noted in the restatements listed in the Management Discussion & Analysis.
- The Statistical Section contained multiple errors due to data entry errors and faulty formatting. A total of seven tables had to be revised, including some that required multiple revisions.

The following errors were noted in our review of the footnotes:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Footnote	Error	Reason
Deposits and Investments Portfolio	\$ 519,194,423	Amounts were duplicated; the cash balance was overstated; land was understated; bank loans were erroneously removed; securities were miscategorized; and Federal deposit insurance was overstated.
Noncurrent Liabilities	\$ 139,202,000	Capital lease obligation and compensated absences calculations contained errors. Medicaid claims additions and deletions were overstated, and some beginning balances were understated.
Receivables	\$ 7,250,297	Amounts were understated.
Lease Commitments	\$ 6,255,936	Amounts were incorrect.
Contingencies and Commitments	\$ 1,800,000	Two revisions were required due to the settlement amount being understated and the need for wording clarification.
Bonds Payable	\$ 578,007	Debt service requirements were missing.
Interfund Balances	\$ 592,000	Balances were not updated after adjustment.
Total Errors	\$ 674,872,663	

Additionally, we noted the following items related to the footnotes:

- Deposits and Investments Portfolio footnote errors resulted in eight versions of the initial securities table and four revisions of the footnotes – caused, in part, by the failure of DAS to update consistently all the tables used in the footnotes after each change to the initial table. Additionally, we noted that the concentration of credit risk calculation did not include 36 securities, totaling \$106,235,035, and DAS did not use the correct total to calculate the percentages; however, this did not affect the final percentage used in the footnote.
- For the Receivables footnote, neither DAS nor the Department of Health and Human Services (DHHS) could provide an estimate allowance for the Third-Party Liability receivable. This allowance was approximately \$6 million in the previous year.
- The Tax Abatement footnote was not updated to correct, among other things, mistaken names, inaccurate statutory references, missing information, and the improper amount.

We also noted the following procedural and control issues:

- DAS lacked procedures for ensuring that the reclassification of \$14,829,558 from due to funds to due to vendor funds was appropriate.
- Two risk management payments tested did not have a secondary review by the Risk Management Division Administrator.
- DAS did not reconcile the imprest payroll liability accounts for employee and employer Social Security portions, resulting in a \$943,658 variance.
- Six batches, totaling \$141,621,316, were entered between March 2021 and May 2021 but remained unposted in EnterpriseOne (E1), the State’s accounting system, after the fiscal year and were not followed up on in a timely manner.
- The June 30, 2021, bank reconciliation performed by DAS had several reconciling items that were incorrect or not followed up on in a timely manner, with some of those reconciling items dating back to 2012. Additionally, \$104,838 in unapplied cash transactions was not reviewed and resolved. Lastly, there was no documented review of the bank reconciliation to ensure that it was accurate and complete.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- Funds in E1 are assigned an “ACFR Fund” and “ACFR Function,” which DAS uses to prepare the financial statements. During our review of funds, we noted that one fund was assigned the incorrect ACFR Fund, and two funds were assigned the incorrect ACFR Function. Any of these errors could lead to inaccurate financial statements.
- DHHS inventory accounts have contained \$102,776 since at least fiscal year 2018 and that amount has not changed during those years. The inventories appear to be for veterans’ homes, which are no longer under DHHS. Consequently, the appropriate correction should be made in E1.

Compliance

Per Neb. Rev. Stat. § 81-1125.01 (Reissue 2014), the ACFR must be completed “at least twenty days before the commencement of each regular session of the Legislature[.]” For the fiscal year 2021 audit, the ACFR was due on December 16, 2021. In order to ensure that the ACFR would be completed timely, the APA requested a list of items to be prepared by DAS – State Accounting and submitted to the APA for testing. Of those requested items, 187 were late, with the latest being 154 days overdue. Of the late items, 173 were submitted more than seven days after the due date. The last item received was on April 27, 2022, or 132 days after the date the ACFR was due.

Agency Accruals

DAS required State agencies to report accounts receivable and accounts payable accrual items, which were not contained within E1, for inclusion in the ACFR. DAS lacked procedures, such as obtaining the necessary documentary support, for ensuring the accuracy of the accrual information submitted. As a result, DAS prepared and posted journal entries – based on inaccurate and unverified information provided by agencies – containing material errors. We noted accrual errors by the following State agencies: DHHS, Labor, Transportation, Education, Revenue, Correctional Services, and Supreme Court. Errors at these agencies totaled over \$94 million. Due to the continued failure by DAS to implement sufficient corrective action, similar issues have been reported since the 2007 audit.

Good internal controls and sound business practice require the implementation of procedures, including an adequate review and verification of financial information, to ensure the proper and timely preparation of the ACFR by avoiding the reoccurrence of mistakes made in multiple prior years.

Without such procedures, there is an increased risk of not only the ACFR containing material misstatements, which might well remain undetected, but also failure to comply with the statutory timing requirement for completion of the report.

Similar findings related to errors in the preparation of the ACFR have been noted since the fiscal year 2007 audit. DAS – State Accounting did make correcting entries for all material amounts proposed by the APA. However, the number of errors to several financial statement line items and funds, as well as the significant dollar amount of those errors, both individually and collectively, demonstrate that DAS continues to lack controls for ensuring the proper and timely presentation of the financial statements. In addition to the detrimental impact of the many misstatements noted, further misrepresentation of the financial statements due to the likelihood of pervasive undetected misstatements could be material. Therefore, we have issued a disclaimer of opinion.

We recommend DAS implement procedures, including an adequate review and verification of financial information, including any information provided by different agencies, to ensure the proper and timely preparation of the ACFR by avoiding the reoccurrence of mistakes made in multiple prior years. This includes ensuring that internally prepared information is complete, accurate, and submitted punctually to the auditors. We also recommend DAS utilize resources to work with State agency personnel to ensure accrual information is supported and has a sound accounting base.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

DAS Response: key staff turnover coupled with resource demand for administering COVID-19 funding programs undermined State Accountings ability to ensure accurate and timely preparation of the ACFR. State Accounting reduced the reported error amount by 51% over the prior year. Unsatisfied with those results and the opinion received, the following steps are underway for the next reporting period: 1) A systematic budgetary report error, the cause of \$5 billion of the noted \$10.5 billion in errors, is being corrected, 2) A new Deputy Accounting Administrator position has been created and filled by a teammate with 20 years of State audit experience with significant knowledge of the ACFR process, 3) Conducting onsite pre-audit sessions with State agencies to review accrual calculations, 4) Meeting with key agencies and the Center of Operational Excellence to improve financial reporting where significant errors occurred, and 5) Collecting supporting documentation for agency submitted data to perform additional review procedures.

Finding 2021-002

Unemployment Insurance Fund Issues

As noted in previous audits, DAS lacked procedures for ensuring that the Unemployment Insurance (UI) Proprietary Fund financial statements were presented accurately for the ACFR. Both DAS and the Nebraska Department of Labor (NDOL) performed entries within E1 to generate the financial statements. However, those financial statements required material adjustments, as detailed in the table below:

Description	Misstatement Amount	Reason
Duplicate Entry	\$ 161,694,358	DAS recorded an entry for a \$80,847,179 receivable and revenue that had already been recorded in E1. When attempting to correct this entry, DAS mistakenly recorded it again for another \$80,847,179 overstatement.
Erroneous Reversing Entries	\$ 98,963,658	The APA proposed adjustments in the prior year’s audit, which were inappropriately reversed during FY 2021. However, \$889,941 remained and was not proposed, as DAS and NDOL could not determine the correct entry.
Eliminating Transfers	\$ 21,408,525	DAS and NDOL were unable to provide documentation to identify the proper accounting to recategorize transfer activity for \$4,554,847 of transfers out and \$2,066,880 of transfers in. DAS eliminated transfers in/out and reclassified them to benefits payable; however, we noted at least \$14,786,798 that should have been recorded as a “Due to Government” and not a transfer in. These were monies received from the Federal government for Federal Emergency Relief funds that had not yet been spent by the agency. The elimination of transfers appeared appropriate; however, the reclassification was not adequately supported for the financial statements. An additional \$54,914 was not proposed.
EUISAA (Emergency Unemployment Insurance Stabilization and Access Act) Revenue/Payable	\$ 4,832,989	There was \$704,155 that should have been recorded as a liability and not a revenue. Additionally, the \$704,155 was recognized in the incorrect fund. Finally, \$3,424,679 was reclassified as a liability but should have been a revenue.
Total Misstatements	\$ 286,899,530	

Good internal controls and sound accounting practice require procedures to ensure that accounting entries are made accurately, allowing the financial statements to be reflected properly.

Without such procedures, there is an increased risk for material misstatement of the financial statements.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

We recommend DAS work closely with NDOL to implement procedures for the accurate calculating and reporting of the UI fund for the ACFR, including establishing reconciliation procedures to ensure balances and activity are reported properly at fiscal year-end.

DAS Response: State Accounting agrees with the APA’s recommendation. NDOL reduced the reported error amount by 52% over the prior year. DAS is working with NDOL Financial Services to establish procedures for accurately reporting the Unemployment Insurance fund for the ACFR. Furthermore, NDOL is establishing procedures for its staff to review documentation, including the trial balance, and reconcile the separate subsystems to the accounting system to identify issues that need to be remediated. In addition, NDOL Financial Services will establish appropriate support for balances within EnterpriseOne, and adequate controls to ensure financial data was accurate and complete.

Finding 2021-003

GASB 84 Implementation Failure

The State was required to implement Governmental Accounting Standards Board Statement No. 84 (GASB 84) by the end of State fiscal year 2021. The Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The APA inquired several times regarding the procedures that DAS had performed to implement GASB 84. Finally, in January 2022, by which time the ACFR should have already been completed per State statute, the APA and DAS held discussions regarding GASB 84. At that time, it was determined that DAS did not implement GASB 84 correctly, leading to several errors in the presentation of the financial statements. DAS had not analyzed activity or balances contained within previously categorized agency funds found in E1 for compliance with GASB 84. The slow and flawed implementation of GASB 84 contributed to significant adjustments and, ultimately, the delayed issuance of the ACFR.

After the APA’s inquiry, DAS made 14 entries, totaling \$2,292,000,000, to reclassify several E1 funds to ensure they were reported properly in the fiduciary statements. These entries (which are not included in Comment Number 1) were needed because funds were erroneously categorized as private purpose trust funds and governmental funds but should have been custodial; funds were incorrectly identified as fiduciary but should have been special revenue; transfers in/out were not analyzed; and one fund was not identified appropriately as an investment trust fund.

During testing of those 14 journal entries, we noted that four were improper. The APA proposed correcting entries for those errors, as well as additional adjustments, totaling \$950 million, after further review of funds. These adjustments are in addition to the \$2.3 billion of entries that DAS made after discussion of the GASB 84 implementation with the APA. Details of the adjustments are provided below:

Adjustments	Reason
\$ 354,255,897	DAS did not properly reflect additions/deductions for funds and made one of the adjustments erroneously. Additionally, liabilities were recorded incorrectly.
\$ 211,600,684	DAS initially recorded both outside trust funds and court activity incorrectly and failed to implement GASB 84, which led to numerous errors.
\$ 152,648,834	Corrections were made to the accounting for \$55,594,860 that the State received in advanced Federal funding for local governments, which should have been reflected as custodial funds.
\$ 110,970,592	One fund needed to be classified as Special Revenue instead of Fiduciary. Additionally, investment income and liabilities were not categorized correctly. Several errors were noted when moving three funds to Special Revenue, as DAS did not properly analyze the activity.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Adjustments	Reason
\$ 74,422,632	Investment activity for contributions and withdrawals was not recorded properly and the wrong liability account was used.
\$ 33,360,248	The APA identified 11 funds in E1 that needed to be reclassified from Fiduciary to Special Revenue funds. Additionally, DAS corrected a previous journal entry that needed revision after implementation of GASB 84.
\$ 8,936,183	The incorrect liability account was shown for one fund.
\$ 1,791,152	Payables were not stated correctly, and the adjusting entry was made to the wrong custodial fund.
\$ 1,002,893	A previous adjustment was corrected.
\$ 677,625	A previous adjustment, which had erroneously reclassified activity, was corrected.
\$ 582,275	A negative addition should have been shown as a distribution.
\$ 950,249,015	Total Misstatements

Additionally, as noted, DAS did not perform procedures to implement GASB 84 until January 2022, after the due date for the ACFR and after nearly all procedures had been performed and tested by the APA. The APA would have needed to perform all procedures again to determine if there were any significant or material effects of previously posted entries based on the updated trial balances after review of the fiduciary funds. DAS did not provide adequate support for the APA to determine whether DAS had performed such a review process. This contributed to the modification of the opinion.

When new standards are not implemented correctly and timely, there is a significant increase in risk of material misstatement to the financial statements.

We recommend DAS implement procedures, including a thorough review of the accounting standard and the financial statement processes, to ensure that GASB statements are implemented timely and properly.

DAS Response: Key staff turnover attributed to the issues experienced in implementing GASB 84. Accounting system updates are being implemented to properly align Custodial Fund activity, and Investment Trust Fund financials for GASB 84 reporting. The ACFR fund designation has been updated for all affected funds in the accounting system.

Finding 2021-004

Capital Asset Accounting Errors

For the past seven years, DAS has failed to perform adequate procedures to ensure that capital assets were recorded properly on the financial statements. The APA began reporting this issue in the 2015 audit. This year, it was noted that the ending balances of the capital assets had errors of at least \$203 million.

DAS compiled information from E1 and requested State agencies to report accrual items, which were not contained therein, for inclusion in the ACFR. The APA's review of the accrual items reported revealed numerous clerical errors, amounts that did not agree to E1 reports or support, and additions, deletions, beginning balances, and depreciations not accounted for correctly. These errors necessitated revisions to amounts included in capital asset-related items on the financial statements and their footnotes.

The table below details total Construction in Progress (CIP) adjustments required due to the errors found by the APA:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

	Beginning Balance	Additions	Deductions, Including Completed CIP	Ending Balance
Initially Reported by DAS	\$ 211,282,564	\$ 158,017,695	\$ 53,477,129	\$ 317,519,251
Final After Adjusted by APA	\$ 204,058,085	\$ 339,411,139	\$ 41,747,840	\$ 501,721,384
Misstatement	\$ (7,224,479)	\$ 181,393,444	\$ (11,729,289)	\$ 185,898,254*

*This number is the calculation of misstatements and not the difference between ending balances, as DAS spreadsheets contained formula errors.

DAS did not complete the CIP calculation correctly, as there was one beginning balance for \$3,092,812, 13 beginning balance adjustments for \$10,317,291, and 14 additions, totaling \$19,492,813, that did not agree to support. Additionally, there was \$157,425,949 in retainage that was not included, and a spreadsheet error that caused \$4,474,682 to be omitted. Finally, there were 11 deletions/transfers, totaling \$11,729,289, that were not removed properly.

Additionally, DAS duplicated \$4,875,460 in retainage, failed to include \$10,983,751 in retainage, and had \$793,010 in discrepancies between spreadsheet versions, which is not shown in the chart above.

These errors were caused by DAS NOT doing the following:

- Including amounts in CIP that agencies had reported on their accrual response forms.
- Accounting appropriately for prior year transactions.
- Including retainage on its spreadsheet.
- Comparing a general ledger detail of CIP accounts in E1 to amounts that agencies recorded on their accrual response forms.
- Removing assets, including its own, even when agencies had reported them as being complete.
- Recording duplicate retainage in its entry.

The following table details the errors noted in other DAS calculations:

	Beginning Balance	Additions	Ending Balance	Ending Balance
<i>Buildings</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 851,242,766	\$ 7,486,153	\$ 845,652,783	\$ 384,098,838
Final Calculation	\$ 853,586,539	\$ 7,486,153	\$ 847,996,556	\$ 382,774,826
Total Errors	\$ (2,343,773)	\$ -	\$ (2,343,773)	\$ 1,324,012
<i>Equipment</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 530,883,655	\$ 35,281,986	\$ 548,415,032	\$ 408,149,777
Final Calculation	\$ 519,314,708	\$ 35,281,986	\$ 536,846,085	\$ 405,488,627
Total Errors	\$ 11,568,947	\$ -	\$ 11,568,947	\$ 2,661,150
<i>Equipment-Internal Services- Office of CIO</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 22,401,021	\$ 91,996	\$ 21,214,575	\$ 20,376,557
Final Calculation	\$ 22,077,578	\$ 91,996	\$ 20,891,132	\$ 20,152,066
Total Errors	\$ 323,443	\$ -	\$ 323,443	\$ 224,491

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

	Beginning Balance	Additions	Ending Balance	Ending Balance
<i>Equipment-Internal Services- Other Services</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 306,415	\$ 22,957	\$ 329,372	\$ 438,900
Final Calculation	\$ 438,900	\$ -	\$ 438,900	\$ 329,372
Total Errors	\$ (132,485)	\$ 22,957	\$ (109,528)	\$ 109,528
<i>Equipment-Correctional Services</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 5,969,104	\$ 917,031	\$ 6,790,048	\$ 5,227,782
Final Calculation	\$ 6,007,484	\$ 878,651	\$ 6,790,048	\$ 5,227,782
Total Errors	\$ (38,380)	\$ 38,380	\$ -	\$ -
<i>Infrastructure</i>	<i>Capital Asset</i>			<i>Accumulated Depreciation</i>
Initial Calculation	\$ 7,763,489,228	\$ 51,487,187	\$ 7,814,976,415	\$ 472,709
Final Calculation	\$ 7,766,521,733	\$ 51,487,187	\$ 7,818,008,920	\$ 666,187
Total Errors	\$ (3,032,505)	\$ -	\$ (3,032,505)	\$ (193,478)

The following information explains the errors detailed in the above table.

- The errors for “Buildings” were due to erroneous beginning balance adjustments caused by the following: 1) three assets, totaling \$8,604,433, that were shown incorrectly as equipment and excluded from buildings; 2) two buildings, totaling \$4,535,191, that were included in buildings but were owned by the Federal government and were not State assets; and 3) one asset, costing \$1,725,469, that was incorrectly included as a building but should have been included as infrastructure. These errors, when combined with an accumulated depreciation beginning fund balance of \$1,162,047, caused variances in the ending balance for accumulated depreciation.
- The beginning and ending balance differences for “Equipment” were due to erroneous beginning balance adjustments caused by the following: 1) three assets, totaling \$8,604,433, that were incorrectly shown as equipment but should have been included in buildings; 2) two assets, totaling \$1,960,024, that were incorrectly shown as equipment but should have been shown as infrastructure; 3) one software item, costing \$1,860,047, that was never completed and was not an asset; 4) two assets, totaling \$881,310, that were acquired in prior fiscal years and not included; and 5) two assets, totaling \$25,753, that were included twice.
- The errors listed under “Equipment-Internal Services-Office of CIO” were due to DAS double counting \$323,443 in assets and \$224,491 in accumulated depreciation.
- The errors for “Equipment-Internal Services-Other Services” were due to DAS incorrectly switching the beginning balance for capital assets and accumulated depreciation for a difference of \$132,485. Additionally, DAS reported accumulated depreciation of \$22,957 as a capital asset addition instead of an addition to accumulated depreciation.
- The errors for “Equipment-Correctional Services” were due to \$38,380 that was included as an addition when it should have been a beginning balance adjustment.
- The errors for “Infrastructure” were due to the following: 1) one asset, costing \$1,725,469, that was incorrectly included as a building but should have been infrastructure; 2) two assets, totaling \$1,960,024, that were incorrectly shown as equipment but should have been shown as infrastructure; 3) one asset, valued at \$1,836,223, that was not included on any schedule but should have been included in infrastructure; and 4) beginning balance adjustments that were overstated for the Nebraska

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Department of Transportation, totaling \$2,489,211. There was also a \$95,476 error in accumulated depreciation beginning fund balance.

Other issues were noted during testing of capital assets, as follows:

- In the footnotes, DAS misstated State construction commitments by \$5,321,904 and Federal construction commitments by \$375,316.
- Accumulated depreciation for Enterprise funds was not updated from fiscal year 2020, and fixed asset deletions were incorrectly added due to a formula error, causing the ending balance to be overstated by \$4,298.
- The capital asset footnote amounts were incorrect and initially could not be traced to supporting documentation, requiring two revisions.
- Two of the four journal entries prepared by DAS to record government-wide capital asset activity were incorrect and required revisions. DAS did not record those expenditures, totaling \$8,433,789, by the correct functions.
- DAS did not have a capitalization policy for improvements to land. A similar finding was reported in the previous two audits. In order for agencies to record improvements properly, a statewide policy is necessary for uniformity of financial reporting.
- A geothermal well field project was recorded as operating expenses during its construction and not included on DAS's CIP worksheet. The total project cost was \$672,871 and was not capitalized by DAS until after the APA inquired about it.

Good internal controls and sound accounting practice require procedures to ensure that capital asset activity is recorded accurately and supported by adequate documentation.

Without such procedures, there is an increased risk for the continued occurrence of the same type of material misstatements that have been identified during the past seven audits.

We recommend DAS implement procedures to resolve this repeated audit finding by ensuring for itself that capital asset activity is accurate and complete, not relying on the APA's examination to identify and correct errors.

DAS Response: State Accounting reduced the dollar amount of reported errors by 26% over the prior year. The preponderance of the issue, in terms of dollars, relates to retainage and is being addressed with State agencies. State Accounting continues to educate agencies on the importance of recording CIP correctly and capitalizing assets when they are substantially completed. Additional supporting documentation will be requested with agency accrual responses for additional evaluation of capital assets that will lead to improved accuracy of reported amounts.

Finding 2021-005

NOMI Contract Matters

On April 21, 2020, the State of Nebraska contracted with Nomi Health (Nomi) to provide a statewide web platform to assist with COVID-19 test scheduling and test kits. Because Nebraska was in a state of emergency at the time, competitive bidding for the contract was not required. Nevertheless, we noted the following issues with both the deliverables and the consistency of documentation associated with the contract.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- The contract with Nomi stated that 1,200,000 test kits were to be received; however, based on available documentation, there was support for the receipt of only 803,240 test kits. DAS did provide a list showing that a total of 1,230,000 test kits were received; however, this listing was not able to be traced to supporting documentation, such as packing slips or inbound receipts. This lack of documentation leads us to question the receipt of 396,760 test kits. The State paid between \$25 and \$32.50 per test kit, meaning that questioned costs range from \$9,919,000 to \$12,894,700. Additionally, we were unable to verify that all tests were received by the required dates outlined in the contract.
- A second amendment to the contract, dated October 15, 2020, required the State to pay Nomi for “services its asked to provide associated with the collection sites.” Those payments, totaling \$2,921,671, were largely retroactive, however, being for services that had been performed already from April 2020 to October 2020.
- Furthermore, the second amendment did not contain clear language to support that the amounts the State was going to pay Nomi would include additional management and service fees. Regardless, those unspecified charges appeared on every direct invoice received by the State during the five months tested. Consequently, during that five-month period, the State paid Nomi \$3,489,063 in direct costs and an additional \$548,231 for management and service fees.

Agreements by the State or local governments to make retroactive payments are often problematic, if for no other reason than they risk running afoul of Article III, § 19, of the Nebraska Constitution. That constitutional provision prohibits such public entities from making extra payments for past services, as follows:

The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.

According to the Nebraska Supreme Court, a payment violates Article III, § 19, “whenever there is no legal obligation to pay such compensation.” *Myers v. Nebraska Equal Opportunity Com'n*, 255 Neb. 156, 163, 582 N.W.2d 362, 367 (1998) (quoting *Matter of Mullane v. McKenzie*, 269 N.Y. 369, 377, 199 N.E. 624, 627 (1936)).

The Attorney General has shed additional light on the prohibition in Article III, § 19, as follows:

As we stated in Op. Att’y Gen. No. 94064 (August 22, 1994), the purpose of state constitutional provisions such as Art. III, § 19 which prohibit extra compensation to public employees after services are rendered is to prevent payments in the nature of gratuities for past services.

Att’y Gen. No. 95063 (Aug. 9, 1995). In determining whether a violation of Article III, § 19, has occurred, the Court has emphasized the importance of timing in the decision to pay the compensation at issue:

We have said that when the “services” for which compensation is granted are rendered prior to the date on which the terms of compensation are determined, the “benefits awarded are not compensation but are a gratuity.” See Wilson v. Marsh, 162 Neb. 237, 252, 75 N.W.2d 723, 732 (1956). It follows that when the “services” for which compensation is paid are rendered after the date on which the terms of compensation are established, the benefits awarded are not a gratuity.

City of Omaha v. City of Elkhorn, 276 Neb. 70, 83, 752 N.W.2d 137, 147 (2008). Clearly, after-the-fact agreements to pay for services already provided tend to be constitutionally suspect.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

A good internal control plan and sound business practices require all State contracts, including those entered into during a state of emergency, to be monitored closely to ensure that deliverables are received and agreement provisions are followed. When practicable, such compliance should be supported with the appropriate documentation, including packing slips and inbound receipts, etc. Furthermore, contractual language should be clear and unambiguous, setting out precisely the future services to be performed and the exact amount to be paid for such prospective performance.

Failure to provide for the tracking and documentation of deliverables received pursuant to a contract or to ensure that agreement provisions are stated clearly and unambiguously increases the risk for loss or misuse of funds, as do commitments to make retroactive payments for service already performed.

We recommend DAS establish procedures for ensuring the following: 1) deliverables from contracts are accurately tracked and documented; 2) all contractual provisions are stated clearly and unambiguously; and 3) agreements to pay for services are negotiated and entered into prior to the performance of such services.

DAS Response: The Department of Administrative Services provided the auditor with Nomi Health, Inc. records to support that all test kits required under the contract were shipped. DAS' own records indicate that there was a lack of packing slip documentation maintained during the pandemic, particularly in the early months of June, July, and August 2020, however, such test kits were received. Records of the Department of Health and Human Services (DHHS) show that tests were administered at TestNebraska sites in these months.

According to DHHS electronic lab records, a minimum of 789,400 tests were performed. A count of warehouse inventory accounts for an additional 206,500 test kits, providing support for receipt of at least 995,900 test kits. Nomi Health, Inc. provided documentation supporting over 1.2 million test kits, and the contract was fulfilled.

DAS Standard operating procedure requires accurate tracking of received goods. DAS communicated documentation procedures and expectations to the teams receiving the test kits, which included direction to fill out a form, which resolved the documentation issue, detailing receiving information for such orders. DAS will ensure that such performance issue will not occur again in the next pandemic.

Although best practice is to reduce agreements into a writing, there was no violation of the Nebraska Constitution, specifically Article III, § 19. It is well established in law that a writing is not always necessary to legally obligate a party's performance:

A binding mutual understanding or meeting of the minds sufficient to establish a contract requires no precise formality or express utterance from the parties about the details of the proposed agreement; it may be implied from the parties' conduct and the surrounding circumstances. Linscott v. Shasteen, 288 Neb. 276, 847 N.W.2d 283 (2014).

The conduct and surrounding circumstances between April and October 2020, illustrate that the services outlined in Amendment Two (temporary structures, medical professional labor, call center services, security officer personnel, biohazard material removal, and portable bathrooms) were actually provided by the contractor to the State despite not being required by the original contract, which only required the provision of test kits, lab equipment, and technology associated with testing. When the State accepted and utilized these essential services in responding to the pandemic, the State became legally responsible to compensate the contractor for such costs, whether pursuant to an oral contract, implied contract, or quasi-contract. It does not stand to reason that DAS was not already legally obligated to pay the contractor prior to Amendment Two or that DAS paid the contractor extra compensation for services already received in contravention of the Nebraska constitution when the original contract did not require the services that were actually received by the State.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DAS agrees that it is a best practice that the agreement of the parties should be reduced to writing to avoid misunderstandings between the parties. Fortunately, in this particular case, there were no misunderstandings or disagreements between the parties, including over the language that the APA identifies as ambiguous. A court would not engage in an ambiguity analysis unless there was such a misunderstanding or disagreement. DAS has procedures in place to ensure that deliverables are accurately tracked and documented, contracts are stated clearly, and agreements are put into writing before payment becomes due. In this circumstance, there were gaps in performance in following these procedures under the stress of a global emergency. DAS will strive to ensure that such gaps do not occur.

Finding 2021-006

Lack of Financial Statement Reconciliation

Similar to previous years, DAS failed to reconcile the Schedule of Expenditures of Federal Awards (SEFA) to the financial statements. Expenditures of \$4.8 billion were recorded to the Federal fund in the financial statements for the fiscal year ended June 30, 2021, and SEFA expenditures for the fiscal year were \$5.9 billion. There are reasons for the differences; however, it is important to reconcile the financial statements to the SEFA to ensure that both are materially accurate. The Summary Schedule of Prior Audit Findings lists the status as complete.

Title 2 CFR § 200.511(a) (January 1, 2021) 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.”

Good internal controls require procedures for reconciling the SEFA to the financial statements to ensure that the SEFA and financial statements are complete and accurate.

Without such procedures, there is an increased risk of the SEFA or the financial statements being inaccurate and those inaccuracies going undetected.

A similar finding was noted in the previous two audits.

We continue to recommend DAS implement procedures for reconciling
the SEFA to the financial statements.

DAS Response: The financial statements and SEFA are both generated from the State’s accounting system (E1). The expected differences noted by the APA are reconciling items due to the different basis of accounting. The financial statements are on an accrual basis and the SEFA is on a cash basis. DAS performed a reconciliation for the previous year’s reports and noted no issues with the financial statements. This year’s reconciliation was performed by the APA and no additional issues or adjustments were necessary for the financial statements as they materially agreed to the SEFA.

Finding 2021-007

E1 Special Handle a Voucher

The Special Handle a Voucher Function (Function) in EnterpriseOne (E1), the State’s accounting system, allows users to change the payee of a payment voucher without going through a review by a second individual. The Function is used by the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- The Department to provide support to agencies, so payments can continue in a timely manner if the agency lacks adequate personnel to process a transaction.
- The Department to process replacement warrants.
- State agencies to correct vouchers without having to void and recreate another voucher.

We noted several issues with the Function in E1, including the following:

- Access to the Function is not restricted to only high-level users. Access was available, instead, to users who had access to Accounts Payable (AP) roles 20, 21, 30, 40, 41, 50, and 51. Essentially, anyone who had access to AP in E1, with the exception of inquiry-only access, was able to use the Function. Due to the type of activity that can be performed with this access, we believe access should be restricted to only a limited number of high-level users. Our review noted that 835 users had access to the Function as of April 21, 2021.
- Users with the ability to add vendors and change vendor information in E1 also had access to the Function. The Address Book (AB) 50 role allowed users to add vendors and make changes to vendor information. All nine users with AB 50 access also had access to the Function, creating an environment in which a user could set up fictitious vendors in the system or improperly change vendor information and then change payee information on vouchers to direct payment to the fictitious/modified vendor.

The Department stated that it uses the payee control-approval process in E1, a required step in payment processing, to review and approve vendor changes made through the Function; however, we noted the following issues related to the payee control-approval process:

- All nine users with access to the payee control-approval process also had access to the Function. Thus, these users could change a payee on a voucher and then approve it, without involvement of a second person, resulting in a lack of segregation of duties.
- Two users with access to the payee control-approval process also had access to the Function and could add vendors or change vendor information in E1.

Nebraska Information Technology Commission (NITC) Standards and Guidelines, Information Security Policy 8- 303 (July 2017), "Identification and authorization," states, in relevant part, the following:

(4) To reduce the risk of accidental or deliberate system misuse, separation of duties must be implemented where practical. Whenever separation of duties is impractical, other compensatory controls such as monitoring of activities, increased auditing and management supervision must be implemented. At a minimum, the audit of security must remain independent and segregated from the security function.

Additionally, good internal control requires procedures to ensure an adequate segregation of duties, so no one individual is able to perpetrate and/or to conceal errors, irregularities, or fraud.

Without such procedures, there is an increased risk for errors or fraud to occur and remain undetected.

A similar finding has been noted since the fiscal year 2015 ACFR audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

We recommend the Department implement procedures to ensure an adequate segregation of duties. Such procedures include: 1) restricting Function access to only certain high-level users; 2) removing access to the Function for users with the ability to add vendors and make changes to vendor information in E1; 3) maintaining documentation to support review/approval of vendor changes through the payee control approval process; and 4) preventing users with access to the payee control approval process from accessing the Function and/or adding/changing vendor information in E1.

Department Response: Use of this process is granted to a large user base to more efficiently correct voucher issues. If the vendor/payee is changed on a voucher, a system forced process requires a DAS teammate to complete a review, and documentation from the agency is retained. This control reduces the risk for the occurrence of errors or fraud to an acceptable level. As noted in the finding, only two users had access to the payee control-approval process, Special Handle a Voucher, and vendor address book records. These users have management responsibilities over accounts payable and address book teams.

Finding 2021-008

EnterpriseOne Timesheets

Twenty State agencies utilized E1 to record their employees' work time entry and leave reporting. For these agencies, we noted the following:

- Overtime-exempt employees were not required to maintain a timesheet or other form of documentation to show that at least 40 hours were worked each week. Exempt employees were required to record only leave used in the system.
- E1 timesheets were maintained only for the current pay period for 18 State agencies that used the time entry function in E1.
- Supervisors and human resource staff within the State agencies were able to change the employees' submitted timesheets without the employees' knowledge or documentation of the changes made.
- E1 did not accurately track who approved timesheets in the system. Each employee was assigned a supervisor in his or her master file in the system. For State agencies that utilized timesheet entry in E1, the supervisor assigned to an employee approved the timesheet. However, supervisors were allowed to set up delegates in the system to approve timesheets in the supervisor's absence. The system did not record who actually approved the timesheet; if a delegate approved an employee timesheet, 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 E1. When a supervisor terminated, there was no record of the delegates in the system. Supervisors were also able to delete delegates without any record of the assignment.
- Employees were able to record their time worked to other agency funding sources. When completing a timesheet, the employee had a field available to him or her to record time to any State agency. The coding was not restricted to only the employing agency.

Neb. Rev. Stat. § 84-1001(1) (Reissue 2014) states the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur.

Sound business practices, as well as a good internal control plan, require hours actually worked by State employees to be adequately documented and such documentation to be kept on file to provide evidence of compliance with § 84-1001(1). Furthermore, a good internal control plan requires employers of employees who accrue vacation and sick leave to maintain adequate support that employees actually earned the amounts recorded in their leave records.

Section 124-86, Payroll – Agency Records, of Nebraska Records Retention and Disposition Schedule 124, General Records (February 2020), as issued by the Nebraska State Records Administrator, requires any “supporting records received or generated by an agency used to review, correct or adjust and certify agency payroll records” to be retained for five years. Per that same section, the supporting records may include timesheets and reports.

Good internal control requires procedures to ensure that the approval of timesheets is documented for subsequent review, and business units are restricted to an employee’s agency.

Without such procedures, there is an increased risk for fraudulent or inaccurate payment of regular hours worked or accumulation of leave. Additionally, failure to retain important payroll documentation risks noncompliance with Nebraska Records Retention and Disposition Schedule 124. When business units are 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 finding has been noted since the fiscal year 2013 ACFR audit.

We recommend the Department establish a policy requiring State agencies to maintain adequate supporting documentation of time worked for all employees, such as timesheets or certifications, in compliance with Nebraska Records Retention and Disposition Schedule 124. Furthermore, we recommend the Department make the necessary changes to E1, or save supporting documentation to a data warehouse, to allow for the retention of timesheets, documentation of approvals, and changes to timesheets to ensure compliance with Nebraska Records Retention and Disposition Schedule 124. Lastly, we recommend the Department restrict business units to an employee’s agency.

Department Response: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.

Finding 2021-009

Changes to Vendor and Banking Information

During our review of the process to change vendor and banking information in E1, we noted a lack of controls to ensure that additions and/or changes to vendor addresses and banking information were proper and accurate. To change vendor addresses and banking information in the system, an authorized agent at the agency level submits a W-9/ACH form to the Department. This submission can be made by a single person at the agency. There is no required secondary approval of changes at the agency level to ensure additions and changes are proper.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

In addition, we noted that the Department did not perform any other procedures to identify potential fraudulent bank accounts in the system. A review could include querying for duplicate bank accounts or addresses existing for both a vendor and employee of the State.

A good internal control plan requires procedures to ensure that critical vendor and banking information within E1 is proper, and changes to that information are verified as accurate.

Without such procedures, there is an increased risk of loss, misuse, or theft of State funds due to fraudulent activity within E1.

A similar finding has been noted since the fiscal year 2015 ACFR audit.

We recommend the Department establish procedures to ensure vendor addresses and banking information in E1 are appropriate and accurate. These procedures should require a secondary approval of all vendor and banking information at the agency level when modifying W-9/ACH forms, ensuring that at least two knowledgeable individuals are involved in the changes. We also recommend the Department establish procedures, such as a periodic review for duplicate bank accounts and vendor addresses, to identify potential fraudulent bank accounts in the system.

Department Response: As a mitigating control that DAS already has in place, changes to a vendor/payee require prior banking information be provided for verification. DAS has prioritized the research of a vendor portal solution that can security facilitate vender self-service maintenance.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF CORRECTIONAL SERVICES

Finding 2021-010

Accounting Errors

The Department of Administrative Services, State Accounting Division (State Accounting), prepares the State of Nebraska Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report payable and receivable amounts and other financial information not contained within the State's accounting system at the end of the fiscal year.

During testing of information prepared by the Department, we noted the following issues:

- The Department paid \$4,561,759 for construction projects performed during fiscal year 2021; however, the Department did not properly accrue the expenditures for these projects paid in July 2021 as a payable at fiscal year-end.
- The Department did not report its construction commitments for two major construction projects properly to DAS for inclusion in the Capital Assets footnote. The Department overstated the amount by \$3,144,327.
- The Department also recorded \$1,107,134 as current year expenditures; however, the expenses related to fiscal year 2020 COVID-19 materials and medical staffing services. The Department should have reported these as prior year expenditures.
- Lastly, the Department did not record construction-in-progress expenditures correctly in the State's accounting system; instead, the Department recorded the \$6,041,139 of costs as operating expenditures. Construction-in-progress was reported properly to State Accounting on the accrual response form for the financial statements.

A good internal control plan requires agencies to have procedures for the reporting of accurate and complete information, ensuring expenditures are recorded in the proper fiscal year, and accounting for project expenditures appropriately as a capital asset cost when required.

Without adequate procedures for the proper reporting of financial information, there is an increased risk of material misstatements occurring and remaining undetected.

We recommend the Department implement procedures to ensure expenditures are recorded to the proper account code and in the proper fiscal year.

Department Response: NDCS Accounting team members reviewed the issue involving construction related expenditures and covid expenses and agree that the transactions should have been recorded as identified by the Auditors.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2021-011

Multiple Adjustments to Accruals

The Nebraska Department of Administrative Services (DAS), State Accounting Division (State Accounting), prepares the State of Nebraska’s Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report accurate amounts for financial reporting, including various accounts receivable and payable balances. Of 15 accruals tested, 13 had errors that required adjustments or were not supported with adequate documentation and we noted a separate payment that should have been accrued.

In its response to the Summary Schedule of Prior Audit Findings, the Department stated that its corrective action plan was complete with regards to errors in accrual information. Throughout testing, we noted several items that were not reported accurately to State Accounting, causing incorrect journal entries, which required adjustments to be proposed by the Auditor of Public Accounts (APA) to ensure that financial reporting was accurate. The accruals were not accurate and were not prepared in accordance with governmental accounting standards. Additionally, there was not an adequate secondary review to ensure that the accruals were proper prior to being submitted to State Accounting. Due to the implementation of limited or no corrective actions, similar issues have been reported since the 2003 audit, over 18 years.

The errors, totaling \$38,340,557, are detailed below:

Description	Misstatement Amount	Reason
Disproportionate Share Hospital (DSH) Program Payable	\$ 9,090,662	The DSH program contractor’s new contract was not signed until October 2021, which caused payments in the program to lag, but the untimely payments were not considered in the Department’s calculation of the payable, causing the understatement of \$9 million. The APA proposed an adjustment, which State Accounting made.
Intergovernmental Payable	\$ 8,030,411	The Department reported the incorrect amount on its accrual response form, which caused the payable to be understated. The support tested by the APA reflected the proper amount. The APA proposed an adjustment, which State Accounting made.
State Rx Benefit Payable	\$ 5,027,854	The Department did not report a payable for June’s prescription billing paid in August 2021. The APA proposed an adjustment, which State Accounting made.
Supplemental Nutrition Assistance Program (SNAP) Inventory	\$ 3,971,743	The SNAP accrual was overstated, as the calculation used accrual amounts instead of months paid during the fiscal year, per Government Accounting Standards Board Statement No. 24. The APA proposed an adjustment, which State Accounting made.
COVID-19 Epidemiology & Laboratory Capacity for Infectious Disease Payable	\$ 3,100,000	The Department did not report a payable to State Accounting for a payment made to Nomi Health for services during fiscal year 2021 but paid in August 2021. The APA proposed an adjustment, which State Accounting made.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Description	Misstatement Amount	Reason
Medicaid Short-Term & State Children's Health Insurance Program (SCHIP) Payables	\$ 3,082,601	The Department used the incorrect Federal Medicaid Assistance Percentage (FMAP) when calculating the short-term Medicaid payable and the SCHIP payable, causing the short-term Medicaid Federal payable to be understated and the State payable to be overstated by \$2,994,644. The APA proposed an adjustment, which State Accounting made. For SCHIP, the Federal payable was understated, and the State payable was overstated, by \$87,957.
Patient & County Billings Receivable	\$ 2,970,498	The Department overstated the receivable, mainly due to incorrect and unsupported allowances for doubtful accounts and various errors in the calculation. Additionally, we tested 25 client balances and determined 23 had a balance due that was not proper. For 9 of the 10 balances that could be collected, the Department was not actively performing collection procedures. The APA proposed an adjustment, which State Accounting made.
School Administration Medicaid Payable	\$ 1,703,218	The Department overstated the payable due to a calculation error. Additionally, the three percent kept by the State for administration costs was not reduced from the payable calculation. The APA proposed an adjustment, which State Accounting made.
State Ward Education Payable	\$ 670,236	The Department did not have adequate support for the calculation of the payable. During testing, we noted that a payment for \$670,236 was made in fiscal year 2022 for fiscal year 2021 services. The Department's calculation did not specifically include this payment and, based on a lack of adequate support for how the payable was calculated, it is unknown if the calculation would have properly accrued the payment.
State Funded Vaccine Inventory	\$ 327,519	The Department incorrectly reported \$193,095 for the State-funded vaccine as a prepaid expense; however, this was actually the amount used during the year. The \$193,095 should have instead been recorded during the previous audit but was not. Due to the error, the current year's balance should have been \$520,614, for an understatement of \$327,519.
Nebraska Families Online Client User System (NFOCUS) Receivable	\$ 197,766	The NFOCUS receivable was understated due to amounts in the calculation not being correctly updated by the Department or not agreeing to the Department's supporting documentation. Additionally, the allowance for doubtful accounts was overstated by \$93,761.
Indirect Medical Education/Direct Medical Education Long-term Payable	\$ 77,025	The Department used the wrong FMAP rate, which caused the Federal payable to be overstated and the State payable to be understated by \$77,025
NFOCUS Payable	\$ 45,861	The Department used a query to calculate the payable that included duplicate amounts in three different programs, causing the payable to be overstated.
Program Integrity Receivable	\$ 20,598	Due to several calculation errors, the Department overstated the receivable by the \$20,598 and understated its allowance for doubtful accounts by \$25,374. During testing of case balances, we noted that one balance was understated due to an inaccurate receipt recorded, and three balances, totaling \$1,931,860, had no recent collection efforts performed.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Description	Misstatement Amount	Reason
Immunizations Inventory	\$ 20,000	The Department reported \$1,326,932 for immunizations inventory, but its system showed \$1,346,932, causing an understatement of \$20,000.
Medicaid Drug Rebate (MDR) Receivable	\$ 4,565	The MDR accounts receivable calculation had several formula errors that caused the receivable to be overstated by \$4,565. Additionally, the allowance for doubtful accounts was understated by \$559,702.
Total Misstatement	\$ 38,340,557	

Furthermore, during testing, we noted the following issues:

- The Department did not report an allowance for doubtful accounts for the Third-Party Liability receivable. Using a similar calculation as the previous audit, the APA calculated an allowance of \$5,802,105. The Department agreed that an allowance should have been reported but was unable to calculate a reasonable amount. The Department no longer agreed with the previous method to calculate the allowance but provided no alternate calculations. Therefore, State Accounting reported no allowance for the audit.
- During testing of the NFOCUS receivable, we noted that the Department did not require a secondary review of changes made in the system to ensure the changes made to account statuses were reasonable and proper. For instance, a clerk could suspend an account for various reasons, such as an appeal, bankruptcy, death, etc., but there was no review to ensure that the suspended status was proper and necessary based on supporting documentation. An inaccurate suspension could lead to balances due not being recovered.
- The Department did not report its construction commitments properly to State Accounting for inclusion in the Capital Assets footnote. The Department overstated the amount by \$35,619,441. Furthermore, the remaining construction commitment amount was not split according to future payments at 90% Federal and 10% State. Instead, the Department reported the split as 50/50.
- The Department did not report its grants and contracts contingency amount to State Accounting properly for inclusion in the Contingencies and Commitments footnote. The Department understated the amount by \$1,810,603.

Title 2 CFR § 200.511(a) (January 1, 2021) 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.”

A good internal control plan requires agencies to have procedures for the reporting of accurate and complete financial information to State Accounting. Good internal controls also require policies and procedures to ensure secondary reviews are performed for account changes and outstanding balances are followed up on.

Without such procedures, there is a greater risk that material misstatements may occur and remain undetected.

We recommend the Department train staff and implement procedures for properly calculating and reporting accruals for the ACFR, including fixing repeated errors. Furthermore, we recommend the Department implement procedures for a secondary review of all accruals by a knowledgeable individual prior to submission to State Accounting and for proper follow up of outstanding balances.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Department Response: DHHS Financial Services will continue to develop, assess, and improve upon internal procedures. Financial Services staff will continue to collect and review the accrued items. In addition, DHHS Financial Services will meet with staff responsible for the items noted in errors. This meeting will outline and review the internal reporting process, documentation expectations, review of the audit findings and deadlines. DHHS will be meeting with DAS staff to work through any necessary corrections for the next fiscal year.

Finding 2021-012

Erroneous Financial Transactions

During testing of transactions that the Department entered in the State's accounting system, EnterpriseOne, we noted the following issues:

- There were \$10,682,434 of payments processed in CONNECT (Coordination Options in Nebraska Network Through Effective Communication and Technology) for various programs, which then interfaced with EnterpriseOne, without documentation of a second individual involved in the payment process.
- The Department paid Deloitte Consulting LLP \$13,031,583 for software system expenses related to a data management and analytics project during the fiscal year ended June 30, 2021. Of these expenses, \$10,501,969 were considered additions for Construction in Progress (CIP); however, the Department recorded these CIP costs to an operating account instead of the account code that is required by the State accounting manual for this type of project.
- The Department deposited various monies received into the Medicaid Holding Fund for several programs, including Medicaid Drug Rebate, Third-Party Liability, Program Integrity, and Estate Recovery. When received, monies are recorded to a liability account that is presented as deposits on the financial statements. These balances are held in this fund only until they are researched by staff and moved to the appropriate funding source; therefore, the balance should have been recorded as due to other funds, such as the General fund or Federal fund associated with the respective program. The Department did not research the monies held in the fund in a timely manner, leaving a balance of \$8,090,720 at June 30, 2021. The APA proposed, and State Accounting posted, an adjustment to correct the error.
- A fiscal year 2021 grant payment made in September 2021 to Alegent Creighton Health for \$6,490,800 was not properly recorded as a fiscal year 2021 obligation in EnterpriseOne. The APA proposed, and State Accounting posted, an adjustment to correct the error.
- A payment was made in July 2021 to Nebraska Children and Families Foundation, of which \$4,609,233 was for a fiscal year 2021 obligation; however, the payment was not properly recorded as a fiscal year 2021 obligation in EnterpriseOne. The APA proposed, and State Accounting posted, an adjustment to correct the error.
- The Department contracted with ScriptGuideRX to manage the pharmacy benefits program and make payments to pharmacies for the prescriptions, then bill the Department for reimbursement of the prescriptions. These payments, totaling \$1,435,845, were incorrectly coded by the Department as "Subrecipient Payments" instead of "Assistance to/for Individuals."
- The Department is coding six percent of Supplemental Medicaid Drug Rebates (MDR) to the Children's Health Insurance Program (CHIP) but does not have support for where this percentage amount comes from or why it is used. During the fiscal year ended June 30, 2021, the Department received \$8,132,270 for supplemental MDR, of which \$501,339 was coded to CHIP.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Nebraska State Accounting Manual, AM-005, General Policies, Section 28 (“Capital Outlay”) (3/2020), provides the following for “Computer Software Capitalization”:

Computer software that is internally developed, or commercially available software that is modified using more than minimal incremental effort before being put into operation, shall be capitalized as a separate asset if the cost is \$100,000 or more and has a life greater than one year.

Good internal controls require procedures to ensure transactions are recorded accurately in the accounting system, there is adequate review and approval for processing transactions, and documentation is on file to support the transactions.

Without such procedures, there is an increased risk that the financial statements will be materially misstated.

We recommend the Department implement procedures to ensure accounting entries are timely, adequately supported, reviewed, and recorded accurately, including prior period transactions, so proper identification and adjustments can be made for the ACFR.

Department Response: DHHS has utilized the DAS State accounting manual and internal control guidance. However, during 2022, DHHS will be creating a department-wide internal control policy, specific to our agency. This policy will address the issues in this finding and contribute toward future finding prevention.

Finding 2021-013

Lack of Adequate Subrecipient Monitoring

The Department administers various programs, paid with Federal and/or State funds, which involves granting subawards to other entities to carry out the activities of the program. During our testing of reimbursements made to subrecipients, we noted that the Department lacked adequate procedures to ensure the expenses being reimbursed were reasonable and proper. The following issues were noted:

Provider	Total Payments Tested	Unsupported Amount	Services	Issues
Nebraska Children and Families Foundation	\$ 828,788	\$ 828,788	Foster Care	The Department did not perform any monitoring for the fiscal year ended June 30, 2021. Although there was some documentation for two payments, totaling \$8,575, it was not adequate to support the expenses.
Disability Rights Nebraska	\$ 484,750	\$ 114,712	Developmental Disabilities	The Department did not obtain adequate documentation to support that personnel costs were for actual time spent on the subaward.
Right Turn	\$ 84,259	\$ 59,609	Post Adoption and Guardianship	The Department did not obtain adequate documentation for personnel costs and operating expenses.
Child Advocacy Center	\$ 42,429	\$ 30,006	Child Advocacy	The Department did not obtain adequate documentation to support that personnel costs charged were for actual time spent on the subaward or documentation to support how the amounts were allocated between funding sources.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Provider	Total Payments Tested	Unsupported Amount	Services	Issues
Bright Horizons	\$ 11,013	\$ 6,450	Domestic Abuse Services	The Department did not obtain adequate documentation for personnel and fringe benefit expenses paid from State funds and did not review any portion of the expenses paid from Federal funds.
Totals	\$ 1,451,239	\$ 1,039,565		

We also tested one payment to Region III Behavioral Health Services. The Department performed monitoring of Region III; however, the Department did not obtain documentation that it had reviewed the time study that the allocation of personnel costs was based on or had compared it to personnel costs charged.

Title 45 CFR § 75.352(d) (October 1, 2020) requires pass-through entities 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[.]”

Title 45 CFR § 75.403 (October 1, 2020) requires costs charged to Federal programs to be reasonable, necessary, and adequately documented.

According to the agreement between the Department and providers, “All requests for payments submitted by Contractor, whether for reimbursement or otherwise, shall contain sufficient detail to support payment.” The agreement states also, “Contractor must be able to provide source documentation or other verification of all claimed costs, either provided with its request for payment, or available to DHHS.”

A similar finding was noted during the previous audit.

A good internal control plan requires procedures to ensure adequate supporting documentation is reviewed for all expenses paid, and contracts and subawards are monitored adequately.

Without such procedures, there is an increased risk for unallowable costs and misuse of funds.

We recommend the Department improve procedures for monitoring subrecipients. Such monitoring should ensure monthly reports are accurate and agree to support, and expenditures are in accordance with State and Federal requirements.

Department Response: For most of these issues, the Department’s responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year. The Department believes these costs to be allowable. The reviews either have been or are in the process of being completed now.

Finding 2021-014

Overpayment Mailbox

On November 30, 2011, the Department set up the Overpayment Mailbox for eligibility overpayments. Previously, Social Service Workers (SSWs) would set up overpayments and underpayments in NFOCUS as they discovered them. Eligibility overpayments were referred via email to the Mailbox to be worked by an Overpayment (OP) Unit team. In April 2017, the Department converted the Mailbox to a database with an online submission form. Referrals from the Mailbox were transitioned to the new database.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Date of Discovery

Prior to September 2014, the Department defined the “date of discovery,” as the date a potential overpayment was initially discovered.

However, beginning September 2014, the Department redefined the “date of discovery,” and the NAC was revised to state “*Date of Discovery: The date the Department confirms an overpayment occurred.*” With this definition, a referral could sit in the database for years, unworked, and not be considered overdue.

This was a finding noted in the previous six audits.

In fiscal year 2021, the Department defined “date of discovery” in its Supplemental Nutrition Assistance Program (SNAP) claims’ plan as follows:

The Date of Discovery is defined as the date when a potential overpayment is initially identified and submitted for review. All overpayments are investigated to determine if an Accounts Receivable (A/R) should be established.

However, the NAC, last updated on July 4, 2020, still had the “date of discovery” defined as “the date the Department confirms the payment occurred,” which does not agree with the SNAP claims’ plan.

Beyond Timeframe

The policy for SNAP, which the Department follows for other programs as well, updated on July 4, 2020, redefined the timeframe for when a claim could be established.

Per 475 NAC 4-007.01(B):

An overpayment will be established against any household that received an overpayment due to an Administrative Error within the last 12 months before the month of discovery. Action may be taken on an overpayment for which more than 12 months have elapsed; however, action cannot be taken on overpayments for which more than six years have elapsed between the month an overpayment occurred and the month the overpayment was discovered.

(Emphasis added.) Per 475 NAC 4-007.01(C):

An overpayment will be established against any household that received an overpayment due to an Inadvertent Household Error within the last 12 months before the month of discovery. Action may be taken on an overpayment for which more than 12 months have elapsed; however, action cannot be taken on overpayments for which more than six years have elapsed between the month an overpayment occurred and the month the overpayment was discovered.

However, the NAC does not coincide with Federal regulations for administrative errors or inadvertent household errors. Federal regulations state that the Department “must” go back at least 12 months; whereas the NAC states overpayments are established within 12 months and “may” be established from 12 months to six years back.

Per 7 CFR § 273.18(c)(1)(i), a State agency “must calculate a claim back to at least twelve months prior” to when the agency “become aware of the overpayment.” (Emphasis added.) That same regulation prohibits inclusion of “any amounts that occurred more than six years before” the agency “became aware of the overpayment.”

We reviewed the Department’s database and, as of June 30, 2021, there were 1,353 cases labeled “beyond timeframe,” of which 1,292 were dated prior to fiscal year 2021 and were not being reviewed. These cases are broken down by program as follows:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- 252 Aid to the Aged, Blind, or Disabled
- 4 Aid to Dependent Children
- 1 Childcare
- 48 Low-Income Home Energy Assistance Program
- 987 Supplemental Nutrition Assistance Program

We also performed testing of 25 overpayment receivables and noted the following issues:

- One receivable for \$61,657 was not established in a timely manner according to Federal regulations.
- Two receivables, for \$14,115 and \$14,959, did not have documentation that demand notices had been sent.
- Two receivables, for \$61,657 and \$42,840, were not being actively collected on by the Department.

Title 7 CFR § 273.18(d)(1) requires a State agency to “establish a claim before the last day of the quarter following the quarter in which the overpayment or trafficking incident was discovered[.]”

Per 469 NAC 3-007.03B2:

The worker must first send a demand letter, giving the client the choice of reimbursing all or part of the overpayment or having future assistance reduced.

Per DHHS Collection Policy signed April 12, 2017:

DHHS shall send an initial letter to the Debtor requesting payment and advising Debtor that, if payment is not received within 30 days, action may be taken to enforce payment on the debt. If no response is received within 30 days of the initial letter, DHHS will send a second letter, requesting payment. The letter will contain an appropriate advisement regarding further action that may be taken.

Good internal controls require procedures to ensure that policies agree with Federal regulations, overpayments are established timely, and collection policies are followed.

Without such procedures, timeframes set by Federal regulations may not be met. Additionally, overpayments that are not worked timely have a lesser chance of collection, whereas overpayments not worked at all will have no chance of collection.

A similar finding was noted during the previous five audits.

We recommend the Department work to resolve this repeat finding by implementing procedures for, as well as devoting adequate resources to, investigating, establishing, and pursuing NFOCUS receivables, as well as reducing the number of overpayments. Additionally, we recommend the Department ensure policies agree to Federal regulations.

Department Response: The department implemented standard operating procedures for the pursuit of overpayments in 2017. The department has processed all overpayments received since October 1, 2016, timely. Referrals that are submitted to the database are addressed timely and never allowed to sit in the database for years, unworked, and not be considered overdue.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Effective October 1, 2020, Nebraska has updated the definition of date of discovery as the date when a potential overpayment is initially identified and submitted for review. This change has been completed in the State Plan, and the Nebraska Administrative Code (NAC) is in the process of being updated.

The beyond timeframe NAC reference is not worded exactly as the CFR, but the state is applying the policy in the same way. The state will establish overpayments within the last 12 months. Client caused errors may be processed for up to 6 years prior but the farthest we go back for agency caused errors is 12 months.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF LABOR

Finding 2021-015

Accounting Issues

The Department lacked procedures for ensuring that the Unemployment Insurance (UI) Proprietary Fund financial statements were presented accurately for the Annual Comprehensive Financial Report (ACFR). The UI funds were maintained outside of the State Treasurer in separate bank accounts. Journal entries were prepared to record the activity from the Department’s separate tax system (TMS) and benefit system (GUS) to the State’s accounting system, EnterpriseOne. The Department of Administrative Services (DAS) used EnterpriseOne to generate the financial statements. The financial statements required material adjustments due to incorrect journal entries and a lack of adequate procedures for reconciling TMS and GUS to EnterpriseOne to ensure activity was reflected properly. In addition, the Department did not have adequate procedures to ensure that accounting entries were completed timely. The Department did not complete its posting of entries for the fiscal year ended June 30, 2021, until August 26, 2021.

A similar finding was noted during the previous audit. At that time the Auditor of Public Accounts (APA) recommended the Department work closely with DAS to establish procedures sufficient for calculating and reporting the UI fund for the ACFR. Furthermore, we recommended the Department establish procedures for its staff to review documentation, including the trial balance, and reconcile the separate TMS and GUS systems to the accounting system to identify issues that needed to be rectified. It is apparent from all the adjustments and errors noted that no such procedures were implemented despite the APA’s disclaimer of opinion of the prior financial statements.

The table below summarizes over \$1.67 billion in errors for the fiscal year ended June 30, 2021. The APA proposed adjustments, and DAS posted material adjustments. However, due to the significance of errors identified, the lack of support for balances within EnterpriseOne, and the lack of adequate controls to ensure financial data was accurate and complete, there is a significant risk that additional material errors went undetected, requiring a disclaimer of opinion to be issued by the APA.

	Description	Dollar Error
1	Transfers in and out were overstated due to interfund transfer activity not being eliminated or transfer accounts being used instead of the proper expenditure or revenue accounts. Transfers in totaled \$717 million, and transfers out totaled \$740 million. After analysis, the APA was unable to determine how to reclassify \$2 million of transfers in and \$4.5 million of transfers out, and the Department was unable to assist with additional support. DAS eliminated all transfers in and recorded all but \$3.6 million of transfers out as either interfund activity or payables. There was a lack of support for the payable reclassification.	\$ 1,457,610,362
2	The Department performed a tax write-off in the accounting system that overstated activity in 11 separate accounts. After the APA informed the Department and DAS of the incorrect entry, they worked together to correct the financial statements.	166,028,611
3	Claimants’ first weeks of UI benefits were reimbursed by the Federal government. The Department overdrew Federal funds and, when the monies were returned, revenues were not properly decreased; instead, a transfer out was recorded for \$3.9 million. There was an interfund due to and due from fund that needed to be eliminated for \$931,763 and a doubling of revenues and expenditures for \$931,763. Also, \$13 million was for benefits incurred during fiscal year 2020 and should have been recorded as a beginning balance adjustment instead of current year revenues.	18,952,915
4	The Department received funds for Federal Emergency Relief but recorded the receipt as a transfer in. Because the monies had not been obligated or spent, the balance should have been recorded as a liability to the Federal government.	14,786,798

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Description		Dollar Error
5	The short-time compensation reimbursement from the Federal government was inaccurately recorded to the Federal fund instead of the UI fund, where the benefits were paid. When the monies were received, the Department reduced the UI benefits and recorded an operating expenditure and revenue in the Federal fund, causing the Federal fund to be overstated and the UI fund to be understated by \$4,704,845, respectively. The Department created an entry to correct the error after the APA brought it to the Department's attention.	9,409,690
6	Emergency Unemployment Insurance Stabilization and Access Act (EUISAA) grant revenues, totaling \$4,128,834, were recorded in the UI fund. However, \$704,155 had not been spent as of the fiscal year end and should have been a due to Federal government not a revenue. Furthermore, the revenue should have been recorded in the Federal fund where EUISAA monies were spent, not in the UI fund.	4,128,834
7	Expenditures related to construction in progress were recorded inaccurately as operating expenditures, causing an understatement in capital assets.	3,233,779
8	Retainage due to the contractor working on the Department's building renovation was not recorded as a payable at the fiscal year end.	533,489
9	Cash and revenues were overstated for an erroneous entry made in the accounting system for the UI fund. The bank reconciliation was not performed properly to identify the error.	353,910
10	The Combined Wage Claim (CWC) payable was understated due to unrecorded payables and credits that should have been recorded as receivables, but which the Department recorded as decreases to the payable.	329,135
11	The CWC receivable was understated as noted in #10 above.	267,297
TOTAL		\$ 1,675,634,820

We also noted the following issues during testing:

- The APA questioned whether the calculated benefit overpayment receivable for \$37,293,562, and related allowance for doubtful accounts for \$8,415,119, was accurate based on the outstanding balances per GUS for claims prior to June 30, 2021. The APA requested further documentation to support the amount, but additional information was not provided. Furthermore, the Department did not calculate an overpayment receivable for unrecorded overpayments not yet established in GUS. The Department had not worked all claims that were flagged as potentially fraudulent; therefore, the Department should have calculated an estimate for possible unrecorded receivables. According to the Controller, there was no amount to report.
- The Department provided a tax contribution write-off file for the allowance of the doubtful accounts note disclosure. The Department was unable to confirm whether receivables recorded in EnterpriseOne needed to be adjusted for the allowance. Therefore, it is unknown if receivables were overstated in the financial statements. The file contained \$5.8 million in write-offs and DAS only included \$966,150 in the note disclosure, as interest was not included. It is unknown if interest should have been accounted for.
- During reconciliation procedures it appeared uncollectible fines, penalties, and interest were being recorded against a tax revenue instead of other operating revenues, where the penalty and interest revenues were originally recorded. The activity totaled \$626,813 during the fiscal year. The APA questioned the Department but could not obtain confirmation for the proper accounting of the activity.
- As discussed in #9 above, the bank reconciliation for the benefit's account was not completed accurately. An error occurred in December 2020 and was not identified until September 2021, after the general ledger was closed. The beginning balance in the bank reconciliation was not proper, and after the error for \$353,910 was identified, there was still an unknown variance of \$26,037.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- There were several accounts receivable and accounts payable balances that the Department was unable to support or provide accurate detail to support the balance to determine if adjustments were necessary.
- During the audit, it was brought to our attention that cancelled debit card payments were not recorded as a negative expenditure in EnterpriseOne unless the Department was able to recoup the money. However, the Department indicated it did not recoup the money the majority of the time. The APA asked for the aggregate amount not recorded in EnterpriseOne, but did not receive that support, and it appears the Department was unable to determine the amount not recorded in EnterpriseOne.
- The Department did not have procedures to ensure that \$556,064 of revenue received for the fiscal year ended June 30, 2021, was accurate for the Contractor Registration Fund.

Good internal control and sound business practices require procedures to ensure that accounting transactions are accurate and complete.

Without such procedures, there is an increased risk that material misstatements may occur and remain undetected.

We recommend the Department establish procedures to ensure accounting records are recorded properly in the accounting system, including reconciliation procedures to ensure accounting records reflect accurately the activity and appropriate balances of the separate UI systems (TMS & GUS). Additionally, we recommend the Department implement procedures to ensure accounting entries are completed in a timely manner and revenues are reviewed.

Department Response: The Department recognizes that processes and procedures for accounting transactions have been inconsistent. The Finance team has new leadership as of January 2022, and this team understands the need to develop procedures to ensure accounting records are recorded properly and timely, including reconciliation procedures. Creation and implementation of these procedures is a primary goal for the entire department and will be an ongoing process.

Finding 2021-016

Unemployment Insurance Benefit Payments

The Department paid \$633 million in unemployment insurance (UI) benefits to 96,090 claimants between July 1, 2020, and June 30, 2021.

Our testing included a random sample of 60 payments, totaling \$32,321, and questioned costs for those payments tested were \$17,412. Total benefit payments for the fiscal year ended June 30, 2021, were \$633,184,621. Based on the sample tested, the dollar error rate for the sample was 53.87% (\$17,412/\$32,321), which estimates the potential dollars at risk for fiscal year 2021 to be \$341,096,555. We also questioned costs, totaling \$270,022, for the same individuals on other payments.

In addition to the \$17,412 questioned costs for the 60 random sample payments, we also noted \$1,007,264 of questioned costs during other testing procedures. Similar findings were noted during the previous audit.

The table below summarizes the questioned costs:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

	Questioned Costs		
	FY 2020	FY 2021	FY 2022
Ineligible Payments to Inmates	\$ 34,899	\$ 64,966	\$ -
Benefits Paid to Deceased Claimants	1,034	70,286	-
Improper Unemployment Benefits Paid to State Employees	10,332	87,973	-
Benefits Paid to Claimants Under the Age of Sixteen	-	24,007	-
Random Sample, including:			
-Inadequate Controls			
-Adjudication Issues			
-Weekly Certification Issues			
-Wage Crossmatch Issues			
-Pandemic Unemployment Assistance (PUA) Issues	99,639	187,795	-
Short-Time Compensation (STC) Plan Issues	45,080	66,840	-
Claimants with Excessive Wages	27,172	127,302	-
Untimely Resolution to Bank Account Fraud Investigations	11,087	113,937	1,010
Duplicate Benefit Payments	-	50,959	-
Maximum Benefit Amount (MBA) Not Correctly Calculated	-	-	358
Total	\$ 229,243	\$ 794,065	\$ 1,368
Grand Total All Fiscal Years			\$ 1,024,676

Background of the Pandemic Funding for Unemployment Benefits

Due to the COVID-19 pandemic, on March 13, 2020, the President of the United States issued a “Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak.” Additionally, Congress passed the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Continued Assistance to Unemployed Workers Act of 2020 (CAA), and the American Rescue Plan Act (ARPA) to provide Federal funding for unemployment compensation to all states, as well as to ease restrictions on the unemployment compensation program. The State of Nebraska ended its participation in those programs after the week ended June 19, 2021. Below is a summary of each program.

- Federal Pandemic Unemployment Compensation (FPUC): For weeks ended April 4, 2020, through July 25, 2020, the FPUC program added \$600 to each week of benefits paid. For weeks ended January 2, 2021, through June 19, 2021, the FPUC program was reduced to an additional \$300 to each week of benefits paid. An individual eligible for at least \$1 for one week of UI benefits would receive the additional stimulus of \$600 or \$300.
- Pandemic Emergency Unemployment Compensation (PEUC): For weeks ended April 4, 2020, through June 19, 2021, if a claimant had exhausted all of his or her regular UI benefits, and the regular UI claim had a benefit year end date after July 1, 2019, then the claimant was eligible to receive PEUC benefits. The claimant needed to meet other UI eligibility requirements, such as able and available and work search requirements. The claimant’s weekly benefit amount (WBA) was the same as the WBA on the previous regular UI claim.
- Pandemic Unemployment Assistance (PUA): PUA was available for individuals who were not eligible for regular UI benefits, which included self-employed individuals. To be eligible for PUA, the claimant had to certify that he or she was unemployed, partially unemployed, or unable or unavailable to work due to the COVID-19 pandemic. The program was effective from weeks ended January 27, 2020, through June 19, 2021.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- Lost Wages Assistance (LWA): On August 8, 2020, the President instructed the Federal Emergency Management Agency (FEMA) to make available other needs assistance for lost wages. In Nebraska, Lost Wages Assistance (LWA) was payable for claimants for the weeks ended August 1, 2020, through September 5, 2020. Recipients of LWA received a \$300 stimulus in addition to the UI benefit payment if the UI benefit payment for the week was at least \$100.

Our procedures noted the following:

Ineligible Payments to Inmates

Inmates are not eligible to receive UI benefits because they are not able and available to work in accordance with Neb. Rev. Stat. § 48-627(3)(f) (Cum. Supp. 2020). During testing, we identified 35 inmates who received benefit payments during the fiscal year ended June 30, 2021. Of the 35 inmates identified, we selected the 10 highest-paid inmates to test in detail and noted the following issues:

- While incarcerated, all 10 inmates tested received payments, totaling \$64,966 and \$34,899 in FY 2021 and FY 2020, respectively.
- Four of the 10 inmates tested did not have an investigation or other judicable issues created in the benefit system for payments received during their incarceration.
- For six of 10 inmates who had an investigation or other judicable issues created, all six issues were adjudicated incorrectly.
- The APA identified an additional 25 individuals who received payments, totaling \$39,533, while incarcerated.
- Claimant #1 below filed for PUA and received more than the minimum weekly benefit amount (WBA) of \$173. He did not provide the Department with documentation substantiating his income within 21 calendar days of filing but continued to receive payments at the higher rate of \$306. The improper rate was paid for 39 weeks before the Department established an overpayment of \$5,187 in December 2020. Furthermore, the claimant should have been denied all of the benefits during his incarceration for \$23,934.

Claimant	FY 2021 Gross Amount Paid While Incarcerated	FY 2020 Gross Amount Paid While Incarcerated	Sentence Begin Date / Release Date	1 st / Last Week Benefits Paid While Incarcerated	Observations
Claimant #1	\$ 10,932	\$ 13,002	1/16/2020 - 12/25/2020	3/7/2020 - 11/28/2020	Three separate investigations were created in the system for the incarceration, but payments were incorrectly allowed.
Claimant #2	8,288	-	11/18/2009 - *	6/27/2020 - 10/10/2020	An investigation for the incarceration was created in May 2020, but payments were incorrectly allowed.
Claimant #3	7,465	2,742	12/6/2018 - 10/8/2020	6/13/2020 - 9/12/2020	An investigation for the incarceration was created in March 2021, disqualifying benefits for January 2021-2022, which were not the dates paid during incarceration.
Claimant #4	7,049	9,449	9/25/2003 - *	3/28/2020 - 11/14/2020	No investigations for the incarceration were created.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	FY 2021 Gross Amount Paid While Incarcerated	FY 2020 Gross Amount Paid While Incarcerated	Sentence Begin Date / Release Date	1 st / Last Week Benefits Paid While Incarcerated	Observations
Claimant #5	5,133	-	8/13/2020 - *	8/15/2020 - 1/2/2021	No investigations for the incarceration were created.
Claimant #6	6,622	-	3/7/2019 - 4/27/2021	7/4/2020 - 10/3/2020	No investigations for the incarceration were created.
Claimant #7	4,944	-	1/27/2021 - *	1/30/2021 - 4/3/2021	An investigation for the incarceration was created in January 2021, but payments were incorrectly allowed.
Claimant #8	4,903	346	7/17/2009 - 5/4/2020	2/8/2020 - 5/2/2020	The Department established an overpayment on 11/12/2020. No investigations for the incarceration were created.
Claimant #9	4,900	9,360	1/24/2020 - 8/8/2020	5/2/2020 - 8/1/2020	An investigation for the incarceration was created in January 2021, but payments were incorrectly allowed.
Claimant #10	4,730	-	1/19/2021 - *	2/20/2021 - 4/24/2021	Four investigations for the incarceration were created in January 2021, three were allowed and one denied. However, the denied investigation was not for the weeks paid during incarceration.
Totals	\$ 64,966	\$ 34,899			

*Still incarcerated as of audit fieldwork.

Neb. Rev. Stat. § 48-627 (Cum. Supp. 2020) provides, in relevant part, the following:

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

* * * *

(3)(a) He or she is able to work and is available for work.

* * * *

(f) An inmate sentenced to and in custody of a penal or custodial institution shall be considered unavailable for work for purposes of this section[.]

20 CFR § 625.6(e)(1) states the following:

In the case of a weekly amount determined in accordance with paragraph (e) of this section, based only on the individual's statement of earnings, the individual shall furnish documentation to substantiate the employment or self-employment or wages earned from or paid for such employment or self-employment or documentation to support that the individual was to commence employment or self-employment on or after the date the major disaster began. In either case, documentation shall be submitted within 21 calendar days of the filing of the initial application for DUA.

Good internal control requires procedures to ensure that inmates do not receive UI benefits while incarcerated.

Without such procedures, there is an increased risk of the Department disbursing unallowable UI payments.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Benefits Paid to Deceased Claimants

We tested 13 claimants who were paid UI benefits after their date of death. Nine of the claimants' payments were for benefit weeks after the date of death, totaling \$1,034 and \$70,286 in FY 2020 and FY 2021, respectively. The Department lacked adequate procedures to identify deceased individuals prior to benefits being paid.

Claimant	Date of Death	Benefit Weeks Paid after Date of Death	FY 2020 Payments	FY 2021 Payments	Observations
Claimant #1	2/16/2013	6/27/2020 - 7/18/2020	\$ -	\$ 3,092	The investigation was started but not completed for 106 days.
Claimant #2	8/8/2014	4/4/2020 - 10/3/2020	-	16,671	The APA identified a counterfeit driver's license was submitted to the Department. The Department did not identify the counterfeit license. Furthermore, there was no indication that the Department was aware the individual was deceased as of audit fieldwork.
Claimant #3	6/27/2019	6/20/2020 - 6/27/2020	-	2,319	The investigation was started but not completed for 120 days.
Claimant #4	9/27/2020	11/28/2020 - 6/19/2021	-	12,683	The investigation was started but not completed as of audit fieldwork.
Claimant #5	4/15/2020	6/27/2020 - 10/24/2020	1,034	11,578	The investigation was started but not completed as of audit fieldwork.
Claimant #6	5/17/2020	5/23/2020 - 6/20/2020	-	4,210	The investigation was started but not completed for 142 days.
Claimant #7	11/12/2020	11/21/2020 - 1/16/2021; 3/6/2021 - 5/15/2021	-	9,937	There was no indication of the Department being aware that the individual was deceased as of audit fieldwork.
Claimant #8	2/5/2021	2/13/2021 - 4/24/2021; 5/1/2021	-	5,676	The investigation was started but not completed as of audit fieldwork.
Claimant #9	8/7/2020	8/29/2020 - 10/24/2020	-	4,120	An investigation initiated on 12/4/2020 identified the individual as deceased. The claim was denied, and an overpayment was established.
Total			\$ 1,034	\$ 70,286	

Neb. Rev. Stat. § 48-627 (Cum. Supp. 2020) states the following:

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

* * * *

(3)(a) He or she is able to work and is available for work.

Good internal control requires procedures to ensure that only eligible claimants receive UI benefits.

Without such procedures, there is an increased risk of inappropriate or fraudulent payments.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Improper Unemployment Benefits Paid to State Employees

For the fiscal year ended June 30, 2021, the APA identified \$87,973 in improper unemployment benefits paid to Nebraska State employees for 23 of 77 claimants tested. The claimants tested did not report all State wages to the Department. The Department’s process for identifying State employees who were also receiving benefit payments appeared to be not only time consuming but also ineffective.

Active State workers were eligible for unemployment if their State work hours were reduced, they were terminated from other employment, or their hours from another job were reduced. In these instances, the employee was required to report State wages in order to determine the claimant’s unemployment benefit. The APA compared the list of unemployment benefit claimants to the State’s employee management system (Workday) to identify State employees who had also received unemployment benefits during the fiscal year ended June 30, 2021. In total, the APA identified 911 State employees who received UI benefits during the fiscal year, and we selected 77 of those employees to test.

We also noted instances of the State employee’s bank account in the State’s accounting system (E1) not agreeing to the bank account in the Department’s benefit system. Bank accounts that did not match could indicate that a third party had fraudulently filed a claim impersonating the State employee. The APA contacted Employee #2, as shown in the table below, who stated that he neither filed the UI claim nor received any benefit payments.

Employee	State Agency	Number of Weeks Overpaid	Gross Benefits Overpaid during FY 2021 (Questioned Costs)	Bank Account in Benefit System Agreed to E1	Observations
#1	DHHS	15	\$ 7,045	No	
#2	Military	19	11,687	No	No wages had been reported by Military for this employee. The employer response questionnaire was sent to an employer other than Military, and that employer reported that the individual was never employed. The Department did not perform further procedures to follow up on the response.
#3	DHHS	21	8,106	No	This employee was tested during the FY 2020 audit, and the APA communicated the issue to the Department on 7/31/2020; however, the claimant continued to receive payments through 12/19/2020.
#4	DHHS	6	5,725	No	This employee was tested during the FY 2020 audit, and the APA communicated the issue to the Department on 8/3/2020; however, the claimant continued to receive payments on 8/3/2020, 8/10/2020, and 9/17/2020.
#5	DHHS	3	3,120	No	DHHS responded to the employer questionnaire and stated that the individual was still working, but the Department did not perform further procedures to follow up on the response.
#6	Supreme Court	4	1,308	No	An Intrastate Quarterly Wage Crossmatch investigation was not created in the benefit system, and the Department had sent out no wage audit request at the time of testing.
#7	Supreme Court	2	880	No	
#8	DHHS	3	2,400	Yes	This employee was tested during the FY 2020 audit, and the APA communicated the issue to the Department on 7/31/2020; however, the claimant

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Employee	State Agency	Number of Weeks Overpaid	Gross Benefits Overpaid during FY 2021 (Questioned Costs)	Bank Account in Benefit System Agreed to E1	Observations
					continued to receive payments on 8/27/2020 and 9/17/2020.
#9	Veteran's Affairs	11	4,229	Yes	An overpayment was established for \$621 on 12/16/2020 but had not been collected as of our testing.
#10	Corrections / DHHS	24	9,161	Yes	Overpayments were established on 5/7/2021 for \$8,151, with penalties of \$728, but were not collected as of testing.
#11	DHHS / NDOT	10	8,524	Yes	This employee was tested during the FY 2020 audit, and the APA communicated this issue to the Department on 8/3/2020; however, the claimant continued to receive payments on 9/24/2020.
#12	Military	2	900	No	
#13	DHHS	2	806	Yes	
#14	DHHS	1	202	Yes	
#15	DHHS	5	2,045	Yes	An overpayment was established for \$440 on 11/12/2020 but was not collected as of testing.
#16	Agriculture	2	1,932	Yes	
#17	DHHS	1	836	No	This employee was tested during the FY 2020 audit, and the APA communicated the issue to the Department on 8/3/2020; however, the Department had not established any overpayments at the time of testing.
#18	Game & Parks	1	268	Yes	
#19	Corrections	1	148	Yes	
#20	DAS	8	6,501	Yes	
#21	DHHS	21	10,570	No	The APA also noted 18 weeks of questionable unemployment payments made during FY 2020 for \$10,332.
#22	DHHS	1	1,040	Yes	This employee was tested during the FY 2020 audit, and the APA communicated the issue to the Department on 8/3/2020; however, the Department had not established any overpayments at the time of testing.
#23	DAS	1	540	Yes	
			\$ 87,973		

Neb. Rev. Stat. § 48-625(1) (Cum. Supp. 2020) states the following:

Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his or her full weekly benefit amount if he or she has wages payable to him or her with respect to such week equal to one-fourth of such benefit amount or less. In the event he or she has wages payable to him or her with respect to such week greater than one-fourth of such benefit amount, he or she shall be paid with respect to that week an amount equal to the individual's weekly benefit amount less that part of wages payable to the individual with respect to that week in excess of one-fourth of the individual's weekly benefit amount. In the event there is any deduction from such individual's weekly benefit amount because of earned wages pursuant to this subsection or as a result of the application of section 48-628.02, the resulting benefit payment, if not an exact dollar amount, shall be computed to the next lower dollar amount.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Neb. Rev. Stat. § 48-628.02 (Cum. Supp. 2020) 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;

(b) Vacation leave pay, including that received in a lump sum or upon separation from employment;

(c) Compensation for temporary disability under the workers' compensation law of any state or under a similar law of the United States;

(d) Retirement or retired pay, pension, annuity, or other similar periodic payment under a plan maintained or contributed to by a base period or chargeable employer; or

(e) A gratuity or a bonus from an employer, paid after termination of employment, on account of prior length of service, or disability not compensated under the workers' compensation law.

(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.

A good internal control plan requires adequate procedures to identify improper or questionable benefits for further investigation and proper resolution.

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

Benefits Paid to Claimants Under the Age of Sixteen

We tested six claimants under the age of 16 years old. For all six claimants tested, the benefit payments were not reasonable or allowable in accordance with State and Federal laws. All six individuals tested received benefits from the PUA program. Below is a table of the individuals' CY2019 and CY2020 wages versus benefits received:

Claimant	Age of Claimant for 1st Week Paid	CY 2019 Wages	CY 2020 Wages	FY 2020 Benefits Paid	FY 2021 Benefits Paid	Observations
Claimant #1	14 years	\$ 425	\$ 480	\$ 5,414	\$ 4,038	Work search requirements for the weeks ending 7/18/2020-8/8/2020 were not completed, but benefits were still paid for \$2,492, which are questioned costs.
Claimant #2	14 years	-	-	-	17,017	Work search requirements for the weeks ending 7/18/2020-7/25/2020, 8/8/2020, and 8/22/2020-10/3/2020 were not completed, but benefits were still paid for \$4,130, which are questioned costs.
Claimant #3	15 years	-	-	10,395	6,622	Work search requirements for the weeks ending 7/18/2020-8/8/2020, 8/22/2020-8/29/2020, and 9/12/2020-10/3/2020 were not completed, but benefits were still paid for \$4,130, which are questioned costs.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	Age of Claimant for 1 st Week Paid	CY 2019 Wages	CY 2020 Wages	FY 2020 Benefits Paid	FY 2021 Benefits Paid	Observations
Claimant #4	14 years	-	6,028	774	9,621	Work search requirements for the weeks ending 7/18/2020-8/22/2020 were not completed, but benefits were still paid for \$3,438, which are questioned costs.
Claimant #5	15 years	2,165	1,814	-	12,883	The claimant was scheduled to start work on 5/22/2020, but the pool was not opened because of COVID-19. However, the claimant was paid benefits for weeks ending 2/8/2020-5/23/2020 prior to his regularly schedule resume date. \$7,568 of benefits were paid for these weeks, which are questioned costs.
Claimant #6	15 years	986	1,578	10,058	20,523	The claimant received \$1,136 in wages during the period 10/1/2020 to 12/31/2020; however, the claimant did not self-certify the wages, and no review was performed by the Department to ensure benefits were properly reduced. \$2,249 of benefits were paid during this time period, which are questioned costs.

Note: The period used to determine the Weekly Benefit amount for PUA benefits is based on the calendar year.

Claimants #2 and #3 were sisters, and both reported on their respective applications that they worked for their father. Each also reported on her application that she made \$2,000 a quarter prior to the pandemic. Claimant #3 documented the following job searches: concrete mixer truck driver, journeyman plumber, and truck driver. A concrete mixer truck driver – as well as truck drivers in general – requires a Commercial Driver’s License (CDL). The minimum age to obtain a CDL in the State of Nebraska is 18 years (intrastate only). Based on the young ages of the claimants (14 and 15 years old) and certification for the job searches performed, these claims appear to have been fraudulent and should have been identified and denied by the Department. Both sisters were paid a total of \$34,034.

An individual could be eligible for PUA if his or her employment was disrupted due to the pandemic. However, the likelihood of someone under the age of 16 having disrupted employment, especially when his or her wages were minimal, seems remote.

Neb. Rev. Stat. § 48-627 (Cum. Supp. 2020) states the following, as is relevant:

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

(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

Title 219 Nebraska Administrative Code (NAC) 4-004.B provides the following:

A claimant, for whom the work search requirement has not been waived pursuant to 219 NAC 4(007), shall be required to make an active and earnest search for work that is reasonably calculated to result in the earliest possible reemployment of the claimant. An active and earnest search for work shall include five reemployment activities each benefit week. At least two of a claimant’s five reemployment activities each benefit week shall be applications for permanent employment. Applications for employment shall be made in a method accepted by the employer.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Attachment 1(C)(7)(a) of the U.S Department of Labor's Unemployment Insurance Program Letter (UIPL) No. 16-20 (April 5, 2020) says that, in order to be eligible for the PUA program, an individual has to be unemployed, partially unemployed, unable to work, or unavailable for work due to COVID-19.

Good internal control requires procedures to ensure that claimants are eligible, and benefit payments are proper.

When such controls are not in place, there is an increased risk of inappropriate/fraudulent payments being made.

Adjudication Issues

Inadequate Controls

In response to the high number of claims filed, the Department removed or changed the following system controls. The issue was noted during the previous audit and had not been corrected for the current period tested:

- Effective April 2, 2020, the Department allowed numerous issues that would normally be adjudicated, or reviewed by staff, to be approved automatically and processed by the system. These included, but were not limited to, the following:
 - The claimant's reason for separation was anything other than Quit or Discharge (such as Still Employed, Still Working Full-time, Other, etc.), and the last employer did not respond to the Department's inquiry regarding the nature of the separation.
 - The employer's reason for separation was any reason other than Quit or Discharge.
 - If the reason for separation reported by both the claimant and the employer did not agree, the claim was allowed if the reason listed by either party included, but was not limited to, one of the following:
 - Still Employed
 - Other
 - Suspended from Work
 - Still Working Full-Time

In response to the Governor's executive orders, the Department changed the following system controls:

- The work search requirements were waived effective between March 15, 2020, through July 12, 2020. During testing, we noted that the benefit system did not require claimants to complete work search requirements until after the week ended October 3, 2020.
- For claims filed between March 15, 2020, and August 1, 2020, the requirement to charge employers was waived if the separation of employment was due to COVID-19. However, the Department did not charge any employers during this period regardless of the reason for the separation.
- The Department reviewed only the last separation of employment during the base period (the one-year period upon which the benefit payments are calculated) for claims filed on or after March 15, 2020, instead of reviewing all of the separations during the base period.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The benefit system was able to create investigations for various circumstances, including inconsistencies in email addresses, claimant addresses, etc. When an investigation was created, payments stopped only if the investigation was closed, and the benefits were denied. We noted that the majority of investigations were not undertaken timely, which resulted in fraudulent payments that could have been stopped sooner.

One investigation performed by the Department was the quarterly wage crossmatch, which checked a claimant's wages during the quarter that the claimant received benefits. We noted several instances of a claim meeting the criteria for initiating an investigation; however, investigations were not initiated, or the results were not reviewed timely.

During fiscal year 2021, the Department established \$50,748,768 in overpayments. Of that amount, \$11,507,347 had been written off, cancelled, or waived as of November 8, 2021. Additionally, as of November 8, 2021, 593 cases, totaling \$2,126,163 from claims filed prior to June 30, 2021, were flagged as potentially fraudulent in the benefit system and in need of review by the Department for a final determination.

Due to the lack of controls, there was an increased risk for fraudulent claims and improper benefits being paid during the fiscal year tested.

Moreover, during testing, the Department stated that Neb. Rev. Stat § 48-636 (Cum. Supp. 2020) precluded the making of redeterminations for errors noted on claims tested. This makes it all the more important that the Department have adequate procedures in place to ensure that claims are processed properly.

During our testing of 60 random payments, we noted adjudication issues with the following:

Issues Regarding Adjudication of Employer Responses

When a claimant files for UI benefits, the Department sends a "Request to Employer for Separation Information" to the claimant's previous employers to provide 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) (Cum. Supp. 2020). Additionally, per the Governor's Executive Order No. 20-26 (June 2, 2020), the Department was required to adjudicate only the last separation from a claimant's employment for claims filed on or after March 15, 2020, to 30 days after the lifting of the COVID-19 state of emergency.

For seven claimants tested, the most recent separating employer did not provide a response to the Department when requested. According to the Department, when an employer does not respond to a request for separation information, another attempt is made, via telephone, mail, etc., to obtain the needed information. There was no documentation that the Department performed follow-up procedures for these seven claimants. Therefore, procedures were not adequate to ensure that the claimant was eligible to receive benefits. All seven of these claims were filed during fiscal year (FY) 2020, but payments were made during FY 2021; therefore, we reviewed the adjudication procedures performed in FY 2020 to verify that eligibility was determined correctly for payments during the fiscal year tested.

The following table details the benefits paid to the seven claimants per the Department's benefit system.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	Benefit Weeks Ending Paid	FY 2020 Payments	FY 2021 Payments
Claimant #1	4/4/2020 - 9/26/2020	\$ 13,520	\$ 9,920
Claimant #2	4/11/2020 - 9/12/2020	11,064	6,498
Claimant #3	7/4/2020 - 10/10/2020	-	4,754
Claimant #4	5/30/2020 - 9/5/2020	3,970	6,140
Claimant #5	5/9/2020 - 6/19/2021	5,488	10,940
Claimant #6	4/4/2020 - 6/19/2021	13,246	24,776
Claimant #7	6/20/2020 - 6/19/2021	-	23,712

Claimant #3 indicated that he had quit his employment. According to the case notes, the claimant did not provide good cause for quitting and should have been disqualified; however, the claim was still allowed. After discussion with the Department, staff agreed that the claim should have been denied. For Claimant #4, the employer provided a response well after the date the request was sent. That response said that the claimant was “terminated/fired,” but no further follow up was performed. For Claimant #7, the Department did not adjudicate the last employer; instead, the Department adjudicated the previous employer. When the APA pointed this out, the Department sent the request to the last separating employer, who responded promptly that the claimant had “resigned/quit.” Had the Department followed up properly with the employer/claimant responses, the claimants would likely have been denied benefits. The payments to these three claimants, totaling \$3,970 and \$34,606 in FY 2020 and 2021, respectively, are considered questioned costs.

For an additional seven claimants tested, we noted that the most recent separating employer provided a response that should have required adjudication by Department staff; however, these issues were either incorrectly allowed by an adjudicator or automatically allowed by the system. Six of these claims were filed in FY 2020. Because the claimants received payments during FY 2021, however, we reviewed the adjudication procedures performed to determine eligibility.

The following table shows the benefits paid to the seven claimants per the Department’s benefit system.

Claimant	Employer Response	Result	Benefit Paid for Weeks Ending	FY 2020 Payments	FY 2021 Payments
Claimant #8	Terminated due to Theft	Allowed by the System	4/11/2020-10/3/2020	\$ 9,576	\$ 6,972
Claimant #9	Still Employed	Allowed by the System	5/16/2020-6/19/2021	5,227	25,174
Claimant #10	Quit	Not Reviewed	3/28/2020-9/12/2020	10,740	3,829
Claimant #11	Terminated/Fired	Allowed by the System	4/11/2020-11/7/2020	10,944	10,087
Claimant #12	Still Employed	Allowed by Adjudicator	1/2/2021-6/19/2021	-	16,700
Claimant #13	Quit	Not Reviewed	4/18/2020-8/22/2020	11,440	7,120
Claimant #14	Terminated/Fired	Allowed by the System	3/1/2020-3/6/2021	14,400	12,560

For Claimant #12, the employer responded that the claimant was no longer showing up to his scheduled shifts, and hours were available for the claimant to work. The claim was still allowed by the adjudicator. For Claimant #11, both the claimant and the employer stated that the claimant lost her job due to illegal drug use. The separation from the employer was automatically allowed by the system. An adjudicator should have reviewed this claim to determine if the claimant was disqualified from UI benefits. Lastly, for Claimant #10, the employer responded that the claimant quit, but this response was not entered into the benefit system, which resulted in the system automatically allowing the claim.

Neb. Rev. Stat. § 48-628.10 (Cum. Supp. 2020) 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.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

(2) If the commissioner finds that the individual was discharged for misconduct that was not gross, flagrant, and willful or unlawful but which included being under the influence of any intoxicating beverage or any controlled substance listed in section 28-405 not prescribed by a physician licensed to practice medicine or surgery while the individual is on the worksite or while the individual is engaged in work for the employer, the commissioner shall cancel all wage credits earned as a result of employment with the discharging employer.

(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.

Neb. Rev. Stat. § 48-628.12 (Cum. Supp. 2020) states, in relevant part, the following:

An individual shall be disqualified for benefits:

(2) For any benefit year beginning on or after October 1, 2018, for 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.

Good internal control requires procedures to ensure that the Department adjudicates properly each claimant's last separation from employment, as directed by the Governor's executive orders.

Without such procedures, there is an increased risk of not only benefit payments being made to ineligible claimants but also noncompliance with the Governor's executive orders.

Weekly Certification Issues

Six claimants tested did not complete the work search requirements properly, but they still received payment for those weeks.

Claimants are required to perform work searches in order to be eligible to receive unemployment compensation benefits under Neb. Rev. Stat. § 48-627 (Cum. Supp. 2020), which states, in relevant part, the following:

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

(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 commissioner may, by rule and regulation, waive or alter any of the requirements of this subdivision as to individuals attached to regular jobs and as to such other types of cases or situations if the commissioner finds that compliance with such requirements would be oppressive or inconsistent with the purposes of the Employment Security Law[.]

Further, the Department has also adopted the following rules and regulations related to the work search requirements under 219 NAC 4, which states, in relevant part, the following:

002. *In order to establish his or her availability for work in the job market to which he or she is attached, a claimant shall register for work and engage in an active work search.*

* * * *

004. A. *In order for a claimant to be "available for work" within the meaning of Neb. Rev. Stat. §48-627(3), a claimant for whom the work search requirement has not been waived pursuant to 219*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

NAC 4(007) must actively seek work in accordance with the provisions of this Chapter. (See also, 20 C.F.R. §604.5 and 42 U.S.C.A. 503.)

- B. *A claimant, for whom the work search requirement has not been waived pursuant to 219 NAC 4(007), shall be required to make an active and earnest search for work that is reasonably calculated to result in the earliest possible reemployment of the claimant. An active and earnest search for work shall include five reemployment activities each benefit week. At least two of a claimant's five reemployment activities each benefit week shall be applications for permanent employment. Applications for employment shall be made in a method accepted by the employer.*

Executive Orders No. 20-04 (March 17, 2020), No. 20-14 (April 2, 2020), and No. 20-22 (April 30, 2020) waived the work search requirements, otherwise required under § 48-627 and 219 NAC 4, for claims filed on or after March 15, 2020. Executive Order No. 20-31 (July 6, 2020) reinstated the work search requirements, effective July 12, 2020.

However, the Department did not update its benefit system to require claimants to complete work search requirements when the work search waiver ended on July 12, 2020. Based on the APA's testing, it appears the issue was resolved after the week ended October 3, 2020.

The following table shows the weeks during which the six claimants tested did not complete the work search requirements and how much the claimants were overpaid for those weeks.

Claimant	Weeks Work Search Requirements were not Completed	FY 2021 Amount Paid	Observations
Claimant #1	10/17/2020	\$ 173	Though certifying that he searched for work, the claimant did not specify the employers he contacted, which was required.
Claimant #2	7/18/2020 - 8/1/2020	1,999	
Claimant #3	7/18/2020 - 10/3/2020	5,208	
Claimant #4	7/18/2020 - 10/3/2020	5,076	
Claimant #5	4/10/2021 - 4/17/2021	1,040	The claimant reported only two work searches for the week ending 4/10/2021 and three work searches for the week ending 4/17/2021. Five job activities are required each week.
Claimant #6	7/18/2020 - 8/1/2020	2,760	

Additionally, Claimant #3 responded "No" to this question: "Other than for reasons that were the direct result of COVID-19, were you able and available to work each day of the week?" On April 5, 2020, the Employment and Training Administration (ETA) Advisory System of the U.S. Department of Labor (USDOL) issued UIPL No. 16-20 (April 5, 2020), which contains the following:

PUA provides up to 39 weeks of benefits to qualifying individuals who are otherwise able to work and available for work within the meaning of applicable state UC law

Section 48-627(3) requires claimants to be able to work and be available for work in order to be eligible for UI benefits.

According to the Department, there was a system issue with the PUA work search in the benefit system, but the issue was resolved beginning in July 2020. However, the claimant selected "No" to being able and available to work for the weeks ending April 25, 2020, through October 3, 2020, which extended well past the date on which the issue was supposedly fixed. Claimant #3 was paid a total of \$7,736 and \$6,880 in FY 2020 and FY 2021, respectively, for the period that "No" was selected as the answer to the question regarding being able and available to work on the weekly certifications.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Good internal control requires procedures to ensure that benefit payments are made in compliance with applicable Federal and State requirements.

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

Wage Crossmatch Issues

On May 11, 2020, the ETA Advisory System of the USDOL issued UIPL No. 23-20 (May 11, 2020) to remind states of program integrity functions required for the regular UI program and to provide states with guidance regarding required program integrity functions for the UI programs authorized by Sections 2102 (PUA), 2104 (FPUC), and 2017 (PEUC) of the CARES Act. Included is the requirement to perform a quarterly wage records crossmatch per 20 CFR § 603.23(b) (April 1, 2020), which provides the following:

The State UC agency must crossmatch quarterly wage information with UC payment information to the extent that such information is likely, as determined by the Secretary of Labor, to be productive in identifying ineligibility for benefits and preventing or discovering incorrect payments.

According to the Department, a quarterly wage crossmatch was performed. The benefit system checked the claimant against the Department's wage database to see if a claimant met the criteria for further investigation. If the criteria was met, an investigation was created automatically in the benefit system. The investigation included sending a wage audit request to the employer to obtain the amount of wages earned for each week the claimant was receiving benefits.

For 15 claimants tested, we noted that the claimants met the criteria, but an investigation was either not created or not completed timely.

The following table details the 15 claimants' wages for the quarter tested, the amount self-certified by the claimant as required, the amount of benefits paid to the claimant for the quarter tested, and the dates of any investigations created.

Claimant	Quarter Tested	Wages for the Quarter	Wages Certified by Claimant	Benefits Paid for the Quarter Tested	Questioned Costs	Date Investigation Created
Claimant #1	1/1/2021 - 3/31/2021	\$ 4,101	\$ -	\$ 6,620	\$ 600	8/12/2021
Claimant #2	7/1/2020 - 9/30/2020	446	-	4,900	1,040	1/14/2021
Claimant #3	10/1/2020 - 12/31/2020	7,910	476	1,063	372	5/13/2021
Claimant #4	1/1/2021 - 3/31/2021	5,808	-	3,764	756	Not Created
Claimant #5	1/1/2021 - 3/31/2021	1,988	720	6,016	600	Not Created
Claimant #6	7/1/2020 - 9/30/2020	8,947	-	8,600	440	1/14/2021
Claimant #7	10/1/2020 - 12/31/2020	3,150	-	2,521	194	5/13/2021
Claimant #8	7/1/2020 - 9/30/2020	2,753	-	2,580	1,720	2/11/2021
Claimant #9	1/1/2021 - 3/31/2021	1,386	-	8,140	1,410	8/11/2021
Claimant #10	10/1/2020 - 12/31/2020	527	-	3,780	420	Not Created

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	Quarter Tested	Wages for the Quarter	Wages Certified by Claimant	Benefits Paid for the Quarter Tested	Questioned Costs	Date Investigation Created
Claimant #11	7/1/2020 - 9/30/2020	3,056	1,099	4,242	815	Not Created
Claimant #12	7/1/2020 - 9/30/2020	5,343	-	1,461	782*	Not Created
Claimant #13	7/1/2020 - 9/30/2020	666	-	3,565	773	2/11/2021
Claimant #14	1/1/2021 - 3/31/2021	5,108	570	2,790	700	8/12/2021
Claimant #15	4/1/2021 - 6/30/2021	6,007	-	2,156	614	Not Created

*An investigation was created for the week ending 7/11/2020 due to the claimant being flagged in the National Directory of New Hires, not for the system wage crossmatch. However, based on that investigation, the employer responded that the claimant did have a break in wages from 5/16/2020 to 7/23/2020; therefore, the payment for this claimant was not questioned.

Another claimant tested was overpaid \$5,227 for FY 2020 and \$4,896 for FY 2021. Investigations were created on March 9, 2021, for the weeks ended May 16, 2020, through June 27, 2020, and on May 13, 2021, for the weeks ended October 3, 2020, through December 26, 2020. These investigations had not been worked as of August 2, 2021, however. An investigation should have been created also for the weeks ended July 4, 2020, through September 26, 2020, but none was created as of August 2, 2021. Upon the APA's inquiry, the Department sent a wage audit request to the employer on August 25, 2021, and received a response from the employer the following day. Based on the employer's response, the claimant should have been disqualified for the weeks ended May 16, 2020, through August 8, 2020.

Furthermore, on August 31, 2021, the APA inquired with the Department about whether the wage crossmatch was working properly in the system, based on the issues noted with the claimants above. The APA requested documentation that the wage crossmatch was performed for all 60 claimants tested. But the Department did not provide additional documentation that the system was working properly and provided no further response as to why the wage crossmatch investigations had not been created for those claimants noted above.

Good 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.

Other Adjudication Issues

For three claimants tested, the Department had created investigations due to a variety of factors, including the State having flagged the email address as being potentially fraudulent or the claimant's physical address, email address, or listed phone number being used by multiple other claimants. For each of these claimants, we noted that the Department completed the investigations and made determinations that these claims may be fraudulent due to the claimant not providing identity verification. However, the Department did not work these investigations timely, causing payments to be made before the possibly fraudulent claims were identified.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Claimant	Date Investigation Created	Date of Determination	Weeks Ending Paid	FY 2020 Payments	FY 2021 Payments
Claimant #1	7/17/2020	7/12/2021	4/11/2020 - 10/3/2020	\$ 9,576	\$ 6,972
Claimant #2*	6/8/2020	7/19/2021	3/28/2020 - 8/1/2020	11,356	3,970
Claimant #3	9/10/2020	6/14/2021	3/28/2020 - 10/3/2020	13,680	7,080

*The Department determined that no overpayments were necessary because the identity verification request was sent on 1/4/2021, and no payments were made to the claimant after this date. However, it would appear reasonable to perform further procedures to determine if payments made prior to the request were fraudulent.

For one PUA claimant tested, the application was filed on May 14, 2020, and the claimant self-certified that he received \$28,000 in self-employment income during calendar year 2019. Therefore, the claimant's weekly benefit amount (WBA) was calculated to be \$268, which is more than the minimum WBA of \$173. In accordance with UIPL No. 16-20, Change 1 (April 27, 2020), Attachment I, PUA claimants were required to provide documentation of self-employment income within 21 days to substantiate the wages earned; otherwise, the WBA was to be reduced to \$173. The claimant did not provide documentation to support his wages, but the Department continued to pay the claimant at the greater WBA. The Department did not adjudicate this issue until December 2020, seven months after the application was filed. The total amount overpaid was \$570 and \$2,185 in FY 2020 and FY 2021, respectively.

Another claimant tested was eligible for regular UI at a WBA of \$318; however, the claimant was paid PEUC instead at only \$304. The claimant was underpaid \$168. The Governor issued Executive Order No. 21-03 (January 22, 2021), which ordered the following:

Suspend that portion of Nebraska Revised Statute § 48-625 which requires the payment of regular unemployment benefits to an individual for any week of unemployment, if the individual is eligible for a greater PEUC weekly benefit amount pursuant to section 206 of the Continued Assistance Act, subject to the following conditions. In order for the suspension of regular unemployment benefits to occur, the following conditions must apply:

1. *The individual has been determined to be entitled to PEUC with respect to a benefit year;*
2. *The benefit year with respect to which the PEUC eligibility was established (i.e., the parent claim) has expired after the date of the enactment of the Continued Assistance Act;*
3. *The individual has remaining eligibility for PEUC with respect to such benefit year; and*
4. *The individual would qualify for regular unemployment compensation in a subsequent (new) benefit year and the weekly benefit amount for regular unemployment compensation in the new benefit year would be at least \$25 less than the weekly benefit amount payable on the individual's PEUC claim.*

According to UIPL No. 17-20, Change 2 (December 31, 2020), an individual may continue to be eligible to receive PEUC as long as he or she meets the requirements in section 206(c)(1) of the Continued Assistance Act. That same document adds the following:

- ii. *Criteria for determining if an individual may continue to receive PEUC when eligible for regular UC in a subsequent benefit year. Individuals may be eligible to continue to receive PEUC instead of regular UC if all of the following criteria are met:*

Criterion #1: *The individual has been determined to be entitled to PEUC with respect to a benefit year;*

Criterion #2: *The benefit year with respect to which the PEUC entitlement had been established (i.e., the parent claim) has expired after the date of the enactment of the Continued Assistance Act (December 27, 2020);*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Criterion #3: The individual has remaining entitlement to PEUC with respect to such benefit year; and

Criterion #4: The individual would qualify for regular UC in a subsequent (new) benefit year and the WBA for regular UC in the new benefit year would be at least \$25 less than the WBA payable on the individual's PEUC claim.

Lastly, one claimant tested had a vacation payout by his previous employer that was not correctly applied to reduce payments for the week ended March 28, 2020. Per Neb. Rev. Stat. § 48-628.02 (Cum. Supp. 2020), lump sum payments of vacation pay must be prorated in an amount reasonable to such week and reduce benefit payments. The claimant was paid \$420 but should have been paid only \$183 for that week, a difference of \$237.

Good internal control requires procedures to ensure that benefit payments are proper, overpayments are established timely, and claims are reviewed by staff when required.

Without such procedures, there is an increased risk of improper benefit payments and overpayments not being established timely.

PUA Issues

The Department did not perform identity verification procedures or obtain self-employment or employment verification for the following five claimants:

Claimant	Self-Employment/ Employment Verification Received	Identity Verification Procedures Performed	Amount Paid after 12/27/2020
Claimant #1	No	No	\$ 11,825
Claimant #2	Yes	No	17,400
Claimant #3	No	No	11,783
Claimant #4	No	No	3,784
Claimant #5	No	No	9,375

Generally, PUA claimants were not made aware of the requirement to provide verification of employment or self-employment until May 2021, over four months after the required timeframe per the Continued Assistance Act. Furthermore, the APA requested the Department's written procedures for verifying the legitimacy of documentation provided by claimants. The Department explained that there were no specific, written procedures for verifying each different type of documentation that a claimant could provide. Total PUA payments made for the weeks ended after December 27, 2020, through the fiscal year ended June 30, 2021, were \$30,638,698.

The identity verification requirement applied to all PUA claimants who received payment after December 27, 2020. The Department stated that all continuing PUA claims that had received payments prior to December 27, 2020, and continued to receive payments after December 27, 2020, were run through its identity verification software on July 19, 2021. However, in a meeting on August 24, 2021, the Department was unable to provide documentation that the claimants tested had been run through the identity verification software. As of August 24, 2021, the Department had not performed identity verification procedures for continuing PUA claims. The amount of continuing PUA payments made after December 27, 2020, totaled at least \$28,613,524.

On January 8, 2021, the ETA Advisory System of the USDOL issued UIPL No. 16-20, Change 4 (January 8, 2021), to provide States with updated guidance for the PUA program, as amended by the Continued Assistance Act and updated instructions for reporting PUA program activities. That document includes the following language regarding new requirements for individuals to submit documentation substantiating employment or self-employment:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- b. New Requirement for Individuals to Submit Documentation of Employment or Self-Employment.** Section 241 of the Continued Assistance Act, creates a new requirement for individuals to submit documentation substantiating employment or self-employment
- i. Filing New Applications for PUA.** Individuals filing a new PUA application on or after January 31, 2021 (regardless of whether the claim is backdated), are required to provide documentation within 21 days of application or the date the individual is directed to submit the documentation by the State Agency, whichever is later. The deadline may be extended if the individual has shown good cause for not submitting documentation under state UC law within 21 days.
- ii. Filing Continued Claims for PUA.** Individuals who applied for PUA before January 31, 2021 and receive a payment of PUA on or after December 27, 2020 (regardless of which week ending date is being paid), are required to provide documentation substantiating employment or self-employment, or the planned commencement of employment or self-employment, within 90 days of application or when directed to submit the documentation by the State Agency, whichever is later. The deadline may be extended if the individual has shown good cause under state UC law.

In providing guidance regarding acceptable documentation, Attachment 1 of UIPL 16-20, Change 4, rejects reliance solely upon agency records:

This documentation demonstrates a recent attachment to the labor force and serves as an important tool against fraud by requiring the individual to submit documentation to prove eligibility, rather than have such documentation automatically added to the file based on agency records. As such, states may not rely solely on agency records to satisfy this condition – the individual must submit documentation to the agency to be entitled to benefits.

- a. Type of acceptable documentation.** The requirements to submit documentation substantiating employment or self-employment and to submit documentation for a higher WBA are distinct. As described in Section C of Attachment I and in Attachment II to UIPL No. 16-20, Change 1, an individual is already required to submit documentation substantiating wages if the individual is to receive a WBA that is higher than the state minimum WBA. However, the documentation that an individual submits in support of a higher WBA may also be used to satisfy the documentation requirement to substantiate employment or self-employment.

An individual who has not submitted documentation in support of a higher WBA must still provide documentation substantiating employment or self-employment. While documentation to support a higher WBA must demonstrate earnings during the entire look-back period, documentation to substantiate employment or self-employment need only demonstrate the existence of employment or self-employment at some point between the start of the applicable tax year and the date of filing.

In general, proof of employment includes, but is not limited to, paycheck stubs, earnings and leave statements showing the employer's name and address, and W-2 forms when available. Proof of self-employment includes, but is not limited to, state or Federal employer identification numbers, business licenses, tax returns, business receipts, and signed affidavits from persons verifying the individual's self-employment. Proof of employment with organizations such as the Peace Corps, AmeriCorps, and educational or religious organizations includes, but is not limited to, documentation provided by these organizations and signed affidavits from persons verifying the individual's attachment to such organizations. Proof of the planned commencement of employment includes, but is not limited to, letters offering employment, statements/affidavits by individuals (with name and contact information) verifying an offer of employment. Proof of the planned commencement of self-employment includes, but is not limited to, business licenses, state or Federal employer identification numbers, written business plans, or a lease agreement.

Individuals must present the proof of employment and the state may verify the proof submitted using records the state may have available, such as wage records or state revenue records.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The Continued Assistance Act also implemented new requirements regarding identity verification of individuals. Attachment 1 of UIPL No. 16-20, Change 4, includes the following language regarding new requirements for States to implement procedures for verifying the identity of individuals receiving PUA program benefit payments:

1. *Verification of Identity (Section 242(a) of the Continued Assistance Act) (new). Section 242(a) of Continued Assistance Act modifies Section 2102(f)(1) of the CARES Act. For states to have an adequate system for administering the PUA program, states must include procedures for “identity verification or validation and for timely payment, to the extent reasonable and practicable” by January 26, 2021, which is 30 days after December 27, 2020 (enactment of the Continued Assistance Act). States that previously verified an individual’s identity on a UC, EB, or PEUC claim within the last 12 months are not required to re-verify identity on the PUA claim, though the Department encourages the state to take additional measures if the identity is questioned. Individuals filing new PUA initial claims that have not been through the state’s identity verification process must have their identities verified to be eligible.*

Good internal control requires procedures to ensure that verification of identity and employment or self-employment for individuals is performed 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.

Short-Time Compensation (STC) Plan Issues and Claimants with Excessive Wages

The Department provided an unemployment benefits program called Short-Time Compensation (STC), which was a voluntary program in which an employer could enroll in to assist in averting layoffs. The program allowed employers to reduce employees’ hours while also permitting employees to receive a prorated unemployment benefit payment. The Department was authorized to administer the STC program under Neb. Rev. Stat. §§ 48-607 and 48-672 through 48-683 (Reissue 2010, Cum. Supp. 2020).

In UIPL No. 21-20 (May 3, 2020), the USDOL provided additional background for the STC program as it relates to the COVID-19 pandemic and Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020:

In the context of re-opening businesses closed temporarily by a pandemic, STC can also serve as a means of bringing most or all of a temporarily laid-off workforce back to the job, even if social-distancing measures, a decline in business, or other factors prevent operating at full staffing levels full time. Specifically, this benefit may be made available to individuals returning to work with reduced hours who worked for the employer prior to the temporary lay-off due to COVID-19. This program preserves employees’ jobs and employers’ trained workforces during a disruption to the firm’s regular business activity by reducing hours of work for an entire group of affected employees, rather than by laying off some employees while others continue to work full time. The STC benefit payment cushions the adverse effect of the reduction in business activity on workers and, by maintaining their connection to their employers, ensures that these workers will be available to resume prior employment when business demand increases.

As explained above, the primary purpose of the STC program was to assist employers in avoiding laying off their employees while their businesses were experiencing a disruption in normal operations. Within STC agreements, the employer could stipulate groups of employees to participate in the plan. Thus, in accordance with the objectives of the program, the Department should have allowed agreements for groups affected by a disruption in their working schedules. Instead, the Department entered into STC agreements with two employers that allowed upper-level management to participate in the agreements. We observed that these individuals were high-wage earners and did not appear to meet the agreements’ decreased-hour requirements; instead, they sometimes earned wages in excess of those in the quarter prior to the start of the agreement.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Employer #1 – STC Agreement

For 16 claimants tested for Employer #1, the STC agreement stipulated a 12%-50% reduction in hours, varying by employee, for the period March 22, 2020, through March 20, 2021. Each of the 16 claimants received a large increase in wages during the fourth quarter (October 1, 2020, through December 31, 2020), and 14 of the claimants continued to receive UI benefit payments during that quarter, which were determined to be questioned costs. Because wages are reported in summary by quarter, we were unable to determine if the benefit weeks paid were allowable and in accordance with the STC agreement. All 16 of these employees were upper-level management at the company, including the President, Vice President, CEO, CFO, etc. It is not reasonable that upper-level management, that received extremely large payments in a benefit quarter, would be included in the agreement with the Department. The likelihood of these employees being laid off would appear to be minimal.

Claimant	CY 2020 Q2 Wages	CY 2020 Q3 Wages	CY 2020 Q4 Wages	FY 2020 UI Benefits Paid	FY 2021 UI Benefits Paid	Questioned Costs for Q4 UI Benefits Paid
Claimant #1	\$ 28,074	\$ 84,580	\$ 4,087,625	\$ 6,560	\$ 6,890	\$ 550
Claimant #2	25,368	75,055	3,230,936	5,740	6,290	660
Claimant #3	20,724	61,339	2,857,978	5,740	6,290	660
Claimant #4	16,304	50,214	1,961,109	-	7,980	-
Claimant #5	15,882	47,726	1,792,762	6,560	6,290	660
Claimant #6	14,179	43,573	1,656,332	6,560	6,290	660
Claimant #7	15,174	45,080	1,436,271	7,380	6,290	660
Claimant #8	14,189	43,693	1,360,506	7,380	4,700	-
Claimant #9	12,735	39,475	771,256	7,380	6,290	660
Claimant #10	9,527	30,251	752,516	7,380	6,290	660
Claimant #11	8,193	25,419	757,105	7,380	5,580	660
Claimant #12	10,472	22,510	528,061	6,560	9,960	1,430
Claimant #13	15,178	23,489	528,719	-	17,558	676
Claimant #14	14,219	21,898	526,793	8,850	7,896	676
Claimant #15	11,095	12,174	514,439	10,660	13,040	2,860
Claimant #16	29,654	34,582	261,166	5,868	4,928	52
Totals	\$ 260,967	\$ 661,058	\$23,023,574	\$ 99,998	\$ 122,562	\$ 11,524

Employer #2 – STC Agreement

For nine claimants from Employer #2, the STC agreement stipulated a 10% reduction in hours for employees during the period March 29, 2020, through October 3, 2020. However, the nine claimants' wages either were not reduced or increased from the first quarter of calendar year 2020 to the end of the calendar year. Because wages are reported in summary by quarter, we were unable to determine if the benefit weeks paid were allowable and in accordance with the STC agreement. Again, all nine of these employees were upper-level management at the company, including the General Manager, Operations Manager, Controller, etc., which did not appear reasonable and in accordance with the purpose of the STC program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	CY2020 Q1 Wages	CY 2020 Q2 Wages	CY 2020 Q3 Wages	CY 2020 Q4 Wages	FY2020 UI Benefits Paid	FY2021 UI Benefits Paid	QC FY2020 Benefits Paid	QC FY2021 Benefits Paid
Claimant #1*	\$246,917	\$224,662	\$295,190	\$347,882	\$ 4,508	\$ 8,036	\$ -	\$ 4,816
Claimant #2	68,560	67,129	111,463	89,850	6,440	6,104	6,440	6,104
Claimant #3	54,921	56,917	92,457	76,938	6,440	6,104	6,440	6,104
Claimant #4	41,723	39,823	58,909	58,197	6,440	6,104	6,440	6,104
Claimant #5	51,471	49,834	76,014	76,170	6,440	6,104	6,440	6,104
Claimant #6	52,207	49,941	63,919	78,507	-	12,544	-	12,544
Claimant #7	46,389	44,360	57,986	69,365	6,440	6,104	6,440	6,104
Claimant #8*	43,353	41,512	37,998	67,732	6,440	6,104	6,440	1,332
Claimant #9	41,341	39,563	51,194	56,460	6,440	6,104	6,440	6,104
Totals	\$646,882	\$613,741	\$845,130	\$921,101	\$49,588	\$ 63,308	\$ 45,080	\$ 55,316

*Claimants #1 and #8 had a 9% reduction in quarter 2 and a 12% reduction in quarter 3, respectively. The reductions appeared reasonable; therefore, these were not included in questioned costs.

Other High-Wage Earners

We tested 10 claimants with wages reported over \$55,000 for the fiscal year ended June 30, 2021. The first table below shows wages by quarter, and the second table shows the questioned costs by quarter.

Claimant	CY2020 Q1 Wages	CY2020 Q2 Wages	CY2020 Q3 Wages	CY2020 Q4 Wages	CY2021 Q1 Wages	CY2021 Q2 Wages
Claimant #1	\$ 363,394	\$ 208,314	\$ 208,018	\$ 215,820	\$ 434,643	\$ 232,167
Claimant #2	43,127	1,085	3,356	531,377	4,188	-
Claimant #3	14,422	15,226	17,442	14,730	11,079	18,990
Claimant #4	75,904	97,540	65,123	-	-	-
Claimant #5	75,061	68,871	58,836	-	-	-
Claimant #6	10,937	8,277	11,774	14,525	12,980	17,366
Claimant #7	48,558	52,977	64,312	2,186	-	-
Claimant #8	15,878	6,317	18,654	15,689	9,839	12,285
Claimant #9	33,843	16,022	18,628	19,068	30,584	16,179
Claimant #10	12,541	12,035	15,434	12,962	13,168	16,410
Totals	\$ 693,665	\$ 486,664	\$ 481,577	\$ 826,357	\$ 516,481	\$ 313,397

Claimant	QC CY2020 Q1 for UI Benefits Paid	QC CY2020 Q2 for UI Benefits Paid	QC CY2020 Q3 for UI Benefits Paid	QC CY2020 Q4 for UI Benefits Paid	QC CY2021 Q1 for UI Benefits Paid	QC CY2021 Q2 for UI Benefits Paid
Claimant #1	\$ -	\$ 1,040	\$ -	\$ -	\$ -	\$ -
Claimant #2	-	13,520	4,900	-	-	-
Claimant #3	-	-	8,880	4,400	6,660	5,720
Claimant #4	-	-	1,320	-	-	-
Claimant #5	-	-	1,320	-	-	-
Claimant #6	418	13,234	9,216	5,434	9,174	-
Claimant #7	-	-	-	3,960	-	-
Claimant #8	-	-	7,060	2,640	6,308	6,336
Claimant #9	-	-	-	3,520	9,620	8,140
Claimant #10	-	-	-	3,894	9,620	8,140
Totals	\$ 418	\$ 27,794	\$ 32,696	\$ 23,848	\$ 41,382	\$ 28,336

*Total Questioned Costs by fiscal year: FY2020 = \$27,172; FY2021 = \$127,302

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

For Claimants #1, #9, and #10, the separating employer responded to the Department's request for information, explaining that the claimant was still employed, and the claims were likely fraudulent; however, benefit payments continued to be made on the claims.

- For Claimant #1, in addition to the separating employer stating that the claim was likely fraudulent because the employee was still working, the IP address for the claim was located in Rhode Island. The Department created an investigation in the benefit system on June 7, 2020; however, the investigation was closed with no decision. No further review was performed to identify this claim as fraudulent.
- For Claimant #9, the separating employer provided a response on November 11, 2020, but the Department did not identify this as a fraudulent claim until May 18, 2021, six months later, and payments continued to be made through June 21, 2021.
- For Claimant #10, the separating employer provided a response on October 7, 2020, but the Department still allowed the claim, and payments were made through June 21, 2021.

For Claimant #2, two wage crossmatch investigations were created in February and March 2021, but the investigations were inactive and not resolved. Furthermore, an investigation was created on June 8, 2020, because the claimant had high wages during the benefit base period. The Department requested the claimant provide identity verification, but the claimant did not provide it, so the Department denied this claim and flagged it as fraudulent on August 9, 2021. However, no overpayments were established in the system.

For Claimants #3 through #7, an investigation was not created for the quarterly wage crossmatch, as required for four of the five claims. For the fifth claim (Claimant #6), an investigation was created, but staff had not completed the investigation when we conducted our fieldwork. For each of these, the wages certified by the individual were not reasonable when compared to the wages reported by the employer per the Department's records.

For Claimant #8, the claimant was included as part of an employer's STC agreement, which specifies that the claimant is to have a 50% reduction in normal working hours effective from March 22, 2020, through March 19, 2022. However, the claimant received only a 50% reduction for Quarter 2 of Calendar Year 2020. For the remaining quarters, the claimant did not receive a reduction in wages commensurate with the STC agreement while benefits were being paid.

Claimants were required to perform weekly certifications, which included reporting all wages earned during that week, to ensure that benefit reductions were unnecessary. These certifications were performed to ensure compliance with Neb. Rev. Stat. § 48-625(1) (Cum. Supp. 2020), which provides the following:

Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his or her full weekly benefit amount if he or she has wages payable to him or her with respect to such week equal to one-fourth of such benefit amount or less. In the event he or she has wages payable to him or her with respect to such week greater than one-fourth of such benefit amount, he or she shall be paid with respect to that week an amount equal to the individual's weekly benefit amount less that part of wages payable to the individual with respect to that week in excess of one-fourth of the individual's weekly benefit amount. In the event there is any deduction from such individual's weekly benefit amount because of earned wages pursuant to this subsection or as a result of the application of section 48-628.02, the resulting benefit payment, if not an exact dollar amount, shall be computed to the next lower dollar amount.

The Department had a system control to crossmatch wages reported on a quarterly basis by employers through the Tax Management System (TMS). If a claimant did not certify wages properly, the crossmatch would identify wages that required further adjudication and staff review to follow up with the employers. That system ensured compliance with 20 CFR § 603.23(b) (April 1, 2020), which states the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The State UC agency must crossmatch quarterly wage information with UC payment information to the extent that such information is likely, as determined by the Secretary of Labor, to be productive in identifying ineligibility for benefits and preventing or discovering incorrect payments.

The crossmatch reviewed wages two quarters in arrears, meaning a crossmatch performed in Quarter 1 of Calendar Year 2021 reviewed wages for Quarters 3 and 4 of Calendar Year 2020. If the wages met the crossmatch criteria, an Intrastate Quarterly Crossmatch investigation should be created. However, as noted above, several claimants who had large wages while receiving benefits either did not have an investigation created or the investigations had not been completed.

Good internal control requires procedures, including periodic verifications or audits, to ensure compliance with the provisions of approved STC agreements.

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

Untimely Resolution to Bank Account Fraud Investigations

Within the Department’s benefit system, investigations or issues were automatically created using various parameters set by the Department. We tested 17 claimants whose bank accounts and routing numbers were used by 10 or more claimants. Such claimants would be at greater risk of fraud, as it would be unusual for 10 or more people to use the same bank account. For 16 of the 17 claimants tested, the investigations created were not adjudicated and resolved in a timely manner.

The following table shows the questioned costs, totaling \$126,034, for the claimants tested. For 15 of 16 investigations performed, the Department determined the claims to be fraudulent. However, while the investigations were being completed, benefit payments were not stopped; therefore, fraudulent claims continued to be paid, leading to questioned costs, even after an employer and/or claimant made it known that they had not filed the claim. The investigations were not completed timely, ranging from 102 to 218 days to complete. Additionally, one of the investigations was still ongoing as of audit fieldwork, and another had yet to be created.

Claimant	QC FY2020 Gross UI Benefits	QC FY2021 Gross UI Benefits	QC FY2022 Gross UI Benefits	QC Benefit Weeks Ending Begin Date/End Date	Investigation Begin Date/End Date	Days Investigation was Open	Observations
Claimant #1	\$ -	\$ 1,300	\$ -	1/2/2021 - 1/9/2021	1/19/2021 - 8/9/2021	202	
Claimant #2	-	1,974	-	2/13/21 - 2/27/2021	2/15/2021 - 7/30/2021	165	
Claimant #3	-	3,048	-	1/2/2021 - 2/6/2021	1/19/2021 - 8/3/2021	196	
Claimant #4	-	4,032	-	2/13/2021 - 4/3/2021	2/11/2021 - Not completed	As of 9/14/2021 (audit fieldwork) 215 days	

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	QC FY2020 Gross UI Benefits	QC FY2021 Gross UI Benefits	QC FY2022 Gross UI Benefits	QC Benefit Weeks Ending Begin Date/End Date	Investigation Begin Date/End Date	Days Investigation was Open	Observations
Claimant #5	11,087	11,224	-	2/22/2020 - 6/19/2021	2/7/2021 - 8/3/2021	177	The employer responded to the Department's separation information request on 6/24/2020, stating that the claimant was never an employee. An issue was created in the system on 6/25/2020, but it was auto-adjudicated and allowed. Additionally, the driver's license on the application was invalid. No overpayments have been established as of 9/14/2021.
Claimant #6	-	8,328	-	2/20/2021 - 5/22/2021	3/6/2021 - 8/3/2021	150	The claimant notified the Department that he had not filed the claim, but benefits continued to be paid even after the investigation was completed and the claim was determined to be fraudulent.
Claimant #7	-	6,636	-	8/15/2020 - 3/20/2021	No Investigation	-	
Claimant #8	-	4,050	-	2/20/2021 - 6/19/2021	2/28/2021 - 7/8/2021	130	
Claimant #9	-	10,002	-	1/2/2021 - 6/5/2021	2/7/2021 - 5/20/2021	102	
Claimant #10	-	11,240	-	12/19/2020 - 5/29/2021	1/7/2021 - 6/10/2021	154	
Claimant #11	-	5,567	-	11/7/2020 - 3/13/2021	12/20/2020 - 12/6/2020	-14	According to the Department's benefit system, this investigation was completed prior to being started.
Claimant #12	-	11,584	-	2/13/2021 - 6/19/2021	3/10/2021 - 7/7/2021	119	The Department requested identity verification from the claimant on 2/3/2021. On 2/5/2021, the claimant responded that she did not file for benefits. However, payments continued to be made through the week ending 6/19/2021. No overpayments have been established as of 9/14/2021.
Claimant #13	-	12,009	-	10/10/2020 - 6/19/2021	2/8/2021 - 7/20/2021	162	
Claimant #14	-	7,840	-	2/13/2021 - 6/19/2021	2/16/2021 - 8/11/2021	176	

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	QC FY2020 Gross UI Benefits	QC FY2021 Gross UI Benefits	QC FY2022 Gross UI Benefits	QC Benefit Weeks Ending Begin Date/End Date	Investigation Begin Date/End Date	Days Investigation was Open	Observations
Claimant #15	-	9,803	1,010	2/6/2021 - 8/14/2021	2/7/2021 - 7/21/2021	164	The claimant notified the Department that she had not filed the claim, but benefits continued to be paid even after the investigation was completed and the claim was determined to be fraudulent.
Claimant #16	-	5,300	-	11/14/2020 - 2/20/2021	2/7/2021 - 7/22/2021	165	
Totals	\$ 11,087	\$113,937	\$ 1,010				

For 12 of the claimants tested, the claims originally filed appeared to be legitimate. However, after payments stopped being made on these claims, they were later reopened. The claims appear to have been reopened by an individual(s) impersonating the claimant, as the bank accounts on the claims were changed to a new bank account and were frequently changing. For example, Claimant #5 had payments sent to bank accounts in Oklahoma, Massachusetts, Alabama, California, Virginia, and Maine. Similar activity was noted for the other 11 claimants.

Good internal control requires procedures to ensure the timely completion of investigations, the proper adjudication of claims, and the finalization of determinations regarding the eligibility of claimants to receive unemployment benefits.

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

Duplicate Benefit Payments

We tested 20 claimants who were paid more than \$35,000 in benefits during the period July 1, 2020, through June 30, 2021, to determine if payments were made either in amounts greater than allowed for a single week or from multiple programs in the same week.

Four of the 20 individuals tested received payments from multiple programs for the same week or received multiple benefit payments from the same program during a week, which is not allowed. Furthermore, three of the four claimants either had no overpayment established or an incorrect overpayment balance was established at the time of testing.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Claimant	Program Overpaid	# of Weeks with Multiple Payments	APA Calculated Overpayment	Overpayment Established by the Department	Observations
Claimant #1	UI, FPUC	23	\$ 15,176	\$ -	The Department recouped \$4,768 through overpayment offset, leaving a balance of \$10,408. However, the benefit system did not have an overpayment balance remaining for this claimant.
Claimant #2	PUA, FPUC, LWA	38	27,163	27,163	An overpayment for \$27,163 was established by the Department on 3/5/2021. As of 8/17/2021, \$11,224 had been recaptured, leaving a balance of \$15,939.
Claimant #3	LWA	3	2,700	-	The Department failed to establish an overpayment.
Claimant #4	PEUC, FPUC	8	5,920	-	A \$5,920 overpayment was started in the system; however, as of 8/17/21, the Department had taken no action to finalize or recoup that amount.

In accordance with Unemployment Insurance Program Letter (UIPL) No. 14-21 (March 15, 2021), Attachment I, individuals may only receive benefits under one program for any given week.

Good internal control requires procedures to ensure that claimants do not receive benefit payments from more than one program during the same week or multiple payments from the same program for one week.

Without such procedures, there is an increased risk of making overlapping payments to benefit recipients in contradiction of applicable Federal guidelines.

Maximum Benefit Amount (MBA) Not Correctly Calculated

For 1 of 60 claims tested, the MBA was calculated incorrectly. The claim had a reduction due to a separation issue with a previous employer; however, the reduction was not calculated correctly. The separation issue resulted in a disqualification of 14 weeks. The claim’s original MBA was \$6,794 and should have been reduced by \$4,172 (\$298 multiplied by 14 weeks) for a maximum benefit of \$2,622. The claimant was paid \$2,980, leading to an overpayment of \$358.

Neb. Rev. Stat. § 48-626 (Cum. Supp. 2020) states, in relevant part, the following:

(2) For any benefit year beginning on or after October 1, 2018, any otherwise eligible individual shall be entitled during any benefit year to a total amount of benefits equal to whichever is the lesser of (a) twenty-six times his or her weekly benefit amount or (b) one-third of his or her wages in the employment of each employer per calendar quarter of his or her base period; except that when any individual has been separated from his or her employment with a base period employer under circumstances under which he or she was or could have been determined disqualified under section 48-628.10 or 48-628.12, the total benefit amount based on the employment from which he or she was so separated shall be reduced by an amount determined pursuant to subsection (3) of this section, but not more than one reduction may be made for each separation. In no event shall the benefit amount based on employment for any employer be reduced to less than one benefit week when the individual was or could have been determined disqualified under section 48-628.12.

(3) For purposes of determining the reduction of benefits described in subsection (2) of this section:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

* * * *

(b) If the claimant has been separated from his or her employment under circumstances under which he or she was or could have been determined disqualified under section 48-628.10, his or her total benefit amount shall be reduced by fourteen times his or her weekly benefit amount.

Neb. Rev. Stat. § 48-628.10(1) (Cum. Supp. 2020) provides the following:

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.

Good internal control requires procedures to ensure that maximum benefit amounts are calculated properly.

Without such procedures, there is an increased risk of improper benefit payments to claimants and noncompliance with State statute.

Inaccurate Social Security Numbers

During testing, we noted that the Social Security numbers (SSN) for five claimants were not correct in the benefit system. For three of the claimants, the individuals were paid through the PUA program. Had the SSNs been accurate, however, the three individuals would have been paid regular UI and PEUC instead. The incorrect SSNs prevented the Department from identifying that the claimants had received wages during the benefit base period.

Claimant	Amount Paid From PUA
Claimant #1	\$ 12,548
Claimant #2	25,369
Claimant #3	15,031

The Department had procedures for verifying with the Social Security Administration that a claimant's name agreed with his or her SSN. Nevertheless, the Department was unable to provide support that these five claimants went through the verification process.

Good internal control requires procedures to ensure that Department records, including claimant SSNs, are accurate.

Without such procedures, there is an increased risk of inappropriate or fraudulent payments.

Improper Employer Charges

According to Neb. Rev. Stat. § 48-652 (Cum. Supp. 2020), employers are typically charged for benefits paid to former employees. For claims filed on or after March 15, 2020, through August 1, 2020, the Governor's Executive Orders No. 20-4 (March 17, 2020), No. 20-14 (April 2, 2020), and No 20-22 (April 30, 2020) granted employers relief from being charged for benefits paid to individuals eligible for unemployment benefits solely as a result of COVID-19 exposure or illness. Claims filed after August 1, 2020, were chargeable to employers based on normal charging rules.

Claims not charged to employers due to COVID-19 were charged instead to the "Pool Account (COVID-19)," which were paid from the UI trust fund.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

During testing of benefit payments, we noted seven of 60 claimants tested, the employer was not properly charged. Three claims were filed after August 1, 2020, but the benefits paid were charged to the “Pool Account (COVID-19).” One claim was filed before August 1, 2020, and neither the employer nor the claimant reported that the separation was due to COVID-19, but the benefits paid were charged to the “Pool Account (COVID-19).” Three claims were filed before August 1, 2020, and, based upon available information, the separations were due to COVID-19; however, the employers were charged.

Claimant	Claim Filed Date	Actual Charges to the Employer	Should Have Charged to the Employer	Observations
Claimant #1	1/7/2021	\$ -	\$ 10,032	Charged improperly to the “Pool Account.”
Claimant #2	3/25/2020	-	3,360	Separation was not reported to be due to COVID-19; therefore, the employer should have been charged.
Claimant #3	4/9/2020	2,131	-	Separation was reported to be due to COVID-19; therefore, the employer should not have been charged.
Claimant #4	3/23/2020	2,705	-	Separation was reported to be due to COVID-19; therefore, the employer should not have been charged.
Claimant #5	6/19/2020	1,522	-	Separation was reported to be due to COVID-19; therefore, the employer should not have been charged.
Claimant #6	3/22/2021	-	2,736	Charged improperly to the “Pool Account.”
Claimant #7	10/29/2020	-	2,675	Charged improperly to the “Pool Account.”

During additional testing of 17 benefit payments, one of the payments was inappropriately charged to the employer. The claim was filed on July 8, 2020, and the employer reported to the Department that the separation was due to COVID-19. However, the employer was still charged \$94.

Good internal control requires procedures to ensure compliance with all applicable directives contained in the Governor’s executive orders. Without such procedures, there is an increased risk of noncompliance with mandatory executive directives.

We recommend the Department implement procedures to prevent the payment of improper unemployment compensation benefits. Those same procedures should also ensure compliance with State and Federal requirements, ensuring the following: 1) procedures are improved for identifying incarcerated individuals, claimants who are deceased, and identifying and assessing whether State employees are eligible for UI benefits; 2) employer responses to requests for separation information are properly adjudicated and followed up on; 3) investigations are properly created and completed in a timely manner; 4) claimants are eligible and paid from the correct program; 5) benefit overpayments are established and recouped in a timely manner; and 6) verification of claimants’ identity and employment or self-employment is performed properly and in a timely manner. We also recommend reviewing STC agreements to ensure that program objectives are met, and the employer is compliant with the agreement. Lastly, we recommend the Department implement procedures to ensure that system records, including claimant SSNs, are accurate, and employers are charged or not charged properly. We are referring the information herein to the Nebraska Attorney General.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Department Response:

Crossmatching and Establishment of Overpayments: *The Department recognized issues within the Benefit Payment Control Unit during the pandemic. The employee responsible for performing the crossmatches did not do so, and supervisor follow-up was not done. All supervisors within the unit have been changed and additional employees added. All fraud detection processes have been reviewed and are being revised.*

Ineligible Payments to Inmates: *New management is going through all crossmatch hits for inmates to ensure they were accurately worked. Referrals for all criminal prosecution will be made as appropriate.*

Benefits Paid to Deceased Claimants: *New management is going through all crossmatch hits for deceased claimants to ensure they were accurately worked. The SSA death registry has been utilized in the past and NDOL has entered into an agreement with DHHS to run a crossmatch against the state death registry. Referrals for all criminal prosecution will be made as appropriate.*

Improper Unemployment Benefits Paid to State Employees: *New management is going through all crossmatch hits for state employees to ensure they were accurately worked. Referrals for criminal prosecution will be made as appropriate.*

Benefits Paid to Claimants Under the Age of Sixteen: *The Department disagrees with this conclusion. The claimant's age was irrelevant. Age of the applicant is not an eligibility criterion for either regular state unemployment or PUA benefits. All the youth were paid under the PUA program at a time when eligibility for benefits under that program was determined based solely on self-attestation. The sisters referenced should have been exempt from work search as they had an anticipated return to work date with their father's business.*

APA Response: **The applications for Claimant #2 and #3 both stated that they do not have an expected return to work date; therefore, work searches were required. Based on the lack of work searches performed and the documented job searches for truck driver, plumber, etc., these claims appear to be fraudulent and should be reviewed further by the Department.**

Inadequate Controls, Timeliness of Investigations, and Establishment of Overpayments: *NDOL has two years to investigate and establish an overpayment. This is the only timeliness standard that exists, and the APA's assertion that some other timeliness standard applies is misleading. Creation of an investigation is not enough information for the Department to flag a claim as fraud. According to USDOL guidance, the mere creation of an investigation is not sufficient for the Department to suspend payments. The Department must investigate a claim and provide the claimant opportunity to respond before stopping or delaying payment. See – UIPL 04-01, UIPL 1145, UIPL 01-16, and UIPL 01-16, Change 1.*

APA Response: **As noted by the Department, the creation of an investigation is not sufficient to suspend payments; therefore, it is critical that investigations be worked timely so that fraudulent payments can be stopped and recouped.**

Issues Regarding Adjudication of Employer Responses: *The Department acknowledges human error occurred in the adjudication of some claims. However, the Department denies that it is required to follow-up with an employer when that employer does not respond to a separation information request. When an employer fails to provide a timely response to a request for separation information, the Department adjudicates based on the best available information. The Department does not re-review claims after determination unless it receives new information that could not reasonably have been provided at the time of the original determination. The information provided during the FY 2020 audit about the Department following up with employers when they do not respond to a separation information request was inaccurate. This has been clarified multiple times with the APA; however, the APA disregards this clarification and continues asserting that the Department adjudicated the claims incorrectly. These issues were addressed in the FY 2020 audit. For the claims adjudicated in FY 2020, unless an issue or investigation was created on the claim, the claim would not have been re-reviewed.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

APA Response: The employer's response is a significant control of the adjudication process. As noted for claimant #7 on page 14, had the Department followed up on the separating employer, the decision to allow or deny the claim may have been different. We recommend the Department follow up with employers if they do not respond to ensure that all available information on the claim is obtained.

Weekly Certification Issues: There were system issues when the work-search requirement was first reinstated. For unknown reasons, not all regular UI claims were picked up when the system was reset to require work search activities effective July 13, 2020. The work search issue was corrected for PUA claims on October 3, 2020.

Other Adjudication Issues: NDOL has two years to investigate and establish an overpayment. This is the only timeliness standard that exists, and the APA's assertion that some other timeliness standard applies is misleading. Creation of an investigation is not enough for the Department to flag a claim as fraud. According to USDOL guidance, mere creation of an investigation is not sufficient to suspend payments. The Department must investigate and provide the claimant opportunity to respond before stopping or delaying payment. See – UIPL 04-01, UIPL 1145, UIPL 01-16, and UIPL 01-16, Change 1.

APA Response: As noted by the Department, the creation of an investigation is not sufficient to suspend payments; therefore, it is critical that investigations be worked timely so that fraudulent payments can be stopped and recouped.

Pandemic Unemployment Assistance (PUA) Issues: The Department required all PUA claimants to report and provide identity verification beginning in fall of 2020 before identity verification was required by USDOL. UIPL 16-20, Change 4 states for New Applications for PUA that, "individuals filing a new PUA application on or after January 31, 2021, are required to provide documentation within 21 days of application or the date the individual is directed to submit the documentation by the State Agency, whichever is later" [emphasis supplied] and for Continued Claims for PUA that, "individuals who applied for PUA before January 31, 2021 and receive a payment of PUA on or after December 27, 2020 (regardless of which week ending date is being paid) are required to provide documentation substantiating employment or self-employment, within 90 days of application or when directed to submit the documentation by the State Agency, whichever is later" [emphasis supplied]. The UIPL required that the agency notify claimants of these requirements. The code changes for implementing the new requirements were requested in January 2021 upon receiving USDOL guidance. The technology changes were not complete until May 2021, and claimants were notified of the requirement at that time. A separate manual letter was sent in June 2021 to address any potentially missed claimants. Additionally, the Department had other identity verification processes in place. It implemented two-factor authentication for all claimants in January 2021.

APA Response: The UIPL providing the requirements to obtain documentation substantiating employment or self-employment was issued in January 2021. The Department did not implement procedures to notify claimants to provide documentation until May 2021. A majority of the claimants would not have been required to submit the documentation until 90 days after, or until July 2021 at the earliest. The PUA program ended in the State of Nebraska on June 19, 2021. Therefore, no payments would have been stopped as a result of this requirement.

Short-Time Compensation (STC) Claimants and Claimants with Excessive Wages: STC eligibility is not based on weekly earnings but on the reduction in hours. Since STC claimants continue to work while drawing STC benefits, there will always be wages earned in the quarter. Only hours worked with another employer during a benefit week would affect the STC weekly benefit amount pursuant to Neb. Rev. Stat. §48-680(5).

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

APA Response: The APA is aware that STC claimants will have wages during the quarter in which benefits are earned. However, as noted in the comment, the individuals tested did not have a corresponding reduction of wages in accordance with their agreement and, in some instances, the wages actually increased. This calls into question whether the STC agreements were being adhered to and whether the Department was performing adequate monitoring of these agreements.

Untimely Resolution to Bank Account Fraud Investigations: The date an investigation is finally closed does not equate to the date payment was stopped. In many of the claims referenced, payment was stopped, for other reasons, before the conclusion of the fraud investigation. The Department has implemented the recommended standard from the Integrity Data Hub.

Duplicate Benefit Payments: The Department acknowledges human error led to some duplicate payments. These are being reviewed.

Maximum Benefit Amount Calculation: The Department acknowledges human error led to the maximum benefit amount being calculated incorrectly.

Inaccurate Social Security Numbers: The individuals filing claims provided inaccurate SSNs. The Department crossmatches against the SSN provided. Based upon the SSN information provided by the claimant, wage records are provided to the individual and the individual may protest the wage finding. Based upon the initial finding determined on the claimant provided information, the individuals were placed in the PUA program as per the CARES Act.

APA Response: The Department should improve procedures to ensure that SSNs are accurate. The crossmatch to which the Department refers should have resulted in an error, as the name of the claimant would not have agreed with the SSN crossmatch. No such error was documented in the system, however.

Improper Employer Charges: The Department agrees these were errors.

Finding 2021-017

Lack of Payroll Segregation of Duties and Other Issues

The State's accounting system does not have an established segregation of duties for payroll processing. Therefore, employees with access to process payroll are able to perform all procedures without a secondary individual being required to approve transactions. Accordingly, the Department should have compensating procedures in place, such as a documented review of the final payroll register, as well as changes to pay rates and other payroll information, by an individual without payroll access to ensure that no one individual is able to conceal errors or irregularities.

The Department worked with the Department of Administrative Services (DAS) to process payroll through the Shared Services program. The Department prepared the payroll, and DAS was involved in necessary changes and external reviews of the payroll, including certification that the payroll was ready to be posted to the general ledger. However, the Department did not perform a reconciliation of the payroll register to the general ledger to ensure that payroll processed by DAS was accurate and complete. Furthermore, six Department employees had access to perform all procedures within the system, including one-time overrides of pay rates, hours worked, and type of earnings paid (such as vacation, sick leave, etc.), and there were no documented procedures to identify unapproved changes by those individuals.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The Department used EnterpriseOne, the State's accounting system, to track employee time worked and leave used. Employees submitted their time worked for each pay period to a supervisor who approved the timesheet prior to payment. However, EnterpriseOne did not accurately track who approved the timesheets in the system. Supervisors could set up delegates in the system to approve timesheets and leave requests should the supervisor be unavailable. The system did not record who approved the timesheet. If a delegate approved an employee timesheet, 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. We noted that one employee tested was a delegate for her supervisor, allowing the employee to approve her own timesheets.

Furthermore, there was no audit trail for delegates in EnterpriseOne. When a supervisor terminated, there was no record of the delegates in the system. Supervisors were also able to delete delegates without any record of the assignment. The Department did not have any compensating controls in place to document who approved an employee's timesheet.

The Department had \$22,945,597 in personal service expenditures during the fiscal year ended June 30, 2021.

A good internal control plan requires an adequate segregation of duties to ensure no one individual is in a position both to perpetrate and to conceal errors or irregularities. This would require someone without payroll access to perform a documented review of payroll – including a review of timesheets and leave usage – to ensure that it is proper. Such a segregation of duties also requires controls to ensure employees are not able to approve their own timesheets.

Without an adequate segregation of duties, there is an increased risk of overpayments, improper payments, and errors or irregularities occurring and not being detected.

A lack of segregation of duties over payroll was also noted in our fiscal year 2021 attestation report.

We recommend the Department implement policies and procedures to have an individual without payroll access, or a DAS staff person through the Shared Services program, perform a documented review of the payroll register, timesheets, leave usage, and changes to pay rates for accuracy and reasonableness. We also recommend the Department implement procedures to document supervisory review of timesheets. Lastly, we recommend the Department ensure delegates are proper, and no employee is able to approve his or her own timesheet.

Department Response: The Department has a number of reviews in place to ensure that payroll is processed appropriately. However, the Department recognizes that establishing internal controls related to one-time overrides of pay rates, hours worked, and type of earnings paid (such as vacation, sick leave, etc.), along with documenting procedures to identify unapproved changes, would further ensure that no one individual can conceal errors or irregularities. The Finance team will work with Human Resources to implement a tracking process for delegation and to enforce policy that approval authority can be delegated only to a management level above the approving supervisor. The Finance team has recently developed and implemented a process to validate payroll against the General Ledger.

Finding 2021-018

Untimely Responses to Records Requests

The Department failed to respond timely to several requests for information. There were several instances of failure to comply with Neb. Rev. Stat. § 84-305 (Cum. Supp. 2020), which requires responses to requests by the APA to be made within the three business days and the information sought to be provided within three weeks after the initial request.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

The table below provides examples of the Department’s belated responses to the APA’s information requests:

Request	Initial Request Date	Response Received Date	Total Days
Memo on UI COVID Controls – Update by NDOL	6/21/2021	7/20/2021	29
UI Benefit Payment Questions #5	8/2/2021	8/25/2021	23
UI Benefit Payment Questions #6	8/6/2021	9/3/2021	28
UI Benefit Payment Questions #7	8/18/2021	9/10/2021	23
Self-Employment Documentation	8/13/2021	9/7/2021	25
Payment to Deceased Claimants	8/20/2021	9/21/2021	32
UI Journal Entries – Cancelled Payments	8/24/2021	9/27/2021	34
Intrastate Quarterly Crossmatch Investigation	9/10/2021	Note 1	N/A

Note 1: As of October 4, 2021, the APA had not received a response to this request.

Additionally, there were numerous instances of the Department failing to inform us of its inability to respond to our requests within three business days, as required by State statute.

Delays in responses to the APA’s requests for information, such as those detailed above, impede the APA’s ability to conduct the audit in a timely manner. These delays waste the time of both the APA and the Department. In order to ensure expedient testing, our requests for information must be fulfilled timely, precisely, and in accordance with State statute. Given that we were trying to ensure accurate testing and audit results, moreover, it was in the Department’s best interest to respond properly. Nevertheless, many of the responses took three weeks or more after the APA inquired or submitted a request to the Department for additional information.

Further, on several occasions, the Commissioner of Labor claimed that the APA had been granted full and complete access to NEworks, the Department’s unemployment system, in compliance with § 84-305. On more than one occasion, however, the APA had to ask the Department to expand our scope of access within the system – indicating that, contrary to the Commissioner’s prior assertions, APA access to NEworks was not unrestricted. For example, the Commissioner stated on August 30, 2021, that the APA was given full access to all information in NEworks; however, on September 16, 2021, the APA had to request that access be granted to run UI reports, and on September 29, 2021, the APA had to request that access be granted to view Lost Wage Assistance (LWA) self-certifications.

Section 84-305(1) states the following:

The Auditor of Public Accounts shall have access to any and all information and records, confidential or otherwise, of any public entity, in whatever form or mode the records may be, unless the auditor is denied such access by federal law or explicitly named and denied such access by state law. If such a law exists, the public entity shall provide the auditor with a written explanation of its inability to produce such information and records and, after reasonable accommodations are made, shall grant the auditor access to all information and records or portions thereof that can legally be reviewed.

Subsection (2) of that same statute adds, as is relevant, the following:

Upon receipt of a written request by the Auditor of Public Accounts for access to any information or records, the public entity shall provide to the auditor as soon as is practicable and without delay, but not more than three business days after actual receipt of the request, either (a) the requested materials or (b)(i) if there is a legal basis for refusal to comply with the request, a written denial of the request together with the information specified in subsection (1) of this section or (ii) if the entire request cannot with reasonable good faith efforts be fulfilled within three business days after actual receipt of the request due to the significant difficulty or the extensiveness of the request, a written explanation, including the earliest practicable date for fulfilling the request, and an opportunity for the auditor to modify or prioritize the items within the request. No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Finally, Neb. Rev. Stat. § 84-305.01 (Supp. 2021) reads as follows:

Any person who willfully fails to comply with the provisions of section 84-305 or who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.

The Department's failure to respond promptly to information requests not only constitutes a violation of § 84-305 but also interferes with the APA's testing and timely completion of the audit.

We recommend the Department implement procedures to ensure compliance with § 84-305 by responding timely to APA requests for information.

Department Response: The APA misstates Neb. Rev. Stat. §84-305, which requires that agencies provide "access" to records. Black's law dictionary defines a record as "A documentary account of past events, usu. designed to memorialize those events; information that is inscribed on a tangible medium or that, having been stored in an electronic or other medium, is retrievable in perceivable form." The Department complied within the Black letter law of § 84-305. NEworks access is managed at a permission group level. At the beginning of the audit, the existing Auditor account group established for record access in prior CAFR audits was updated to include newer UI privileges and reports during the 2021 ACFR. The APA staff were given unlimited access to the expanded file. When additional access was requested, it was provided within 24 hours in most cases and within 3 business days in all known cases. Requests for additional explanation of records are outside the scope of Neb. Rev. Stat. §84-305.

APA Response: Neb. Rev. Stat. § 84-305 grants the APA access to "to any and all information and records, confidential or otherwise, of any public entity, in whatever form or mode the records may be" The words "any and all information" were added specifically to ensure that the APA would have comprehensive and immediate access to anything, including explanatory information, needed to carry out a thorough audit. Moreover, as set out clearly in the report comment, the APA was denied timely access to requested records and correlative explanatory information alike.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

MILITARY DEPARTMENT

Finding 2021-019

Accounting Errors

During the fiscal year ended June 30, 2021, the Department moved Federal funding sources related to its COVID-19 expenditures from the Federal Coronavirus Relief Fund (CRF) grant to its FEMA grant. However, the Department incorrectly recorded \$41,837,268 of related expenditures as a beginning fund balance adjustment. Of the total, \$36,792,507 had already been recorded as expenditures in fiscal year 2020, and \$5,044,761 was for current fiscal year expenditures. The Department of Administrative Services, State Accounting Division, (State Accounting) adjusted the financial statements as proposed by the Auditor of Public Accounts (APA). An additional \$14,886, spent from Cash funds, was also incorrectly recorded as a beginning fund balance adjustment; however, even though that amount was for fiscal year expenditures, an adjustment was not made.

Furthermore, the Department recorded \$2,107,312 of prior year expenditures related to the 2018/2019 ice and flooding disaster to a Federal fund during fiscal year 2021. The expenditures should have been recorded as a beginning balance adjustment, as these were paid during previous fiscal years from the General fund. State Accounting adjusted the financial statements as proposed by the APA.

Lastly, State Accounting provided State agencies with a chart of accounts for use in consistently and properly recording activity in the State's accounting system. State Accounting used a specific account titled "Subrecipient Payments" to track payments made to subrecipients for reporting in the Statewide Single Audit – Schedule of Expenditures of Federal Awards (SEFA). During the fiscal year, the Department recorded \$97,920,782 of expenditures inappropriately as subrecipient payments. The APA tested \$94,983,675 and determined that the expenditures were not related to subrecipients but were, in fact, operating expenditures of the State. As the Annual Comprehensive Financial Report (ACFR) financial statements reflect expenditures by function, not by account code classification, there was no effect on the ACFR; however, the activity was not recorded correctly in the accounting system, in accordance with the State Accounting chart of accounts.

Good internal control and sound business practices require procedures to ensure that, per the State Accounting chart of accounts, all transactions are recorded correctly in the proper fiscal year and use the appropriate account coding for financial statement presentation.

Without such procedures, there is an increased risk for material misstatement of the financial statements.

We recommend that Department establish procedures to ensure that the recording of transactions in the State's accounting system is reasonable and proper and in accordance with the State Accounting chart of accounts.

Department Response: The Agency acknowledges the finding regarding the correct recording of transactions in the accounting system, in accordance with the State Accounting chart of accounts, and agree that accurate reporting is required to mitigate any risk for material misstatement of the financial statements.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF MOTOR VEHICLES

FINDING 2021-020

Monitoring of County Deposits

Ninety-one counties across the State were responsible for collecting both motor vehicle title and registration fees and driver's license fees. The county treasurers used the Department's VicToRy system to record those fees, which were remitted to the Nebraska State Treasurer the month following receipt. The Department did not perform a documented reconciliation of the money recorded by the county treasurers in its system to ensure that all fees were remitted properly.

The recording process was automated for fees originally collected in VicToRy. Because driver's license fees were not collected through VicToRy, however, the county treasurers were required to input manually the amounts collected to ensure that those receipts would be included in the total payment to the State. Due to this being a manual process, the Department should have had procedures to ensure that the driver's license fee amounts entered into VicToRy were accurate and recorded by the State Treasurer to the proper funds in the accounting system.

Based on the activity recorded in VicToRy, the Department received the following fee amounts during the period July 1, 2020, through May 31, 2021:

Fee Type	Amount
DL Security Surcharge	\$ 809,141
DMV/Driver License	1,403,655
Driver's License & I.D. Cards	1,600,466
Ignition Interlock Device	64,200
Organ Tissue Donor Awareness	18,025
Total	\$ 3,895,487

Good internal controls require procedures for ensuring that driver's license fees recorded manually in the VicToRy system are accurate and subsequently allotted to the proper funds in the State's accounting system.

Without such procedures, there is an increased risk of incorrect amounts being remitted to the Department and apportioned incorrectly by the State Treasurer.

We recommend the Department implement procedures for reviewing the accuracy of the fees recorded each month by the county treasurers to ensure that the proper amounts were received and allotted correctly in the State's accounting system.

Department Response: A process has been put in place for review and reconciliation of county remittances. Further review of remittances to the driver license system and state accounting system is underway.

Finding 2021-021

Lack of Segregation of Duties Over Payroll

The State's accounting system does not have an established segregation of duties for payroll processing. Therefore, employees with access to process payroll are able to perform all procedures without a secondary individual being required to approve transactions. Accordingly, the Department should have compensating procedures in place, such as a documented review of the final payroll register and changes to pay rates and other payroll information, by an individual without payroll access, to ensure no one individual is able to conceal errors or irregularities.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

One individual was able not only to perform all payroll processes but also to review reports. There was no secondary review by an individual without payroll access to ensure expenditures were accurate and proper, including a review of the timesheet records for individuals with payroll access to ensure time recorded was paid properly.

The Department had \$12,522,786 in personal service expenditures during the period July 1, 2020, through June 30, 2021.

During testing of payroll expenditures, we noted that the Department used the State's accounting system, EnterpriseOne, for timesheet entry. Exempt employees were only required to record leave used; therefore, no documentation of the hours worked, in addition to leave used, was obtained to ensure compliance with State law requiring 40-hour work weeks. Furthermore, EnterpriseOne did not accurately track who approved timesheets in the system. Supervisors could set up delegates in the system to approve timesheets and leave requests should the supervisor be unavailable. The system did not record who actually approved the timesheet. If a delegate approved an employee timesheet, 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, and there was no audit trail for delegates in EnterpriseOne. When a supervisor terminated, there was no record of the delegates in the system. Supervisors were also able to delete delegates without any record of the assignment.

Neb. Rev. Stat. § 84-1001(1) (Reissue 2014) states the following:

All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur.

A similar finding was noted during the attestation for the period ended December 31, 2020.

A good internal control plan requires an adequate segregation of duties to ensure no one individual is in a position both to perpetrate and to conceal errors or irregularities. This would require someone without payroll access to perform a documented review of payroll to ensure that it is proper, including a review of timesheets and leave usage. Furthermore, good internal controls require adequate policies and procedures to ensure employees' time worked is adequately documented for compliance with State law.

Without an adequate segregation of duties, there is an increased risk of overpayments, improper payments, and errors or irregularities occurring and not being detected.

We recommend the Department implement policies and procedures to have an individual without payroll access perform a documented review of the payroll register, timesheets, leave usage, and changes to pay rates for accuracy and reasonableness. We also recommend the Department implement procedures for exempt employees to document time worked in compliance with State law and implement procedures to document supervisory review and approval of timesheets outside of the system.

Department Response: The access of the agency employee responsible for certifying the payroll has been changed to allow for a documented review of the payroll but without access to make any changes. In addition, a process has been put in place to document that employees have complied with the provisions of Nebraska Revised Statute 84-1001(1).

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF TRANSPORTATION

Finding 2021-022

Year-End Financial Information Errors

The Department of Administrative Services (DAS), State Accounting Division (State Accounting), prepares the State of Nebraska Annual Comprehensive Financial Report (ACFR) and requires all State agencies to determine and report payable and receivable amounts and other financial information not contained within the State's accounting system at the end of the fiscal year. A good internal control plan requires agencies to have adequate procedures for the reporting of accurate and complete financial information to State Accounting. During testing of various information prepared by the Department, we noted the following issues:

- The Department reported retention of \$135,059,161 owed to the contractor working on the Lincoln South Beltway project as of June 30, 2021. However, the Department should have reported \$148,022,184, an understatement of \$12,963,023.
- The Department understated the Federal accounts receivable and related revenues by \$11,638,767.
- The Department also overstated the Federal accounts receivable in the prior year by \$1,742,931, which essentially caused the beginning balance to be overstated and the current year's revenue to be understated.
- The Department overstated its Local accounts receivable and deposits by locals by \$5,058,687 because the same project recorded a receivable and a payable on the same report.
- The Department understated the beginning balance for the GASB Statement No. 34 infrastructure reporting by \$1,072,482. The report information originally provided was not correct and required revisions, which increased the balance.

Without adequate procedures for the proper reporting of financial information, there is an increased risk of material misstatements occurring and remaining undetected.

We recommend the Department implement procedures to ensure the accuracy of the ACFR financial information reported to State Accounting.

Department Response: NDOT concurs with the adjustments to the reported amounts and will work to refine our process for capturing information reported to DAS State Accounting for ACFR reporting at fiscal year-end.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

III. Findings and Questioned Costs Relating to Federal Awards:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2021-023

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund; AL 93.323 – COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases; AL 97.036 – COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters) – Allowability

Grant Number & Year: AL 21.019 – NA; AL 93.323 – NU50CK000547, project period 8/1/2019-7/31/2024; AL 97.036 – 4521-DR-NE, 4/4/2020

Federal Grantor Agency: U.S. Department of Treasury, U.S. Department of Health and Human Services, U.S. Department of Homeland Security

Repeat Finding: No

Questioned Costs: \$10,224,700 known

AL	Grant	Questioned Costs
21.019	NA	\$ 707,200
93.323	NU50CK000547	\$ 617,500
97.036	4521-DR-NE	\$ 8,900,000

Statistical Sample: No

Summary: Audit finding 2021-005 (NOMI Contract Matters), included in Part II of this report, relates to both the financial statements and Federal awards.

The State of Nebraska did not have adequate documentation to support the receipt of testing kits. The State entered into a contract with Nomi Health, Inc., on April 21, 2020, to provide 1,200,000 test kits. However, based on the documentation available, we were able to obtain support for the receipt of only 803,240 test kits. The State paid between \$25 and \$32.50 per test kit. The Agency was unable to provide support that 396,760 test kits, for a cost of \$10,224,700, were received.

Recommendation: We recommend the Agency establish procedures for documenting that all contract deliverables have been received before payment is made.

Management Response: The Department of Administrative Services provided the auditor with Nomi Health, Inc. records to support that all test kits required under the contract were shipped. DAS’ own records indicate that there was a lack of packing slip documentation maintained during the pandemic, particularly in the early months of June, July, and August 2020, however, such test kits were received. Records of the Department of Health and Human Services (DHHS) show that tests were administered at TestNebraska sites in these months. DAS disagrees with the entirety of the questioned costs, as this was a performance issue.

According to DHHS electronic lab records, a minimum of 789,400 tests were performed. A count of warehouse inventory accounts for an additional 206,500 test kits, providing support for receipt of at least 995,900 test kits. Nomi Health, Inc. provided documentation supporting over 1.2 million test kits, and the contract was fulfilled.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

APA Response: Per Uniform Guidance, questioned costs include costs that are not supported by adequate documentation at the time of the audit. On December 3, 2021, the Agency communicated to the APA, “The record of shipments of the tests and delivery receipts DAS provided you constitutes all of the documentation DAS has regarding test kit deliveries.” As documentation was not on file to support the receipt of all test kits paid for, these are considered questioned costs.

Finding 2021-024

Program: Various, including AL 93.778 – Medical Assistance Program (Medicaid) – Allowable Costs/Cost Principles

Grant Number & Year: Various, including #2005NE5ADM, FFY 2020

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

Criteria: 2 CFR § 200.403 (January 1, 2021) 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.

2 CFR § 200.405(b) (January 1, 2021) 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.

2 CFR § 200.444(a) (January 1, 2021) states, in relevant part, the following:

For states, local governments, and Indian Tribes, the general costs of government are unallowable (except as provided in § 200.475). 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

2 CFR § 200, Appendix V, subsection (G)(2), (January 1, 2021) 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.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

2 CFR § 200, Appendix V, subsection (G)(4), (January 1, 2021) 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 revenues 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. These adjustments will be made through one of the following adjustment methods: (a) a cash refund including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with applicable Federal cognizant agency for indirect costs regulations to the Federal Government for the Federal share of the adjustment, (b) credits to the amounts charged to the individual programs, (c) adjustments to future billing rates, (d) adjustments to allocated central service costs.

A good internal control plan requires:

- Procedures to ensure rate charges are equitable, reflective of actual costs incurred, and reviewed periodically to confirm that charges are appropriate for the services provided.
- Adequate documentation to support both rates charged and the approval of those rates.
- Periodic review of internal service fund balances to ensure revenues are not in excess of expenses.
- Internal service rates are published and available for State agency review and applied consistently for all State agencies.

Condition: The Agency did not have adequate documentation to support the allocation of security costs in developing building rental rates. Additionally, the Agency's Materiel Division did not maintain adequate documentation to support that charges were reasonable, equitable, and consistently applied. A similar finding was noted in prior audits since 2015. Lastly, the Accounting Internal Service Fund balance was greater than 60 calendar days for cash expense for normal operations incurred.

Repeat Finding: 2020-022

Questioned Costs: Unknown

Statistical Sample: No

Context: We noted the following:

Building Division

The rental rate charged to agencies for building space includes an allocation for indirect costs for administration, groundskeeping, security, and energy management. We noted that the Capitol and the Governor's residence were not allocated any costs for security, even though there is security at these locations. As these locations were not allocated any security costs, Federal programs could be over-charged. Additionally, security costs to the Capitol and the Governor's residence are general costs of government and, therefore, unallowable. For the fiscal year ended June 30, 2021, the allocations for security costs were \$809,495.

Materiel Division

We tested five Print Shop billings and noted the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- In prior audits, we noted that 24 Print Shop rates were based on calculations from fiscal year 2008, and three other Print Shop rates were based on calculations from fiscal year 2011. The Print Shop increased all the rates by 10% in fiscal year 2019 and increased the rates by 5% in fiscal year 2020. No changes to the rates were made in fiscal year 2021. No support was provided to determine that the current rates were reasonable.
- The Agency's published markup price for special purchases, paper costs, plate material, special order supplies, and colored ink was 41%. However, the Agency was charging a markup of only 35%. Regardless, the Agency did not have adequate documentation to support the reasonableness of either markup percentage rate.
- One billing tested included 20 hours per month for bookwork and accounting services. However, there was not adequate documentation to support the number of hours billed as reasonable.
- For two billings tested, the Agency charged for the cost of plates used during printing. Per the published Print Shop rate schedule, the Agency charges \$57.89 per metal plate and \$14.96 per plastic plate; however, the Agency was charging \$25.75 per plate used, regardless of plate type. As previously stated, the Agency did not have support that the current rates were reasonable.
- For one billing tested, we noted that the Agency was not using the current Print Shop rates in order to calculate the bill. The Agency charged \$10,097; however, using the current Print Shop rates, we calculated the bill to be \$10,679, a variance of \$582.

Receipts from sales of print shop services during the fiscal year ended June 30, 2021, totaled \$3,132,067.

Accounting Division

Per the Agency's calculation, as of June 30, 2020, the Accounting Services Internal Service Fund Balance was \$4.307 million; however, the allowable reserve was only \$0.914 million, a difference of \$3.393 million. The Agency had not completed its internal service fund balance calculations for the fiscal year ended June 30, 2021, at the time of the audit. We estimated that the fund balance increased to \$4.527 million as of June 30, 2021, and the allowable reserve was \$1.007 million, a difference of \$3.520 million.

Additionally, the Accounting Services Internal Service Fund Balance has been increasing since 2016; therefore, the Agency appears to be charging too much for services.

Cause: Inadequate procedures.

Effect: When security costs are not allocated to all buildings in an equitable manner, Federal programs will not be charged in accordance with Federal cost principles. Additionally, without adequate controls and procedures to ensure rates are equitable and based on actual costs, there is an increased risk that Federal programs will be overcharged for services, and the Agency's internal service funds will be above Federal regulations.

Recommendation: We recommend the Agency review its allocation of security costs to ensure that the 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. We also recommend the Agency develop procedures to monitor its internal service funds to ensure that its fund balances do not exceed the allowable threshold.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Management Response: The Building and Grounds Maintenance allocation is based on a management business decision. A prior year finding regarding the Lincoln grounds and security indirect cost allocation was corrected, and additional corrective action is planned for the Print Shop. The error of \$582 out of \$3,132,067 billed was corrected.

State Accounting formally reviews its fund balance monthly. The increased cash balance is a result of planned increased costs for a new accounting system. The implementation of the system did not occur, and State Accounting was diligent in keeping spending consistent with prior levels. Rates were reduced by \$450,000 in fiscal year 2021, and from that level reduced another \$132,000 in each of the next two years (current biennium). Further offsets to rates are planned for the coming biennium to bring the cash balance to within a 60-day operating level.

Finding 2021-025

Program: Various, including AL 93.767 – Children’s Health Insurance Program, AL 93.778 – Medical Assistance Program – Reporting

Grant Number & Year: Various, including #2005NE5021, FFY 2020; #2105NE5ADM, FFY 2021

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

Criteria: A good internal control plan requires adequate procedures to ensure the Schedule of Expenditures of Federal Awards (SEFA) is properly presented. A good internal control plan also requires the auditee to reconcile the SEFA to the financial statements to ensure the schedule is complete and accurate.

Title 2 CFR § 200.510(b) (January 1, 2021) states, in part:

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements which must include the total Federal awards expended At a minimum, the schedule must:

* * * *

(3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

Neb. Rev. Stat. § 81-1111(1) (Reissue 2014) states, in part:

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 either expenditures or the amount provided to subrecipients reported accurately on the SEFA. We notified the Agency of the errors, and the SEFA was subsequently adjusted. Also, as noted in Finding 2021-006, the Agency did not perform a reconciliation of the SEFA to the financial statements. A similar finding was noted in the prior audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Repeat Finding: 2020-023

Questioned Costs: None

Statistical Sample: No

Context: The Agency is responsible for managing the accounting matters of the State and certifies the data collection form for the Statewide Single Audit. The Agency compiles the SEFA from information by the individual agencies and submits it to the auditor. During our review, we noted the following:

The Department of Health and Human Services (DHHS) did not accurately report expenditures for several programs, including over-reporting AL 93.767 by \$1,052,592 and under-reporting AL 93.778 by \$10,286,807. DHHS also reported \$63,137,044 under AL 10.551 that should have been under AL 10.542.

Several agencies did not properly identify COVID-19 expenditures.

There were 38 programs for various State agencies that needed correction. The total expenditures and amounts provided to subrecipients originally reported and per the final SEFA were as follows:

Original SEFA		Final SEFA	
Expenditures	Subrecipients	Expenditures	Subrecipients
\$ 5,964,125,088	\$ 956,381,502	\$ 5,930,890,825	\$ 963,799,240

Cause: The Agency lacked adequate procedures for ensuring the accuracy of amounts not directly from the accounting system. The Agency established a specific account code for aid to subrecipients, but not all agencies utilized this code.

Effect: Increased risk for the SEFA to be inaccurate, which could lead to Federal sanctions or failure to audit programs that should be audited.

Recommendation: We recommend the Agency implement procedures to ensure the SEFA is complete and accurate.

Management Response: State Accounting has complied with Title 2 CFR §200.510(b) and Neb. Rev. Stat. § 81-1111(1), and presented the total SEFA amount with 99.5% accuracy.

APA Response: State Accounting procedures failed to detect that a \$63 million dollar program was not accurately reported. This was a Type A program and was required to be audited as a major program.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF EDUCATION

Finding 2021-026

Program: AL 84.287 – Twenty-First Century Community Learning Centers – Allowability & Subrecipient Monitoring

Grant Number & Year: S287C180027, FFY 2019; S287C190027, FFY 2020

Federal Grantor Agency: U.S. Department of Education

Criteria: Per 2 CFR § 200.403 (January 1, 2021), allowable costs must be necessary, reasonable, and adequately documented.

2 CFR § 200.430(i)(1) (January 1, 2021) states, in relevant 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 ;

(iv) Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity ; and

** * * **

(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.

2 CFR § 200.332 (January 1, 2021) states, in relevant part, the following:

All pass-through entities must:

** * * **

(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.

A good internal control plan requires that adequate documentation be maintained to support amounts claimed by and paid to subrecipients. Good internal control also requires procedures to ensure subrecipients are utilizing Federal pass-through funds for authorized purposes and in compliance with applicable regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Condition: The Agency lacked adequate procedures to ensure that subrecipients: 1) used Federal awards for authorized purposes; 2) complied with laws, regulations, and the provisions of contracts and agreements; and 3) achieved performance goals.

Repeat Finding: 2020-030

Questioned Costs: \$50,722 known (S287C180027, \$35,819; S287C190027, \$14,903)

Statistical Sample: No

Context: We randomly selected 19 subrecipient payments and also chose the largest subrecipient payment for testing. We noted the following:

- The Agency did not perform adequate subrecipient monitoring during the fiscal year for seven subrecipients tested, as the Agency did not review salaries and benefits claimed by the subrecipients. The Agency obtained general ledger summary information from the subrecipient but did not obtain and review payroll records such as timesheets, paystubs, or salary and fringe benefit support.
- Of the 19 randomly selected payments, we noted that \$50,722 did not have adequate documentation to support that those expenditures were allowable and in accordance with Federal cost principles. Several employees' salaries and benefits were included in the reimbursement requests; however, the Agency did not require the subrecipients to submit documentation for these expenditures, other than reports from its accounting systems. We provided the Agency with an opportunity to request documentation from its subrecipients to support that its salaries and benefits expenses were allowable and in accordance with Federal cost principles; however, three of the subrecipients did not provide adequate support to show that its salaries and benefits were allocable to the grant.

Subrecipient aid payments for the fiscal year ended June 30, 2021, totaled \$7,140,154. The sample population was \$5,356,233 (total population \$7,140,154 less \$1,783,921 to largest subrecipient that was separately determined to be allowable). The random sample tested totaled \$857,155. Based on the sample tested, the case error rate was 15.79% (3/19). The dollar error rate for the sample was 5.92% (\$50,722/\$857,155), which estimated potential dollars at risk for fiscal year 2021 to be \$317,089.

Cause: Inadequate procedures

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

Recommendation: We recommend the Agency improve procedures to monitor subrecipients, including reviewing both detailed supporting documentation for expenditures and payroll documentation for each subrecipient. We further recommend adequate documentation be maintained to support expenditures are allowable and in accordance with Federal cost principles.

Management Response: The Budget Management Specialist under the Office of Budget & Grants Management and the 21st CCLC Director under the Office of ESEA Programs conduct a desk review of each reimbursement request, which includes the grantee general ledger, to assure expenditures are allowable, reasonable and within the budget and performance period. If there are any unusual or questionable expenditures, sub-grantees are contacted to provide additional documentation or justification. Virtual visits and programmatic desk monitoring under the Office of ESEA Programs are additional strategies utilized to mitigate risk. All programs receive a programmatic monitoring visit in year 3 of the 5-year grant where the 21st CCLC director reviews selected financial documentation and employee time and effort information. The Nebraska 21st CCLC program utilizes a risk-assessment instrument to identify programs that may require interim programmatic monitoring or additional technical assistance.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

On behalf the Nebraska’s FFY 2018 and FFY2019 Single State Audit Resolution’s the Nebraska Department of Education engaged in Federal corrective action plans commencing in April 2019 through December 2020. Per the USDE, a reasonableness check of reimbursement requests (or primary documentation) did not identify questioned costs or meet the Standards for Internal Control in the Federal Government (Green Book) or under the 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Nebraska Department of Education diligently over this timeframe and under the guidance of USDE Federal Compliance Specialists and to recognize Federally approved practices worked with other State Department of Education SEAs to establish the Grant Compliance Section under the Office of Budget & Grants Management. This section is a dedicated unit to Federal internal controls and Federal award fiscal activities. On July 1, 2020, the Department deployed a standardized practice of sub-recipient internal controls: fiscal monitoring policy and procedures for LEAs subrecipients under 2 CFR § 200.332, control environment, risk assessment, technical assistance through the lifecycle of a grant, non-compliance measures, single audit practices, and sub-recipient fiscal monitoring. Fiscal monitoring reviews financial primary documentation (including 2 CFR § 200.430(1)(i) noted) and establishes that a sub-recipient has internal controls in place for these Federal awards supported by policies, procedures, and engages in established practices. Fiscal monitoring also provides one-on-one technical assistance where and when it is needed as well as through scheduled events through the year. Sequential sampling monitoring ensures that the NDE monitors all subrecipients effort at any given point in time on a 1-to-3-year cycle based on level of risk (23 data-driven evidenced based indicators), level of award and if under a corrective action from prior monitoring cycles. The Nebraska FFY20 Single State Audit encompassed review of reimbursement request primary documentation and programmatic monitoring outside of the Grant Compliance Section’s internal control standards for sub-recipient fiscal monitoring, questioned costs, and non-compliance systematic activities performed each year.

Finding 2021-027

Program: AL 84.367 – Supporting Effective Instruction State Grant – Special Tests

Grant Number & Year: S367A200026, FFY 2021

Federal Grantor Agency: U.S. Department of Education

Criteria: 34 CFR § 299.7(a)(1) (July 1, 2020) states the following:

Expenditures of funds made by an agency, consortium, or entity under a program listed in §299.6 (b) for services for eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the amount of funds expended for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of those children and their teachers and other educational personnel.

Good internal control requires procedures to ensure that non-public schools receive an equitable proportion of funds.

2 CFR § 200.511(b) (January 1, 2021) 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. . . .

* * * *

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

(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 taken 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.

Condition: One of four public school districts tested with non-public schools had an incorrect calculation of the per-pupil rate. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2020-032

Questioned Costs: None

Statistical Sample: No

Context: For one public school district tested, \$735 of administrative costs were included in the Agency's per pupil rate calculation; however, this amount was not included in the Agency's approved budget, which lowered the per-pupil rate to \$40.85 instead of \$41.98. The result is that the amount available to the public school and the non-public school was incorrect. The amount available to the public school was overcalculated by \$111.

Cause: Inadequate review by the Agency.

Effect: Without an adequate review of the per-pupil rate calculations, there is an increased risk that public schools and non-public schools will be paid incorrectly.

Recommendation: We recommend the Agency implement procedures to ensure the per-pupil rate calculations are adequately reviewed for accuracy.

Management Response: NDE agrees with finding. NDE worked with the public school to get the \$111 added to the non-public budget to correct the issue. NDE reviewed the rest of the districts and found no other issues.

Finding 2021-028

Program: AL 84.425C – COVID-19 Education Stabilization Fund – Governors Emergency Education Relief Fund (GEER) – Allowability & Cash Management

Grant Number & Year: S425C200038, grant period ending 9/30/2021

Federal Grantor Agency: U.S. Department of Education

Criteria: 2 CFR § 200.403 (January 1, 2021) 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:

(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, 2021

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

* * * *

(g) Be adequately documented.

The Department of Administrative Services (DAS) State Accounting Manual, Policies – Section AM-005-4, Prepayments (3/2021), states, in relevant part, the following:

Occasionally, there are situations that arise when prepayment is necessitated due to federal requirements, State Statutes, contracts or, normal business practices. Though prepayments are not illegal, per se, they are in conflict with the normal claims process since the State will give an asset in anticipation of goods or services being rendered at a later date. (There is not an enforceable claim against the State until goods or services are received.) Since the potential for loss to the State is greater under prepayment situations, extreme care should be exercised and a conscious effort should be undertaken to minimize prepayments. State Accounting reserves the right to review all prepayment requests.

Per 2 CFR § 200.53 (January 1, 2021), the definition of an improper payment includes “any payment for a good or service not received (except for such payments authorized by law).”

Per 2 CFR § 200.84 (January 1, 2021), the definition of a questioned cost includes the following:

Questioned cost means a cost that is questioned by the auditor because of an audit finding:

(a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;

(b) Where the costs, at the time of the audit, are not supported by adequate documentation[.]

31 CFR § 205.11(a) (July 1, 2020) provides the following:

A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State’s payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds.

A good internal control plan requires procedures to ensure that goods or services are provided to the State prior to payment or as close as administratively possible to the payment.

Condition: The Agency did not have adequate procedures to ensure that its contractor was utilizing Federal funds for allowable costs. In addition, the State advanced millions of dollars in Federal funds to the contractor without procedures to minimize the time elapsing between the receipt of funds from the Agency and the subsequent contractor disbursement to its vendors/schools.

Repeat Finding: No

Questioned Costs: \$633,780 known

Statistical Sample: No

Context: The Agency contracted with another entity to provide student devices for schools. For one payment tested, the Agency paid the contractor to purchase student devices for schools in the amount of \$8,000,440 on November 30, 2020. Per the contractor’s records, the contractor received the payment on

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

December 4, 2020. However, the first disbursement by the contractor for student devices was not made until January 21, 2021, 48 days after the receipt. The full \$8,000,440 was not spent by the contractor until April 8, 2021, 125 days after the receipt. Additionally, the contractor received a second receipt from the Agency in the amount of \$1,654,617 on February 10, 2021, when the contractor still had a balance of \$4,768,413 from the first receipt. As of June 30, 2021, the contractor had a balance of \$1,030,284 to be used to purchase student devices.

As of January 25, 2022, the Agency had paid the contractor \$11,606,653 for the purchase of student devices, and the contractor still had a balance of \$633,780. As these funds have not been spent by the contractor for student devices, it is unknown if they were used for an allowable purpose, so these are considered questioned costs.

Cause: Inadequate procedures.

Effect: When goods or services are not provided prior to payment by the State, there is an increased risk of the loss of Federal funds and noncompliance with the DAS State Accounting Manual and Federal regulations.

Recommendation: We recommend the Agency implement procedures to minimize or eliminate advance payments to contractors. We further recommend the Agency implement procedures to ensure compliance with Federal regulations.

Management Response: For risk management and internal controls in avoidance of questioned costs per 2 CFR § 200.84 (January 1, 2021):

•Which results from a violation or possible violation of statute, regulation, or the terms and conditions of a federal award:

- o The NDE applied guidance per 2 CFR § 200.53 (January 1, 2021), whereas the law providing exception for allowability being under Part B: Programmatic, Fiscal, and Reporting Assurances of the GEER Fund Certification and Agreement (C&A), whereas the Governor assured and that the NDE to the greatest extent practicable, continue to pay its contractors during the period of any disruptions related to COVID-19 in compliance with Section 18006 of Division B of the CARES Act., and

•Where the costs, at the time of the audit, are not supported by adequate documentation[.]

- o The contractor maintains a shared electronic records, cost documentation, and administration environment for the NDE to review as required by 2 CFR § 200.302 (financial management), 2 CFR § 200.430(i) (standards for documenting personnel expenses), and 2 CFR § 200.333 (retention requirements for records) and for the NDE to substantiate the charging of any reasonable and necessary costs related to the administration and financial performance of the program.

The Nebraska Department of Education is prudent in its stewardship of financial resources and relied upon the DAS State Accounting Manual, Policies – Section AM-005-4. Prepayments (3/2021) states, in relevant part, as stated in the Criteria section of this finding.

- Whereas the COVID-19 pandemic being the unexpected and unprecedented qualifying emergency that arose and necessitated prepayment due to the federal requirement under Part B: Programmatic, Fiscal, and Reporting Assurances of the GEER Fund Certification and

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Agreement (C&A), whereas the Governor assured and that the NDE to the greatest extent practicable, continue to pay its contractors during the period of any disruptions related to COVID-19 in compliance with Section 18006 of Division B of the CARES Act and that the GEER fund was an emergency appropriation to address the harm to students and the ongoing functionality of education and for States to deploy GEER funds quickly to prevent, prepare for, or respond to COVID-19 under the same section of the CARES Act.

The NDE exercised extreme care and a conscious effort to minimize payments and the time elapsing looking to 2 CFR 200.305(b) Federal Payment, in support for advance payment as reimbursement was not feasible due to the educational contracting entity's lack of sufficient working capital and demonstrated the willingness to maintain processes that minimize the time elapsing between transfer of funds and disbursements, and maintains financial managements systems that provide for fund control and accountability to meet timely cash disbursements.

All parties involved acted in good faith, however, operational impacts unknown at that time included but were not limited to the contractor's operational capacity, increased and changing costs due to the COVID-19 crisis, lack of device supply to meet national education demands, priority of the schools to support the process, and schools change in requests.

APA Response: Paying millions of dollars in advance is not sound business practice and is not in compliance with Federal requirements. The Agency could have reimbursed the contractor after the devices were received, as the contractor would not be paying the vendors in advance.

Finding 2021-029

Program: AL 84.425D – COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund (ESSER) – Reporting

Grant Number & Year: S425D200048, grant period ending 9/30/2021

Federal Grantor Agency: U.S. Department of Education

Criteria: Per 2 CFR § 200.302(a) (January 1, 2021):

[T]he state's and 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.

A good internal control plan requires procedures to ensure reported data elements are complete and accurate.

Condition: While testing the ESSER Annual Report for the reporting period, March 13, 2020, to September 30, 2020, we noted the following:

- Reported data did not agree to the supporting records.
- Data elements were not included on the report.
- Data was not accumulated and summarized in accordance with the stated criteria and methodology.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

- Fifty-nine out of 132 Local Educational Agencies (LEA) did not respond to the Agency’s questionnaire used to accumulate the reporting data.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The ESSER Annual Report was submitted to report data for the reporting period, March 13, 2020, to September 30, 2020. Four LEAs that were awarded a subgrant prior to September 30, 2020, were not included on the ESSER Annual Report. The award information is summarized in the table below.

LEA	Award Amount	Date of Award
LEA 1	\$ 6,097	9/24/2020
LEA 2	\$ 14,162	7/16/2020
LEA 3	\$ 18,683	7/30/2020
LEA 4	\$ 20,323	8/6/2020

The report included 132 LEAs. We selected 15 of the schools to trace the reported data to support and noted the following:

- Each LEA was to complete a questionnaire used to accumulate the data required to be reported. Nine of the 15 LEAs did not respond to the questionnaire issued by the Agency. Upon further review, 59 out of 132 LEAs did not complete the questionnaire, which is over 44% of the LEAs. The Agency did not perform adequate follow-up to ensure that all LEAs completed the questionnaire, resulting in unreported data.
- On the questionnaire, the question “Among students enrolled September 30, 2020, what proportion of students had a dedicated LEA-provided device for the following grade bands?” was only asked if the LEA answered “Yes” to the question “Did the LEA use ESSER funds to provide home internet access for any students.” Per the Data Collection Form Instructions, these two questions are independent of each other and, therefore, both questions should be asked regardless of the answer to the other question. As a result, 4 of the 15 LEAs tested did not have the option to answer the question.
- For Section 4 – Student Participation and Engagement, the Data Collection Form Instructions asks the following question, “If the LEA used ESSER Act funds to develop, initiate and/or implement remote learning, please mark all methods used to document student participation and engagement during remote learning; (mark yes for methods used for 50% of more of the students within the grade level in the LEA).” On the questionnaire, the Agency worded the question as follows, “Did the LEA use 50% or more of the ESSER funds to develop, initiate and/or implement remote learning?” If the LEA marked “Yes,” then the LEA would then mark the methods that applied. The way the question was written on the questionnaire could result in the LEA reporting different data than what the Data Collection Form was asking for.
- For Section 4 – one of the methods an LEA can choose per the Data Collection Form Instructions is “Participation in help lines or hot lines for help with remote learning.” However, this method was not included on the questionnaire sent by the Agency to the LEAs. Even though this method was not included on the questionnaire, the report still noted that 4 of the 15 LEAs tested used this method to document student participation and engagement during remote learning.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- For one of the 15 LEAs, the ESSER Annual Report stated that the LEA paid for the cost of home internet subscriptions for students. However, the LEA did not state this on its questionnaire.

Cause: The Agency did not adequately set up its questionnaire for LEAs to ensure that the data provided to the Agency was complete and accurate. Additionally, the Agency did not have adequate procedures to ensure all LEAs responded to the questionnaire and were included on the report.

Effect: Without adequate reporting procedures, there is an increased risk for errors in reporting and noncompliance with Federal requirements.

Recommendation: We recommend the Agency implement procedures to ensure that all LEAs provide the required data for the report.

Management Response: The following identifies the process the Department engaged for the CARES ESSER and GEER Year 1 Annual Performance Report (APR) and changes to the process which occurred during the data submission timeframe. The U.S. Department of Education provided a reporting window from January 5, 2021 – February 1, 2021.

- The initial reporting tool provided on January 5, 2021, allowed for the State Educational Agencies to enter in information for each subrecipient awarded funds manually.
- On Jan 15, 2021, the NDE received notification of the cumbersome and administrative process for States to manually enter such substantial amounts of data and provided a template to populate and upload. States transitioned to this process and all data previously enter was wiped out by the upload ability.
- On January 25, the NDE received notification that previous templates provided for upload would be replace with template populated with basic awarding information to utilize for upload. Again, deleting any prior information entered into the reporting system and not containing recipient awards below \$25,000.
- A second collection period was provided from March 1, 2021, through March 12, 2021.

Being the inaugural launch for all federal financial assistance program reporting, the NDE is aware is issues and barriers incurred during the first attempt at this new process and the Department waited for the window for final data corrections to address aspects needing correction.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2021-030

Program: AL 93.575 – Child Care and Development Block Grant; AL 93.778 Medical Assistance Program
- Allowable Costs/Cost Principles & Cash Management

Grant Number & Year: 0G1901NECCDD, FFY 2019; 2105NE5ADM, FFY 2021

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

Criteria: 45 CFR § 75.403 (October 1, 2020) 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 § 75.303 (October 1, 2020) provides, as is relevant, 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 § 75.302 (October 1, 2020) requires financial management systems of the State sufficient to permit both preparation of required reports and tracing of funds to expenditures adequate to establish that the use of those funds was in accordance with applicable regulations. Title 42 CFR § 433.10 (October 1, 2020) provides for payments to states, based on a Federal Medical Assistance Percentage (FMAP). 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. A good internal control plan also requires that Federal reports be reconciled to accounting records, and adjustments and reconciling items be resolved in a timely manner.

Per 45 CFR § 75.305(a)(1) (October 1, 2020), “For States, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR part 205”

Per 31 CFR § 205.11(a) (July 1, 2020), “A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds.” The CMIA agreement requires a three-day average clearance for Medicaid.

Condition: The Agency lacked adequate procedures to ensure that administrative costs charged through the Cost Allocation Plan (CAP) were properly and timely reconciled. The Agency charged an excess \$283,855 to the Federal Childcare program that should have been paid using State funds. We also noted that \$1,603,602 charged to the Federal Medicaid program should have been charged to State funds.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Repeat Finding: No

Questioned Costs: \$1,887,457 known (0G1901NECCDD \$283,855; 2105NE5ADM \$1,603,602)

Statistical Sample: No

Context: At the end of each quarter, the Agency performs an adjustment between State and Federal funds based upon expenditures recorded on the accounting system and how costs should be recorded according to the Agency's cost allocation plan. We tested four journal entries to reconcile expenditures to the CAP and noted the following:

- For one Child Care and Development Block Grant adjustment tested, a clerical error resulted in the Agency improperly charging \$283,855 in expenditures to Federal funds when State funds should have been used.
- For one Medicaid adjustment tested, the Agency did not reconcile all cost centers. For the quarter ended March 31, 2021, CAP Cost Center 25C23835 APD MMIS Data Management & Analytics had \$5,780,392 in costs assigned to it with a 90% FMAP. However, the amount reported on the CMS 64 was reduced by \$3,536,047, as the expenses were over the amount approved by the Federal grantor. Therefore, the total reported was \$2,244,345 (Federal share \$2,019,911); however, Federal expenditures of \$3,623,513 had already been drawn and spent. Despite performing a journal entry to reconcile Medicaid administrative expenses on May 28, 2021, the Agency did not reconcile 25C23835. As a result, \$1,603,602 was paid with Federal funds that should have been paid with State General Fund monies.

Cause: For Childcare, an error in the Agency's spreadsheet used to determine the adjustment between Federal and State funds resulted in a miscalculation. For Medicaid, per the Agency, cost center 25C23835 did not have available budget in MBES (grantor CMS64 reporting system) to report the amount as of the March 31, 2021, quarter. The Agency made the reporting adjustment but did not move the amount in the general ledger because of its previous understanding from CMS for treatment of line 7 adjustments. The Agency could not afford to float the funds while CMS was in the approval process. That approval eventually came with a CMS letter on August 26, 2021. However, as of March 1, 2022, the Agency had not yet reconciled general ledger expenditures.

Effect: Unallowable expenditures were charged to Federal funds. When costs are not reconciled in a timely manner, there is an increased risk for errors, fraud, and noncompliance with Federal regulations.

Recommendation: We recommend the Agency strengthen procedures to ensure reconciling entries are complete, accurate and performed timely. We further recommend the Agency strengthen review procedures to ensure compliance with Federal regulations.

Management Response: Agree

Finding 2021-031

Program: AL 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.575 Child Care and Development Block Grant; AL 93.767 Children's Health Insurance Program; AL 93.778 Medical Assistance Program – Allowable Cost/Cost Principles

Grant Number & Year: 202020S251443, FFY 2020; 0G2001NECCDD, FFY 2020; 2005NE5021, FFY 2020; 2105NE5ADM, FFY 2021

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

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

Criteria: 45 CFR § 75.303 (October 1, 2020) says, 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.

45 CFR § 75.403 (October 1, 2020) requires costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.405(a) (October 1, 2020) 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.

Per the Cost Allocation Plan, the cost center 25C21940 Field Office Resource Development is “allocated to the benefiting programs based on Time and Effort Reports prepared by the DHHS Resource Developers in the cost center.”

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 (E1) and allocated to the proper funding source for activities performed.

Condition: The Agency did not have adequate procedures to ensure payroll charges were proper.

Repeat Finding: 2020-033 and 2020-034

AL	Grant #	Questioned Costs (Federal Share)
10.561	202020S251443	\$ 57
93.575	0G2001NECCDD	\$ 57
93.767	2005NE5021	\$ 54
93.778	2105NE5ADM	\$ 2,491

Questioned Costs: \$2,659 known

Statistical Sample: No

Context: We noted the following payroll issues:

- We randomly selected 25 employee paychecks paid with Federal funds. One employee was an accountant whose payroll expense was charged to Child Support Enforcement, Child Care and Development Block Grant, Medical Assistance Program (Medicaid), Children’s Health Insurance Program (CHIP), and the Supplemental Nutrition Assistance Program (SNAP). The employee’s payroll costs were allocated to cost center 25C20944 and 25C20945 but should have only been allocated to cost center 25C20945, which only records costs to Medicaid and Child Support Enforcement. As a result, for the pay period tested, Child Care, CHIP, and SNAP were overcharged by \$57, \$54, and \$57, respectively. During the fiscal year, this employee had \$1,897 recorded incorrectly to cost center 25C20944. We tested \$30,547 Federal payroll charges related to eight major programs and noted \$168 in questioned costs. Federal payroll charges for those eight programs totaled \$56,219,753. A similar finding was noted in the prior audit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- A Staff Assistant and Office Specialist were recorded to the Resource Development cost center during the quarter March 31, 2021; however, the supervisor they worked with was not charged to this cost center, and the employees were not employed as Resource Developers, which was the job title of most of the employees included in this cost center. As a result of these two employees being charged to the Resource Development cost center instead of the cost center to which their supervisor was charged, Medicaid was charged an excess \$2,491 for the quarter ended March 31, 2021. The Resource Development cost center allocated \$1,473,197 for the quarter ended March 31, 2021. A similar finding was noted in the prior audit.

Cause: Inadequate policies and procedures for review and documentation of payroll expenses. Additionally, the Agency did not change the cost centers for two employees who changed positions.

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 employee pay is recorded correctly in E1, and those costs are properly allocated and charged.

Management Response: Agrees

Finding 2021-032

Program: Various, including AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.323 – COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); AL 93.575 – Child Care and Development Block Grant; AL 93.767 – Children’s Health Insurance Program; AL 93.778 – Medical Assistance Program – Allowable Costs/Cost Principles

Grant Number & Year: Various, including 202121S251443, FFY 2021; 6 NU50CK000547-01-05, August 1, 2019, to July 31, 2024; 0G1901NECCDD, FFY 2019; 2005NE5021, FFY 2020; 2105NE5ADM, FFY 2021

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

Criteria: Per 45 CFR § 75.303 (October 1, 2020):

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 § 75.403 (October 1, 2020) requires costs to be necessary, reasonable, and adequately documented.

Per the Cost Allocation Plan (CAP), the cost center Information Services and Technology (IST) Fiscal Projects Billing is as follows:

OCIO payments relative to NFOCUS system . . . Costs associated with the IST Application SVCS NFOCUS Application Office will be allocated to the benefiting programs based on the NFOCUS end of quarter count of recipients receiving benefits associated with each program that benefits from the system.

45 CFR § 75.405(a) (October 1, 2020) states, in part, the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

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.

Per the CAP, the cost center IST Application Services NFOCUS Applications (25C20990) “will be allocated to the benefiting programs based on the NFOCUS end of quarter count of recipients receiving benefits associated with each program that benefits from the system.”

2 CFR § 200.511(b) (January 1, 2021) 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 taken 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 requires procedures to ensure contract payments are adequately supported, and costs are allocated in accordance with Federal requirements.

Condition: Four of 25 operating expenditures were not adequately supported, resulting in questionable costs to Federal programs. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed. We also noted that the Agency did not maintain documentation to support that allocations were based upon the accurate count of recipients.

Repeat Finding: 2020-035

Questioned Costs: \$465,909 known

AL	Grant #	Questioned Costs (Federal Share)
10.561	202121S251443	\$ 153,450
93.323	COVID-19 - 6 NU50CK000547-01-05	\$ 639
93.575	0G1901NECCDD	\$ 26,953
93.767	2005NE5021	\$ 52,043
93.778	2105NE5ADM	\$ 232,824

Statistical Sample: No

Context: We randomly selected 25 operating expenditures paid with Federal funds and noted the following:

- The Agency did not obtain adequate documentation to support \$639 of a \$6,519 payment to the University of Nebraska – Lincoln. The purpose of the payment was to reimburse the University for salaries and benefits for an epidemiologist and additional administrative staff for the purpose of surveillance of preventable diseases; however, there were no timesheets or time records to support administrative staff charges.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- Three expenditures tested were for technology fees paid to the Department of Administrative Services Office of the Chief Information Officer (OCIO). The Agency allocated these costs among different Federal programs, based on point-in-time reports listing the number of registered users on each program. The Agency did not maintain documentation that supported these point-in-time reports; thus, the APA was unable to verify that costs were allocated properly. In addition to the expenditures sampled, we also reviewed the Federal costs charged outside of the sample for the entire three documents paid to the OCIO, totaling \$2,014,328. All of these costs were coded to cost center 25C20944 – IST (Information Services and Technology) Fiscal Project Billing. This cost center is specifically for “*OCIO Payments relative to NFOCUS Systems*”; however, charges included were for MMIS, CHARTS, NFOCUS, and Other Fees. As CHARTS and Other Fees were not related to NFOCUS, recording costs to this cost center resulted in an overstatement of costs charged to NFOCUS, and an understatement of costs coded to CHARTS and other programs. For the three payments tested, those charges totaled \$933,116 (\$40,051 CHARTS / \$893,065 Other Fees), resulting in \$465,270 in Federal questioned costs.

The total Federal sample tested was \$324,740, and operating expenditures for the Agency’s major Federal programs during the fiscal year totaled \$187,017,424. We noted \$639 in questioned costs for the sample tested and \$465,270 in questioned costs on charges outside of the sample.

In addition, during testing of the IST Application Services NFOCUS Applications cost center allocation for the quarter ended March 31, 2021, the APA was unable to trace the member counts to documentation that supported allocating \$2,073,683 to Medicaid and \$307,308 to the Children’s Health Insurance Program. The Agency did not maintain the member count reports used at the time of the allocation. The Agency was able to generate a historical report; however, while the report amounts were similar, they did not agree with the counts used in the allocation. When recalculating the allocation using the Medicaid and CHIP member counts provided, Medicaid was overcharged \$6,126, and CHIP was undercharged \$808 for the quarter ended March 31, 2021. The IST Application Services NFOCUS Applications allocated 4,191,799 for the quarter ended March 31, 2021.

Cause: Inadequate policies and procedures for review and documentation of expenses. The Agency did not have procedures to maintain documentation that supported the member counts for Medicaid and CHIP.

Effect: Without adequate documentation to support the allocation of costs, there is increased risk that programs are not being charged the proper amount. Payments to contractors without adequate supporting documentation increases the risk of improper use of State and Federal funds.

Recommendation: We recommend the Agency improve procedures to ensure that cost allocations are documented properly, and such documentation is retained on file. We further recommend the Agency strengthen procedures to ensure adequate documentation is received and maintained to support Federal expenditures. Lastly, we recommend the Agency maintain documentation to support the Medicaid and CHIP member counts at quarter end.

Management Response: Agrees

Finding 2021-033

Program: AL 93.658 Foster Care Title IV-E – Allowable Cost/Cost Principles

Grant Number & Year: 0G2101NEFOST, 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, 2021

Criteria: Per 45 CFR § 75.303 (October 1, 2020):

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 § 75.403 (October 1, 2020) requires costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.405(a) (October 1, 2020) 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.

Per the CAP, “The RMTS Administrator reviews submitted observations to make certain that each observation was completed appropriately. If any discrepancies exist, the RMTS Administrator will work with the worker and/or supervisor to resolve the problem.”

Per the CAP, “After the observation form has been submitted and validated (if selected for validation), it is reviewed by a member of the CFS and Cost Accounting Office for consistency.”

According to RMTS instructions:

1. Case Work – Select this item if you were working on a specific case at the observation time. If you select this item you will be asked to enter the NFOCUS master case number. If there is not an NFOCUS master case, use any other number or description that can be used to identify the case

Good internal control and sound accounting practices require procedures be in place to ensure that staff know how to accurately complete random moment time studies, which are used to allocate costs to Federal programs.

Condition: The Agency did not have adequate procedures to ensure random moment time studies completed were accurate and all documentation to support the time study response was maintained.

Repeat Finding: No

Questioned Costs: \$6,100 known

Statistical Sample: No

Context: We tested 40 random moment time study (RMTS) observations of which four were reported as Foster Care IV-E and five reported as Foster Care Non-IVE. We noted that two of four RMTS reported as Foster Care IV-E did not have adequate support. We also noted the following:

- The RMTS form was not available to be observed for one employee. Additionally, the employee reported she was working on Foster Care IV-E, but this was not supported by Agency documentation. Cases assigned to the employee were Foster Care Non IV-E.
- Another employee reported she was working on Foster Care IV-E, but this was not supported by the Agency’s documentation. Per review of case narratives, the case was Foster Care Non IV-E.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Federal payment errors noted in the sample were \$6,100. The total Federal sample tested related to Foster Care IV-E was \$11,866, and the total Federal Foster Care IV-E funds charged via RMTS were \$8,340,219. The dollar error rate for the sample was 51.4% (\$6,100/\$11,866), which estimates the potential dollars at risk for fiscal year 2021 to be \$4,286,873 (dollar error rate multiplied by the population).

The APA also inquired with Agency staff to determine if they were provided training in how to complete the RMTS. For one individual, the Agency was unable to provide documentation to support that the employee selected had completed RMTS training.

Cause: The Agency's training of staff and supervisory reviews of RMTS observations were insufficient to ensure the observations were completed accurately.

Effect: Random moment sampling is based on the laws of probability, which state, in essence, that there is a high probability of a relatively small number of random observations yielding an accurate depiction of the overall characteristics of the population for which the sample was taken. If RMTS observations are inaccurate, there is an increased risk costs will be allocated incorrectly between programs.

Recommendation: We recommend the Agency improve procedures to ensure that random moment observations are accurate and reviewed adequately.

Management Response: Agree

Finding 2021-034

Program: AL 10.542 – COVID-19 Pandemic EBT Food Benefits – Allowability

Grant Number & Year: N/A

Federal Grantor Agency: U.S. Department of Agriculture

Criteria: Division A – Second Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Title I – Department of Agriculture, Section 1101(b) of the Families First Coronavirus Response Act, states the following:

To carry out this section, the Secretary of Agriculture may approve State agency plans for temporary emergency standards of eligibility and levels of benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) for households with eligible children. Plans approved by the Secretary shall provide for supplemental allotments to households receiving benefits under such Act, and issuances to households not already receiving benefits. Such level of benefits shall be determined by the Secretary in an amount not less than the value of meals at the free rate over the course of 5 school days for each eligible child in the household.

Division A – Second Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Title I – Department of Agriculture, Section 1101(h)(1) of the Families First Coronavirus Response Act, states the following:

The term "eligible child" means a child (as defined in section 12(d) or served under section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(d), 1759(a)(1)) who, if not for the closure of the school attended by the child during a public health emergency designation and due to concerns about a COVID-19 outbreak, would receive free or reduced price school meals under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) at the school.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Per the Nebraska State Plan, the average number of school days was determined based on each school district's calendar.

Good internal control requires procedures to maintain documentation to support benefit amounts set.

Condition: The average number of closed/remote school days was used to determine the benefit level amount that was set; however, the Agency did not maintain the documentation used to support its calculation.

Repeat Finding: No

Questioned Costs: Unknown

Statistical Sample: No

Context: Per the State plan for school year 2019-2020, the Nebraska Department of Education (NDE) determined that schools across the State averaged 49 cancelled school days. The average number of cancelled days was then multiplied by the approved daily rate to calculate the benefit amount of \$281 to be paid for each student. Per the State plan for school year 2020-2021, NDE determined that the state's schools averaged 17 school days per month. The average number of school days was then multiplied by the approved daily rate to calculate the benefit amount of \$116 per month for students not attending school (learning remotely). The Department of Health and Human Services (Agency) was then responsible for issuing the benefits to recipients. Neither the Agency nor NDE kept documentation to support that the school districts were closed an average of 49 days in school year 2019-2020, and the schools averaged 17 school days per month in school year 2020-2021.

There are 427 schools in the State. We reviewed the calendars for five schools in both school year 2019-2020 and school year 2020-2021. Based on these five schools, an average of 46 school days were cancelled in school year 2019-2020, and schools averaged 18 school days per month in school year 2020-2021.

Consequently, according to the data obtained from the five schools reviewed, school year 2019-2020 benefits would have been overpaid, and school year 2020-2021 benefits would have been underpaid.

Cause: NDE stated that, due to staff turnover, not all documentation was properly maintained.

Effect: When adequate documentation is not maintained, there is an increased risk that Federal awards will not be in compliance with requirements of the program.

Recommendation: We recommend the Agency maintain documentation to support benefit amount determinations.

Management Response: The Agency does not agree with this finding. Our Federal partners granted approval of the methodology with the same documentation that was provided to the APA. It is our opinion that the Federal partner's approval is sufficient.

APA Response: The USDA approved the methodology the Agency submitted. However, the USDA would not have had the underlying support the Agency used to set the benefit amounts.

Finding 2021-035

Program: AL 93.069 – Public Health Emergency Preparedness; AL 93.889 – National Bioterrorism Hospital Preparedness Program – Allowability & Subrecipient Monitoring

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Grant Number & Year: NU90TP922039-01, FFY 2020; NU90TP922039-02, FFY 2021; U3REP190555A-01, FFY 2020; U3REP190555B-01, FFY 2021

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

Criteria: 45 CFR § 75.352(d) (October 1, 2020) 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. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through 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 pass-through entity detected through audits, on-site reviews, and other means.

45 CFR § 75.302(a) (October 1, 2020) 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.” Good internal control requires procedures to ensure financial activity is properly recorded in the accounting system.

45 CFR § 75.403 (October 1, 2020) requires costs to be reasonable, necessary, and adequately documented. A good internal control plan requires procedures to ensure subrecipients comply with applicable cost principles.

45 CFR § 75.430(i)(1) (October 1, 2020) states, in part, “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.” A good internal control plan requires procedures to ensure salaries and wages charged to subawards are properly documented, and payments made to subrecipients apply to work performed under the subaward project description.

Condition: Subrecipient monitoring procedures were inadequate. A similar finding was noted in the prior audits since 2014.

Repeat Finding: 2020-037

Questioned Costs: \$654,789 known

AL	FAIN	Questioned Costs
93.069	NU90TP922039-01	\$ 129,958
93.069	NU90TP922039-02	\$ 371,151
93.889	U3REP190555A-01	\$ 83,354
93.889	U3REP190555B-01	\$ 70,326

Context: The Agency made 130 payments to 30 subrecipients during the fiscal year ended June 30, 2021. The Agency did not perform subrecipient monitoring. The Agency cited the ongoing COVID-19 pandemic as reason why it was unable to perform subrecipient monitoring procedures.

The APA selected a sample of 13 payment documents for testing, totaling \$756,954, and offered the Agency the opportunity to gather supporting documentation from subrecipients. Agency administrators declined

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

that option, noting the additional strain it would put on the Local Health Departments (i.e., subrecipients) who were already stretched thin dealing with COVID-19 responses, particularly the recent surge of the Omicron Variant at the time of field work. The Agency did note that it would communicate with the subrecipients going forward the need to include supporting documentation for reimbursement of expenses when they send in their quarterly requests for reimbursement.

For all the payments selected for testing, there was no underlying documentation, such as payroll registers, paystubs, employment files, etc., to support the charges to the subaward for salaries, wages, taxes, and benefits, and no underlying documentation, such as invoices, contracts, billing notices, etc., to support other amounts charged to the subaward for other costs such as supplies, rent, and utilities. Therefore, we initially questioned costs for all payments tested. Subsequently, the Agency provided limited documentation, which supported a portion of two payments.

Subrecipient payments for the fiscal year ended June 30, 2021, totaled \$4,583,102. Federal payment errors noted were \$654,789, and the total sample tested was \$756,954, meaning the dollar error rate for the sample was 86.5%. This estimates the potential dollars at risk for the fiscal year to be \$3,964,383 (dollar error rate multiplied by the population).

Cause: The Agency's procedures for subrecipient monitoring were not followed (due to COVID-19 responses taking its full attention, per the Agency).

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 costs are allowable and Federal regulations are adhered to.

Management Response: The Agency partially agrees. Standard subrecipient monitoring procedures within PHEP and HPP were paused during the height of response to the COVID-19 pandemic, as both local health departments and the Public Health Emergency Preparedness and Response unit's staff resources were fully allocated to emergency activities. Subrecipient compliance checks remained in place, with required programmatic reporting.

Finding 2021-036

Program: AL 93.069 – Public Health Emergency Preparedness; AL 93.889 – National Bioterrorism Hospital Preparedness Program – Matching and Reporting

Grant Number & Year: NU90TP922039-01, FFY 2020; NU90TP921891-01, FFY 2020

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

Criteria: 45 CFR § 75.302(a) (October 1, 2020) 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.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

45 CFR § 75.306 (October 1, 2020) states in part:

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

(1) Are verifiable from the non-Federal entity's records;

* * * *

(c) Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with prior approval of the HHS awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.

A good internal control plan requires procedures to ensure documentation is obtained and retained to support the amount of match funds provided and reported.

Condition: The Agency did not have adequate documentation to support the amount of matching funds provided and reported on the annual Federal Financial Report.

Repeat Finding: No

Questioned Costs: Unknown

Context: We tested two of the three Federal Financial Reports that were submitted during the fiscal year ended June 30, 2021. Both Federal grants had a match requirement of 10%. According to the Agency, the match for both grants was met by in-kind contributions, primarily coming from one subrecipient's unrecovered costs on multiple subawards and contracts that use these grant funds. The following reports tested were submitted on September 28, 2020, for the period ended June 30, 2020.

Grant	Federal Funds Authorized	Federal Share of Expenditures	Recipient Share (Match) Expenditures Reported
NU90TP922039-01	\$ 5,194,290	\$ 4,337,120	\$ 532,963
NU90TP921891-01	\$ 13,394,020	\$ 11,925,465	\$ 1,491,664

The following was noted:

- As permitted by 45 CFR § 75.306 (c), the Agency could utilize the subrecipient's unrecovered indirect costs as in-kind match, but only with prior approval from the Federal awarding agency. The Agency was unable to provide documentation of such Federal approval.
- The Agency was unable to provide support for the subrecipient's Federally approved indirect cost rates used to calculate unrecovered indirect costs.
- The Agency did not have documentation from the subrecipient summarizing the unrecovered indirect costs for each subaward, and certifying the in-kind contribution was not included as contributions for any other Federal award and not paid by the Federal Government under another Federal award.
- The Agency provided a spreadsheet with match amounts for both grants:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- For one grant tested, there were dollar amounts listed for various subawards and contracts, as well as indirect costs percentage rates applied; however, no underlying support was provided.
- For the other grant, dollar amounts were listed, which the Agency considered to be match amounts, but the Agency was unable to provide any other support for how those amounts were calculated or to which subawards these amounts may pertain.

Federal expenditures reported for the two reports tested totaled \$16,262,585, meaning that the total match required would be \$1,626,259.

Cause: Inadequate procedures to ensure documentation was maintained to support in-kind contribution amounts.

Effect: Noncompliance with Federal requirements, which could lead to Federal sanctions.

Recommendation: We recommend the Agency implement procedures to ensure matching amounts are adequately supported and matching requirements are met.

Management Response: The Agency agrees.

Finding 2021-037

Program: AL 93.301 – COVID-19 Small Rural Hospital Improvement Grant Program – Allowability & Subrecipient Monitoring

Grant Number & Year: H3JRH37447; budget period 4/1/2020 to 9/30/2021

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

Criteria: 45 CFR § 75.352(d) (October 1, 2020) 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 § 75.403 (October 1, 2020) requires costs to be reasonable, necessary, and adequately documented.

45 CFR § 75.430(i)(1) (October 1, 2020) states, 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:

(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 . . .

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

* * * *

(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 good internal control plan requires procedures to ensure subrecipients comply with applicable cost principles.

Condition: Documentation was not adequate to ensure costs were allowable and in accordance with Federal requirements for three of seven subrecipients tested.

Repeat Finding: No

Questioned Costs: \$37,125 known

Context: The Agency paid 67 subrecipients during the fiscal year. We tested seven subrecipients and noted the following:

- For one subrecipient tested, there was not adequate documentation on file to support that the amounts claimed were allowable. The subrecipient was paid \$83,019 for the CARES Act grant. A list of items and amounts charged was provided; however, only \$58,146 was supported with underlying receipts or invoices to substantiate what was purchased. Therefore, we question costs of \$24,873.
- For two subrecipient tested, there was not adequate documentation on file to support the amounts charged for personnel costs.
 - One subrecipient had invoices and support for equipment and supplies, but no detailed support was on file for personnel costs. Therefore, we question costs of \$12,252 of personnel costs.
 - For one subrecipient, a listing of employee payroll amounts was provided, totaling \$66,695. This listing indicated names, job titles, hours and pay rates; however, the gross pay did not agree to the individual pay rate multiplied by the hours charged. Additionally, there were no time records showing total activity for each employee, and no support to verify the payrates were accurate. The questioned costs are unknown.

Subrecipient payments for the fiscal year ended June 30, 2021, totaled \$5,643,799. Federal payment errors noted were \$37,125. The total sample tested was \$601,714. The dollar error rate for the sample was 6.17%. This estimates the potential dollars at risk for the fiscal year to be \$348,222 (dollar error rate multiplied by the population).

Cause: Program staff stated that their procedure was to receive support for all amounts charged to the subawards to ensure Federal funds were used in an allowable manner. It appears those procedures were not followed fully.

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, 2021

Recommendation: We recommend the Agency improve subrecipient monitoring to ensure costs are allowable, and Federal regulations are adhered to.

Management Response: The Agency agrees that documentation on hand did not support the entirety of grant payments for three of the sampled entities. These payments were pursuant to a Covid-19 pandemic CARES Act grant program that has since ended.

Finding 2021-038

Program: AL 93.323 – COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability

Grant Number & Year: NU50CK000547-02, project period ending 7/31/24; NU50CK000547-01, project period ending 7/31/24

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

Criteria: Good internal control requires procedures to ensure payments are allowable and in accordance with contract provisions and Federal requirements. Sound accounting practices and a good internal control plan require contracts to be thoroughly reviewed by legal counsel and agencies to hold contractors accountable to the contractual terms. The intent of contracts should be stated clearly, and any changes thereto should be documented through formal contract amendments.

Neb. Rev. Stat. § 84-602.04(4)(a)(i) (Cum. Supp. 2020) requires the State Treasurer to maintain a website containing, among other things, the following:

A database that includes a copy of each active contract that is a basis for an expenditure of state funds, including any amendment to such contract and any document incorporated by reference in such contract.

45 CFR § 75.403 (October 1, 2020) requires costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.404 (October 1, 2020) states the following:

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's length bargaining Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Contract 90600 O4 with Professional Research Consultants (PRC) contains the following provisions:

2.2. *PAYMENT STRUCTURE. Payment shall be structured as follows:*

2.2.1. *DAS shall pay the Contractor \$45.00 (forty-five dollars and no cents) per hour for English language contact tracing services, Spanish-language contact tracing services, and DAS required training.*

2.2.2. *DAS shall reimburse Contractor for actual expenses of telephonic interpretation services for languages other than English and Spanish. Contractor must provide documentation of said expenses with invoice.*

2.2.3. *No payments may be made until a written Statement of Work (SOW) has been completed by the parties (see Section 4.1) and an invoice has been provided by Contractor.*

Per Section 3.1.3 of Addendum D (“Contact Tracing Services”) to the contract with PRC, “Actual hours will be based on actual utilization.”

Additionally, the contracts with PRC, Nelnet Servicing LLC (Nelnet), and North End Teleservices (North End) for contact tracing services required all contract employees providing services to complete approved Health Insurance Portability and Accountability Act of 1996 (HIPAA) and privacy training.

Condition: The Agency lacked adequate procedures for ensuring that Epidemiology & Laboratory Capacity for Infectious Diseases (ELC) expenditures were allowable and in accordance with contract provisions.

Repeat Finding: No

Questioned Costs: \$1,337,063 known (NU50CK000547-02-03, \$1,139,214; NU50CK000547-01-05, \$197,849)

Statistical Sample: No

Context: ELC expenditures for the fiscal year totaled \$69,709,529, of which \$53,330,632 of those payments were greater than \$50,000. We randomly selected 10 payments over \$50,000 for testing and noted that seven payments tested were not adequately supported.

Six of the 10 payments were to three contractors that provided contact tracing services during the COVID-19 pandemic. The contracts were not competitively bid. An emergency deviation was approved for each contract in accordance with State statute; however, there was not adequate support on file to allow for a determination regarding the reasonableness of the contracted amounts.

The table below details the total amount paid by ELC for each contract during fiscal year ended June 30, 2021:

Contractor	Amount Paid
North End Teleservices LLC (North End)	\$ 4,750,125
Nelnet Servicing LLC (Nelnet)	\$ 12,177,047
Professional Research Consultants (PRC)	\$ 27,865,518
Total Paid during Fiscal Year Ended June 30, 2021	\$ 44,792,690

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

PRC

- There was a lack of overall transparency in the implementation of the contract entered into with PRC. According to the terms of the written agreement, the Agency would pay the contractor for hours worked. Contrary to this clear contractual language, the Agency exchanged emails with PRC agreeing that payments would be based instead on guaranteed hours because PRC would still have to pay the wages of its workers, whether they were utilized or not. This understanding was not reflected in either the contract or any amendments thereto, resulting in a lack of transparency regarding the actual intent of the parties.
- We tested two payments to PRC. One payment was for services between July 27, 2020, and August 9, 2020, totaling \$508,500, of which \$497,250 was for 11,050 guaranteed hours and \$11,250 for training hours. There was not adequate documentation to support the need for 11,050 guaranteed hours. Per the spreadsheet provided, 6,653.35 hours were actually worked. Actual and guaranteed hours were both paid at the rate of \$45 per hour. The difference between the guaranteed hours and the hours worked amounts to \$197,849. We question that amount because: 1) guaranteed hours were not in accordance with the terms of the written agreement; 2) there was not adequate documentation to support the number of guaranteed hours needed; and 3) the reasonableness of a rate of \$45 per guaranteed hour was similarly unsupported.
- The second payment tested was \$1,656,000 for 36,800 guaranteed hours scheduled between February 22, 2021, and March 7, 2021. There were no timesheets to differentiate between the hours worked and the guaranteed hours. On April 15, 2022, nine weeks after the initial support request was sent, the Agency provided timesheets to support 14,620.25 hours worked. The difference between the guaranteed hours and the hours worked amounts to \$998,089. We question that amount because: 1) guaranteed hours were not in accordance with the terms of the written agreement; 2) there was not adequate documentation to support the number of guaranteed hours needed; and 3) the reasonableness of a rate of \$45 per guaranteed hour was similarly unsupported.
- We reviewed the invoices on file and noted that, starting with the August 25, 2020, payment, PRC invoiced the Agency for guaranteed hours and did not provide any information to support how many hours were worked. From August 25, 2020, to April 15, 2021, PRC was paid \$26,041,050 for 578,690 guaranteed hours with no documentation of hours worked.

Nelnet

- We tested two payments to Nelnet. The first payment tested was for October 2020 services and totaled \$581,245, of which \$291,472 was for actual hours worked, and \$289,773 was for back-up capacity. The rates for back-up capacity were tiered and were less than the \$45 rate for actual hours provided. We noted \$1,475,431 paid to Nelnet during the fiscal year for agents on standby. There was not adequate documentation to support the back-up capacity needed. Also, we tested three Nelnet employees to determine if required HIPAA training was completed, and one of three employees tested was not listed as having completed the training.
- The second payment tested was for April 2021 services and totaled \$782,400. That amount was broken down as follows: \$391,275 was for hours worked; \$125,570 was for data entry agents; \$15,555 was for a vaccine hotline; and \$250,000 was for 350 agents on standby. Data entry agents and vaccine hotline services were not included in the written contract, nor was the contract amended to include these services. The Agency was unable to provide documentation to support that contract provisions were expanded to include this work; therefore, we question \$141,125 paid for those services. Also, three of four Nelnet employees tested did not have adequate documentation to support that HIPAA training was completed.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

North End

- We tested two payments to North End. Because no names were provided for the contact tracers, it was impossible to determine if those workers had completed required HIPAA training.

Questioned costs noted amounted to \$1,337,063, and the total sample tested was \$4,574,348. The dollar error rate for the sample was 29.23%, which estimates the potential dollars at risk for the fiscal year to be \$15,588,544 (dollar error rate multiplied by sample population).

Cause: Per Agency staff:

[D]ue to the timing delay of increases in staffing due to onboarding and training, seeing other state and global trends, and the urgent need to have staff available for the possible projected increase in cases, the Division was working with the best-known information to meet the need to respond immediately to the crisis situation.

Effect: Without adequate controls, there is an increased risk for misuse of funds and abuse or fraud to occur.

Recommendation: We recommend the Agency implement procedures to ensure that costs are necessary, reasonable, and in accordance with Federal requirements and contract provisions.

Management Response: The Agency does not agree with this finding.

PRC

Bullet 1: Emails provided to APA made clear the interpretation that both DHHS and PRC shared regarding billable hours. The intent was to maintain sufficient contact tracing capacity for surges in case counts, which were subject to rapid rises during this period. Later contract language further clarified this. Reference Amendment 1, which states billing will be based on “actual utilization of hours scheduled,” which is distinct from “actual utilization of hours worked.” This corresponds to the guaranteed hours described in correspondence between PRC and DHHS.

Bullet 2 & 3:

Per #1: Guaranteed hours were in accordance with the mutual understanding of DHHS and PRC, which was memorialized later under amendment one.

Per #2: DHHS maintained a weekly cadence where leadership reviewed contact tracing and pandemic projection reports to determine the levels of contact tracing services needed. There were certainly periods where guaranteed hours exceeded hours worked. This was by design, as new contact tracing staff could not be on boarded without significant lead time, which would create substantial risk to the timeliness and public health value of contact tracing operations.

The following was provided during the FY21 ACFR audit, which also included PRC contact tracing contractual costs in APA’s sample. The following explanation resolved APA’s concerns at that time:

*DHHS employed CDC guidance, which emphasized the use of mathematical modeling to inform case investigation/contact tracing (CI/CT) activities (<https://www.cdc.gov/coronavirus/2019-ncov/php/contact-tracing/contact-tracing-plan/prioritization/mathematicalmodeling.html>). Per this guidance, **the speed with which contacts can be traced is an important factor in determining the effectiveness of contact tracing in reducing the spread of disease** (CDC emphasis).*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DHHS used numerous national and regional models during that time to show a vast array of projections for potential surge in case counts. DHHS reviewed international impacts of COVID-19 waves. Contact tracing/case investigation is a disease mitigation strategy, and our goal was to protect vital health infrastructure, preventing the system-wide collapse seen in jurisdictions with uncontrolled disease spread. This required DHHS to retain a high level of CI/CT capacity even during a period of falling case counts to protect against a rapid surge in cases. Had such a surge occurred and the guaranteed capacity been insufficient, the effectiveness of all CI/CT operations would have been reduced (see figures 1 and 2 in CDC guidance). For example, figure 3 illustrates that contact tracing that occurs in five days or less after contact exposure can yield a 60% or greater potential reduction in disease transmission, but delay of just an additional 1.5 days eliminates virtually all potential usefulness in preventing onward transmission of disease. Though PRC would have been able to reduce guaranteed hours at the Department's request, there would have been a significant threat to the public health had DHHS been forced to rely on the vendor's ability to rapidly re-onboard laid off staff during a surge. Maintaining a high capacity of guaranteed hours protected the public health against this risk.

CI/CT activities were included in the authorized grant workplan and budget and were consistent with grant guidance and the CDC technical guidance linked above. The Department considers these costs to be consistent with the parameters for reasonable costs provided in 45 CFR 75.404.

Should this explanation not resolve this draft finding, we request that we be able to walk your team through the decision points guiding the management of this contract.

Per #3: The rates paid to vendors in this sample were the result of negotiations during a public health emergency, during which lengthy request for proposal processes were not realistic. In 2021, DHHS did review cost proposals as part of an RFP process for contact tracing. Bids were largely in line with existing vendors and in some cases higher than existing vendors. PRC itself submitted a bid with a cost proposal of \$42.50 per hour. These cost proposals are publicly available under the DAS Purchasing code 6499 – Z1.

Nelnet

Nelnet bullet 1: Please see response to #2 in bullets two and three of PRC finding above.

APA Response: ACFR testing of PRC did not include compliance with Federal regulations; that was reviewed during Single audit testing of the major program. The Agency paid PRC nearly \$28 million during the fiscal year for a guaranteed number of hours scheduled, as opposed to the far fewer hours actually worked. No documentation was provided to support that those payments were reasonable and necessary, as required by Federal regulations. Moreover, the contract language – whether in its original form or as amended – does not support the Agency's claim that payment should clearly have been for guaranteed hours scheduled instead of hours worked. The phrases "actual utilization of hours worked," as found in the original agreement, and "actual utilization of hours scheduled," per the amendment thereto, both require the "actual utilization," of those hours – which indicates a need for those hours to be worked. If the intent was otherwise, less equivocal contractual language should have been used.

Finding 2021-039

Program: AL 93.323 – Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability and Subrecipient Monitoring

Grant Number & Year: NU50CK000547-01, project period ending 7/31/24

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

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Criteria: Good internal control requires procedures to ensure costs are allowable and in accordance with Federal requirements.

45 CFR § 75.302(a) (October 1, 2020) 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 § 75.352(d) (October 1, 2020) 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 § 75.403 (October 1, 2020) requires costs to be necessary, reasonable, and adequately documented.

45 CFR § 75.430(i)(1) (October 1, 2020) states, in part, “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.”

Condition: The Agency lacked adequate documentation to support that expenditures were allowable and in accordance with Federal requirements.

Repeat Finding: No

Questioned Costs: \$631,401 known

Statistical Sample: No

Context: Auditing standards require discussions with the Agency regarding the risks of fraud and noncompliance with State and Federal requirements. Those discussions noted a concern with a lack of oversight by the former epidemiologist. As a result, we reviewed a subaward payment for \$752,128 for the Nebraska Antimicrobial Stewardship Assessment Program (ASAP) and Infection Control Assessment Program (ICAP) subaward.

We observed four quarterly invoices that included amounts for Salaries, Benefits, Travel, and Supplies, plus indirect costs at 10% of the total direct costs. The amounts from these quarterly invoices did not agree to the final invoice submitted for payment. The invoices by quarter totaled only \$433,838, but the cumulative invoice for the year was \$752,128. It is unclear how the amounts charged on the final invoice were calculated. Additionally, there was no detailed documentation, such as payroll records and invoices, to support the amounts charged. Furthermore, the activity summary provided noted that most activities were put on hold in the third and fourth quarter due to COVID-19; however, amounts were still being charged to the subaward, similar to the first two quarters. We noted that the Agency performed its own internal audit of the subaward, and the resulting draft report also questioned \$752,128. The internal audit is not yet complete, so there has been no final decision or resolution by the Agency. The Agency subsequently provided support for \$120,727, with \$631,401 remaining as questioned costs.

Cause: Inadequate review prior to payment.

Effect: Without adequate documentation to support amounts paid, there is an increased risk for loss or misuse of Federal funds.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Recommendation: We recommend the Agency improve procedures for ensuring adequate documentation is obtained to support that subrecipient expenditures are allowable and in accordance with Federal requirements.

Management Response: The Agency partially agrees with the finding. We agree that all of the supporting documents were not immediately available upon request, however, we disagree with the questioned costs being unallowable. If there was more time to request the documentation from UNMC we believe we could have obtained support to show allowability of the costs. Standard subrecipient monitoring procedures within ELC were paused during the height of response to the COVID-19 pandemic, as both ELC sub-recipients and ELC staff resources were fully allocated to emergency activities. Subrecipient monitoring is the time that these types of documents would have traditionally been requested by the Division during standard procedures. Subrecipient compliance checks remained in place, with required programmatic reporting.

APA Response: According to 45 CFR 75.2, the definition of “questioned costs” includes the following: “Where the costs, at the time of the audit, are not supported by adequate documentation[.]” The payment to UNMC was made October 8, 2020, and the Agency did not have supporting documentation on file as of April 5, 2022, almost 18 months after the payment. When we initially communicated this finding to the Agency, no attempt was made to dispute any of the information contained herein. On April 19, 2022, however, the Agency claimed to have support for the payment but, on April 22, 2022, provided documentation from UNMC, dated April 19, 2022, that supported only \$120,727 of the entire \$752,128 subaward. Failure to secure the required supporting documentation within 18 months of payment demonstrates the inadequacy of the subrecipient monitoring.

Finding 2021-040

Program: AL 93.323 – Epidemiology & Laboratory Capacity for Infectious Diseases, COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Reporting

Grant Number & Year: All open, including NU50CK000547-01, project period ending 7/31/24

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

Criteria: 45 CFR § 75.508(d) (October 1, 2020) requires the Agency to: “Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.”

Neb. Rev. Stat. § 84-305(1) (Cum. Supp. 2020) says the following:

The Auditor of Public Accounts shall have access to any and all information and records, confidential or otherwise, of any public entity, in whatever form or mode the records may be, unless the auditor is denied such access by federal law or explicitly named and denied such access by state law. If such a law exists, the public entity shall provide the auditor with a written explanation of its inability to produce such information and records and, after reasonable accommodations are made, shall grant the auditor access to all information and records or portions thereof that can legally be reviewed.

Subsection (2) of that same statute adds the following:

Upon receipt of a written request by the Auditor of Public Accounts for access to any information or records, the public entity shall provide to the auditor as soon as is practicable and without delay, but not more than three business days after actual receipt of the request, either (a) the requested materials or (b)(i) if there is a legal basis for refusal to comply with the request, a written denial of the request together with the

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

information specified in subsection (1) of this section or (ii) if the entire request cannot with reasonable good faith efforts be fulfilled within three business days after actual receipt of the request due to the significant difficulty or the extensiveness of the request, a written explanation, including the earliest practicable date for fulfilling the request, and an opportunity for the auditor to modify or prioritize the items within the request. No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity. The three business days shall be computed by excluding the day the request is received, after which the designated period of time begins to run. Business day does not include a Saturday, a Sunday, or a day during which the offices of the custodian of the public records are closed.

(Emphasis added.) Neb. Rev. Stat. § 84-305.02 (Supp. 2021) provides a criminal penalty for failure to comply with the above statutory requirements, as follows:

Any person who willfully fails to comply with section 84-305 or 84-305.01, who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.

Condition: The Agency did not respond to auditor requests within the required three business days and/or did not provide the information requested within the required three weeks after the initial request.

Repeat Finding: No

Questioned Costs: NA

Statistical Sample: No

Context: There were several instances of failure to comply with § 84-305(2), which requires responses to requests by the auditor to be made within three business days and the information sought to be provided within three weeks after the initial request.

- On December 7, 2021, we requested that questionnaires be completed with comments describing control procedures, including the who/what/when/how and names and titles of individuals. We requested that the questionnaires be returned by January 5, 2022. (The APA allowed additional time due to the holidays.) The Agency returned the questionnaires on the designated date, but one questionnaire did not include any comments describing what the control procedures were and who performed them. On January 6, 2022, the APA again requested comments describing the procedures and a copy of the written policies and procedures. The auditor also questioned what “PI” referred to in another of the questionnaires and who was the financial lead. On January 14, 2022, Agency staff emailed that a response would be received by January 21, 2022. On January 25, 2022, the APA asked about the status of the request, and the Agency replied on January 28, 2022, with the information. Having been requested on December 7, 2021, the comments sought should have been received by no later than January 5, 2022. Also, the written policies and question regarding the meaning of “PI” and the identity of the financial lead should have been readily available and answered immediately, as those requests were not extensive; however, the Agency took three weeks to respond. For one questionnaire requested on December 7, 2021, comments were not provided for over seven weeks.
- On January 7, 2022, the APA requested monthly reports for June 2021. The reports were received on January 31, 2022, which is a delay of over three weeks. These reports would have been submitted to the Federal grantor months earlier and should have been readily available.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- On January 5, 2022, the APA sent six questions regarding a journal entry for COVID-19 test kits. On January 14, 2022, Agency staff emailed that they would respond by January 21, 2022. On February 2, 2022, the APA sent an email pointing out that four weeks had passed without a response, which is noncompliant with § 84-305. On February 4, 2022, the Agency sent responses for five of the six questions but did not include any supporting documentation. One response indicated that the Agency did not have the needed support but might be able to gather it. A response to the sixth question was finally received on February 14, 2022.
- On February 10, 2022, the APA sent questions about eight payment documents. Before the day was over, Agency staff had responded by saying that the needed answers would be provided on or before March 4, 2022. On that promised date, the auditor received four emails with information. It seems unlikely, however, that none of the requested information could have been provided earlier. In addition, the timesheet detail provided for one of the items was for the wrong time frame, and no names of contact tracers were given for two payments. The correct timesheet was received on April 15, 2022.

Cause: Failure by management to stress the importance of audit cooperation and to require personnel to adhere to State statute.

Effect: The Agency's failure to respond promptly to information requests not only constitutes a violation of § 84-305 but also interferes with the APA's testing and timely completion of the audit.

Recommendation: We recommend the Agency implement procedures to ensure compliance with § 84-305 by responding timely to auditor requests for information. We further recommend the Agency take disciplinary action against staff who violate statute.

Management Response: The Agency agrees with the condition of the finding. It should be noted that through this audit the Division continued to respond to an active public health emergency which had to take priority. The Epidemiology team members working directly with this grant and the leadership team were actively involved in various response operations and had greatly limited capacity for other priorities.

Finding 2021-041

Program: AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Eligibility

Grant Number & Year: 2001NELIEA, FFY2020; 2101NELIEA, FFY2021

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

Criteria: Per 45 CFR § 96.30(a) (October 1, 2020):

Fiscal control and accounting procedures. 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.

476 NAC 2-002, Eligibility, states the following:

To qualify for the Low Income Home Energy Assistance Program, a household must:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- (A) Be considered an economically-vulnerable household;*
- (B) Meet income guidelines according to household size;*
- (C) Meet citizenship and residency requirements; and*
- (D) Not otherwise be disqualified or ineligible.*

476 NAC 2-002.01, Income Guidelines, states the following:

For purposes of calculating and treating income for Low Income Home Energy Assistance Program eligibility, the Department applies the rules and regulations from the Supplemental Nutrition Assistance Program, Title 475 Nebraska Administrative Code (NAC).

475 NAC 3-002.03(D), Verification of Income, states the following:

Before initial certification, the Department will verify gross non-excluded income. At the time of recertification, earned income will be verified again. Additionally, unearned income will be verified if the amount or the source has changed. However, under certain conditions, the Department determines an income amount based on the best available information. These conditions are as follows:

- (i) All attempts to verify the income have failed because the source has failed to cooperate with the household and the Department; and*
- (ii) No other source of verification is available.*

475 NAC 3-002.03(C)(i), Income Received in Less Than One Year, states the following, in relevant part:

Some households receive their annual income in a period of less than one year by contract or through self-employment. The income for these households is averaged over a 12-month period.

475 NAC 3-001.02, Residency, states the following, in relevant part:

Only Nebraska residents are eligible.

476 NAC 3-002.01(A), Refund, states the following, in relevant part:

If a household disconnects service from a provider that has received payment from the Department on the household's behalf, and at the time of the disconnect the household has a credit balance with the provider, the provider will refund the full credit balance to the Department.

476 NAC 1-004.09, Household, defines *Household* as follows:

A person or group of people living together as one economic unit for whom residential energy is customarily purchased in common or paid through rent.

476 NAC 3-003.01, Heating and Cooling Payments, states the following:

The Department makes heating and cooling payments according to the tables published at 476-000-200 and 476-000-201 which are based upon the federal poverty level and the following factors:

- (1) Fuel type;*
- (2) Household income;*
- (3) Household size; and*
- (4) Whether the household resides in a single-family arrangement or a multi-family arrangement.*

Per Publication 476-000-200 (Rev. September 19, 2020), heating payments are determined using the table below:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

2021 LIHEAP Heating Season Payment Table - 130% FPL Maximum									
HH SIZE	HH SIZE	HH SIZE	HH SIZE	HH SIZE	3=Kerosene 6=Fuel Oil	7=Wood	8=Propane	4=Natural Gas 1=Electricity 2=Coal/Corn/Water	All Fuel Types
1	2	3	4	5 or more	FUEL TYPES	FUEL TYPES	FUEL TYPES	FUEL TYPES	Multi Family Dwellings
\$ 8,932.00	\$12,068.00	\$ 15,204.00	\$ 18,340.00	\$ 21,476.00	\$1,050	\$800	\$850	\$700	\$380
\$12,760	\$17,240	\$21,720	\$26,200	\$30,680	\$650	\$600	\$580	\$550	\$300
\$16,588.00	\$22,412.00	\$ 28,236.00	\$ 34,060.00	Maximum	\$350	\$350	\$330	\$400	\$220

{Effective 10/1/20 through 9/30/21}

Good internal control and sound business practices require staff to verify household eligibility properly prior to payment and to ensure that the amount of aid paid complies with applicable rules and regulations.

Condition: The Agency lacked adequate procedures to ensure that LIHEAP applicants met eligibility requirements prior to issuing aid payments. The Agency also lacked adequate procedures to ensure the amount of aid provided was accurate and complied with rules and regulations.

Repeat Finding: No

Questioned Costs: \$1,948 known

Statistical Sample: No

Context: We tested 25 payments and noted the following:

- For 1 of 25 payments tested, the Agency did not consider all sources of income when determining eligibility of the household. The payment of \$478 was made to a public power district. The recipient originally applied for the program on February 5, 2021, and listed only one member of the household. On March 11, 2021, the recipient informed DHHS staff of an additional member of the household, which was added to the household in the Agency's NFOCUS system. However, when the Agency determined income eligibility on June 25, 2021, a statement of income for the new household member was not obtained. Since the income information for the additional household member was not obtained, there is a risk that not all sources of income were used to determine eligibility and the payment amount. Due to the lack of income documentation, we were unable to determine if the household was eligible and if the amount paid was correct, resulting in questioned costs of \$478.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- For 1 of 25 payments tested, the Agency issued a payment on behalf of an applicant who was no longer a current resident of Nebraska. The individual's program eligibility was determined on September 19, 2020. On October 8, 2020, Agency staff entered documentation into the NFOCUS system stating that the individual had moved to Ohio. Even so, the Agency issued a \$300 payment on behalf of the individual to the utility provider on November 16, 2020. No documentation was provided to indicate whether a refund of the benefits was required, resulting in questioned costs of \$300.
- For 2 of 25 payments tested, the Agency overpaid eligible benefits by \$620, as follows:

One recipient's income eligibility for the 2020-2021 heating season was determined using the SNAP income calculations performed on July 16, 2020. That calculation found the individual's annual earnings to be \$3,153 from child support. Using this income calculation, the Agency issued a \$700 benefit on behalf of the client in November 2020. However, the income calculations did not include the applicant's earnings from employment at a public school. The income at the time of the application was only temporarily halted because the school was closed for the summer. The SNAP income regulations include multiple methods to calculate earnings, including the use of past earnings or verification of future estimated earnings from the employer. The client's past partial year of earnings was approximately \$16,784, making her annual earnings \$19,937. With this level of income, the individual would be entitled to only a \$400 benefit, resulting in questions costs of \$300.

For the other payment, the applicant resided at an apartment complex, which is considered a multifamily dwelling. However, the Agency incorrectly identified the household as a single-family dwelling and erroneously issued a \$700 payment on behalf of the individual in December 2020. For the 2020-2021 heating season, the maximum aid payment for a multifamily dwelling was only \$380. As such, the Agency overpaid the benefit by \$320, which is a questioned cost.

- For 2 of 25 payments tested, the Agency failed to verify properly the household composition, as follows:

In one instance, the application included three household members. According to the Agency's NFOCUS system, an additional adult, who was not listed on the application, was reported as having the same address as the applicant. On September 19, 2020, when performing the eligibility review for the household, the Agency failed to review the additional adult as part of the applicant's household. Therefore, the household composition was not properly reviewed prior to the \$550 payment on behalf of the individual, resulting in questioned costs of \$550.

In the other instance, on June 25, 2021, the Agency performed the eligibility review for an applicant with two household members. According to the Agency's NFOCUS system, an additional family of four reported the same address as the recipient. The second family had submitted signed documents reporting that they lived at the same address as the recipient as early as January 7, 2020, and as late as August 29, 2021. Therefore, the Agency failed to review the household composition properly prior to the \$478 payment. This cost was questioned previously in the first bullet above.

Because of the Agency's failure to review the household composition, the APA could not determine whether the additional individuals were properly included or excluded from the household to determine the income eligibility and benefit tier.

Payment errors noted for the sample tested were \$1,948. The total sample tested was \$14,138, and total LIHEAP assistance payments for the fiscal year were \$37,127,588. Based on the sample tested, the case error rate was 20% (5/25). The dollar rate for the sample was 13.78% (\$1,948/\$14,138), which estimates the potential dollar risk for fiscal year 2021 to be \$5,116,182 (dollar rate multiplied by the population).

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: Inadequate review procedures. The Agency believes that, because the LIHEAP regulation (476 NAC) references the SNAP regulation (475 NAC) for income calculations and verification procedures, it can use the SNAP calculations to support the LIHEAP eligibility without additional review. The Agency has recorded this policy in written form within their “LIHEAP Desk Aid” document given to LIHEAP staff, which states: “If a household is active SNAP when heating eligibility is being determined, staff **must** use the copy SNAP income option to determine the income amount utilized in the heating budget.” (Emphasis added).

The APA feels that the present method of determining LIHEAP eligibility for those already participating in SNAP inhibits effective compliance with Title 45 CFR 96.84(c) (October 1, 2020), which states the following:

Grantees must establish appropriate systems and procedures to prevent, detect, and correct waste, fraud, and abuse in activities funded under the low-income home energy assistance program. The systems and procedures are to address possible waste, fraud, and abuse by clients, vendors, and administering agencies.

The APA found no guidance explicitly stating that eligibility for one form of assistance automatically qualified an applicant for participation in LIHEAP.

Effect: When Agency staff fail to verify or enter household information properly into NFOCUS, there is an increased risk of fraud, loss of Federal funds, and noncompliance with Federal and State law.

Recommendation: We recommend the Agency strengthen its policies and procedures to ensure compliance with State and Federal LIHEAP requirements, which include procedures to ensure that all income, household composition, and residency information is verified prior to benefit payment. We also recommend the Agency review its reliance on the SNAP income for LIHEAP applicants to ascertain whether the present method of determining eligibility for those applicants complies with the Federal regulations.

Management Response: Agency partially agrees with the finding.

Federal regulation at 42 U.S.C. 8624(b)(2)(A)(ii) allows grantees to make payments to households in which one or more individuals are receiving benefits from the Supplemental Nutrition Assistance Program (SNAP). Thus, a household that would significantly exceed the LIHEAP income guidelines but includes one person that is eligible for SNAP could be eligible for LIHEAP. This is because SNAP and LIHEAP have differing definitions of who must be included in the household. This categorical eligibility is not required (as this is a block grant) but is an option for grantees to utilize. Nebraska does not fully implement categorical eligibility, at this time, as it would require every household that has any SNAP eligible individual to be eligible for LIHEAP. However, Nebraska does utilize the information that was verified/utilized by SNAP when determining eligibility as it is already on hand. This is a significant outreach measure (which is required per 42 U.S.C. 8624(b)(3)) that Nebraska utilizes to ensure that eligibility can be automatically determined for households that have already been determined eligible for SNAP when household sizes are the same, etc. This helps to reduce the burden for households and helps to ensure that those in need of assistance are served. The LIHEAP State Plan (approved by Federal partners) states the following:

8.2 How do you provide alternate outreach and intake for HEATING ASSISTANCE? DHHS administers low-income programs. Individuals can apply for all economic assistance programs on one application. If an application is on file and is current (pending or active economic assistance program case), a new application is not required for LIHEAP. Either prior to or during the heating season, the eligibility system (NFOCUS) conducts a “mass run” to determine eligibility for heating assistance for households the system identifies as having met the pre-determined eligibility factors.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The first bullet identifies questioned costs of \$478, as it states there is not a statement of income. DHHS does not require a written statement of each household member's income. The individual's unearned income was utilized in the budget. The staff that determined eligibility did not narrate that the household member in question had no other income.

The second bullet identifies questioned costs of \$300. Eligibility was determined for the household on 9/19/20, and a notice was sent to the household on that date informing of the LIHEAP benefit amount the household would receive. The payment was not released from the system until November. The change did not occur until after eligibility had been determined. Additionally, DHHS has a vendor agreement in place with all providers that receive LIHEAP payments on behalf of a client. The vendor agreement requires funds to be returned to DHHS. Below is the information from the vendor agreement.

E. Refunds:

- 1. If the household, during the course of this program, moves locally and will then use a new fuel type and go off services of the Provider, any credit balance shall be refunded to DHHS.*
- 2. If the head of the household dies and there are no surviving members in the household, any credit balance on the account shall be returned to DHHS.*
- 3. If DHHS has paid a deposit on behalf of the household, that deposit shall be refunded to DHHS.*
- 4. Provider must include the account name, client ID number, payment number and the reason money could not be applied to the household's energy account with all refunded payments.*
- 5. Refunds of LIHEAP payments should be processed and refunded within ten (10) business days of receiving notice that the LIHEAP client is no longer Provider's energy customer.*
- 6. Refunded LIHEAP payments should be returned to:*

*DHHS
PO Box 94906
Lincoln NE 68509-9947*

APA Response: The APA reiterates its recommendation for the Agency to strengthen procedures to ensure all income information is properly verified prior to payment. This would include proper documentation in the case file or narrative of any income verification. Additionally, the APA does not consider its recommendation to be unreasonable. The Agency should review additional income or household information that has become available prior to payment to determine if the additional information affects the benefit payment to the applicant. Finally, the APA did not state that using the SNAP budget is not allowable. Rather, the APA's concern relates to whether the Agency has a responsibility to consider new information – pertaining to income or household size changes – that becomes available subsequent to approval of the SNAP application.

Finding 2021-042

Program: AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Reporting

Grant Number & Year: 2001NELIEA, FFY2020

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

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Criteria: 45 CFR § 96.30(a) (October 1, 2020) says, in relevant part, that “fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant”

2 CFR § 170, Appendix A, Section I, Reporting Subawards and Executive Compensation (January 1, 2021), 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)(ii) For subaward information, report no later than the end of the month following the month in which the obligation was made.

45 CFR § 96.82(a) (October 1, 2020) states the following:

Each grantee which is a State or an insular area which receives an annual allotment of at least \$200,000 shall submit to the Department, as part of its LIHEAP grant application, the data required by section 2605(c)(1)(G) of Public Law 97-35 (42 U.S.C. 8624(c)(1)(G)) for the 12-month period corresponding to the Federal fiscal year (October 1–September 30) preceding the fiscal year for which funds are requested. The data shall be reported separately for LIHEAP heating, cooling, crisis, and weatherization assistance.

42 U.S.C. 8624(c)(1)(G) requires a plan that does the following:

[S]tates, with respect to the 12-month period specified by the Secretary, the number and income levels of households which apply and the number which are assisted with funds provided under this subchapter, and the number of households so assisted with-

- (i) one or more members who had attained 60 years of age;*
- (ii) one or more members who were disabled; and*
- (iii) one or more young children;*

Good internal control and sound business practices require procedures to ensure that adequate reports are submitted, and the information therein is correct and complete.

Condition: The Agency lacked adequate procedures to ensure that required Federal Funding Accountability and Transparency Act (FFATA) reports were submitted, and program information reported was complete and accurate.

Repeat Finding: No

Questioned Costs: N/A

Statistical Sample: No

Context: During review of federally required LIHEAP reports, we noted the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Federal Funding Accountability and Transparency Act (FFATA) Reporting

Neither the Agency nor the Nebraska Department of Environment and Energy (NDEE), which distributes weatherization subawards, filed the required FFATA reports. Each thought that the other entity was responsible for this reporting. NDEE has issued multiple subawards to community action partnerships, including Habitat for Humanity of Omaha, that exceed the \$30,000 reporting requirement. NDEE had subrecipient expenditures of \$1,967,001 during fiscal year 2021, as shown below:

Weatherization Grantees	Total FY 21 Expenditures
Blue Valley Community Action Partnership	\$ 175,266
Central Nebraska Community Action Partnership	\$ 214,172
Habitat For Humanity of Omaha	\$ 327,768
Northeast Nebraska Community Action Partnership	\$ 254,696
Northwest Community Action Partnership	\$ 250,443
Southeast Ne Comm Action Partnership	\$ 198,309
Community Action Partnership of Mid Nebraska	\$ 361,560
Community Action Partnership of Lancaster County	\$ 184,787
Total Expenditures	\$ 1,967,001

The Agency reported that the last time FFATA information was submitted was in 2018.

Households Report

In its LIHEAP Household Report for FFY2020, the Agency reported 543 applicant households for the weatherization program. This information for the weatherization applicant households was reported by NDEE, which obtained the figures from its subrecipients. No documentation was provided to support the number or type of weatherization applicant households. The 543 applicants were also reported by poverty level of the household, as shown in the table below.

Type of LIHEAP Assistance	A. Under 75% Poverty	B. 76% - 100% Poverty	C. 101% - 125% Poverty	D. 126% - 150% Poverty	E. Over 150% Poverty	F. Income data unavailable
4. Weatherization	110	84	73	80	110	86

Due to the lack of data provided for the weatherization applicant households, we were unable to verify whether the applicants reported were accurate.

We selected a sample of 20 households included on the FFY2020 Household Report as LIHEAP assisted households, LIHEAP applicant households, or weatherization assisted households and noted that 4 of the 20 households tested were not properly reported or classified, as follows:

- One LIHEAP applicant household was reported at the “Under 75% Poverty” income level. However, based on the Agency’s February 2020 calculation of the annual income of \$62,556 for a household size of two, the income appears to have been 370% of the 2019 Federal poverty level for a household of two, which was \$16,910.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- One LIHEAP applicant household was reported at the “Under 75% Poverty” income level. However, based on the Agency’s December 2019 calculation of annual income of \$41,009 for a household size of five, the income appears to have been 136% of the Federal poverty level for a household of five, which was \$30,170.
- One weatherization-assisted household was listed in the Household Report covering the period of October 1, 2019, through September 30, 2020. However, the weatherization services were reimbursed in September 2019. Therefore, the household should not have been included in the report tested.
- One weatherization-assisted household was not properly reported as a “Disabled” household. The household’s application materials identified one member of the household as disabled, and one of the sources of income was disability income.

Cause: Inadequate review and reporting procedures.

Effect: Without adequate knowledge of required reporting, or proper procedures to ensure reports contain accurate information, there is an increased risk of noncompliance with Federal regulations.

Recommendation: We recommend the Agency strengthen its procedures to ensure all participants of the LIHEAP program are properly reflected in the Household Report. We also recommend the Agency work with NDEE and its Federal partners to obtain sufficient knowledge of FFATA reporting requirements and to ensure all required FFATA reports are properly submitted.

Management Response: The Agency disagrees that FFATA is required to be reported by DHHS. Per the FFATA Sub-award Reporting System (FSRS), FSRS collects data from Federal prime awardees on sub-awards they make. The prime awardee is required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any sub-grant greater than or equal to \$30,000. As DHHS is not awarding any sub-awards, DHHS is not required to report FFATA. In addition, the most recent guidance provided by ACF agrees that DHHS is not the entity responsible for reporting FFATA information. DHHS has not received anything from ACF that contradicts their original determination.

APA Response: The APA believes its recommendation is valid and that the Agency, whose staff is listed as the contact on the Federal award, should work with NDEE and its Federal partners to determine the responsibility for the FFATA reporting.

Finding 2021-043

Program: AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility

Grant Number & Year: #G2001NECCDM, FFY 2020; #G2001NETANF, FFY 2020; #G2101NECCDF, FFY 2021; #G2101NETANF, FFY 2021

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

Criteria: 42 USC § 9858K(b) states, in relevant part, “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”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

45 CFR § 98.67(a) (October 1, 2020) states, “Lead Agencies shall expend and account for CCDF [Child Care and Development Fund] funds in accordance with their own laws and procedures for expending and accounting for their own funds.”

To be eligible for services, 45 CFR § 98.20 (October 1, 2020) 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 3-004.01(A) states, “The Department pays by attendance, not enrollment.”

Title 392 NAC 3-004.01(A)(i) states, “The provider may bill the full authorized amount for times that the child is absent on a scheduled day, up to five times per month.”

Title 392 NAC 3-001.02 states, “The recipient and child care provider must ensure that the services are delivered as authorized.”

Title 392 NAC 4-002 states, in relevant part, “Before furnishing any service, each provider must sign an enrollment form agreeing . . . (G) To retain authorizations, billing documents, and attendance records for four years to support and document all claims”

Per 45 CFR § 98.45k (October 1, 2020):

Lead Agencies shall establish, and periodically revise, by rule, a sliding fee scale(s) for families that receive CCDF child care services that:

- (1) Helps families afford child care and enables choice of a range of child care options;*
- (2) Is based on income and the size of the family and may be based on other factors as appropriate, but may not be based on the cost of care or amount of subsidy payment;*

Title 392 NAC 3-002 states the following:

A child care recipient must contact the Department within 10 days when:

- (A) Total assets exceed \$1,000,000.00;*
- (B) Changes in household composition;*
- (C) There is a non-temporary change in the recipient’s work, job training, or educational status that will exceed three months;*
- (D) The family’s income exceeds 85 percent of the State Medium Income; or*
- (E) The family changes residence.*

Title 392 NAC 2-013 states that childcare services for eligible individuals are approved only if each parent:

- (A) Is employed;*
- (B) Is actively seeking employment. Each time the recipient loses employment, the recipient is entitled to three months of child care to seek employment. . . .*
- (C) Is participating in an Employment First activity;*

* * * *

- (E) Is enrolled in and regularly attending vocational or educational training to attain a high school or equivalent diploma, an undergraduate degree or certificate, or English as second language classes*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

The Child Care Provider Handbook (Handbook), dated January 2008, states, in relevant part, “You must complete the 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. For each day, partial hours of service provided should be rounded up to the next quarter hour” Additionally, the Handbook states, “You and the client/parent/caretaker must sign the calendar at the end of the billing period.”

Section IV (K)(1) of the Handbook states, “Hourly or daily units listed on the Authorization are for the total time frame of the Authorization period - less than 6 hours are hourly units - 6 hours or more are daily units.”

Good internal control requires procedures to ensure that payments are made 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: 2020-042

Questioned Costs: \$4,725 known

Grant #	Questioned Costs
G2001NECCDM	\$ 92
G2001NETANF	\$ 817
G2101NECCDF	\$ 1,208
G2101NETANF	\$ 2,608

Statistical Sample: No

Context: We tested 40 child care claims and noted 14 with errors. Some payments had more than one type of error.

- For one claim tested, the child had no birth record on file and no social security number verification to support the age or citizenship of the child.
- For one claim tested, the family income was not verified properly. The Agency listed no earned or unearned income because the parents were self-employed and stated that their business was not receiving income due to COVID-19. The Agency should have obtained self-employment ledgers from the parents to verify income but did not do so for over four months.
- For two claims tested, the worker authorized the incorrect service type based on the age of the child. In both cases, a preschooler was charged at a toddler rate on multiple claims during the fiscal year.
- For four claims tested, the required parent signature was not on file or appeared forged. For three claims, it appears the provider may have forged the parent’s signature, and for one claim, no attendance sheet was ever obtained.
- For four claims tested, the number of hours or days billed on the claim line did not agree to the attendance sheet.
- For six claims tested, the number of hours or days billed did not agree with the service hours authorized:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- One claim was authorized for 32 hours per week, but child care was provided at 55 hours per week.
- One claim was authorized for 25 hours per week, but 35.5 hours of child care were provided one week, and 66 hours were provided for another week.
- For one claim, child care was authorized up to 20 hours per week while the parent was attending classes; however, the hours billed did not agree to the class schedule. In addition, 24 hours of child care were provided.
- For one claim tested, child care was authorized for before and after school and days when school was out for the time the client was working. The client lost her job and could have been allowed job search for up to three months. However, the provider billed overnight hours from 10:30 pm to 4:30 am or 6:30 am for five or six days per week. Job searching overnight does not appear reasonable.
- For one claim, child care was authorized while the parent was completing Employment First Activities; however, days claimed did not agree to the activity log.
- For one claim, no attendance sheet was obtained by the Agency; therefore, there was no way to verify if the claim was charged in accordance with the authorization.
- For three claims tested, the claims included hours for a school age child during regular school days. For one claim, the provider began billing at 2:30 pm, but school was not dismissed until 3:05 pm. For another claim, two full days were billed when school was in attendance. For the third claim, no attendance sheet was obtained by the Agency; therefore, there was no way to verify if times claimed were appropriate for a school-age child.
- For two claims tested, the payment was not properly reduced by the required copay (i.e., family fee). One claim was due to an override error by staff, and for one claim the family only paid half their copay for the month.

Federal payment errors noted for the sample tested were \$1,741. The total Federal sample tested was \$9,929, and total child care Federal assistance claims for the fiscal year were \$40,582,077. Based on the sample tested, the case error rate was 35% (14/40). The dollar rate for the sample was 17.53% (\$1,741/9,929), which estimates the potential dollar risk for fiscal year 2021 to be \$7,114,038 (dollar rate multiplied by the population).

In addition to the \$1,741 Federal questioned costs noted on the sample items tested, we also noted \$2,984 of Federal questioned costs on other line items of the claims reviewed or other claims for the same child we reviewed, which resulted from questionable signatures, service authorizations exceeded, incorrect rate charges, incorrect co-pay calculations, and failure to provide attendance calendars.

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.

Effect: Ineffective review of claims increases the risk for errors 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 further recommend the Agency ensure billing documents agree with attendance sheets. We also recommend the Agency take the necessary action to recover the overpayments.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Management Response: Agrees

Finding 2021-044

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Grant Number & Year: Various, including #G2101NECCDF, FFY 2021

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

Criteria: Per 45 CFR § 98.41 (October 1, 2020), 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:

The Department will make a fire inspection referral when: . . . 2. Every two years following the initial fire inspection[.]

Per 391 NAC 4-005.09B:

The Department will make a sanitation inspection referral when: . . . 2. Every two years following the initial sanitation inspection, unless the center is located in a health care facility or school that receives more frequent sanitation inspections[.]

A good internal control plan requires that adequate documentation be maintained to support compliance with health and safety requirements.

According to 45 CFR § 75.511(a) (October 1, 2020), “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.”

Per 45 CFR § 75.511(b), “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.”

45 CFR § 75.511(b)(1) adds, “When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.”

Finally, 45 CFR § 75.511(b)(2) provides, “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 in place to ensure health and safety requirements were met for child care providers. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2020-043

Questioned Costs: None

Statistical Sample: No

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Context: We tested 31 child care centers subject to fire and sanitation inspections. We noted the following:

The Agency received a waiver for inspections for the period March 12, 2020, to September 30, 2021; however, for two child care centers tested, a required inspection was overdue on March 12, 2020, and had not been performed or received as of June 30, 2021:

#	Inspection Type	Date of Last Inspection	Months Overdue as of June 30, 2021
1	Sanitation	April 19, 2016	38
2	Fire	July 19, 2017	23

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.

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 Marshal or local fire departments and local health departments or the Environmental Health Agency to ensure the inspections are completed timely.

Management Response: The Agency partially agrees with the finding. It is agreed that some sanitation and fire inspections have not been conducted every 2 years. These inspections are conducted by entities external to DHHS. Resources are an issue for these entities, which contributes to not meeting the regulatory timeframes for DHHS Children's Services Licensing.

The Agency disagrees with the finding, in part, because DHHS has policy and procedure for making timely referrals, as required by regulations. DHHS has had extensive documented communication and follow up with these entities after the policy and procedure changes in 2020 and 2021; however, DHHS has no authority to require these entities to complete the inspections more promptly or release completed inspections when the licensee has not paid for the fire or sanitation inspection. DHHS will continue to implement policies and procedures: File Review by Child Care Licensing Supervisors and Fire and Sanitation Inspection Referrals.

It is accurate that “per 45 CFR § 98.41 (October 1, 2020), 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.” DHHS disagrees that: “The Agency did not have adequate procedures in place to ensure health and safety requirements were met for child care providers.” Regulations 391 NAC 1-5 include robust requirements to address a healthy and safe environment that includes: environmental services and safety, physical plant standards, communicable diseases, children excluded due to illness, medications, food safety, emergency preparedness, safety training and nutrition and food service training. Child Care Inspection Specialists conduct inspections pursuant to these regulations, checking on compliance in the areas listed above, and these inspections are conducted once or twice annually as required by statute.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

APA Response: The Agency is the recipient of the Federal funds and, therefore, is ultimately responsible for ensuring that fire and sanitation inspections are performed. Without such inspections, there is an increased risk of children being cared for in unsafe facilities.

Finding 2021-045

Program: AL 93.575 – Child Care and Development Block Grant – Period of Performance

Grant Number & Year: #G1901NECCDF, FFY 2019

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

Criteria: Per 45 CFR § 98.60(d) (October 1, 2020):

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.

* * * *

(5) Obligations may include subgrants or contracts that require the payment of funds to a third party (e.g., subgrantee or contractor). However, the following are not considered third party subgrantees or contractors:

- (i) A local office of the Lead Agency;*
- (ii) Another entity at the same level of government as the Lead Agency; or*
- (iii) A local office of another entity at the same level of government as the Lead Agency.*

According to 45 CFR § 75.511(a) (October 1, 2020), “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.”

Per 45 CFR § 75.511(b), “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.”

45 CFR § 75.511(b)(1) adds, “When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.”

Finally, 45 CFR § 75.511(b)(2) provides, “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.”

A good internal control plan requires procedures to ensure compliance with Federal regulations.

Condition: Expenditures were charged to the FFY 2019 grant after the period of performance. A similar finding was noted in the prior audit. The Summary Schedule of Prior Findings lists the status as complete.

Repeat Finding: 2020-045

Questioned Costs: \$109,747 known

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: The FFY2019 Child Care Discretionary grant must be obligated by September 30, 2020. The Agency charged \$3,202,956 to the FFY19 grant after September 30, 2020. Of that total, \$2,188,474 was paid to other agencies of the State. We tested four payments to State agencies and noted the following:

- We tested two payments to the Nebraska Department of Education (Department) paid in May and June 2021. The payments tested totaled \$683,570 and included \$11,283 for administrative costs of the Department after September 30, 2020.
- We tested two payments to the Nebraska State Patrol paid in May and June 2021. The payments tested totaled \$98,464 for background checks in March and April 2021.

As other State agencies are not considered a third party, these costs were not obligated by September 30, 2020, and are considered questioned costs of \$109,747.

Cause: Ineffective control procedures.

Effect: Noncompliance with Federal regulations.

Recommendation: We recommend the Agency improve procedures to ensure expenditures charged are within the allowed time period.

Management Response: Agrees

Finding 2021-046

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Grant Number & Year: All open, including #G2101NECCDF, FFY 2021

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

Criteria: Per 45 CFR § 98.60(i) (October 1, 2020), “Lead Agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.”

Per 45 CFR § 98.68(b) (October 1,2020), “Lead Agencies are required to . . . (1) Identify fraud or other program violations . . . (2) Investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud.”

A good internal control plan requires procedures to ensure cases are reviewed, and appropriate dispositions are made in a timely manner.

Condition: Three of nine Child Care Special Investigation Unit (SIU) cases tested were not investigated in a timely manner.

Repeat Finding: No

Questioned Costs: Unknown

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: Three SIU Child Care cases were not worked timely, as follows:

- One case was not worked between May 2020 through January 2021, or nine months.
- A second was referred on December 26, 2019, and no work was completed on the case until October 2020, nine months later.
- A third case was not worked between April 2021 through February 2022.

Cause: The Agency did not devote adequate resources to ensuring child care fraud cases were worked in a timely manner.

Effect: When cases are not completed timely, there is an increased risk of fraud or misuse of Federal funds. When potential fraud cases are not adequately pursued, this results in noncompliance with Federal requirements.

Recommendation: We recommend the Agency implement procedures to ensure cases referred to the SIU are reviewed timely and appropriate dispositions are made.

Management Response: The Agency partially agrees. DHHS disagrees with the finding that the cases in question were not completed timely; 45 CFR § 98.68 does not define timeliness for these reviews and we feel that the expectations of timeliness applied have been arbitrary.

DHHS acknowledges that the Agency was not able to provide a written policy or process that defines the internal definition of timeliness with relation to these cases. The Agency is responsible for creating a process that includes timeliness expectations.

APA Response: **The Agency is required to investigate program violations and fraud. The cases noted above were not investigated for nine months. During that time, claims continued to be paid, increasing the risk for fraud or violations to continue.**

Finding 2021-047

Program: AL 93.674 – John H. Chafee Foster Care Program for Successful Transition to Adulthood – Allowability & Subrecipient Monitoring

Grant Number & Year: G-1901NECILP, FFY 2019; G-2001NECILP, FFY 2020

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

Repeat Finding: 2020-036

Questioned Costs: Unknown

Statistical Sample: No

Summary: Audit finding 2021-013 (Lack of Adequate Subrecipient Monitoring), included in Part II of this report, relates to both the financial statements and Federal awards. During our testing of reimbursements made to subrecipients, we noted that the Agency lacked adequate procedures to ensure amounts reimbursed to the Nebraska Children and Families Foundation (NCFF) were reasonable and allowable. Although documentation was on file for two payments, totaling \$8,575, it was not adequate to support the expenses. Subrecipient payments during the fiscal year to NCFF for the Program totaled \$828,788.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

A similar finding was noted in the previous audit.

Recommendation: We recommend the Agency improve procedures for monitoring subrecipients. Such monitoring should ensure monthly reports are accurate and agree to support, and expenditures are in accordance with State and Federal requirements.

Management Response: See Finding 2021-013

Finding 2021-048

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability

Grant Number & Year: #2105NE5MAP, FFY 2021

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

Criteria: Per 45 CFR § 75.302(a) (October 1, 2020), 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, 2020), costs must be reasonable, necessary, and adequately documented.

Title 471 NAC 15-003.02(1) states that personal assistance services not documented in the service plan are non-allowable services.

Title 471 NAC 15-006.01A(1)(a) requires an approved provider to bill only for services that are authorized and actually provided. Additionally, Title 471 NAC 15-006.05 requires a provider to perform the personal assistance services described on the service plan and document accurately on Form MC-37 (“Service Provider Time Sheet”) all services provided.

Title 471 NAC 15-006.06C requires that, after receiving a provider’s timesheet and billing document, the beneficiary’s social service worker or designee must verify that “the hours worked and services provided fall within the parameters of those authorized” by the service needs assessment.

The Provider’s Guide for Billing PAS Recap states, “Gather participant’s signature at each visit in EVV APP.”

A good internal control plan requires procedures to ensure that services provided agree to the service needs assessment.

Section 1903(1)(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.*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Title 45 CFR § 75.511(a) (October 1, 2020) 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: During testing of personal assistance service (PAS) claims, we noted that services provided were not adequately supported. We also noted that services billed exceeded the service needs assessments and the timing when services were provided did not appear reasonable. Additionally, we noted overlapping services and services billed and paid that exceeded 24 hours in one day. A similar finding has been noted in prior audits since 2014. The Summary Schedule of Prior Findings states the status is complete.

Repeat Finding: 2020-053

Questioned Costs: \$8,387 known (#2105NE5MAP, \$7,678 and COVID-19, \$709)

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 implemented an electronic visit verification 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 Electronic Visit Verification (EVV) system electronically captured and verified provider visit information, and providers were required to submit claims to the Agency electronically through this application.

We initially selected five PAS claims for testing submitted through the EVV system. The Agency was unable to provide documentation from the EVV system of client signatures and the specific activities or tasks performed by the provider. The SNA details the tasks to be provided, the frequency allowed for each, and the number of minutes allotted for each task. Claim detail provided included the start and stop times and location of the visit, but there was no record of what tasks were provided on each day and for how long to ensure compliance with the SNA. Therefore, we questioned the entire claim and specific dates selected for testing, resulting in questioned costs of \$2,684.

The claims submitted through the EVV system do not follow the PAS work week from Sunday through Saturday; therefore, we reviewed additional claims for the initial five providers tested to ensure that the units billed did not exceed the SNA. One unit is 15 minutes. We noted the following issues with four of the five providers:

- Three providers billed hours that exceeded the authorized hours per the SNA. Neither the EVV system nor NFOCUS prevented the provider from billing units that exceeded the weekly authorized hours and from billing for more than 24 hours of service in one day. This resulted in additional questioned costs of \$2,925.

Provider 1

This provider was authorized for up to 156 quarterly units or 39 hours of service per week. The provider billed for hours that exceeded the SNA for one week in January 2021, and then, beginning in March 2021, billed for hours that exceeded the SNA for every week paid through June 30, 2021. The provider lived with the client so the GPS verification of the visit would show that the provider was at the service location. The provider billed 21.75 hours of service in one day and typically billed over 10 hours of service each day of the week, resulting in billing from .5 to 61 hours of service over the 39 hours that were authorized. Over 445 hours were overbilled for the 11 weeks tested. The Agency conducted a

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

quality assurance review for four weeks of services in March and April of 2021 and established overpayments of \$481 on June 26, 2021, and \$175 on July 3, 2021, for billing over the authorization. The provider briefly billed within the SNA for one week after receiving notice of the overpayment and then again began to bill excessive hours. The Agency did not review any of the other claims. We identified an additional \$2,566 in questioned costs for claims paid during fiscal year 2021.

Provider 2

This provider was authorized for up to 157 quarterly units or 39.25 hours of service per week for one client. The provider billed for hours that exceeded the SNA for service provided beginning with the week of April 18, 2021, through the week ending May 22, 2021. The provider billed between 2.75 and 14.75 hours over the 39.25 hours that were authorized. We identified an additional \$256 in questioned costs for these claims.

The provider also exceeded the SNA during the week of April 11, 2021, through April 17, 2021. The provider billed for two clients during this week. Due to deficiencies between the EVV system and NFOCUS, the provider was able to make multiple entries for services with overlapping times on April 12, 2021, and all of these hours were paid. These multiple entries on the same day had a “NON” or “GPS” verified location method. When a provider uses a mobile device, the location is verified through GPS tracking. However, the provider is also able to “deny” or not verify the location when manually logging visits in the provider portal through a computer. This provider billed for 34.25 hours on this one day. See the table below. There were no additional questioned costs for this overlapping of services and exceeding the SNA, as the entire claim was already questioned as noted above.

Client	Start Time	Stop Time	Hours Billed	Verification Method
1	5:45 am	11:45 am	6	NON
1	6:27 am	12:32 pm	6	GPS
2	12:10 pm	6:10 pm	6	NON
2	12:10 pm	6:10 pm	6	NON
2	1:10 pm	7:10 pm	6	NON
2	1:11 pm	5:32 pm	4.25	GPS
Total			34.25	

Provider 3

This provider was authorized for up to 114 quarterly hour units or 28.5 hours of service per week. This provider also lived with the client and began to bill for hours that exceeded the SNA in April 2021. The provider billed between .25 and 5.25 hours of service over the 28.5 hours that were authorized. We identified an additional \$103 in questioned costs for claims paid from April 2021 through June 30, 2021.

- Provider 4 was authorized to provide services for three different clients. The provider billed the maximum number of units authorized for each of these clients for the week tested. Not only was it unreasonable to authorize one provider to provide 85.25 hours of services in one week, but some services were also not reasonable based on the times the provider was at each client’s home. Care for one client was provided from 8:00 am to 12:00 pm, seven days a week. The activity of assisting with eating was authorized three times per day; however, the provider was there for only two mealtimes. Care for another client was provided from 12:30 pm to 4:30 pm, seven days a week. The activity of assisting with the administration of medication was authorized three times per day. It is not reasonable medications would have been administered three times during the four-hour period the provider was at the client’s home. Care for the third client was provided from 5:00 pm to 9:00 pm, seven days a week. Assisting with mobility was authorized 20 times per day and assisting with going to the bathroom was authorized 10 times per day. It does not seem reasonable the client would only need this assistance in the evening during a four-hour period.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Due to the numerous issues noted with the initial claims tested that were submitted through the EVV system, we reviewed additional claims submitted by six additional providers. We did not request the start and stop time and location information from the EVV system and based the review on the claim information in NFOCUS that identified the total number of quarterly units billed each day. We noted the following issues:

- Five providers billed hours that exceeded the authorized hours per the SNA, resulting in questioned costs of \$2,778.

Provider 5

This provider was authorized for up to 154 quarterly units (38.5 hours) for one client and 125 quarterly units (31.25 hours) for a second client. The first client was authorized for services from both this provider and from Provider 2 noted above. Both Provider 2 and Provider 5 billed for services for this client during the week of March 7, 2021, through March 13, 2021, as follows. Provider 2 also billed 14 quarterly units over the SNA authorized hours for the previous week for this client.

Provider	Date	Quarterly Units Billed	Number of Hours
#2	3/7/2021	24	6
#2	3/8/2021	24	6
#5	3/11/2021	148	37
#5	3/12/2021	32	8
#5	3/13/2021	59	14.75
	Total Units Billed	287	71.75
	Authorized Units	154	38.5
	Units Overbilled	133	33.25

Provider 5 continued to bill excessive hours for the first and second client through May 2021 service dates. During the week of April 18, 2021, through April 24, 2021, this provider billed 499 quarterly units or 124.75 hours of service. This included 28.75 hours of service between the two clients on one day. The provider exceeded the weekly authorized hours for 10 weeks reviewed and billed 5.5 to 33 hours over the SNA each week for the first client and .75 to 14.75 hours over the SNA each week for the second client. There were questioned costs of \$1,652.

Provider 6

This provider was authorized for up to 149 quarterly units or 37.25 hours of service per week. This provider billed for more than 24 hours in one day and exceeded the SNA for three weeks reviewed. The Agency created overpayments for two of these weeks; however, even with the reduction of hours paid, the provider still exceeded the SNA. For the third week, the provider billed 312 quarterly hour units, including 100 quarterly units (25 hours) on one day and 120 quarterly units (30 hours) on a second day. There were questioned costs of \$323.

Provider 7

This provider was authorized for up to 158 quarterly units (39.5 hours) for one client and 93 quarterly units (23.25 hours) for a second client. The provider obtained another job with a staffing company in February 2021 and began billing only for the client authorized up to 39.5 hours of service each week. The Agency created an overpayment for one week from February 14, 2021, through February 20, 2021, as the provider was billing for services completed on five days and many of the tasks were authorized to be completed seven days a week. After the audit period, the Agency created another overpayment for service dates from March 21, 2021, through March 27, 2021, for exceeding the authorized hours per the SNA. The Agency also identified overlapping services on February 12, 2021. Although these reviews identified the provider was billing incorrectly, the Agency did not review any other claims.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

We noted that the provider exceeded the weekly authorized hours for seven weeks from January 2021 through May 2021 and billed between .5 to 16.5 hours over the SNA, resulting in questioned costs of \$288. We did not look at the specific activities noted on the SNA; therefore, there could be additional questioned costs for activities not performed according to the SNA.

Provider 8

This provider was authorized for up to 90 quarterly units or 22.5 hours of service per week. The Agency performed quality assurance reviews on services for two weeks in April 2021 and created overpayments for billing units that exceeded the SNA. Although these reviews identified the provider was billing incorrectly, the Agency did not review any other claims. We noted that the provider exceeded the weekly authorized hours for two additional weeks from March 28, 2021, through April 3, 2021, and from May 2, 2021, through May 8, 2021. The provider billed between 2 and 9.5 hours over the SNA, resulting in questioned costs of \$68. The provider normally billed services on only two to four days per week, and tasks were authorized for seven days a week; therefore, there could be additional questioned costs for activities not performed according to the SNA.

Provider 9

This provider was authorized for up to 160 quarterly units or 40 hours of service per week. The provider exceeded the weekly authorized hours for 10 weeks reviewed and billed between 2 and 7.25 hours over the SNA each week, resulting in questioned costs of \$447.

Provider 10

This provider was authorized to provide services for three clients for a weekly total of 452 quarterly units or 113 hours. To provide the services authorized, the provider would have to average over 16 hours of care per day for seven days a week. Due to the unreasonableness of the hours authorized for one provider to perform, two of the three clients did not receive all the services they needed. The third client lived with the provider along with their two children. Title 472 NAC 15-003.02 states that services provided by a legally responsible relative, such as a spouse, are not allowed. The provider may provide services for the partner, however, because they are not legally married. The following chart details the quarterly units billed for each client for the two weeks reviewed.

Client	Quarterly Units Billed		Authorized Units
	Week 1	Week 2	
#1	146	123	156
#2	96	115	137
#3	155	157	159
Totals	397 (99.25 Hours)	395 (98.75 Hours)	452 (113 Hours)

Federal payment errors noted totaled \$8,387. The Federal payments tested totaled \$34,165, and the total Federal share of PAS claims for the fiscal year was \$6,908,588.

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 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 that payments are allowable, adequately supported, and in accordance with State and Federal regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Management Response: The Agency partially agrees. DHHS disagrees with some characterizations that the program and EVV solution do not have controls in place to limit billing and payment within allowed authorized units.

Finding 2021-049

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability and Eligibility

Grant Number & Year: #2105NE5MAP, FFY 2021; #2005NE5MAP, FFY 2020

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

Criteria: Per 45 CFR § 75.303 (October 1, 2020):

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, 2020), “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 requires costs to be reasonable, necessary, and adequately documented.

Per 477 NAC 23-003.01:

The total equity value of available non-excluded resources of the client . . . is determined and compared with the established maximum for available resources the client may own and still be considered eligible. If the total equity value of available non-excluded resources exceeds the established maximum, the client is ineligible.

Per 477 NAC 23-003.05(A)(iii), “A specified maximum may be disregarded if it is set aside for the purpose of paying burial expenses.” Further, 477 NAC 23-003.05(A)(iii)(1)(b) states that for burial insurance policies, “If the client has irrevocably assigned more than the specified maximum in burial insurance, the excess is not an available resource but may be a deprivation of resources.”

According to NAC Medicaid Eligibility Appendix 477-000-012, the maximum for a burial trust was \$5,303 effective January 1, 2020.

Per 477 NAC 23-003.05(B)(v)(1)(a):

The disregard of any motor vehicle is not allowed when it has been determined a client residing in a nursing home or an assisted living facility and receiving services through Home and Community Based Services or Programs or All-Inclusive Care for the Elderly does not intend, or will not be able to return home if medical transportation is included in the payment to the facility[.]

Per 477 NAC 23-003.05(B)(vi):

The owner of a life estate in real property is generally unable to sell the property. The net income from the life estate must be included in the budget rather than considering the life estate as an available resource.

Per 477 NAC 23-003.10, the established maximum for available resources which a client may own and still be eligible is \$4,000 for a one-member unit.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

477 NAC 23-003.05(B)(vi) states, in relevant part:

The net income from the life estate must be included in the budget rather than considering the life estate as an available resource.

477 NAC 23-003.04(A) defines a deprivation of resources as:

Any action taken by the applicant or client, or any other person or entity, which reduces or eliminates the applicant's, client's, or spouse's recorded ownership or control of the asset for less than fair market value is a deprivation of resources. The fair market value of a resource at the time the resource was disposed of must be verified and the equity value of the resource must be determined by taking into consideration any encumbrances against the resource

Title 471 NAC 12-009.07 (effective December 19, 2018, through June 25, 2021) states, in relevant part:

- 1. A "held" bed must be vacant and counted in the census. The census must not exceed licensed capacity;*
- 2. Hospital bed-holding is limited to reimbursement for 15 days per hospitalization. Hospital bed-holding does not apply if the transfer is to the following: NF, hospital NF, swing-bed, a Medicare-covered SNF stay, or to hospitalization following a Medicare-covered (SNF) stay*

Title 477 NAC 26-002.03 defines excess shelter costs as, "The amount by which the combined rent or mortgage; property taxes; homeowner's insurance; and condominium or cooperative fees, if applicable, exceed 30% of the minimum maintenance needs amount."

Title 45 CFR § 75.511(a) (October 1, 2020) 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."

A good internal control plan requires procedures to ensure that income and resources are updated for changes timely, adequately documented, and verified.

Condition: The Agency did not adequately verify the income and resources of individuals residing in long-term care facilities to ensure that limits were not exceeded, and the individuals were eligible. Additionally, the Summary Schedule of Prior Audit Findings states the corrective action is complete.

Repeat Finding: 2020-054

Questioned Costs: \$4,482 known (#2105NE5MAP, \$4,039; COVID-19, \$443)

Statistical Sample: No

Context: We tested 25 long-term care facility payments and noted the following issues:

- Seven recipients had title to 20 vehicles that were not currently registered, and one recipient had a title to a vehicle that was currently registered; however, none of these vehicles were included as resources. If the vehicles were still in the recipients' possession, the value should have been included as an available resource, which may have affected Medicaid eligibility. The Agency failed to inquire with the recipients to determine if the vehicles were still in their possession.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- One recipient became eligible for Medicaid in February 2020 and reported at that time that she had a preplanned guaranteed funeral agreement for \$11,688. However, the Agency failed to obtain a copy of the agreement to determine if the included items in the agreement exceeded the maximum burial trust limitation. Instead, the entire agreement amount was included in the recipient's budget as a non-countable resource. However, the Agency obtained a copy of the agreement after our inquiry, which listed only \$3,419 of non-countable items, such as a casket and sales tax. Based on the maximum burial trust limitation in 2020, totaling \$5,303, the remaining amount of the funeral agreement, totaling \$2,966, should have been included as an available resource. If the amount was included as an available resource, the recipient would have exceeded the \$4,000 resource limitation, as she also had a checking account with a balance of \$3,123. Therefore, the entire claim tested is questioned, resulting in Federal share sample questioned costs of \$2,514.
- One recipient purchased a life insurance policy and irrevocably assigned the policy to a funeral home for \$11,645. Based on the Preneed Funeral Agreement and Assignment, only \$5,263 of the agreement was for excludable items, such as a casket, marker, and grave opening/closing fees. Therefore, \$1,010 should have been considered a deprivation of resources, as the maximum excludable amount for a burial trust was \$5,372. Further, the recipient was admitted to a nursing facility in October 2020. During that same month, one of the recipient's two bank account balances was reduced from \$21,205 to \$3,057. Part of this reduction was due to the purchase of burial insurance, Medicare premium payments, and rent. However, two checks, totaling \$5,239, cleared the bank on October 2, 2020, and October 19, 2020, but no images of the checks were provided, and the Agency did not inquire with the recipient about what was purchased to ensure that there was no other deprivation of resources. Lastly, the recipient transferred her home to Greater Beth-El Temple for \$31,300 prior to June 30, 2020. The Agency was aware that the recipient was living in a home, as the recipient reported paying homeowner's insurance and property taxes in 2014. However, no inquiry was made by the Agency to determine where the proceeds from the sale of the home were deposited and how the funds were spent to ensure that there was no deprivation of resources.
- One recipient purchased a life insurance policy and irrevocably assigned the policy to a funeral home for \$12,635. A copy of this policy was provided to the Agency in April 2011. However, the Agency failed to obtain a copy of the Preneed Funeral Agreement and Assignment with the funeral home to determine if or by what amount the policy exceeded the maximum excludable amount for a burial trust and if a deprivation of resources should have been considered.
- Two providers billed hospital bed-hold days during the same time frame for one recipient. The recipient resided in an assisted living facility and was admitted to the hospital in late October 2020. The assisted living facility billed 3 bed-hold days in October 2020 and 17 bed-hold days from November 1, 2020, through November 17, 2020, when the recipient died. For the claim tested, the nursing home provider billed nine bed-hold days from November 8, 2020, through November 17, 2020. These billed bed-hold days overlap with the assisted living facility's bed-hold days, and the recipient never resided in this nursing home. The entire claim tested is questioned as a duplicate claim, resulting in Federal share sample questioned costs of \$1,181. Additionally, the assisted living facility billed a total of 20 bed-hold days from October 29, 2020, through November 17, 2020; however, only 15 hospital bed-hold days are allowed per hospitalization. The facility overbilled five hospital bed-hold days, resulting in non-sample Federal share questioned costs of \$246.
- One recipient was admitted to a nursing facility in May 2020, but his spouse was still living in the community at the time. The couple had \$279 in shelter expenses, which were reported to the Agency in May 2020 and/or included on the recipient's Medicaid application. This included \$55 per month for homeowner's insurance, \$200 per month for their mobile home lot, and \$24 of property taxes per month. However, only the \$55 in homeowner's insurance was included in the recipient's budget. Had

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

the additional \$224 in shelter expenses been included correctly in the recipient's budget, the recipient's share of cost would have been reduced by \$122, which is the excess shelter allowance after adding a \$490 utility allowance to the \$279 in shelter expenses and subtracting the shelter limit of \$647.

- One recipient was a joint owner of three life estate properties. The recipient received income of \$665 per month for two of the three properties. Income for the third property was received twice a year in May and December and, therefore, was excluded from the recipient's March 2021 budget that was tested. The Agency included the \$665 income from the two life estate properties as earned income in the recipient's budget and calculated only \$300 as countable income after subtracting earned income disregards. However, income from life estates should be included in the budget as unearned income with no disregarded amount. This resulted in an overpayment of \$365, with a Federal share of \$229.
- One recipient sold real estate property in October 2018 for \$20,000. This sale was reported on the recipient's Medicaid renewal application form received in October 2019. Additionally, a representative for the recipient reported to the Agency in October 2018 that the recipient was receiving \$300 to \$350 per month for the sale of the property. Further, a \$350 deposit from the purchaser of the property was included on a bank statement received by the Agency in November 2019. However, this \$350 per month income was not included in the recipient's budget. This resulted in an overpayment of \$350, with a Federal share of \$219.
- One recipient's budget was reduced by \$148 for a Medicare B premium payment. However, no such premium was paid by the recipient or deducted from the recipient's social security benefit amount. This resulted in an overpayment of \$148, with a Federal share of \$93.

Federal payment errors noted in the sample totaled \$4,236. The total Federal sample tested was \$76,470, and the Federal long term care facility expenditures during the fiscal year totaled \$249,754,891. Based on the sample tested, the case error rate was 56% (14/25). The dollar error rate was 5.54% (\$4,236/\$76,470), which projects the potential dollars at risk for fiscal year 2021 to be \$13,836,421 (dollar error rate multiplied by population).

Cause: Worker error and inadequate review

Effect: If income and resources are not adequately verified, there is an increased risk recipients will be determined eligible for Medicaid inappropriately or determined eligible with an incorrect share of cost.

Recommendation: We recommend the Agency implement procedures to ensure that Medicaid recipients' income and resources are properly identified, verified, and documented. We also recommend the Agency implement procedures to ensure that bed-hold days comply with regulations.

Management Response: Agrees

Finding 2021-050

Program: AL 93.778 – Medical Assistance Program – Special Tests and Provisions

Grant Number & Year: All open, including #2105NE5MAP, FFY 2021

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

Criteria: Title 42 CFR § 447.253(b)(1)(i) (October 1, 2020) provides the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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, 2020), “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, 12-011.11 (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 Medical Assistance Program. 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.

The Nebraska Medicaid State Plan, Attachment 4.19-D, 12-011.10 (Reporting Requirements and Record Retention), requires facilities to submit cost reports and says the following:

Each facility must complete the required schedules and submit the original, signed Report to the Department within 90 days of the close of the reporting period, when a change in ownership or management occurs, or when terminated from participation in NMAP. Under extenuating circumstances, an extension not to exceed 45 days may be permitted. Requests for extensions must be made in writing before the date the cost report is due.

When a provider fails to file a cost report as due, the Department will suspend payment.

AICPA Professional Standards AU-C Section 500B.A32 states in part:

Audit evidence obtained directly by the auditor (for example, observation of the application of a control) is more reliable than audit evidence obtained indirectly or by inference (for example, inquiry about the application of a control) Audit evidence provided by original documents is more reliable than audit evidence provided by photocopies, facsimiles, or documents that have been filmed, digitized, or otherwise transformed into electronic form, the reliability of which may depend on the controls over their preparation and maintenance.

A good internal control plan requires procedures to ensure that a risk assessment is performed on long-term care facilities, and those considered high risk are field audited to maintain the integrity of the Medical Assistance Program. Good internal control also requires desk audits to be performed in a timely manner and adequate audit evidence be obtained for significant costs. High-risk providers should be audited as soon as possible to ensure that issues are resolved timely and to reduce the risk for errors or abuse.

Condition: We noted that the Agency did not perform field audits on any long-term care facilities during the fiscal year ended June 30, 2021. A similar finding was noted in prior audits. We also noted that desk audits were not completed in a timely manner, and procedures for desk audits did not obtain adequate evidence to ensure costs reported were accurate and proper.

Repeat Finding: 2020-055

Questioned Costs: Unknown

Statistical Sample: No

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Context: Agency procedures require a desk audit on each annual cost report provided by long-term care (LTC) facilities that receive Medicaid funding and a field audit on facilities identified by the Agency as high risk. Cost reports for fiscal year 2020 were due from facilities by September 30, 2020, or November 16, 2020, if an extension was approved.

We noted the following:

- The Agency received cost reports from 208 facilities but completed desk reviews for only 69 facilities prior to June 30, 2021. In June 2021, the Agency contracted with a private accounting firm to perform desk and field audits; however, no additional desk reviews were completed prior to November 16, 2021. Therefore, two-thirds of the facilities did not have a review completed within one year.
- We reviewed 22 desk audits and noted that limited procedures were performed. Costs were traced to each facility's trial balance, but no underlying supporting documentation was obtained for salaries, food, or supplies, which are significant costs. In the following response, the Agency acknowledged having not sampled any expenses on the cost reports:

DHHS has not performed extensive audits on the facilities, we are completing a desk review. In our analysis we look at costs and if they look to be in line with previous years we do not ask for additional information. For the year 2020, the facilities had an increase in costs due to Covid and that was anticipated in our analysis so we didn't ask for documentation of the variance on things like increased nursing costs.

- The Agency performs risk assessments of the facilities each year and identifies which facilities are high-risk. Risk assessments were not completed for all facilities for 2020 cost reports.
- No field audits were performed for any facilities identified as high-risk in prior years.
 - During fiscal year 2016, the Agency identified nine high-risk facilities for the period ended June 30, 2015; only three had field audits performed. The Agency did not document why field audits were unnecessary for the others. The Agency identified one high-risk facility for the period ended June 30, 2016, but no field audit was performed. Per the State Plan attachment 4.19D, 12-011.1, the Agency cannot initiate an audit more than five years from the end of the cost report period; therefore, the Agency can no longer conduct audits for these cost reports.
 - The Agency identified 23 high-risk facilities for the period ended June 30, 2017. For one of these, no field audit has been completed. In 2019, the Agency indicated that 22 of the facilities were under investigation by Federal authorities and would not be audited further by the Agency without specific direction. These facilities were all owned by the same company, and its owners were recently accused by the Nebraska Attorney General's Office of \$59.6 million in Medicaid fraud. The accusation alleges that cost reports used false numbers that led to the overpayment of Medicaid funds.
 - The independent contractor performed risk assessments for the 2018 and 2019 cost reports and identified five facilities as high-risk for 2018 and 16 facilities for 2019. No field audits have yet been performed. The Agency has not completed desk reviews or risk assessments for the fiscal year 2020 cost reports.

The Federal share of nursing facility expenditures during fiscal year 2021 totaled approximately \$250 million.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: The Agency did not dedicate adequate resources to the task of nursing facility audits. The Agency hired an independent contractor, but the contract was not signed until July 2021.

Effect: When facilities do not have timely desk audits or periodic field audits, there is an increased risk for submitted cost reports to contain errors or fraud. The Nebraska Attorney General's Office has accused a New York couple of carrying out a \$59.6 million Medicaid fraud involving a chain of nursing homes in Nebraska. The company is accused of preparing false records, failing to maintain documentation, and making fraudulent misrepresentation, which resulted in payments to which it was not entitled. This highlights the critical need for strong controls and audit procedures to ensure that cost reports are accurate and to minimize the potential for fraud.

Recommendation: We recommend the Agency devote adequate resources to audits of long-term care facilities. We further recommend the Agency improve procedures to ensure that cost reports are accurate.

Management Response: Agrees

Finding 2021-051

Program: AL 93.778 – Medical Assistance Program; AL 93.767 – Children's Health Insurance Program (CHIP) – Special Tests and Provisions

Grant Number & Year: All open, including #2105NE5MAP, FFY 2021; #2005NE5021, FFY 2020

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

Criteria: Per 42 CFR § 455.104(b) (October 1, 2020), the State Medicaid Agency must obtain the following disclosures from the disclosing entity:

(1)(i) The name and address of any person (individual or corporation) with an ownership or control interest in the disclosing entity, fiscal agent, or managed care entity.

* * * *

(4) 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).

A person with an ownership or control interest is defined, in part, by 42 CFR § 455.101 (October 1, 2020) as a person or corporation that:

(a) Has an ownership interest totaling 5 percent or more in a disclosing entity;

(b) Has an indirect ownership interest equal to 5 percent or more in a disclosing entity;

Additionally, under 42 CFR § 455.101, a "person with an ownership or control interest" includes "an officer or director of a disclosing entity that is organized as a corporation," and a "managing employee" includes "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 42 CFR § 455.436 (October 1, 2020), the State Medicaid Agency must do the following:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

(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[.]

Per 42 CFR § 455.412 (October 1, 2020), the State Medicaid Agency must also:

(a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any State is licensed by such State.

(b) Confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

45 CFR § 75.303(a) (October 1, 2020) 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.”

45 CFR § 75.511(b) (October 1, 2020) 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 taken 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 requires procedures to ensure that all required disclosures are provided.

Condition: Medicaid/CHIP providers were not properly screened, or disclosures were not obtained for managing employees or persons with ownership or controlling interest. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

Repeat Finding: 2020-057

Questioned Costs: Unknown

Statistical Sample: No

Context: We tested screening and enrollment for 25 Medicaid/CHIP providers. We noted the following:

- Four providers did not have adequate ownership screening or disclosures. Three of the providers failed to disclose any managing employees or persons with ownership or controlling interest during the enrollment or revalidation process. As a result, only the organization was screened and disclosed. One of these three providers was owned by the State of Nebraska. The fourth provider disclosed a managing employee; however, the provider was not screened.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- Two providers did not have license verification performed. Both providers were located outside of the State of Nebraska and were new providers. One provider registered in February 2020, and the other registered in January 2019. Per the Agency, “A system rules issue was identified impacting a small group of specialty hospital providers and resolved 3/30/20. All providers in this group will be screened at their next update or revalidation.”

Cause: The Agency relies on the provider’s disclosure to be complete, true, and accurate. The provider is allowed to complete the enrollment process even if an owner or managing employee is not disclosed.

Effect: Without adequate procedures to ensure that 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. We also recommend the Agency implement procedures to ensure that license verifications are performed.

Management Response: The Agency partially agrees with the finding. DHHS is in compliance with Title 42 CFR, Sections 455.100 through 455.106, 42 CFR 455.436, 42 CFR 455.412, 45 CFR 75.303 and 2 CFR 200.511. DHHS screens and enrolls Nebraska Medicaid providers against all applicable regulations. When providers submit their Service Provider Agreement, the provider application presents the CFR definitions for owners and managing employees. The provider is expected to review the definitions and be familiar with the rules/regulations that govern their services when they sign the Service Provider Agreement. If a provider omits disclosing owners or managing employees (beginning November 2019), they must check a box in the Maximus provider portal attesting they are intentionally leaving the disclosure information empty. DHHS completes all required screenings for owners and managing employees who are disclosed by the provider. When a provider signs their Service Provider Agreement, they attest that they are in compliance and will follow all applicable rules and regulations.

The provider is required to disclose and DHHS is required to screen what is disclosed. DHHS cannot advise the provider on the disclosures. DHHS can only supply the regulations and direct the provider to comply. When found on any post enrollment review, the provider is directed to correct any missing or erroneous disclosures else face disenrollment or other sanction.

Finding 2021-052

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability

Grant Number & Year: #2105NE5MAP, FFY 2021; #2005NE5MAP, FFY 2020

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

Criteria: 45 CFR § 75.303(a) (October 1, 2020) 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 § 75.302 (October 1, 2020) requires each state to expend and account for Federal awards in accordance with state laws and procedures.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

42 CFR § 441.302(d)(2) (October 1, 2020) requires the Agency to inform the participant or the legal representative of the “choice of either institutional or home and community-based services.”

The § 1915(c) Home and Community-Based Services Waiver, effective October 1, 2019, through September 30, 2020, and effective October 1, 2020, through September 30, 2021, states that Habilitative Community Inclusion and Supported Family Living services may not be provided by a legal guardian or a legally responsible person.

The DHHS Division of Developmental Disabilities Policy Manual states that a legally responsible person, including a Power of Attorney, cannot provide direct services.

Good internal control requires procedures to ensure that costs are in accordance with State and Federal requirements.

Condition: We tested 25 claims paid from the Comprehensive Developmental Disability (CDD) waiver and noted that two payments did not comply with State and Federal requirements. A similar finding was noted in the prior audit.

Repeat Finding: 2020-058

Questioned Costs: \$35,994 known

Grant	Questioned Costs (Federal Share)
2005NE5MAP	\$ 7,322
2005NE5MAP COVID-19	\$ 454
2105NE5MAP	\$ 26,571
2105NE5MAP COVID-19	\$ 1,647

Statistical Sample: No

Context: We noted the following:

- For one claim tested, we noted that the provider was also performing Chore services for another client during the same time frame. There was overlapping time on July 28, 2020, for four hours, resulting in sample Federal share questioned costs of \$37.

Service Type	Start Time	End Time
Independent Living	8:30 am	5:30 pm
Chore	8:00 am	12:30 pm

- For a second claim tested, we noted that the participant was receiving Supported Family Living and Habilitative Community Inclusion services from several providers, including the participant’s mother and father who were also the participant’s Power of Attorneys (POA). The CDD waivers and the Developmental Disability Policy Manual state that a legally responsible person of a participant, including a POA, cannot perform these services. Therefore, all payments made to the participant’s parents during fiscal year 2021 are questioned costs. Outside sample Federal share questioned costs totaled \$35,957.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

On January 21, 2022, we questioned why this participant's parents were authorized for services, and the Agency responded, "This was done in error. There has been confusion if POA's are legally responsible or not." Service authorizations for the participant's mother ended on January 23, 2022, and the father was removed as a POA on January 28, 2022, in order to continue providing services.

Federal payment errors for the sample tested were \$37. The total Federal sample tested was \$46,051, and total CDD payments for the fiscal year was \$199,690,276. The dollar error rate for the sample was 0.08% (\$37/\$46,051), which estimates potential dollars at risk for fiscal year 2021 to be \$159,752 (dollar error rate multiplied by population).

Cause: Procedures were not adequate to prevent and/or detect errors.

Effect: Increased risk for unallowable charges and noncompliance with regulations.

Recommendation: We recommend the Agency implement procedures to ensure compliance with State and Federal regulations.

Management Response: Agrees

Finding 2021-053

Program: AL 93.778 – Medical Assistance Program; AL 93.767 – Children's Health Insurance Program (CHIP) – Special Tests and Provisions

Grant Number & Year: All open, including #2105NE5MAP, FFY 2021; #2005NE5021, FFY 2020

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

Criteria: Per 42 CFR § 438.3(m) (October 1, 2020), "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."

42 CFR § 438.602(e) states, "The State must periodically, but no less frequently than once every 3 years, conduct, or contract for the conduct of, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, each MCO, PIHP or PAHP." 42 CFR § 438.602(g) directs this audit to be posted on the State's website.

A good internal control plan requires policies and procedures to ensure that mandatory financial audits are completed timely and in accordance with Federal regulations.

Condition: The Agency does not have adequate procedures to ensure that required managed care financial audits are completed timely and in accordance with Federal regulations. The MCO-audited financial reports for the year ended December 31, 2020, were not conducted in accordance with generally accepted accounting principles (GAAP). The required periodic audit of the MCOs have not been conducted and posted on the Agency's website.

Repeat Finding: No

Questioned Costs: Unknown

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: UnitedHealthcare of the Midlands, Inc., (UHC) did not have audited financial reports on file. UHC submitted financial statements based on the “basis of accounting practices prescribed or permitted by the Department.” This is not in accordance with GAAP, and there was no independent auditor’s report opining on the fair presentation of the financials.

Nebraska Total Care, Inc., and Community Care Health Plan of Nebraska, Inc., have audits performed in accordance with generally accepted auditing standards; however, the financial statements were not in accordance with GAAP. The financial statements were 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.

The required periodic independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, or PAHP has not been conducted. As of October 6, 2021, the Agency was still in the procurement phase for an outside audit vendor.

Payments to MCOs during the fiscal year ended June 30, 2021, totaled over \$1.7 billion in Federal and State funds.

Cause: The Agency has been unable to procure an outside vendor to complete the audit. The MCO-audited financial reports are completed for the Nebraska Department of Insurance, which does not require the audit to be conducted in accordance with GAAP.

Effect: When the financial audits completed by the MCOs are not conducted according to GAAP, and the independent audit of the MCOs is not completed, 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 audits to be conducted in accordance with GAAP. We further recommend the Agency complete the procurement process for the outside audit vendor and ensure the required audit of the accuracy, truthfulness, and completeness of the encounter and financial data of the MCOs is completed timely.

Management Response: Agrees

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF LABOR

Finding 2021-054

Program: AL 17.225 – Unemployment Insurance (UI) – Federal; AL 17.225 – COVID19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State; AL 97.050 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs – Allowability & Eligibility

Grant Number & Year: FFY 2020 and FFY 2021

Federal Grantor Agency: U.S. Department of Labor; U.S. Department of Homeland Security

Repeat Finding: 2020-060, 2020-061

Questioned Costs: \$794,065 known (17.225 – COVID19 – UI – PEUC Federal, \$68,287; 17.225 – COVID19 – UI – PUA Federal, \$113,489; 17.225 – COVID – UI – FPUC Federal, \$337,043; 17.225 – UI – State, \$205,046; 97.050, \$70,200)

Statistical Sample: No

Summary: Audit Finding 2021-016, 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, inmates, deceased claimants, individuals with high wages, individuals under 16 years of age, and other payments. Our procedures revealed adjudication issues, PUA issues, and improper payments to claimants, among other items.

The APA randomly selected 60 claimant benefit payments. The total sample tested was \$32,321, and questioned costs for payments tested were \$17,412. Total benefit payments for the fiscal year ended June 30, 2021, were \$633,184,621. Based on the sample tested, the dollar error rate for the sample was 53.87% ($\$17,412/\$32,321$), which estimates the potential dollars at risk for fiscal year 2021 to be \$341,096,555 (dollar error rate multiplied by population).

We also noted \$776,653 of questioned costs for fiscal year 2021 during other testing procedures. We noted numerous issues related to:

- Ineligible payments to inmates.
- Payments to deceased claimants.
- Improper unemployment benefits paid to State employees.
- Improper payments to individuals under the age of 16.
- Adjudications and investigations not completed in a timely manner.
- Pandemic Unemployment Assistance (PUA) self-employment verifications and identity verifications not complete.
- Unreasonable Short-Time Compensation payments and claimants with excessive wages.
- Untimely resolution to bank account fraud investigations.
- Duplicate benefit payments.
- Inaccurate Social Security numbers.
- Improper employer charges.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Recommendation: We recommend the Agency implement procedures to prevent the payment of improper unemployment compensation benefits. Those same procedures should also ensure compliance with State and Federal requirements, ensuring the following: 1) procedures are improved for identifying incarcerated individuals, claimants who are deceased, and identifying and assessing whether State employees are eligible for UI benefits; 2) employer responses to requests for separation information are adjudicated properly and followed up on; 3) investigations are created properly and completed timely; 4) claimants are eligible and paid from the correct program; 5) benefit overpayments are established and recouped timely; and 6) verification of claimants' identity and employment or self-employment is performed properly and in a timely manner. We also recommend reviewing STC agreements to ensure that program objectives are met, and the employer is compliant with the agreement. Lastly, we recommend the Department implement procedures to ensure that system records, including claimant SSNs, are accurate, and employers are charged or not charged properly.

Management Response: See Audit Finding 2021-016

Finding 2021-055

Program: AL 17.225 – Unemployment Insurance – Admin; AL 17.225 – COVID19 – Unemployment Insurance – Admin – Allowability

Grant Number & Year: UI-35660-21-55-A-31, FFY2021; EUISSA, grant period 3/18/2020 to 6/30/2022; and UI-34727-20-55-A-31, grant period 4/20/2020 to 6/30/2022.

Federal Grantor Agency: U.S. Department of Labor

Criteria: 2 CFR § 200.403 (January 1, 2021) requires costs charged to Federal programs to be reasonable, necessary, and adequately documented.

2 CFR § 200.403(d) also requires that costs:

Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

2 CFR § 200.413(a) (January 1, 2021) states, in part, the following:

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

Good internal controls require adequate supporting documentation be maintained on file, and contract monitoring procedures be in place to ensure Federal funds spent are reasonable and proper.

Condition: Due to the COVID pandemic, the Agency entered into several contracts for administrative assistance to handle the influx of UI claims. We noted that the Agency did not obtain or review adequate supporting documentation to ensure the propriety of the payments for those services.

Repeat Finding: No

Questioned Costs: \$13,857 known (UI-35660-21-55-A-31, \$13,370; EUISSA, \$120; UI-34727-20-55-A-31, \$367)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context:

Nelnet, Inc.

The Agency contracted with Nelnet, Inc. (Nelnet) to provide staffing services to assist in processing the increased number of UI claims. Payments to Nelnet totaled \$10,924,480 for the fiscal year ended June 30, 2021. The contract required each invoice to represent actual hours of services provided by Nelnet. After an inquiry with Nelnet, however, we learned that billings were based upon the number of associates, rather than the actual hours worked. Also, per discussion with staff, the Agency did not request, receive, or review supporting documentation, such as timesheets, to verify that the amount paid to Nelnet was accurate.

The agreement between the Agency and Nelnet states the following, in relevant part:

Each bi-weekly invoice will represent actual hours of services provided to NDOL by NELNET during the two-week time period covered by the invoice NDOL will be billed for the actual number of hours, up to forty (40) hours per week per individual, for the actual number of individuals, up to two hundred (200) individuals per week.

We reviewed two payments to Nelnet and noted the following:

- The first payment tested was for work performed from January 1, 2021, through January 15, 2021, totaling \$556,640. We requested five timesheets for workers, representing \$7,000 of the payment. One timesheet reviewed contained leave hours, which were included in the invoice. This resulted in a \$280 overpayment.
- The second payment tested was for work performed from January 18, 2021, through January 29, 2021, totaling \$504,000. We requested five timesheets for workers, representing \$6,160 of the payment. Two of the five timesheets contained leave hours, which were included in the invoice. This resulted in a \$435 overpayment.

We reviewed timesheets, totaling \$13,160, and noted overpayments of \$715, a 5.4% error rate. As the Agency was not reviewing timesheets, it is likely that additional significant errors could have occurred.

North End Teleservices, LLC

The Agency contracted with North End Teleservices, LLC (NET) to provide data entry services and to answer UI questions from employers and applicants. Payments to NET totaled \$6,153,167 for the fiscal year ended June 30, 2021. The contract rate was \$30 per hour.

The contract between the Agency and NET states the following, in relevant part:

Since invoices may be submitted by NET at the start of a Service Period, following the first Invoice Date, NET must submit supporting documentation of actual hours of service performed during the previous Service Period. In the event of a discrepancy between the hours of services and the invoiced amount, NDOL may adjust subsequent payments accordingly, and may withhold and/or adjust the final payment under this Agreement until all hours of services are reconciled (subject to the maximum invoice amount and maximum expenditures under this Agreement). Supporting documentation must include, but is not limited to, the position titles and reference number (which are specific to individuals and traceable) that performed services during the applicable Service Period, and actual hours worked by such individuals.

The invoices included full-time equivalent (FTE) identification (ID) reference numbers, number of hours by FTE ID, and hourly rate; however, timesheets to support the number of hours were not provided. The

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Agency did not request, receive, or review supporting documentation, such as timesheets, to verify the accuracy of the hours billed.

We requested five timesheets for workers that were included in the payment for services provided from March 16, 2021, through March 31, 2021, for \$175,975. The five timesheets represented 413 hours of the invoice. We noted that one timesheet was underbilled by 7 hours and another timesheet was overbilled by 11 hours, resulting in 4 hours, or \$120, overbilled.

As the Agency was not reviewing timesheets, it is likely that additional errors could have occurred.

Protiviti Government Services, Inc.

The Benefit Payment Control (BPC) unit is responsible for the detection, investigation, recovery, and prosecution relating to UI overpayments. The Agency contracted with Protiviti Government Services, Inc. (Protiviti) to provide additional staffing for the BPC unit. Payments to Protiviti totaled \$1,653,126 for the fiscal year ended June 30, 2021.

The agreement between the Agency and Protiviti states the following, in relevant part:

D. Each monthly invoice must include actual hours of services provided to NDOL by Contractor and actual numbers of Support Staff during the month covered by the invoice.

* * * *

3. NDOL is not responsible for payment of any holiday hours/holiday pay. As stated in the SOW, any overtime (hours in excess of forty (40) hours per week for an individual, must be requested by NDOL, in writing, and/or approved by NDOL, in writing (e-mail request or approval from NDOL's designated POC is acceptable).

4. Contractor uses a timekeeping system (TCast), and this will be system of record for tracking hours for the purposes of billing and invoices. Contractor will provide NDOL with a weekly report of number of Support Staff that provided services, and number of hours per Support Staff. NDOL agrees to notify Contractor of any concern/perceived discrepancy in time reported as soon as reasonably possible.

The invoices included staff names, number of hours by each, and hourly rate; however, timesheets to support the number of hours were not provided. The Agency did not request, receive, or review supporting documentation, such as timesheets, to verify that the hours billed were accurate, and no holiday or unapproved overtime hours were paid.

We requested five timesheets for workers included in the payment for February 2021 services provided. The payment tested totaled \$364,755, and the timesheets tested represented \$74,282 of that payment. The APA noted that one individual was overpaid \$367.

As the Agency was not reviewing timesheets, it is likely that additional errors could have occurred.

OCIO

The Department of Administrative Services Office of the Chief Information Officer (OCIO) provides technology services to State agencies. We selected five work orders from the May 2021 payment to the OCIO. One of these work orders was related to running the data warehouse and was charged to various business units based on communications between the Agency and OCIO staff; however, there was no supporting documentation to ensure that the percentages were accurate or in accordance with Federal cost principles. Payment for the work order was for \$15,819, of which \$12,655, or 80%, was charged to the UI Administration grant, and \$3,164, or 20%, was charged to other programs.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: The Agency had an increased amount of UI claims due to the pandemic, so the Agency prioritized processing claims.

Effect: Without adequate contract monitoring, there is an increased risk for errors and overpayments to occur. Without adequate documentation to support the allocation of costs, there is an increased risk for misuse of funds.

Recommendation: We recommend the Agency implement procedures to ensure adequate supporting documentation is maintained, contract payments are proper, and Federal requirements are followed.

Management Response: The data warehouse monthly billing with the OCIO is split across a predefined list of applicable cost centers and business units each month. Charged amounts by the contractor are split based on project assignment and additional ad-hoc requests that are reported by the contractor. The Department was in the midst of a pandemic with record breaking unemployment numbers and staff was not available to conduct an audit of the number of hours billed. The Department relied upon information provided and the fact that all requested work was completed to determine hours were reasonable.

Finding 2021-056

Program: AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

Grant Number & Year: UI-32853-19-60-A-31, grant period 1/1/2019 to 6/30/2021; UI-34507-20-60-A-31, grant period 1/1/2020 to 9/30/2021; UI-36202-21-60-A-31, grant period 1/1/2021 to 9/30/2022

Federal Grantor Agency: U.S. Department of Labor

Criteria: Unemployment Insurance Program Letter (UIPL) 8-20 (January 30, 2020), Section 7(b), from the U.S. Department of Labor (USDOL) states the following, in relevant part:

Required Engagement of UI Staff – UI staff must be engaged in RESEA planning, administration, and oversight, as well as providing all appropriate staff training on UC eligibility requirements. UI staff must be available and involved in the RESEA functions, including reporting, although it may not require a full-time position. Program staff delivering RESEAs must be qualified and have sufficient training from UI staff to conduct a thorough eligibility review and detect eligibility issues requiring referral to the UI agency for adjudication. Further, states must have UI staff participation to ensure accurate data are provided in the RESEA-required reports. Each calendar quarter, prior to submission, the reports must be reviewed for accuracy by a UI staff member, in addition to being reviewed by the RESEA program lead (if a different staff member). Additional information about required RESEA reports is provided in Section 7(f) of this UIPL.

Unemployment Insurance Program Letter (UIPL) 13-21 (January 19, 2021), Section 8, from the USDOL also states the following, in relevant part:

b. Required Engagement of UI Staff – UI staff must be engaged in the administration of the RESEA program. This includes, but is not limited to: 1 Participating in the RESEA planning, administration, and oversight; . . . 3. Ensuring accurate data are provided in the RESEA-required reports (refer to Section 8.f. of this UIPL)[.]

UIPL 13-21 also goes on to state, under section 8.f., the following:

Each calendar quarter, prior to submission, the reports must be reviewed for accuracy by a UI staff member, in addition to being reviewed by the RESEA program lead (if a different staff member).

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The various grant award agreements to which the State agreed state the following:

In performing its responsibilities under this grant agreement, the awardee hereby certifies and assures that it will fully comply with all applicable Statute(s), and the following regulations and cost principles, including any subsequent amendments: Uniform Administrative Requirements, Cost Principles, and Audit Requirements: 2 CFR Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements[.]

Per 2 CFR § 200.303(a) (January 1, 2021), the non-Federal entity 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR § 200.508(d) (January 1, 2021) requires the auditee to do the following:

Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

Per 2 CFR § 200.514(c)(3) (January 1, 2021), we, as the auditors, must test controls.

AICPA auditing standards require that, in designing and performing tests of controls, the auditor should obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control, and inquiry alone is not sufficient to test the operating effectiveness of controls.

Condition: Documentation was not maintained to verify that Unemployment Insurance staff were reviewing the quarterly Reemployment Services and Eligibility Assessments (RESEA) performance reports prior to submission for all quarters of the fiscal year.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The Agency had a process for the UI Director, Director of Reemployment Services, UI Benefits Administrator, and the Reemployment Services Administrator to review quarterly RESEA performance reports prior to submission; however, UI staff did not document or provide support of that review for all reports.

The Agency provided the APA with its internal review process, which consisted of a screen shot of an email showing the review of such reports for the quarter ended December 31, 2020. This process, by the Agency’s own admission, was not implemented until January 2021, and no documentation was provided to show that the March 31, 2021, and June 30, 2021, quarter end reports were reviewed. As noted above, Federal regulations clearly require a review of reports before submission, but the Agency disagreed that documentation of such review was required. Without such documentation, there was no evidence that such review occurred, and the APA could not determine that the Agency was in compliance with Federal requirements.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: The Agency's procedures did not include documenting the review of the RESEA performance reports. Additionally, the Agency disagreed that formal documentation was needed. Per the Agency's Director of Reemployment Services:

NDOL respectfully disagrees with the APA's position that the 2021 Compliance Supplement, Special Test #5, authorizes the APA to request formal documentation of an internal review process as part of the control test related to UI Reemployment Programs: Worker Profiling and Reemployment Services (WPRS) and Reemployment Services and Eligibility Assessments (RESEA).

The Department believes it is appropriate for the APA to review NDOL's procedures to ensure UI engagement during the reporting process is compliant with Section 7(b) of UIPL 8-20. NDOL has provided the APA with its internal review process which is compliant with the provisions of UIPL 8-20. This process was implemented by the Department in January 2021 upon receipt of the APA's 2020 audit findings.

At a fundamental level, the Department maintains that there is no requirement to formally document UI engagement throughout the review process of RESEA performance reporting

Effect: When there is no documentation to support that RESEA reports are reviewed, there is an increased risk that inaccurate reports will be submitted. Additionally, there is no evidence the Agency complied with Federal requirements to review the reports prior to submission.

Recommendation: We recommend the Agency implement a documented review of the RESEA performance reports by UI Staff to demonstrate such review was completed prior to the submission of the reports.

Management Response: The data for the report is prepared by RESEA staff and submitted to UI staff. UI staff then reviews and submits the data. This process complies with UIPL 13-21. Formal documentation of this process is not required by USDOL. Nonetheless, the Department has implemented processes to formally document UI engagement into its RESEA reporting procedures.

APA Response: When documentation is not maintained to support that Unemployment Insurance staff reviewed the quarterly RESEA performance reports prior to submission, the APA cannot verify that the Agency complied with Federal regulations.

Finding 2021-057

Program: AL 17.225 – COVID19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State – Special Tests & Provisions

Grant Number & Year: FFY 2020 and FFY 2021

Federal Grantor Agency: U.S. Department of Labor

Criteria: Per Unemployment Insurance Program Letter (UIPL) 17-20 (April 10, 2020), PEUC is a temporary program that provides up to 13 weeks of 100% Federally-funded benefits to individuals who:

- *have exhausted all rights to regular compensation under state law or Federal law with respect to a benefit year that ended on or after July 1, 2019;*
- *have no rights to regular compensation with respect to a week under any other state UC law or Federal UC law, or to compensation under any other Federal law;*
- *are not receiving compensation with respect to a week under the UC law of Canada; and*

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- *are able to work, available to work, and actively seeking work, while recognizing that states must provide flexibility in meeting the “actively seeking work” requirement if individuals are unable to search for work because of COVID-19, including because of illness, quarantine, or movement restriction.*

Title 219 NAC 19.007(A)(i) states the following:

For each week that an STC employer has an active short-time compensation plan, the STC employer shall submit a certification of hours worked by employees covered by an approved STC plan through the Department of Labor’s website in the form and manner directed by the Commissioner for each employee covered by the employer’s approved STC plan on a weekly basis.

A good internal control plan requires procedures to review overpayments to ensure they were established properly, including maintaining documentation of the source of information, such as weekly certifications from employers, used in establishing overpayments.

Condition: Two of 25 overpayments tested did not have adequate supporting documentation for the establishment of the overpayment.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: States are required to identify and handle UI overpayments properly, including the assessment of penalties, and not relieve employers of charges when their untimely or inaccurate responses cause improper payments. During the fiscal year, 40,182 overpayment cases were established, totaling \$51,204,168. We tested 25 established overpayments, totaling \$37,780. For two of the established overpayments, we noted that supporting documentation was not adequate to determine that the overpayment was established properly.

- One overpayment was established in October 2020 for a Pandemic Emergency Unemployment Compensation (PEUC) claim. The Agency had determined that the claimant was ineligible for PEUC because her last employment ended in August 2019. However, the claimant had exhausted all regular unemployment compensation with a benefit year end after July 1, 2019, and the claimant was eligible. After our inquiry, the Director of UI agreed that the overpayment was created in error as the claimant was eligible based on the parent regular UI claim. The total amount of FPUC overpayment tested was \$3,600. A related overpayment amount of \$5,382 was also established in error for the PEUC amount of the benefits paid to the claimant.
- One overpayment was established in July 2020 for a Short-Time Compensation (STC) regular UI claim. The Agency provided a spreadsheet to support that the claimant worked full-time for the week ending July 18, 2020; therefore, the payment for that week should not have been made. However, the spreadsheet was prepared by a former UI Program Supervisor, and the Agency could not locate any documentation to support that the information was provided by the employer or that the spreadsheet was accurate. The amount of the FPUC overpayment tested was \$600. The related overpayment amount for the STC regular UI claim was \$352.

The total dollar noncompliance noted in the sample tested was \$4,200. We also noted \$5,734 in related overpayments established in error.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Cause: The PEUC program was new in March 2020, and Agency staff were still unfamiliar with the requirements. Additionally, the Agency did not maintain supporting emails or other documentation to support the source of information used in determining an overpayment.

Effect: Without adequate procedures and supporting documentation maintained for the establishment of overpayments, there is an increased risk of noncompliance with Federal and State regulation. There is also an increased risk that eligible claimants will be assessed an overpayment, and benefits for which they are eligible will be recouped inappropriately.

Recommendation: We recommend the Agency improve procedures for ensuring that overpayments are reviewed prior to establishment to verify that they are both proper and adequately supported.

Management Response: The PEUC program was a new program passed in March 2020. The program was temporary in nature and went through multiple revisions. The individual working the PEUC claim made an error. The STC overpayment was correctly determined based upon the best available information.

Finding 2021-058

Program: AL 97.050 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs – Reporting

Grant Number & Year: 4521DRNESPLW, grant period 7/25/2020 to 9/27/2021

Federal Grantor Agency: U.S. Department of Homeland Security

Criteria: 2 CFR § 200.302(a) (January 1, 2021) provides the following:

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.

A good internal control plan requires procedures to ensure that data reported on financial reports is accurate, including ensuring all applicable data elements and accounts are included properly.

Condition: One SF-425 report tested was not complete and accurate.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: We tested the SF-425 reports for quarters ended September 30, 2020, and March 31, 2021. The quarter ended September 30, 2020, report was not complete and accurate, as the Agency included only administrative expenditures in the amounts reported and did not include Lost Wages Assistance (LWA) benefit payments or related receipts. The table below shows the errors noted:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Line	Amount Reported	APA Amount	Variance
10a. Cash Receipts	\$ -	\$ 48,720,390	\$ (48,720,390)
10b. Cash Disbursements	-	48,720,390	(48,720,390)
10d. Total Federal Funds Authorized	857,882	90,382,082	(89,524,200)
10e. Federal Share of Expenditures	2,562	48,722,952	(48,720,390)
10g. Total Federal Share	2,562	48,722,952	(48,720,390)
10h. Unobligated Balance of Federal Funds	855,320	41,659,130	(40,803,810)
10i. Total Recipient Share Required	-	16,240,984	(16,240,984)
10j. Recipient Share of Expenditures	-	16,240,984	(16,240,984)

The quarter ending March 31, 2021, overstated the amount of the recipient share of expenditures that was required and spent. The table below shows the errors noted:

Line	Amount Reported	APA Amount	Variance
10i. Total Recipient Share Required	\$ 42,537,734	\$ 17,658,585	\$ 24,879,149
10j. Recipient Share of Expenditures	42,537,734	17,658,585	24,879,149

Cause: The LWA program was a new program, and staff were unfamiliar with reporting requirements.

Effect: Increased risk of information being reported incorrectly, which could result in Federal sanctions.

Recommendation: We recommend the Agency implement procedures to ensure that reports are completed properly and include all applicable payments and accounts.

Management Response: LWA was a temporary program that had eligibility for a very short-time frame. This program was created through Executive Order of the President and guidance on operation evolved over time. Weekly eligibility ended with benefit week ending September 6, 2020. The report is a cumulative report and all APA cited errors have been corrected.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

MILITARY DEPARTMENT

Finding 2021-059

Program: AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management

Grant Number & Year: Appendices –W91243-20-2-1001, FFY 2020; W91243-21-2-1024, FFY 2021

Federal Grantor Agency: U.S. Department of Defense

Criteria: Title 2 CFR § 200.305(a) (January 1, 2021) states, in part, “For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205”

Title 31 CFR Part 205 (July 1, 2020) implements the Cash Management Improvement Act (CMIA) and requires State recipients to enter into agreements that document accepted funding techniques for Federal assistance programs. The CMIA Agreement between the State of Nebraska and Secretary of the Treasury, U.S. Department of the Treasury, for the period July 1, 2020, through June 30, 2021, requires the program to request Federal funds in accordance with the pre-issuance funding technique by which funds are to be requested and deposited in a State account not more than three business days prior to the disbursement of funds.

Master Cooperative Agreement (October 2020), Article V – Payment, Section 503, Payment by Advance Method, states, “The advance payment method shall be according to procedures established in current PARC policy, NGR 5-1 Chapter 11 or successor CNGB I & M, and 2 CFR §200.305.”

National Guard Regulation (NGR) 5-1, National Guard Grants and Cooperative Agreements, Section 11-5, Advance Payment Method, Section (5), states, “[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).”

A good internal control plan would include procedures to ensure that the time between the drawdown of Federal funds and disbursements are minimized and in compliance with the State of Nebraska CMIA Agreement and National Guard Regulations.

Title 2 CFR § 200.511(b) (January 1, 2021) 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 taken 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.

Condition: The Agency was not in compliance with the Federal cash management requirements during the fiscal year. A similar finding was noted in the prior audit. The Summary Schedule of Prior Findings lists the status as complete.

Repeat Finding: 2020-062

Questioned Costs: None

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: We noted that the timing of two of five drawdowns tested was not in compliance with NGR 5-1. Funds were expended from 57 and 66 calendar days after the drawdown of Federal funds, which exceeded the 45-day maximum per NGR 5-1. We also noted that three of five drawdowns tested were not in compliance with the applicable funding technique outlined in the CMIA Agreement. Funds were expended from 17 to 47 business days after the drawdown of Federal funds, which exceeded the three business day maximum, as outlined in the CMIA Agreement.

A similar finding was noted during the previous audit. In its Corrective Action Plan for the prior-year finding, the Agency stated it would work with the Department of Administrative Services (DAS) to modify the CMIA agreement; however, the Agency noted that, due to other operational priorities, it did not follow-up with DAS to seek the exception.

Cause: Funds were drawn down in order to have adequate money available at the end of the State and Federal fiscal years. The Agency's policy was to follow the NGR requirements of 45 days rather than the CMIA Agreement requirement of three business days.

Effect: The Agency is not in compliance with Federal cash management 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 the State of Nebraska CMIA Agreement and National Guard Regulations.

Management Response: The Military Department acknowledges the finding. We also note that the requirement per the CMIA Agreement which requires the program to request Federal funds in accordance with the pre-issuance funding technique and that such funds are to be requested and deposited in a State account not more than three business days prior to the disbursement of funds is not a reasonable standard for the National Guard Military Operations and Maintenance Program. The program must forecast expenditures in order to drawdown adequate federal funds and yet in some cases, utility costs and building repair and maintenance costs, for example, exact amounts are not known at the time of request for funding. Thus, monthly Cash Flow documents estimating anticipated expenditures are used in order to have adequate funds available to meet the State Prompt Payment Act standard of 45 days. Using the 45-day standard as outlines in National Guard Regulation 5-1 is a more appropriate standard for the drawdown and disbursement of funds.

Finding 2021-060

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Allowability

Grant Number & Year: N/A

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

Criteria: 42 U.S.C. 801(d)(1) (2020) states, in relevant part, that a State, Tribal government, and unit of local government shall use funds from CRF to cover only costs that are “necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, 86 FR 4182, 4186 (January 15, 2021) states, “Recipients may not apply their indirect costs rates to payments received from the Fund.”

A good internal control plan requires procedures to ensure costs charged to Federal awards as advances are properly expended in accordance with award requirements. Additionally, a good internal control plan requires that adequate supporting documentation be maintained to support that expenditures are in accordance with Federal regulations.

Condition: The Agency did not have adequate supporting documentation on file for 5 of 40 random aid payments tested.

Repeat Finding: 2020-063

Questioned Costs: \$143,581 known

Statistical Sample: No

Context: We randomly selected 40 aid payments to test and noted the following:

Health Departments

One payment selected was an advance to a public health department that received \$1,490,561 as of June 30, 2021. Costs were required to be incurred by December 31, 2021. The Agency provided the APA with five expense reports submitted by the public health department; however, we noted that expenses were duplicated on two of the expense reports. The APA brought this to the Agency’s attention on February 24, 2022. On March 17, 2022, the Agency responded that one of the expense reports was duplicative and should be discarded. We informed the Agency that, as of March 22, 2022, the health department had reported only \$1,383,374 in allowable CRF expenses (excluding unallowable indirect costs). We consider the \$107,187 difference between the amount of funds the health department received through June 30, 2021, and the total reported allowable expenditures to be a finding for the fiscal year ended June 30, 2021. On April 12, 2022, the Agency stated that over the last few weeks it had worked with the public health department, which had agreed to reimburse the CRF for unspent and unsupported CRF funds.

Local Governments

Seven of the 40 aid payments we selected for testing were payments to local governments.

The Agency created the Local Government Coronavirus Relief Program to make payments to local counties, cities, municipalities, villages, and public utility districts for eligible costs related to COVID-19 on a reimbursement basis. The local governments submitted reimbursement requests for presumptive payroll expenses for public safety employees for the period March 1, 2020, to May 31, 2020. Reimbursable wages were determined by taking the number of regular hours worked from March 1, 2020, to May 31, 2020, and multiplying by the employees’ hourly rates. Reimbursement requests were not to include costs that were reimbursed by FEMA, which included overtime. For fringe benefits, each local government was to calculate the percentage that the local government contributed to each employee based on the employees’ annual salaries. Fringe benefits included holiday leave, vacation leave, sick leave, FICA taxes, unemployment insurance, worker’s compensation, retirement, health benefits, life insurance, dental insurance, and other benefits.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The Agency contracted with Deloitte & Touche LLP (Deloitte) to review the reimbursement requests for the program. For the payments we tested, Deloitte reviewed 10% of the employees that were included in the reimbursement request and made adjustments for the 10% reviewed. We reviewed the same employees that Deloitte reviewed and noted variances on five of seven payments tested, ranging from an underpayment of \$9,119 to an overpayment of \$5,842.

We noted the following issues when reviewing these payments:

- The number of regular hours was not correctly determined for all employees. There were instances in which the Agency paid for more hours than the number of regular hours worked. There were also instances in which the Agency paid for fewer regular hours than were eligible.
- The Agency did not make any changes to the fringe benefit percentages submitted by the local governments. However, we noted the following issues with fringe benefits:
 - The local governments were reimbursed for all sick leave hours that the employees earned, rather than sick leave paid. Per the local governments' employee handbooks, employees were not entitled to 100% sick leave payout at termination. Therefore, it does not appear appropriate that 100% of the sick leave hours earned should have been reimbursed.
 - For numerous employees, we noted that the fringe benefit percentage was not calculated correctly due to either the benefit amount not being correct or the annual pay not being correct. We calculated both larger and smaller fringe benefit percentages.

Payments to local governments totaled \$113,878,918. We tested \$561,497 and noted questioned costs of \$9,181. The dollar error rate for local governments was 1.64% (\$9,181/\$561,497).

Summary of Random Sample Test Results

Our random sample testing of 40 aid payments, totaling \$12,915,310, noted questioned costs of \$9,181. Aid payments during the fiscal year totaled \$973,271,483, of which \$735,665,047 was included in the random sample population. The dollar error rate for the sample was 0.07% (\$9,181/\$12,915,310), which estimated potential dollars at risk for fiscal year 2021 to be \$514,966 (dollar error rate multiplied by population).

Hotel Lodging

We also selected a payment to Fairfield Inn – Fremont in July 2020. The hotel was intended to be utilized as a quarantine site for individuals exposed to COVID-19. The Agency executed a contract with the hotel that allowed it to utilize the entire hotel for purposes of lodging individuals, including members of the public, as determined by the Agency. The contract included a termination clause that allowed the Agency to terminate the agreement with 48 hours' written notice and receive a prorated refund.

The payment included \$134,400 that was charged at a bulk rate (regardless of occupancy) for rental of the entire hotel (including 64 rooms) for 30 days. Support provided reflects room occupancy ranging from two to seven rooms during this time period. Despite this low utilization, the Agency did not exercise the termination clause in the contract. We consider the \$134,400 to be questioned costs.

Cause: The Agency did not adequately review payments to ensure that all costs were allowable for the program. The State contracted hotels for use as quarantine/isolation sites. Per the Agency, securing facilities to support sites that were readily available to meet diverse population requirements provided the flexibility to address unknown and not easily predictable capacity requirements associated with a rapid onset of pandemic disease progression.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Effect: Without adequate monitoring procedures, there is an increased risk for errors or fraud.

Recommendation: We recommend the Agency implement procedures to ensure charges to Federal funds are properly expended.

Management Response:

Health Departments: The Military Department does not agree with this finding. The Health Department program was structured to provide advance payments with use of those funds for expenses incurred by December 31, 2021. The program does not require subrecipients to have expended received funds by June 30, 2021, the State Fiscal Year under Single Audit. They were allowed to submit their expenditures throughout the period of performance. The Military Department executed its subrecipient monitoring procedures to obtain and review all subrecipient expenditures made through December 31, 2021. Through this process, the State identified \$427,215 of unspent and unsupported CRF Funds (of which the \$107,187 was a part) and requested reimbursement of all unsupported CRF Funds on 4/6/2022. Reimbursement of the unspent funds was received by the State on 4/18/2022. The returned funds were reallocated to other CRF permissible purposes as allowed per U.S. Treasury regulations.

Local Governments: The Military Department does not agree with this finding. At the time of fund distribution, the U.S. Treasury did not publish guidance on which rule sets to follow. To be consistent with other federal program dollars used to cover salary related costs for the federally declared Coronavirus Disaster, the State used the FEMA required methodology to calculate the reasonableness of fringe benefit costs by state agencies and local governments. The FEMA methodology is consistent with 2 CFR requirements; however, it does not get into the specific accounting treatments of the States or Local Governments utilized depending on their individual basis of accounting. Rather, FEMA applies a consistent methodology for its State Grantees to utilize when evaluating the reasonableness of local governments' fringe benefits to expedite federal funding from the States to the Local Governments during federally declared disasters. The difference in methodology may result in a variance in the calculated amount, but given its expeditious nature, efficiency, and cost benefit of the preparer, reviewer, and multiple layers of auditors, is widely accepted by FEMA and other granting agencies.

Hotel Lodging: The Nebraska Emergency Management Act, Nebraska State Statute 81-829.40; Section 6, i; authorizes the Governor to make provisions for the availability and use of temporary housing.

The Centers for Disease Control (CDC) strongly recommended states take measures to ensure quarantine and isolation facilities were available to public safety personnel, medical practitioners, and other groups deemed essential to protect the integrity of services provided by healthcare, law enforcement, emergency medical services, and fire services. Congress appropriated funds through the Cares Act to address response and recovery measures associated with the pandemic. DHHS was assigned the responsibility by the Governor to identify appropriate facilities needed to address a diverse set of requirements for this purpose.

During the early stages of the pandemic the meatpacking industry in Nebraska and other surrounding states experienced significant increases in positivity rates. Communities with meatpacking facilities experienced inordinately high disease outbreak due to the work environment associated with the industry. In addition, a majority of workers in these facilities live in multi-generational housing and become prone to contracting infectious disease due to tight living conditions and susceptible to rapid transmission rates between family members. Smithfield Food operates a meatpacking facility south of Crete, Nebraska. For these reasons, DHHS identified Crete, Nebraska, as one geographical area at high risk for rapid disease outbreak. The decision to secure a motel to accommodate quarantine and isolation

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

requirements was deemed a mission-critical response requirement to prevent rapid and uncontrolled disease outbreak. While use of the facility was limited, the need to retain a facility for this purpose was essential in the event of rapid disease progression. While under-utilized, the necessity to maintain the facility as an option for quarantine and isolation measures was considered essential.

Additional facilities were secured by DHHS to address quarantine and isolation requirements in Omaha, Lincoln, and Grand Island. Those facilities were utilized primarily to support the quarantine requirements associated with public safety and healthcare workers. These measures supported efforts to protect the integrity and delivery of public safety services in the three largest communities in Nebraska. In addition, the goal of the pandemic response effort was to minimize disease exposure and transmission rates of healthcare practitioners. This was done to preserve hospital capacity needed for COVID-19 patients in areas of the state that could provide intensive care services and ventilators. These communities possessed hospital infrastructure and services which are limited, or non-existent in other rural areas of the state. Quarantine and isolation services were considered an emergency protective measure necessary to protect workers and maintain hospital capacity.

APA Response: As stated in the finding, the APA noted that the health department did not fully expend the CRF funds it received and determined one expenditure report submitted was duplicative. Only after the APA brought these concerns to the Agency's attention was reimbursement sought from the health department.

CRF funds are to be used only to cover costs that are necessary expenditures. Accrued sick leave that has not been paid is not an actual cost and, therefore, cannot be considered a necessary expenditure. Although the employees did earn sick leave, nothing would be paid out on the amounts accrued unless those individuals were to become ill and use the leave.

The APA understands the use of hotels as isolation centers for healthcare workers and first responders and has no objection whatsoever to implementation, per CDC guidelines, of an appropriate COVID-19 response. Pursuant to the contract with the hotel, however, the Agency expended \$134,400 to rent an entire hotel (including 64 rooms) for 30 days. Support provided reflects utilization ranging from two to seven rooms. Despite this low utilization rate, the Agency failed to exercise its option to terminate the agreement and receive a prorated refund.

Finding 2021-061

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Subrecipient Monitoring

Grant Number & Year: N/A

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

Criteria: 2 CFR § 200.332 (January 1, 2021) 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, 2021

* * * *

(ii) Subrecipient's unique entity identifier;

* * * *

(iv) Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;

* * * *

(viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;

(ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

* * * *

(5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and

(6) Appropriate terms and conditions concerning 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 sub-award performance goals are achieved.

(Emphasis added.) 42 USC 801(d) (2020) states, in relevant part, that a State, Tribal government, and unit of local government shall use funds from the Coronavirus Fund (CRF) to cover only costs that are "necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)."

Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, 86 FR 4182, 4186 (January 15, 2021) states, "Recipients may not apply their indirect costs rates to payments received from the Fund."

A good internal control plan requires procedures to ensure compliance with Federal and State requirements. A good internal control plan also requires procedures to ensure subrecipients use Federal awards in accordance with Federal requirements.

Condition: The Agency did not notify its subrecipients of all the information required by 2 CFR § 200.332(a). The Agency also did not adequately monitor 16 of 25 subrecipients tested to ensure expenditures were in accordance with Federal requirements.

Repeat Finding: No

Questioned Costs: \$185,793 known

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: During the fiscal year, the Agency paid \$199,752,040 to 362 CRF subrecipients. The subrecipients received funds under various CRF programs administered by the Nebraska Emergency Management Association (NEMA), the Department of Health and Human Services (DHHS), and the Department of Economic Development (DED). We noted the following deficiencies.

Award Notification

We tested 25 subrecipients paid during the fiscal year ended June 30, 2021, including 17 subrecipients administered by NEMA, three subrecipients administered by DHHS, and five subrecipients administered by DED. We noted the following.

For the 17 NEMA subrecipients tested, we requested the subaward documentation on January 18, 2022. The documentation NEMA provided was dated after we requested the information and was several months after the subrecipient had received CRF funds. The first notification letter was dated February 1, 2022. Additionally, the award documents did not include the following:

- A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records.
- Appropriate terms and conditions concerning the closeout of the subaward.
- For two subrecipients, the award documents did not include the subrecipients' unique entity identifier.
- For one subrecipient, the amount awarded per the award document was \$370,375; however, the amount paid to the subrecipient was \$374,124, which was \$3,749 more than the award document.

For the five DED subrecipients tested, we noted the following was not included in the award documents:

- For all five subrecipients, the Federal award date; the name of the Federal awarding agency; and the Assistance Listing number and name.
- For two subrecipients, the subrecipients' unique entity identifier.
- For one subrecipient, the appropriate terms and conditions concerning the closeout of the subaward.
- For one subrecipient, a requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records.

Financial Monitoring

We tested post-award subrecipient monitoring for 25 subrecipients and noted the following:

Response and Recovery (R&R) Program

Monitoring was not adequate for six of the seven R&R subrecipients tested. In addition to financial monitoring by DHHS, the State contracted with Deloitte to complete a subsequent review of the payment process completed by DHHS. It does not appear that the Agency completed any follow up with the subrecipients after receiving feedback from Deloitte. We also noted the following issues:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- **Personnel Costs:** For five of the seven subrecipients tested, adequate documentation was not on file to support personnel costs. For example, we noted that one payment had no payroll support on file, and one payment included only a QuickBooks summary of amounts paid to employees. The summary did not include hours worked or wages paid for the employees. We also noted that, for four of seven subrecipients tested, no support was reviewed to ensure hours charged to the grant were COVID-19 related. Additionally, we noted that, for four of seven subrecipients, no documentation was reviewed to support how much the employer was paying for fringe benefits and employee-related taxes charged to the award. Total Personnel Costs paid to these five subrecipients was \$902,301.
- **Non-Personnel Costs:** The seven R&R subrecipients tested were reimbursed a total of \$1,302,712 in non-personnel costs. Included in this total was \$135,194 that one subrecipient claimed for costs such as PPE, safety supplies, cleaning supplies, and technology tools for remote work. This was 45% of the \$303,595 total paid to the subrecipient. However, no detailed documentation was obtained to support these costs.
- **Emergency Financial Assistance (EFA):** Three of the seven R&R Program subrecipients tested were paid EFA to help individuals pay for rent or utilities when the individuals were unable to pay due to the COVID-19 pandemic. For all three subrecipients who provided EFA payments, DHHS did not obtain adequate support to provide assurance that the payments were for allowable costs. Only a summary list of individuals and amounts were obtained from the subrecipients at the time of reimbursement. We sampled three EFA payments made by each subrecipient tested, and DHHS obtained the underlying documentation that the individuals submitted to apply for the EFA funds. We noted that a subrecipient was reimbursed \$630 for an EFA payment to an individual who noted in her application that she was not affected by COVID-19. We consider the \$630 questioned costs. Total EFA payments made by these three subrecipients was \$2,808,631.
- **Indirect Costs:** Four of the seven R&R Program subrecipients tested charged indirect costs to the program. Per CRF Guidance, indirect costs are not eligible CRF expenses. The indirect costs totaled \$142,914, all of which we consider questioned costs. The Agency stated the costs would be moved from the grant to another funding source; however, that journal entry had not been made as of April 12, 2022. The total amount of indirect costs paid to 70 R&R subrecipients was \$1,020,154.

Workforce Retraining Initiative Program (WRI)

The WRI Program was administered by the DED. We tested one WRI subrecipient. The subrecipient received grant funds for scholarships and administrative costs. The Agency's monitoring of the subrecipient was not adequate for the following reasons:

- The subrecipient was provided \$194,992 in scholarship funds, but a performance report provided by the subrecipient reflected only \$152,743 being disbursed to eligible students. Following our inquiry, DED stated it would require the subrecipient to return \$42,249 in grant funds that were disbursed to ineligible students. We consider the \$42,249 questioned costs.
- The Agency did not review scholarship applications of any students awarded scholarships.
- The Notice of Award to the subrecipient stated that the subrecipient was required to submit evidence of all administration grant fund expenses. However, the subrecipient did not submit support for \$23,870 in staff and personnel costs claimed as administration expenses.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Local Government Subrecipients

We tested the subrecipient monitoring completed for 10 local government subrecipients, including the 7 local governments included in our random aid sample and 3 additional local governments. Desk reviews were performed by Deloitte. The subrecipient monitoring was inadequate due to reimbursing all sick leave hours earned rather than used, and other fringe benefits not adequately supported, including health insurance, dental insurance, life insurance, retirement contributions, FICA contributions, and workers compensation. We also noted that Deloitte generally reviewed 10% of subrecipient expenditures; however, for one subrecipient tested, we noted that adjustments were made, but no additional procedures were performed to detect similar additional errors.

Cause: The Agency did not directly communicate all required information to the subrecipients. Some of the required information was posted online; however, the Agency could not provide documentation to support that the subrecipients were made aware that this information was available. Additionally, the Agency did not properly identify all the entities as subrecipients at the time the awards were made. The Agency had inadequate subrecipient monitoring procedures.

Effect: Without adequate subrecipient monitoring procedures, there is an increased risk of noncompliance with Federal regulations and misuse of funds.

Recommendation: We recommend that the Agency implement procedures to improve subrecipient monitoring and ensure compliance with Federal requirements.

Management Response:

Awards Notification – NEMA: The Military Department partially does not agree with this finding. At the time of award in 2020, the State published detailed State program guidelines and related Frequently Asked Questions for each of the State’s CRF funded programs through the State’s coronavirus.nebraska.gov website. These guidelines provided detailed information for each grant to include the source of the funds as the U.S. Treasury, the awarding entity as the State of Nebraska, the specific agency administering each program, contact information for the awarding official for the agency, application guidance, eligibility requirements, reporting requirements, and other terms and conditions applicants were required to follow if awarded funding through the program. Each administrating agency issued their specific grant award documents to their program participants within the CRF funding period. While final agreements were sent to all subrecipients in February 2022, which is within the State’s performance period that concludes on September 30, 2022, we do agree formal grant agreements could have been issued subsequent to the release of the U.S. Treasury providing additional guidance on requirements for subrecipients vs. beneficiaries.

Awards Notification – DED: The Military Department acknowledges the finding.

Financial Monitoring – DHHS Response and Recovery: The Military Department does not agree with this finding. The Department of Health and Human Services performed an additional review of the subrecipient that received the \$630 EFA payment and determined the applicant was affected by COVID-19. The applicant provided a furlough letter and were determined eligible on this basis.

Financial Monitoring – DED Workforce Retraining Initiative Program: The Military Department acknowledges the finding. Department of Economic Development is seeking the return of \$42,249 in grant funds as indicated.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Financial Monitoring – Local Government Subrecipients: The Military Department does not agree with this finding. As previously stated in the response for Local Government subrecipients, the State used the FEMA required methodology to calculate the reasonableness of fringe benefit costs by state agencies and local governments which is consistent with 2 CFR requirements.

Additionally, the procedures utilized by the State was to collect and review all supporting documentation of each reimbursement request submitted by a subrecipient. A sample was performed on 10% of the dollars and 10% of the line items for each reimbursement request to test the eligibility of the supporting documentation and validity of the calculations. If errors were greater than 5% of the dollars or line items for each request, the sample was expanded. If additional errors were found in the expanded sample, the entire request was sent back to the subrecipient for correction. Technical assistance was provided to the subrecipients as they reworked the request. No funds were disbursed to a subrecipient until the request was resubmitted and approved.

APA Response: The Agency posted award information and program guidelines online, but this information was not communicated directly to subrecipients. 2 CFR § 200.332 requires that award information be communicated to subrecipients “at the time of the subaward.”

Regarding the questioned \$630 EFA payment, the application provided stated that the applicant was not eligible for current CARES funds and should be paid with other funds. Nevertheless, the payment was still made with CRF funds. When the APA inquired regarding this applicant, DHHS responded that the case “was in error where our grants department should have moved the application to the utility’s regular energy assistance program with Dollar Energy Fund and did not.”

Finding 2021-062

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Reporting

Grant Number & Year: N/A

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

Criteria: OIG-CA-20-025, Memorandum for Coronavirus Relief Fund Recipients (July 31, 2020), states, in relevant part:

Each prime recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the prime recipient that are greater than or equal to \$50,000

OIG-CA-20-028R, Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised) (March 2, 2021), states, in relevant part:

5. If the prime recipient distributes funds to an agency or department within the prime recipient’s government, is the agency or department considered the prime recipient or a sub-recipient when funds obligated are \$50,000 or more?

The agency or department is considered part of the prime recipient as they are all part of the same legal entity that received a direct CRF payment from Treasury. Obligations and expenditures that the agency or department incurs with the CRF proceeds must be collected by and reported in the GrantSolutions portal by the prime recipient as if they were obligated or expended by the prime recipient.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

6. *If the prime recipient obligates funds to an entity that provides a public service on behalf of the prime recipient but the prime recipient is not financially accountable, is the entity considered the prime recipient or a sub-recipient/beneficiary when funds obligated are \$50,000 or more (e.g., discreetly presented component unit, quasi agency, etc.)?*

The entity is considered a sub-recipient/beneficiary of the prime recipient when funds obligated are \$50,000 or more. The prime recipient must report funds obligated to a sub-recipient/beneficiary as obligations of the prime recipient. The prime recipient must report the related expenditures of the sub-recipient/beneficiary, including associated projects and expenditure categories, in the GrantSolutions portal. If the prime recipient obligated less than \$50,000 to the sub-recipient/beneficiary, the prime recipient must report its obligations and the related expenditures of the sub-recipient/beneficiary in aggregate in the GrantSolutions portal.

* * * *

26. *What is a transfer to another government entity?*

A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

Per the Coronavirus Relief Funds Recipient Portal Upload Data Dictionary (11/30/2020), the contract amount and the grant amount to report is the total amount of Coronavirus Relief Fund dollars on the contract/award issued by the prime recipient.

Good internal control requires procedures to ensure that data reported is complete and accurate.

Condition: For the two CRF Financial Progress Reports tested, the Agency did not accurately prepare the reports in accordance with all the required criteria and methodology.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: We tested the reports ended September 30, 2020, and March 31, 2021. For the report ended September 30, 2020, we selected 2 of 12 projects, 7 of 66 contracts, 13 of 129 grants, and 3 of 24 transfers reported to trace to support. For the report ended March 31, 2021, we selected 1 of 23 projects, 3 of 107 contracts, 16 of 559 grants, and 5 of 167 transfers to trace to support. We noted the following.

- The Agency reported \$248,755,293 of payments to the Nebraska Department of Labor (NDOL) in the Transfers \geq \$50,000 section. However, since NDOL is not a separate legal entity, these should not have been reported as transfers. As these funds would have been used to pay for unemployment insurance benefits to individuals, it would have been more appropriate to report these payments with "Aggregate Payments to Individuals."
- Payments of \$367,818 to one vendor were included in the Contracts \geq \$50,000 section. However, the Agency did not enter into a contract with this vendor. Therefore, this should have been reported in the Direct Payments \geq \$50,000 section.
- For four grants tested on the report ended September 30, 2020, and for eight grants tested on the report ended March 31, 2021, the award amount reported did not agree to the grant award. For seven of the grants, the Agency reported the cumulative expenditures as of that date instead of reporting the actual amount on the grant award. For five of the grants, the Agency incorrectly reported the grants as two or three different grants, even though there was only one.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

- For one contract and four grants, the Agency did not properly report the current quarter expenditures. The Agency did not include payment amounts of less than \$50,000 for one contract and three grants, even though the contract or grant was for more than \$50,000. Instead, the Agency included these payments with the Aggregate Contracts or Awards of less than \$50,000. For the remaining grant, the Agency reported expenditures of \$113,109 and \$94,804 on two different grants; however, these payments were on the same grant.

Cause: The Agency did not have adequate procedures to ensure that the amounts reported were accumulated and reported correctly.

Effect: Inaccurate information was reported.

Recommendation: We recommend the Agency implement procedures to ensure reports are completed properly in accordance with U.S. Treasury requirements.

Management Response: The Military Department acknowledges the finding. On a grant or contract with payments in two or more quarters, where one payment is \$50,000 or more, and one is less than \$50,000; the U.S. Treasury Grants Solutions Portal will not allow the smaller payment to be included in the =>\$50,000 category. As such not all payments relating to the same grant or contract are in the same category.

Finding 2021-063

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Earmarking

Grant Number & Year: N/A

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

Criteria: 2 CFR § 200.403 (January 1, 2021) 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:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(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.

2 CFR § 200.404 (January 1, 2021) states the following:

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

2 CFR § 200.459 (January 1, 2021) states, in relevant part, the following:

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity are allowable, subject to paragraphs (b) and (c) of this section when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

** * * **

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

Division N – Additional Coronavirus Response and Relief, Title V – Banking, Section 501(c)(2)(A) of the Consolidated Appropriations Act, 2021, states, in relevant part:

Not less than 90 percent of the funds received by an eligible grantee from a payment made under this section shall be used to provide financial assistance to eligible households

Division N – Additional Coronavirus Response and Relief, Title V – Banking, Section 501(c)(3) of the Consolidated Appropriations Act, 2021, states, in relevant part:

Not more than 10 percent of funds received by an eligible grantee from a payment made under this section may be used to provide eligible households with case management and other services related to the novel coronavirus disease (COVID-19) outbreak, as defined by the Secretary, intended to help keep households stably housed.

Division N – Additional Coronavirus Response and Relief, Title V – Banking, Section 501(c)(5)(A) of the Consolidated Appropriations Act, 2021, states, in relevant part:

Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements.

Per the amended Emergency Rental Assistance terms, dated March 26, 2021, “The total of all administrative costs, whether direct or indirect costs, may not exceed 10 percent of the total amount of the total award.”

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

The Reallocation Guidance from the U.S. Department of the Treasury (Treasury) dated March 30, 2022, states the following:

A Grantee may spend up to 10% of its initial ERA1 allocation for administrative expenses only if the Grantee obligates at least 30% of its initial allocation for the provision of financial assistance and housing stability services on behalf of eligible households by September 30, 2022. If a Grantee has obligated less than 30% of its initial allocation providing financial assistance and housing stability services as of September 30, 2022, Treasury will presume that the Grantee's administrative expenses were not attributable to such services – and therefore were not permissible uses of ERA1 funds – to the extent that the administrative expenses exceed 10% of the Grantee's allocation after deducting amounts recaptured or reallocated as excess funds, unless the Grantee can demonstrate that those costs are related to the delivery of the program.

Condition: The contractual agreement to receive and evaluate applications for Emergency Rental Assistance (ERA) did not have adequate limitations or provisions to ensure costs were reasonable.

Repeat Finding: No

Questioned Costs: Unknown

Statistical Sample: No

Context: The State of Nebraska was awarded \$158,572,581 for ERA to assist eligible households that have difficulty making timely payments of rent and utilities due to the COVID-19 pandemic. At least 90% of funds are to be earmarked for financial aid to eligible households. No more than 10% of funds may be used for administrative costs. The Agency contracted with Deloitte to provide program administration and case management. Eligibility determinations were made by Deloitte and then sent to the State for review and to process the aid payments to eligible recipients. The total contract with Deloitte was for \$8,976,600, of which \$762,680 was paid during the fiscal year ended June 30, 2021. We tested one payment for \$449,223, and noted the following:

- The contract was not competitively bid. An emergency deviation was approved in accordance with State statute; however, there was not adequate support on file to determine whether the contracted amount was reasonable. There were no maximums or limitations other than the contract was not to exceed \$8,976,600. The contract was paid on an hourly rate and did not have any stipulations regarding the number of hours paid per application or performance measures to be achieved.
- Per guidance from the Treasury, if the State obligates less than 30% of its initial allocation providing financial aid by September 30, 2022, the Treasury will presume that the State's administrative expenses were not attributable to the program, at least to the extent that the administrative expenses exceed 10% of the Grantee's allocation after deducting amounts recaptured or reallocated as excess funds. As of March 17, 2022, the Agency has spent \$16,397,939 on financial aid, which is 10.34% of the original award of \$158,572,581. As of the same date, the Agency has spent \$7,525,594, of which \$7,167,427 was paid to Deloitte. This is only 4.75% of the original award; however, it is 31.46% of the total amount paid as of March 17, 2022. Without spending 30% of its initial award on financial aid, the Agency will not meet the earmarking requirements per the guidance released from the Treasury.

The total contract with Deloitte might have been reasonable had the entire grant award been spent. However, based on the amount of financial aid spent, the administrative costs appear unreasonable. Moreover, the contract contained no provisions for limiting payments if the entire grant was not spent.

Cause: The contract was not competitively bid, and contract provisions were not specific enough to ensure amounts paid were reasonable.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Effect: Without adequate procedures, there is an increased risk for the misuse of Federal funds.

Recommendation: We recommend the Agency review its contracts to ensure that the amount for services is not excessive. Additionally, we recommend the Agency work with the U.S. Department of the Treasury to ensure that the Agency is meeting earmarking requirements.

Management Response: The Military Department does not agree with this finding.

Vendor Contract: The State performed procurement procedures soliciting Requests for Information from vendors in 2020 to support COVID-19 related tasks. A contractual agreement was completed with the vendor once the State determined the program costs, estimated level-of-effort, and key assumptions were reasonable based on the scope of services the State requested.

In addition, the state complied with the procurement standards set forth in 2 CFR 200.317-200.327, included expected contract provisions, key program assumptions, and not-to-exceed thresholds. The contractual agreement was completed to enable the State to proactively monitor vendor performance and analyze detailed information on associated cost. Vendor performance was monitored through twice-weekly status meetings, bi-weekly executive status briefings with executives across multiple agencies, 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.

Administrative Fees: The State may spend up to 10% of its initial ERA1 allocation for administrative expenses if 30% of its initial allocation is obligated by September 30, 2022; according to U.S. Treasury's Reallocation Guidance dated 10/04/2022. The State is currently looking into additional outreach and communication strategies to identify and bring awareness of the program to those Nebraskans that require rental assistance or other housing stability services. The State as the Grantee will also be able to demonstrate that these costs are related to the delivery of the program to prevent any recapture of funds by the U.S. Treasury, if the State does not achieve a 30% obligation rate.

APA Response: As of March 17, 2022, the State has spent \$1 in administration costs for every \$2 spent for aid. This does not appear reasonable, much less a cost that would be "incurred by a prudent person" under any circumstances, considering the earmarking requirements.

Finding 2021-064

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Eligibility

Grant Number & Year: N/A

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

Criteria: 2 CFR § 200.403 (January 1, 2021) 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:

(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, 2021

(g) Be adequately documented.

Division N – Additional Coronavirus Response and Relief, Title V – Banking, Section 501(k)(3)(A) of the Consolidated Appropriations Act, 2021, states that an eligible household is a household of one or more individuals that is obligated to pay rent on a residential dwelling.

Good internal controls require procedures to verify the validity of applicants prior to payment.

Condition: We noted five payments, totaling \$64,045, that appear likely to have been fraudulent.

Repeat Finding: No

Questioned Costs: \$64,045 known

Statistical Sample: No

Context: As of January 31, 2022, the Agency had identified \$116,804 and \$495,702 of likely fraudulent payments in the fiscal years ended June 30, 2021, and June 30, 2022, respectively. We reviewed five of the fiscal year ended June 30, 2021, payments, totaling \$64,045.

For all five payments, the owner of the property, per the County Assessor’s website, did not agree to the landlord on the application. We also noted other indications of possible fraud in which information on the application provided was inconsistent with the information from other databases or systems.

The Agency stated that these payments have been referred to the State Patrol for further investigation.

Cause: The Agency had various procedures for ensuring that application information was accurate; however, verifying the owner to County Assessor information was not required.

Effect: There is an increased risk for fraudulent payments. Once fraudulent payments have been made, the likelihood of recouping those payments is low.

Recommendation: We recommend the Agency strengthen procedures for verifying the validity of applicants prior to payment.

Management Response: The Military Department does not agree with this finding. The State has implemented a strong system of internal controls to determine program eligibility. These controls include detailed pre-payment and post-payment analytics to help identify applications at risk for fraud. As the ERA program progresses in Nebraska and nationally, program procedures continue to be enhanced to monitor for and prevent potentially fraudulent applications. As of the issuance of this report, the program has identified almost 1,000 applications as high risk of potential fraud and prevented ineligible payments of over \$15 million. Additionally, the State turns over any paid applications that have been subsequently determined at risk of being fraudulent to the State Patrol for further investigation and potential prosecution.

APA Response: The five payments we reviewed noted possible indications of fraud. As previously stated, once fraudulent payments have been made, the likelihood of recouping them is low.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

DEPARTMENT OF TRANSPORTATION

Finding 2021-065

Program: AL 20.509 – Formula Grants for Rural Areas; AL 20.509 – COVID-19 Formula Grants for Rural Areas – Allowability & Subrecipient Monitoring

Grant Number & Year: NE-2020-013-00, FFY 2023; NE-2020-023-00, CY 2023; NE-2018-015-00, FFY 2021

Federal Grantor Agency: U.S. Department of Transportation

Criteria: Title 2 CFR § 200.403 (January 1, 2021) requires costs to be reasonable, necessary, and adequately documented. A good internal control plan requires procedures to be in place to ensure compliance with Federal and State requirements.

Title 2 CFR § 200.332(d) (January 1, 2021) requires the 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.

Title 2 CFR § 200.430(i)(1) (January 1, 2021) states the following, in relevant part:

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;

** * * **

(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

Per 2 CFR § 200.405(a) (January 1, 2021), "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."

Condition: The Agency did not have adequate documentation to support that payments were for allowable activities and in accordance with allowable cost principles. A similar finding was noted in the prior audit.

Repeat Finding: 2020-066

Questioned Costs: \$67,971 known (NE-2020-013-00, \$54,818; NE-2020-023-00, \$13,033; NE-2018-015-00, \$120)

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Statistical Sample: No

Context: We tested 25 payments to 22 subrecipients and 3 vendors. The Agency performed financial desk reviews for subrecipients; however, the reviews tested were not adequate. When desk reviews were not adequate, we provided the Agency the opportunity to obtain additional support from the subrecipient; however, adequate support was not obtained. We noted the following:

- For 10 subrecipients tested, documentation was not adequate to support that personnel charges were allowable and in accordance with Federal cost principles. The Agency did not have timesheets, time certifications, or other payroll documentation on file. In some cases, payroll documentation was on file, but there was not adequate support to verify that the correct amount was charged to the program, as there was no documentation to support the employees' full salary or the benefits received, such as workers' compensation and health insurance premiums.
- Fuel costs were not adequately supported for two subrecipients. Receipts were not provided supporting the fuel costs.
- Maintenance expenses were not adequately supported for one subrecipient, as there was no support for the allocation of expenses.
- For 10 subrecipients tested, capital costs were not adequately supported. The Agency did not obtain invoices for expenses such as rent, insurance, and transportation costs. Furthermore, allocations used by the subrecipients were not always supported to ensure costs charged to the program were proper. Two subrecipients were improperly reimbursed for sales taxes.
- For two subrecipients tested, there was inadequate support to show fares had been receipted properly. For three subrecipients tested, no desk review was done for the operating revenue even though operating revenue had been collected throughout the fiscal year. Fares reduce the Federal reimbursement; therefore, if not properly reported, Federal reimbursements could be excessive.
- The Agency paid \$10 each for 19 vehicle titles; however, the Agency had documentation supporting that only seven of the vehicles had been purchased by the program. The other 12 vehicles were purchased using other Federal programs; therefore, \$120 is questioned costs.

We also noted that the Agency did not perform any subrecipient monitoring for two subrecipients. During fiscal year 2021, these subrecipients were reimbursed a total of \$1,470,407. Questioned costs are unknown for these subrecipients.

The sample population totaled \$18,166,209, which included \$16,506,285 paid to 59 subrecipients and \$1,659,924 vendor payments. Federal payment errors noted in the sample were \$67,971. The total Federal sample tested was \$461,857. Based on the sample tested, the dollar error rate was 14.72% (\$67,971/\$461,857), which estimates the potential dollars at risk for fiscal year 2021 to be \$2,674,066 (dollar error rate multiplied by population).

Cause: Procedures were inadequate to ensure that costs were in accordance with Federal requirements.

Effect: Increased risk for errors or misuse of funds.

Recommendation: We recommend the Agency strengthen subrecipient monitoring procedures. We further recommend the Agency improve procedures to ensure expenditures are allowable and in accordance with Federal regulations.

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Management Response: NDOT Transit reviews each invoice for allowable costs and contacts transit agencies for additional information as required.

Finding 2021-066

Program: AL 20.933 – National Infrastructure Investments – Reporting

Grant Number & Year: 693JJ22040000BDG3NE5009003, Period ending September 5, 2023;
693JJ22040000TG00NE0026120, Period ending November 1, 2024

Federal Grantor Agency: U. S. Department of Transportation

Criteria: Per 2 CFR § 200.302(a) (January 1, 2021):

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.

2 CFR § 170, Appendix A, Section I, "Reporting Subawards and Executive Compensation," 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)(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 Federal reports are complete, accurate, and submitted as required.

Condition: Quarterly financial reports were not accurate, and required Federal Funding Accountability and Transparency Act (FFATA) reports were not submitted.

Repeat Finding: No

Questioned Costs: N/A

Statistical Sample: No

Context: The Agency is required to file quarterly SF-425 Financial Reports for each open project. We tested four SF-425 reports, two quarters each for two projects. For each SF-425 tested, the Agency reported \$0 for cash receipts, cash disbursements, Federal funds authorized, and Federal share of expenditures. However, \$771,140 to \$25,000,000 should have been reported. See additional details below of the amounts that should have been reported:

STATE OF NEBRASKA
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Project #	TIGER: T17HC018		TIGER: B19HC001	
	12/31/20	6/30/21	3/31/21	6/30/21
Quarter Ended				
Cash Receipts	\$ 15,237,959	\$ 25,000,000	\$ 771,140	\$ 3,834,733
Cash Disbursements	\$ 15,237,959	\$ 25,000,000	\$ 771,140	\$ 3,834,733
Total Federal Funds Authorized	\$ 25,000,000	\$ 25,000,000	\$ 16,960,000	\$ 16,960,000
Federal Share of Expenditures	\$ 15,237,959	\$ 25,000,000	\$ 771,140	\$ 3,834,733

We also noted that matching expenditures were not accurately reported for all four reports tested, as follows:

Project #	TIGER: T17HC018		TIGER: B19HC001	
	12/31/20	6/30/21	3/31/21	6/30/21
Quarter Ended				
Recipient Share Reported	\$ 1,500,000	\$ 1,500,000	\$ 775,565	\$ 3,834,733
Recipient Share Should be	\$ 3,809,490	\$ 6,250,000	\$ 192,785	\$ 958,683

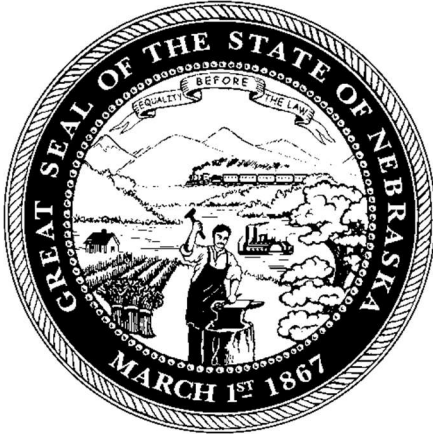
Additionally, the Agency did not file the required FFATA reports. During the fiscal year, the Agency had one subrecipient with \$3,834,733 in Federal expenditures that should have been reported.

Cause: Employee error and inadequate review procedures. The Agency was unaware that FFATA requirements were applicable to the program.

Effect: Noncompliance with Federal requirements, which could lead to sanctions.

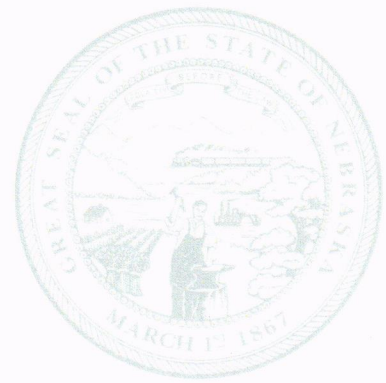
Recommendation: We recommend the Agency improve procedures to ensure expenditures are reported properly and agree to accounting records. We further recommend the Agency submit all FFATA reports as required.

Management Response: NDOT concurs with the finding and will improve procedures to ensure expenditures are reported properly to DAS. Further, NDOT will implement improved procedures to ensure federal SF-425 and FFATA reports are submitted in accordance with guidance provided by the Federal Highway Administration. Unfortunately, up to this point NDOT personnel have not been granted access in the federal system to submit the FFATA report for the project identified, but personnel are working with FHWA to obtain access.



AUDITEE SECTION

(This page has been intentionally left blank.)



Pete Ricketts, Governor

Corrective Action Plan

The State of Nebraska Administrative Services respectfully submits the following corrective action plans for the fiscal year ended June 30, 2021. 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 blue ink that reads "Philip J. Olsen".

Philip Olsen
State Accounting Administrator

Philip J. Olsen, CPA

Administrator

Department of Administrative Services | STATE ACCOUNTING

P.O. Box 94664
Lincoln, Nebraska 68508-2741

1526 K Street, Ste. 190
Lincoln, Nebraska 68508

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

das.nebraska.gov

STATE OF NEBRASKA
Corrective Action Plans

II. Findings Relating to the Financial Statements:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2021-001

ACFR Preparation Issues

Corrective Action Plan: Key staff turnover coupled with resource demand for administering COVID-19 funding programs undermined State Accountings ability to ensure accurate and timely preparation of the ACFR. State Accounting reduced the reported error amount by 51% over the prior year. Unsatisfied with those results and the opinion received, the following steps are underway for the next reporting period: 1) A systematic budgetary report error, the cause of \$5 billion of the noted \$10.5 billion in errors, is being corrected, 2) A new Deputy Accounting Administrator position has been created and filled by a teammate with 20 years of State audit experience with significant knowledge of the ACFR process, 3) Conducting onsite pre-audit sessions with State agencies to review accrual calculations, 4) Meeting with key agencies and the Center of Operational Excellence to improve financial reporting where significant errors occurred, and 5) Collecting supporting documentation for agency submitted data to perform additional review procedures.

Contact: Philip Olsen

Anticipated Completion Date: February 2023

Finding 2021-002

Unemployment Insurance Fund Issues

Corrective Action Plan: State Accounting agrees with the APA's recommendation. NDOL reduced the reported error amount by 52% over the prior year. DAS is working with NDOL Financial Services to establish procedures for accurately reporting the Unemployment Insurance fund for the ACFR. Furthermore, NDOL is establishing procedures for its staff to review documentation, including the trial balance, and reconcile the separate subsystems to the accounting system to identify issues that need to be remediated. In addition, NDOL Financial Services will establish appropriate support for balances within EnterpriseOne, and adequate controls to ensure financial data was accurate and complete.

Contact: Philip Olsen

Anticipated Completion Date: February 2023

Finding 2021-003

GASB 84 Implementation Failure

Corrective Action Plan: Key staff turnover attributed to the issues experienced in implementing GASB 84. Accounting system updates are being implemented to properly align Custodial Fund activity, and Investment Trust Fund financials for GASB 84 reporting. The ACFR fund designation has been updated for all affected funds in the accounting system.

Contact: Philip Olsen

Anticipated Completion Date: February 2023

STATE OF NEBRASKA
Corrective Action Plans

Finding 2021-004

Capital Asset Accounting Errors

Corrective Action Plan: State Accounting reduced the dollar amount of reported errors by 26% over the prior year. The preponderance of the issue, in terms of dollars, relates to retainage and is being addressed with State agencies. State Accounting continues to educate agencies on the importance of recording CIP correctly and capitalizing assets when they are substantially completed. Additional supporting documentation will be requested with agency accrual responses for additional evaluation of capital assets that will lead to improved accuracy of reported amounts.

Contact: Philip Olsen

Anticipated Completion Date: February 2023

Finding 2021-005

NOMI Contract Matters

Corrective Action Plan: The Department of Administrative Services provided the auditor with Nomi Health, Inc. records to support that all test kits required under the contract were shipped. DAS' own records indicate that there was a lack of packing slip documentation maintained during the pandemic, particularly in the early months of June, July, and August 2020, however, such test kits were received. Records of the Department of Health and Human Services (DHHS) show that tests were administered at TestNebraska sites in these months.

According to DHHS electronic lab records, a minimum of 789,400 tests were performed. A count of warehouse inventory accounts for an additional 206,500 test kits, providing support for receipt of at least 995,900 test kits. Nomi Health, Inc. provided documentation supporting over 1.2 million test kits, and the contract was fulfilled.

DAS Standard operating procedure requires accurate tracking of received goods. DAS communicated documentation procedures and expectations to the teams receiving the test kits, which included direction to fill out a form, which resolved the documentation issue, detailing receiving information for such orders. DAS will ensure that such performance issue will not occur again in the next pandemic.

Although best practice is to reduce agreements into a writing, there was no violation of the Nebraska Constitution, specifically Article III, § 19. It is well established in law that a writing is not always necessary to legally obligate a party's performance:

A binding mutual understanding or meeting of the minds sufficient to establish a contract requires no precise formality or express utterance from the parties about the details of the proposed agreement; it may be implied from the parties' conduct and the surrounding circumstances. Linscott v. Shasteen, 288 Neb. 276, 847 N.W.2d 283 (2014).

The conduct and surrounding circumstances between April and October 2020, illustrate that the services outlined in Amendment Two (temporary structures, medical professional labor, call center services, security officer personnel, biohazard material removal, and portable bathrooms) were actually provided by the contractor to the State despite not being required by the original contract, which only required the provision of test kits, lab equipment, and technology associated with testing. When the State accepted and utilized these essential services in responding to the pandemic, the State became legally responsible to compensate the contractor for such costs, whether pursuant to an oral contract, implied contract, or quasi-contract. It does not stand to reason that DAS was not already legally obligated to pay the contractor prior to Amendment Two or that DAS paid the contractor extra compensation for services already received in contravention of the Nebraska constitution when the original contract did not require the services that were actually received by the State.

STATE OF NEBRASKA
Corrective Action Plans

DAS agrees that it is a best practice that the agreement of the parties should be reduced to writing to avoid misunderstandings between the parties. Fortunately, in this particular case, there were no misunderstandings or disagreements between the parties, including over the language that the APA identifies as ambiguous. A court would not engage in an ambiguity analysis unless there was such a misunderstanding or disagreement. DAS has procedures in place to ensure that deliverables are accurately tracked and documented, contracts are stated clearly, and agreements are put into writing before payment becomes due. In this circumstance, there were gaps in performance in following these procedures under the stress of a global emergency. DAS will strive to ensure that such gaps do not occur.

Contact: Amara Block

Anticipated Completion Date: N/A

Finding 2021-006

Lack of Financial Statement Reconciliation

Corrective Action Plan: The financial statements and SEFA are both generated from the State's accounting system (E1). The expected differences noted by the APA are reconciling items due to the different basis of accounting. The financial statements are on an accrual basis and the SEFA is on a cash basis. DAS performed a reconciliation for the previous year's reports and noted no issues with the financial statements. This year's reconciliation was performed by the APA and no additional issues or adjustments were necessary for the financial statements as they materially agreed to the SEFA.

Contact: Philip Olsen

Anticipated Completion Date: N/A

Finding 2021-007

E1 Special Handle a Voucher

Corrective Action Plan: Use of this process is granted to a large user base to more efficiently correct voucher issues. If the vendor/payee is changed on a voucher, a system forced process requires a DAS teammate to complete a review, and documentation from the agency is retained. This control reduces the risk for the occurrence of errors or fraud to an acceptable level. As noted in the finding, only two users had access to the payee control approval process, Special Handle a Voucher, and vendor address book records. These users have management responsibilities over accounts payable and address book teams.

Contact: Ron Carlson

Anticipated Completion Date: N/A

Finding 2021-008

EnterpriseOne Timesheets

Corrective Action Plan: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, the electronic data is maintained in EnterpriseOne indefinitely. DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.

Contact: Ron Carlson

STATE OF NEBRASKA
Corrective Action Plans

Anticipated Completion Date: Ongoing

Finding 2021-009

Changes to Vendor and Banking Information

Corrective Action Plan: As a mitigating control that DAS already has in place, changes to a vendor/payee require prior banking information be provided for verification. DAS has prioritized the research of a vendor portal solution that can securely facilitate vender self-service maintenance.

Contact: Ron Carlson

Anticipated Completion Date: Ongoing

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF CORRECTIONAL SERVICES

Finding 2021-010

Accounting Errors

Corrective Action Plan: The applicable accounting team members have been trained and understand how the transactions should be coded and recorded in the future.

Contact: Robin Spindler, Deputy Director, Administrative Services

Anticipated Completion Date: Completed

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2021-011

Multiple Adjustments to Accruals

Corrective Action Plan: DHHS Financial Services will continue to develop, assess, and improve upon internal procedures. Financial Services staff will continue to collect and review the accrued items. In addition, DHHS Financial Services will meet with staff responsible for the items noted in errors. This meeting will outline and review the internal reporting process, documentation expectations, review of the audit findings and deadlines. DHHS will be meeting with DAS staff to work through any necessary corrections for the next fiscal year.

Contact: Heather Arnold

Anticipated Completion Date: 6/30/2022

Finding 2021-012

Erroneous Financial Transactions

Corrective Action Plan: DHHS has utilized the DAS State accounting manual and internal control guidance. However, during 2022, DHHS will be creating a department-wide internal control policy, specific to our agency. This policy will address the issues in this finding and contribute toward future finding prevention.

Contact: Heather Arnold

Anticipated Completion Date: 12/31/2022

Finding 2021-013

Lack of Adequate Subrecipient Monitoring

Corrective Action Plan: For most of these issues, the Department's responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year. The Department believes these costs to be allowable. The reviews either have been or are in the process of being completed now.

Contact: Christine Siefken, Heather Arnold, Sue Medinger

Anticipated Completion Date: 6/30/2022

Finding 2021-014

Overpayment Mailbox

Corrective Action Plan: The department implemented standard operating procedures for the pursuit of overpayments in 2017. The department has processed all overpayments received since October 1, 2016, timely. Referrals that are submitted to the database are addressed timely and never allowed to sit in the database for years, unworked, and not be considered overdue.

STATE OF NEBRASKA
Corrective Action Plans

Effective October 1, 2020, Nebraska has updated the definition of date of discovery as the date when a potential overpayment is initially identified and submitted for review. This change has been completed in the State Plan, and the Nebraska Administrative Code (NAC) is in the process of being updated.

The beyond timeframe NAC reference is not worded exactly as the CFR, but the state is applying the policy in the same way. The state will establish overpayments within the last 12 months. Client caused errors may be processed for up to 6 years prior but the farthest we go back for agency caused errors is 12 months.

Contact: Shannon Grotrian, Melissa Weyer

Anticipated Completion Date: 12/31/2022

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF LABOR

Finding 2021-015

Accounting Issues

Corrective Action Plan: NDOL Financial Services will work with DAS to establish procedures for accurately reporting the UI fund for the ACFR. Furthermore, the Department is establishing procedures for its staff to review documentation, including the trial balance, and reconcile the separate subsystems to the accounting system to identify issues that needed to be rectified. In addition, NDOL Financial Services will establish appropriate support for balances within EnterpriseOne, and adequate controls to ensure financial data was accurate and complete.

Contact: Rea Easton

Anticipated Completion Date: June 30, 2023

Finding 2021-016

Unemployment Insurance Benefit Payments

Corrective Action Plan: N/A. Necessary procedures are already in place. The Department meets USDOL expectations in administration of the program.

Contact: Andi Bridgmon, UI Director

Anticipated Completion Date: N/A.

Finding 2021-017

Lack of Payroll Segregation of Duties and Other Issues

Corrective Action Plan: NDOL Financial Services will establish internal controls related to one-time overrides of pay rates, hours worked, and type of earnings paid (such as vacation, sick leave, etc.), along with documenting procedures to identify unapproved changes, would further ensure that no one individual can conceal errors or irregularities. The Finance team will work with Human Resources to implement a tracking process for delegation and to enforce policy that approval authority can be delegated only to a management level above the approving supervisor. The Finance team has recently developed and implemented a process to validate payroll against the General Ledger.

Contact: Rea Easton

Anticipated Completion Date: September 30, 2022

Finding 2021-018

Untimely Responses to Records Requests

Corrective Action Plan: The department has designated the Chief Financial Officer to serve as the point of contact or copied on all APA requests. This ensures that the requests receive responses timely or with reasonable response time.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Rea Easton

Anticipated Completion Date: Completed

STATE OF NEBRASKA
Corrective Action Plans

MILITARY DEPARTMENT

Finding 2021-019

Accounting Errors

Corrective Action Plan: The agency will work with State Accounting to review the State Accounting chart of accounts in order to identify internal procedures to ensure we are recording transactions in the State's accounting properly in a reasonable and proper manner.

Contact: Shawn Fitzgerald and Deb Kai

Anticipated Completion Date: July 31, 2022

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF MOTOR VEHICLES

Finding 2021-020

Monitoring of County Deposits

Corrective Action Plan: Beginning with July 2021 a monthly reconciliation is performed comparing the transactions as registered in the Payment Engine built and maintained by Nebraska Interactive to amounts entered by county treasurers in the VICTORY system. Any variances identified are communicated to Betty Johnson, Driver and Vehicle Records Division Administrator. Depending on when the errors are found correcting entries can be made by the county, by DMV staff (if all funds involved are related to the DMV) or the State Treasurer staff (due to security they have E1 statewide access).

Contact: Bart Moore, Controller DMV

Anticipated Completion Date: Early August 2021 and is a monthly ongoing activity

Finding 2021-021

Lack of Segregation of Duties Over Payroll

Corrective Action Plan: Beginning with pay period B10 22, Bart Moore, Controller for DMV had his access changed to HR11 per the role descriptions in the Authorized Agent module on the DAS Accounting website. The payroll is now reviewed and certified by someone without payroll access (role HR24). A procedure has been put in place where exempt employees provide documentation they are in compliance with Nebraska Revised Statute 84-1001(1).

Contact: Bart Moore, Controller DMV & Mike Von Kaenel, DMV HR Manager

Anticipated Completion Date: May 2022

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF TRANSPORTATION

Finding 2021-022

Year-End Financial Information Errors

Corrective Action Plan: NDOT will examine current standard operating procedures and adjust procedures where necessary to ensure reporting accuracy. NDOT will coordinate with Department of Administrative Services for additional training and guidance as needed.

Contact: Jenessa Boynton, Budget & Finance Manager

Anticipated Completion Date: July 31, 2022

STATE OF NEBRASKA
Corrective Action Plans

III. Findings Relating to Federal Awards:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Finding 2021-023

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund; AL 93.323 – COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases; AL 97.036 – COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters) – Allowability

Corrective Action Plan: DAS Standard operating procedure requires accurate tracking of received goods. DAS communicated documentation procedures and expectations to the teams receiving the test kits, which included direction to fill out a form, which resolved the documentation issue, detailing receiving information for such orders. DAS will ensure that such performance issue will not occur again in the next pandemic.

Contact: Amara Block/Jennifer Sommars-Link

Anticipated Completion Date: Done

Finding 2021-024

Program: Various, including AL 93.778 – Medical Assistance Program (Medicaid) – Allowable Costs/Cost Principles

Corrective Action Plan: The Building and Grounds Maintenance allocation is based on a management business decision. A prior year finding regarding the Lincoln grounds and security indirect cost allocation was corrected, and additional corrective action is planned for the Print Shop. The error of \$582 out of \$3,132,067 billed was corrected.

State Accounting formally reviews its fund balance monthly. The increased cash balance is a result of planned increased costs for a new accounting system. The implementation of the system did not occur, and State Accounting was diligent in keeping spending consistent with prior levels. Rates were reduced by \$450,000 in fiscal year 2021, and from that level reduced another \$132,000 in each of the next two years (current biennium). Further offsets to rates are planned for the coming biennium to bring the cash balance to within a 60-day operating level.

Contact: Ann Martinez / Philip Olsen

Anticipated Completion Date: June 30, 2025

Finding 2021-025

Program: Various, including AL 93.767 – Children’s Health Insurance Program, AL 93.778 – Medical Assistance Program – Reporting

Corrective Action Plan: None

Contact: Philip Olsen

Anticipated Completion Date: None

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF EDUCATION

Finding 2021-026

Program: AL 84.287 – Twenty-First Century Community Learning Centers – Allowability & Subrecipient Monitoring

Corrective Action Plan: The Nebraska 21st CCLC programmatic monitoring checklist was revised for the 2020-21 school year and an item requesting supporting documentation for a prior reimbursement request (randomly selected by the fiscal analyst and 21st CCLC director) is now required. The 21st CCLC director will continue providing fiscal technical assistance to sub-grantees and the 21st CCLC Grantee Assistance Guide (to be revised July 2022) will include more specificity, including screenshots of adequate salary supporting documentation.

Contact: Jan Handa

Anticipated Completion Date: July 2022

Finding 2021-027

Program: AL 84.367 – Supporting Effective Instruction State Grants – Special Tests

Corrective Action Plan: An additional question has been added on the review checklist to check that the administrative/indirect costs on the Nonpublic School Participation Page matches the amount listed on the budget. Training was done with the reviewers on what to check and why.

Contact: Beth Wooster

Anticipated Completion Date: Completed

Finding 2021-028

Program: AL 84.425C – COVID-19 Education Stabilization Fund – Governors Emergency Education Relief Fund (GEER) – Allowability & Cash Management

Corrective Action Plan: The NDE approaches its final financial review and awaits invoicing of the contractor's encumbered invoices totaling \$9,465.93 ensuring adequate documentation exists for allowable costs provided. Both the NDE and the contractor maintain reconciliations and comparison to each other. This scope of work under this contract is complete and fulfilled, remaining work identified has a 90% reduction in transactions, service based supports, and lower fiscal risk-based activity, such as, the prior work of providing devices to all Nebraska schools. As the NDE administers the remaining work under this contract, it will continue to review allowable costs through the NDE/ESUCC Committee meetings prior to commencement of work, support though reimbursement, provided the costs are reasonable and necessary in order to carry out an allowable activity under the CARES GEER award and Uniform Guidance.

Contact: Jen Utemark, Budget & Grants Management

Anticipated Completion Date: 12/30/2022

Finding 2021-029

Program: AL 84.425D – COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund (ESSER) – Reporting

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: The NDE has deployed a new data collection to all subrecipients of the CARES ESSER awards through September 30, 2020. All recipients awarded a subgrant during this timeframe must respond and acknowledge even if expenses incurred are equal to zero. Expanded processes have been implemented for data review. Currently, the NDE is submitting the data compiled through the correction window provided from March 21, 2022, through April 1, 2022, into the Public Transparency Portal.

Contact: Jen Utemark, Budget & Grants Management

Anticipated Completion Date: April 1, 2022, unless the U.S. Department of Education identifies an area where data is needing a formatting correction or correction identified by the ESSER.GEER.EANS.AnnualReport@ed.gov team.

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 2021-030

Program: AL 93.575 – Child Care and Development Block Grant; AL 93.778 Medical Assistance Program - Allowable Costs/Cost Principles & Cash Management

Corrective Action Plan: The clerical error made on the CCDF fund mix adjustment was corrected in a JE on July 27th, 2021. Procedures will be adjusted as necessary.

As stated in the cause, the error related to Medicaid was the result of a miscommunication between HHS and CMS. A JE has been completed to correct this error.

Contact: Rebecca Kempkes, John Meals

Anticipated Completion Date: 6/30/2022

Finding 2021-031

Program: AL 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.575 Child Care and Development Block Grant; AL 93.767 Children’s Health Insurance Program; AL 93.778 Medical Assistance Program – Allowable Cost/Cost Principles

Corrective Action Plan: Budget Team will continue to perform payroll audit checks for employees within the Agency, and will continue correcting payroll coding as needed.

Contact: Patrick Werner

Anticipated Completion Date: 4/1/2022

Finding 2021-032

Program: Various, including AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.323 – COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); AL 93.575 – Child Care and Development Block Grant; AL 93.767 – Children’s Health Insurance Program; AL 93.778 – Medical Assistance Program – Allowable Costs/Cost Principles

Corrective Action Plan: Regarding the point in time MMSR reports – error due to staff turnover, has since been corrected (MMSR reports are now sent out and filed away by Budget Team).

IST Fiscal Projects Billing cost center has been updated to include only NFOCUS-related costs.

Contact: Patrick Werner

Anticipated Completion Date: 4/1/2022

Finding 2021-033

Program: AL 93.658 Foster Care Title IV-E – Allowable Cost/Cost Principles

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: The Agency has entered into a contract with Public Consulting Group to procure a new RMTS system that is more intuitive and easier to use for the end user. Additionally, the new software will document whether or not training for employees has been completed.

Contact: Patrick Werner

Anticipated Completion Date: 6/30/2022

Finding 2021-034

Program: AL 10.542 – COVID-19 Pandemic EBT Food Benefits – Allowability

Corrective Action Plan: NDE put a process in place to maintain this documentation.

Contact: Melissa Weyer

Anticipated Completion Date: Completed

Finding 2021-035

Program: AL 93.069 – Public Health Emergency Preparedness; AL 93.889 – National Bioterrorism Hospital Preparedness Program – Allowability & Subrecipient Monitoring

Corrective Action Plan: DHHS has returned to its standard monitoring activities now that pandemic response does not require full time resources of the Public Health EPRU.

Contact: Brian Madison; Ryan Daly

Anticipated Completion Date: 06/30/2022

Finding 2021-036

Program: AL 93.069 – Public Health Emergency Preparedness; AL 93.889 – National Bioterrorism Hospital Preparedness Program – Matching and Reporting

Corrective Action Plan: The Department will implement procedures to ensure that subaward agreements for HPP and PHEP include clear match requirement language.

Contact: Brian Madison; Ryan Daly

Anticipated Completion Date: 6/30/2022

Finding 2021-037

Program: AL 93.301 – COVID-19 Small Rural Hospital Improvement Grant Program – Allowability & Subrecipient Monitoring

Corrective Action Plan: The Agency has contacted the subrecipients noted for questioned costs and has requested additional supporting documentation. Based on the response received, the Agency will determine whether costs are supported or repayment is appropriate. Standard subrecipient monitoring practices, including desk review of one quarter of annual payments, will continue for the non-Covid Small Rural Hospital Improvement Program.

STATE OF NEBRASKA
Corrective Action Plans

Contact: Nancy Jo Hansen; Ryan Daly

Anticipated Completion Date: 8/31/2022

Finding 2021-038

Program: AL 93.323 – COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability

Corrective Action Plan: N/A

Contact: Ryan Daly; Felicia Quintana-Zinn

Anticipated Completion Date: N/A

Finding 2021-039

Program: AL 93.323 – Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability and Subrecipient Monitoring

Corrective Action Plan: DHHS is in the process of requesting supporting documentation to demonstrate allowability for the questioned costs. In addition, DHHS has returned to its standard monitoring activities now that pandemic response does not require full time resources.

Contact: Ryan Daly; Felicia Quintana-Zinn

Anticipated Completion Date: 06/30/2022

Finding 2021-040

Program: AL 93.323 – Epidemiology & Laboratory Capacity for Infectious Diseases, COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Reporting

Corrective Action Plan: The Agency will be timelier with responses.

Contact: Charity Menefee

Anticipated Completion Date: 6/30/2022

Finding 2021-041

Program: AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Eligibility

Corrective Action Plan: DHHS implemented the mandatory use of a narrative template for all LIHEAP requests during Federal Fiscal Year 2022. This template requires narration regarding whether an address search was completed, etc. This will assist in ensuring the information utilized when budgeting is accurate.

DHHS will confirm with Federal partners that utilizing the information from the SNAP budget is allowable.

Contact: Matt Thomsen

STATE OF NEBRASKA
Corrective Action Plans

Anticipated Completion Date: 10/1/2022

Finding 2021-042

Program: AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Reporting

Corrective Action Plan: There is an error in the report utilized to determine the numbers on the household report, which is resulting in all applicant households that are over income for LIHEAP being incorrectly reported in the under 75% of the Federal poverty level category. The logic for this report will be fixed.

The Nebraska Department of Environment and Energy (NDEE) will add the date of reimbursement to the report submitted to DHHS annually. This will allow DHHS to be able to ensure the household was served during the timeframe being reported upon.

NDEE will continue to review information such as income level, disability, age, etc. when monitoring the agencies to ensure it is being tracked accurately.

NDEE will begin providing a complete listing of applicant households to support the information provided.

Contact: Matt Thomsen; Heather Arnold

Anticipated Completion Date: 10/1/2022

Finding 2021-043

Program: AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility

Corrective Action Plan: The CCDF Program Team will work with the training team and the Program Accuracy Team to create ‘quick tips’ and tools addressing these eligibility issues for field staff. Resource Developer (RD) staff will increase initial and annual billing trainings with subsidy providers. RD staff will continue to review the use of calendars and parental signatures annually when the provider agreement is renewed. The revised child care billing portal will address the family fees issues. DHHS is also exploring alternative billing units besides hours and days, which would simplify billing for child care providers and eliminate some of the common errors.

Contact: Nicole Vint

Anticipated Completion Date: 06/30/2022

Finding 2021-044

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Corrective Action Plan: Through the State Fire Marshall, DHHS will have further communication with the delegated authorities to clarify the expectations and timeframes for fire inspections in child care programs.

Through the Nebraska Department of Environment and Energy (NDEE) Agency, DHHS will have further communication with the delegated authorities to clarify the expectations and timeframes for sanitation inspections in child care programs.

STATE OF NEBRASKA
Corrective Action Plans

DHHS will continue to implement policies and procedures for file reviews by CCSL and fire and sanitation inspection referrals.

DHHS will continue to complete the statutory child care inspection requirements.

In 2022, DHHS will explore statutory and/or regulatory options to place more accountability on the licensee and referred agencies for maintaining current fire and sanitation approvals.

Contact: Lindsay Braddock

Anticipated Completion Date: 12/31/2022

Finding 2021-045

Program: AL 93.575 – Child Care and Development Block Grant – Period of Performance

Corrective Action Plan: This finding is specific to agreements with two other state entities, who follow the same period of performance for the CCDBG funds as DHHS. DHHS has already take steps to prevent this from occurring again with NDE and NSP. NDE had an unallowable process for claiming administrative and indirect costs. DHHS communicated to NDE on 3/11/22 that their process and claim of admin/indirect costs were not allowable with this grant. DHHS also worked with the Office of Child Care (OCC) and will be making allowable adjustments to the NSP finding. DHHS will use allowable obligation and liquidation schedules when contracting with other state entities.

Contact: Nicole Vint

Anticipated Completion Date: 6/30/2022

Finding 2021-046

Program: AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

Corrective Action Plan: Complete a written internal policy or process regarding Agency expectations for timeliness of Child Care Fraud investigations.

Contact: Cari Crosby

Anticipated Completion Date: 06/30/2022

Finding 2021-047

Program: AL 93.674 – John H. Chafee Foster Care Program for Successful Transition to Adulthood – Allowability & Subrecipient Monitoring

Corrective Action Plan: The Department’s responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year. The Department believes these costs to be allowable. The reviews either have been or are in the process of being completed now.

Contact: Christine Seifken

Anticipated Completion Date: 6/30/2022

STATE OF NEBRASKA
Corrective Action Plans

Finding 2021-048

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability

Corrective Action Plan: DHHS will continue to work with the EVV vendor to enhance the EVV Solution through regular product releases with improved functionality and reporting. The program staff will also continue to provide targeted education to providers on allowable billing. The department will also perform post payment review monitoring and addresses improper payments.

Contact: Kathy Scheele

Anticipated Completion Date: 6/30/2022

Finding 2021-049

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability and Eligibility

Corrective Action Plan: DHHS is working on implementing a new tool to search for property locally and nationwide. In addition, DHHS is reviewing a new system for the search and identification of vehicles.

DHHS will continue to work on training and reminding staff of tip sheets available for verification and management of resources.

DHHS has requested a refund from the provider for the improperly billed and paid bed hold days.

Contact: Catherine Gekas Steeby and Alyssa Knutson

Anticipated Completion Date: 10/1/2022

Finding 2021-050

Program: AL 93.778 – Medical Assistance Program – Special Tests and Provisions

Corrective Action Plan: DHHS experienced difficulties in finalizing a multi-service vendor contract which included LTC Cost Report and Auditing services. DHHS has since executed the agreement and the vendor has begun work. Nebraska has multiple years to perform the work and will complete the work as required.

DHHS has contracted with Myers & Stauffer to complete Desk Reviews on all Cost reports and Field Audits on facilities determined necessary by risk analysis. The contract with Myers & Stauffer was signed on July 9, 2021 and work began shortly after that on a portion of the FYE 6/30/20 cost reports and all FYE 6/30/21 cost reports. Field Audits on the 6/30/21 cost reports will begin in 2022.

Contact: Jerry Vanderbeek

Anticipated Completion Date: 6/30/2022

Finding 2021-051

Program: AL 93.778 – Medical Assistance Program; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: DHHS does not dispute the finding regarding the license verification. The error that led to the missed license verification has been identified and was remediated in the vendor (Maximus) Provider Screening and Enrollment portal on 3/30/20. Any license screenings that occurred on/after this date for the small group of impacted providers are systematically prompted for the license verification process to occur.

Contact: Anne Harvey

Anticipated Completion Date: Completed

Finding 2021-052

Program: AL 93.778 – Medical Assistance Program; 93.778 – COVID-19 Medical Assistance Program – Allowability

Corrective Action Plan: DHHS is in the process of incorporating an integrated case Management system to alleviate these types of billing issues. The unified case management system will allow staff to have visibility on all the Claims being billed and remedy the issues immediately. The providers will be able to clearly see if they are ‘double billing’ at any given time since all services provided will be billed on the same platform.

Additionally, the DD division is in the process of a team restructure to incorporate an internal Program Integrity team that will commence regular monitoring of the billed claims to help alleviate the billing issue going forward.

A journal entry removing federal funds utilized and an overpayment adjustment will be initiated to begin to collect the amounts in question.

Contact: Lily Kathee-Harner

Anticipated Completion Date: 5/31/2022

Finding 2021-053

Program: AL 93.778 – Medical Assistance Program; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

Corrective Action Plan: The procurement of an outside audit vendor was in progress during the year under review. This contract has now been executed and is in the project planning and scope focus phase for the initial audits of the managed care plans. Completion estimates for the first audits have not been finalized. Additionally, ongoing, annual onsite reviews are completed by both DHHS and an external quality review organization vendor, which include financial reviews. Each managed care entity is required to submit quarterly financial reporting which is reviewed by DHHS as well as by the contracted actuarial vendor who validates across multiple financial sources.

Contact: Emi Giles

Anticipated Completion Date: 6/30/2022

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF LABOR

Finding 2021-054

Program: AL 17.225 – Unemployment Insurance (UI) – Federal; AL 17.225 – COVID19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State; AL 97.050 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs – Allowability & Eligibility

Corrective Action Plan: N/A. Necessary procedures are already in place. The Department meets USDOL expectations in administration of the program.

Contact: Andi Bridgmon, UI Director

Anticipated Completion Date: N/A.

Finding 2021-055

Program: AL 17.225 – Unemployment Insurance – Admin; AL 17.225 – COVID19 – Unemployment Insurance – Admin – Allowability

Corrective Action Plan: N/A. The contracts referenced with Nelnet, Northend, and Protiviti have ended. Similar contracts will only exist if a federal waiver of the merit staff requirement for unemployment activities is granted.

Contact: Angela Hansen Kruse, Administrative Services Director

Anticipated Completion Date: N/A

Finding 2021-056

Program: AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

Corrective Action Plan: N/A, not required by USDOL.

Contact: Bradley Pierce, Reemployment Services Director

Anticipated Completion Date: N/A

Finding 2021-057

Program: AL 17.225 – COVID19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State – Special Tests & Provisions

Corrective Action Plan: N/A. The PEUC program has ended.

Contact: Andi Bridgmon, UI Director

Anticipated Completion Date: N/A

Finding 2021-058

Program: AL 97.050 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs – Reporting

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: N/A. Period of Assistance has ended and corrected entries have been made.

Contact: Mike Kennedy

Anticipated Completion Date: N/A

STATE OF NEBRASKA
Corrective Action Plans

MILITARY DEPARTMENT

Finding 2021-059

Program: AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management

Corrective Action Plan: The Agency will continue to seek guidance and will work with agents of Cash Management Improvement Act agreement between the State of Nebraska and the U.S. Department of Treasury, the State Treasurer, the Director of Administrative Services, the Assistant Commissioner, and Revenue Collections Management Bureau of Fiscal Service to seek a modification to the agreement which acknowledges National Guard Bureau Regulation 5-1 as the governing document for drawdown of federal funds and their disbursement for program purposes.

Contact: MG Daryl Bohac and/or Shawn D. Fitzgerald

Anticipated Completion Date: Ongoing.

Finding 2021-060

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Allowability

Corrective Action Plan: Health Departments & Local Governments: N/A

Hotel Lodging: The Nebraska Emergency Management Agency is responsible for making payments from the Governor's Emergency Fund – Program 191 – Federal. This is the repository for the Coronavirus Relief Fund made available to the Governor. NEMA made payments based on the documentation submitted to the agency. In this case, the motel invoices were submitted by DHHS to the Deloitte account managers responsible for vetting the eligibility of the costs incurred by DHHS. The response to the pandemic event mandated the use of emergency protective measures to ensure the protection of public safety and healthcare workers. In addition, quarantine and isolation measures were necessary to address disease control. Securing facilities that were readily available to meet diverse population requirements, provide the flexibility to address capacity requirements associated with a rapid onset of disease progression, and provide safe and secure isolation locations to protect essential workers were identified as part of the Nebraska Accommodation Program. NEMA would assert these costs are reasonable and prudent emergency protective measures. Therefore, there should be no need to take corrective measures.

Contact: Erv Portis

Anticipated Completion Date: N/A

Finding 2021-061

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Subrecipient Monitoring

Corrective Action Plan: Awards Notification – NEMA: If similar circumstances exist in the future, and to the extent it is reasonable to do so, formal grant agreements can be issued after the release of the U.S./Treasury providing additional guidance.

Awards Notification – DED: Department of Economic Development will develop and utilize a standard appendix in future subawards to provide subrecipients with the information, requirements, and terms and conditions required by 2 CFR § 200.332(a) at the time of the subaward.

STATE OF NEBRASKA
Corrective Action Plans

Financial Monitoring – DHHS Response and Recovery: N/A

Financial Monitoring – DED Workforce Retraining Initiative Program: DED will enhance its established policies and procedures for future subrecipient monitoring efforts of any similar student-based grant program to include testing the underlying final eligibility determination by subrecipients.

Financial Monitoring – Local Government Subrecipients: N/A

Contact: Awards Notification – NEMA: Erv Portis

Awards Notification – DED: Terry VanEaton

Financial Monitoring – DHHS Response and Recovery: Ryan Daly

Financial Monitoring – DED Workforce Retraining Initiative Program: Terry VanEaton

Financial Monitoring – Local Government Subrecipients: Erv Portis

Anticipated Completion Date: Awards Notification – NEMA: N/A

Awards Notification – DED: December 31, 2022

Financial Monitoring – DHHS Response and Recovery: N/A

Financial Monitoring – DED Workforce Retraining Initiative Program: December 31, 2022

Financial Monitoring – Local Government Subrecipients: N/A

Finding 2021-062

Program: AL 21.019 – COVID-19 Coronavirus Relief Fund (CRF) – Reporting

Corrective Action Plan: The state will make a correction for NDOL transfers, by reporting them as payments to individuals < \$50,000. The vendor payment noted will be moved to the Direct Payments category.

Contact: Philip Olsen

Anticipated Completion Date: July 11, 2022

Finding 2021-063

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Earmarking

Corrective Action Plan: N/A

Contact: Lee Will

Anticipated Completion Date: N/A

Finding 2021-064

Program: AL 21.023 – COVID-19 Emergency Rental Assistance Program – Allowability & Eligibility

STATE OF NEBRASKA
Corrective Action Plans

Corrective Action Plan: N/A

Contact: Lee Will

Anticipated Completion Date: N/A

STATE OF NEBRASKA
Corrective Action Plans

DEPARTMENT OF TRANSPORTATION

Finding 2021-065

Program: AL 20.509 – Formula Grants for Rural Areas; AL 20.509 – COVID-19 Formula Grants for Rural Areas – Allowability & Subrecipient Monitoring

Corrective Action Plan: NDOT Transit will request supporting documentation for all expenses incurred by the agencies including payroll documentation. NDOT Transit will compile a summary of best practices with sample documentation and request a review by the State Auditor’s Office staff to ensure the information is accurate and acceptable. After NDOT Transit has received confirmation that the information is complete, we will provide the best practices documentation to all agencies as a guideline for future reimbursement.

Contact: Kari Ruse, Linda Langdale, June Weyers and Lucinda Dowding

Anticipated Completion Date: June 2022

Finding 2021-066

Program: AL 20.933 – National Infrastructure Investments – Reporting

Corrective Action Plan: NDOT has already begun working with the Federal Highway Administration Nebraska Division staff to develop a Standard Operating Procedure for preparation and submission of the SF-425 reports. NDOT is also coordinating with Federal Highway Administration in order to meet the FFATA reporting requirement. Finally, internal coordination will be improved to gain consensus on the recipient and subrecipient amounts to be included in the SEFA prior to submission to DAS.

Contact: Lyn Heaton, Jenessa Boynton, Jodi Gibson

Anticipated Completion Date: June 2022

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-001 Since 2019	Administrative Services Capital Asset Issues	<p>Status: Ongoing</p> <p>Reasons for Recurrence: The need for continued communication and development of reporting procedures regarding capital assets.</p> <p>Partial Corrective Action Taken: State Accounting partnered with the Center of Operational Excellence and conducted 20 process improvement workshops related to significant accrual items, capital assets and construction in progress.</p> <p>Corrective Action Planned: State Accounting continues to develop a new reporting mechanism for Construction in Progress and other capital asset related reporting. Annual Business User Group meetings will be utilized to provide continued training in the area of capital assets.</p>
2020-002 Since 2007	Administrative Services CAFR Preparation	<p>Status: On-going</p> <p>Reasons for Recurrence: Turnover and training both in the financial reporting team and within the agencies who provide information for the ACFR</p> <p>Partial Corrective Action Taken: State Accounting partnered with the Center of Operational Excellence and conducted 20 process improvement workshops related to significant accrual items, capital assets, and construction in progress. The workshops were conducted with various state agencies including the Department of Health and Human Services, Department of Labor, Department of Transportation, Department of Corrections, Veteran’s Affairs, and Game and Parks</p> <p>Corrective Action Planned: State Accounting will continue implementing new processes and training for existing staff as well as State agency personnel providing information for the ACFR process.</p>
2020-003	Administrative Services Unemployment Insurance Fund Issues	<p>Status: On-going</p> <p>Reasons for Recurrence: System limitations within the Department of Labor unemployment benefits.</p> <p>Partial Corrective Action Taken: State Accounting worked with the Department of labor to refine existing procedures for reporting Unemployment Insurance ACFR numbers. Six process improvement mappings were completed. The Department implemented new reporting elements in the unemployment benefits system specific to ACFR reporting.</p> <p>Corrective Action Planned: State Accounting will continue communications with the Department of Labor as they work through the new processes and reporting element to ensure accurate ACFR information is provided.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-004	Administrative Services Agency Accrual Errors	<p>Status: On-going</p> <p>Reasons for Recurrence: Continued training and communication is needed between State Accounting and agencies providing information for the ACFR.</p> <p>Partial Corrective Action Taken: State Accounting worked with the Department of Health and Human Services to refine existing procedures for reporting accrual information. Nine process improvement mappings were completed.</p> <p>Corrective Action Planned: State Accounting will continue communications with the Department of Health and Human Services as they work through the new processes to ensure accurate ACFR information is provided.</p>
2020-005 Since 2019	Administrative Services Lack of Financial Statement Reconciliation	<p>Status: Completed</p>
2020-006	Administrative Services Human Resources Use Role 65 & E1 Pay Rate Override	<p>Status: Ongoing</p> <p>Reasons for Recurrence: DAS has established review procedures regarding the activity of DAS employees assigned User Role 65 and the use of pay rate overrides. Those review procedures were not documented to the fullest extent possible.</p> <p>Partial Corrective Action Taken: State Accounting has established compensating controls incorporating procedures to review the activity of those DAS employees assigned User Role 65 and to periodically review the use of pay rate overrides.</p> <p>Corrective Action Planned: DAS will continue to work to minimize the number of times payroll related batches are processed by one person. DAS will also develop documentation of the review processes mentioned above.</p>
2020-007	Administrative Services E1 Special Handle a Voucher	<p>Status: Ongoing</p> <p>Reasons for Recurrence: DAS does not agree with this finding.</p> <p>Corrective Action Taken: If the vendor/payee is changed on a voucher, a system forced process requires a DAS teammate to complete a review, and documentation from the agency is retained. This control reduces the risk for the occurrence of errors or fraud to an acceptable level.</p> <p>As noted in the finding, only one user has access to the payee control-approval process, Special Handle a Voucher, and vendor address book records. This user has management responsibilities over accounts payable and address book team.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-008	Administrative Services Changes to Vendor and Banking Information	<p>Status: Ongoing</p> <p>Reasons for Recurrence: DAS has not yet implemented a vendor portal solution.</p> <p>Partial Corrective Action Taken: As a mitigating control that DAS already has in place, changes to a vendor/payee require prior banking information be provided for verification</p> <p>Corrective Action Planned: DAS has prioritized the research of a vendor portal solution that can security facilitate vender self-service maintenance.</p>
2020-009	Administrative Services EI Timesheets	<p>Status: Ongoing</p> <p>Reasons for Recurrence: System limitations have not been overcome.</p> <p>Partial Corrective Action Taken: Timesheet images are maintained in EnterpriseOne until the payroll is processed; however, electronic data is maintained in EnterpriseOne indefinitely.</p> <p>Corrective Action Planned: Exploring options for capturing and retaining timesheet images each time payroll is processed.</p>
2020-010 Since 2004	Health & Human Services Material Adjustments	<p>Status: Complete</p>
2020-011 Since 2018	Health & Human Services Subrecipient Monitoring	<p>Status: Ongoing</p> <p>Reasons for Recurrence: The Department's responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year.</p> <p>Partial Corrective Action Taken: The federal funds noted by the auditor largely follow the federal fiscal year so as of 6/30/2020; the monitoring was not due to be completed. The necessary reviews either have been or are in the process of being completed now.</p> <p>Corrective Action Planned: See above</p>
2020-012 Since 2019	Health & Human Services Erroneous Financial Transactions	<p>Status: In process</p> <p>Reasons for Recurrence: DHHS has utilized the DAS State accounting manual and internal control guidance.</p> <p>Partial Corrective Action Taken: DHHS has started creating a department-wide internal control policy, specific to our agency. This policy will address the issues in this finding and contribute toward future finding prevention.</p> <p>Corrective Action Planned: See above</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-013 Since 2015	Health & Human Services Overpayment Mailbox	<p>Status: Ongoing</p> <p>Reasons for Recurrence:</p> <p>Partial Corrective Action Taken: The Department implemented standard operating procedures for the pursuit of overpayments in 2017. The Department has processed all overpayments received since October 1, 2016 timely. The agency has completed the corrective action plan and disputes the finding. During the last state fiscal year, the team established \$3,036,697.90 overpayments for SNAP on 5,366 referrals. Each month, 300-500 new referrals of potential overpayments are received, reviewed and processed within 30 days of the referral. Last year, 3% overpayment referrals were determined as non-pursuable. The reasons a referral is categorized as non-pursuable include: by regulation, no overpayment occurred; not enough information to determine if overpayment occurred; amount of overpayment is under the dollar threshold for collection and overpayment is outside the state statute timeframe to collect. In many circumstances, client cooperation is required to determine the amount of an overpayment; last year 481 SNAP benefit cases were closed due to client not cooperating with agency to determine amount of overpayment.</p> <p>In December 2019, with approval and guidance from the USDA Food and Nutrition Service, the agency began reviewing the suspended overpayment referrals and were able to find that 7,653 were considered beyond the pursuable timeframe to be established per 273.18(c)(i). In addition, 2,206 were considered unresolved due to not enough information received to establish a claim, four referrals were determined as non-overpayments, and one was considered non-pursuable due to death of the client. This left the agency with 381 additional cases to review. Of those cases, 123 were found to have active SNAP benefits to allow claims to be established. All referrals from the overpayment backlog have been reviewed and claims established where appropriate.</p> <p>Corrective Action Planned: Effective October 1, 2020, Nebraska has updated their definition of date of discovery as the date when a potential overpayment is initially identified and submitted for review. This change has been completed in the State plan, and Nebraska Administrative Code (NAC) is in the process of being updated. This allows for closer alignment to the federal regulations. In addition, the department is working to make corrections to the spreadsheets and database to ensure that data is stored accurately.</p>
2020-014 Since 2019	Health & Human Services UNMC Medical Education Revolving Fund	Status: Complete
2020-015	Health & Human Services Lack of Timely Response for Audit Requests	Status: Complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-016	Health & Human Services Lack of Service Organization Control Reports	Status: Complete
2020-017 Since 2019	Health & Human Services External NFOCUS User Access	Status: Complete
2020-018	Investment Council Quarterly Endowment Distribution Errors	Status: Completed
2020-019	Labor Inadequate Controls, Improper Payments, and Possible Fraudulent Claims	Status: NDOL disagrees with finding 2020-019 Corrective Action Planned: No corrective action plan is needed. NDOL has taken steps that address the concerns raised in finding 2020-019. The agency has and continues to provide updated guidance to NDOL employees and contractors as conditions surrounding the temporary programs, executive orders, and federal guidance change. Since the audit, there have been changes to both the state and federal unemployment programs. Many of the Governor's Executive Orders are no longer active. Federal legislation has required changes to PUA employment verification. NDOL implemented new identity fraud detection tools for all claims. The NCJIS prisoner crossmatch is being used, though NDOL is under no affirmative duty to use any particular methodology for identifying prisoners and was already doing so through the SSA crossmatch. STC plans are being followed in accordance with NDOL interpretation of the law. The quarterly wage crossmatch has resumed, retroactively, and had no impact on the actual weekly payment of claims. Other measures have been taken as well. NDOL passed the most recent Benefit Timeliness and Quality (BTQ) audit for state claims, while receiving an unprecedented volume of claims, so internal controls are appropriate. The Federal standard for BTQ is 75%. The unemployment program is designed to be a balance between making prompt payments and insuring accuracy.
2020-020	Labor Unemployment Insurance Fund Issues	Status: In process Reasons for Recurrence: Pandemic timing. NDOL and DAS administrations experienced unprecedented challenges brought about by the COVID-19 pandemic. Those challenges, coupled with the implementation of a new unemployment benefits system, hindered the reporting process. Partial Corrective Action Taken: NDOL implemented new reporting elements in the unemployment benefits system specific to CAFR reporting. NDOL has also worked with DAS on a Process Improvement project to work through the issues related to these entries. Corrective Action Planned: NDOL will continue working closely with DAS to have entries correct going forward.

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2020-021 Since 2019	Transportation Federal Activity Recorded in Cash Funds	Status: Complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

FINDINGS RELATING TO FEDERAL AWARDS:

Nebraska Department of Administrative Services

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-022 Since 2015	Various, 93.778 Allowable Costs	<p>Status: In process</p> <p>Reasons for Recurrence: The need for continued methodology development regarding Print Shop Rates as well as Bookwork and Accounting.</p> <p>Partial Corrective Action Taken:</p> <p><u>Building and Grounds Maintenance:</u> Our methodology does not require corrective action. In response to this finding in a prior year, DAS created a reasonable and defensible methodology in which rates are determined.</p> <p><u>Security:</u> Our methodology does not require corrective action. In January 2018, DAS State Building Division changed the allocation of the security costs from security check points to facility square feet, with the exception of the 501 Bldg, Governor’s Residence, and State Capitol.</p> <p><u>Print Shop Rates:</u> The 10% increase was applied across the board to the historical rates in order to cover costs based upon a deeply declining fund balance. Prior to 2019, the rates had not been increased since 2010. Regarding the 5% rate increase in fiscal year 2020, that was never applied or charged to customers.</p> <p><u>Plate Printing Rates:</u> Corrective action was taken during the biennium, but after rates were published. The blended rate charged is fair and equitable. The published rates based upon the processing of the plate to include: labor, equipment, maintenance, and overhead. Additionally, 75% of plate printing is performed by utilizing plastic plates. In order to equitably distribute indirect costs, a blended rate was created.</p> <p><u>Markup Surcharge Rate:</u> Corrective action was taken during the biennium, but after rates were published. The markup has been 35% for over 40 years and is based on industry standard. This was verified with outreach to other state print shops. The 2019 published rate was 39%, however, the Print Shop only charged 35% to continue meeting industry standard.</p> <p>Corrective Action Planned:</p> <p>Print Shop Rates: We agree the cost center rates should be individually supported and the teammates from Materiel, Central Finance and the IT Team have identified, and began working through, a methodology as the basis for rate setting at the cost center level.</p> <p>Bookwork and Accounting: We agree and billing should be based upon actual hours worked.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Administrative Services (Concluded)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-023 Since 2015	Various, 93.767 Reporting	<p>Status: Ongoing</p> <p>Reasons for Recurrence: The preponderance of reporting errors was caused by the Department of Health and Human Services not accurately reporting SEFA expenditures.</p> <p>Corrective Action Taken: Administrative Services has established an account code for agencies to utilize for subrecipient payments that are to be recorded on the SEFA.</p>

Nebraska Commission for the Blind and Visually Impaired

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-024	84.126 Reporting	<p>Status: In process</p> <p>Reasons for Recurrence: Training needed</p> <p>Partial Corrective Action Taken: NCBVI has trained a second person to review and verify all information reported on Federal Reports prior to submission. This was implemented in April 2021. In addition, detailed policies and procedures were written in March 2021 and tested with the April 2021 reporting cycle.</p> <p>Corrective Action Planned: Advanced Excel training</p>

Nebraska Department of Economic Development

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2018-010 Since 2017	14.228 Program Income/ Subrecipient Monitoring	<p>Status: Completed</p> <p>Corrective Action Taken: Since 2017, the department has continued to make significant progress to resolve the subrecipient monitoring backlog; performing Revolving Loan Fund monitoring activities has also resulted in a reduction to the number of subrecipients and, therefore, department caseload. Additionally, monitoring of current open projects is occurring according to federal requirements. The team meets monthly to discuss, review, and track the status of monitoring conducted. The Covid-19 pandemic allowed only desk-top monitoring for a period of time and created several additional grant programs for which staff resources were required.</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Economic Development (Concluded)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2017-013	14.228 Allowability/ Reporting/ Subrecipient Monitoring	<p>Status: Completed</p> <p>Corrective Action Taken: Procedures have been developed and implemented for CDBG monitoring. The team meets monthly to discuss, review, and track the status of monitoring conducted.</p> <p>The department has conducted considerable monitoring activities since 2017 to clear the most dated grantee monitoring. While the pandemic continues to prevent on-site monitoring visits, the department has adapted by expanding desktop reviews, which it continues to perform.</p>

Nebraska Department of Education

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-025 Since 2018	84.027 & 84.173 Allowability/ Subrecipient Monitoring	<p>Status: In process</p> <p>Reasons for Recurrence: Working with the Federal Government and State Auditors to develop an acceptable plan.</p> <p>Partial Corrective Action Taken: Fiscal monitoring internal controls, processes and procedures were federally approved and implemented in July 2020 and are annually updated.</p> <p>Corrective Action Planned: The Department will continue working with the Federal Government and State Auditors to develop an accepted plan.</p>
2020-026 Since 2019	84.027 & 84.173 Earmarking	<p>Status: In process</p> <p>Reasons for Recurrence: Working with the Federal Government and State Auditors to develop an acceptable plan.</p> <p>Partial Corrective Action Taken: Fiscal monitoring internal controls, processes and procedures were federally approved and implemented in July 2020 and are annually updated.</p> <p>Corrective Action Planned: The Department will continue working with the Federal Government and State Auditors to develop an accepted plan.</p>
2020-027 Since 2017	84.126 Allowability	Status: Completed
2020-028	84.126 Reporting	Status: Completed
2020-029	84.126 Reporting	Status: Completed

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Education (Concluded)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-030 Since 2019	84.287 Allowability/ Subrecipient Monitoring	<p>Status: In Process</p> <p>Reasons for Recurrence: Working with the Federal Government and State Auditors to develop an acceptable plan.</p> <p>Partial Corrective Action Taken: Fiscal monitoring internal controls, processes and procedures were federally approved and implemented in July 2020 and are annually updated.</p> <p>Corrective Action Planned: Revised guidance will be distributed in early September. The Department will continue working with the Federal Government and State Auditors to develop an accepted plan.</p>
2020-031 Since 2017	84.367 Allowability	<p>Status: In Process</p> <p>Reasons for Recurrence: Working with the Federal Government and State Auditors to develop an acceptable plan.</p> <p>Partial Corrective Action Taken: Federally approved fiscal monitoring procedures established in July 2020 (and annually updated) includes review of supporting documentation (including time and effort) to support expenditures are allowable and in accordance with Federal cost principles.</p> <p>Corrective Action Planned: The Department will continue working with the Federal Government and State Auditors to develop an accepted plan.</p>
2020-032	84.367 Special Tests	<p>Status: Completed</p>

Nebraska Department of Health and Human Services

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-033	93.575, 93.658 Allowable Costs	<p>Status: Not complete</p> <p>Corrective Action Planned: The agency will review and adjust current procedures where necessary. The agency will also review and adjust procedures for training applicable staff on the need for ensuring their staff is charged to the correct location.</p>
2020-034 Since 2013	Various, 93.658, 93.778 Allowable Costs	<p>Status: Complete</p>
2020-035 Since 2018	Various, 93.778 Allowable Costs	<p>Status: Complete</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-036 Since 2018	10.557, 93.243, 93.674 Allowability/ Subrecipient Monitoring	<p>Status: Ongoing</p> <p>Reasons for Recurrence: The Department's responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year.</p> <p>Partial Corrective Action Taken: The federal funds noted by the auditor largely follow the federal fiscal year so as of 6/30/2020; the monitoring was not due to be completed. The necessary reviews either have been or are in the process of being completed now.</p> <p>Corrective Action Planned: See above</p>
2020-037 Since 2014	93.069, 93.889 Allowability/ Subrecipient Monitoring	<p>Status: In process</p> <p>Reasons for Recurrence: The entities subject to subrecipient monitoring under CFDA's 93.074 and 93.069 were directly responsible for local response activities during the COVID-19 pandemic. These subrecipients were primarily local public health departments. While responding to the federally-declared emergency, neither these subrecipients nor DHHS were in a position to dedicate human resources to typical monitoring activities.</p> <p>Partial Corrective Action Taken: DHHS requested appeal to CDC. In addition, DHHS submitted and received approved for temporary reassignment of personnel by the HHS Secretary's Operations Center on behalf of itself and a number of the state's local health departments</p> <p>Corrective Action Planned: DHHS anticipates completing delayed monitoring activities by December 31, 2021.</p>
2020-038 Since 2018	93.556 Allowability/ Subrecipient Monitoring	Status: Complete
2019-035	93.558 Allowability/Eligibility	Status: Complete
2019-037 Since 2013	93.558 Allowability/ Subrecipient Monitoring/ Reporting	Status: Complete
2020-039 Since 2019	93.558 Allowability	Status: DHHS does not agree with finding

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-040 Since 2019	93.558 Reporting	<p>Status: In process</p> <p>Reasons for Recurrence: System needs to be corrected</p> <p>Partial Corrective Action Taken: A System Change Request (SCR) was submitted to NFOCUS and a September 2021 Release date is planned to address the issues.</p> <p>Corrective Action Planned: Waiting for the System change request to be completed by NFOCUS</p>
2020-041	93.563 Allowability/ Subrecipient Monitoring	<p>Status: Complete</p>
2020-042 Since 2007	93.575, 93.596 Allowability/ Eligibility	<p>Status: In process</p> <p>Reasons for Recurrence: System needs to be corrected</p> <p>Partial Corrective Action Taken: Started a pilot with a few providers in January 2021, statewide implementation will follow once the pilot period is evaluated</p> <p>Corrective Action Planned: Statewide implementation of the redesigned provider billing portal</p>
2020-043 Since 2017	93.575, 93.596 Special Tests	<p>Status: Complete</p>
2020-044 Since 2017	93.575 Allowability/ Subrecipient Monitoring	<p>Status: In process</p> <p>Reasons for Recurrence: Did not adequately and timely correct prior audit findings.</p> <p>Partial Corrective Action Taken: Dedicated positions to grant monitoring, including coordinator and payment monitoring</p> <p>Corrective Action Planned: Still working to develop a new process</p>
2020-045 Since 2016	93.575 Period of Performance	<p>Status: Complete</p>
2020-046 Since 2018	93.658 Reporting	<p>Status: Complete</p>
2020-047 Since 2019	93.658 Allowability	<p>Status: Complete</p>

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-048	93.658 Allowability/ Matching	Status: Complete
2020-049	93.659 Allowability/ Matching	Status: Complete
2020-050	93.659 Allowability	Status: Complete
2020-051	93.659 Eligibility	Status: Complete
2020-052 Since 2019	93.667 Allowability	Status: Complete
2020-053 Since 2014	93.778 Allowability	Status: Complete
2020-054 Since 2017	93.778 Allowability/ Eligibility	Status: Complete
2020-055 Since 2017	93.778 Special Tests	<p>Status: In process</p> <p>Reasons for Recurrence: disagrees with the finding on the basis that the years in question are still within the timeframe allowed in state statute to complete the field audits identified as "high risk"</p> <p>Partial Corrective Action Taken: State has procured the services of Myers & Stauffer to conduct the field audits. The contract was executed effective 6/14/2021.</p> <p>Corrective Action Planned: Anticipate Myers & Stauffer to start the field audits in the next couple of weeks</p>
2020-056 Since 2017	93.778 Allowability	Status: Complete
2020-057 Since 2019	93.778 Special Tests	Status: Complete
2020-058	93.778 Allowability	Status: DHHS does not agree with finding
2019-060 Since 2011	93.778 Special Tests	Status: DHHS does not agree with finding

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Concluded)

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2019-052 Since 2015	93.778 Allowability	Status: Complete
2020-059 Since 2018	93.898 Allowability/ Subrecipient Monitoring	Status: Does not agree, no corrective action plan necessary
2019-062 Since 2017	93.917 Allowability/ Cash Management/ Eligibility/ Subrecipient Monitoring	Status: Complete

Nebraska Department of Labor

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-060	17.225 Allowability/ Eligibility	Status: NDOL disagrees with finding 2020-019 Corrective Action Planned: N/A, NDOL disagrees with the finding.
2020-061	17.225 Special Tests	Status: NDOL disagrees with finding 2020-019 Corrective Action Planned: N/A, NDOL disagrees with the finding.

Nebraska Commission on Law Enforcement and Criminal Justice

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2019-066 Since 2018	16.575 Cash Management	Status: complete
2019-067 Since 2018	16.575 Reporting	Status: complete

Nebraska Military Department

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-062 Since 2019	12.401 Cash Management	Status: complete
2020-063	21.019 Allowability	Status: complete

STATE OF NEBRASKA
Summary Schedule of Prior Audit Findings

Nebraska Department of Transportation

Finding#	CFDA/Compliance	Status of Finding/Agency Comments
2020-064 Since 2019	20.205 Reporting	Status: Complete
2020-065 Since 2018	20.505 Allowability/ Subrecipient Monitoring	<p>Status: In process, pending FTA Management Letter</p> <p>Reasons for Recurrence: Supporting documentation requested was considered inadequate.</p> <p>Partial Corrective Action Taken: Additional documentation required by subrecipient.</p> <p>Corrective Action Planned: NDOT Transit will continue to request supporting documentation for expenses incurred during the billing period with a concentration on payroll documents. Documentation will be kept on site and provided to auditors upon request.</p>
2020-066 Since 2013	20.509 Allowability/ Subrecipient Monitoring	<p>Status: In Process, pending FTA Management Letter</p> <p>Reasons for Recurrence: Supporting documentation in file considered inadequate.</p> <p>Partial Corrective Action Taken: Additional desk top audits conducted.</p> <p>Corrective Action Planned: NDOT Transit will continue to follow established procedures to monitor compliance by reviewing invoices, requesting supporting documentation for expenses as needed and following up with site visit findings.</p>