

**STATE OF NEBRASKA**  
**STATEWIDE SINGLE AUDIT**  
**Year Ended June 30, 2022**

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**Issued on March 30, 2023**

STATE OF NEBRASKA

Single Audit Report

Year Ended June 30, 2022

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# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**STATE OF NEBRASKA**  
**Schedule of Expenditures of Federal Awards - By Federal Agency**  
**For the Fiscal Year Ended June 30, 2022**

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Agriculture, U.S. Department of</b>				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	10.025	\$ 1,033,330	-
Wetlands Reserve Program	Game and Parks Commission	10.072	37,866	-
Voluntary Public Access and Habitat Incentive	Game and Parks Commission	10.093	843,606	454,232
Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	10.170	742,745	662,551
State Mediation Grants	Agriculture, Department of	10.435	124,119	-
Meat and Poultry Inspection	Agriculture, Department of	10.477	3	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	Agriculture, Department of	10.525	323,542	317,409
COVID-19 Pandemic EBT Food Benefits	Health and Human Services, Department of	10.542	77,577,924	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.551	268,824,586	-
COVID-19 Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.551	24,693,612	-
Total Supplemental Nutrition Assistance Program			<u>293,518,198</u>	<u>-</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.561	23,718,702	1,629,165
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Human Services, Department of	10.561	1,013,076	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Health and Human Services, Department of		<u>24,731,778</u>	<u>1,629,165</u>
Total SNAP Cluster			<u>318,249,976</u>	<u>1,629,165</u>
Child Nutrition Cluster:				
School Breakfast Program	Education, Department of	10.553	36,677,596	36,677,596
National School Lunch Program	Education, Department of	10.555	183,288,714	183,288,714
COVID-19 National School Lunch Program	Education, Department of	10.555	5,086,860	5,086,860
National School Lunch Program	Health and Human Services, Department of	10.555	15,602,088	-
Total National School Lunch Program			<u>203,977,662</u>	<u>188,375,574</u>
Special Milk Program for Children	Education, Department of	10.556	42,625	42,625
Summer Food Service Program for Children	Education, Department of	10.559	11,925,547	10,884,927
Fresh Fruit and Vegetable Program	Education, Department of	10.582	2,635,480	2,541,081
Total Child Nutrition Cluster			<u>255,258,910</u>	<u>238,521,803</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Human Services, Department of	10.557	26,472,895	9,423,020
COVID-19 Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Human Services, Department of	10.557	1,572,163	-
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>28,045,058</u>	<u>9,423,020</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, 2022**

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Agriculture, U.S. Department of (Continued)</b>				
Child and Adult Care Food Program	Education, Department of	10.558	25,633,917	25,633,917
COVID-19 Child and Adult Care Food Program	Education, Department of	10.558	1,318,803	1,318,803
Child and Adult Care Food Program	Health and Human Services, Department of	10.558	142,176	-
Total Child and Adult Care Food Program			<u>27,094,896</u>	<u>26,952,720</u>
State Administrative Expenses for Child Nutrition	Education, Department of	10.560	642,132	-
State Administrative Expenses for Child Nutrition	Health and Human Services, Department of	10.560	667,178	-
Total State Administrative Expenses for Child Nutrition			<u>1,309,310</u>	<u>-</u>
Food Distribution Cluster:				
Commodity Supplemental Food Program	Health and Human Services, Department of	10.565	2,563,052	444,846
COVID-19 Commodity Supplemental Food Program	Health and Human Services, Department of	10.565	20,076	20,076
Total Commodity Supplemental Food Program			<u>2,583,128</u>	<u>464,922</u>
Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	510,952	510,952
COVID-19 Emergency Food Assistance Program (Administrative Costs)	Health and Human Services, Department of	10.568	351,246	351,246
Total Emergency Food Assistance Program (Administrative Costs)			<u>862,198</u>	<u>862,198</u>
Emergency Food Assistance Program (Food Commodities)	Health and Human Services, Department of	10.569	6,711,575	-
Total Food Distribution Cluster			<u>10,156,901</u>	<u>1,327,120</u>
WIC Farmers' Market Nutrition Program (FMNP)	Agriculture, Department of	10.572	38,014	-
Team Nutrition Grants	Education, Department of	10.574	54,328	-
Farm to School Grant Program	Education, Department of	10.575	46,582	14,963
Senior Farmers Market Nutrition Program	Agriculture, Department of	10.576	187,152	-
WIC Grants To States (WGS)	Health and Human Services, Department of	10.578	20,075	-
Child Nutrition Discretionary Grants Limited Availability	Education, Department of	10.579	72,971	72,971
COVID-19 Pandemic EBT Administrative Costs	Health and Human Services, Department of	10.649	1,152,403	-
Cooperative Forestry Assistance	Game and Parks Commission	10.664	19,950	-
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Education, Department of	10.666	316,280	316,280
Agriculture Conservation Easement Program	Game and Parks Commission	10.931	21,633	-
Regional Conservation Partnership Program	Game and Parks Commission	10.932	3,919	3,919
Nebraska Rural Rehabilitation Program	Agriculture, Department of	10.U01	201,050	-
<b>Total U.S. Department of Agriculture</b>			<u>\$ 722,932,543</u>	<u>279,696,153</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, 2022**

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Corporation for National and Community Service</b>				
AmeriCorps State Commissions Support Grant	Health and Human Services, Department of	94.003	\$ 264,412	-
AmeriCorps State and National Training and Technical Assistance	Health and Human Services, Department of	94.006	1,434,105	1,434,105
	Health and Human Services, Department of	94.009	201,461	-
<b>Total Corporation for National and Community Service</b>			<u>\$ 1,899,978</u>	<u>1,434,105</u>
<b>Defense, U.S. Department of</b>				
Payments to States in Lieu of Real Estate Taxes	Education, Department of	12.112	\$ 144,709	144,709
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environment and Energy, Department of	12.113	103,594	-
Military Construction, National Guard	Military Department	12.400	21,838,773	-
National Guard Military Operations and Maintenance (O&M) Projects	Military Department	12.401	29,377,136	-
<b>Total U.S. Department of Defense</b>			<u>\$ 51,464,212</u>	<u>144,709</u>
<b>Education, U.S. Department of</b>				
Adult Education - Basic Grants to States	Education, Department of	84.002	\$ 3,303,182	2,911,720
Title I Grants to Local Educational Agencies	Education, Department of	84.010	91,781,104	91,043,602
Migrant Education_State Grant Program	Education, Department of	84.011	7,031,878	6,724,828
Title I State Agency Program for Neglected and Delinquent Children and Youth	Education, Department of	84.013	629,350	622,754
Special Education Cluster (IDEA):				
Special Education_Grants to States	Education, Department of	84.027	84,066,525	80,712,872
COVID-19 Special Education_Grants to States	Education, Department of	84.027	1,662,430	1,662,430
Total Special Education_Grants to States			<u>85,728,955</u>	<u>82,375,302</u>
Special Education_Preschool Grants	Education, Department of	84.173	2,734,834	2,458,871
COVID-19 Special Education_Preschool Grants	Education, Department of	84.173	199,256	199,256
Total Special Education_Preschool Grants			<u>2,934,090</u>	<u>2,658,127</u>
Total Special Education Cluster (IDEA)			<u>88,663,045</u>	<u>85,033,429</u>
Career and Technical Education – Basic Grants to States	Education, Department of	84.048	7,521,523	6,217,262
Career and Technical Education – National Programs	Education, Department of	84.051	198,985	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Blind and Visually Impaired Commission	84.126	3,098,738	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, Department of	84.126	16,542,538	-
Total Rehabilitation Services_Vocational Rehabilitation Grants to States			<u>19,641,276</u>	<u>-</u>
Migrant Education_Coordination Program	Education, Department of	84.144	21,142	-
Rehabilitation Services_Client Assistance Program	Education, Department of	84.161	122,707	-

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**For the Fiscal Year Ended June 30, 2022**

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<b>Education, U.S. Department of (Continued)</b>				
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Blind and Visually Impaired Commission	84.177	(95,967)	-
Special Education-Grants for Infants and Families	Education, Department of	84.181	2,632,846	2,008,858
COVID-19 Special Education-Grants for Infants and Families	Education, Department of	84.181	209,696	178,527
Total Special Education-Grants for Infants and Families			<u>2,842,542</u>	<u>2,187,385</u>
School Safety National Activities	Education, Department of	84.184	465,405	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Blind and Visually Impaired Commission	84.187	22,470	-
Education for Homeless Children and Youth	Education, Department of	84.196	476,518	402,019
Rehabilitation Services Demonstration and Training Programs	Education, Department of	84.235	10,065	-
Twenty-First Century Community Learning Centers	Education, Department of	84.287	6,792,374	6,447,340
Statewide Family Engagement Centers	Education, Department of	84.310	4,964	-
Special Education - State Personnel Development	Education, Department of	84.323	522,557	167,765
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Education, Department of	84.325	37,281	22,710
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, Department of	84.326	73,594	49,987
Rural Education	Education, Department of	84.358	38,442	38,139
English Language Acquisition State Grants	Education, Department of	84.365	4,386,061	4,162,820
Supporting Effective Instruction State Grants	Education, Department of	84.367	10,841,539	10,200,896
Competitive Grants for State Assessments	Education, Department of	84.368	1,218,496	-
Grants for State Assessments and Related Activities	Education, Department of	84.369	4,446,231	-
Statewide Data Systems	Education, Department of	84.372	1,318,795	-
School Improvement Grants	Education, Department of	84.377	358,234	358,234
Disability Innovation Fund	Education, Department of	84.421	288,373	4,307
Student Support and Academic Enrichment Program	Education, Department of	84.424	4,948,002	4,801,449
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER I)	Education, Department of	84.425C	1,951,596	-
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER II)	Labor, Department of	84.425C	46,508	41,643
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER I)	Education, Department of	84.425D	14,192,314	11,110,094
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER II)	Education, Department of	84.425D	72,492,015	68,309,419

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<b>Education, U.S. Department of (Continued)</b>				
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	10,589,432	-
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, Department of	84.425U	21,826,336	16,916,453
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP HCY)	Education, Department of	84.425W	37,832	-
Total Education Stabilization Fund			<u>121,136,033</u>	<u>96,377,609</u>
Randolph-Sheppard Financial Relief and Restoration	Blind and Visually Impaired Commission	84.426A	192,635	-
<b>Total U.S. Department of Education</b>			<u>\$ 379,238,836</u>	<u>317,774,255</u>
<b>U.S. Election Assistance Commission</b>				
2018 HAVA Election Security Grants	Secretary of State	90.404	\$ 639,650	32,896
COVID-19 2018 HAVA Election Security Grant	Secretary of State	90.404	500	-
Total 2018 HAVA Election Security Grants			<u>640,150</u>	<u>32,896</u>
<b>Total U.S. Election Assistance Commission</b>			<u>\$ 640,150</u>	<u>32,896</u>
<b>Energy, U.S. Department of</b>				
State Energy Program	Environment and Energy, Department of	81.041	\$ 431,987	-
Weatherization Assistance for Low-Income Persons	Environment and Energy, Department of	81.042	2,397,746	2,057,622
State Energy Program Special Projects	Environment and Energy, Department of	81.119	44,656	44,656
State Heating Oil and Propane Program	Environment and Energy, Department of	81.138	6,755	-
<b>Total U.S. Department of Energy</b>			<u>\$ 2,881,144</u>	<u>2,102,278</u>
<b>Environmental Protection Agency, U.S.</b>				
State Indoor Radon Grants	Health and Human Services, Department of	66.032	\$ 175,597	28,858
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environment and Energy, Department of	66.034	309,653	-
Diesel Emissions Reduction Act (DERA) State Grants	Environment and Energy, Department of	66.040	548,647	-
Multipurpose Grant to States and Tribe	Oil and Gas Commission	66.204	31,713	-
Multipurpose Grant to States and Tribe	Game and Parks Commission	66.204	33,690	-
Total Multipurpose Grant to States and Tribe			<u>65,403</u>	<u>-</u>
Water Pollution Control State, Interstate, and Tribal Program Support	Environment and Energy, Department of	66.419	220,151	-
State Public Water System Supervision	Environment and Energy, Department of	66.432	1,275,881	-

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**STATE OF NEBRASKA**  
**Schedule of Expenditures of Federal Awards - By Federal Agency**  
**For the Fiscal Year Ended June 30, 2022**

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Environmental Protection Agency, U.S. (Continued)</b>				
State Underground Water Source Protection	Oil and Gas Commission	66.433	83,116	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	Environment and Energy, Department of	66.442	23,550	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environment and Energy, Department of	66.444	251,059	-
Water Quality Management Planning	Environment and Energy, Department of	66.454	58,874	-
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	Environment and Energy, Department of	66.458	12,034,361	12,034,361
Nonpoint Source Implementation Grants	Environment and Energy, Department of	66.460	3,015,985	-
Regional Wetland Program Development Grants	Game and Parks Commission	66.461	101,164	70,266
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	Environment and Energy, Department of	66.468	13,214,227	11,788,022
Underground Storage Tank Prevention, Detection and Compliance Program	Fire Marshal	66.804	322,784	-
Performance Partnership Grants	Agriculture, Department of	66.605	869,071	-
Performance Partnership Grants	Environment and Energy, Department of	66.605	5,129,471	-
Performance Partnership Grants	Health and Human Services, Department of	66.605	203,309	-
Total Performance Partnership Grants			<u>6,201,851</u>	<u>-</u>
Environmental Information Exchange Network Grant Program and Related Assistance	Fire Marshal	66.608	70,965	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Health and Human Services, Department of	66.707	4,719	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environment and Energy, Department of	66.802	460,386	-
Recovery	Environment and Energy, Department of	66.805	572,966	-
State and Tribal Response Program Grants	Environment and Energy, Department of	66.817	498,652	-
<b>Total U.S. Environmental Protection Agency</b>			<u>\$ 39,509,991</u>	<u>23,921,507</u>
<b>Equal Employment Opportunity Commission, U.S.</b>				
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	Equal Opportunity Commission	30.001	\$ 521,820	-
<b>Total U.S. Equal Employment Opportunity Commission</b>			<u>\$ 521,820</u>	<u>-</u>
<b>Federal Communications Commission</b>				
FCC - Certification	Education, Department of	32.U01	\$ 21,975	15,226
<b>Total Federal Communications Commission</b>			<u>\$ 21,975</u>	<u>15,226</u>

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<b>General Services Administration</b>				
Donation of Federal Surplus Personal Property	Corrections, Department of	39.003	\$ 1,049,607	-
<b>Total General Services Administration</b>			<u>\$ 1,049,607</u>	<u>-</u>
<b>Health and Human Services, U.S. Department of</b>				
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	\$ 17,433	-
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	91,439	91,439
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	<u>15,839</u>	<u>15,624</u>
Total Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals			<u>107,278</u>	<u>107,063</u>
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	Health and Human Services, Department of	93.043	123,544	85,066
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	1,401,945	922,492
COVID-19 Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	Health and Human Services, Department of	93.044	<u>111,017</u>	<u>111,017</u>
Total Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers			<u>1,512,962</u>	<u>1,033,509</u>
Special Programs for the Aging Title III, Part C Nutrition Services	Health and Human Services, Department of	93.045	3,613,894	3,569,258
COVID-19 Special Programs for the Aging Title III, Part C Nutrition Services	Health and Human Services, Department of	93.045	<u>589,520</u>	<u>555,490</u>
Total Special Programs for the Aging Title III, Part C Nutrition Services			<u>4,203,414</u>	<u>4,124,748</u>
Nutrition Services Incentive Program	Health and Human Services, Department of	93.053	936,434	936,434
Total Aging Cluster			<u>6,652,810</u>	<u>6,094,691</u>
Special Programs for the Aging Title IV and Title II Discretionary Projects	Insurance, Department of	93.048	271,003	127,605
COVID-19 Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, Department of	93.048	<u>103,466</u>	<u>103,466</u>
Total Special Programs for the Aging Title IV and Title II Discretionary Projects			<u>374,469</u>	<u>231,071</u>
National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	623,023	531,657
COVID-19 National Family Caregiver Support, Title III, Part E	Health and Human Services, Department of	93.052	<u>92,492</u>	<u>92,492</u>
Total National Family Caregiver Support, Title III, Part E			<u>715,515</u>	<u>624,149</u>

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**For the Fiscal Year Ended June 30, 2022**

<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, U.S. Department of (Continued)</b>				
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	5,265,913	4,747,083
National Bioterrorism Hospital Preparedness Program	Health and Human Services, Department of	93.889	892,189	639,424
COVID-19 National Bioterrorism Hospital Preparedness Program	Health and Human Services, Department of	93.889	(14,451)	-
Total National Bioterrorism Hospital Preparedness Program			<u>877,738</u>	<u>639,424</u>
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			<u>6,143,651</u>	<u>5,386,507</u>
Medicare Enrollment Assistance Program	Insurance, Department of	93.071	177,373	89,616
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education, Department of	93.079	2,242	-
Guardianship Assistance	Health and Human Services, Department of	93.090 ^	326,686	-
COVID-19 Guardianship Assistance	Health and Human Services, Department of	93.090	23,502	-
Total Guardianship Assistance			<u>350,188</u>	<u>-</u>
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, Department of	93.092	228,328	150,227
Food and Drug Administration_Research	Agriculture, Department of	93.103	669,516	-
Food and Drug Administration_Research	Environment and Energy, Department of	93.103	2,573	-
Total Food and Drug Administration Research			<u>672,089</u>	<u>-</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Health and Human Services, Department of	93.104	83,085	83,085
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, Department of	93.110	581,946	216,970
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, Department of	93.116	226,126	-
Emergency Medical Services for Children	Health and Human Services, Department of	93.127	98,481	-
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, Department of	93.136	2,759,349	1,072,297
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, Department of	93.136	87,553	87,553
Total Injury Prevention and Control Research and State and Community Based Programs			<u>2,846,902</u>	<u>1,159,850</u>
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, Department of	93.150	292,186	287,197
COVID-19 Rural Health Research Centers	Health and Human Services, Department of	93.155	3,512,506	3,512,506
Grants to State for Loan Repayment Program	Health and Human Services, Department of	93.165	435,569	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, Department of	93.197	249,706	81,370
Traumatic Brain Injury State Demonstration Grant Program	Education, Department of	93.234	210,836	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, Department of	93.235	183,843	127,456

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEBRASKA**  
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<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, U.S. Department of (Continued)</b>				
State Rural Hospital Flexibility Program	Health and Human Services, Department of	93.241	1,057,048	628,426
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Education, Department of	93.243	2,118,493	-
University of Nebraska -Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Education, Department of - passed through from University of Nebraska (Pass-Through Entity Identifying # 24-116-005)	93.243	37,186	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, Department of	93.243	3,585,160	3,365,263
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance			<u>5,740,839</u>	<u>3,365,263</u>
Early Hearing Detection and Intervention	Health and Human Services, Department of	93.251	208,381	48,115
Occupational Safety and Health Program	Health and Human Services, Department of	93.262	112,383	3,172
Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	28,045,496	958,650
COVID-19 Immunization Cooperative Agreements	Health and Human Services, Department of	93.268	10,844,339	6,076,563
Total Immunization Cooperative Agreements			<u>38,889,835</u>	<u>7,035,213</u>
Viral Hepatitis Prevention and Control	Health and Human Services, Department of	93.270	144,189	342
Drug Abuse and Addiction Research Programs	Health and Human Services, Department of	93.279	86,457	-
Small Rural Hospital Improvement Grant Program	Health and Human Services, Department of	93.301	758,720	758,720
COVID-19 Small Rural Hospital Improvement Grant Program	Health and Human Services, Department of	93.301	104,828	104,828
Total Small Rural Hospital Improvement Grant Program			<u>863,548</u>	<u>863,548</u>
National and State Tobacco Control Program	Health and Human Services, Department of	93.387	724,126	35,595
COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	Health and Human Services, Department of	93.391	1,860,510	739,114
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Human Services, Department of	93.314	112,733	-
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	2,090,190	661,316
COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, Department of	93.323	44,617,124	6,523,274
Total Epidemiology & Laboratory Capacity for Infectious Diseases			<u>46,707,314</u>	<u>7,184,590</u>
State Health Ins Asst Program	Insurance, Department of	93.324	396,751	149,033
Behavioral Risk Factor Surveillance System	Health and Human Services, Department of	93.336	289,189	-
COVID-19 Behavioral Risk Factor Surveillance System	Health and Human Services, Department of	93.336	32,000	-
Total Behavioral Risk Factor Surveillance System			<u>321,189</u>	<u>-</u>
COVID-19 Public Health Crisis Response Awards	Health and Human Services, Department of	93.354	5,641,814	-

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

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<b>Health and Human Services, U.S. Department of (Continued)</b>				
The State Flexibility to Stabilize the Market	Insurance, Department of	93.413	164,631	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Human Services, Department of	93.426	925,382	268,342
ESSA/Preschool Development Grants	Health and Human Services, Department of	93.434	5,488,057	5,426,324
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	373,048	140,255
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	Health and Human Services, Department of	93.436	467,444	105,663
ACL Assistive Technology	Education, Department of	93.464	362,282	-
Title IV-E Kinship Navigator	Health and Human Services, Department of	93.471	154,676	154,676
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	Health and Human Services, Department of	93.521	(4,535)	-
National Health Service Corps	Health and Human Services, Department of	93.547	183,468	-
Promoting Safe and Stable Families	Health and Human Services, Department of	93.556	976,521	865,556
COVID-19 Promoting Safe and Stable Families	Health and Human Services, Department of	93.556	216,274	216,274
Total Promoting Safe and Stable Families			<u>1,192,795</u>	<u>1,081,830</u>
Temporary Assistance for Needy Families	Health and Human Services, Department of	93.558	36,320,828	13,735,054
COVID-19 Temporary Assistance for Needy Families	Health and Human Services, Department of	93.558	4,438,712	-
Total Temporary Assistance for Needy Families			<u>40,759,540</u>	<u>13,735,054</u>
Child Support Enforcement	Health and Human Services, Department of	93.563 ^	22,256,404	9,454,087
Refugee and Entrant Assistance Discretionary Grants	Health and Human Services, Department of	93.566 ^	6,714,841	2,382,308
Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	31,372,319	-
COVID-19 Low-Income Home Energy Assistance	Health and Human Services, Department of	93.568	37,247,065	-
Low-Income Home Energy Assistance	Environment and Energy, Department of	93.568	2,976,610	2,866,620
Total Low-Income Home Energy Assistance			<u>71,595,994</u>	<u>2,866,620</u>
Community Services Block Grant	Health and Human Services, Department of	93.569	5,149,958	5,025,630
COVID-19 Community Services Block Grant	Health and Human Services, Department of	93.569	3,267,985	3,251,253
Total Community Services Block Grant			<u>8,417,943</u>	<u>8,276,883</u>
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, Department of	93.575	18,830,689	3,175,033
COVID-19 Child Care and Development Block Grant	Health and Human Services, Department of	93.575	112,407,383	9,530,168
Total Child Care and Development Block Grant			<u>131,238,072</u>	<u>12,705,201</u>

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

**STATE OF NEBRASKA**  
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<b>Health and Human Services, U.S. Department of (Continued)</b>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, Department of	93.596	30,939,605	-
Total CCDF Cluster			<u>162,177,677</u>	<u>12,705,201</u>
State Court Improvement Program	Supreme Court, Nebraska	93.586	318,521	-
COVID-19 State Court Improvement Program	Supreme Court, Nebraska	93.586	8,840	-
Total State Court Improvement Program			<u>327,361</u>	<u>-</u>
Grants to States for Access and Visitation Programs	Health and Human Services, Department of	93.597	85,685	85,685
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, Department of	93.599	448,460	448,460
COVID-19 Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, Department of	93.599	193,000	193,000
Total Chafee Education and Training Vouchers Program (ETV)			<u>641,460</u>	<u>641,460</u>
Head Start Cluster:				
Head Start	Education, Department of	93.600	125,360	10,216
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, Department of	93.603	514,479	214,364
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	529,200	249,030
COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, Department of	93.630	6,765	-
Total Developmental Disabilities Basic Support and Advocacy Grants			<u>535,965</u>	<u>249,030</u>
Children's Justice Grants to States	Health and Human Services, Department of	93.643	195,000	39,850
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, Department of	93.645	1,755,696	77,846
COVID-19 Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, Department of	93.645	130,144	130,144
Total Stephanie Tubbs Jones Child Welfare Service Program			<u>1,885,840</u>	<u>207,990</u>
Foster Care Title IV-E	Health and Human Services, Department of	93.658	29,992,171	809,213
COVID-19 Foster Care Title IV-E	Health and Human Services, Department of	93.658	493,150	-
Total Foster Care Title IV-E			<u>30,485,321</u>	<u>809,213</u>
Adoption Assistance	Health and Human Services, Department of	93.659	23,611,683	-
COVID-19 Adoption Assistance	Health and Human Services, Department of	93.659	2,595,769	-
Total Adoption Assistance			<u>26,207,452</u>	<u>-</u>
COVID-19 Emergency Grants to Address Mental and Substance Use Orders during COVID-19	Health and Human Services, Department of	93.665	758,435	721,539
Social Services Block Grant	Health and Human Services, Department of	93.667	12,046,488	2,397,127
Child Abuse and Neglect State Grants	Health and Human Services, Department of	93.669	445,383	445,383

^ - Amounts taken from financial status reports

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<b>Health and Human Services, U.S. Department of (Continued)</b>				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	879,075	871,487
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, Department of	93.671	170,340	170,340
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>1,049,415</u>	<u>1,041,827</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, Department of	93.674	1,141,054	756,850
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, Department of	93.674	1,514,880	628,130
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			<u>2,655,934</u>	<u>1,384,980</u>
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	75,449	10,550
COVID-19 Elder Abuse Prevention Interventions Program	Health and Human Services, Department of	93.747	192,621	-
Children's Health Insurance Program	Health and Human Services, Department of	93.767 ^	81,371,403	-
COVID-19 Children's Health Insurance Program	Health and Human Services, Department of	93.767	4,988,447	-
Total Children's Health Insurance Program			<u>86,359,850</u>	<u>-</u>
Medicaid Cluster:				
State Medicaid Fraud Control Units	Attorney General	93.775	1,025,640	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777 ^	3,818,223	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services, Department of	93.777	184,344	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			<u>4,002,567</u>	<u>-</u>
Medical Assistance Program	Health and Human Services, Department of	93.778 ^	2,236,054,995	8,019,553
COVID-19 Medical Assistance Program	Health and Human Services, Department of	93.778 ^	163,433,348	457,449
Total Medical Assistance Program			<u>2,399,488,343</u>	<u>8,477,002</u>
Total Medicaid Cluster			<u>2,404,516,550</u>	<u>8,477,002</u>
Opioid STR	Health and Human Services, Department of	93.788	3,237,126	3,056,365
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, Department of	93.800	261,820	86,516
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, Department of	93.870	1,223,990	1,027,479
COVID-19 Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, Department of	93.870	44,474	44,474
Total Maternal, Infant, & Early Childhood Home Visiting Grant			<u>1,268,464</u>	<u>1,071,953</u>

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**STATE OF NEBRASKA**  
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<b>Health and Human Services, U.S. Department of (Continued)</b>				
The Reduction of Issuer Burden Through Technology Grant Program and The Health Insurance Enforcement and Consumer Protections Grant Program	Insurance, Department of	93.881	24,592	-
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, Department of	93.898	2,368,352	417,869
Grants to States for Operation of Offices of Rural Health	Health and Human Services, Department of	93.913	259,701	19,453
HIV Care Formula Grants	Health and Human Services, Department of	93.917	4,568,117	-
COVID-19 HIV Care Formula Grants	Health and Human Services, Department of	93.917	74,232	74,232
Total HIV Care Formula Grants			<u>4,642,349</u>	<u>74,232</u>
HIV Prevention Activities_Health Department Based	Health and Human Services, Department of	93.940	957,334	322,194
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, Department of	93.946	159,804	-
Block Grants for Community Mental Health Services	Health and Human Services, Department of	93.958	2,839,684	2,557,245
COVID-19 Block Grants for Community Mental Health Services	Health and Human Services, Department of	93.958	153,616	144,896
Total Block Grants for Community Mental Health Services			<u>2,993,300</u>	<u>2,702,141</u>
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, Department of	93.959	6,152,615	5,792,868
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, Department of	93.959	415,208	386,793
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>6,567,823</u>	<u>6,179,661</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, Department of	93.977	465,341	66,008
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, Department of	93.977	161,676	118,270
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants			<u>627,017</u>	<u>184,278</u>
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education, Department of	93.981	506,487	58,435
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	313,121	49,372
Total Improving Student Health and Academic Achievement			<u>819,608</u>	<u>107,807</u>
Mental Health Disaster Assistance and Emergency Mental Health	Health and Human Services, Department of	93.982	2,125,535	2,125,535
Preventive Health and Health Services Block Grant	Health and Human Services, Department of	93.991	2,289,305	607,295
Maternal and Child Health Services Block Grant to the States	Health and Human Services, Department of	93.994	3,580,357	1,491,667
Medicated Feed Inspection Contract	Agriculture, Department of	93.U01	86,811	-
Food Inspection Contract	Agriculture, Department of	93.U03	31,886	-
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 3,049,788,102</u>	<u>130,069,660</u>

^ - Amounts taken from financial status reports

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<b>Homeland Security, U.S. Department of</b>				
State Domestic Preparedness Eq	Military Department	97.004	\$ (347)	-
Urban Areas Security Init (Non-Profit Security Program)	Military Department	97.008	365,390	360,393
Homeland Security Grant Program	Military Department	97.067	3,501,943	2,706,904
Boating Safety Financial Assistance	Game and Parks Commission	97.012	598,775	-
Community Assistance Program State Support Services Element (CAP-SSSE)	Natural Resources, Department of	97.023	128,022	-
Flood Mitigation Assistance	Natural Resources, Department of	97.029	48,207	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	54,950,985	53,948,550
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military Department	97.036	74,102,714	62,366,239
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			129,053,699	116,314,789
Hazard Mitigation Grant	Military Department	97.039	3,990,223	3,644,937
COVID-19 Hazard Mitigation Grant	Military Department	97.039	8,658	-
Total Hazard Mitigation Grants			3,998,881	3,644,937
National Dam Safety Program	Natural Resources, Department of	97.041	170,325	-
Emergency Management Performance Grants	Military Department	97.042	4,068,485	2,623,793
COVID-19 Emergency Management Performance Grants	Military Department	97.042	901,906	39,948
Total Emergency Management Performance Grants			4,970,391	2,663,741
State Fire Training Systems Grants	Fire Marshal	97.043	25,430	-
Cooperating Technical Partners	Natural Resources, Department of	97.045	568,402	-
BRIC: Building Resilient Infrastructure and Communities	Military Department	97.047	451,317	451,317
Presidential Declared Disaster Assistance to Individual and Households	Labor, Department of	97.050	6,326	-
<b>Total U.S. Department of Homeland Security</b>			\$ 143,886,761	126,142,081
<b>Housing &amp; Urban Development, U.S. Department of</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Economic Development, Department of	14.228	\$ 11,283,335	9,428,488
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Economic Development, Department of	14.228	2,153,671	1,907,621
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			13,437,006	11,336,109
Emergency Solutions Grant Program	Health and Human Services, Department of	14.231	970,441	884,414
COVID-19 Emergency Solutions Grant Program	Health and Human Services, Department of	14.231	3,435,787	3,411,043
Total Emergency Solutions Grant Program			4,406,228	4,295,457
Home Investment Partnerships Program	Economic Development, Department of	14.239	2,759,573	2,499,257

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<b>Housing &amp; Urban Development, U.S. Department of (Continued)</b>				
Housing Opportunities for Persons with AIDS	Health and Human Services, Department of	14.241	571,813	562,741
COVID-19 Housing Opportunities for Persons with AIDS	Health and Human Services, Department of	14.241	10,112	10,112
Total Housing Opportunities for Persons with AIDS			<u>581,925</u>	<u>572,853</u>
Housing Trust Fund	Economic Development, Department of	14.275	5,103,755	4,932,882
Fair Housing Assistance Program_State and Local	Equal Opportunity Commission	14.401	265,465	-
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<u>\$ 26,553,952</u>	<u>23,636,558</u>
<b>Institute of Museum and Library Services</b>				
Grants to States	Library Commission	45.310	\$ 1,492,280	-
COVID-19 Grants to States	Library Commission	45.310	2,287,419	-
Total Grants to States			<u>3,779,699</u>	<u>-</u>
National Leadership Grants	Library Commission	45.312	78,177	-
National Leadership Grants	Historical Society	45.312	51,212	-
Total National Leadership Grants			<u>129,389</u>	<u>-</u>
<b>Total Institute of Museum and Library Services</b>			<u>\$ 3,909,088</u>	<u>-</u>
<b>Interior, U.S. Department of the</b>				
Cultural and Paleontological Resource Management	Education, Department of	15.224	\$ 2,215	2,215
Cultural Resources Management	Historical Society	15.511	23,090	-
Fish and Wildlife Coordination Act	Game and Parks Commission	15.517	1,268	-
Recreation Resources Management	Game and Parks Commission	15.524	184,677	-
Fish and Wildlife Management Assistance	Game and Parks Commission	15.608	146,467	127,711
Fish and Wildlife Cluster:				
Sport Fish Restoration	Game and Parks Commission	15.605	4,748,825	429,121
Wildlife Restoration and Basic Hunter Education	Game and Parks Commission	15.611	10,893,299	2,982,393
Enhanced Hunter Education and Safety	Game and Parks Commission	15.626	114,275	-
Total Fish and Wildlife Cluster			<u>15,756,399</u>	<u>3,411,514</u>
Cooperative Endangered Species Conservation Fund	Game and Parks Commission	15.615	60,358	45,068
Partners for Fish and Wildlife	Game and Parks Commission	15.631	3,616	-
State Wildlife Grants	Game and Parks Commission	15.634	1,070,869	601,387
Migratory Bird Joint Ventures	Game and Parks Commission	15.637	57,512	46,213

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<b>Interior, U.S. Department of the (Continued)</b>				
Historic Preservation Fund Grants-In-Aid	Historical Society	15.904	846,001	102,246
Outdoor Recreation_Acquisition, Development and Planning	Game and Parks Commission	15.916	1,394,435	1,169,435
<b>Total U.S. Department of the Interior</b>			\$ 19,546,907	5,505,789
<b>Justice, U.S. Department of</b>				
Sexual Assault Services Formula Program	Law Enforcement and Criminal Justice, Commission for	16.017	\$ 306,165	293,708
COVID-19 Coronavirus Emergency Supplemental Fund Program	Law Enforcement and Criminal Justice, Commission for	16.034	1,432,986	1,410,299
Services for Trafficking Victims	Department of Health & Human Services	16.320	107,070	107,070
Juvenile Justice and Delinquency Prevention	Law Enforcement and Criminal Justice, Commission for	16.540	21,602	2,648
Just Juvenile Justice & Delinquency	State Patrol	16.542	52,484	-
Missing Children's Assistance	State Patrol	16.543	318,586	-
State Justice Statistics Program for Statistical Analysis Centers	Law Enforcement and Criminal Justice, Commission for	16.550	54,509	-
National Criminal History Improvement Program (NCHIP)	State Patrol	16.554	1,637,032	276,225
Crime Victim Assistance	Law Enforcement and Criminal Justice, Commission for	16.575	10,972,866	9,319,011
Crime Victim Compensation	Law Enforcement and Criminal Justice, Commission for	16.576	155,268	-
Justice Reinvestment Initiative	Supreme Court, Nebraska	16.827	119,191	-
Justice Reinvestment Initiative	Pardons, Board of	16.827	194,319	-
Total Justice Reinvestment Initiative			313,510	-
Crime Victim Assistance/Discretionary Grants	Law Enforcement and Criminal Justice, Commission for	16.582	213,073	-
Violence Against Women Formula Grants	Law Enforcement and Criminal Justice, Commission for	16.588	1,510,736	1,306,040
Residential Substance Abuse Treatment for State Prisoners	Law Enforcement and Criminal Justice, Commission for	16.593	3,156	-
Special Data Collection	State Patrol	16.734	8,699	-
Edward Byrne Memorial Justice Assistance Grant Program	Law Enforcement and Criminal Justice, Commission for	16.738	725,424	509,018
DNA Backlog Reduction Program	State Patrol	16.741	716,023	-
Paul Coverdell Forensic Sciences Improvement Grant Program	State Patrol	16.742	130,646	-
Support for Adam Walsh Act Implementation Grant Program	State Patrol	16.750	140,985	-
Edward Byrne Memorial Competitive Grant Program	Law Enforcement and Criminal Justice, Commission for	16.751	2,798	2,798
Harold Rogers Prescription Drug Monitoring Program	Health & Human Services, Department of	16.754	558	-
Second Chance Act Reentry Initiative	Pardons, Board of	16.812	48,376	-
NICS Act Record Improvement Program	State Patrol	16.813	404,903	27,619
JRJ Prosecutors & Defenders	Law Enforcement and Criminal Justice, Commission for	16.816	31,084	30,940
Stop School Violence	Education, Department of	16.839	137,689	74,327

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEBRASKA**  
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<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Justice, U.S. Department of (Continued)</b>				
Equitable Sharing Program	State Patrol	16.922	236,282	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	State Patrol	16.922	516,948	-
Federal Equitable Sharing Program: Public Safety Cash Treasury	State Patrol	16.922	21,595	-
Total Equitable Sharing Program			<u>774,825</u>	<u>-</u>
DEA Grants	State Patrol	16.U01	7,594	-
<b>Total U.S. Department of Justice</b>			<u>\$ 20,228,647</u>	<u>13,359,703</u>
<b>Labor, U.S. Department of</b>				
Labor Force Statistics	Labor, Department of	17.002	\$ 768,113	-
Compensation and Working Conditions	Worker's Compensation Court	17.005	41,789	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	17.207	5,561,557	-
Jobs for Veterans State Grants	Labor, Department of	17.801	876,272	-
Total Employment Service Cluster			<u>6,437,829</u>	<u>-</u>
Unemployment Insurance - Federal	Labor, Department of	17.225	724,323	-
COVID-19 Unemployment Insurance - Federal	Labor, Department of	17.225	6,443,681	-
Total Unemployment Insurance - Federal			<u>7,168,004</u>	<u>-</u>
Unemployment Insurance - State	Labor, Department of	17.225	55,126,619	-
Unemployment Insurance - Admin	Labor, Department of	17.225	14,908,363	-
Unemployment Insurance - Admin Reed Act	Labor, Department of	17.225	4,229,934	-
COVID-19 Unemployment Insurance - Admin	Labor, Department of	17.225	4,007,520	-
Total Unemployment Insurance - Admin			<u>23,145,817</u>	<u>-</u>
Total Unemployment Insurance			<u>85,440,440</u>	<u>-</u>
Senior Community Service Employment Program	Labor, Department of	17.235	556,083	-
Senior Community Service Employment Program	Health and Human Services, Department of	17.235	76,629	76,629
Total Senior Community Service Employment Program			<u>632,712</u>	<u>76,629</u>
Trade Adjustment Assistance	Labor, Department of	17.245	525,526	-
WIOA Cluster:				
WIOA Adult Program	Labor, Department of	17.258	2,159,914	1,475,902
WIOA Youth Activities	Labor, Department of	17.259	2,607,123	1,909,487
WIOA Dislocated Worker Formula Grants	Labor, Department of	17.278	2,213,498	952,856
Total WIOA Cluster			<u>6,980,535</u>	<u>4,338,245</u>

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**STATE OF NEBRASKA**  
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<b>Labor, U.S. Department of (Continued)</b>				
Reentry Employment Opportunities	Labor, Department of	17.270	139	-
Work Opportunity Tax Credit Program (WOTC)	Labor, Department of	17.271	138,522	-
Temporary Labor Certification for Foreign Workers	Labor, Department of	17.273	147,106	-
WIOA National Dislocated Worker Grant/WIA National Emergency Grants	Labor, Department of	17.277	217,870	-
Apprenticeship USA Grants	Labor, Department of	17.285	122,896	-
Consultation Agreements	Labor, Department of	17.504	593,638	-
<b>Total U.S. Department of Labor</b>			<b>\$ 102,047,115</b>	<b>4,414,874</b>
<b>National Endowment for the Arts</b>				
Promotion of the Arts_Partnership Agreements	Arts Council	45.025	\$ 586,357	331,820
COVID-19 Promotion of the Arts_Partnership Agreements	Arts Council	45.025	767,800	740,419
Total of Promotion of the Arts_Partnership Agreements			1,354,157	1,072,239
<b>Total National Endowment for the Arts</b>			<b>\$ 1,354,157</b>	<b>1,072,239</b>
<b>President, Executive Office of the</b>				
High Intensity Drug Trafficking Areas Program	State Patrol	95.001	\$ 1,302,972	895,554
<b>Total Executive Office of the President</b>			<b>\$ 1,302,972</b>	<b>895,554</b>
<b>Small Business Administration</b>				
State Trade Expansion Program	Economic Development, Department of	59.061	\$ 202,149	92,911
<b>Total Small Business Administration</b>			<b>\$ 202,149</b>	<b>92,911</b>
<b>Social Security Administration</b>				
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Education, Department of	96.001	\$ 10,874,769	-
Supplemental Security Income	Education, Department of	96.006	951,998	848,002
Supplemental Security Income	Blind and Visually Impaired Commission	96.006	403,332	-
Total Supplemental Security Income			1,355,330	848,002
Total Disability Insurance/SSI Cluster			12,230,099	848,002
<b>Total Social Security Administration</b>			<b>\$ 12,230,099</b>	<b>848,002</b>
<b>Transportation, U.S. Department of</b>				
Airport Improvement Program	Transportation, Department of	20.106	\$ 25,353,368	25,073,261
COVID-19 Airport Improvement Program	Transportation, Department of	20.106	6,347,938	6,304,168
Total Airport Improvement Program			31,701,306	31,377,429

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**STATE OF NEBRASKA**  
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<b>Transportation, U.S. Department of (Continued)</b>				
Highway Research and Development Program	Transportation, Department of	20.200	734,076	-
Highway Planning and Construction Cluster:				
Highway Planning and Construction	Transportation, Department of	20.205	439,899,192	29,124,152
COVID-19 Highway Planning & Construction	Transportation, Department of	20.205	12,550,673	153,643
Total Highway Planning & Construction			<u>452,449,865</u>	<u>29,277,795</u>
Recreational Trails Program	Game and Parks Commission	20.219	2,604,714	779,276
Total Highway Planning and Construction Cluster			<u>455,054,579</u>	<u>30,057,071</u>
Highway Training and Education	Transportation, Department of	20.215	134,121	-
FMCSA Cluster:				
Motor Carrier Safety Assistance	State Patrol	20.218	3,192,526	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	State Patrol	20.237	324,316	-
Total FMCSA Cluster			<u>3,516,842</u>	-
Commercial Driver's License Program Implementation Grant	Motor Vehicles, Department of	20.232	18,336	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, Department of	20.505	516,987	384,173
Formula Grants for Rural Areas	Transportation, Department of	20.509	10,714,241	7,986,612
COVID-19 Formula Grants for Rural Areas	Transportation, Department of	20.509	4,823,523	4,823,523
Total Formula Grants for Rural Areas			<u>15,537,764</u>	<u>12,810,135</u>
Transit Services Programs Cluster:				
Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation, Department of	20.513	340,791	324,898
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, Department of	20.600	2,992,610	2,019,673
Incentive Grant Program to Prohibit Racial Profiling	Transportation, Department of	20.611	247,915	247,915
National Priority Safety Programs	Transportation, Department of	20.616	2,000,997	1,062,920
Total Highway Safety Cluster			<u>5,241,522</u>	<u>3,330,508</u>
E-911 Grant Program	Public Service Commission	20.615	952,859	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	Transportation, Department of	20.614	91,612	-
Pipeline Safety Program State Base Grant	Fire Marshal	20.700	424,097	127,909
Interagency Hazardous Materials Public Sector Training and Planning Grants	Military Department	20.703	261,817	109,924
National Infrastructure Investments	Transportation, Department of	20.933	14,480,637	8,951,462
<b>Total U.S. Department of Transportation</b>			<u>\$ 529,007,346</u>	<u>87,473,509</u>

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**STATE OF NEBRASKA**  
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<u>Federal Agency/Program Title</u>	<u>State Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Veterans Affairs, U.S. Department of</b>				
Grants to States for Construction of State Home Facilities	Veterans' Affairs, Department of	64.005	\$ 371,994	-
Veterans State Domiciliary Care	Veterans' Affairs, Department of	64.014	1,639,456	-
Veterans State Nursing Home Care	Veterans' Affairs, Department of	64.015	17,834,287	-
<b>Total U.S. Department of Veterans Affairs</b>			<u>\$ 19,845,737</u>	<u>-</u>
<b>Treasury, U.S. Department of the</b>				
COVID-19 Coronavirus Relief Fund	Military Department	21.019	\$ 74,095,358	3,401,074
COVID-19 Emergency Rental Assistance	Military Department	21.023	26,433,240	-
COVID-19 Homeowner Assistance Fund	Military Department	21.026	6,265,182	451,581
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Military Department	21.027	31,437,363	-
<b>Total U.S. Department of the Treasury</b>			<u>\$ 138,231,143</u>	<u>3,852,655</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,268,294,431</u>	<u>1,022,484,664</u>

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**STATE OF NEBRASKA**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Agriculture, Department of</b>				
Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, U.S. Department of	10.025	\$ 1,033,330	-
Specialty Crop Block Grant Program - Farm Bill	Agriculture, U.S. Department of	10.170	742,745	662,551
State Mediation Grants	Agriculture, U.S. Department of	10.435	124,119	-
Meat and Poultry Inspection	Agriculture, U.S. Department of	10.477	3	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	Agriculture, U.S. Department of	10.525	323,542	317,409
WIC Farmers' Market Nutrition Program (FMNP)	Agriculture, U.S. Department of	10.572	38,014	-
Senior Farmers Market Nutrition Program	Agriculture, U.S. Department of	10.576	187,152	-
Nebraska Rural Rehabilitation Program	Agriculture, U.S. Department of	10.U01	201,050	-
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	869,071	-
Food and Drug Administration_Research	Health and Human Services, U.S. Department of	93.103	669,516	-
Medicated Feed Inspection Contract	Health and Human Services, U.S. Department of	93.U01	86,811	-
Food Inspection Contract	Health and Human Services, U.S. Department of	93.U03	31,886	-
<b>Total Department of Agriculture</b>			<b>\$ 4,307,239</b>	<b>979,960</b>
<b>Arts Council</b>				
Promotion of the Arts_Partnership Agreements	National Endowment for the Arts	45.025	\$ 586,357	331,820
COVID-19 Promotion of the Arts_Partnership Agreements	National Endowment for the Arts	45.025	767,800	740,419
Total of Promotion of the Arts_Partnership Agreements			1,354,157	1,072,239
<b>Total Arts Council</b>			<b>\$ 1,354,157</b>	<b>1,072,239</b>
<b>Attorney General</b>				
Medicaid Cluster:				
State Medicaid Fraud Control Units	Health and Human Services, U.S. Department of	93.775	\$ 1,025,640	-
<b>Total Attorney General</b>			<b>\$ 1,025,640</b>	<b>-</b>
<b>Blind and Visually Impaired Commission</b>				
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	\$ 3,098,738	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	Education, U.S. Department of	84.177	(95,967)	-
Supported Employment Services for Individuals with the Most Significant Disabilities	Education, U.S. Department of	84.187	22,470	-
Randolph-Sheppard Financial Relief and Restoration	Education, U.S. Department of	84.426A	192,635	-
Disability Insurance/SSI Cluster:				
Supplemental Security Income	Social Security Administration	96.006	403,332	-
<b>Total Blind and Visually Impaired Commission</b>			<b>\$ 3,621,208</b>	<b>-</b>

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**STATE OF NEBRASKA**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Corrections, Department of</b>				
Donation of Federal Surplus Personal Property	General Services Administration	39.003	\$ 1,049,607	-
<b>Total Department of Corrections</b>			<u>\$ 1,049,607</u>	<u>-</u>
<b>Economic Development, Department of</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	\$ 11,283,335	9,428,488
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Housing & Urban Development, U.S. Department of	14.228	2,153,671	1,907,621
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>13,437,006</u>	<u>11,336,109</u>
Home Investment Partnerships Program	Housing & Urban Development, U.S. Department of	14.239	2,759,573	2,499,257
Housing Trust Fund	Housing & Urban Development, U.S. Department of	14.275	5,103,755	4,932,882
State Trade Expansion Program	Small Business Administration	59.061	202,149	92,911
<b>Total Department of Economic Development</b>			<u>\$ 21,502,483</u>	<u>18,861,159</u>
<b>Education, Department of</b>				
Child Nutrition Cluster:				
School Breakfast Program	Agriculture, U.S. Department of	10.553	\$ 36,677,596	36,677,596
National School Lunch Program	Agriculture, U.S. Department of	10.555	183,288,714	183,288,714
COVID-19 National School Lunch Program	Agriculture, U.S. Department of	10.555	5,086,860	5,086,860
Total National School Lunch Program			<u>188,375,574</u>	<u>188,375,574</u>
Special Milk Program for Children	Agriculture, U.S. Department of	10.556	42,625	42,625
Summer Food Service Program for Children	Agriculture, U.S. Department of	10.559	11,925,547	10,884,927
Fresh Fruit and Vegetable Program	Agriculture, U.S. Department of	10.582	2,635,480	2,541,081
Total Child Nutrition Cluster			<u>239,656,822</u>	<u>238,521,803</u>
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	25,633,917	25,633,917
COVID-19 Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	1,318,803	1,318,803
Total Child and Adult Care Food Program			<u>26,952,720</u>	<u>26,952,720</u>
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	642,132	-
Team Nutrition Grants	Agriculture, U.S. Department of	10.574	54,328	-
Farm to School Grant Program	Agriculture, U.S. Department of	10.575	46,582	14,963
Child Nutrition Discretionary Grants Limited Availability	Agriculture, U.S. Department of	10.579	72,971	72,971

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<b>Education, Department of (Continued)</b>				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to Counties	Agriculture, U.S. Department of	10.666	316,280	316,280
Payments to States in Lieu of Real Estate Taxes	Defense, U.S. Department of	12.112	144,709	144,709
Cultural and Paleontological Resource Management	Interior, U.S. Department of the	15.224	2,215	2,215
Stop School Violence	Justice, U.S. Department of	16.839	137,689	74,327
FCC - Certification	Federal Communications Commission	32.U01	21,975	15,226
Adult Education - Basic Grants to States	Education, U.S. Department of	84.002	3,303,182	2,911,720
Title I Grants to Local Educational Agencies	Education, U.S. Department of	84.010	91,781,104	91,043,602
Migrant Education_State Grant Program	Education, U.S. Department of	84.011	7,031,878	6,724,828
Title I State Agency Program for Neglected and Delinquent Children and Youth	Education, U.S. Department of	84.013	629,350	622,754
Special Education Cluster (IDEA):				
Special Education_Grants to States	Education, U.S. Department of	84.027	84,066,525	80,712,872
COVID-19 Special Education_Grants to States	Education, U.S. Department of	84.027	1,662,430	1,662,430
Total Special Education_Grants to States			<u>85,728,955</u>	<u>82,375,302</u>
Special Education_Preschool Grants	Education, U.S. Department of	84.173	2,734,834	2,458,871
COVID-19 Special Education_Preschool Grants	Education, U.S. Department of	84.173	199,256	199,256
Total Special Education_Preschool Grants			<u>2,934,090</u>	<u>2,658,127</u>
Total Special Education Cluster (IDEA)			<u>88,663,045</u>	<u>85,033,429</u>
Career and Technical Education – Basic Grants to States	Education, U.S. Department of	84.048	7,521,523	6,217,262
Career and Technical Education – National Programs	Education, U.S. Department of	84.051	198,985	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	Education, U.S. Department of	84.126	16,542,538	-
Migrant Education_Coordination Program	Education, U.S. Department of	84.144	21,142	-
Rehabilitation Services_Client Assistance Program	Education, U.S. Department of	84.161	122,707	-
Special Education-Grants for Infants and Families	Education, U.S. Department of	84.181	2,632,846	2,008,858
COVID-19 Special Education-Grants for Infants and Families	Education, U.S. Department of	84.181	209,696	178,527
Total Special Education-Grants for Infants and Families			<u>2,842,542</u>	<u>2,187,385</u>
School Safety National Activities	Education, U.S. Department of	84.184	465,405	-
Education for Homeless Children and Youth	Education, U.S. Department of	84.196	476,518	402,019
Rehabilitation Services Demonstration and Training Programs	Education, U.S. Department of	84.235	10,065	-
Twenty-First Century Community Learning Centers	Education, U.S. Department of	84.287	6,792,374	6,447,340
Statewide Family Engagement Centers	Education, U.S. Department of	84.310	4,964	-
Special Education - State Personnel Development	Education, U.S. Department of	84.323	522,557	167,765
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Education, U.S. Department of	84.325	37,281	22,710

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<b>Education, Department of (Continued)</b>				
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education, U.S. Department of	84.326	73,594	49,987
Rural Education	Education, U.S. Department of	84.358	38,442	38,139
English Language Acquisition State Grants	Education, U.S. Department of	84.365	4,386,061	4,162,820
Supporting Effective Instruction State Grant	Education, U.S. Department of	84.367	10,841,539	10,200,896
Competitive Grants for State Assessments	Education, U.S. Department of	84.368	1,218,496	-
Grants for State Assessments and Related Activities	Education, U.S. Department of	84.369	4,446,231	-
Statewide Data Systems	Education, U.S. Department of	84.372	1,318,795	-
School Improvement Grants	Education, U.S. Department of	84.377	358,234	358,234
Disability Innovation Fund	Education, U.S. Department of	84.421	288,373	4,307
Student Support and Academic Enrichment Program	Education, U.S. Department of	84.424	4,948,002	4,801,449
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER I)	Education, U.S. Department of	84.425C	1,951,596	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER I)	Education, U.S. Department of	84.425D	14,192,314	11,110,094
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (ESSER II)	Education, U.S. Department of	84.425D	72,492,015	68,309,419
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	10,589,432	-
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education, U.S. Department of	84.425U	21,826,336	16,916,453
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP HCY)	Education, U.S. Department of	84.425W	37,832	-
Total Education Stabilization Fund			121,089,525	96,335,966
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	2,242	-
Traumatic Brain Injury State Demonstration Grant Program	Health and Human Services, U.S. Department of	93.234	210,836	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	2,118,493	-
University of Nebraska - Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	37,186	-
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance			2,155,679	-
ACL Assistive Technology	Health and Human Services, U.S. Department of	93.464	362,282	-

^ - 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**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Education, Department of (Continued)</b>				
Head Start Cluster:				
Head Start	Health and Human Services, U.S. Department of	93.600	125,360	10,216
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	506,487	58,435
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	313,121	49,372
Total Improving Student Health and Academic Achievement			<u>819,608</u>	<u>107,807</u>
Disability Insurance/SSI Cluster:				
Social Security_Disability Insurance	Social Security Administration	96.001	10,874,769	-
Supplemental Security Income	Social Security Administration	96.006	951,998	848,002
Total Disability Insurance/SSI Cluster			<u>11,826,767</u>	<u>848,002</u>
<b>Total Department of Education</b>			<b>\$ <u>659,525,649</u></b>	<b><u>584,813,851</u></b>
<b>Environment and Energy, Department of</b>				
State Memorandum of Agreement Program for the Reimbursement of Technical Services	Defense, U.S. Department of	12.113	\$ 103,594	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency, U.S.	66.034	309,653	-
Diesel Emissions Reduction Act (DERA) State Grants	Environmental Protection Agency, U.S.	66.040	548,647	-
Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency, U.S.	66.419	220,151	-
State Public Water System Supervision	Environmental Protection Agency, U.S.	66.432	1,275,881	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	Environmental Protection Agency, U.S.	66.442	23,550	-
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Environmental Protection Agency, U.S.	66.444	251,059	-
Water Quality Management Planning	Environmental Protection Agency, U.S.	66.454	58,874	-
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency, U.S.	66.458	12,034,361	12,034,361
Nonpoint Source Implementation Grants	Environmental Protection Agency, U.S.	66.460	3,015,985	-
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency, U.S.	66.468	13,214,227	11,788,022
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	5,129,471	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Protection Agency, U.S.	66.802	460,386	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program Recovery	Environmental Protection Agency, U.S.	66.805	572,966	-

^ - 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**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Environment and Energy, Department of (Continued)</b>				
State and Tribal Response Program Grants	Environmental Protection Agency, U.S.	66.817	498,652	-
State Energy Program	Energy, U.S. Department of	81.041	431,987	-
Weatherization Assistance for Low-Income Persons	Energy, U.S. Department of	81.042	2,397,746	2,057,622
State Energy Program Special Projects	Energy, U.S. Department of	81.119	44,656	44,656
State Heating Oil and Propane Program	Energy, U.S. Department of	81.138	6,755	-
Food and Drug Administration Research	Health and Human Services, U.S. Department of	93.103	2,573	-
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	2,976,610	2,866,620
<b>Total Department of Environmental and Energy</b>			\$ 43,577,784	28,791,281
<b>Equal Opportunity Commission</b>				
Fair Housing Assistance Program_State and Local	Housing & Urban Development, U.S. Department of	14.401	\$ 265,465	-
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	Equal Employment Opportunity Commission, U.S.	30.001	521,820	-
<b>Total Equal Opportunity Commission</b>			\$ 787,285	-
<b>Fire Marshal</b>				
Pipeline Safety Program State Base Grant	Transportation, U.S. Department of	20.700	\$ 424,097	127,909
Environmental Information Exchange Network	Environmental Protection Agency, U.S.	66.608	70,965	-
Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency, U.S.	66.804	322,784	-
State Fire Training Systems Grants	Homeland Security, U.S. Department of	97.043	25,430	-
<b>Total Fire Marshal</b>			\$ 843,276	127,909
<b>Game and Parks Commission</b>				
Wetlands Reserve Program	Agriculture, U.S. Department of	10.072	\$ 37,866	-
Voluntary Public Access and Habitat Incentive	Agriculture, U.S. Department of	10.093	843,606	454,232
Cooperative Forestry Assistance	Agriculture, U.S. Department of	10.664	19,950	-
Agriculture Conservation Easement Program	Agriculture, U.S. Department of	10.931	21,633	-
Regional Conservation Partnership Program	Agriculture, U.S. Department of	10.932	3,919	3,919
Recreation Resources Management	Interior, U.S. Department of the	15.524	184,677	-
Fish and Wildlife Coordination Act	Interior, U.S. Department of the	15.517	1,268	-
Fish and Wildlife Management Assistance	Interior, U.S. Department of the	15.608	146,467	127,711
Fish and Wildlife Cluster:				
Sport Fish Restoration	Interior, U.S. Department of the	15.605	4,748,825	429,121
Wildlife Restoration and Basic Hunter Education	Interior, U.S. Department of the	15.611	10,893,299	2,982,393
Enhanced Hunter Education and Safety	Interior, U.S. Department of the	15.626	114,275	-
Total Fish and Wildlife Cluster			15,756,399	3,411,514

^ - 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**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Game and Parks Commission (Continued)</b>				
Cooperative Endangered Species Conservation Fund	Interior, U.S. Department of the	15.615	60,358	45,068
Partners for Fish and Wildlife	Interior, U.S. Department of the	15.631	3,616	-
State Wildlife Grants	Interior, U.S. Department of the	15.634	1,070,869	601,387
Migratory Bird Joint Ventures	Interior, U.S. Department of the	15.637	57,512	46,213
Outdoor Recreation_Acquisition, Development and Planning	Interior, U.S. Department of the	15.916	1,394,435	1,169,435
Highway Planning and Construction Cluster:				
Recreational Trails Program	Transportation, U.S. Department of	20.219	2,604,714	779,276
Multipurpose Grants to States and Tribes	Environmental Protection Agency, U.S.	66.204	33,690	-
Regional Wetland Program Development Grants	Environmental Protection Agency, U.S.	66.461	101,164	70,266
Boating Safety Financial Assistance	Homeland Security, U.S. Department of	97.012	598,775	-
<b>Total Game and Parks Commission</b>			\$ 22,940,918	6,709,021
<b>Health and Human Services, Department of</b>				
COVID-19 Pandemic EBT Food Benefits	Agriculture, U.S. Department of	10.542	\$ 77,577,924	-
SNAP Cluster:				
Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.551	268,824,586	-
COVID-19 Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.551	24,693,612	-
Total Supplemental Nutrition Assistance Program			293,518,198	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.561	23,718,702	1,629,165
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture, U.S. Department of	10.561	1,013,076	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			24,731,778	1,629,165
Total SNAP Cluster			318,249,976	1,629,165
Child Nutrition Cluster:				
National School Lunch Program	Agriculture, U.S. Department of	10.555	15,602,088	-
Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture, U.S. Department of	10.557	26,472,895	9,423,020
COVID-19 Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture, U.S. Department of	10.557	1,572,163	-
Total Special Supplemental Nutrition Program for Women, Infants, and Children			28,045,058	9,423,020
Child and Adult Care Food Program	Agriculture, U.S. Department of	10.558	142,176	-
State Administrative Expenses for Child Nutrition	Agriculture, U.S. Department of	10.560	667,178	-

^ - 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, 2022**

<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
Food Distribution Cluster:				
Commodity Supplemental Food Program	Agriculture, U.S. Department of	10.565	2,563,052	444,846
COVID-19 Commodity Supplemental Food Program	Agriculture, U.S. Department of	10.565	20,076	20,076
Total Commodity Supplemental Food Program			2,583,128	464,922
Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	510,952	510,952
COVID-19 Emergency Food Assistance Program (Administrative Costs)	Agriculture, U.S. Department of	10.568	351,246	351,246
Total Emergency Food Assistance Program (Administrative Costs)			862,198	862,198
Emergency Food Assistance Program (Food Commodities)	Agriculture, U.S. Department of	10.569	6,711,575	-
Total Food Distribution Cluster			10,156,901	1,327,120
WIC Grants To States (WGS)	Agriculture, U.S. Department of	10.578	20,075	-
COVID-19 Pandemic EBT Administrative Costs	Agriculture, U.S. Department of	10.649	1,152,403	-
Emergency Solutions Grant Program	Housing & Urban Development, U.S. Department of	14.231	970,441	884,414
COVID-19 Emergency Solutions Grant Program	Housing & Urban Development, U.S. Department of	14.231	3,435,787	3,411,043
Total Emergency Solutions Grant Program			4,406,228	4,295,457
Housing Opportunities for Persons with AIDS	Housing & Urban Development, U.S. Department of	14.241	571,813	562,741
COVID-19 Housing Opportunities for Persons with AIDS	Housing & Urban Development, U.S. Department of	14.241	10,112	10,112
Total Housing Opportunities for Persons with AIDS			581,925	572,853
Services for Trafficking Victims	Justice, U.S. Department of	16.320	107,070	107,070
Harold Rogers Prescription Drug Monitoring Program	Justice, U.S. Department of	16.754	558	-
Senior Community Service Employment Program	Labor, U.S. Department of	17.235	76,629	76,629
State Indoor Radon Grants	Environmental Protection Agency, U.S.	66.032	175,597	28,858
Performance Partnership Grants	Environmental Protection Agency, U.S.	66.605	203,309	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Protection Agency, U.S.	66.707	4,719	-
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	17,433	-
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	91,439	91,439
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	15,839	15,624
Total Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			107,278	107,063
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	123,544	85,066

^ - 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**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
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	1,401,945	922,492
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	111,017	111,017
Total Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers			<u>1,512,962</u>	<u>1,033,509</u>
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, U.S. Department of	93.045	3,613,894	3,569,258
COVID-19 Special Programs for the Aging_ Title III, Part C_ Nutrition Services	Health and Human Services, U.S. Department of	93.045	589,520	555,490
Total Special Programs for the Aging_ Title III, Part C_ Nutrition Services			<u>4,203,414</u>	<u>4,124,748</u>
COVID-19 Special Programs for the Aging - Title IV and Title II - Discretionary Projects	Health and Human Services, U.S. Department of	93.048	103,466	103,466
Nutrition Services Incentive Program	Health and Human Services, U.S. Department of	93.053	936,434	936,434
Total Aging Cluster			<u>6,756,276</u>	<u>6,198,157</u>
National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	623,023	531,657
COVID-19 National Family Caregiver Support, Title III, Part E	Health and Human Services, U.S. Department of	93.052	92,492	92,492
Total National Family Caregiver Support, Title III, Part E			<u>715,515</u>	<u>624,149</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster:				
Public Health Emergency Preparedness	Health and Human Services, U.S. Department of	93.069	5,265,913	4,747,083
National Bioterrorism Hospital Preparedness Program	Health and Human Services, U.S. Department of	93.889	892,189	639,424
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			<u>877,738</u>	<u>639,424</u>
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster			<u>6,143,651</u>	<u>5,386,507</u>
Guardianship Assistance	Health and Human Services, U.S. Department of	93.090 ^	326,686	-
COVID-19 Guardianship Assistance	Health and Human Services, U.S. Department of	93.090	23,502	-
Total Guardianship Assistance			<u>350,188</u>	<u>-</u>
Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services, U.S. Department of	93.092	228,328	150,227
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Health and Human Services, U.S. Department of	93.104	83,085	83,085
Maternal and Child Health Federal Consolidated Programs	Health and Human Services, U.S. Department of	93.110	581,946	216,970
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services, U.S. Department of	93.116	226,126	-
Emergency Medical Services for Children	Health and Human Services, U.S. Department of	93.127	98,481	-

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See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEBRASKA**  
**Schedule of Expenditures of Federal Awards - By State Agency**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, U.S. Department of	93.136	2,759,349	1,072,297
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	Health and Human Services, U.S. Department of	93.136	87,553	87,553
Total Injury Prevention and Control Research and State and Community Based Programs			<u>2,846,902</u>	<u>1,159,850</u>
Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services, U.S. Department of	93.150	292,186	287,197
COVID-19 Rural Health Research Centers	Health and Human Services, U.S. Department of	93.155	3,512,506	3,512,506
Grants to State for Loan Repayment Program	Health and Human Services, U.S. Department of	93.165	435,569	-
Childhood Lead Poisoning Prevention Project	Health and Human Services, U.S. Department of	93.197	249,706	81,370
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services, U.S. Department of	93.235	183,843	127,456
State Rural Hospital Flexibility Program	Health and Human Services, U.S. Department of	93.241	1,057,048	628,426
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Health and Human Services, U.S. Department of	93.243	3,585,160	3,365,263
Early Hearing Detection and Intervention	Health and Human Services, U.S. Department of	93.251	208,381	48,115
Occupational Safety and Health Program	Health and Human Services, U.S. Department of	93.262	112,383	3,172
Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	28,045,496	958,650
COVID-19 Immunization Cooperative Agreements	Health and Human Services, U.S. Department of	93.268	10,844,339	6,076,563
Total Immunization Cooperative Agreements			<u>38,889,835</u>	<u>7,035,213</u>
Viral Hepatitis Prevention and Control	Health and Human Services, U.S. Department of	93.270	144,189	342
Drug Abuse and Addiction Research Programs	Health and Human Services, U.S. Department of	93.279	86,457	-
Small Rural Hospital Improvement Grant Program	Health and Human Services, U.S. Department of	93.301	758,720	758,720
COVID-19 Small Rural Hospital Improvement Grant Program	Health and Human Services, U.S. Department of	93.301	104,828	104,828
Total Small Rural Hospital Improvement Grant Program			<u>863,548</u>	<u>863,548</u>
National and State Tobacco Control Program	Health and Human Services, U.S. Department of	93.387	724,126	35,595
COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	Health and Human Services, U.S. Department of	93.391	1,860,510	739,114
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health and Human Services, U.S. Department of	93.314	112,733	-
Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	2,090,190	661,316
COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases	Health and Human Services, U.S. Department of	93.323	44,617,124	6,523,274
Total Epidemiology & Laboratory Capacity for Infectious Diseases			<u>46,707,314</u>	<u>7,184,590</u>

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards



**STATE OF NEBRASKA**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
Behavioral Risk Factor Surveillance System	Health and Human Services, U.S. Department of	93.336	289,189	-
COVID-19 Behavioral Risk Factor Surveillance System	Health and Human Services, U.S. Department of	93.336	32,000	-
Total Behavioral Risk Factor Surveillance System			321,189	-
COVID-19 Public Health Crisis Response Awards	Health and Human Services, U.S. Department of	93.354	5,641,814	-
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	925,382	268,342
ESSA/Preschool Development Grants	Health and Human Services, U.S. Department of	93.434	5,488,057	5,426,324
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	373,048	140,255
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	Health and Human Services, U.S. Department of	93.436	467,444	105,663
Title IV-E Kinship Navigator	Health and Human Services, U.S. Department of	93.471	154,676	154,676
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	Health and Human Services, U.S. Department of	93.521	(4,535)	-
National Health Service Corps	Health and Human Services, U.S. Department of	93.547	183,468	-
Promoting Safe and Stable Families	Health and Human Services, U.S. Department of	93.556	976,521	865,556
COVID-19 Promoting Safe and Stable Families	Health and Human Services, U.S. Department of	93.556	216,274	216,274
Total Promoting Safe and Stable Families			1,192,795	1,081,830
Temporary Assistance for Needy Families	Health and Human Services, U.S. Department of	93.558	36,320,828	13,735,054
COVID-19 Temporary Assistance for Needy Families	Health and Human Services, U.S. Department of	93.558	4,438,712	-
Total Temporary Assistance for Needy Families			40,759,540	13,735,054
Child Support Enforcement	Health and Human Services, U.S. Department of	93.563 ^	22,256,404	9,454,087
Refugee and Entrant Assistance Discretionary Grants	Health and Human Services, U.S. Department of	93.566 ^	6,714,841	2,382,308
Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	31,372,319	-
COVID-19 Low-Income Home Energy Assistance	Health and Human Services, U.S. Department of	93.568	37,247,065	-
Total Low-Income Home Energy Assistance			68,619,384	-
Community Services Block Grant	Health and Human Services, U.S. Department of	93.569	5,149,958	5,025,630
COVID-19 Community Services Block Grant	Health and Human Services, U.S. Department of	93.569	3,267,985	3,251,253
Total Community Services Block Grant			8,417,943	8,276,883

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

**STATE OF NEBRASKA**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
CCDF Cluster:				
Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	18,830,689	3,175,033
COVID-19 Child Care and Development Block Grant	Health and Human Services, U.S. Department of	93.575	112,407,383	9,530,168
Total Child Care and Development Block Grant			131,238,072	12,705,201
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services, U.S. Department of	93.596	30,939,605	-
Total CCDF Cluster			162,177,677	12,705,201
Grants to States for Access and Visitation Programs	Health and Human Services, U.S. Department of	93.597	85,685	85,685
Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, U.S. Department of	93.599	448,460	448,460
COVID-19 Chafee Education and Training Vouchers Program (ETV)	Health and Human Services, U.S. Department of	93.599	193,000	193,000
Total Chafee Education and Training Vouchers Program (ETV)			641,460	641,460
Adoption and Legal Guardianship Incentive Payments	Health and Human Services, U.S. Department of	93.603	514,479	214,364
Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	529,200	249,030
COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services, U.S. Department of	93.630	6,765	-
Total Developmental Disabilities Basic Support and Advocacy Grants			535,965	249,030
Children's Justice Grants to States	Health and Human Services, U.S. Department of	93.643	195,000	39,850
Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, U.S. Department of	93.645	1,755,696	77,846
COVID-19 Stephanie Tubbs Jones Child Welfare Service Program	Health and Human Services, U.S. Department of	93.645	130,144	130,144
Total Stephanie Tubbs Jones Child Welfare Service Program			1,885,840	207,990
Foster Care_ Title IV-E	Health and Human Services, U.S. Department of	93.658 ^	29,992,171	809,213
COVID-19 Foster Care_ Title IV-E	Health and Human Services, U.S. Department of	93.658	493,150	-
Total Foster Care_ Title IV-E			30,485,321	809,213
Adoption Assistance	Health and Human Services, U.S. Department of	93.659 ^	23,611,683	-
COVID-19 Adoption Assistance	Health and Human Services, U.S. Department of	93.659	2,595,769	-
Total Adoption Assistance			26,207,452	-
COVID-19 Emergency Grants to Address Mental and Substance Use Orders during COVID-19	Health and Human Services, U.S. Department of	93.665	758,435	721,539
Social Services Block Grant	Health and Human Services, U.S. Department of	93.667	12,046,488	2,397,127
Child Abuse and Neglect State Grants	Health and Human Services, U.S. Department of	93.669	445,383	445,383

^ - Amounts taken from financial status reports

See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEBRASKA**  
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<u>State Agency/Program Title</u>	<u>Federal Agency</u>	<u>AL or Grant #</u>	<u>2022 Expenditures</u>	<u>2022 Subrecipients</u>
<b>Health and Human Services, Department of (Continued)</b>				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	879,075	871,487
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Health and Human Services, U.S. Department of	93.671	170,340	170,340
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>1,049,415</u>	<u>1,041,827</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, U.S. Department of	93.674	1,141,054	756,850
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services, U.S. Department of	93.674	1,514,880	628,130
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			<u>2,655,934</u>	<u>1,384,980</u>
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	75,449	10,550
COVID-19 Elder Abuse Prevention Interventions Program	Health and Human Services, U.S. Department of	93.747	192,621	-
Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767 ^	81,371,403	-
COVID-19 Children's Health Insurance Program	Health and Human Services, U.S. Department of	93.767	4,988,447	-
Total Children's Health Insurance Program			<u>86,359,850</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 ^	3,818,223	-
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	184,344	-
Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare			<u>4,002,567</u>	<u>-</u>
Medical Assistance Program	Health and Human Services, U.S. Department of	93.778 ^	2,236,054,995	8,019,553
COVID-19 Medical Assistance Program	Health and Human Services, U.S. Department of	93.778 ^	163,433,348	457,449
Total Medical Assistance Program			<u>2,399,488,343</u>	<u>8,477,002</u>
Total Medicaid Cluster			<u>2,403,490,910</u>	<u>8,477,002</u>
Opioid STR	Health and Human Services, U.S. Department of	93.788	3,237,126	3,056,365
Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services, U.S. Department of	93.800	261,820	86,516
Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, U.S. Department of	93.870	1,223,990	1,027,479
COVID-19 Maternal, Infant, & Early Childhood Home Visiting Grant	Health and Human Services, U.S. Department of	93.870	44,474	44,474
Total Maternal, Infant, & Early Childhood Home Visiting Grant			<u>1,268,464</u>	<u>1,071,953</u>
Cancer Prevention & Control Programs for State, Territorial & Tribal Organization	Health and Human Services, U.S. Department of	93.898	2,368,352	417,869
Grants to States for Operation of Offices of Rural Health	Health and Human Services, U.S. Department of	93.913	259,701	19,453

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<b>Health and Human Services, Department of (Continued)</b>				
HIV Care Formula Grants	Health and Human Services, U.S. Department of	93.917	4,568,117	-
COVID-19 HIV Care Formula Grants	Health and Human Services, U.S. Department of	93.917	74,232	74,232
Total HIV Care Formula Grants			<u>4,642,349</u>	<u>74,232</u>
HIV Prevention Activities_Health Department Based	Health and Human Services, U.S. Department of	93.940	957,334	322,194
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health and Human Services, U.S. Department of	93.946	159,804	-
Block Grants for Community Mental Health Services	Health and Human Services, U.S. Department of	93.958	2,839,684	2,557,245
COVID-19 Block Grants for Community Mental Health Services	Health and Human Services, U.S. Department of	93.958	153,616	144,896
Total Block Grants for Community Mental Health Services			<u>2,993,300</u>	<u>2,702,141</u>
Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, U.S. Department of	93.959	6,152,615	5,792,868
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services, U.S. Department of	93.959	415,208	386,793
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>6,567,823</u>	<u>6,179,661</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, U.S. Department of	93.977	465,341	66,008
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services, U.S. Department of	93.977	161,676	118,270
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants			<u>627,017</u>	<u>184,278</u>
Mental Health Disaster Assistance and Emergency Mental Health Preventive Health and Health Services Block Grant	Health and Human Services, U.S. Department of	93.982	2,125,535	2,125,535
Maternal and Child Health Services Block Grant to the States	Health and Human Services, U.S. Department of	93.991	2,289,305	607,295
AmeriCorps State Commissions Support Grant	Health and Human Services, U.S. Department of	93.994	3,580,357	1,491,667
AmeriCorps State and National	Corporation For National and Community Service	94.003	264,412	-
Training and Technical Assistance	Corporation For National and Community Service	94.006	1,434,105	1,434,105
	Corporation For National and Community Service	94.009	201,461	-
<b>Total Department of Health and Human Services:</b>			<b>\$ <u>3,499,027,140</u></b>	<b><u>145,613,040</u></b>
<b>Historical Society</b>				
Cultural Resources Management	Interior, U.S. Department of the	15.511	\$ 23,090	-
Historic Preservation Fund Grants-In-Aid	Interior, U.S. Department of the	15.904	846,001	102,246
National Leadership Grants	Institute of Museum and Library Services	45.312	51,212	-
<b>Total Historical Society</b>			<b>\$ <u>920,303</u></b>	<b><u>102,246</u></b>
<b>Insurance, Department of</b>				
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	Health and Human Services, U.S. Department of	93.048	\$ 271,003	127,605
Medicare Enrollment Assistance Program	Health and Human Services, U.S. Department of	93.071	177,373	89,616
State Health Ins Asst Program	Health and Human Services, U.S. Department of	93.324	396,751	149,033
The State Flexibility to Stabilize the Market	Health and Human Services, U.S. Department of	93.413	164,631	-

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<b>Insurance, Department of (Continued)</b>				
The Reduction of Issuer Burden Through Technology Grant Program and The Health Insurance Enforcement and Consumer Protections Grant Program	Health and Human Services, U.S. Department of	93.881	24,592	-
<b>Total Department of Insurance</b>			\$ <u>1,034,350</u>	<u>366,254</u>
<b>Labor, Department of</b>				
Labor Force Statistics	Labor, U.S. Department of	17.002	\$ 768,113	-
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	Labor, U.S. Department of	17.207	5,561,557	-
Jobs for Veterans State Grants	Labor, U.S. Department of	17.801	876,272	-
Total Employment Service Cluster			<u>6,437,829</u>	-
Unemployment Insurance - Federal	Labor, U.S. Department of	17.225	724,323	-
COVID-19 - Unemployment Insurance - Federal	Labor, U.S. Department of	17.225	6,443,681	-
Total Unemployment Insurance - Federal			<u>7,168,004</u>	-
Unemployment Insurance - State	Labor, U.S. Department of	17.225	55,126,619	-
Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	14,908,363	-
Unemployment Insurance - Admin Reed Act	Labor, U.S. Department of	17.225	4,229,934	-
COVID-19 Unemployment Insurance - Admin	Labor, U.S. Department of	17.225	4,007,520	-
Total Unemployment Insurance - Admin			<u>23,145,817</u>	-
Total Unemployment Insurance			<u>85,440,440</u>	-
Senior Community Service Employment Program	Labor, U.S. Department of	17.235	556,083	-
Trade Adjustment Assistance	Labor, U.S. Department of	17.245	525,526	-
WIOA Cluster:				
WIOA Adult Program	Labor, U.S. Department of	17.258	2,159,914	1,475,902
WIOA Youth Activities	Labor, U.S. Department of	17.259	2,607,123	1,909,487
WIOA Dislocated Worker Formula Grants	Labor, U.S. Department of	17.278	2,213,498	952,856
Total WIOA Cluster			<u>6,980,535</u>	<u>4,338,245</u>
Reentry Employment Opportunities	Labor, U.S. Department of	17.270	139	-
Work Opportunity Tax Credit Program (WOTC)	Labor, U.S. Department of	17.271	138,522	-
Temporary Labor Certification for Foreign Workers	Labor, U.S. Department of	17.273	147,106	-
WIOA National Dislocated Worker Grant/WIA National Emergency Grants	Labor, U.S. Department of	17.277	217,870	-
Apprenticeship USA Grants	Labor, U.S. Department of	17.285	122,896	-
Consultation Agreements	Labor, U.S. Department of	17.504	593,638	-

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**STATE OF NEBRASKA**  
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<b>Labor, Department of (Continued)</b>				
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund (GEER II)	Education, U.S. Department of	84.425C	46,508	41,643
Presidential Declared Disaster Assistance to Individual and Households	Homeland Security, U.S. Department of	97.050	6,326	-
<b>Total Department of Labor</b>			<b>\$ 101,981,531</b>	<b>4,379,888</b>
<b>Law Enforcement and Criminal Justice, Commission for</b>				
Sexual Assault Services Formula Program	Justice, U.S. Department of	16.017	\$ 306,165	293,708
COVID-19 Coronavirus Emergency Supplemental Fund Program	Justice, U.S. Department of	16.034	1,432,986	1,410,299
Juvenile Justice and Delinquency Prevention	Justice, U.S. Department of	16.540	21,602	2,648
State Justice Statistics Program for Statistical Analysis Centers	Justice, U.S. Department of	16.550	54,509	-
Crime Victim Assistance	Justice, U.S. Department of	16.575	10,972,866	9,319,011
Crime Victim Compensation	Justice, U.S. Department of	16.576	155,268	-
Crime Victim Assistance/Discretionary Grants	Justice, U.S. Department of	16.582	213,073	-
Violence Against Women Formula Grants	Justice, U.S. Department of	16.588	1,510,736	1,306,040
Residential Substance Abuse Treatment for State Prisoners	Justice, U.S. Department of	16.593	3,156	-
Edward Byrne Memorial Justice Assistance Grant Program	Justice, U.S. Department of	16.738	725,424	509,018
Edward Byrne Memorial Competitive Grant Program	Justice, U.S. Department of	16.751	2,798	2,798
JRJ Prosecutors & Defenders	Justice, U.S. Department of	16.816	31,084	30,940
<b>Total Commission for Law Enforcement and Criminal Justice</b>			<b>\$ 15,429,667</b>	<b>12,874,462</b>
<b>Library Commission</b>				
Grants to States	Institute of Museum and Library Services	45.310	\$ 1,492,280	-
COVID-19 Grants to States	Institute of Museum and Library Services	45.310	2,287,419	-
Total Grants to States			3,779,699	-
National Leadership Grants	Institute of Museum and Library Services	45.312	78,177	-
<b>Total Library Commission</b>			<b>\$ 3,857,876</b>	<b>-</b>
<b>Military Department</b>				
Military Construction, National Guard	Defense, U.S. Department of	12.400	\$ 21,838,773	-
National Guard Military Operations and Maintenance (O&M) Projects	Defense, U.S. Department of	12.401	29,377,136	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	Transportation, U.S. Department of	20.703	261,817	109,924
COVID-19 Coronavirus Relief Fund	Treasury, U.S. Department of the	21.019	74,095,358	3,401,074
COVID-19 Emergency Rental Assistance	Treasury, U.S. Department of the	21.023	26,433,240	-
COVID-19 Homeowner Assistance Fund	Treasury, U.S. Department of the	21.026	6,265,182	451,581
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Treasury, U.S. Department of the	21.027	31,437,363	-
State Domestic Preparedness Eq	Homeland Security, U.S. Department of	97.004	(347)	-

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<b>Military Department (Continued)</b>				
Urban Areas Security Init (Non-Profit Security Program)	Homeland Security, U.S. Department of	97.008	365,390	360,393
Homeland Security Grant Program	Homeland Security, U.S. Department of	97.067	3,501,943	2,706,904
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	54,950,985	53,948,550
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security, U.S. Department of	97.036	74,102,714	62,366,239
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			129,053,699	116,314,789
Hazard Mitigation Grant	Homeland Security, U.S. Department of	97.039	3,990,223	3,644,937
COVID-19 Hazard Mitigation Grant	Homeland Security, U.S. Department of	97.039	8,658	-
Total Hazard Mitigation Grants			3,998,881	3,644,937
Emergency Management Performance Grants	Homeland Security, U.S. Department of	97.042	4,068,485	2,623,793
COVID-19 Emergency Management Performance Grants	Homeland Security, U.S. Department of	97.042	901,906	39,948
Total Emergency Management Performance Grants			4,970,391	2,663,741
BRIC: Building Resilient Infrastructure and Communities	Homeland Security, U.S. Department of	97.047	451,317	451,317
<b>Total Military Department</b>			\$ 332,050,143	130,104,660
<b>Motor Vehicles, Department of</b>				
Commercial Driver's License Program Implementation Grant	Transportation, U.S. Department of	20.232	\$ 18,336	-
<b>Total Department of Motor Vehicles</b>			\$ 18,336	-
<b>Natural Resources, Department of</b>				
Community Assistance Program State Support Services Element (CAP-SSSE)	Homeland Security, U.S. Department of	97.023	\$ 128,022	-
Flood Mitigation Assistance	Homeland Security, U.S. Department of	97.029	48,207	-
National Dam Safety Program	Homeland Security, U.S. Department of	97.041	170,325	-
Cooperating Technical Partners	Homeland Security, U.S. Department of	97.045	568,402	-
<b>Total Department of Natural Resources</b>			\$ 914,956	-
<b>Oil and Gas Commission</b>				
Multipurpose Grant to States and Tribe	Environmental Protection Agency, U.S.	66.204	\$ 31,713	-
State Underground Water Source Protection	Environmental Protection Agency, U.S.	66.433	83,116	-
<b>Total Oil and Gas Commission</b>			\$ 114,829	-
<b>Pardons, Board of</b>				
Second Chance Act Reentry Initiative	Justice, U.S. Department of	16.812	\$ 48,376	-
Justice Reinvestment Initiative	Justice, U.S. Department of	16.827	194,319	-
<b>Total Board of Pardons</b>			\$ 242,695	-

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<b>Public Service Commission</b>				
E-911 Grant Program	Transportation, U.S. Department of	20.615	\$ 952,859	-
<b>Total Public Service Commission</b>			<u>\$ 952,859</u>	<u>-</u>
<b>Secretary of State</b>				
2018 HAVA Election Security Grants	U.S. Election Assistance Commission	90.404	\$ 639,650	32,896
COVID-19 2018 HAVA Election Security Grant	U.S. Election Assistance Commission	90.404	500	-
Total 2018 HAVA Election Security Grants			<u>640,150</u>	<u>32,896</u>
<b>Total Secretary of State</b>			<u>\$ 640,150</u>	<u>32,896</u>
<b>State Patrol</b>				
Just Juvenile Justice & Delinquency	Justice, U.S. Department of	16.542	\$ 52,484	-
Missing Children's Assistance	Justice, U.S. Department of	16.543	318,586	-
National Criminal History Improvement Program (NCHIP)	Justice, U.S. Department of	16.554	1,637,032	276,225
Special Data Collection	Justice, U.S. Department of	16.734	8,699	-
DNA Backlog Reduction Program	Justice, U.S. Department of	16.741	716,023	-
Paul Coverdell Forensic Sciences Improvement Grant Program	Justice, U.S. Department of	16.742	130,646	-
Support for Adam Walsh Act Implementation Grant Program	Justice, U.S. Department of	16.750	140,985	-
NICS Act Record Improvement Program	Justice, U.S. Department of	16.813	404,903	27,619
Equitable Sharing Program	Justice, U.S. Department of	16.922	236,282	-
Federal Equitable Sharing Program: Public Safety Cash DOJ	Justice, U.S. Department of	16.922	516,948	-
Federal Equitable Sharing Program: Public Safety Cash Treasury	Justice, U.S. Department of	16.922	21,595	-
Total Equitable Sharing Program			<u>774,825</u>	<u>-</u>
DEA Grants	Justice, U.S. Department of	16.U01	7,594	-
FMCSA Cluster:				
Motor Carrier Safety Assistance	Transportation, U.S. Department of	20.218	3,192,526	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Transportation, U.S. Department of	20.237	324,316	-
Total FMSCA Cluster			<u>3,516,842</u>	<u>-</u>
High Intensity Drug Trafficking Areas Program	Executive Office of the President	95.001	1,302,972	895,554
<b>Total State Patrol</b>			<u>\$ 9,011,591</u>	<u>1,199,398</u>

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<b>Supreme Court, Nebraska</b>				
Justice Reinvestment Initiative	Justice, U.S. Department of	16.827	\$ 119,191	-
State Court Improvement Program	Health and Human Services, U.S. Department of	93.586	318,521	-
COVID-19 State Court Improvement Program	Health and Human Services, U.S. Department of	93.586	8,840	-
Total State Court Improvement Program			<u>327,361</u>	-
<b>Total Nebraska Supreme Court</b>			<u>\$ 446,552</u>	-
<b>Transportation, Department of</b>				
Airport Improvement Program	Transportation, U.S. Department of	20.106	\$ 25,353,368	25,073,261
COVID-19 Airport Improvement Program	Transportation, U.S. Department of	20.106	6,347,938	6,304,168
Total Airport Improvement Program			<u>31,701,306</u>	<u>31,377,429</u>
Highway Research and Development Program	Transportation, U.S. Department of	20.200	734,076	-
Highway Planning and Construction Cluster:				
Highway Planning and Construction	Transportation, U.S. Department of	20.205	439,899,192	29,124,152
COVID-19 Highway Planning and Construction	Transportation, U.S. Department of	20.205	12,550,673	153,643
Total Highway Planning and Construction			<u>452,449,865</u>	<u>29,277,795</u>
Highway Training and Education	Transportation, U.S. Department of	20.215	134,121	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation, U.S. Department of	20.505	516,987	384,173
Formula Grants for Rural Areas	Transportation, U.S. Department of	20.509	10,714,241	7,986,612
COVID-19 Formula Grants for Rural Areas	Transportation, U.S. Department of	20.509	4,823,523	4,823,523
Total Formula Grants for Rural Areas			<u>15,537,764</u>	<u>12,810,135</u>
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation, U.S. Department of	20.513	340,791	324,898
Highway Safety Cluster:				
State and Community Highway Safety	Transportation, U.S. Department of	20.600	2,992,610	2,019,673
Incentive Grant Program to Prohibit Racial Profiling	Transportation, U.S. Department of	20.611	247,915	247,915
National Priority Safety Programs	Transportation, U.S. Department of	20.616	2,000,997	1,062,920
Total Highway Safety Cluster			<u>5,241,522</u>	<u>3,330,508</u>
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	Transportation, U.S. Department of	20.614	91,612	-
National Infrastructure Investments	Transportation, U.S. Department of	20.933	14,480,637	8,951,462
<b>Total Department of Transportation</b>			<u>\$ 521,228,681</u>	<u>86,456,400</u>

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<b>Veterans' Affairs, Department of</b>				
Grants to States for Construction of State Home Facilities	Veterans Affairs, U.S. Department of	64.005	\$ 371,994	-
Veterans State Domiciliary Care	Veterans Affairs, U.S. Department of	64.014	1,639,456	-
Veterans State Nursing Home Care	Veterans Affairs, U.S. Department of	64.015	17,834,287	-
<b>Total Department of Veterans' Affairs</b>			<u>\$ 19,845,737</u>	<u>-</u>
<b>Worker's Compensation Court</b>				
Compensation and Working Conditions	Labor, U.S. Department of	17.005	\$ 41,789	-
<b>Total Worker's Compensation Court</b>			<u>\$ 41,789</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,268,294,431</u>	<u>1,022,484,664</u>

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

State of Nebraska  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

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**(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, 2022.

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

State of Nebraska  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended June 30, 2022

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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.

**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, 2022, the inventory balance of nonmonetary assistance for food commodities at the State level was \$0.

**(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	\$ 15,602,008
10.558	Child and Adult Care Food Program	142,176
10.565	Commodity Supplemental Food Program	2,043,707
10.569	Emergency Food Assistance Program	6,711,575

State of Nebraska  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

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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 \$8,157,923 was delivered directly to subrecipients.

The Immunization Cooperative Agreements (AL 93.268) included expenditures of \$24,929,507 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 2022 was valued at the historical cost of \$6,997,379 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.

<u>AL #</u>	<u>Program</u>	<u>Outstanding Balance at June 30, 2022</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$185,826,738
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$89,716,393

New loans provided from these programs totaling \$20,326,675 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) Coronavirus Relief Fund Transfers**

AL 21.019 Coronavirus Relief Fund (CRF) expenditures for fiscal year ended June 30, 2022, totaling \$74,095,358, include \$40,343,463 the State paid 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 that fiscal year.





# AUDITOR SECTION

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# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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**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 have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except the Enterprise Fund – Unemployment Insurance), and the aggregate remaining fund information of the State of Nebraska (State), and the related notes to the financial statements, and we were engaged to audit the business-type activities and the Enterprise Fund – Unemployment Insurance, as of and for the year ended June 30, 2022, 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. We have issued our report thereon dated January 30, 2023, which contained unmodified opinions on those financial statements except for the Business-Type Activities and the Enterprise Fund – Unemployment Insurance for which we did not express an opinion. The basis for the disclaimer of opinion on the Business-Type Activities or the Enterprise Fund - Unemployment Insurance was 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. The Nebraska Department of Labor was unable to provide timely and accurate records of the Enterprise Fund – Unemployment Insurance including support of balances. Monies for the Fund are maintained outside of the Nebraska State Treasurer in separate bank 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 totaling over \$80,000,000 to the financial statements. The Department agreed with the adjustments 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 adjustments may have been necessary for the financial statements.

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

The financial statements of the University of Nebraska Foundation, the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, the Nebraska Utility Corporation, the Nebraska State College

System Foundations, the Nebraska State College System Revenue and Refunding Bond Program and the Nebraska State Colleges Facilities Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these entities or that are reported on separately by those auditors who audited the financial statements of these entities.

### **Report on Internal Control Over Financial Reporting**

In 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 identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-008, 2022-012, and 2022-013 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-009, 2022-010, 2022-011, 2022-014, 2022-015, and 2022-016 to be significant deficiencies.

### **Report on 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 Business-Type Activities and the Enterprise Fund – Unemployment Insurance, 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on the State of Nebraska's responses to the findings identified in our engagement and 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  
January 30, 2023



Kris Kucera, CPA, CFE  
Assistant Deputy Auditor



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## 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

#### *Adverse, Qualified, and Unmodified Opinions*

We have audited the State of Nebraska's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2022. The State of Nebraska's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Adverse Opinion on Coronavirus State and Local Fiscal Recovery Funds, Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Unemployment Insurance, National Guard Operations and Maintenance Projects, and Homeowner Assistance Fund*

In our opinion, because of the significance of the matters discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Nebraska did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds, Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Unemployment Insurance, National Guard Operations and Maintenance Projects, and Homeowner Assistance Fund for the year ended June 30, 2022.

*Qualified Opinion on Epidemiology & Laboratory Capacity for Infectious Diseases, Temporary Assistance for Needy Families, CCDF Cluster, Emergency Rental Assistance, and Formula Grants for Rural Areas*

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Epidemiology & Laboratory Capacity for Infectious Diseases, Temporary Assistance for Needy Families, CCDF Cluster, Emergency Rental Assistance, and Formula Grants for Rural Areas for the year ended June 30, 2022.

#### *Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the State of Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

***Basis for Adverse, Qualified and Unmodified Opinions***

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

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

*Matters Giving Rise to Adverse Opinion on Coronavirus State and Local Fiscal Recovery Funds, Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Unemployment Insurance, National Guard Operations and Maintenance Projects, and Homeowner Assistance Fund*

As described in Findings 2022-020, 2022-025, 2022-046, 2022-050, and 2022-055 in the accompanying schedule of findings and questioned costs, the State of Nebraska did not comply with requirements regarding the following:

<b>Finding #</b>	<b>AL #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>
2022-020	21.027	Coronavirus State and Local Fiscal Recovery Funds	Allowability
2022-025	93.069, 93.889	HPP and PHEP Cluster	Allowability & Subrecipient Monitoring
2022-046	17.225	Unemployment Insurance	Allowability & Eligibility
2022-050	12.401	National Guard Operations and Maintenance Projects	Cash Management & Reporting
2022-055	21.026	Homeowner Assistance Fund	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.

*Matters Giving Rise to Qualified Opinion on Epidemiology & Laboratory Capacity for Infectious Diseases, Temporary Assistance for Needy Families, CCDF Cluster, Emergency Rental Assistance, and Formula Grants for Rural Areas*

As described in Findings 2022-027, 2022-028, 2022-034, 2022-051, and 2022-057 in the accompanying schedule of findings and questioned costs, the State of Nebraska did not comply with requirements regarding the following:

<b>Finding #</b>	<b>AL #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>
2022-027	93.323	Epidemiology & Laboratory Capacity for Infectious Diseases	Allowability & Subrecipient Monitoring
2022-028	93.558	Temporary Assistance for Needy Families	Reporting
2022-034	93.575, 93.596	CCDF Cluster	Allowability & Eligibility
2022-051	21.023	Emergency Rental Assistance	Allowability & Earmarking
2022-057	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.

***Other Matter — Federal Expenditures Not Included in the Compliance Audit***

The basic financial statements of the State of Nebraska include the operations of the University of Nebraska and State College System component units, which received Federal awards which are not included in the schedule of expenditures of Federal awards during the year ended June 30, 2022. Our compliance audit, described in the “Report on Compliance for Each Major Federal Program,” did not include the operations of the University of Nebraska or the State College System because the component units engaged other auditors to perform separate audits of compliance.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence

regarding the State of Nebraska’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the State of Nebraska’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State of Nebraska’s internal control over compliance. Accordingly, no such opinion is expressed.

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

**Other Matters**

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

<b>Finding #</b>	<b>AL #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>
2022-017	Various, 93.778	Various, Medical Assistance Program	Allowable Costs
2022-018	Various, 93.767, 93.778	Various, CHIP, Medical Assistance Program	Reporting
2022-019	Various, 84.010, 93.568, 93.659	Various, Title I, LIHEAP, Adoption Assistance	Cash Management
2022-021	84.010	Title I Grants to Local Educational Agencies	Allowability & Subrecipient Monitoring
2022-022	93.575	Child Care and Development Block Grant	Allowable Costs
2022-023	10.561, 93.558, 93.566, 93.575	SNAP, TANF, Refugee Programs, Child Care Block Grant	Allowable Costs
2022-024	10.561, 93.558, 93.658	SNAP, TANF, Foster Care Title IV-E	Allowable Costs
2022-026	93.069	Public Health Emergency Preparedness	Matching & Reporting
2022-029	93.558	Temporary Assistance for Needy Families	Allowability & Eligibility
2022-030	93.558	Temporary Assistance for Needy Families	Allowability & Eligibility

<b>Finding #</b>	<b>AL #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>
2022-031	93.558	Temporary Assistance for Needy Families	Reporting
2022-032	93.568	Low-Income Home Energy Assistance	Eligibility
2022-033	93.568	Low-Income Home Energy Assistance	Reporting
2022-035	93.575, 93.596	CCDF Cluster	Special Tests
2022-036	93.575	Child Care and Development Block Grant	Period of Performance
2022-037	93.575, 93.596	CCDF Cluster	Special Tests
2022-038	93.575	Child Care and Development Block Grant	Special Tests
2022-039	93.778	Medical Assistance Program	Allowability
2022-040	93.778	Medical Assistance Program	Allowability & Eligibility
2022-041	93.778	Medical Assistance Program	Special Tests
2022-042	93.767, 93.778	CHIP, Medical Assistance Program	Special Tests
2022-043	93.778	Medical Assistance Program	Allowability
2022-044	93.778	Medical Assistance Program	Special Tests
2022-045	93.778	Medical Assistance Program	Special Tests
2022-047	17.225	Unemployment Insurance	Special Tests
2022-048	17.225	Unemployment Insurance	Special Tests
2022-049	12.400	Military Construction, National Guard	Suspension & Debarment
2022-052	21.023	Emergency Rental Assistance	Allowability & Eligibility
2022-053	21.023	Emergency Rental Assistance	Reporting
2022-054	21.026	Homeowner Assistance Fund	Allowability & Eligibility
2022-056	20.205	Highway Planning & Construction	Subrecipient Monitoring
2022-058	20.933	National Infrastructure Investments	Reporting

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



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

### ***Report on Internal Control Over Compliance***

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-020, 2022-025, 2022-027, 2022-028, 2022-034, 2022-046, 2022-050, 2022-051, 2022-055, and 2022-057 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 2022-018, 2022-023, 2022-024, 2022-026, 2022-029, 2022-032, 2022-036, 2022-039, 2022-040, 2022-041, 2022-045, 2022-049, and 2022-058 to be significant deficiencies.

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

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except the Enterprise Fund – Unemployment Insurance), and the aggregate remaining fund information; and we were engaged to audit the business-type activities and the Enterprise Fund – Unemployment Insurance of the State of Nebraska as of and for the year ended June 30, 2022, and the related notes

to the financial statements, which collectively comprise the State of Nebraska's basic financial statements. We issued our report thereon dated January 30, 2023, which contained unmodified opinions on those financial statements except for the Business-Type Activities and the Enterprise Fund – Unemployment Insurance. The scope of our audit of the financial statements was not sufficient to enable us to express an opinion on the Business-Type Activities or the Enterprise Fund – Unemployment Insurance 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. The Nebraska Department of Labor was unable to provide timely and accurate records of the Enterprise Fund - Unemployment Insurance including support of balances. Monies for the Fund are maintained outside of the Nebraska State Treasurer in separate bank 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 totaling over \$80,000,000 to the financial statements. The Department agreed with the adjustments 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 adjustments may have been necessary for the financial statements. 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 as required by the Uniform Guidance 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.

Lincoln, Nebraska  
March 29, 2023



Pat Reding, CPA, CFE  
Assistant Deputy Auditor

STATE OF NEBRASKA  
**Schedule of Findings and Questioned Costs**  
 Year Ended June 30, 2022

**I. Summary of Auditor’s Results**

- a) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental Fund - General	Unmodified
Governmental Fund - Highway	Unmodified
Governmental Fund – Federal	Unmodified
Governmental Fund - Health and Social Services	Unmodified
Governmental Fund – Permanent School	Unmodified
Enterprise Fund – Unemployment Insurance	Disclaimer
Aggregate Remaining Fund Information	Unmodified

- b) Significant deficiencies in internal control were disclosed by the audit of the financial statements and are included in the schedule of findings and questioned costs in Part II as items 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-009, 2022-010, 2022-011, 2022-014, 2022-015, and 2022-016. Items 2022-001, 2022-002, 2022-008, 2022-012, and 2022-013 were considered material weaknesses.

- c) The audit disclosed no instances of noncompliance, which is material to the State’s basic financial statements.

- d) Significant deficiencies in internal control over the major programs were disclosed by the audit and are included in the schedule of findings and questioned costs in Part III as items 2022-018, 2022-023, 2022-024, 2022-026, 2022-029, 2022-032, 2022-036, 2022-039, 2022-040, 2022-041, 2022-045, 2022-049, and 2022-058.

We consider items 2022-020, 2022-025, 2022-027, 2022-028, 2022-034, 2022-046, 2022-050, 2022-051, 2022-055, and 2022-057 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 Epidemiology & Laboratory Capacity for Infectious Diseases, Temporary Assistance for Needy Families, CCDF Cluster, Emergency Rental Assistance, and Formula Grants for Rural Areas which were qualified, and Coronavirus State and Local Fiscal Recovery Funds, Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Cluster, Unemployment Insurance, National Guard Operations and Maintenance Projects, and Homeowner Assistance Fund, 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	12.400	Military Construction, National Guard
AL	12.401	National Guard Military Operations and Maintenance (O&M) Projects

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AL	17.225	Unemployment Insurance
AL	20.106	Airport Improvement Program
AL	20.205	Highway Planning and Construction Cluster
AL	20.509	Formula Grants for Rural Areas
AL	20.933	National Infrastructure Investments
AL	21.023	Emergency Rental Assistance
AL	21.026	Homeowner Assistance Fund
AL	21.027	Coronavirus State and Local Fiscal Recovery Funds
AL	84.010	Title I Grants to Local Educational Agencies
AL	84.425C, 84.425D, 84.425R, 84.425U and 84.425W	Education Stabilization Fund
AL	93.069 and 93.889	Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements Cluster
AL	93.323	Epidemiology & Laboratory Capacity for Infectious Diseases
AL	93.558	Temporary Assistance for Needy Families
AL	93.568	Low-Income Home Energy Assistance
AL	93.575 and 93.596	CCDF Cluster
AL	93.775, 93.777 and 93.778	Medicaid Cluster

- h) Dollar threshold used to distinguish between Type A and Type B programs: \$15,804,883
- i) The State did not qualify as a low-risk auditee.

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**II. Findings Related to the Financial Statements:**

**DEPARTMENT OF ADMINISTRATIVE SERVICES**

**Finding 2022-001**

**Unemployment Insurance Fund Issues**

As noted in previous audits, DAS lacked adequate procedures to ensure that the Enterprise Fund – Unemployment Insurance (UI) financial statements were presented accurately in the Annual Comprehensive Financial Report (ACFR), for which DAS has overall responsibility.

The Nebraska Department of Labor (NDOL) performs the accounting of the UI funds, which were maintained outside of the State Treasurer in separate bank accounts. NDOL recorded journal entries to record the activity from NDOL’s separate Tax Management System (TMS) and Geographic Solutions Unemployment System (GUS) to the State’s accounting system, EnterpriseOne. DAS used EnterpriseOne to generate the financial statements. For fiscal year 2022, the financial statements required material adjustments due to incorrect journal entries and a lack of adequate procedures for reconciling the TMS and GUS systems to EnterpriseOne to ensure activity was reflected properly. This led to the APA’s issuance of a disclaimer of opinion for the Enterprise Fund – Unemployment Insurance as well as for the Business-Type Activities.

Prior audit reports have recommended that NDOL and DAS work together to establish procedures that would allow DAS and NDOL’s staff to review documentation, including the NDOL’s trial balance and its reconciliation of the separate TMS and GUS systems to the accounting system. It is apparent from the adjustments and errors noted within this comment, however, that sufficient procedures were not implemented despite the APA’s disclaimer of opinion on the prior fiscal year’s financial statements.

The table below summarizes over \$80 million in errors for the fiscal year ended June 30, 2022. The APA proposed the adjustments, all of which DAS posted. However, due to the significance of the errors identified – namely, the lack of support for balances recorded in EnterpriseOne and the lack of adequate controls to ensure that financial data was accurate and complete – there is a significant risk that additional material errors went undetected, requiring the APA to issue a disclaimer of opinion for the Enterprise Fund – Unemployment Insurance and related Business-Type Activities.

	<b>Description</b>	<b>Dollar Error</b>
<b>1</b>	DAS, with the help of the NDOL’s Controller, determined that the ending balance in Due to Other Funds should have been \$269,794. However, the APA identified the following additional amounts held in the UI Trust account that also should have been recorded as Due to Other Funds as of June 30, 2022: <ul style="list-style-type: none"> <li>● \$35,890,343 for the UI Modern Incentive Program</li> <li>● \$2,739,623 for the Reed Act</li> <li>● \$1,000,492 for the Emergency Unemployment Insurance Stabilization and Access Act (EUISAA)</li> </ul>	\$ 39,630,458
<b>2</b>	NDOL and DAS failed to record an \$11,450,484 payable for overpayments from Federal programs, which ultimately will be due back to the Federal government once received. NDOL and DAS also failed to record a similar entry in fiscal year 2021, resulting in an \$23,915,624 adjustment to the Beginning Fund Balance.	35,366,108

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	Description	Dollar Error
3	NDOL and DAS failed to record an accounts receivable for overpayments that were less than 90 days old as of June 30, 2022. NDOL reasoned that the claimant had 90 days to appeal the overpayment, so a receivable was not needed. However, it is unlikely that all claims less than 90 days old will be appealed and overturned; therefore, a receivable should have been recorded.	1,878,511
4	NDOL and DAS failed to record a payable for claims paid after June 30, 2022, for services rendered prior to the fiscal year end.	1,431,090
5	As part of its interfund transfer elimination entry, DAS reclassified \$1,148,777 from Transfers In to Charges for Services. However, the tax revenue was for fiscal year 2021 and resulted in the overstatement of tax revenue in fiscal year 2022. Therefore, a Beginning Fund Balance adjustment was necessary.	1,148,777
6	In fiscal year 2020, NDOL received \$443,000 from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and recorded it as revenue at that time. However, NDOL did not participate in the program, and the amount should have been recorded as a Due to Government. Therefore, a Beginning Fund Balance adjustment was necessary.	443,000
7	NDOL and DAS incorrectly calculated the Claims Liability for fiscal year 2022, resulting in an understatement of \$385,201.	385,201
8	As part of its interfund loan elimination entry, DAS made a \$357,389 entry to reclassify revenue for penalties and interest to Due To Other Funds. However, NDOL had already recorded the entry as Due to Other Funds, so DAS's entry needed to be reversed.	357,389
<b>TOTAL</b>		<b>\$ 80,640,534</b>

The following issues were also identified during testing:

- NDOL and DAS failed to record a receivable for claims that had been flagged as potentially fraudulent. As of October 12, 2022, there were over 34,000 open investigations, but NDOL was unable to produce a total dollar amount for these claims and could not estimate how much should be established as overpayments. After the APA communicated this finding to NDOL, an entry to record a \$5,282,062 receivable was provided. However, NDOL's estimate ignored the 34,000 open investigations and the pandemic UI programs and pandemic years (fiscal years 2020 and 2021). Therefore, the APA concluded there was a high likelihood that the entry was materially understated.
- NDOL and DAS reported several accounts receivable and accounts payable balances, ranging from \$1,946 to \$7,936,683, that lacked adequate support or accurate details. Therefore, the APA was unable to determine if the balances were correct or if any adjustments were necessary.

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 misstatements of the financial statements.

We continue to recommend DAS work together with NDOL to implement procedures to ensure the accurate reporting of the Enterprise Fund – Unemployment Insurance for the ACFR, as it is ultimately their responsibility to ensure the ACFR is presented properly. This includes establishing reconciliation procedures to ensure balances and activity are reported properly at fiscal year end.

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*DAS Response: DAS agrees with the issue but disagrees that it reflects DAS procedural defects. The principal cause for NDOL's lack of reconciliation is limitations in its tax and benefit system reporting capability. DAS is working with NDOL to overcome its system reporting limitations in future reports.*

**Finding 2022-002**

**ACFR Preparation Issues**

DAS, State Accounting Division (State Accounting), prepares the ACFR. Similar to prior years, adequate controls were not in place 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 and footnote disclosures, requiring numerous adjustments and revisions.

The table below summarizes over \$500 million related to 50 adjustments that were required for the fiscal year ended June 30, 2022. We identified an additional \$2.3 billion in footnote errors, bringing the total errors to over \$2.8 billion. These errors would affect multiple line items, funds, and financial statements for the ACFR. The dollar errors noted below include totals for lines necessary for the adjustment.

Type of Error	Dollar Error
DAS Accrual Errors	\$ 198,158,291
Unemployment Insurance Fund Issues	120,270,992
Agency Accrual Errors	85,967,461
Missing DHHS Accruals	73,057,775
Agency Accounting Errors	37,383,276
Capital Asset Accounting Errors - See Comment Number 3	13,688,373
Timing Differences	7,973,887
<b>Total Financial Statement Adjustments (See Supplementary Table #1 at end of letter)</b>	<b>\$ 536,500,055</b>
<b>Total Footnote Errors</b>	<b>\$ 2,324,808,393</b>
<b>Total Errors</b>	<b>\$ 2,861,308,448</b>

The adjustments noted above required additional time and work by the APA. We also found numerous other errors that did not require adjustments because of their relative significance to the financial statements. Some of those errors are included below:

- DAS failed to determine whether transactions identified by agencies as prior year expenses were accurate. The Department of Health and Human Services (DHHS) incorrectly recorded \$1,225,349 of fiscal year 2022 expenditures as fiscal year 2021 expenses using a specific transaction type in the accounting system.
- DAS overstated a payable to the Federal government by \$1,051,004.
- DAS recorded duplicate investment expenses of \$663,355.
- DAS recorded duplicate accounting entries totaling \$401,008.

The APA identified the following errors in our review of the DAS-prepared footnotes:

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Footnote		Description	Dollar Error
#13	Pension Plans	In the Pension Plans footnote related to the sensitivity of the net pension liability/(asset) to changes in the discount rate, the Net Pension Assets are shown as negative amounts. DAS incorrectly reported the School Plan's assets with a 1% increase as a positive \$466,667,000, when it was negative for a variance of \$933,334,000. DAS also used the incorrect amounts from the OSERS GASB 68 report, resulting in School Retirement Deferred Outflows of Resources and Deferred Inflows of Resources being overstated by \$256,829,000.	\$ 1,190,163,000
#12	Risk Management	The risk management footnote contains a table showing the current and prior fiscal year amounts for Current Year Claims and Changes in Estimates as well as Claim Payments. In its original footnote for fiscal year 2022, DAS understated the Current Year Claims and Changes in Estimates by \$438,322,000 and overstated the Claim Payments by \$438,334,000 because the original amounts were incorrectly shown as negative and positive, respectively. Therefore, the Ending Balance was also overstated by \$12,000. The footnote also includes an amount for excess property coverage, which was understated by \$700,000. (The amounts for fiscal year 2021 were similarly incorrect due to the wrong positive/negative sign, totaling \$915,404,000.)	\$ 877,356,000
#16	Tax Abatements	The Nebraska Department of Revenue (NDOR) provided inaccurate footnote information to DAS. When the APA requested support for this footnote information, NDOR identified certain errors in the original footnote provided to DAS for the State taxes abated and received/receivable from other governments.	210,599,392
#4	Capital Assets	Construction Commitments was overstated due to calculation errors relating to retainage, accrual transactions, amounts not agreeing to support non-capitalized costs and construction in progress. See more information in Comment #3 ("Capital Asset Accounting Errors") herein.	39,527,919
#3	Receivables	NDOR's Allowance for Doubtful Accounts required an adjustment because of the receipt of a significant amended withholding return. The receipt of the amended return reduced the balance used in the calculation of the allowance, causing the allowance to be \$4,387,714 lower than the original amount reported.	4,387,714
#6	Accounts Payable and Accrued Liabilities	DAS failed to allocate the accounts payable properly between Due to Government and Due to Vendors. The overall variance was almost \$1.4 million in all ACFR funds; however, DAS corrected only the Highway Fund allocation of payables for \$907,368.	907,368
#8	Leases	DAS understated Lease Principal and Interest to be received after 2052 by \$400,000, due to not including these payments in the original table. When this adjustment was made, DAS neglected to update the totals at the bottom of the table, resulting in the totals being understated by \$400,000 again.	800,000
#2	Deposits and Investments Portfolio	In the Fiduciary Fund Credit Risk of Debt Securities table, DAS incorrectly included an equity security in the Short Term Investments. Since it is not a debt security, the amount should not have been included in the table.	800,000



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Footnote		Description	Dollar Error
#7	Noncurrent Liabilities	DAS made errors in the compensated absences deletions, amounts due within one year for the Nonmajor Enterprise Funds and Governmental Activities, totaling \$267,000. These errors were not corrected by DAS.	267,000
<b>Total</b>			<b>\$ 2,324,808,393</b>

We also noted the following procedural and control issues regarding DAS’s preparation of the ACFR:

- In its preparing the Budgetary Comparison Schedule for the General Fund, DAS incorrectly listed the balance of the Tax Refund Liability as (\$196,047,000) instead of the correct amount of (\$583,607,000), resulting in that line and the Other Net Accrued Receivables and Liabilities line being incorrect by \$387,560,000 in the Reconciliation of Budgetary Basis versus GAAP fund balance.
- The June 30, 2022, bank reconciliation performed by DAS contained an incorrect bank balance, causing a \$6,050,000 variance, \$198,026 in unresolved transactions identified as unapplied cash transactions, and \$4,763 in other reconciling items that were incorrect or had not been reviewed timely, with some items dating back to 2012.
- DAS failed to correct and reconcile the imprest payroll liability accounts for employee and employer Social Security portions, resulting in a \$943,682 variance between the two accounts.
- DAS overstated the “Cash received from customers” line on the Proprietary Fund Cash Flow Statement, Governmental Activities – Internal Service Funds column by \$151,000. DAS did adjust for the error in its calculation.
- DAS and DHHS have been notified at least twice previously to review \$102,776 in EnterpriseOne inventory accounts for DHHS that have not changed since at least fiscal year 2018. Some of the inventories appear to be for veterans homes, which are no longer under DHHS. No additional procedures were performed during fiscal year 2022.

Agency Accrual Errors

DAS required State agencies to report accounts receivable and accounts payable accrual items, which were not reported within EnterpriseOne, for inclusion in the ACFR. DAS continued to lack procedures to ensure the accuracy of the accrual information submitted.

For example, in one case, DAS explained that it simply reported the information submitted by the agencies without any review. In another instance, DAS stated that it lacked the time to review agency support.

Furthermore, in at least one instance, DAS failed to obtain adequate documentation from DHHS and requested the APA to propose an adjustment. As a result of DAS preparing and recording unverified journal entries, over \$85 million in adjustments were necessary to the financial statements, along with other errors of at least \$1 million not requiring formal adjustments.

Relying on the APA to determine the accuracy of information provided by State agencies is not an adequate control and causes delays in the issuance of the ACFR.

Similar issues have been reported since the 2007 audit.

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Draft Report Presentation Issues

Throughout the audit, the APA received six different versions of the ACFR from DAS. Each new version of the report required significant time and work by the APA. Besides the errors listed above in the adjustments or footnote chart, we noted additional errors related to heading lines missing on the financials, noting changes as increased when they decreased, and adding clarification to charts.

Good internal controls and sound business practices require the implementation of procedures, including an adequate review and verification of financial information, to ensure the proper and timely preparation of the ACFR.

Without such procedures, there is an increased risk of the ACFR containing material misstatements, which might well remain undetected.

Despite similar findings being reported in the prior year ACFRs, the number of errors, as well as the significant dollar amount of those errors, both individually and aggregately, demonstrate that DAS still needs to improve its controls and processes to ensure the accurate and timely presentation of the ACFR.

We recommend DAS improve and implement additional procedures, such as **adequate review and verification** of financial information, including any information provided by different agencies and internally prepared information, to ensure the proper and timely preparation of the ACFR. We also recommend DAS utilize resources to work with State agency personnel to ensure accrual information is supported and has a sound accounting base.

*DAS Response: DAS's goal is to have an unmodified opinion with reduced errors in every successive year. The financial statement adjustments for all agency errors were less than 1% of the Total Net Position, a reduction of more than \$3.8 billion, or 88%. The APA issued an unmodified opinion on the accuracy of the ACFR in all respects, with the exception the NDOL unemployment fund. DAS will work with the APA to fix the remaining issues identified.*

**Finding 2022-003**

**Capital Asset Accounting Errors**

For the past eight years, DAS has failed to perform adequate procedures to ensure that capital assets were recorded properly on the financial statements. This year, the capital asset ending balances contained errors of at least \$15 million, compared to \$234 million from the prior year.

DAS compiled the capital asset information from EnterpriseOne and requested State agencies to report accrual items, which were not contained in EnterpriseOne, for inclusion in the ACFR. The APA's review of the accrual items reported revealed numerous clerical errors, amounts that did not agree to EnterpriseOne or support, and additions, deletions, beginning balances, and depreciation not properly calculated. These errors required revisions to DAS's original amounts included in capital asset-related items on the financial statements and footnotes.

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

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	Beginning Balance	Additions	Deletions	Ending Balance
Initially Reported by DAS	\$ 568,903,321	\$ 337,126,928	\$ 167,696,493	\$ 738,333,756
Final After Adjusted by APA	\$ 570,610,328	\$ 340,453,372	\$ 164,477,789	\$ 746,585,911
<b>Misstatement</b>	<b>\$ 1,707,007</b>	<b>\$ 3,326,444</b>	<b>\$ (3,218,704)</b>	<b>\$ 8,252,155</b>

DAS failed to report CIP accurately due to the following: 1) three beginning balance adjustments for \$1,707,007; 2) six additions errors, totaling \$3,326,444, for amounts that did not agree to support or for retainage not being included; and 3) two deletions, totaling \$3,218,704, that were not removed properly. These errors were caused by not accounting for prior year transactions, not capitalizing expenses that should have been, not verifying asset balances reported by other State agencies, not using updated information, and duplicating line items.

The following table details the errors noted in other DAS calculations that were adjusted in the financial statements:

	Beginning Balance	Additions	Deletions	Ending Balance	Ending Balance
<i>Buildings</i>	<i>Capital Asset</i>				<i>Accumulated Depreciation</i>
Initial Calculation	\$ 9,855,653	\$ -	\$ -	\$ 9,855,653	\$ -
Final Calculation	\$ 9,855,653	\$ 3,084,915	\$ -	\$ 12,940,568	\$ 264,224
<b>Total Errors</b>	<b>\$ -</b>	<b>\$ (3,084,915)</b>	<b>\$ -</b>	<b>\$ (3,084,915)</b>	<b>\$ (264,224)</b>
<i>Equipment - Correctional Services</i>	<i>Capital Asset</i>				<i>Accumulated Depreciation</i>
Initial Calculation	\$ 6,790,048	\$ -	\$ -	\$ 6,790,048	\$ -
Final Calculation	\$ 6,790,048	\$ 113,442	\$ 162,235	\$ 6,741,255	\$ 129,178
<b>Total Errors</b>	<b>\$ -</b>	<b>\$ (113,442)</b>	<b>\$ (162,235)</b>	<b>\$ 48,793</b>	<b>\$ (129,178)</b>
<i>Equipment - General Services</i>	<i>Capital Asset</i>				<i>Accumulated Depreciation</i>
Initial Calculation	\$ 6,783,456	\$ 283,304	\$ 865,566	\$ 6,201,194	\$ 178,073
Final Calculation	\$ 6,783,456	\$ 432,574	\$ 865,566	\$ 6,350,464	\$ 169,804
<b>Total Errors</b>	<b>\$ -</b>	<b>\$ (149,270)</b>	<b>\$ -</b>	<b>\$ (149,270)</b>	<b>\$ 8,269</b>

	Beginning Balance	Additions	Deletions	Ending Balance	Ending Balance
<i>Equipment - Communications</i>	<i>Capital Asset</i>				<i>Accumulated Depreciation</i>
Initial Calculation	\$ 71,598,179	\$ 5,783,741	\$ 4,501,053	\$ 72,880,867	\$ 343,253
Final Calculation	\$ 73,624,546	\$ 7,254,133	\$ 4,501,053	\$ 76,377,626	\$ 265,002
<b>Total Errors</b>	<b>\$ (2,026,367)</b>	<b>\$ (1,470,392)</b>	<b>\$ -</b>	<b>\$ (3,496,759)</b>	<b>\$ 78,251</b>
<i>Equipment - Information Management Services</i>	<i>Capital Asset</i>				<i>Accumulated Depreciation</i>
Initial Calculation	\$ 20,891,132	\$ 1,099,250	\$ 3,015,806	\$ 18,974,576	\$ 2,691,614
Final Calculation	\$ 20,891,132	\$ 1,184,484	\$ 3,015,806	\$ 19,059,810	\$ 2,687,364
<b>Total Errors</b>	<b>\$ -</b>	<b>\$ (85,234)</b>	<b>\$ -</b>	<b>\$ (85,234)</b>	<b>\$ 4,250</b>

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

- The errors related to “Buildings” and “Equipment – Correctional Services” were due to DAS failing to post the necessary journal entries needed to account for the activity that occurred during fiscal year 2022. DAS provided the necessary calculations for the correct entries to the APA on September 30, 2022, but not until October 26, 2022, after the APA inquired of DAS, were these posted to EnterpriseOne.
- The errors related to additions and accumulated depreciation for “Equipment – General Services,” “Equipment – Communications,” and “Equipment – Information Management Services” were caused by DAS failing to include assets acquired during fiscal year 2022, but not recorded in EnterpriseOne

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until after June 30, 2022, in its calculations. Due to this error, the depreciation expense of these assets was also not properly accounted for at June 30.

- The error related to the beginning balance for “Equipment – Communications” was due to assets recorded in EnterpriseOne after June 30, 2021, with an acquired date before June 30, 2021. These were not included in the beginning balance in DAS’s calculation.

Additionally, DAS made an adjustment for errors in its calculation of infrastructure assets. DAS failed to include changes made by the Nebraska Department of Transportation (NDOT), resulting in an overstatement of assets by \$1,947,404. Furthermore, depreciation for infrastructure assets was not calculated appropriately. DAS calculated the beginning depreciation for two assets correctly; however, it did not remove this adjustment from the year-to-date depreciation calculation, resulting in \$193,478 being accumulated twice.

Other issues were noted during testing of capital assets but were not adjusted, as follows:

- DAS failed to include as equipment \$1,374,361 in fiscal year 2022 assets that were not recorded until after the end of the fiscal year because it lacked a procedure to accumulate these assets in the financial schedule. Additionally, \$34,512 of depreciation expense associated with these assets was not included.
- For one DHHS project, the value of the asset was overstated by \$311,247 related to retainage because retainage in the prior year incorrectly included costs that are not capitalized per GASB 51. Additionally, accumulated depreciation and depreciation expense were overstated by \$41,272 and \$62,249, respectively.

The APA noted that the amount reported for Construction Commitments was overstated by \$39,527,919 due to the following errors:

- Retainage was not adjusted out of the amount remaining for 16 commitments, resulting in an overstatement of \$6,747,444.
- Accrual transactions were still included in the amount remaining for 12 commitments, resulting in an overstatement \$3,225,479.
- The total contract amount reported did not agree to support for three commitments, resulting in an understatement of \$285,359.
- The total amount completed did not agree to support for three commitments, resulting in an overstatement of \$452,264.
- Non-capitalizable expenses were incorrectly included for one commitment, resulting in an overstatement of \$32,290,691.
- Three construction-in-progress projects were not included as commitments, resulting in an understatement of \$2,902,600.
- During testing of 309 Task Force for Building Renewal projects, the APA noted the following:
  - DAS initially capitalized \$299,726 in costs for upgrades to the 501 building; however, it recorded \$1,793,287 in additional costs as operating expenses. DAS capitalized the additional costs in August 2022 after the APA’s inquiry.

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- The replacement of the water system at the Beatrice State Development Center included \$200,336 in costs for a new meter building. These costs were recorded as an operating expenditure but should have been capitalized, as they meet the capitalization threshold set by DAS.
- Furthermore, \$923,026 in costs related to a generator replacement were capitalized by DAS but should not have been.
- After requesting changes for the aforementioned revisions, the APA noted the following errors in the footnotes:
  - Construction Commitments referenced Correctional Services remaining commitments of \$8,072,000, but this was not updated for retainage and was overstated by \$4,127,000. After inquiry by the APA, this paragraph was subsequently removed.
  - The nonmajor Enterprise Funds accumulated depreciation for equipment had a restated beginning balance, but it was not indicated that the balance was “restated.”

Good internal controls and sound accounting practice require procedures to ensure that capital asset activity is recorded accurately, transferred correctly into all journal entries and roll-forwards, and supported by adequate documentation. Those procedures should also include a review of items reported by the various agencies on the accrual response form for accuracy.

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

We strongly recommend DAS improve procedures to resolve this audit finding by ensuring for itself that capital asset activity is accurate and complete, including procedures to ensure all Accrual Response Forms contain accurate information.

*DAS Response: DAS agrees with the issue but disagrees with its significance. Net capital assets totaled \$10 billion. The total error rate was 0.15%, and a 92% reduction over the prior year. Errors were \$28 million under the APA’s standard of materiality. DAS will work to correct the remaining issues in future reports.*

**APA Response: The capital asset accounting errors occurred in several State agencies and, in the auditor’s judgement, are important enough to merit attention by those charged with governance.**

**Finding 2022-004**

**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 the Batch Management Process, which requires a review by a second individual. This Function is a separate menu option within E1. The Function is used by the following:

- The Department to provide support to agencies, so payments can continue in a timely manner if an agency lacks adequate personnel to process a transaction.

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- 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. As of May 20, 2022, 794 users had access to the Function, as anyone with Accounts Payable (AP) access above the “inquiry only” level were able to use the Function. Due to the ability to change the payee of a voucher with this access, we believe that such access should be restricted to only a limited number of high-level users.
- Users with the ability to add vendors and change vendor information in E1 also had access to this Function. The Address Book (AB) 50 security role allowed users to add vendors and make changes to vendor information. All 10 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 this 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 this Function and could add vendors or change vendor information in E1.

Nebraska Information Technology Commission (NITC) Standards and Guidelines, Information Security Policy 8-303 (March 2022), “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 single 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.

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

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process from accessing the Function and/or adding/changing vendor information in E1.

*Department Response: Use of this process to more efficiently correct voucher issues is granted to a large user base. 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 2022-005**

**E1 Timesheets**

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

- Supervisors and human resource staff within the State agencies were able to change the employees' submitted timesheets without the employees' knowledge or documentation of the changes made.
- E1 did not accurately track who approved timesheets in the system. Each employee was assigned a supervisor 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 removed a delegate from the system, there was no record of the delegates in the system in an audit trail. 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.

It was also noted that Department 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.

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.*

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.

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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 implement procedures to maintain adequate supporting documentation of time worked for all employees, such as timesheets or certifications, in compliance with State Statute and the 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 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. Agencies choosing to delegate time approval are trained to maintain documentation when a delegate approves time. DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.*

**Finding 2022-006**

**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.

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.



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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 or payee's banking information requires prior banking information be provided for verification. Changes in the past legislative session to Neb. Rev. Stat. § 81-153(10) provides a broader opportunity for vendor self-service and is being explored.*

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**DEPARTMENT OF CORRECTIONAL SERVICES**

**Finding 2022-007**

**Lack of Adherence to Legislative Bill and Federal Regulations**

On April 7, 2022, the Nebraska Legislature passed LB 1014 (2022), setting out the Governor's recommendations for appropriating the \$520 million in American Rescue Plan Act of 2021 ("ARPA") funding received from the Federal government. Signed into law by the Governor on April 13, 2022, that bill contained provisions for the use of State and Local Fiscal Recovery Funds ("SLFRF"), made available through the ARPA grant, to both the State of Nebraska and its various local governmental entities.

As explained by the "Introducer's Statement of Intent" to LB 1014, the "authorized uses" for the Federal funds being appropriated by that bill fell into "five broad categories." Among those was "Premium Pay for Essential Workers: Additional support to those workers who bear the greatest health risks with funds eligible retroactive to January 27, 2020." Section 12 of the legislation specified that the amounts to be appropriated to various State agencies "related to premium pay for Public Health and Public Safety positions as a result of COVID-19 conditions . . . ." In particular, the Department of Corrections (NDCS) received a "premium pay" appropriation of \$20,395,464.

In June 2022, NDCS performed journal entries that moved payroll costs of \$20,395,464 from the State General Fund to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant.

On October 6, 2022, the APA requested supporting documentation for those journal entries. The general ledger detail that the NDCS provided on October 21, 2022, included salaries, health insurance, and overtime for certain departments within NDCS. The APA questioned how this complied with either LB 1014 or the SLFRF grant requirements. On November 4, 2022, NDCS presented the APA with documentation replacing the previous support provided in October.

The \$20,395,464 support included \$7,104,968 for an \$8 per hour wage increase for Corrections Corporals and Corrections Sergeants. The remaining \$13,290,496 was for overtime, shift differential, and on-call hours paid for all staff from November 23, 2021, through June 30, 2022, and overtime, shift differential, and on-call hours paid July 1, 2021, thru November 22, 2021, excluding presumptive pay.

The APA also reviewed the detail for the \$7,104,968 premium pay provided by NDCS. We noted that NDCS used \$8 per hour for December through June; however, the \$8 was not effective until December 20, 2021. There was a \$5 increase from December 6, 2021, to December 19, 2021. However, we also noted that NDCS did not include premium pay for Corrections Unit Caseworkers. The NDCS had indicated that those workers should be included. We calculated that additional premium pay totaling \$898,487 could have been charged to SLFRF funds. This still leaves unallowable costs totaling \$12,392,009 (\$20,395,464 less premium pay allowed of \$8,003,455).

NDCS's use of the SLFRF grant for general overtime, shift differential, and on-call hours does not appear to be in accordance with either the language of LB 1014 or the Federal requirements governing the handling of those funds, as found in the "Final Rule" released by the U.S. Department of Treasury on January 6, 2022.

To start, LB 1014, directs the SLFRF funds to be expended specifically for "premium pay." The Federal Rule defines premium pay as "an amount of up to \$13 per hour . . . , in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID-19 public health emergency." (Emphasis added.) (pg. 4399) The Final Rule emphasizes that "premium

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pay should be in addition to compensation typically received.” (Emphasis added.) (pg. 4400) The Final Rule explains further that “a recipient may award premium pay to an eligible worker in addition to the overtime pay already earned by the eligible worker . . .” (Emphasis added.) (pg. 4400) Consequently, the premium pay – which, according to the Final Rule, may “be thought of as hazard pay by another name” (pg. 4397) – made available through the SLFRF grant must augment any type of regular remuneration, including overtime pay, not constitute it. As made clear by the supporting documentation provided, however, NDCS did not use the SLFRF monies for such purely augmentative purposes.

In addition to noting the apparent failure to comply with the “premium pay” directive contained in LB 1014, the APA became concerned that NDCS’s use of the SLFRF grant monies may have been in further violation of the Final Rule. According to the Final Rule, the SLFRF allocation “may be used for payroll and covered benefits for public safety, public health, health care, human services, and similar employees of a recipient government, for the portion of the employee’s time that is spent responding to COVID–19.” (Emphasis added.) (pg. 4384) Despite this clear admonition, the APA found no indication that NDCS had restricted its disbursement of SLFRF monies accordingly.

When the APA raised questions about the allowability of the journal entries for purposes of both LB 1014 and the SLFRF, the Deputy Director of NDCS responded with the following:

*All public safety workers are presumed to have worked in a COVID capacity. The Nebraska Department of Correctional Services (NDCS) has nine facilities housing over 5500 incarcerated individuals. Starting April 4, 2020, NDCS had significant numbers of incarcerated individuals and staff members test positive for COVID-19 within its facilities. Activities within this project related to providing a level of staffing necessary during the COVID-19 Pandemic to maintain a safe and secure environment within NDCS facilities.*

*It was necessary for NDCS to maintain staffing levels that would allow the agency to mitigate the threat of COVID-19 and its impact on staff, inmates and the public. Mandatory overtime was necessary for a majority of staff, especially those who had direct contact with inmates, including those who provided medical/mental health, food service and other services to inmates, as well as those who oversaw administrative and support roles. NDCS has an extensive and complex staff structure, many of whom have interrelated duties. For example, custody staff partner with social workers, nurses, unit and case workers as well as others to ensure the safe operation of each facility. In addition, there are housekeeping, maintenance, and food service workers responsible for providing basic needs to inmates. Priority is given to those with the most direct contact with incarcerated individuals, as well as those supporting their efforts.*

*As a result of COVI-19, many staff members working extended overtime to maintain critical staff levels at the facilities. The resulting stress led to staff burnout and acerbated personnel turnover. These funds helped stabilize the workforce, reduce training costs and enabled the agency to continue staffing critical posts.*

*A reduction in COVID, plus negotiated staff pay increases in the fall of 2021, has enabled NDCS to fill many vacancies. Recruitment has stabilized and has included bringing on workers from other states.*

*The SLRF Final rule provides the following:*

- *Page 4384, (a): ‘funds may be used for payroll and covered benefits for public safety...for the portion of the employee’s time that is spent responding to COVID-19. For administrative convenience, the recipient may consider public health safety employees to be entirely devoted to responding to COVID-19 , and therefore their full payroll and covered benefits eligible to be covered, if the employee, or his or her operating unit or division, is “primarily dedicated” to responding to COVID-19, meaning that more than half of the employee, unit or division’s time is dedicated to responding to COVID-19.’*
- *COVID conditions resulted in significant vacancies in NDCS’ facilities. Overtime was the method for which the most critical posts could be staffed in order to maintain safe and secure operations. Without overtime, inmate, staff and public safety could not be maintained.*

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- *As indicated, many staff members worked extended overtime to maintain critical and safe staff levels at all of its facilities. This included all available staff as necessary, including custody, unit, food service, medical and all other areas as required to provide staffing. For example, staffing levels at TSCI at times required the Warden to work 3<sup>rd</sup> shift to provide critical staffing. All staff members, custody and non-custody, on duty were expected and required to respond to staffing requirements caused by COVID. The overtime required crossed shifts and facilities, depending on the staffing requirements necessitated by COVID-19.*
- *Shift differential applies to hours, including overtime hours, worked on the applicable shift. Again, all staff members on duty were expected to respond, as necessitated by COVID.*

The above NDCS response to the APA's inquiry begins by stating, "All public safety workers are presumed to have worked in a COVID capacity." According to the Final Rule, however, such a determination must be based upon a periodic documented assessment showing that any individual employee(s) or unit/division receiving SLFRF payments has been "primarily dedicated" to responding to COVID-19. An unsubstantiated presumption or baseless generalization, such as that upon which NDCS appears to rely, is insufficient to meet this requirement.

Set out at length below is language in the Final Rule (pg. 4384) requiring a periodic documented assessment to support that SLFRF payments are being made to those "primarily dedicated" to responding to COVID-19:

*Under the interim final rule, funds may be used for payroll and covered benefits for public safety . . . of a recipient government, for the portion of the employee's time that is spent responding to COVID-19. For administrative convenience, the recipient may consider public health and safety employees to be entirely devoted to responding to COVID-19, and therefore their full payroll and covered benefits eligible to be covered, if the employee, or his or her operating unit or division, is "primarily dedicated" to responding to COVID-19, meaning that more than half of the employee, unit, or division's time is dedicated to responding to COVID-19. Recipients may consider other presumptions for assessing the extent to which an employee, division, or operating unit is responding to COVID-19. Recipients must periodically reassess their determination and maintain records to support their assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence; recipients need not track staff hours.*

\* \* \* \*

*In the final rule Treasury is maintaining the approach in the interim final rule, including elaborations issued in further guidance, but providing additional clarification on its application, including methods to apply the approach to minimize administrative burden. Treasury notes that recipients may assess the extent to which staff are dedicated to responding to COVID-19 through a variety of means, including establishing presumptions or assessing public health and safety staff at the division or operating unit level. For example, a recipient could consider the amount of time spent by employees in its public health department's epidemiology division in responding to COVID-19 and, if a majority of its employees are dedicated to responding to COVID-19, determine that the entire division is primarily dedicated to responding to COVID-19. Treasury also clarifies that recipients may use reasonable estimates to establish administrable presumptions; for example, a recipient could estimate, based on discussions with staff, the general share of time that employees in a specific role or type of position spend on COVID-19 related tasks and apply that share of time to all employees in that position. Recipients are generally required to be able to support uses of SLFRF funds as eligible, including, in this instance, maintenance of records to support an assessment that public health and safety staff are primarily dedicated to responding to COVID-19. As noted above, recipients may use reasonable estimates to implement this provision. Recipients should maintain records on how they developed these estimates and need not track staff hours. Treasury notes that records retained can include payroll records (e.g., the number and type of staff in various positions), attestations from supervisors or staff (e.g., self-attestation of share of time spent on COVID-19), or regular work product or correspondence (e.g., calendars, email correspondence, documents, and other electronic records). Treasury anticipates that these*

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*types of records are generally retained in many government settings; recipients should also consult the Award Terms and Conditions for SLFRF funds for requirements on length of record retention. For example, a recipient could establish a reasonable presumption about the share of time that an employee, division, or operating unit is responding to COVID-19 and simply retain those employees' electronic records as a record to support their assessment.*

(Emphasis added.) Additionally, the Final Rule (pg. 4385) provides the following:

*The interim final rule recognized that COVID-19 response continues to require substantial staff resources and provides an administrative convenience to make it relatively simpler to identify the eligibility of the types of workers – public health and safety workers – generally most involved in COVID-19 response. At the same time, many public health and safety workers perform roles unrelated to COVID-19; coverage of all roles would be overbroad compared to the workers responding to COVID-19 in actuality. For this reason, the final rule maintains the interim final rule's approach to permitting SLFRF funds to be used for public health and safety staff primarily dedicated to responding to COVID-19.*

(Emphasis added.) NDCS lacked adequate documentation to support that employees paid with SLFRF monies were “primarily dedicated” to responding to COVID-19. In fact, for the six-month period preceding the pandemic, from July 2019 to December 2019, NDCS charged \$10,885,798 for overtime, shift differential, and on-call hours. This shows that the average number of hours per month charged prior to the pandemic was very similar to that subsequently charged to SLFRF during the pandemic – which necessarily gives rise to questions regarding the extent to which employee duties were altered by the onset of COVID-19 and whether workers truly became “primarily dedicated” to responding to the outbreak.

In light of the above, NDCS appears to have expended \$12,392,009 in SLFRF monies in a manner inconsistent with not only the restrictive “premium pay” language in LB 1014 but also the Final Rule requirement for a periodic documented assessment showing that any individual employee(s) or unit/division receiving SLFRF payments has been “primarily dedicated” to responding to COVID-19. Therefore, we question that expenditure of \$12,392,009 in SLFRF monies by NDCS for overtime, shift differential, and on-call hours.

Per 2 CFR 1000.10 (January 1, 2022), “[T]he Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.”

Per 2 CFR 200.403 (January 1, 2022), costs must be necessary, reasonable, and adequately documented.

As is relevant, 2 CFR 200.302(a) 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.”

Additionally, good internal control requires procedures to ensure compliance with both State and Federal requirements when expending SLFRF monies.

Without such procedures, there is an increased risk for the improper expenditure of those Federal grant funds.

We recommend NDCS implement procedures to ensure compliance with both State and Federal requirements when expending SLFRF monies.

*Department Response: In addition to the NDCS response included in the Management Letter, NDCS provided information to the Auditors in response to the FY2022 Statewide Single Audit Testing of CSLFRF*

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on January 10, 2023. The information provided in that response also relates to this finding, as indicated below.

*NDCS does not agree with the APA's finding regarding overtime, shift differential and on-call hours. NDCS believes these are allowable expenses under the federal regulations for CSLFRF and the Final Rule. COVID conditions resulted in significant vacancies in NDCS' facilities. Mandatory overtime was necessary for the majority of staff, especially those who had direct contact with incarcerated individuals. This included those who provided medical/mental health, food service and other services to inmates, as well as those who oversaw administrative and support roles. Daily staffing decisions/assessments were made to maintain safe and secure operations for inmates, team members and the public at all times, since these facilities require staffing 24 hours a day/7 days a week/365 days a year.*

*Further, NDCS submitted additional documentation to the APA for the \$8 wage increase incurred during FY2023. As indicated by APA, the \$8 wage increase was an allowable expense and addressed the \$12 million amount referenced. Under State of Nebraska accounting policies and procedures, any federal funds received in a prior fiscal year carryover into the next fiscal year. We remain confident the documentation submitted by NDCS meets federal regulations. No corrective action plan is necessary.*

**APA Response:** The “Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule,” issued by the U.S. Department of the Treasury (Department) in January 2022, states clearly, on page 26 thereof, the following:

*SLFRF funding may be used for payroll and covered benefits for public safety, public health, health care, human services and similar employees of a recipient government, for the portion of the employee's time spent responding to COVID-19.*

**(Emphasis added.)** Likewise, on page 27 of that same document, the following reiteration is provided:

*SLFRF funding may be used for payroll and covered benefits for the portion of the employees' time spent on COVID-19 response, as calculated above, through the period of performance.*

**(Emphasis added.)** As noted in audit finding 2022-007, moreover, page 4385 of the Final Rule contains the following:

*At the same time, many public health and safety workers perform roles unrelated to COVID-19; coverage of all roles would be overbroad compared to the workers responding to COVID-19 in actuality. For this reason, the final rule maintains the interim final rule's approach to permitting SLFRF funds to be used for public health and safety staff primarily dedicated to responding to COVID-19.*

**(Emphasis added.)** Despite these explicit and unambiguous directives, NDCS attempts to defend its questioned expenditure of SLFRF funds by stating, “All public safety workers are presumed to have worked in a COVID capacity.” In addition to risking precisely the type of “overbroad” coverage warned against, such an outlook flies in the face of the Final Rule’s requirement that a proper allocation of SLFRF funds must be based upon a periodic documented assessment showing that any employee or unit/division receiving such grant monies has been “primarily dedicated” to responding to COVID-19. This is explained in detail on page 4384 of the Final Rule, which includes the following:

*Recipients are generally required to be able to support uses of SLFRF funds as eligible, including, in this instance, maintenance of records to support an assessment that public health and safety staff are primarily dedicated to responding to COVID-19.*

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**(Emphasis added.) An unsubstantiated presumption, such as that relied upon by NDCS, is insufficient to meet this plain requirement. Furthermore, we noted that overtime, shift differential, and on-call hours paid during the six-month period prior to the pandemic were almost indistinguishable from those paid during the pandemic; this indicates that the staffing issues faced by NDCS were not caused primarily by COVID-19.**

**The APA did not test documentation related to FY2023 that was received subsequent to our testing of the FY2022 transactions. State policies do allow for carryover of General Fund appropriations with certain restrictions; however, State policies do not allow for the charging of expenditures prior to the date of the obligation. FY2023 wages were not an allowable FY2022 expenditure per State or Federal policies.**

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding 2022-008**

**Multiple Financial Statement Adjustments**

The Auditor of Public Accounts (APA) proposed \$135,324,736 in adjustments to ensure the accuracy of the Department’s financial reporting for the fiscal year 2022 Annual Comprehensive Financial Report (ACFR).

The Nebraska Department of Administrative Services (DAS), State Accounting Division, prepares the State of Nebraska’s ACFR and requires all State agencies to determine and report accurate amounts for financial reporting, including various accounts receivable and payable balances at fiscal year end. Additionally, DAS relies on agencies to report activity accurately throughout the year in the State’s accounting system.

The Department made two different types of errors, as summarized in the table below:

Description of Error	Amount
Accruals Not Reported to DAS	\$59,336,064
Accruals with Errors Reported to DAS	\$75,988,672
<b>Total</b>	<b>\$135,324,736</b>

**Accruals Not Reported to DAS**

The following table contains a listing of transactions that the Department failed to report to DAS for financial reporting purposes at fiscal year end 2022:

Description	Reason	Dollar Error
Disproportionate Share Hospital (DSH) Revenue Entry	Hospitals in Nebraska are deemed to be disproportionate share hospitals (DSH) if the Medicaid inpatient utilization rate is above average or if they have a low-income utilization rate of 25 percent or more. Essentially, these are hospitals that serve numerous Medicaid or uninsured patients. The Department makes payments to these hospitals throughout the year.  One part of the DSH payment is made to the State’s Acute Care Teaching Hospital affiliated with the University of Nebraska Medical College on an annual basis. Because the payment is to another State entity, the receipt of these funds is also recorded in the State’s accounting system into fund 25160. The receipt of \$17,846,430 was recorded on July 13, 2022, which is after the fiscal year end. However, the receipt represented the annual amount for fiscal year 2022, so it should have been accrued in that year.	\$17,846,430
Medical Loss Ratio (MLR) Entry	As part of its contracts with the Managed Care Organizations (MCO), the Department receives an annual Medical Loss Ratio (MLR) report. The MLR is generally the percentage of premiums spent on medical care. If the MLR is less than 85%, the MCOs must refund the difference to the Department.  When the Department receives the annual report with an amount due back to it, a receivable should be recorded at that time. However, the Department had not been reporting accruals for the dental MLR amounts. The following amounts were not included as an accrual by the Department on its accrual response form: FY 21 Dental MLR Accrual (Adj beginning balance) FY 22 Dental MLR Accrual (Receivable)	\$9,013,755 \$7,235,102



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Description	Reason	Dollar Error
Late Material Journal Entry	The Department posted a \$13,721,710 journal entry in October 2022 to move expenses from the General Fund to the Health and Social Services Fund. The Department correctly recorded the transaction as a prior-period entry, knowing it should be attributed to fiscal year 2022. However, it was not picked up by DAS for inclusion in the current ACFR because DAS looks only at activity through September 30. Therefore, because the Department did not prepare the journal entry timely or notify DAS of the material entry, it was not recorded in the proper fiscal year or to the proper fund. The APA proposed an adjustment to correct the fund and fiscal year, which was posted by DAS.	\$13,721,710
Health Insurance Provider Fee (HIPF) Entry	<p>Each of the Managed Care Organizations (MCOs) periodically determine their health insurance provider fee (HIPF) liability, which is compared to the capitation payments received from the State. Capitation payments are set amounts paid to providers for a specific patient for a specific time. In its January 25, 2022, actuarial certification for the period October to December 2020, the actuary calculated that each MCO's HIPF capitation payments exceeded their HIPF liability. The excess payments were due back to the State and should have been recorded as a receivable because they were not received until October and November 2022. The amounts per insurer are as follows:</p> <p style="padding-left: 40px;">United Healthcare</p> <p style="padding-left: 40px;">Wellcare</p> <p style="padding-left: 40px;">Nebraska Total Care</p>	<p>\$2,858,570</p> <p>\$1,941,345</p> <p>\$1,719,609</p>
Ryan White Program Negligence	<p>The Department oversees the State's AIDS Drug Assistance Program (ADAP), which is included in the Ryan White Program. ScriptGuideRx, a third-party contractor, manages rebates from pharmaceutical manufacturers and passes them on to the Department. The APA found the following issues related to the recording of rebates and program income received:</p> <p style="padding-left: 40px;">The Department recorded rebates in fiscal year 2023 that were for fiscal year 2022. Therefore, a receivable should have been recorded but was not.</p> <p style="padding-left: 40px;">The Department recorded program income in fiscal year 2022 that was for fiscal year 2019. Therefore, a beginning fund balance adjustment was required that was not made.</p> <p style="padding-left: 40px;">The Department recorded rebates in fiscal year 2022 that were for fiscal year 2021. Therefore, a beginning fund balance adjustment was required that was not made.</p> <p>In addition to the inaccurate recording of amounts received, as noted above, the Department lacked an overall understanding of, as well as had insufficient controls over, this program. The Department failed to verify the accuracy of the rebates each quarter, lacked adequate documentation to support the amounts received, and performed no tracking of the rebates owed in accordance with the terms of the grant.</p> <p>Out of six rebates received in fiscal year 2022, three had only the ACH/EFT transaction document rather than actual documentation from the source.</p> <p>Because of the lack of documentation in the program and untimely Department responses, it took until January 10, 2023, for the Department to provide adequate documentation. The APA's first questions regarding the rebates were dated October 18, 2022.</p>	<p>\$2,276,908</p> <p>\$1,860,219</p> <p>\$862,416</p>
<b>Total</b>		<b>\$59,336,064</b>

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Accruals with Errors Reported to DAS

The following table contains a listing of transactions that the Department reported incorrectly to DAS for financial reporting purposes at fiscal year end 2022:

Description	Reason	Dollar Error
Construction In Progress (CIP) and Construction Commitment Errors on Accrual Response Form	The Department's accrual response form did not accurately report asset values for three Construction In Progress (CIP) projects tested and one Construction Commitment tested. A similar issue was noted in the prior year. The errors by project are included below: CyncHealth IT Project Construction Commitment Overstated DMA IT Project CIP Overstated iServe IT Project CIP Understated CyncHealth IT Project CIP Understated	\$32,290,691 \$445,022 \$3,372,201 \$511,796
Department Cost Allocation Process Entries	The Department has a cost allocation process to allocate certain costs to the benefitting programs based on a methodology deemed to be the most equitable and appropriate. The costs are usually recorded in the General fund, and the cost allocation process charges the costs to the appropriate Federal funds. These cost allocation entries are included as part of the intergovernmental payable and receivable at fiscal year end. The APA found the following errors related to the cost allocation plan: <b>July 1, 2021, through September 30, 2021:</b> The Department inappropriately recorded \$3,174,220 as prior-period expenses for fiscal year 2021. The expenses were already included on the Department's accrual response form, so these expenses were duplicated in fiscal year 2021. The APA proposed an adjustment to the beginning fund balance to correct the issue. <b>October 1, 2021, through June 30, 2022:</b> The Department also inappropriately recorded \$2,401,531 as prior-period expenses for fiscal year 2021. The expenses were already included on the Department's accrual response form. However, because of the error, DAS recorded an adjustment to beginning fund balance, which was not needed. The APA proposed an adjustment to reverse the beginning fund balance entry made by DAS. <b>July 1, 2022, through September 30, 2022:</b> The Department inappropriately recorded \$9,609,623 as fiscal year 2022 expenses. However, the expenses were already included on the Department's accrual response form, so the expenses were duplicated in fiscal year 2022. The APA proposed an adjustment, which was posted by DAS, to reduce the Federal fund expenses.	\$3,174,220  \$2,401,531  \$9,609,623
DSH Payable Calculation	Hospitals in Nebraska are deemed to be disproportionate share hospitals if the Medicaid inpatient utilization rate is above average or if they have a low-income utilization rate of 25 percent or more. Essentially, these are hospitals that serve numerous Medicaid or uninsured patients. The Department makes payments to these hospitals throughout the year.  The DSH payable is an annual estimate using historic payment data from the previous three years. The Department utilized incomplete data during the fiscal year 2022 annual estimation, causing an understatement of \$10,384,991, which is broken down to \$6,882,484 for short-term Federal share and \$3,502,507 for long-term Federal share. A similar finding was noted in the prior year.	\$10,384,991
Intergovernmental Accounts Receivable/Accounts Payable Calculation	The Department calculated the intergovernmental accounts receivable amount and accounts payable for money due to and from the Federal government at year end. Several different Federal grants are included in the calculation. If the Department has paid more than it has drawn, a receivable is created. Conversely, if the Department has drawn more than it has paid, a payable is created.  The Department inaccurately reported the Federal Fiscal Year 2022 Adoption Assistance amount drawn as \$27,763,620 in its accrual calculation, instead of the actual amount of \$19,302,036, for a total variance of \$8,461,584. The original calculation resulted in an intergovernmental payable for the Adoption Assistance grant of \$8,215,151, but it should have been an intergovernmental receivable for \$246,433. A similar issue was noted in the prior year.	\$8,461,584

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Description	Reason	Dollar Error
Patient and County Prior Year Calculation Error	<p>The Department bills for services provided to patients at State facilities, such as the Lincoln Regional Center, or for community based developmental disability services provided at non-State facilities. Initially, charges are recorded at full cost, but are later reduced significantly to match the patient’s ability to pay. If costs are not billed within 30 days of care, the county in which the patient resides must pay a fee. The Department calculates a receivable amount at year end that represents its estimation of funds owed to the State as of fiscal year end.</p> <p>The APA found a \$5.3 million error in the prior year patient and county receivable amount. Therefore, a beginning fund balance adjustment was needed but was not made until the APA identified the error in the calculation.</p>	\$5,337,013
<b>Total</b>		<b>\$75,988,672</b>

In its response to the Summary Schedule of Prior Audit Findings, the Department stated that its corrective action plan was in process with regards to errors in accrual information. However, many of the current year accruals were inaccurate and 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 DAS or when entries were made to the State’s accounting system. Due to the implementation of limited or no corrective actions, similar issues have been reported since the 2003 audit, for over 19 years.

A good internal control plan requires procedures to ensure that accurate and complete financial information is reported to DAS. Good internal controls also require procedures to ensure secondary reviews are performed for accruals reported and journal entries made.

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 to calculate and report accruals properly for the ACFR, including fixing repeated errors. Furthermore, we recommend the Department implement procedures to ensure a secondary review is performed for all accruals by a knowledgeable individual prior to submission to DAS or entry into the State’s accounting system.

*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 also meet with DAS staff to work through any necessary corrections for the next fiscal year.*

**Finding 2022-009**

**Other Errors in Financial Reporting**

For the fiscal year 2022 ACFR, the Department made \$57,142,009 in other accounting errors for items not requiring a formal proposed adjustment to the financial statements. The details of these errors is contained in the table below:

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Description	Reason	Dollar Error
Incorrect IT Development Coding	<p>The Department recorded \$54,462,092 of software development costs for three information technology (IT) projects as operating expenditures when they should have been recorded as capitalized expenditures. Additionally, some of those projects were reported incorrectly on the accrual response form noted in Comment Number 1 (“Multiple Financial Statement Adjustments”) herein, but most of the errors were made by using the wrong object account in the accounting system. A similar issue was noted in the prior year. The detail of the costs by projects is as follows:</p> <p style="padding-left: 40px;">CyncHealth Project  iServe Project  DMA Project</p>	<p style="text-align: right;">\$29,273,584  \$20,492,472  \$4,696,036</p>
Incorrect SNAP Accrual	<p>The Supplementary Nutrition Assistance Program (SNAP) accrual is prepared to record non-monetary transactions at the fiscal year end. The Department reported \$371,096,122 for food stamp activity for fiscal year 2022. However, an adjustment of \$631,978 was not included in the Department’s figures, and the actual amount reported should have been \$370,464,144. A similar issue was noted in the prior year. No adjustment was made because the amount was not above the adjustment threshold.</p>	<p style="text-align: right;">\$631,978</p>
Medical Drug Rebate (MDR) Supplemental Rebate Coding	<p>The Medical Drug Rebate (MDR) program collects Medicaid rebates for certain physician-administered drugs from drug labelers to be able to receive Federal matching payments for the drugs. In addition, the State has negotiated a supplemental rebate program with drug manufacturers to generate additional revenues and further reduce expenditures.</p> <p>The Department has recorded 6% of supplemental MDR rebate income to the Children's Health Insurance Program (CHIP) since at least 2014. However, it has been unable to provide documentation to support that percentage since the APA asked in fiscal year 2020. During fiscal year 2022, the Department received \$10,283,343 in supplemental rebates, of which \$617,000 was charged to the CHIP program.</p>	<p style="text-align: right;">\$617,000</p>
Indirect Medical Education (IME)/Direct Medical Education (DME) Payable Calculation	<p>Federal regulations provide for payments to hospitals for the costs of approved graduate medical education, also known as Direct Medical Education (DME). Indirect Medical Education (IME) payments are also authorized for the costs that are associated with maintaining an approved medical education program, but they are not reimbursed as part of the DME payments. The Department calculates annual DME and IME payments for services provided by capitated plans from discharge data provided by the plans. The amount of the payable represents payments owed to hospitals within the State at the end of the fiscal year.</p> <p>The IME/DME payable includes a short-term and long-term calculation that is calculated using historic payment data from the previous two years. The Department failed to include fiscal year 2022 expenses in its projected fiscal year 2023 calculation of payments, and instead used fiscal year 2021 expenses. This error caused an overstatement of \$299,007 in the Federal share and \$190,756 in the State share of the liability. A similar issue was noted in the prior year.</p>	<p style="text-align: right;">\$489,763</p>
Program Integrity Accrual Calculation	<p>The Medicaid Program Integrity Unit’s purpose is to guard against fraud, abuse, and waste of Medicaid program benefits. The Unit is responsible for reporting the total refunds that are expected to be collected in the next fiscal year from referred cases.</p> <p>The Department’s calculation of the receivable and allowance for doubtful accounts contained a couple of different issues, including the use of an incorrect Federal Medical Assistance Percentage (FMAP) and incorrect balances. Because of the errors noted, the total receivable was overstated by \$19,643, and the allowance for doubtful accounts was overstated by \$445,139 because of the errors. A similar issue was noted in the prior year.</p>	<p style="text-align: right;">\$464,782</p>
Medical Drug Rebate (MDR) Accounts Receivable Calculation	<p>The Medical Drug Rebate (MDR) program is described above. A receivable is prepared to record funds due to the State from drug labelers as of fiscal year end. The APA noted the following concerns with the receivable calculation:</p> <p>First, the Department used the previous 10 years of collection data in determining the receivable and corresponding allowance for doubtful accounts for various claim types. During 2017, however, much of the claims’ data was moved from being processed by the Department’s internal system to the Managed Care Organizations (MCOs), so data used prior to that time is not representative of the current claims process. By removing the older claims data from the calculation, the APA calculated the receivable to be \$258,924 higher than the Department’s calculation.</p>	<p style="text-align: right;">\$213,390</p>

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Description	Reason	Dollar Error
	<p>Next, in its calculation for the Supplemental MDR claims, data from 2012 was used. However, in the calculation of the receivable for the other claim types, data back to only 2013 was used. Once the 2012 data was removed from the calculation, the receivable balance was \$45,534 less than the original calculation.</p> <p>Finally, the Department used percentages for its estimation of the collectability of the rebates that ranged from 0% collectible for claims five years or older to 100% of claims less than two years old. There is no documentation or historical data to support the percentages.</p> <p>Similar issues were noted in the prior year.</p>	
Disproportionate Share Hospital (DSH) Payable Calculation	<p>DSH payables have been described already in Comment #1 (“Multiple Financial Statement Adjustments”) herein. As mentioned, a portion of the Disproportionate Share Hospital (DSH) payable is payments to non-profit acute care teaching hospitals affiliated with a State-owned University Medical College.</p> <p>The Department’s calculation for this part of the payable was incorrect because the Department used the prior year payments to the University of Nebraska Medical Center of \$17.2 million rather than the current year payment of \$17.8 million. This error resulted in a difference of \$213,004 for this part of the calculation.</p>	\$213,004
Medicaid Short Term Payable Calculation	<p>Medicaid and Children's Health Insurance Program (CHIP) claims are paid primarily within one year of the claim filing. The Department calculates a payable for the claims that will be paid within the next year.</p> <p>A portion of the payable is an estimate of payments to critical access hospitals within the State. The Department included a three-year cost average of \$230,284 that was rounded up to \$300,000; however, it appears to be more reasonable to round the cost average to only \$250,000. A similar issue was noted in the prior year.</p>	\$50,000
<b>Total</b>		<b>\$57,142,009</b>

Nebraska State Accounting Manual, AM-005, General Policies, Section 28 (“Capital Outlay”) (3/2020), provides the following process 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 that transactions are recorded accurately in the accounting system, there is adequate review and approval for processing transactions or accruals, and documentation is on file to support the transactions or accruals.

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, including prior period transactions, are timely, adequately supported, reviewed, and recorded accurately, so proper identification and adjustments can be made for the ACFR.

*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 also meet with DAS staff to work through any necessary corrections for the next fiscal year.*

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**Finding 2022-010**

**MMIS to MDR Reconciliation & Interface Issues**

The State of Nebraska participates in the Federal Medicaid Drug Rebate program, which helps to offset the Federal and state costs of most outpatient drugs dispensed to Medicaid patients. During the fiscal year ended June 30, 2022, the Department received \$139 million in drug rebates that were processed through its Medicaid Drug Rebate application (MDR).

The Department utilizes the MDR application to compile Medicaid drug claims and uses that data to invoice drug manufacturers. Paid drug claims are exported quarterly to MDR. The drug claims originate from either the Department's Medicaid Management Information System (MMIS) application or a vendor-supported database, HealthInteractive.

The Department lacked procedures for ensuring that the data sent to MDR was complete, accurate, and eligible for drug rebates. Due to this, the Auditor of Public Accounts (APA) performed a reconciliation of the March 2022 claims and selected a sample of 25 claim lines to ensure they were properly either sent or not sent to MDR. Three of the 25 claim lines tested, totaling \$37,379, were improperly included in the extract sent to MDR. As a result, the three claims were investigated to determine why the claims were improperly sent to MDR and whether these claims, and similar claims, would have been improperly billed to drug manufacturers. That investigation identified two separate issues with the extract program. Below is the description of the two issues identified and whether those issues resulted in the Department receiving any improper rebates:

- First, HealthInteractive did not filter out drug claims from providers that were rebate exempt during two or more periods; consequently, any drug claims that should have been excluded from the export to MDR were not. As a result, 101,882 claim lines, totaling \$4,522,331, were incorrectly included in the data HealthInteractive sent to MDR. These claims were associated with five providers. Due to this error, a sample of claims was selected from the two largest providers, the results of which are detailed below:
- Provider 1: At least \$121,157 was incorrectly invoiced to the manufacturer. A sample of 12 claim lines, totaling \$210,365, was tested and, for 10 of the 12 claim lines selected for testing, a rebate was incorrectly invoiced to the manufacturer, resulting in \$87,066 in rebates paid to the State. During the testing of these 12 claim lines, the APA identified seven additional claim lines that had been incorrectly invoiced to the labeler, which totaled \$34,091. This provider had 47,733 claim lines, totaling \$747,284, that were improperly sent to MDR. Thus, the Department would be expected to have received additional improper rebates.
- Provider 2: We confirmed that all 10 claim lines selected for testing were appropriately rejected in MDR and not invoiced for rebate. Provider 2 had 44,968 claim lines, totaling \$3,643,324, that were inappropriately interfaced to MDR.
- Secondly, HealthInteractive was not validating all drug codes in compound drugs; rather, for drugs that contain multiple ingredients, HealthInteractive was validating only the first drug code. During the fiscal year ended June 30, 2022, 3,163 claim lines, totaling \$83,705, were inappropriately interfaced to MDR. Of the total claim lines incorrectly interfaced to MDR, the APA noted that 3,005 claim lines, totaling \$81,107, were associated with two different drug manufacturers, and none of these 3,005 claim lines were invoiced for rebate.

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A good internal control plan and sound business practices require procedure to ensure that data used to calculate drug rebates is reconciled to ensure completeness and accuracy.

Without such procedures, there is an increased risk of inaccurate amounts being invoiced by the Department.

A similar finding has been noted since the fiscal year 2020 ACFR audit.

We recommend the Department implement procedures to ensure data processed through its applications are complete and accurate. We also recommend the Department implement procedures to ensure data used to calculate drug rebates is reconciled to ensure completeness and accuracy.

*Department Response: The Agency agrees with the finding. The Agency has already resolved some of the items noted and will continue to assess and implement further changes.*

**Finding 2022-011**

**User Access**

The Department utilized multiple applications for various purposes, such as processing payments, identifying amounts to be billed to others, determining program eligibility, etc. Access to these applications is based on a user's need to complete his or her job tasks.

During testing of user access of the Department's applications, we noted the following issues with user access.

***NFOCUS User Access***

Access to the Nebraska Family Online Client User System (NFOCUS) application was based on a user's need to complete his or her job tasks. The user's supervisor was responsible for completing the NFOCUS Access Request Checklist for new hires, making changes to current employee access, and reviewing that access annually. The checklist was sent to security staff to assign the appropriate level of access to the system. No access was to be assigned until a completed checklist was submitted. For external employees, a Confidentiality Agreement was to be completed before a user was granted access to NFOCUS. In our review of employee access to NFOCUS, we noted the following:

- For 6 of 25 users tested, a completed user access checklist was not provided.
- For 8 of 11 users tested, the Department did not have documentation to support that the employee's access was reviewed by his or her supervisor during the fiscal year.
- For 1 of 19 users tested, access assigned in NFOCUS was not appropriate based on the user's job function.

A similar finding has been noted since the fiscal year 2014 ACFR audit.

***MMIS User Access***

The Department used the Medicaid Management Information System (MMIS) to support its operations of the Medicaid Program. The objective of MMIS was to improve and expedite claims processing, efficiently control program costs, effectively increase the quality of services, and examine cases of suspected program abuse. To gain access to MMIS, a user's supervisor is responsible for completing an access notification

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form that is sent to the Security Administrator. For new Medicaid and Long-Term Care (MLTC) staff, a MLTC Security Checklist form should be completed and on file. The forms requesting access are sent to security staff to assign the appropriate level of access to the MMIS system.

For 5 of 25 users tested, access was not reasonable based on the access request, security checklist, or discussion with the user's supervisor. While the access may have been originally requested, upon discussion with the employee's current supervisor, some of the user's access was no longer necessary.

***EnterpriseOne User Access***

EnterpriseOne (E1) is the State's accounting system. The Department has access to various security roles within E1 for business operations and ensuring financial activity recorded in other Department applications is appropriately recorded in the State's accounting system. The Address Book (AB) 21 security role allows users to maintain and update the public assistance, Medicaid, and Welfare address book search types.

One of four users tested had access to the AB 21 security role in E1 that was not reasonable or appropriate for the user's job duties.

***Centralized Data System User Access***

The DHHS Division of Behavioral Health (DBH) utilizes the Electronic Billing System (EBS) and the Centralized Data System (CDS) to automate the process of receiving, reviewing, and making payments for services provided by the Regional Behavioral Health Authorities (regions) and the providers subcontracted by the regions.

For 1 of 17 users tested, CDS access did not appear reasonable based on the user's job duties. This employee was granted system administrator access; however, the Department did not have documentation to support that such access was approved and necessary.

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-502(1) (July 2017), "Minimum user account configuration," states the following:

*User accounts must be provisioned with the minimum necessary access required to perform duties. Accounts must not be shared, and users must guard their credentials.*

NITC Technical Standards and Guideline, Information Security Policy 8-701 (July 2017), "Auditing and compliance; responsibilities; review," states the following, in relevant part:

*An agency review to ensure compliance with this policy and applicable NIST SP 800-53 security guidelines must be conducted at least annually.*

National Institute of Standards and Technology (NIST) Special Publication 800-53 (September 2020), Security and Privacy Controls for Information Systems and Organizations, Access Control 6 "Least Privilege," states, in part, the following:

*Employ the principle of least privilege, allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.*

Good internal control requires procedures to ensure that user access to Department applications is properly assigned and periodically reviewed to confirm that such access is necessary for the user's job duties.

Without such procedures, there is an increased risk of users having a level of access that is unnecessary for their job duties, contrary to applicable security guidelines.



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We recommend the Department implement procedures to ensure user access to Department applications is properly assigned and reviewed periodically to confirm that such access is necessary and accurate for the user's job duties.

*Department Response: The Agency agrees with the finding. The Agency is involved in a current effort to modify the onboarding process which will reduce the complexity and increase the consistency of security requests. This new process will also provide better automated tools to assist staff in auditing security access in a timely manner, so that new procedures can be put in place to better manage user access.*

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**DEPARTMENT OF LABOR**

**Finding 2022-012**

**Accounting Issues**

The Department lacked procedures for ensuring that the Enterprise Fund - Unemployment Insurance (UI) 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 (TMS (Tax Management System)/GUS (Geographic Solutions Unemployment System)) and benefit (GUS) systems 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 the TMS and GUS systems to EnterpriseOne to ensure activity was reflected properly, which led to the APA issuing a disclaimer of opinion for the Enterprise Fund – Unemployment Insurance as well as for the Business-Type Activities.

A similar finding was noted during the fiscal year 2020 and 2021 audits. After both audits, the Auditor of Public Accounts (APA) recommended the Department work closely with DAS to establish procedures sufficient for calculating and reporting the UI Enterprise 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 on the following page summarizes over \$80 million in errors for the fiscal year ended June 30, 2022. The APA proposed the adjustments, all of which DAS posted. However, due to the significance of the errors identified – namely, 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 the APA to issue a disclaimer of opinion for the Enterprise Fund – Unemployment Insurance and related Business-Type Activities.

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Description		Dollar Error
1	DAS, with the help of the Department's Controller, determined that the ending balance in Due to Other Funds should have been \$269,794. However, the APA identified the following additional amounts held in the UI Trust account that also should have been recorded as Due to Other Funds as of June 30, 2022: <ul style="list-style-type: none"> <li>• \$35,890,343 for the UI Modern Incentive Program</li> <li>• \$2,739,623 for the Reed Act</li> <li>• \$1,000,492 for the Emergency Unemployment Insurance Stabilization and Access Act (EUISAA)</li> </ul>	\$ 39,630,458
2	The Department failed to record an \$11,450,484 payable for overpayments from Federal programs, which ultimately will be due back to the Federal government once received. The Department also failed to record a similar entry in fiscal year 2021, resulting in an \$23,915,624 adjustment to the Beginning Fund Balance.	35,366,108
3	The Department failed to record an accounts receivable for overpayments that were less than 90 days old as of June 30, 2022. The Department reasoned that the claimant had 90 days to appeal the overpayment, so a receivable was not needed. However, it is unlikely that all claims less than 90 days old will be appealed and overturned; therefore, a receivable should have been recorded.	1,878,511
4	The Department failed to record a payable for claims paid after June 30, 2022, for services rendered prior to the fiscal year end.	1,431,090
5	As part of its interfund transfer elimination entry, DAS reclassified \$1,148,777 from Transfers In to Charges for Services. However, the tax revenue was for fiscal year 2021 and resulted in the overstatement of tax revenue in fiscal year 2022. Therefore, a Beginning Fund Balance adjustment was necessary.	1,148,777
6	In fiscal year 2020, the Department received \$443,000 from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and recorded it as revenue at that time. However, the Department did not participate in the program, and the amount should have been recorded as a Due to Government. Therefore, a Beginning Fund Balance adjustment was necessary.	443,000
7	The Department incorrectly calculated the Claims Liability for fiscal year 2022, resulting in an understatement of \$385,201.	385,201
8	As part of its interfund loan elimination entry, DAS made a \$357,389 entry to reclassify revenue for penalties and interest to Due To Other Funds. However, the Department had already recorded the entry as Due to Other Funds, so DAS's entry needed to be reversed.	357,389
<b>TOTAL</b>		<b>\$ 80,640,534</b>

The following issues were also identified during testing:

- The Department failed to record a receivable for claims that had been flagged as potentially fraudulent. As of October 12, 2022, there were over 34,000 open investigations, but the Department was unable to produce a total dollar amount for these claims and could not estimate how much should be established as overpayments. After the APA communicated this finding to the Department, an entry to record a \$5,282,062 receivable was provided. However, the Department's estimate ignored the 34,000 open investigations and the pandemic UI programs and pandemic years (fiscal years 2020 and 2021). Therefore, the APA concluded there was a high likelihood that the entry was materially understated.
- The Department reported several accounts receivable and accounts payable balances, ranging from \$1,946 to \$7,936,683, that lacked adequate support or accurate details. Therefore, the APA was unable to determine if the balances were correct or if any adjustments were necessary.
- The Department's June 30, 2022, benefits account bank reconciliation was not accurate. For example, the incorrect ending bank balance was used, and the outstanding checks were added to the ending balance instead of being subtracted from it. These errors resulted in an initial variance of \$176,187

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between the bank balance and the book balance. An updated bank reconciliation was provided that corrected both errors, but an unknown variance of \$60,538 still existed.

- Two journal entries were posted to correct write-offs recorded in EnterpriseOne; however, these entries resulted in a variance of \$222,135 between the Tax Contribution Revenue recorded in EnterpriseOne and the amount recorded in the TMS system.

Good internal controls 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).

*Department Response: NDOL has corrected the \$80 million in errors reported. Although half of that amount was consistently reported in the State accounting system since fiscal year 2014, this is the first time those accounts have been cited by the APA as errors requiring correction. Implemented vendor software contains defects in tax reporting needed for accurate reconciliation and reporting in the State accounting system. This was the principal cause for the disclaimer of opinion. NDOL continues working toward resolution of system issues with our vendor to ensure accurate reporting. NDOL is working with DAS Accounting to ensure that the changes fully address accounting system issues identified in the audit.*

**Finding 2022-013**

**Unemployment Insurance Benefit Payments**

The Department paid \$69,734,975 million in unemployment insurance (UI) benefits to 19,912 claimants between July 1, 2021, and June 30, 2022.

Our testing included a random sample of 40 payments, totaling \$19,579, and resulted in \$6,545 in questioned costs. Based on the sample tested, the dollar error rate for the sample was 33.43% (\$6,545/\$19,579), which estimates the potential dollars at risk for fiscal year 2022 to be \$23,312,402.

In addition to the \$6,545 questioned costs for the 40 random sample payments, we noted an additional \$67,201 of questioned costs during other testing procedures.

Similar findings were noted during the previous audit.

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The following table summarizes the questioned costs, which are explained in detail below:

	Questioned Costs
	FY 2022
Random Sample, including: -Inadequate Controls -Adjudication of Employer Responses -Weekly Certifications Issues -Wage Crossmatch Issues	\$ 6,545
Potentially Fraudulent Benefit Payments	58,212
Claimants with Excessive Benefits Received	6,028
Ineligible Payments to Inmates	848
Improper Unemployment Benefits Paid to State Employees	2,113
<b>Total</b>	<b>\$ 73,746</b>

Good internal controls require procedures to ensure that UI claimants are eligible, and benefit payments are proper.

Per 2 CFR § 2900.4 (January 1, 2022), the U.S. Department of Labor adopted the Office of Management and Budget (OMB) Uniform Guidance as its policies and procedures for financial assistance administration.

2 CFR § 200.403 (January 1, 2022) requires costs charged to Federal programs to be reasonable, necessary, and adequately documented.

Per 2 CFR § 200.302 (January 1, 2022), requires states to expend Federal awards in accordance with state laws.

2 CFR § 200.511(b) (January 1, 2022) states, in relevant part, the following:

*The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. . . .*

\* \* \* \*

*(2) When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken. When corrective action is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule must provide an explanation.*

***Adjudication Issues***

*Wage Crossmatch Issues*

The Department is required to perform a quarterly wage records crossmatch per 20 CFR § 603.23(b) (April 1, 2021), 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.*

The Department's benefit system is supposed to check the claimant against the Department's wage database to see if a claimant met the Department's criteria for further investigation. If the criteria were met, an

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investigation should automatically be created in the benefit system. The investigation is to include sending a wage audit request to the employer to obtain the wages earned for each week the claimant was receiving benefits.

From our random sample of 40 claimants, we noted that 18 claimants met the criteria; however, an investigation was not created. After we brought this to the Department’s attention, the Department informed us that the quarterly wage crossmatch had not been running in accordance with its established business rules.

The following table details the 18 claimants’ wages for the quarter tested, the amount self-certified by the claimant as required, and the benefits paid to the claimant for the quarter tested. We questioned the cost of the payment we tested only if the difference between wages certified by the claimant and the wages for the quarter per the Department’s wage database were 125% more than the claimant’s weekly benefit amount.

Claimant	Quarter	Benefits Paid for the Quarter	Wages Paid for the Quarter	Wages Certified by Claimant	Questioned Costs
Claimant #1	7/1/21 - 9/30/21	\$ 1,260	\$ 4,589	\$ 762	\$ 205
Claimant #2	7/1/21 - 9/30/21	1,050	2,116	385	150
Claimant #3	7/1/21 - 9/30/21	1,641	8,857	7,930	456
Claimant #4	7/1/21 - 9/30/21	3,648	11,273	8,944	456
Claimant #5	7/1/21 - 9/30/21	1,716	908	995	-
Claimant #6	7/1/21 - 9/30/21	3,648	5,199	-	456
Claimant #7	7/1/21 - 9/30/21	1,330	2,702	43	1,330
Claimant #8	10/1/21 - 12/31/21	720	8,895	-	240
Claimant #9	10/1/21 - 12/31/21	3,582	12,006	-	398
Claimant #10	10/1/21 - 12/31/21	5,694	6,212	-	438
Claimant #11	1/1/22 - 3/31/22	1,248	5,344	-	156
Claimant #12	1/1/22 - 3/31/22	572	4,561	-	116
Claimant #13	1/1/22 - 3/31/22	3,280	857	563	-
Claimant #14	4/1/22 - 6/30/22	1,232	1,565	1,708	-
Claimant #15	4/1/22 - 6/30/22	2,096	1,235	-	262
Claimant #16	4/1/22 - 6/30/22	2,870	1,536	1,488	-
Claimant #17	4/1/22 - 6/30/22	810	2,317	-	162
Claimant #18	7/1/20 - 9/30/20	504	703	-	-

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.

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, severances, or other wages were paid after termination. Employers are required to respond within 10 days after the mailing or electronic transmission of such a request in accordance with Neb. Rev. Stat. § 48-632(1) (Reissue 2021). 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. Executive Order No. 21-09 (June 28, 2021) extended this requirement to July 21, 2022. As such, only the last separating employer was required to be adjudicated by the Department on separations filed between March 15, 2020, and July 21, 2022.

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For 10 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 incorrectly allowed by either an adjudicator or the system. Four of these claims were filed in Fiscal Year 2021. Because these claimants received payments during Fiscal Year 2022, we reviewed the adjudication procedures performed to determine eligibility.

The following table shows the benefits paid to the 10 claimants per the Department’s benefit system.

Claimant	Claimant Response	Employer Response	Result	Benefit Paid for Weeks Ending	Questioned Costs	FY2021 Payments	FY2022 Payments	FY2023 Payments
Claimant #1	Lack of Work/ Layoff	Still Employed	Allowed by the System	1/2/21 - 8/7/21	\$ -	\$ 2,949	\$ 1,260	\$ -
Claimant #2	Lack of Work/ Layoff	Other	Allowed by the System	6/12/21 - 8/14/21	-	1,050	1,050	-
Claimant #3	Terminated/Fired	Terminated/Fired	Allowed by Adjudicator	3/13/21 - 4/3/21, 5/1/21 - 10/2/21	244	6,772	3,102	-
Claimant #4	Terminated/Fired	Resigned/Quit	Allowed by the System	Note 1	-	2,724	10,305	-
Claimant #5	Lack of Work/ Layoff	Still Employed	Allowed by the System	7/17/21 - 8/14/21, 6/4/22 - 6/18/22, 7/2/22	1,330	-	2,079	162
Claimant #6	Resigned/Quit	Resigned/Quit	Allowed by Adjudicator	9/18/21 - 3/19/22	456	-	11,856	-
Claimant #7	Terminated/Fired	Terminated/Fired	Not Adjudicated	1/8/22 - 6/18/22, 7/16/22 - 7/23/22	456	-	10,944	912
Claimant #8	Still Employed	Resigned/Quit	Allowed by Adjudicator	3/19/22 - 5/14/22, 6/18/22, 8/6/22	168	-	1,568	137
Claimant #9	Terminated/Fired	Terminated/Fired	Denied by Adjudicator	1/29/22 - 5/7/22	396	-	5,544	-
Claimant #10	Resigned/Quit	Resigned/Quit	Allowed by Adjudicator	2/12/22 - 5/21/22	262	-	3,930	-

**Note 1:** Claimant was paid for the following week-ends: 6/5/21 - 7/10/21, 7/31/21, 9/11/21, 9/25/21 - 3/12/22, and 4/2/22 - 4/9/22.

For Claimants #1, #2, and #4, the employer provided additional information in its response that would support allowing the claim, such as stating that the claimant was on a temporary layoff. Due to this, the APA questioned neither eligibility nor costs. However, the issue should have been adjudicated by an individual, and not automatically allowed by the system.

For Claimants #3, #5, #6, #8, and #10, the employer or claimant provided information that would require additional information to be gathered by the Department for accurate adjudication. In each case, the APA noted that sufficient follow-up was not performed by Department staff before the claims were adjudicated.

For Claimant #7, the employer responded on January 5, 2022; however, the response was not entered into the system until January 12, 2022. The adjudicator allowed the claim on January 11, 2022, as no employer response was in the system at that time.

For Claimant #9, the application stated that she was terminated due to being unable to return to work after suffering a back injury. The employer was able to provide documentation that the claimant was terminated for absences from work. The Department correctly adjudicated the issue and denied the claim but failed to reduce the claimant's Weekly Benefit Amount (WBA) by 14 weeks, as required by Neb. Rev. Stat. § 48-626(3)(b) (Reissue 2021). Instead, the Department pushed back the first week the claimant could have been paid by 14 weeks. Due to this, \$5,544 of benefits were improperly paid.

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

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

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*(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 (Reissue 2021) 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 properly adjudicates 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 Work Search Requirement Verification Issues*

One claimant tested did not complete the mandatory work search requirements but received payment for those weeks nonetheless. The claimant certified on the application that she was a member of the Steamfitters union. Because the Department did not verify this information, documentation was not on file to support the recipient's claimed Union membership and her resulting exemption from the weekly work search requirements. The claimant did not complete work search requirements for weeks ended July 17, 2021, to December 25, 2021, and was paid \$10,512 for those weeks.

Neb. Rev. Stat. § 48-627(1) (Reissue 2021) requires claimants to perform work searches in order to be eligible to receive unemployment compensation benefits, as follows:

*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:



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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 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 (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.*

\* \* \* \*

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

\* \* \* \*

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

Element 22 - Information (Facts) From Others, pg. V-14, of the ET Handbook 301, 5<sup>th</sup> Edition (July 29, 2005), issued by the U.S. Department of Labor, states the following:

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

Good internal control requires procedures to ensure benefit recipients comply with weekly work search requirements.

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

***Potentially Fraudulent Benefit Payments***

The APA tested 12 claimants who received over \$200,000 in wages during the period July 1, 2021, through June 30, 2022. The APA also selected an additional five claimants who received over \$55,000 in wages and received over \$12,000 in unemployment benefits during the same period. Eight of the 17 claimants tested appear to have filed fraudulently for unemployment benefits. Below is a summary of the issues that we noted.

- All eight claimants received excessive wages at the same time that they were receiving unemployment benefits.
- There were numerous issues with the proof of identification provided by the claimants. See the second table below.

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- In response to the Department’s “Request to Employer for Separation Information,” the employers for four claimants stated that the individuals were still employed with them, but the Department made the benefit payments nonetheless. On the other four claims, the claimants’ employers did not respond, and the Department did not follow up with them.
- All eight claims had an investigation created on the same day the claimants’ applications were filed due to the claimants having received more than \$100,000 in wages during their base periods. None of these investigations was worked by the Department, and all were closed with no decision.
- All eight claims met the criteria to have a quarterly wage crossmatch investigation created. As previously stated, the quarterly wage crossmatch had not been running in accordance with the Department’s established business rules.

The table below shows both the wages and the UI benefits received by each claimant during fiscal year 2022:

Claimant	FY 2022 Q1 Wages	FY 2022 Q2 Wages	FY 2022 Q3 Wages	FY 2022 Q4 Wages	FY 2022 Total Wages	FY 2022 UI Benefits Paid
Claimant #1	\$ 100,655	\$ 115,035	\$ 1,441,007	\$ 110,969	\$ 1,767,666	\$ 11,856
Claimant #2	211,959	211,960	188,218	188,218	800,355	12,156
Claimant #3	-	354,013	63,081	131,418	548,512	456
Claimant #4	28,947	353,575	29,597	30,597	442,716	2,280
Claimant #5	57,803	108,949	57,563	133,934	358,249	11,856
Claimant #6	58,953	82,104	79,272	100,556	320,885	11,856
Claimant #7	116,126	58,331	49,998	58,331	282,786	4,560
Claimant #8	33,071	33,963	124,023	34,174	225,231	3,192
<b>Totals</b>	<b>\$ 607,514</b>	<b>\$ 1,317,930</b>	<b>\$ 2,032,759</b>	<b>\$ 788,197</b>	<b>\$ 4,746,400</b>	<b>\$ 58,212</b>

The following table details the issues that we observed with the identification provided by the claimants:

	Claimant #1	Claimant #2	Claimant #3	Claimant #4	Claimant #5	Claimant #6	Claimant #7	Claimant #8
<b>Images Agree (Note 1)</b>	No	No	No	No	No	No	No	No
<b>Information provided on NE Driver’s License Agrees to DMV Database</b>	<b>Name</b>	No		Yes		Yes	Yes	
	<b>Issue Date Agrees</b>	No		Yes		No	No	
	<b>Expiration Date</b>	No		Yes		No	No	
	<b>Address</b>	No		Yes		Yes	Yes	
	<b>Date of Birth</b>	No		Yes		Yes	Yes	
	<b>Sex</b>	No		Yes		Yes	Yes	
	<b>Height</b>	No		Yes		No	No	
	<b>Weight</b>	No	N/A – Note 4	Yes	N/A – Note 4	Yes	No	N/A – Note 4
	<b>Eye Color</b>	No		Yes		No	No	
	<b>Hair Color</b>	Yes		Yes		No	Yes	
	<b>Governor’s Name (Note 2)</b>	No		No		Yes	No	
	<b>Issue Length (In Years)</b>	8.2		5.0		5.8	5.6	
<b>Issue Length Reasonable (Note 3)</b>	No		Yes		No	No		
<b>Detected by NDOL</b>	No	No	Yes	Yes	No	No	Yes	Yes

- Note 1:** The APA was able to compare the images on the personal identification provided to online images of the claimants (company websites, LinkedIn, etc.). Noted here is whether those images appear to depict the same person.
- Note 2:** Governor Pete Ricketts was sworn into office on January 18, 2015. Therefore, any driver’s license issued after that date should bear his name to the left of the operator’s photograph.
- Note 3:** Per the Nebraska Department of Motor Vehicles (DMV) website (<https://dmv.nebraska.gov/>), the maximum length for which a Class O license can be issued is five years.
- Note 4:** Claimants #2, #4, #7, and #8 did not provide a Nebraska driver’s license; instead, they provided either an out-of-state driver’s license or a passport.

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Good internal control requires procedures to ensure that: 1) unemployment benefits are being paid properly to claimants in accordance with State statute and Federal regulations; and 2) all claims, including their supporting documentation, are adequately reviewed for indicators of potential fraud.

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

***Improper Unemployment Benefits Paid to State Employees***

For the fiscal year ended June 30, 2022, the APA identified \$2,113 in improper unemployment benefits paid to Nebraska State employees for two of five claimants tested. The claimants tested did not report all State wages to the Department.

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, 2022. The APA then compared the weeks these individuals were paid UI benefits to the weeks the individuals were paid wages from the State.

In total, the APA identified 27 State employees who received UI benefits during the fiscal year who also had benefit payments for weeks that overlapped with weeks they were paid wages from the State. We selected five of those employees to test.

The table below summarizes the two claimants to whom improper benefits were paid:

Claimant	Weeks Paid	Wages Reported	Wages per E1	Benefits Paid	APA Calculated Benefits to be Paid	Overpayment
Claimant #1	1/8/22 - 2/12/22	\$ 554	\$ 1,764	\$ 1,417	\$ 324	\$ 1,093
Claimant #2	3/5/22 - 3/19/22	15	1,788	1,020	-	1,020

Neb. Rev. Stat. § 48-625(1) (Reissue 2021) provides, in relevant part, the following:

*[E]ach 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.*

Neb. Rev. Stat. § 48-628.02 (Reissue 2021) states, 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;*

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*(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 benefit payments being made.

***Ineligible Payments to Inmates***

Inmates are not eligible to receive UI benefits because they are unavailable for work in accordance with Neb. Rev. Stat. § 48-627(3)(f) (Reissue 2021). During testing, we identified one inmate who received benefit payments during the fiscal year ended June 30, 2022. The individual filed a UI claim on April 25, 2022 and received three weeks of benefits prior to his incarceration on May 23, 2022. Then, after his incarceration at the Reception and Treatment Center in Lincoln, he completed the required weekly certifications and received two more weeks of benefits while incarcerated.

<b>Gross Amount Paid while Incarcerated (Questioned Costs)</b>	<b>Claim Filed Date</b>	<b>1st Week Ending Paid while Incarcerated</b>	<b>Last Week Ending Paid while Incarcerated</b>	<b>Sentence Begin Date</b>	<b>Release Date</b>
\$ 848.00	4/25/2022	5/28/2022	6/4/2022	5/23/2022	Still Incarcerated

Section 48-627 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[.]*

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.

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***Excessive Benefit Payments Received***

The APA tested the five claimants who were paid the most benefits during the period July 1, 2021, through June 30, 2022, to determine if payments were made either in amounts greater than allowed for a single week or from multiple programs in the same week.

Two of the five individuals tested received payments that were not allowable for the weeks that they were paid. The first individual was paid \$4,416 for weeks ending July 18, 2020, to October 3, 2020, even though she had not been completing statutory work search requirements. Per discussion with the Department, this occurred due to a system error that left the claimant in a deferred/attached status after the work search requirements were reinstated.

The second individual was overpaid \$1,612 for weeks ending June 26, 2021, to August 14, 2021, as the claimant had reached his maximum benefit amount after a payment received for the week ending May 29, 2021. The Department stated that this overpayment had occurred due to the claimant having multiple cancelled payments, resulting in the weeks being paid out of order.

Neb. Rev. Stat. § 48-627(1) (Reissue 2021) provides 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[.]*

Neb. Rev. Stat. § 48-626(2) (Reissue 2021) states, in relevant part, the following:

*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.*

Good internal control requires procedures to ensure that claimants comply with the work search requirements set out in § 48-627(1) and do not exceed their maximum benefit amounts, as calculated pursuant to § 48-626(2).

Without such procedures, there is an increased risk of making inappropriate benefit payments.

We recommend the Department implement procedures to prevent the payment of improper UI benefits by ensuring compliance with applicable State and Federal requirements. At a minimum, those procedures should ensure the following: 1) proper adjudication actions – including wage crossmatches, investigations into suspect separation from employment information, and verification of compliance with weekly work search

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requirements – are undertaken; 2) all claims, including their supporting documentation, are adequately reviewed for indicators of potential fraud; 3) neither ineligible State employees nor inmates receives benefit payments; and 4) recipients do not exceed the maximum benefit amounts permitted by statute.

*Department Response: The APA's finding of a 33.43% dollar error rate is not based on a statistical sample and overstates the error rate. USDOL uses a scientific sampling method. Nebraska has a lower improper rate than the national average (16.255% vs. 21.536%). Using that same USDOL directed sampling and methodology, the Nebraska fraud rate for FY 2022 was substantially lower than the national average (NE – 4.775%, US 7.711%). While issues remain with the wage crossmatches run, wage crossmatches were run in FY22 and 474 wage crossmatches were established. NDOL provided the APA its general rules for the crossmatch, but it failed to provide the exceptions. If there is an existing NDNH, SDNH, or wage crossmatch investigation, a new investigation does not create. Of the 18 claimants identified by the APA 10 of the claimants had previously established open investigations that excluded them from future wage crossmatches.*

**APA Response: As previously stated, we randomly selected 40 UI benefit payments to test, which is an acceptable method of sampling per auditing standards. The extrapolation method used is also in accordance with auditing standards.**

**On August 3, 2022, we inquired about claims tested that met the Department's requirements for having an intrastate quarterly crossmatch investigation created by the system but failed to have such an investigation created. The Department responded on September 7, 2022, that "the crossmatch was not running in accordance with NDOL's established business rules," and personnel were "working with the vendor to get the crossmatches running automatically again in accordance with the business rules." On September 16, 2022, we informed the Department that a total of 18 claims did not have an intrastate quarterly crossmatch investigation created, and we would address that deficiency in a finding. The Department responded on September 21, 2022, that it agreed with the finding.**

**Finding 2022-014**

**Lack of Payroll Segregation of Duties and Other Issues**

The State's accounting system, EnterpriseOne (E1), 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 those transactions. Accordingly, the Department should have compensating procedures in place, such as a documented review of the final payroll register, along with 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 making necessary changes to, as well as performing 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 after each pay period. Upon request from the APA, the Department provided a reconciliation for the February 2022 pay period tested, which was completed after the fiscal year concluded. Furthermore, seven 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.

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Department employees use E1 to record time worked and leave used. The system did not accurately track the approval of timesheets. Supervisors could set up delegates in the system to approve timesheets and leave requests should the supervisor be unavailable. If a delegate approved an employee timesheet, the system would record the assigned supervisor as the approver. Therefore, the system did not record the actual approver of the timesheet. Furthermore, there was no audit trail for delegates in E1.

Additionally, delegates could alter and approve their own timesheets, and supervisors were able to delete delegates without any record of the assignment. Consequently, the Department lacked a compensating control for documenting the actual approver of timesheets.

The Department had \$20,793,715 in payroll expenditures during the fiscal year ended June 30, 2022.

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. A good internal control plan also requires procedures to ensure that the approval of timesheets is documented accurately for subsequent review.

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 and the previous ACFR report. The Summary Schedule of Prior Audit Findings lists the status of this finding as complete. Title 2 CFR § 200.511(a) (January 1, 2022) 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.”

We recommend the Department implement 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 that, until E1 records approval of timesheets accurately, the Department should implement procedures for documenting the supervisory review and approval of timesheets outside of the system.

*Department Response: NDOL recognizes that some payroll processes do not have documented oversight reviews and reasonableness tests. The Department is establishing a process improvement team to investigate and identify risks. As a part of this process improvement, the Department is investigating the possibility to reduce all payroll access allowing Shared Services to make all changes and overrides. Then, the Department would review the changes and overrides for accuracy. A monthly delegate review process has been established as of February 2023.*

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**MILITARY DEPARTMENT**

**Finding 2022-015**

**Errors in Financial Information**

From December 29, 2020, to March 31, 2021, the State incurred \$26,846,802 in expenses related to the Nomi Health Inc. amended contract. The Federal share of these expenditures was \$17,584,302, for which reimbursement was received in November 2021. In its journal entry to reimburse the fund in which the expenditures occurred, the Department used an incorrect object account, recording the journal entry as a current year expense, rather than using a prior year miscellaneous adjustment account. This resulted in the overstatement of fiscal year 2022 expenditures by \$17 million. When the Auditor of Public Accounts (APA) pointed out this error, the Department corrected the entry before the June 30 fiscal year end.

Additionally, when paying a \$5,337,833 invoice to Nebraska Methodist Hospital in May 2022, the Department recorded the entire payment as a prior-period expenditure by identifying it as a certain document type in the accounting system. However, per review of the invoice, the work performed was from March 2020 through September 2021. Therefore, a portion of the invoice was for fiscal year 2022 activity. The APA determined that \$644,192 was recorded incorrectly as a prior-year expenditure and should have been recorded instead as an expenditure for fiscal year 2022.

A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings prepared by the Department lists the status of this finding as complete, meaning that the finding has been corrected. That statement is not true, however. Title 2 CFR § 200.511(a) (January 1, 2022) 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 control requires procedures to ensure that all transactions are recorded correctly and in the proper fiscal year. When recording mistakes are made, moreover, those same procedures should ensure that the mandatory Summary Schedule of Prior Audit Findings reflects accurately the status of any finding addressed therein.

Without such procedures, there is an increased risk for both material misstatement of the financial statements and failure to correct prior errors.

We recommend the Department review its procedures to ensure transactions are recorded correctly and in the correct fiscal year, and the mandatory Summary Schedule of Prior Audit Findings reflects accurately the status of any finding addressed therein.

*Department Response: We acknowledge this finding and appreciate the opportunity to correct the entry error when it was identified by APA staff.*



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**DEPARTMENT OF TRANSPORTATION**

**Finding 2022-016**

**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 considered within the State’s accounting system at the end of the year. The table below details almost \$15 million in errors made by the Department:

Description	Amount
1 The Department annually provides a worksheet of the State highway system expenses, broken down by capitalized expenses and construction in progress, in accordance with GASB 34. For fiscal year 2022, the Department inappropriately capitalized one project’s costs of \$1,947,404 when the amount should have been recorded as construction in progress. Therefore, the infrastructure capital assets were overstated.	\$1,947,404
2 For the construction in progress expenses related to #1 above, when inappropriately moving the expenses to capitalized assets, the Department failed to reduce the construction in progress expenses by \$1,440,934 for the prior-year expenses. Because those expenses were not removed, the construction in progress expenses were only understated by \$506,470.	\$506,470
3 The Aeronautics Division provides Federal funding to airports in the State. On June 30, 2022, there was \$1,121,272 that had been paid to airports but had not yet been received from the Federal government. Therefore, the amount should have been recorded as a due from the Federal government but was not, resulting in receivables being understated.	\$1,121,272
4 The Department participates in road projects that may be financed by Federal, State, and local entities. In some cases, local governments provide their share of the funding when the contract is awarded, which creates a liability for the Department called “Deposits by Locals.” In other cases, the local governments are billed on a progress basis, and the Department creates an accounts receivable owed by the local governments. During its accumulation of the Accounts Receivable from Locals and Deposits by Locals balances, the Department overstated each of the accounts by \$10,118,253 due to incorrect adjustments made to the reports from its system.	\$10,118,253
5 The Department failed to report one construction commitment project on its accrual response form to DAS. The total project was for \$1,268,672 but had \$91,336 completed during the year, which left \$1,177,336 as the amount remaining to complete.	\$1,177,336
<b>Total</b>	<b>\$14,870,735</b>

A similar finding was noted in the previous audit. The Summary Schedule of Prior Audit Findings lists the status of this finding as complete. Title 2 CFR § 200.511(a) (January 1, 2022) 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 accurate and complete financial information is provided to State Accounting. Without such procedures, there is an increased risk of material misstatements occurring and remaining undetected.

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We recommend the Department implement procedures to ensure the accuracy of the 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.*

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**III. Findings and Questioned Costs Relating to Federal Awards:**

**DEPARTMENT OF ADMINISTRATIVE SERVICES**

**Finding 2022-017**

**Program:** Various, including AL 93.778 – Medical Assistance Program – Allowable Costs/Cost Principles

**Grant Number & Year:** Various, including #2105NE5ADM, FFY 2021

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

**Criteria:** 2 CFR § 200.403 (January 1, 2022) and 45 CFR § 75.403 (October 1, 2021) state, 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, 2022) and 45 CFR § 75.405(b) (October 1, 2021) state, 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, 2022) and 45 CFR § 75.444(a) (October 1, 2021) state, in relevant part, the following:

*For states, local governments, and Indian Tribes, the general costs of government are unallowable ....Unallowable costs include:*

*(1) Salaries and expenses of the Office of the Governor of a state . . . [.]*

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

2 CFR § 200, Appendix V, subsection (G)(2), (January 1, 2022) and 45 CFR § 75, Appendix V, subsection (G)(2), (October 1, 2021) state 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.*

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2 CFR § 200, Appendix V, subsection (G)(4), (January 1, 2022) and 45 CFR § 75, Appendix V, subsection (G)(4), (October 1, 2021) state, in relevant part, the following:

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

A good internal control plan requires:

- Procedures to ensure rate charges are equitable, reflect actual costs incurred, and are reviewed periodically to ensure such charges are appropriate for the services provided.
- Maintenance of 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 that 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 Material 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 expenses for normal operations incurred. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-024

**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, grounds keeping, security, and energy management. We noted that neither the State Capitol nor the Governor's residence were allocated any costs for security, even though there is security at both locations. Because these locations were not allocated any security costs, Federal programs could be overcharged. Additionally, security costs to the State Capitol and the Governor's residence are general costs of government and, therefore, not allowable. The fiscal year 2022 indirect allocations for security totaled \$884,797.

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Material Division

We tested three Print Shop billings and noted the following:

- In prior audits, we noted that 24 Print Shop rates were based on calculations from fiscal year 2008, and 3 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, then increased the rates by an additional 5% in fiscal year 2020. In 2022, the rates were decreased by 5%. No support was provided to show that the current rates are reasonable.
- The Agency's published markup price for special purchases, paper costs, plate material, special order supplies, and colored ink was 35%. The Agency did not have adequate documentation to support the reasonableness of the markup percentage rate.

Receipts from sales of print shop services during the fiscal year ended June 30, 2022, totaled \$2,835,540.

Accounting Division

Per the Agency's calculation, as of June 30, 2021, the Accounting Services Internal Service Fund Balance for allowable costs was \$4.528 million; however, the allowable reserve was only \$1.007 million, a difference of \$3.521 million, more than triple the allowable reserve. The Agency has not completed its calculation for June 30, 2022. The Auditor of Public Accounts (APA) estimate of the fund balance, per review of the accounting system, as of June 30, 2022, was \$4.388 million, and the APA estimate of the allowable reserve was \$1.007 million, a difference of \$3.381 million.

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 exceed the allowable threshold per Federal regulations.

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

**Management Response:** The Building and Grounds security allocation is based on a management business decision. The Print Shop lacked the data needed to substantiate current rates at the individual service line level. In response to the prior year finding, the Print Shop purchased a Cost Rate Advisor license to support future rate setting methodology at the individual service line level. The Print Shop expects to finalize its analysis by July 2023. State Accounting Rates were reduced by \$450,000 in fiscal year 2021, and from that level reduced another \$132,000 in fiscal year's 2022 and 2023 (current biennium). Further offsets of \$700,000 are planned for each year of the coming biennium, and planned expenditures will exceed billed revenues by \$1.7 million to bring the cash balance to within a 60-day operating level by June 2025.

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**Finding 2022-018**

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

**Grant Number & Year:** Various, including #2105NE5021, FFY 2021; #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.

Title 45 CFR § 75.510(b) (October 1, 2021) and Title 2 CFR § 200.510(b) (January 1, 2022) state, in part, the following:

*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 . . .*

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

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

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

EnterpriseOne (E1) is the official accounting system of the State.

**Condition:** Several programs did not have expenditures or the amount provided to subrecipients accurately reported on the SEFA. We notified Administrative Services of the errors, and the SEFA was subsequently adjusted.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-025

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** Administrative Services is responsible for managing the accounting matters of the State and certifies the data collection form for the Statewide Single Audit. Administrative Services compiles the SEFA from information obtained from the individual agencies, which is then submitted to the APA. During our review, we noted the following:

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The Department of Health and Human Services (DHHS) did not accurately report expenditures for several programs, including underreporting AL 93.767 by \$16,394,237 and overreporting AL 93.778 by \$13,908,580. The Department of Military underreported AL 97.036 by \$41,491,068. The Department of Labor overreported AL 17.225 by \$5,286,008.

Several agencies did not properly identify COVID-19 expenditures.

Twenty-seven programs for various State agencies 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
\$5,227,998,741	\$979,815,629	\$5,268,294,431	\$1,022,484,664

**Cause:** Administrative Services lacked adequate procedures for ensuring the accuracy of amounts not obtained directly from the accounting system. Administrative Services 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 programs not being audited that should be.

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

**Management Response:** We will continue to work with State teammates to ensure the SEFA is accurate and complete. The original total SEFA expenditures were 99.3% accurate.

**Finding 2022-019**

**Program:** Various, including AL 84.010 – Title I Grants to Local Educational Agencies; AL 93.568 – Low-Income Home Energy Assistance (LIHEAP); and AL 93.659 – Adoption Assistance – Cash Management

**Grant Number & Year:** Various

**Federal Grantor Agency:** Various

**Criteria:** 31 CFR § 205.12 (July 1, 2021) states, in part, the following:

*(a) We and a State may negotiate the use of mutually agreed upon funding techniques. We may deny interest liability if a State does not use a mutually agreed upon funding technique. Funding techniques should be efficient and minimize the exchange of interest between States and Federal agencies.*

*(b) We and a State may base our agreement on the sample funding techniques listed in paragraphs (b)(1) through (b)(5) of this section . . . .*

\* \* \* \*

*(3) Average clearance means that a Federal Program Agency, on the dollar-weighted average day of clearance of a disbursement, transfers to a State a lump sum equal to the actual amount of funds that the State is paying out. The dollar-weighted average day of clearance is the day when, on a cumulative*

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*basis, 50 percent of the funds have been paid out. The dollar-weighted average day of clearance is calculated from a clearance pattern, consistent with §205.20.*

Per 31 CFR § 205.19(e) (July 1, 2021) states, in part, the following:

*A State may use actual data, a clearance pattern, or statistical sampling to calculate interest. A clearance pattern used to calculate interest must meet the standards of § 205.20.*

Per 31 CFR § 205.20 (July 1, 2021):

*States use clearance patterns to project when funds are paid out, given a known dollar amount and a known date of disbursement. A State must ensure that clearance patterns meet the following standards:*

\* \* \* \*

*(b) A clearance pattern must accurately represent the flow of Federal funds under the Federal assistance programs to which it is applied.*

Per 31 CFR § 205.22(b) (July 1, 2021):

*An authorized State official must certify that a clearance pattern corresponds to the clearance activity of the Federal assistance program which it is applied. An authorized State official must re-certify the accuracy of a clearance pattern at least every five years. . . . A State can begin to use a new clearance pattern on the date the new clearance pattern is certified.*

**Condition:** The Agency lacked adequate procedures to ensure that Federal funds were drawn in compliance with the Treasury Service Agreement (TSA).

**Repeat Finding:** No

**Questioned Costs:** N/A

**Statistical Sample:** No

**Context:** Twelve programs for the State use “Average Clearance” to request Federal funds. For Average Clearance, the funds are requested so that they are deposited on the dollar-weighted average day of clearance for the disbursement. Clearance patterns are recalculated every five years. The Agency uses historical data to determine the number of days each check was outstanding (clearance time). The clearance time is multiplied by the percentage of total disbursements for those checks, and a dollar-weighted average day of clearance is determined by summing the clearance factor for each day. A clearance pattern of 3.43 days would have 57% of funds deposited on day three and 43% deposited on day four.

On December 14, 2021, the Agency and the U.S. Department of the Treasury signed the TSA, establishing the Letter of Credit clearance patterns to be used for the period of July 1, 2021, through June 30, 2022. As of the date of the APA’s review in November 2022, however, the Agency had not yet updated the Delay of Draw (DOD) system to reflect these clearance patterns. Consequently, the Agency continued to draw Federal funds using the fiscal year 2021 clearance patterns, some of which were last calculated in fiscal year 2016. The APA identified three Federal programs that were drawing Federal funds at a faster rate than allowed by the TSA.



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- AL 84.010 draws funds through multiple DOD #'s, including DOD #0999. DOD #0999 was not properly updated from a 3-day clearance pattern to the certified clearance pattern of 3.43 days for fiscal year 2022. This resulted in the early draw of 43% of AL 84.010 funds drawn through DOD #0999.
- AL 93.568 draws funds through multiple DOD #'s, including DOD #2761. DOD #2761 was not properly updated from a 3-day clearance pattern to the certified clearance pattern of 3.37 days for fiscal year 2022. This resulted in the early draw of 37% of AL 93.568 funds drawn through DOD #2761.
- AL 93.659 draws funds through multiple DOD #'s, none of which were properly updated from a 3-day clearance pattern to the certified clearance pattern of 4.24 days. This resulted in the early draw of AL 93.659 funds by 1.24 days.

During testing of 25 Federal deposits, we noted the following:

- For one deposit tested, the Agency drew down \$117,779 more in Federal funds than there were recorded as expenditures in E1, the State's accounting system. The Agency held these funds throughout the fiscal year, continuing to do so until the APA raised concerns about them.

AL	Deposit Date	Amount Drawn	E1 Expenditures	Over Drawn
93.568	11/18/2021	\$13,376,222	\$13,258,443	\$117,779

- Due to the previously noted error in updating the DOD system, for 2 of 25 Federal draws tested, the APA noted that the Agency drew Federal funds earlier than were allowed under the TSA. As the State would have been entitled to the overdrawn funds the following day, there are no questioned costs.

AL	Deposit Date	Amount Drawn	Allowable Day 3 Draw per TSA	Drawn Early
93.568	10/6/2021	\$9,414,089	\$5,083,608	\$4,330,481
93.568	3/17/2022	\$3,006,600	\$3,004,880	\$1,720

**Cause:** Inadequate review of drawdowns. Agency staff stated that they had not had time to update the clearance patterns in the DOD system.

**Effect:** Without adequate procedures to ensure that Federal drawdowns comply with the TSA, there is an increased risk of noncompliance with Federal requirements, which could lead to interest penalties and sanctions.

**Recommendation:** We recommend the Agency strengthen its procedures for ensuring that clearance patterns are updated in a timely manner to comply with the TSA, and draws are supported by expenditures in the accounting system.

**Management Response:** Management agrees with the finding and has updated clearance patterns to align with the most recent TSA agreement.

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**DEPARTMENT OF CORRECTIONAL SERVICES**

**Finding 2022-020**

**Program:** AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Allowability

**Grant Number & Year:** NA

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

**Repeat Finding:** No

**Questioned Costs:** \$12,392,009 known

**Statistical Sample:** No

**Summary:** Audit Finding 2022-007, included in Part II of this report, relates to both the financial statements and Federal awards.

In June 2022, the Department of Corrections (NDCS) performed journal entries, moving payroll costs of \$20,395,464 from the State General Fund to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant. The transfer included an \$8 per hour wage increase for Corrections Corporals, Sergeants, and Unit Caseworkers. The transfer also included overtime, shift differential, and on-call hours for all staff. The amount for overtime, shift differential, and on-call hours was not in accordance with Federal regulations for SLFRF, which allows only for the portion of employee’s time spent responding to COVID-19, and was not in accordance with Legislative Bill 1014 (April 13, 2022). Section 12 of LB 1014 states that the funds are “related to premium pay for Public Health and Public Safety positions as a result of COVID-19 conditions . . . .” Unallowable costs totaled \$12,392,009 (\$20,395,464 less premium pay allowed of \$8,003,455).

**Recommendation:** We recommend NDCS implement procedures to ensure that Legislative Bills and Federal regulations are adhered to.

**Management Response:** As indicated in an email to the APA dated December 2, 2022, NDCS does not agree with the APA's finding regarding overtime, shift differential and on-call hours. NDCS believes these are allowable expenses under the federal regulations for CSLFRF and the Final Rule. COVID conditions resulted in significant vacancies in NDCS' facilities. Mandatory overtime was necessary for the majority of staff, especially those who had direct contact with inmates. This included those who provided medical/mental health, food service and other services to inmates, as well as those who oversaw administrative and support roles. Daily staffing decisions/assessments were made to maintain safe and secure operations for inmates, team members and the public at all times, since these facilities require staffing 24/7/365.

Further, NDCS submitted additional documentation to the APA for the \$8 wage increase incurred during FY 2023. As indicated by APA, the \$8 wage increase was an allowable expense. As referenced in the information sent to the APA, under State of Nebraska accounting policies and procedures, any federal funds received in a prior fiscal year carryover into the next fiscal year. We remain confident the documentation submitted by NDCS meets federal regulations.

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APA Response: The “Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule,” issued by the U.S. Department of the Treasury (Department) in January 2022, states clearly, on page 26 thereof, the following:

*SLFRF funding may be used for payroll and covered benefits for public safety, public health, health care, human services and similar employees of a recipient government, for the portion of the employee’s time spent responding to COVID-19.*

(Emphasis added.) Likewise, on page 27 of that same document, the following reiteration is provided:

*SLFRF funding may be used for payroll and covered benefits for the portion of the employees’ time spent on COVID-19 response, as calculated above, through the period of performance.*

(Emphasis added.) As noted in audit finding 2022-007, moreover, page 4385 of the Final Rule contains the following:

*At the same time, many public health and safety workers perform roles unrelated to COVID–19; coverage of all roles would be overbroad compared to the workers responding to COVID–19 in actuality. For this reason, the final rule maintains the interim final rule’s approach to permitting SLFRF funds to be used for public health and safety staff primarily dedicated to responding to COVID–19.*

(Emphasis added.) Despite these explicit and unambiguous directives, NDCS attempts to defend its questioned expenditure of SLFRF funds by stating, “All public safety workers are presumed to have worked in a COVID capacity.” In addition to risking precisely the type of “overbroad” coverage warned against, such an outlook flies in the face of the Final Rule’s requirement that a proper allocation of SLFRF funds must be based upon a periodic documented assessment showing that any employee or unit/division receiving such grant monies has been “primarily dedicated” to responding to COVID-19. This is explained in detail on page 4384 of the Final Rule, which includes the following:

*Recipients are generally required to be able to support uses of SLFRF funds as eligible, including, in this instance, maintenance of records to support an assessment that public health and safety staff are primarily dedicated to responding to COVID–19.*

(Emphasis added.) An unsubstantiated presumption, such as that relied upon by NDCS, is insufficient to meet this plain requirement. Furthermore, we noted that overtime, shift differential, and on-call hours paid during the six-month period prior to the pandemic were almost indistinguishable from those paid during the pandemic; this indicates that the staffing issues faced by NDCS were not caused primarily by COVID-19.

The APA did not test documentation related to FY2023 that was received subsequent to our testing of the FY2022 transactions. State policies do allow for carryover of General Fund appropriations with certain restrictions; however, State policies do not allow for the charging of expenditures prior to the date of the obligation. FY2023 wages were not an allowable FY2022 expenditure per State or Federal policies.

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DEPARTMENT OF EDUCATION

**Finding 2022-021**

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

**Grant Number & Year:** S010A190027, FFY 2020; S010A200027, FFY 2021

**Federal Grantor Agency:** U.S. Department of Education

**Criteria:** Per 2 CFR § 3474.1 (January 1, 2022), the U.S. Department of Education adopted the OMB Uniform Guidance in 2 CFR part 200, except for 2 CFR § 200.102(a) and 200.207(a).

Per 2 CFR § 200.403 (January 1, 2022), allowable costs must be necessary, reasonable, and adequately documented.

2 CFR § 200.430(i)(1) (January 1, 2022) 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.*

Enclosure A of the "Letter to Chief State School Officers on Granting Administrative Flexibility for Better Measures of Success" (September 7, 2012) provides guidelines for local educational agencies (LEAs), using a substitute system for time-and-effort reporting. Enclosure A states, in relevant part, the following:

*(3) Employee schedules must:*

*a. Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;*

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*b. Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and*

*c. Be certified at least semiannually and signed by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.*

2 CFR § 200.332 (January 1, 2022) 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. Pass-through entity monitoring of the subrecipient must include:*

\* \* \* \*

*(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 written confirmation from the subrecipient . . .*

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 follow up with subrecipients to ensure they are correcting deficiencies and in compliance with applicable regulations.

**Condition:** The Agency lacked procedures to ensure that subrecipients documented their use of Federal awards appropriately.

**Repeat Finding:** No

**Questioned Costs:** \$145,101 known (S010A190027, \$8,041; S010A200027, \$137,060)

**Statistical Sample:** No

**Context:** We randomly selected 25 subrecipient payments and also chose the largest subrecipient payment for testing. We noted the following:

- Several employees' salaries and benefits were included in the reimbursement requests; however, the Agency did not require subrecipients to submit documentation for these expenditures, other than reports from their accountings systems, at the time of reimbursement. We provided the Agency with an opportunity to request documentation from its subrecipients to support that their salaries and benefits expenses were allowable and in accordance with Federal cost principles; however, two of the subrecipients did not provide adequate support to show that their salaries and benefits were allocable to the grant, resulting in \$8,041 sample questioned costs and \$137,060 non-sample questioned costs.
- The Agency's procedure is to perform fiscal reviews of each subrecipient at least once every three years. We reviewed the most recent fiscal reviews for the same 26 subrecipients selected for testing above. For five of these reviews, the Agency noted that the subrecipient did not maintain adequate documentation for salaries and benefits. When we inquired with the Agency regarding what had been done to follow up on its findings, the Agency replied that the findings did not require follow-up.

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Payment errors noted for the sample tested were \$8,041. The total sample tested was \$1,494,006. Subrecipient aid payments for the fiscal year ended June 30, 2022, totaled \$91,043,602. The sample population was \$84,396,850 (total population \$91,043,602 less \$6,646,752 to largest subrecipient that was separately determined to be allowable). Based on the sample tested, the case error rate was 8% (2/25). The dollar error rate for the sample was 0.54% (\$8,041/\$1,494,006), which estimates the potential dollars at risk for fiscal year 2022 to be \$455,753 (dollar rate multiplied by the population).

**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 detailed supporting documentation for payroll expenses and following up with subrecipients to ensure that they correct errors noted.

**Management Response:** The Department agrees the two subrecipients sampled did not complete one time and effort certification semi-annually (rather completed annually instead) or with all language suggested in the guidelines from the U.S. Department of Education. However, the Department disagrees with the reimbursement being questioned costs as the time and effort certifications demonstrated adequate documentation to support the employees' activities were allowable for the Title I grant. In the absence of this information, the Department submitted affidavits from the two LEA's supervisory staff with personal knowledge of the work performed consistent with the U.S. Department of Education's audit resolutions practices; whereas the APA does not consider documentation after the fact to be adequate to eliminate the finding.

The findings noted in the subrecipient fiscal monitoring exit letters were identified for technical assistance purposes only and not considered to have met a level of materiality that required a corrective action plan. Corrective action plans are clearly noted in subrecipient fiscal monitoring exit letters when issued and proper follow-up action is taken when this occurs. Technical assistance was provided to each of the subrecipients at the time of the monitoring review as well as to all subrecipients periodically throughout the year.

**APA Response:** Per the Uniform Guidance, questioned costs include expenditures that lack adequate supporting documentation at the time of the audit. 2 CFR § 200.430(i)(1) (January 1, 2022), as referenced in the report comment, says that such documentation must "accurately reflect the work performed" and be "supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated." Affidavits dated February 27, 2023, some 18 months after the salary and benefit expenses occurred, cannot possibly satisfy either of these requirements and are, therefore, not acceptable. As the documentation provided did not meet the minimum requirements set forth in Uniform Guidance and guidance issued by the U.S. Department of Education, the expenditures at issue must be considered questioned costs.

Moreover, the Uniform Guidance requires the Agency, as the pass-through entity, to ensure that the subrecipient takes timely and appropriate action to address deficiencies identified not only during audits but also from the Agency's own reviews. The Agency has noted issues similar to those addressed by the APA – namely, that the subrecipients have lacked adequate supporting documentation for salary and benefit expenses. The Agency performs subrecipient fiscal monitoring for most subrecipients only every third year. Thus, effective follow-up procedures, as required by 2 CFR § 200.332 (January 1, 2022), are needed to ensure that subrecipients implement the technical assistance provided by the Agency.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding 2022-022**

**Program:** AL 93.575 – Child Care and Development Block Grant - Allowable Costs/Cost Principles

**Grant Number & Year:** 2201NECCDD, FFY 2022

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

**Criteria:** 45 CFR § 75.403 (October 1, 2021) 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.*

Per 45 CFR § 75.303 (October 1, 2021):

*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 § 75.302 (October 1, 2021) requires financial management systems of the State sufficient to permit preparation of required reports and permit the tracing of funds to expenditures adequate to establish the use of these funds were in accordance with applicable regulations.

EnterpriseOne is the official accounting system for the State of Nebraska, and all expenditures are generated from it.

45 CFR § 75.511(b) (October 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 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.

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**Condition:** The Agency did not have adequate procedures to ensure administrative costs charged through the Cost Allocation Plan (CAP) were properly reconciled, and adjustments to the CAP were proper. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as complete.

**Repeat Finding:** 2021-030

**Questioned Costs:** \$38,730 known

**Statistical Sample:** No

**Context:** At the end of each quarter, the Agency performs a fund mix adjustment (FMA) 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 three journal entries to reconcile expenditures to the CAP. For one Child Care and Development Block Grant FMA tested, multiple cost centers were erroneously excluded from the calculation, resulting in the Agency improperly charging \$38,730 in expenditures to Federal funds when State funds should have been used.

**Cause:** Inadequate procedures to ensure that all cost centers are reconciled, and adjustments to the CAP are proper.

**Effect:** Unallowable expenditures were charged to Federal funds. When costs are not reconciled accurately, there is an increased risk for errors, fraud, and non-compliance with Federal regulations.

**Recommendation:** We recommend the Agency strengthen procedures to ensure reconciling entries are complete and accurate. We further recommend the Agency strengthen review procedures to ensure compliance with Federal regulations.

**Management Response:** The Agency agrees.

**Finding 2022-023**

**Program:** Various, including AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.558 – Temporary Assistance for Needy Families; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 – Child Care and Development Block Grant – Allowable Costs/Cost Principles

**Grant Number & Year:** Various, including 202121S251443, FFY 2021; 202222S251443, FFY 2022; 1901NETANF, FFY 2019; 2101NERCMA, FFY 2021; 2201NERCMA, FFY 2022; 2201NECCDD, FFY 2022

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

**Criteria:** 45 CFR § 75.303 (October 1, 2021) states, in relevant part, the following:

*The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

45 CFR § 75.403 (October 1, 2021) requires costs to be necessary, reasonable, and adequately documented.



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45 CFR § 75.302 (October 1, 2021) 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.

45 CFR § 75.405(a) (October 1, 2021) 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 2 CFR § 400.1 (January 1, 2022), the U.S. Department of Agriculture adopted the OMB Uniform Guidance as its policies and procedures for uniform administrative requirements, cost principles, and audit requirements for Federal awards.

2 CFR § 200.303 (January 1, 2022) states, in part, the following:

*The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

2 CFR § 200.403 (January 1, 2022) requires costs to be reasonable, necessary, and adequately documented.

2 CFR § 200.405(a) (January 1, 2022) states, in part, the following:

*A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.*

45 CFR § 75.511(b) and 2 CFR § 200.511(b) (January 1, 2022) state, 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 amounts charged to Federal programs are proper.

**Condition:** The Agency did not properly charge Federal programs for seven allocations tested. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

**Repeat Finding:** 2021-031, 2021-032

**Questioned Costs:** \$44,356 known

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AL	Grant #	Questioned Costs (Federal Share)
10.561	202121S251443	\$ 982
10.561	202222S251443	\$ 30,556
93.558	1901NETANF	\$ 6,442
93.566	2101NERCMA	\$ 3
93.566	2201NERCMA	\$ 756
93.575	2201NECCDD	\$ 5,617

**Statistical Sample:** No

**Context:** For seven of 14 allocations tested, we noted the following:

- We tested the allocation of cost center 25C21940 Field Office Resource Development for the quarter ended September 30, 2021, which is allocated based on Time & Effort reports. The payroll costs for 85 employees were charged to the cost center; however, four of the employees' payroll costs should not have been charged to the cost center. The four employees tested included a Federal Aid Administrator, a Program Accuracy Specialist, and two Office Specialists. The supervisors they worked with were 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 employees being charged to the Resource Development cost center instead of their appropriate cost centers, Child Care and Development, Foster Care, Adoption Assistance, Guardianship Assistance, and Medicaid were not charged correctly, ranging from undercharges of \$2,653 to overcharges of \$2,402. Additionally, we were unable to determine how the payroll costs of \$9,858 to the Federal Aid Administrator should have been allocated. The Resource Development cost center allocated \$1,444,162 for the quarter ended September 30, 2021. A similar finding was noted in the prior audit.
- We tested the allocation of cost center 25C20680 Legal Services General Legal Teams for the quarter ended June 30, 2022, which is allocated based on Time & Effort reports. The payroll costs for a Legislative Coordinator were recorded to this cost center during the quarter. However, these costs should have been recorded to cost center 25C20720 Communications and Legislative Services Administration. As a result, this employee's payroll costs of \$15,777 during the quarter were not allocated to Federal programs correctly. We were unable to determine how these payroll costs should have been allocated. The Legal Services General Legal Teams cost center allocated \$1,332,052 for the quarter ended June 30, 2022.
- We tested the allocation of cost center 25C21960 Field Office Social Services Casework for quarter ended September 30, 2021, which is allocated based on random moment time studies (RMTS) results. The Bridges to Independence program and Guardianship Assistance program should have been allocated \$1,464 each from this cost center; however, the Agency did not include these programs in the allocation. As a result, the Federal grants for Refugee and Entrant Assistance, Child Care and Development, Foster Care, Adoption Assistance, Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Medicaid were overcharged, ranging from \$3 to \$982, and the Guardianship Assistance grant was undercharged \$732. The Field Office Social Services Casework cost center allocated \$8,099,617 for the quarter ended September 30, 2021.
- We tested the allocation of cost center 25C21920 Field Office Child Protection & Safety Services for the quarter ended June 30, 2022, which is allocated based on RMTS results. The Agency began using a new RMTS system in January 2022; however, the Agency did not set up the quarterly summary reports correctly. Below are the issues noted:

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- RMTS observations for Trial Home Visits were not included in the allocation. As a result, State programs were undercharged, and Federal programs were overcharged.
- The RMTS observations for Child Protection Initial Assessment were not properly allocated. As a result, Foster Care was overcharged, and Adoption and Guardianship were undercharged.
- The RMTS observations for Before or After Work Hours were incorrectly included in the State's allocation. As a result, Federal programs were undercharged.

In total, Federal grants for Adoption Assistance, Foster Care, and Guardianship Assistance were undercharged \$28,560, \$113,762, and \$1,990, respectively. The Field Office Child Protection & Safety Services cost center allocated \$12,429,881 for the quarter ended June 30, 2022.

- We tested the allocation of cost center 25C21910 Field Office Administration for the quarter ended June 30, 2022, which is allocated based on labor hours. The Agency did not include all of the applicable labor hours for the Medicaid program. As a result, the Federal grants for Adoption Assistance, Foster Care, Guardianship Assistance, Refugee and Entrant Assistance, Child Care and Development, TANF, and SNAP were overcharged, ranging from \$265 to \$30,556, and the Medicaid grant was undercharged \$235,906. The Field Office Administration cost center allocated \$3,236,547 for the quarter ended June 30, 2022.
- We tested the allocation of cost center 25C20990 IST Application NFOCUS Applications for the quarter ended September 30, 2021, which is allocated based on client counts per NFOCUS/MMIS reports. We noted that the Foster Care and TANF recipient counts used in the allocation did not agree to support. The Foster Care count included 71 clients that were paid with State funds, resulting in \$265 being overcharged to the Foster Care grant, and the TANF count included 48 clients that were paid with State funds, resulting in \$358 being overcharged to the TANF grant.

Additionally, we were unable to trace the member counts to documentation that supported allocating \$1,853,284 to Medicaid and \$283,190 to the Children's Health Insurance Program (CHIP). 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. The Agency did maintain system summary reports at the time of the allocation, and the total counts on the summary reports did agree to amounts used for the allocation. However, as the summary reports used did not maintain the detail of members counted, we could not verify the accuracy of the reports used.

The IST Application Services NFOCUS Applications cost center allocated \$3,800,340 for the quarter ended September 30, 2021.

- We tested the allocation of cost center 25C23823 iServe IAPD H971 – Shared for the quarter ending June 30, 2022. The Agency is developing the new iServe Nebraska Portal, which is an application for Nebraskans to apply for benefits from Federal and State programs. This application will be replacing ACCESSNebraska, the current application used by Nebraskans to apply for benefits. For the implementation phase of the project, the Agency was only allocating costs to the following four programs: LIHEAP, TANF, SNAP, and Medicaid. However, there are other Federal and State programs that will utilize the iServe application. We asked for documentation to support that these were the only four programs that were benefiting from this stage of the project. The Agency provided correspondence from its Federal contacts, which stated: "As long as SNAP, Medicaid, LIHEAP, and TANF are the only benefiting programs for the State's iServe Nebraska Portal project, the State may just include these four programs in the development of its cost allocation plan. If/when the State decides to add other Federal programs that will benefit from enhancements to the portal, it will need to revisit and adjust its cost allocation plan." We asked again for documentation, such as internal planning

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documents, to support that these were the only four programs benefiting from this stage of the project. The Agency replied that it did not have the documentation at this time. The iServe IAPD H971 – Shared cost center allocated \$6,019,121 for the quarter ended June 30, 2022. We were unable to determine questioned costs as we were not able to determine which Federal and State program should receive an allocation, and the basis for how the costs would be allocated to these programs.

**Cause:** Inadequate procedures to ensure that system reports were set up correctly, employees coded their time correctly, and allocations were adequately supported and calculated correctly.

**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, system reports are set up correctly, and costs are properly allocated and charged.

**Management Response:** The Agency agrees

**Finding 2022-024**

**Program:** AL 93.558 – Temporary Assistance to Needy Families; AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.658 – Foster Care Title IV-E – Allowable Cost/Cost Principles

**Grant Number & Year:** 1901NETANF, FFY 2019; 2101NEFOST, FFY 2021; 2201NEFOST, FFY 2022; 202121S251443, FFY 2021; 202222S251443, FFY 2022

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

**Criteria:** Per 45 CFR § 75.303 (October 1, 2021):

*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, 2021) requires costs to be reasonable, necessary, and adequately documented.

45 CFR § 75.405(a) (October 1, 2021) 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 2 CFR § 200.303 (January 1, 2022):

*The non-Federal entity must: (a) Establish and maintain effective internal control 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.*

2 CFR § 200.403 (January 1, 2022) requires costs to be reasonable, necessary, and adequately documented.

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2 CFR § 200.405(a) (January 1, 2022) 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 is an employee of the Division of Children and Family Services and is responsible for . . . verification that all forms are submitted to the Completed Surveys database, review of the worker entries to validate consistent practice among participants . . .”

Per the CAP, “Each worker should be trained in the completion of the observation form and to the importance of providing accurate and timely responses.”

According to RMTS Explanations:

*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 . . .*

According to the RMTS Instructions for the Worker: “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 the RMTS Instructions for the Supervisor: “If you agree with the worker’s selections, you can click the “VALIDATION” button. If you do not agree with the worker’s selections, you need to confer with the worker on the selection process and reach agreement on the proper selections for the form. Make updates as needed, and click the “VALIDATION” button to attach the supervisor’s electronic signature and validate the form.”

Good internal control and sound accounting practices require procedures to ensure that staff know how to complete accurate random moment time studies, which are used to allocate costs to Federal programs.

**Condition:** The Agency did not have adequate procedures to ensure the accuracy of the RMTS. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-033

**Questioned Costs:** \$14,131 known

AL	Grant #	Questioned Costs (Federal Share)
10.561	202121S251443	\$ 3,162
10.561	202222S251443	\$ 4,408
93.658	2101NEFOST	\$ 3,162
93.658	2201NEFOST	\$ 3,399

**Statistical Sample:** No

**Context:** The RMTS is conducted on an ongoing basis to provide data for the allocation of direct and indirect costs to various programs. The objective is to identify employee efforts directly related to programs administered by the Agency. We tested 48 validated RMTS observations and noted that inadequate documentation was provided on 11 of them. We noted the following:

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- For two of four Foster Care IV-E observations tested, the observations should have been reported as Foster Care Non IV-E per the documentation in the case files. For one of these observations, the case worker noted in the comments that she selected the wrong option. However, it was still validated without correction.
- For five of 21 SNAP observations tested, the RMTS observation form appeared to have been completed incorrectly by the case worker. For two of these observations, the case worker selected the SNAP program; however, per the case files, the case worker appeared to be working on other programs along with SNAP at the time of the observation or was not working on SNAP at all at the time of the observation. As we could not confirm from the documentation on file what the case worker was working on, the questioned costs are unknown. For the other three observations, the case workers did not document which cases they were working on.
- For four of 12 TANF observations tested, the RMTS observation forms appeared to have been completed incorrectly by the case workers. The case workers selected the TANF program; however, per the case files, the case workers appeared to be working on other programs along with TANF at the time of the observation, or, for one case, not working on TANF at all. As we could not confirm from the documentation on file what the case worker was working on, the questioned costs are unknown.

Total known Federal payment errors, amount tested, error rate (amount of errors/ amount tested), total dollars charged via RMTS, and potential dollars at risk (dollar rate multiplied by the population total dollars charged) are summarized below by program:

Program	Known Federal Payment Errors	Federal Sample Tested	Dollar Error Rate	Total Federal Funds Charged via RMTS	Potential Dollars At Risk
Foster Care	\$ 6,561	\$ 13,122	50.00%	\$ 9,839,321	\$ 4,919,661
SNAP	\$ 7,570	\$ 40,583	18.65%	\$ 11,287,843	\$ 2,105,183
<b>Totals</b>	<b>\$ 14,131</b>	<b>\$ 53,705</b>		<b>\$ 21,127,164</b>	<b>\$ 7,024,844</b>

The APA also inquired with Agency staff to determine if they were provided training in how to complete the random moment time studies. 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 not sufficient to ensure the observations were accurately completed.

**Effect:** Random moment sampling is based on the laws of probability, which state, in essence, that there is a high probability that a relatively small number of random observations will yield an accurate depiction of the overall characteristics of the population for which the sample was taken. If RMTS observations are not accurate, there is an increased risk costs will be allocated incorrectly between programs.

**Recommendation:** We recommend the Agency improve procedures to ensure that random moment observations are accurate and adequately reviewed.

**Management Response:** The Agency agrees

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**Finding 2022-025**

**Program:** AL 93.069 – Public Health Emergency Preparedness (PHEP); AL 93.889 – National Bioterrorism Hospital Preparedness Program (HPP) – Allowability & Subrecipient Monitoring

**Grant Number & Year:** NU90TP922039, Project Period through 6/30/2024; U3REP190555C, Project Period through 6/30/2024; U3REP190555B, Project Period through 6/30/2024

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

**Criteria:** 45 CFR § 75.352(d) (October 1, 2021) requires a pass-through entity to: “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”

45 CFR § 75.302(a) (October 1, 2021) 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, 2021) 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 § 75.405(a) (October 1, 2021) states the following:

*A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:*

*(1) Is incurred specifically for the Federal award;*

*(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and*

*(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.*

45 CFR § 75.430(i)(1) (October 1, 2021) states, in part, the following:

*Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

*(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;*

\* \* \* \*

*(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.*

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*(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards . . . .*

45 CFR § 75.431(c) (October 1, 2021) states the following:

*The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in § 75.447); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.*

A good internal control plan requires procedures to ensure 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 has been noted in prior audits since 2014.

**Repeat Finding:** 2021-035

**Questioned Costs:** \$221,944 known

AL	Grant	Questioned Costs
93.069	NU90TP922039	\$214,772
93.889	U3REP190555B	\$1,676
93.889	U3REP190555C	\$5,496

**Statistical Sample:** No

**Context:** The Agency made 213 aid payments, totaling \$5,444,562, during the fiscal year ended June 30, 2022. This included payments to 32 subrecipients. Subrecipient reimbursement requests include an invoice and Budget Workbook showing expenses by category; however, no source documentation, such as invoices and timesheets, were submitted. The Agency has subrecipient monitoring procedures that include financial monitoring, such as desk reviews; however, no financial monitoring was performed during the fiscal year.

We selected a sample of 22 payments, totaling \$721,921, and offered the Agency the opportunity to gather supporting documentation from subrecipients.

Documentation submitted was not adequate for 16 of 22 payments tested. We noted the following:

- Thirteen payments lacked adequate documentation to support that payroll and fringe benefits charged to the grant were allowable and in accordance with Federal cost principles. In some cases, timesheets were not provided. In other cases, timesheets were provided, but there was not adequate documentation to support the employees' salaries or benefits received.
- Six payments did not have adequate documentation to support non-payroll charges.
  - Allocated costs for facilities, phones, storage, and other charges did not have adequate support for the amount allocated to the grant. For example, the cost of an audiovisual system for the



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subrecipient's conference room was charged 53.8% to the PHEP grant, which did not appear reasonable given that only 0.5 FTE was charged to the grant. The subrecipient indicated that funds were pulled from PHEP because PHEP had money left to spend. This is not allowable, as Federal cost principles require costs to be charged in accordance with the relative benefits received.

- We also noted a contract that was not charged at the hourly rate per contract terms, and various travel charges that were not supported.

Aid payments for the fiscal year ended June 30, 2022, totaled \$5,444,562. Federal payment errors noted were \$221,944. The total sample tested was \$721,921. The dollar error rate for the sample was 30.74%. This estimates the potential dollars at risk for the fiscal year to be \$1,673,658 (dollar error rate multiplied by the population).

**Cause:** The Agency's procedures for subrecipient monitoring were not followed.

**Effect:** Without adequate subrecipient monitoring procedures, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations.

**Recommendation:** We recommend the Agency perform adequate subrecipient monitoring to ensure both the allowability of costs and adherence to Federal regulations.

**Management Response:** The Department partially agrees with the condition. The FTE position with primary monitoring responsibilities for the PHEP and HPP program areas was vacant during this period, restricting the degree of financial monitoring performed.

While there were costs within the APA's sample which appear inadequately supported by subrecipient records, there are included in APA's questioned costs examples of payroll costs which DHHS believes it will receive partial or complete support for. The Department will work with subrecipients to determine which costs have additional support and which do not. For costs ultimately found unsupported, it will request repayment.

**APA Response:** As noted above, no financial monitoring was performed by the Agency during the fiscal year. The Agency was allowed over three weeks to obtain documentation from the subrecipients; however, \$221,944 of the sample remained unsupported.

**Finding 2022-026**

**Program:** AL 93.069 – Public Health Emergency Preparedness –Matching and Reporting

**Grant Number & Year:** NU90TP922039-02, Budget Period through 6/30/2021

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

**Criteria:** 45 CFR §75.302(a) (October 1, 20201) states 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*

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*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 § 75.306(b) (October 1, 2021) states, in part, the following:

*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:*

\* \* \* \*

*(3) Are necessary and reasonable for accomplishment of project or program objectives;*

*(4) Are allowable under subpart E of this part;*

45 CFR § 75.403(a) requires costs to be “necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.”

45 CFR § 75.405(a) 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. This standard is met if the cost:*

*(1) Is incurred specifically for the Federal award;*

*(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and*

*(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.*

45 CFR § 75.430(i)(1) states, in part, the following:

*Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

\* \* \* \*

*(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 the adequacy of documentation to support that matching funds are in accordance with Federal requirements.

**Condition:** The Agency lacked documentation to support the amount of matching funds provided and reported on the annual Federal Financial Report. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-036

**Questioned Costs:** Unknown

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**Statistical Sample:** No

**Context:** For the NU90TP922039-02 grant, the Agency reported \$8,666,524 in Federal grant expenditures and \$866,652 in State matching expenditures. The matching expenditures included State General Fund payroll expenditures for various employees. The Agency lacked adequate documentation to support the salary percentages used for PHEP matching.

We reviewed the four employees with over \$100,000 included in PHEP matching, as detailed in the following table:

Job Title	% of salary to PHEP match	\$ to PHEP match
Chief Information Officer	80%	\$137,207
Chief Data Strategist	95%	\$130,951
Incident Commander	100%	\$129,551
Communications Director	75%	\$108,065

Based on their job titles, it appears unreasonable for any of the four employees to have spent so much of their time solely on PHEP activities.

**Cause:** Inadequate procedures

**Effect:** Non-compliance with Federal requirements, which could lead to Federal sanctions.

**Recommendation:** We recommend the Agency implement procedures to ensure matching amounts are adequately supported and in accordance with Federal requirements.

**Management Response:** The Agency does not agree. The sample included in this finding does not align with the match currently reported for PHEP budget period 2 on the Department's federal financial reporting. The Department achieved the 10% match requirement in BP2 with unrecovered indirect costs under two subawards with UNMC, which has been documented and approved by the federal partner.

Only one of the staff included in APA's sample is claimed as match in any period for PHEP. Angela Ling served as DHHS Incident Commander exclusively during the COVID-19 pandemic. This position reported directly to the DHHS CEO and had direct supervisory authority over PHEP. DHHS provided a job description for this role, which the Department views as 100% in alignment with PHEP domains for the duration of the COVID-19 pandemic. For these reasons, the state-supported payroll costs of this position were included in the state's 10% match documentation for BP3.

**APA Response:** Unrecovered indirect costs by the University of Nebraska Medical Center (UNMC) would cover only \$427,977 of the \$866,652 match, leaving \$438,675 still needed. The job description for the Incident Commander refers to "Incidents" without specifying whether any such event would pertain solely to a public health emergency. The Incident Commander is charged to both Program 261, which is General Operations, and the same Business Unit as the Chief Information Officer, which would not be exclusively public health emergency. Also, there are no timesheets to support that the Incident Commander was working specifically on public health emergencies. Furthermore, the Incident Commander would cover only \$129,551, leaving \$309,124 still unsupported. There are no time records supporting the salary percentages used for matching.

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**Finding 2022-027**

**Program:** AL 93.323 - COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability & Subrecipient Monitoring

**Grant Number & Year:** NU50CK000547-02-03, project period ending 7/31/24; NU50CK000547-01-05, 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 that contracts terms be specific, and agencies hold contractors accountable to the contractual terms.

45 CFR § 75.403 (October 1, 2021) requires costs to be reasonable, necessary, and adequately documented.

45 CFR § 75.404 (October 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.*

Subaward 56800 (signed 09/2020), Section 2.4, “BUDGET CHANGES,” states, in part, the following:

*If funds are reassigned between line items, prior approval from DHHS is required for cumulative budget transfer requests for costs exceeding fifteen percent (15%) of the current total approved budget. Budget revision requests shall be submitted in writing to DHHS. DHHS will provide written notification of approval or disapproval of the request within thirty (30) days of its receipt.*

45 CFR § 75.302(a) (October 1, 2021) 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, 2021) 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.”

The contract with 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 documentation to support that Epidemiology & Laboratory Capacity for Infectious Diseases (ELC) expenditures were allowable and in accordance with Federal requirements.

**Repeat Finding:** 2021-038, 2021-039

**Questioned Costs:** \$804,686 known (NU50CK000547-02-03, \$770,515; NU50CK000547-01-05, \$34,171)

**Statistical Sample:** No

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**Context:** ELC expenditures for the fiscal year totaled \$46,707,314, of which \$42,444,330 was for payments greater than \$50,000. We randomly selected 15 of 148 transaction lines over \$50,000 for testing and noted that seven payments tested were not adequately supported. We also tested the two largest journal entries. We noted the following:

- The State was paying a surcharge on services by Nomi Health regarding the COVID-19 testing sites. The State paid service and management fees to Nomi Health that were not outlined in the contract, nor was any amount or percentage of costs agreed upon in the contract. Among six invoices reviewed, \$4,186,297 was paid to Nomi Health. Of this amount, \$588,582 was for management and service fees. Without contractual language defining these costs, there is not adequate support that the costs are reasonable, necessary, or allowable for the grant.
- For two payments tested to a COVID-19 test kit supplier, there was not adequate support on file to provide assurance that all the test kits ordered were received. Between the two payments, 825 boxes of tests were ordered, costing \$201.01/box. The Agency was able to provide a delivery confirmation spreadsheet with tracking numbers that confirmed delivery of a shipment; however, there was no support to show the number of tests or boxes of tests received. Therefore, we question both payments, totaling \$165,833.
- The State entered a contract with Ford Storage for providing warehousing, order fulfillment, inventory, and shipping services of personal protective equipment (PPE) and COVID tests. We tested one month's payment for storage and services. The invoice included \$128,800 for storage of 7,001-8,000 pallets for the month; however, the support provided by the Agency was for only 6,730 pallets, which should have been charged at \$112,700. Therefore, we question \$16,100. The Agency noted that it was working through contractual performance issues with the contractor, including noncompliance on inventory tracking; lack of timely order shipping/delivery; lack of timely response to communications; and concerns regarding the quality of inventory storage. The Agency also noted that payments have been withheld after the June 2022 invoice. Payments made to this contractor under the ELC program during the fiscal year totaled \$2,418,470.
- For one subrecipient payment tested, the Agency was reimbursing a Local Health District (LHD) for work related to COVID-19 contact tracing. The subaward was to cover costs of hiring contact tracers for COVID-19 cases in the LHD's service area. The approved subaward budget included wages and benefits. The payment tested reimbursed the LHD for wages and benefits of \$22,459 and contract costs of \$34,171. The contract was between the LHD and a Local Community Health Center to provide disease investigators, which was consistent with the purpose of the subaward. However, no additional review or monitoring appears to have been completed to support that the costs were accurate, allowable, in accordance with the contract, and agreed to LHD financial records. Therefore, we question \$34,171. Additionally, contractual payments were not included on the original budget of the subaward, which totaled \$80,000 of the \$240,000 subaward, which is well over the 15% threshold. The Agency confirmed that no amendments to the subaward budget were approved in writing.
- We tested one payment to North End Teleservices for contact tracing services. The vendor provided a spreadsheet with hours worked, related to the invoice period, but did not include any employee identifiers. Because no employee identification was provided for the contact tracers, it was impossible to determine if those workers had completed required HIPAA training.

Questioned costs for the random sample amounted to \$328,572, and the total sample tested was \$3,201,222. The dollar error rate for the sample was 10.26%, which estimates the potential dollars at risk for the fiscal year to be \$4,354,788 (dollar error rate multiplied by sample population). We noted an additional \$476,114 questioned costs on journal entries tested.

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**Cause:** Inadequate control procedures over contractual payments and subrecipient monitoring. The COVID-19 pandemic led the program to managing unprecedented amounts of PPE and test kits shipments and inventory. Verbal arrangements were made with contractors and subrecipient awardees, but those agreements were never put in writing.

**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 partially agrees with the finding.

The Nomi contract was originally executed through an emergency procurement process by the Agency of Administrative Services in April 2020. State emergency response needs rapidly evolved throughout 2020. Amendment 2, section 2.2.7.h incorporated updated needs and an expansion of scope of this contract, including but not limited to the provision of temporary structures for testing and call center services. This amendment notes that these services were variable. The management fees associated with this work were to cover Nomi's support and coordination services. While the contractual language could have been more explicit in this respect, the Agency considers these costs reasonable and necessary for the performance of the expanded testing site services, the allowable activity included within the ELC cooperative agreement budget.

The Agency retained records of test kit counts included in purchase orders and associated shipping confirmations from the vendor. Test counts included on the bills of lading align with the counts and shipments included on the delivery confirmation spreadsheet noted above

The Agency agrees that no formal amendment had been made to the Local Health District (LHD) subaward to explicitly approve the local health Agency to contract with a local hospital for staff support the project, however, all work performed was consistent with the subaward's purpose and is allowable under the ELC cooperative agreement.

With this information provided, we believe \$788,586 of the questioned costs to be allowable.

**APA Response:** Regarding the Nomi Contract, as noted above, the additional service and management fees were paid on top of the costs outlined in the Agency-referenced "Amendment 2, section 2.2.7.h" and were not defined in writing. Without documentation detailing the services received, we could not determine that the \$588,582 was reasonable. The delivery confirmation for the test kits did not include the number of tests received, so \$165,833 remains questioned. For the subaward payment, there was no review or monitoring performed of the \$34,171 to support that the costs were allowable and in accordance with Federal requirements. The question of allowability for these items remains.

**Finding 2022-028**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Reporting

**Grant Number & Year:** Various, including 2001NETANF, FFY 2020; 2101NETANF, FFY 2021

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

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**Criteria:** Per 45 CFR § 75.303 (October 1, 2021), the non-Federal agency must:

*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 § 265.9(a) (October 1, 2021) requires, “Each State must file an annual report containing information on the TANF program and the State's MOE [maintenance-of-effort] program(s) for that year.”

45 CFR § 265.9(c) details the information required to be reported for each State program for which the State claims MOE expenditures. Per 45 CFR § 265.10, the annual report is due at the same time as the fourth quarter TANF Data Report, which is 45 days after the end of the quarter, or November 14.

2 CFR § 170, Appendix A I. (January 1, 2022) states, in part, the following:

*a. Reporting of first-tier subawards.*

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

. . . .

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

. . . .

*e. 4. Subaward:*

*i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.*

. . . .

*iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.*

45 CFR § 75.211 (October 1, 2021) states the following:

*(a) In accordance with statutory requirements for Federal spending transparency (e.g., FFATA), except as noted in this section, for applicable Federal awards the HHS awarding agency must announce all Federal awards publicly and publish the required information on a publicly available OMB-designated government-wide Web site (at time of publication, [www.USAspending.gov](http://www.USAspending.gov)).*

*(b) All information posted in the designated integrity and performance system accessible through SAM (currently FAPIIS) on or after April 15, 2011 will be publicly available after a waiting period of 14 calendar days . . . .*

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

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**Condition:** The ACF204 Report for FFY 2021 was required to be submitted by November 14, 2021; however, it was not submitted until November 8, 2022, after it was requested by the auditors. FFATA reporting was not submitted for the largest TANF subrecipient.

**Repeat Finding:** No

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** Federal reports were not submitted as required, as noted below.

ACF204

On September 29, 2022, we requested the ACF204 report for FFY 2021. On October 20, 2022, Agency staff responded that they were unable to find the report in the system and it did not appear it was submitted. The Agency subsequently submitted the report on November 8, 2022, and provided it to the auditors, almost one year after the report was due.

FFATA

For fiscal year ended June 30, 2022, the Agency paid subrecipients \$13,735,054, which included \$9,459,670 to Equus Workforce Solutions for Employment First service coordination. We tested FFATA reporting for the three largest subrecipients. We noted that no FFATA report was submitted for Equus Workforce Solutions. We reviewed the subaward history, including renewals and amendments. The renewal was signed May 31, 2022, for \$20,060,504 for fiscal year 2023, and was due for FFATA reporting by June 30, 2022, but it was not submitted. We also reviewed <https://www.usaspending.gov>, the public facing website that provides the reported FFATA information, and not only did the Agency fail to report the subaward renewal during our audit period, but also it never reported the subaward in effect for fiscal year ended 2022.

**Cause:** Inadequate procedures to ensure that required reports are submitted by the reporting deadline. There was employee turnover for the ACF204 report. According to Agency staff, the subaward was considered a hybrid contract/subaward and was missed for FFATA reporting.

**Effect:** Noncompliance with Federal requirements, which could lead to sanctions.

**Recommendation:** We recommend the Agency implement procedures to ensure all required reports are submitted timely. We further recommend the implementation of procedures to ensure that all subawards are reported to FFATA accurately and in a timely manner.

**Management Response:** The Agency agrees.

**Finding 2022-029**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Allowability & Eligibility

**Grant Number & Year:** 2001NETANF, FFY 2020; 1901NETANF, FFY 2019

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

**Criteria:** Per 45 CFR § 75.403 (October 1, 2021), costs must be necessary, reasonable, and adequately documented.



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Per Nebraska's Combined State Plan (Program Years 2020-2023):

*DHHS will use TANF funds to support an array services to assist needy families with children so that children can be cared for in their own homes . . . . The eligibility criteria will be needs based as indicated by the family's program eligibility status for Aid to Dependent Children (ADC), Supplemental Nutrition Assistance Program (SNAP), SSI or Medicaid. Medicaid eligibility will be based on parent income and not state ward status of an identified child.*

Per 45 CFR § 75.302(a) (October 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.*

Per 45 CFR § 75.303 (October 1, 2021), the non-Federal agency must:

*Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

Good internal control requires procedures to ensure compliance with Federal regulations.

**Condition:** Child welfare claims paid with TANF funds were not in accordance with State and Federal requirements.

**Repeat Finding:** No

**Questioned Costs:** \$5,589 known (2001NETANF, \$5,548; 1901NETANF, \$41)

**Statistical Sample:** No

**Context:** The State Plan allows for payment of certain child welfare costs from Federal TANF funds. To identify eligible claims the Agency performs a query of the NFOCUS system to pull claims for certain services (e.g., family support services, intensive family preservations and drug testing) for families in an active TANF, SNAP, or Medicaid case or SSI. The Agency transferred \$5,596,250 from State general funds to Federal TANF funds for 16,728 claims.

We selected 10 claims, totaling \$5,760, for testing and noted that one \$2,461 claim was not allowable. There was no active TANF, SNAP, or Medicaid case or SSI for the family; therefore, per the State Plan, the family was ineligible.

We reviewed the NFOCUS detail and noted 4,000 claims, totaling \$1,331,698, charged to TANF identified as no active TANF, SNAP, or Medicaid case. We selected 10 of these claims, totaling \$3,128, and reviewed the case eligibility information on NFOCUS. None of the 10 claims tested had an active TANF, SNAP or Medicaid case or SSI for the time of service and were, therefore, not allowable.

The known questioned costs for the claims tested was \$5,589 (\$2,461 + \$3,128). The potential dollars at risk is \$1,331,698 identified as no active TANF, SNAP, or Medicaid case.

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**Cause:** Inadequate review procedures. The NFOCUS details active program cases, but the Agency failed to exclude those cases that were not active for TANF, SNAP, or Medicaid.

**Effect:** Without adequate controls to ensure claims are paid per Federal requirements, there is an increased risk for loss or misuse of funds.

**Recommendation:** We recommend the Agency improve procedures to ensure compliance with the Federal requirements.

**Management Response:** The Agency agrees.

**Finding 2022-030**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Allowability & Eligibility

**Grant Number & Year:** 2001NETANF, FFY 2020

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

**Criteria:** Per 45 CFR § 264.1(a)(1) (October 1, 2021):

*Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in § 260.31 of this chapter) to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive).*

Title 8 U.S.C. Section 1611(a) states that any individual receiving assistance must be a “qualified alien” or a U.S. citizen.

Title 468 NAC 2-002(2)(a) (Rev. July 8, 2014) states a qualified alien is “An alien who was admitted as a lawful permanent resident (LPR) and has resided in the United States for at least five calendar years from the date of entry or who has worked or can be credited with 40 qualifying quarters of work.”

Title 468 NAC 2-20.10A (Rev. January 9, 2017) states, “TANF received from another state will apply towards the family’s 60-month lifetime limit.”

A good internal control plan requires eligibility determinations and payments to be accurate.

**Condition:** One of 25 TANF cash assistance payments tested was not in compliance with State and Federal requirements.

**Repeat Finding:** No

**Questioned Costs:** \$849 known

**Statistical Sample:** No

**Context:** For one case tested, verification of eligibility was not documented, resulting in \$182 sample questioned costs and \$667 in non-sample questioned costs. There was no documentation at the time of the initial application in October 2021 to ensure the parent receiving assistance was a qualified alien.

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Additionally, the Agency did not verify whether the family received TANF benefits in the state in which they had previously lived.

Federal questioned costs in the sample were \$182. The total Federal sample tested was \$9,456, and the total Federal cash assistance for the fiscal year was \$13,954,157. Based on the sample tested, the case error rate was 4% (1/25). The dollar rate for the sample was 1.92% (\$182/\$9,456), which estimates the potential dollars at risk for fiscal year 2022 to be \$267,920 (dollar error rate multiplied by population).

**Cause:** Worker error.

**Effect:** Increased risk that Federal funds will be paid to ineligible individuals.

**Recommendation:** We recommend that the Agency implement procedures to ensure compliance with State and Federal regulations.

**Management Response:** The Agency agrees.

**Finding 2022-031**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Reporting

**Grant Number & Year:** 2101NETANF, FFY 2021; 2201NETANF, FFY 2022

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

**Criteria:** Per 45 CFR § 75.302(a) (October 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.*

Per 45 CFR § 75.303(a) (October 1, 2021), the non-Federal agency must:

*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 42 USC 611, each State must collect on a monthly basis, and report to the Secretary on a quarterly basis, case record information on the families receiving TANF assistance.

45 CFR § 265.3(a) (October 1, 2021) states:

*(1) Each State must collect on a monthly basis, and file on a quarterly basis, the data specified in the TANF Data Report and the TANF Financial Report (or, as applicable, the Territorial Financial Report).*

*(2) Each State that claims MOE expenditures for a separate State program(s) must collect on a monthly basis, and file on a quarterly basis, the data specified in the SSP-MOE Data Report.*

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45 CFR § 265.7(a) (October 1, 2021) states:

*Each State's quarterly reports (the TANF Data Report, the TANF Financial Report (or Territorial Financial Report), and the SSP-MOE Data Report) must be complete and accurate and filed by the due date.*

TANF Data Report instructions state, in part:

*For purposes of completing this report, include all TANF eligible families receiving assistance (i.e., families funded under the TANF block grant and State MOE funded TANF families) as families receiving assistance under the State (Tribal) TANF Program. All counts of families and recipients should be unduplicated monthly totals.*

\* \* \* \*

*Instruction: Enter the number of families receiving assistance under the State (Tribal) TANF Program for each month of the quarter.*

*A. First Month: B. Second Month: C. Third Month:*

Good internal control requires procedures to ensure reports are accurate, and any issues are resolved in a timely manner.

**Condition:** The Agency was unable to provide a detail of cases to support the Section Three Total Number of Families reported and the Total Number of SSP-MOE Families. Also, issues noted during the Agency's review were not resolved timely.

**Repeat Finding:** No

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** We tested 10 Federal assistance cases reported on the ACF-199 and five State (SSP-MOE) cases reported on the ACF-209 and tested all items identified as key line items on the OMB Compliance Supplement. We also tested the total number of families reported on each report for November 2021 and April 2022.

We requested the Agency to provide the detail of unduplicated families for those months. The Agency provided four Notepad text files for each month. The auditor copied the files to Excel and removed duplicate cases; however, the number of families per the Notepad files did not agree to the number of families reported. The auditor also reviewed the State's general ledger for TANF payments and compared the number of unduplicated payees to the reports. Although some variances might be expected, the number of payees per the general ledger was 5% to 7% less than that in the 199 report and 6% to 13% less than that in the 209 report.

	November 2021	April 2022
ACF 199 # of Families reported	2,873	2,618
# payees Federal assistance per General Ledger	2,695	2,486
Unduplicated recipients per Agency "Notepad"	3,023	2,790
ACF 209 # SSP-MOE Families Reported	363	370
APA calculated per General Ledger	341	322
Unduplicated recipients per Agency "Notepad"	372	343

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Program staff review a sample each month of three 199 reports and three 209 reports. Issues noted were sent to the Agency IT staff. One of the issues noted was that closed cases appear on the reports. This issue was noted prior to May 2021 but remained unresolved by the IT staff as of October 2022. In response to our inquiry, the IT Analyst replied on October 31, 2022, “There are currently 2 separate pending SCR’s documented for research and various fixes to the ACF 199 / 209 reports logic . . . . Target dates for those have not been assigned.”

**Cause:** Adequate resources were not devoted to correcting reporting errors noted.

**Effect:** Increased risk for inaccurate reporting and non-compliance with Federal requirements.

**Recommendation:** We recommend the Agency implement procedures to ensure reports are accurate, and any system issues are resolved in a timely manner.

**Management Response:** The Agency agrees.

**Finding 2022-032**

**Program:** AL 93.568 – COVID-19 – Low-Income Home Energy Assistance (LIHEAP); AL 93.568 – Low-Income Home Energy Assistance – Eligibility

**Grant Number & Year:** 2101NEE5C6, end 9/30/2022; 2201NELIEA, FFY 2022

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

**Criteria:** 45 CFR § 96.30(a) (October 1, 2021) states:

*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:

*To qualify for the Low Income Home Energy Assistance Program, a household must:*

- (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 1-004.6 defines “ECONOMICALLY-VULNERABLE HOUSEHOLD” as follows:

*A household that is unprotected from increases in energy costs, and, therefore, must use its own resources to meet energy cost increases.*

476 NAC 3-002.01, “Provider,” states:

*The Department makes payment on behalf of an eligible household directly to a provider. To ensure payment, a household must provide the Department with the applicable provider name and account number.*

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Neb. Rev. Stat. § 68-1215 (Supp. 2021) states:

*For purposes of determining eligibility of a household for the low-income home energy assistance program pursuant to section 68-1201 as administered by the State of Nebraska pursuant to the federal Energy Policy Act of 2005, 42 U.S.C. 8621 to 8630, the Department of Health and Human Services shall apply a household total annual income level of one hundred fifty percent of the federal poverty level published annually by the United States Department of Health and Human Services or such successor agency which publishes the federal poverty level.*

Per the 2021 Poverty Guidelines (Published by the U.S. Assistant Secretary for Planning and Evaluation), the federal poverty level for a household of three individuals was \$21,960.

476 NAC 2-002.01, "Income Guidelines," states:

*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 3-002.02(A), "Earned Income," states:

*Earned income includes all the following:*

*(i) All gross wages and salaries of an employee including wages earned by a household member that are garnished or transferred by an employer and paid to a third party for household expenses, such as rent;*

475 NAC 3-002.03(D), "Verification of Income," states:

*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.*

Good internal control requires procedures to ensure that adequate documentation is maintained to support that households meet eligibility requirements and payments are issued to the proper providers.

**Condition:** The Agency lacked adequate procedures to ensure that LIHEAP applicants met eligibility requirements prior to issuing aid payments.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-041

**Questioned Costs:** \$2,610 known (2101NEE5C6, \$2,390; 2201NELIEA, \$220)

**Statistical Sample:** No

**Context:** We tested 40 payments and noted the following:

- For one payment tested, the Agency did not consider all sources of income when determining household eligibility. The Agency calculated the household's annual income to be \$26,178/year; however, this did not include the income of one household member. The Agency did not verify the member's income at the time of application; however, we observed that the individual had earnings of \$16,145 during the program year. This would increase household income to \$42,323/year, which is more than 150% of

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the Federal poverty level. We question the \$300 supplemental payment tested in the sample, as well as the 2<sup>nd</sup> supplemental of \$545 issued in June 2022 and the original \$220 heating payment issued in November 2021.

- For another payment tested, the Agency did not verify that the household was economically vulnerable or verify the applicant’s provider account information when determining eligibility. The only provider-verified information on file was a utility bill addressed to the applicant’s personal business, which did not agree to the applicant’s home address as reported on their LIHEAP application. As such, it could not be determined that the household was economically vulnerable to energy costs or that the payment was issued to the correct provider. We question the \$300 supplemental payment tested in the sample, as well as the 2<sup>nd</sup> supplemental payment of \$545 issued in June 2022 and the original \$700 heating payment issued in October 2021.

Payment errors noted for the sample tested were \$600. The total sample tested was \$17,686, and total LIHEAP assistance payments for the fiscal year were \$63,388,746. The dollar error rate for the sample was 3.39% (\$600/\$17,686), which estimates the potential dollar risk for fiscal year 2022 to be \$2,148,878 (dollar rate multiplied by the population). We also noted \$2,010 of questioned costs on other payments for the applicants tested.

**Cause:** Inadequate review procedures.

**Effect:** When Agency staff fail to properly verify household information, there is increased risk of fraud, loss of Federal funds, and noncompliance with Federal and State regulations.

**Recommendation:** We recommend the Agency strengthen its procedures to ensure compliance with State and Federal requirements.

**Management Response:** The Agency agrees.

**Finding 2022-033**

**Program:** AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Reporting

**Grant Number & Year:** Various, including 2101NELIEA, FFY 2021

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

**Criteria:** 45 CFR § 96.30(a) (October 1, 2021) requires “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 (January 1, 2022), Appendix A, Section I, “Reporting Subawards and Executive Compensation,” states, in relevant part:

*(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 . . . .*

. . . .

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(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, 2021) states:

*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; . . . .*

The “Instructions for the LIHEAP Household Report for FFY 2021–Long Form” (Published October 21, 2021, by the U.S. Division of Energy Assistance) states, in part:

***Gross Household Income Adjusted by Household Size***

*A household's gross annual income and/or household size can change during the fiscal year. If a household received two benefits or services under the same type of LIHEAP assistance, use that household's gross annual income and household size at the time of the initial determination of benefits or services in calculating that household's poverty level for statistical reporting.*

***Uniform Counting and Reporting***

*Annual gross household incomes, adjusted by the number of household members (household size), are to be used in computing household poverty percentages, using the 2020 HHS Poverty Guidelines that were in effect at the beginning of FFY 2021 (October 1, 2020).*

**Condition:** The Agency lacked adequate procedures to ensure that required Federal Funding Accountability and Transparency Act (FFATA) reports were submitted, and Household Report information reported was complete and accurate.

**Repeat Finding:** 2021-042

**Questioned Costs:** N/A

**Statistical Sample:** No

**Context:** During review of Federally required LIHEAP reports, we noted the following:

**FFATA Reporting**

Neither the Agency nor the Nebraska Department of Environment and Energy (NDEE), which distributes weatherization subawards, filed the required FFATA reports in a timely manner. NDEE issued multiple subawards to Nebraska community action partnerships, as well as the Habitat for Humanity – Omaha, that exceeded the \$30,000 reporting requirement, but none were reported until August 2022. The APA tested



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six awards and award amendments issued during the fiscal year and noted that all six awards were submitted from 61 to 303 days after they were required to be submitted. During fiscal year 2022 NDEE issued subawards totaling \$6,143,036.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
6	0	6	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$ 1,715,010	\$ -	\$ 1,715,010	\$ -	\$ -

The eight subrecipients during the fiscal year were paid a total of \$2,866,620.

Households Report

In its LIHEAP Household Report for FFY2021, the Agency reported 671 applicant households for the weatherization program. This information for weatherization applicant households was provided by NDEE, which obtained the figures from its subrecipients. No documentation was provided to support the number or type of weatherization applicant households. The 671 applicants were also reported by poverty level, as shown in the table below.

<b>Over 150% Poverty</b>	147
<b>126%-150% Poverty</b>	90
<b>101%-125% Poverty</b>	91
<b>75%-100% Poverty</b>	112
<b>Under 75% Poverty</b>	145
<b>Income Data Unavailable</b>	86
<b>Total Applicants</b>	<b>671</b>

Due to the lack of data provided for the weatherization applicant households, we were unable to verify the accuracy of the applicants reported.

We selected a sample of 15 households included on the FFY2021 Household Report as LIHEAP-assisted households, LIHEAP applicant households, or weatherization-assisted households. Three of 15 households tested were not properly reported or classified, as follows:

- One LIHEAP applicant household was reported at the “Under 75% Poverty” income level. However, the household should have been reported at the “Over 150% Poverty” income level.
- One LIHEAP applicant household was reported at the “Under 75% Poverty” income level. However, the household should have been reported at the “75% - 100% Poverty” income level.
- One LIHEAP applicant household was reported at the “75% - 100% Poverty” income level. However, the household should have been reported at the “Under 75% Poverty” income level.

**Cause:** Inadequate review and reporting procedures.

**Effect:** Without adequate procedures to ensure that reports contain accurate information and are submitted timely, there is an increased risk of noncompliance with Federal regulations.

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**Recommendation:** We recommend the Agency strengthen its procedures to ensure that all participants of the LIHEAP program are reflected properly in the Household Report. We also recommend the Agency review its procedures for FFATA reporting to ensure compliance with Federal requirements.

**Management Response:** The Agency agrees.

**Finding 2022-034**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility

**Grant Number & Year:** G2101NECCDF, FFY 2021; G2101NECCDM, FFY 2021; G2201NECCDF, FFY 2022; G2201NECCDM, FFY 2022

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

**Criteria:** 42 USC § 9858k(b) (1992) states, “With regard to services provided to students enrolled in grades 1 through 12, no financial assistance provided under this subchapter shall be expended for – (1) any services provided to such students during the regular school day[.]”

To be eligible for services, 45 CFR § 98.20 (October 1, 2021) 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.

45 CFR § 98.55 (October 1, 2021) states:

*(a) Federal matching funds are available for expenditures in a State based upon the formula specified at § 98.63(a).*

*(b) Expenditures in a State under paragraph (a) of this section will be matched at the Federal medical assistance rate for the applicable fiscal year for allowable activities, as described in the approved State Plan, that meet the goals and purposes of the Act.*

45 CFR § 98.67(a) (October 1, 2021) 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.”

Title 392 NAC 3-004.01(A) (Eff. 9/15/2020) states, “The Department pays by attendance, not enrollment. Providers do not receive payment when the provider is on vacation, is ill, or is not providing care for some reason unrelated to the child or recipient.”

Title 392 NAC 3-004.01(A)(i) (Eff. 9/15/2020) 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(D) (Eff. 9/15/2020) states, “The recipient and child care provider must ensure that the services are delivered as authorized.”

Title 392 NAC 4-002. (Eff. 9/15/2020) states, in relevant part, “Before furnishing any service, each provider must sign an enrollment form agreeing: (A) No payments will be made for child care provided to a child before the service authorization date;” and “(G) To retain authorizations, billing documents, and attendance records for four years to support and document all claims[.]”

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Title 392 NAC 2-011.02 (*Eff. 9/15/2020*) states, in part, “The parent of a child who is a ward of the Department or the parent of a tribal ward who attests the parent is unable to receive child care services from the tribe, is eligible for services without regard to income . . . .”

Title 392 NAC 1-001 (*Eff. 9/15/2020*) provides the following definitions for age levels of care:

- 001.13 *INFANT. A child age six weeks to 18 months.*
- 001.21 *PRESCHOOLER. A child age 36 months to school-age.*
- 001.26 *SCHOOL-AGED CHILD. A child who attends kindergarten or above.*
- 001.31 *TODDLER. A child age 18 months to 36 months.*

Neb. Rev. Stat. § 68-1206 (Supp. 2021) provides, in part, the following:

*(2)(a) [T]he department shall participate in the federal child care assistance program under 42 U.S.C. 9857 et seq., . . . and provide child care assistance to families with incomes up to (i) one hundred eighty-five percent of the federal poverty level prior to October 1, 2023 . . . .*

*(b) [I]n determining ongoing eligibility, if a family's income exceeds one hundred eighty-five percent of the federal poverty level prior to October 1, 2023, . . . the family shall receive transitional child care assistance through the remainder of the family's eligibility period or until the family's income exceeds eighty-five percent of the state median income for a family of the same size as reported by the United States Bureau of the Census, whichever occurs first. . . . The amount of such child care assistance shall be based on a cost-shared plan between the recipient family and the state and shall be based on a sliding-scale methodology. A recipient family may be required to contribute a percentage of such family's gross income for child care . . .*

The Child Care Provider Handbook (Handbook), issued by the Agency in January of 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[.]” (pg. 10)

The Handbooks defines “Full Day of Care” as follows: “Five hours and 46 minutes (6 hours) through 9 hours (9 hours and 59 minutes) unless the child care program defines its day as more than 9 hours.” (pg. 1) The Handbook also 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[.]” (pg. 8)

Good internal control requires procedures to ensure that payments are in accordance with Federal and State requirements.

**Condition:** Child care payments did not comply with Federal and State requirements. A similar finding has been noted in our previous audit reports since 2007.

**Repeat Finding:** 2021-043

**Questioned Costs:** \$9,556 known

Grant #	Federal Questioned Costs
G2101NECCDF	\$ 1,928
G2101NECCDM	\$ 285
G2201NECCDF	\$ 1,226
G2201NECCDM	\$ 6,117

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**Statistical Sample:** No

**Context:** We tested 25 child care claims paid with Federal funds and 5 child care claims paid with matching general funds. We noted 11 claims with errors. Some payments had more than one type of error.

- For seven claims tested, there were discrepancies between the attendance sheet and the claim billed:
  - For one claim, the provider billed a day of child care when the provider was closed in observation of the July 4th holiday.
  - For one claim, the provider billed an absent day on a Saturday when the child did not normally attend on weekends.
  - For three claims, the provider billed for more hours and/or days than what was recorded on the child's attendance sheet:
    - One provider billed 36 hours and one day, while the attendance sheet showed the child attended 32 hours and one day.
    - One provider billed for 12 days of care, while the attendance sheet showed only 11 days of care.
    - One provider billed for 16 days when the attendance sheet showed only 15 days of care.
  - For two claims tested, the providers billed a full day of care when only 5.75 hours should have been billed. One provider did this for four different days on the claim.
- For two claims tested, the rate charged for child care was higher than what is allowed per the child's age:
  - For one claim, the child started kindergarten in August 2021 and should have been billed at the school age rate; however, the provider was billing at the preschool rate. Child care was billed at the preschool rate through the end of the fiscal year, and the child was still authorized at a preschool rate at the time of testing in September 2022.
  - For one claim, the child should have been billed at a preschool rate but was billed at a toddler rate through our audit period.
- For one claim, the provider charged for a full day of care on a school day that the child would have been in school.
- For one claim, the provider billed more child care than what was authorized. A maximum of 25 hours of care were authorized per week; however, the provider billed care 5 days a week (i.e., 30+ hours/week) for the child.
- On one claim, there was a Child Support Court Order requiring child care expenses to be split 48/52 between the mother and the father of the child, respectively. Therefore, the mother should be responsible for only 48% of the child care costs, and the State should be providing subsidy assistance for only her portion of the costs (as she was the only parent applying for benefits). Instead, 100% of the remaining child care costs were being subsidized, after the family fee was applied.

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- For one claim tested, the family's income was calculated incorrectly, and the family should not have qualified for child care until March 2022, when the mother quit her job. The Agency should have calculated the mother's monthly income as \$2,728. Instead, the Agency used \$0 for the mother's income, even though she was employed by the Agency. Had the correct income been used, the family would not have been eligible for the child care subsidy program.
- One child was in Tribal Court custody and had been placed with a foster parent. There was no attest from the foster parent indicating that she could not receive child care services from the tribe.

Federal payment errors noted for the sample tested were \$471. The total Federal sample tested was \$8,086, and total child care Federal assistance claims for the fiscal year were \$37,138,666. The dollar rate for the sample was 5.82% ( $\$471/\$8,086$ ), which estimates the potential dollar risk for the fiscal year 2022 to be \$2,161,470 (dollar rate multiplied by the population).

In addition to the \$471 Federal questioned costs noted on the sample items tested, we also noted \$2,093 of Federal questioned costs on other line items of the claims reviewed and \$3,317 questioned costs used to meet match, which resulted from miscalculated budgets, service authorizations exceeded, and incorrect rate charges.

*Unusual Claims Tested*

We reviewed the detail of child care claims for unusual items, such as over 300 hours billed in a month, more than 31 days billed in a month, and duplicate claims. We noted the following issues with the claims tested for the following three providers:

*Provider 1*

This provider billed for 300 hourly units for several children during October and November 2021. The provider incorrectly billed hourly units instead of daily units, inflating the payment amount received. The Agency reviewed the provider's attendance calendars for August 2021, September 2021, and October 2021 and established overpayments on January 22, 2022, totaling \$10,595 for this incorrect billing. However, the Agency failed to identify a second provider that also billed for one of the families in October and November 2021. We reviewed the attendance calendars for both providers and identified the following issues:

- There were 336.75 hours in October and 175.5 hours in November 2021 that overlapped between the two providers. The following chart includes an example of overlapping hours billed on October 1, 2021.

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<b>Provider 1</b>				
	<b>Child 1</b>	<b>Child 2</b>	<b>Child 3</b>	<b>Child 4</b>
In	6:00am	6:00am	6:00am	6:00am
Out	12:00pm	12:00pm	12:00pm	
In	2:00pm	2:00pm	12:30pm	
Out	12:00am	12:00am	12:00am	6:00pm
<b>Provider 2</b>				
In	7:00am	7:00am	7:00am	7:00am
Out				
In				
Out	5:30pm	5:30pm	5:30pm	5:30pm
<b>Overlapping Hours</b>				
In	7:00am	7:00am	7:00am	7:00am
Out	12:00pm	12:00pm	12:00pm	
In	2:00pm	2:00pm	12:30pm	
Out	5:30pm	5:30pm	5:30pm	5:30pm

- Hours of care provided exceeded the service authorizations. The service authorizations covering October 2021 for both providers stated that child care was authorized up to 40 hours per week. A new service authorization issued for November 2021 authorized child care up to 45 hours per week, and hours were to be split between the primary and secondary provider. Provider 1 billed full-time for all four children during October and November 2021, with weekly hours billed ranging from 60 hours up to 126 hours. The following chart shows the total number of weekly hours each child was in care for both providers in October 2021.

	<b>Week 1</b>	<b>Week 2</b>	<b>Week 3</b>	<b>Week 4</b>
<b>Provider 1 Hours Billed</b>				
Child 1	92	86	66	62
Child 2	92	86	66	62
Child 3	99.5	111	122.5	122.5
Child 4	126	126	126	126
<b>Provider 2 Hours Billed</b>				
Child 1	6	12	6	8.5
Child 2	26.5	12	6	8.5
Child 3	6	11	6	8.5
Child 4	47.5	50.5	52.5	48.5

- The hours of care billed were not reasonable. In October 2021, the client was authorized for job search; however, hours of care began at 6:00 a.m. and ended at midnight on school days, up to 18 hours of care. The provider billed every day of the month for both October and November 2021. The provider also billed 10 hours of care on November 31, which does not exist.
- The provider did not calculate correctly the number of hours provided. For two children in November 2021, the provider billed 10 hours of care for hours from 2:00 p.m. to 11:00 p.m., which is only 9 hours.

The Agency did not review the November 2021 attendance calendars, and there were two additional families for which the provider billed hourly units instead of daily units. We also noted that this provider, which is licensed for 10 children, received over \$146,000 in subsidy payments during Fiscal Year 2022, as well as \$46,500 in Child Care Stabilization grant funds, despite the billing issues, being placed on probation, and large overpayments.

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*Provider 2*

The same “Provider 2” included above was paid \$2,332 for 55 daily units for the period of September 16, 2021, through September 30, 2021. This is impossible, as there are only 15 days during this period. A review of the attendance calendar supported 55 hours of care. The provider should have billed 55 hours at \$7 per hour or \$385.

*Provider 3*

This provider submitted two claims for the same time period for the same child and received two payments of \$330 and \$385.90 for those duplicate claims. Both claims included 10 days of care from January 1, 2022, through January 15, 2022. The daily rate paid for one claim was \$33, and the daily rate paid for the second claim was \$38.59, which is the correct daily rate as of January 1, 2022.

The issues noted above accumulated to \$6,992 in Federal questioned costs. We also noted \$2,430 in questioned costs used to meet match funds and \$6,065 in general fund questioned costs.

**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.

**Management Response:** The Agency agrees.

**Finding 2022-035**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

**Grant Number & Year:** Various, including G2201NECCDF, FFY 2022

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

**Criteria:** Per 45 CFR § 98.41 (October 1, 2021), 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 3-005.09B:

*The Department will make a sanitation inspection referral when: . . . 2. Every two years following the initial sanitation inspection . . . [.]*

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A good internal control plan requires that adequate documentation be maintained to support compliance with health and safety requirements.

**Condition:** The Agency did not have adequate procedures in place to ensure health and safety requirements were met for child care providers. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-044

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** We tested 15 child care centers subject to fire and sanitation inspections. We noted the following:

The Agency received a waiver for inspections for the period March 13, 2020, to September 30, 2021; however, for eight child care centers tested, a required inspection due during the waiver period still had not been performed as of the end of fieldwork on November 1, 2022. The Agency has made timely referrals for the fire and sanitation inspections; however, the inspections are overdue, and the Agency is ultimately responsible for ensuring that these inspections are performed.

#	Inspection Type	Date of Last Inspection	Months Overdue as of June 30, 2022
1	Fire	December 12, 2018	42
2	Fire	October 9, 2018	44
3	Fire	September 17, 2018	45
3	Sanitation	October 3, 2019	32
4	Fire	February 22, 2019	40
4	Sanitation	February 7, 2020	28
5	Fire	December 2, 2019	30
6	Sanitation	July 1, 2019	35
7	Sanitation	October 22, 2018	44
8	Sanitation	March 17, 2020	27

**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.



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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, 2021 and 2022; 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 childcare 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.

It is important to note that if serious fire safety and sanitation concerns are observed at any inspection that may endanger the health and safety of children in care, it is standard practice to work with the appropriate authority to request an immediate inspection. Fire and sanitation have always responded timely to these requests. This has been a long standing policy and procedure in Children's Services Licensing specific to Family Child Care Homes I and II and is part of the child care licensing regulations.

391 NAC Chapters 1-5:  
1-005.08 Inspection by Other Entities  
2-005.09 Inspection by Other Entities  
3-005.09 Inspections by Other Entities  
4-005.09 Inspections by Other Entities  
5-005.09 Inspections by Other Entities

**APA Response: The Agency is the recipient of the Federal funds and is, therefore, ultimately responsible to ensure that fire and sanitation inspections are performed. Without such inspections, there is an increased risk of children being cared for in unsafe facilities.**

**Finding 2022-036**

**Program:** AL 93.575 – Child Care and Development Block Grant – Period of Performance

**Grant Number & Year:** G1901NECCDF, FFY 2019; G2001NECCDF, FFY 2020

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

**Criteria:** Per 45 CFR § 98.60(d) (October 1, 2021):

*The following obligation and liquidation provisions apply to States and Territories:*

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*(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, 2021), “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 and FFY 2020 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:** 2021-045

**Questioned Costs:** \$1,752,798 known (\$50,227 #G1901NECCDF; \$1,702,571 #2001NECCDF)

**Statistical Sample:** No

**Context:** The FFY 2019 Child Care Discretionary grant must be obligated by September 30, 2020. The Agency charged \$5,275,001 to the FFY 2019 grant after September 30, 2020. We tested a payment to the Nebraska State Patrol paid in August 2021. The payment tested totaled \$50,227 for background checks in June 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 \$50,227.

The FFY 2020 Child Care Discretionary grant must be obligated by September 30, 2021. We noted \$1,702,571 paid from October 6, 2021, through June 29, 2022, for Agency employee payroll.

**Cause:** Ineffective control procedures.

**Effect:** Noncompliance with Federal regulations.

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**Recommendation:** We recommend the Agency improve procedures to ensure expenditures charged are within the allowed time period.

**Management Response:** The Agency agrees.

**Finding 2022-037**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

**Grant Number & Year:** All open, including #G2201NECCDF, FFY 2022

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

**Criteria:** Per 45 CFR § 98.60(i) (October 1, 2021), “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, 2021), “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 that 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. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-046

**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** Three SIU Child Care cases were not worked timely, as follows:

- One case was not worked between November 2020 through November 2021, or 13 months.
- A second case was not worked from December 2020 through February 2022, or 15 months. SIU was waiting for the overpayment to be established by the Fiscal Compliance Analyst. The overpayment totaling \$9,075 was established in March 2022, and on June 9, 2022, the client was found guilty of the intentional program violation and disqualified from child care for 12 months.
- A third case was not worked between April 2021 through January 2022, 10 months. On April 7, 2022, the client was found guilty of the intentional program violation and disqualified from child care for 12 months.

**Cause:** The Agency did not devote adequate resources to ensuring that 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. Failure to pursue potential fraud cases adequately results in noncompliance with Federal requirements.

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**Recommendation:** We recommend the Agency implement procedures to ensure that cases referred to the SIU are reviewed timely, and appropriate dispositions are made.

**Management Response:** The Agency partially agrees with the finding. In regard to the cases in question, DHHS disagrees that no work was completed on the identified cases during the timeframes noted. DHHS acknowledges that it could not provide documentation of the work to prove actions were being completed.

We would also like to point out that in the second case, the investigations unit was at the mercy of the overpayment team to establish the overpayment to finish the case. The investigations unit has no authority to direct the timeliness of the overpayment team.

**APA Response:** **The investigations unit and the overpayment team are within the same agency, so the investigations unit should notify management if there are issues with the overpayment team.**

**Finding 2022-038**

**Program:** AL 93.575 – COVID-19 Child Care and Development Block Grant – Special Tests and Provisions

**Grant Number & Year:** 2101NECSC6, FFY 2022

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

**Criteria:** 45 CFR § 98.67(a) (October 1, 2021) 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.”

Per CCDF-ACF-IM-2021-02, issued 5-10-2021:

*Determining Stabilization Subgrant Award Amounts*

*Child care provider subgrant amounts must: (1) be based on a provider’s stated current operating expenses, including costs associated with providing or preparing to provide child care services during the pandemic, and (2) to the extent practicable, cover sufficient operating expenses to ensure continuous operations for the intended period of the subgrant.*

*Lead agencies have wide discretion on how subgrant amounts are formulated. To stabilize the child care sector during and after the COVID-19 public health emergency, lead agencies should limit the burden and bureaucracy on child care providers and ensure subgrants are sufficient in size and duration to support continuous operation.*

*Lead agencies have several options for determining the operating costs of providers and the grant amounts, but should take into account the true cost of providing high-quality child care, including the costs of attracting and retaining a qualified and skilled workforce and the challenges of stable operations under the changing pandemic landscape. Some examples include:*

\* \* \* \*

*Use lead agency formulas based on general cost estimates for enrollment and age of children and region of operation. Enrollment and capacity should be used to estimate cost rather than attendance. Child care providers may provide enrollment and capacity data. Lead agencies may also already have some of this data through licensing systems and can prepopulate this data as part of a provider’s application. Child care providers must still confirm the data as part of the application.*

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Good internal control requires that documentation be maintained to support the enrollment and capacity data used to determine subsidy amounts. Good internal control also requires procedures to ensure payments are in accordance with Federal and State requirements.

**Condition:** The Child Care Stabilization Grant payment made to 4 of 25 providers tested was incorrect.

**Repeat Finding:** No

**Questioned Costs:** \$16,000 known

**Statistical Sample:** No

**Context:** Section 2202 of the American Rescue Plan Act (ARPA) of 2021 provided states Federal funding in order to stabilize the child care sector in response to the COVID-19 public health emergency (PHE). The Agency issued over \$98,000,000 in subgrants to eligible child care providers during fiscal year 2022. The subgrant funds were to be made available to qualified and eligible providers regardless of whether they had previously participated in the child care subsidy program. The Agency created a grant funding formula based on factors supporting those in underserved and lower-income areas of the state. This included providing additional funding for those providers serving children from families with low incomes.

The Agency’s funding formula included a base amount awarded to providers based on their licensed capacity. An additional amount was awarded for the number of subsidy children the provider billed for in June 2021. The provider received an additional \$2,000 for each subsidy child billed for in June 2021. The Agency provided a funding formula spreadsheet for each provider tested, which included a total number of subsidy children billed in June 2021 to whom the \$2,000 bonus was applied. We asked for documentation supporting those subsidy numbers and were provided with another spreadsheet containing subsidy data for June 2021, but those numbers did not agree to the number of subsidy spots in the funding formula spreadsheet for several providers. We reviewed the child care subsidy claims in NFOCUS and counted each child that was billed in June 2021 and compared those numbers to what was included on the supporting documentation. We identified the following:

Provider	Subsidy Spots per Data Spreadsheet	Subsidy Spots per Funding Formula	APA Calculated Subsidy Spots	Variance	Overpayment
1	43	42	38	4	\$8,000
2	41	39	38	1	\$2,000
3	12	13	12	1	\$2,000
4	52	50	48	2	\$4,000

Federal payment errors noted for the sample tested were \$16,000. The total Federal sample tested was \$1,604,300, and the total child care stabilization grant payments for the fiscal year were \$98,653,900. Based on the sample tested, the case error rate was 16% (4/25). The dollar error rate for the sample was 1% (\$16,000/\$1,604,300), which estimates the potential dollar risk for fiscal year 2022 to be \$986,539 (dollar rate multiplied by the population).

**Cause:** Lack of adequate supporting documentation for number of child care subsidy children billed.

**Effect:** A lack of adequate supporting documentation increases the risk of payments not being in accordance with State and Federal requirements, leading to a loss of Federal funds.

**Recommendation:** We recommend the Agency implement procedures to ensure that payments are adequately supported and in accordance with State and Federal requirements.

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**Management Response:** The Agency agrees.

**Finding 2022-039**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability

**Grant Number & Year:** #2105NE5MAP, FFY 2021; #2205NE5MAP, FFY 2022

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

**Criteria:** Per 45 CFR § 75.302(a) (October 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. Per 45 CFR § 75.403 (October 1, 2021), costs must be necessary, reasonable, and adequately documented.

Title 471 NAC 15-003.02(1) (effective June 2, 2004, through June 5, 2022) states that personal assistance services not documented in the service plan are non-allowable services.

Title 471 NAC 15-006 (effective June 2, 2004, through June 5, 2022) requires that the provider bill only for services provided and authorized, perform the personal assistance services noted on the service plan, and accurately document services provided on Form MC-37 “Service Provider Timesheet.”

Title 471 NAC 15-006.06C (effective June 2, 2004, through June 5, 2022) 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.

Title 471 NAC 15-003.02(H) (effective June 6, 2022) requires that the provider perform the personal assistance services noted on the service plan, accurately document services provided in the Electronic Visit Verification (EVV) system, and confirm that services were received as authorized according to Agency procedures.

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 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.*

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**Condition:** During testing of personal assistance service (PAS) claims, we noted the following:

- Services provided lacked adequate supporting documentation. This included, among other related shortcomings identified, a lack of information from the EVV specifying the activities or tasks performed by the provider.
- Services billed exceeded the number of hours authorized under the service needs assessments.
- Providers billed for unreasonable amounts of time – including, among other things, for more daily hours than are in a 24-hour period and for unfeasible scenarios, such as the supposed performance of a week’s worth of duties for one client in a single day. One provider received compensation, including overtime pay, for six months during which no client services appear to have been performed.
- Providers received overtime pay for unauthorized services, meaning that they were compensated at an increased rate for services ineligible for payment in the first place.
- Client guardians or parents were paid for providing services, which violates governing regulations prohibiting such arrangements.
- Providers received incorrect pay rates for services rendered, resulting in significant overpayments.

A similar finding has been noted in prior audits since 2014.

**Repeat Finding:** 2021-048

**Questioned Costs:** \$51,331 known

Grant	Questioned Costs (Federal Share)
2105NE5MAP	\$ 9,926
2105NE5MAP COVID – 19	\$ 1,090
2205NE5MAP	\$ 36,410
2205NE5MAP COVID – 19	\$ 3,905

**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 21<sup>st</sup> Century CURES Act, passed by Congress in 2016. The EVV system electronically captured and verified provider visit information, and providers were required to submit claims to the Agency electronically through this application.

We selected five provider payments for testing, and from there, one week of services submitted through the EVV system. A week of service billed by the provider may include multiple claims and clients. The Agency was unable to provide documentation from the EVV system of client signatures and the specific activities or tasks performed by the provider. 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 claims initially selected for testing,

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resulting in questioned costs of \$4,011. It should be noted these deficiencies were identified in the prior audit, and no enhancements have been made to the EVV system to address these issues.

We also identified other issues with the billings submitted by each provider. Therefore, we reviewed additional claims submitted by the providers. We reviewed the claim information in NFOCUS that identified the total number of quarterly units billed each day. We noted the following issues with the five providers tested:

*Provider 1*

The provider was authorized for up to 226 quarterly units or 56.5 hours of service per week. The provider billed and was paid for 25 hours of service on July 30, 2021, and for 24.5 hours of service on September 28, 2021. It is impossible for a provider to provide more than 24 hours of service in one day. The provider also billed for hours that exceeded the SNA limit for the claim tested and for an additional four weeks reviewed during the fiscal year. Below is a summary of the weeks that exceeded the SNA.

Week	Quarterly Units Billed	Hours Billed	Overbilled Hours
5/29/22 – 6/4/22*	284	71	14.5
4/22/22 – 4/30/22	258	64.5	8
12/19/21 – 12/25/21	248	62	5.5
9/26/21 – 10/2/21	322	80.5	24
7/25/21 – 7/31/21	300	75	18.5

\*Initial Claim Tested

In addition to the services billed that exceeded the SNA, we also noted the provider was the client’s guardian and parent. Per CFR 42 § 440.167, personal care services cannot be provided by a member of the individual’s family. A family member is defined as a legally responsible relative. The provider is a legally responsible relative of the client as the guardian and is not allowed to get paid for these services. The Nebraska Medicaid State Plan also states that services are provided by those who are not legally responsible relatives. Title 471 NAC 15-006.01A(3), effective through June 5, 2022, also stated that a legally responsible relative cannot provide services for the client. Therefore, all payments made during fiscal year 2022 are questioned. Along with the initial claim tested, the provider was paid an additional \$20,944 that is not allowable.

*Provider 2*

The provider was authorized 160 quarterly units or 40 hours of service per week. For the claim tested, the provider exceeded the SNA by 180 quarterly units or 45 hours. This included 24 hours of care billed on both October 20, 2021, and October 22, 2021. These hours were questioned above due to inadequate documentation. The provider exceeded the weekly authorized hours for 11 weeks reviewed and billed between 2 to 33.25 hours over the SNA each week, resulting in additional questioned costs of \$980.

We also noted that the provider worked full time at a public school during the school year; therefore, it is likely hours billed for PAS on weekdays overlap with time worked at the school. This provider was also noted as billing over the authorized limit during last year’s audit, and no overpayments were established and the overbilling has continued.

*Provider 3*

The Agency authorized this provider to provide 486 quarterly units or 121.5 hours of service per week for four different clients. It is not reasonable to authorize this many hours of service for one provider, as it would take over 17 hours every day of the week in order to perform all the tasks noted on the SNA. For the week tested, the provider billed 476 quarterly units or 119 hours for the week. Each SNA of these



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clients included some services to be performed every day of the week. For one client, the provider billed a week of services on one day. As an example, 20 minutes for a bath or shower was authorized seven times for the week or once a day. It is not reasonable that seven baths or showers were provided on one day. For this same client, assistance with meal preparation was authorized three times per day for seven days. It is not reasonable that assistance with meal preparation was provided 21 times on one day. These claims were questioned above for inadequate documentation.

We reviewed an additional two weeks of services, and the provider billed for tasks authorized for seven days per week but did not provide services each of the seven days a week for all clients. For example, if a client was authorized for a bath seven times for the week, but the provider performed services on only two days, we considered the hours charged for five baths to be overbilled. This resulted in additional questioned costs of \$372. It should be noted that only these two weeks were reviewed, so there may be additional questioned costs for other weeks based on the frequency of tasks authorized.

Week of 3/13/2022 - 3/19/2022					
Client	# of Days Billed	Hours Authorized	Total Hours Billed	Hours Allowed Based on Frequency	Hours Overbilled
1	2	20.5	20	9.75	10.25
2	5	38.5	37.5	29.75	7.75
3	6	39.5	38.5	32.5	6
4	5	23	23	18.25	4.75
	<b>Totals</b>	<b>121.5</b>	<b>119</b>	<b>90.25</b>	<b>28.75</b>

Week of 3/20/2022 - 3/26/2022					
Client	# of Days Billed	Hours Authorized	Total Hours Billed	Hours Allowed Based on Frequency	Hours Overbilled
1	2	20.5	20	7.5	12.5
2	5	38.5	37.5	29.75	7.75
3	4	39.5	23.75	23.75	0
4	5	23	22.25	18.25	4
	<b>Totals</b>	<b>121.5</b>	<b>103.5</b>	<b>79.25</b>	<b>24.25</b>

The provider was also paid overtime hours for these two weeks. In addition to being overpaid due to billing for tasks that were not provided as authorized, the provider received overtime pay for this overbilling, resulting in an additional \$183 in questioned costs. Providers are paid at time and one-half for services in excess of 40 hours each week. Per the Agency, there is a claims overtime team that reviews the service authorizations to ensure they are not exceeded. For the two weeks reviewed alone, the provider was paid for 78.45 and 63.27 hours of overtime.

*Provider 4*

The provider was authorized 84 quarterly units or 21 hours for one client and 146 quarterly hours units or 36.50 hours per week for another. For the claims tested, the EVV claim detail supported the number of hours billed; however, six hours of service for one client was shown to be provided by another provider, and an additional two hours was shown as provided at the provider's address. The claim was questioned above for inadequate documentation.

We also noted that the incorrect rate was paid to the provider during all of fiscal year 2022, resulting in \$22,800 additional questioned costs for fiscal year 2022. The agreement between the Agency and the provider could not be located in NFOCUS, and it was requested from the Agency on June 22, 2022, and was provided on June 29, 2022. Per a narrative in NFOCUS, the agreement was missing and was found in

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a file on a Resource Development worker’s laptop. The agreement was completed but not signed by the provider, so it was emailed to the provider, and the signed copy was returned on June 28, 2022. Per the agreement, the rate was \$2.45 per quarterly unit or \$9.80 per hour. This rate agrees to the quarterly hour rate for basic personal assistance care as of July 1, 2021, per Title 471 NAC 000-515. The rate for specialized personal assistance was \$2.74 per quarterly hour as of July 1, 2021; however, no evidence was provided that the provider qualified for this rate. The provider’s agreement began on August 2, 2021. The following rates were paid:

<b>Service Start Date</b>	<b>Service End Date</b>	<b>Hourly Rate Paid</b>	<b>Hourly Rate per Agreement</b>	<b>Variance per Hour</b>
8/17/2021	1/25/2022	\$ 38.96	\$ 9.80	\$ 29.16
1/26/2022	8/31/2022	\$ 10.96	\$ 9.80	\$ 1.16

*Provider 5*

This provider was authorized 584 quarterly units or 146 hours of service per week for four different clients. This is unreasonable as it would take over 20 hours every day of the week to perform all of the tasks noted on the SNA for all clients. The EVV claim detail supported the number of hours billed; however, the verification method noted “NON” for each entry with manual edits. A provider who is manually entering visits in the provider portal through a computer can deny tracking of the location.

Although the hours billed did not exceed the SNAs for the week tested, the provider billed 101.25 hours for the week with care up to 18 and 20 hours of service per day. This provider was tested during the prior-year audit with overlapping of services and billing over the SNA. We reviewed additional claims paid during the fiscal year. The provider overbilled 3.25 hours one week for a client with questioned costs of \$22. The provider also billed over the SNA for a second client for 17 weeks from July 2021 through November 2021. This client was authorized to receive 79 quarterly units or 19.75 hours of service each week. The provider billed between 10.25 to 22.25 hours over the authorized hours, resulting in questioned costs of \$2,019. We did not review the specific activities noted on the SNA and did not obtain actual time of services; therefore, there could be additional questioned costs for activities not performed according to the SNA.

On November 5, 2021, during the PAS renewal, this second client told the Agency that the provider had not been in the client’s apartment in over a year. The service authorization for the client was open with the provider through December 4, 2021. Services were billed from June 2021 through November 22, 2021. Based on the client’s phone call with the Agency, the provider did not provide care from June 2021 through November 2021, so all those payments may be questionable.

The provider was also paid overtime for most weeks that the provider overbilled for the two clients. As stated earlier, the overtime team reviews the claims paid and the service authorizations. It is evident the Agency was aware the provider was billing over the authorized hours for the two clients, because it only allowed overtime for hours provided or up to the maximum authorized hours, whichever was less, to be included in the weekly total. No overpayments were established for billing over the authorization for the two clients. Again, there could be additional questioned costs for overtime hours if the provider did not provide care for the second client from June 2021 through November 2021.

Federal payment errors noted totaled \$51,331. The Federal payments tested totaled \$85,074, and the total Federal share of PAS payments for the fiscal year was \$5,935,883. The total State share of PAS payments for the fiscal year was \$3,462,220 for a total of \$9,398,103. Due to the EVV system deficiencies, we consider all dollars to be at risk.

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**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. There is a significant risk for fraud or abuse occurring and not being detected. State and Federal funds appear to have been misspent.

**Recommendation:** We recommend the Agency implement procedures to ensure payments are allowable, adequately supported, and in accordance with State and Federal regulations.

**Management Response:** The Agency agrees with the finding.

**Finding 2022-040**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability and Eligibility

**Grant Number & Year:** #2105NE5MAP, FFY21; #2205NE5MAP, FFY22

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

**Criteria:** Per 45 CFR § 75.303 (October 1, 2021):

*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, 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.”

45 CFR § 75.403(g) (October 1, 2021) requires costs to be 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 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 \$5,654, effective September 1, 2021.

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.

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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 23-003.07(B)(ii)(1), “Ownership of a motor vehicle is verified by the title. The number of individuals on the title legally determines the percentage of ownership.”

477 NAC 23-003.04(A) defines a “deprivation of resources” as follows:

*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. . . .*

42 CFR § 435.916(b) (October 1, 2021) requires the Agency to make a redetermination of eligibility in accordance with provisions of paragraph (a)(2) of that section, which states, “The agency must make a redetermination of eligibility without requiring information from the individual if able to do so based on reliable information contained in the individual’s account or other more current information available to the agency, including but not limited to information accessed through any data bases accessed by the agency . . . .”

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.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-049

**Questioned Costs:** \$5,368 known (#2205NE5MAP \$4,848; COVID-19 #2205NE5MAP \$520)

**Statistical Sample:** No

**Context:** We tested 25 long-term care facility payments and noted the following issues:

- One recipient’s budget from January 2020 through August 2022 was reduced by \$65 for a dental insurance premium. However, the dental insurance policy was cancelled effective December 1, 2019, and no premiums were paid by the recipient. This resulted in an overpayment of \$65, with a Federal share of \$42 for the claim tested.
- For one recipient, the budget for February 2022 included the 2020 social security income amount of \$873 rather than the 2022 social security income amount of \$937, a variance of \$64. This resulted in Federal share questioned costs of \$41 for the claim tested. The budgets beginning October 2022 used the correct amount for calendar year 2022.

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- For one recipient, the February 2022 budget was not updated with the 2022 social security income and pension amounts, resulting in an overpayment of \$185, with a Federal share of \$118. The Agency was unable to complete the Medicaid renewal process because requested verifications were not provided. Due to the COVID-19 Public Health Emergency, the case was not closed, and the renewal was extended for six months, and the prior income and resource amounts from 2021 were left in the budget. However, the social security income can be verified through the income and eligibility verification system (IEVS), and the budget could be updated with the correct income, causing an increase to the share of cost but not affecting overall eligibility.
- The April 2022 budget for one recipient included the incorrect amounts for the checking and savings bank accounts, resulting in the recipient being over the \$4,000 resource limit by \$3,228. The entire claim is questioned, resulting in Federal share sample questioned costs of \$4,049.
- The budget for one recipient included two burial trusts for a total of \$10,696. The Agency failed to obtain a copy of the burial contract to determine if there were countable assets related to this trust. Instead, the entire trust amounts were included in the recipient's budget as a non-countable resource. Additionally, the resident trust account was not included as a resource. It is unknown if the recipient would have been under the \$4,000 resource limit without this documentation; therefore, the claim is questioned, resulting in Federal share sample questioned costs of \$1,074.
- Two providers billed the same day for one recipient. The recipient resided in an assisted living facility and was discharged on September 23, 2021, to a nursing facility. Both facilities were paid for services on September 24, 2021, resulting in non-sample Federal share questioned costs of \$44.
- One recipient had title to eight vehicles that were not currently registered; however, none of these vehicles were included as resources. If the vehicles were still in the recipient's possession, the value should have been included as an available resource, which may have affected Medicaid eligibility. The Agency failed to conduct an independent search for vehicles and consider their value as a potential resource if they were still in the recipient's possession.

Federal payment errors noted in the sample were \$5,324. The total Federal sample tested was \$103,839, and the total Federal long-term care facility expenditures during the fiscal year were \$263,831,164. Based on the sample tested, the case error rate was 28% (7/25). The dollar error rate was 5.13% (\$5,324/\$263,831,164), which projects the potential dollars at risk for fiscal year 2022 to be \$13,534,539 (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 inappropriately determined eligible for Medicaid or determined eligible with an incorrect share of cost.

**Recommendation:** We recommend the Agency implement procedures to ensure all resources are identified, verified, and adequately documented.

**Management Response:** The Agency partially agrees with the finding. The agency disagrees with several findings as the APA noted, the agency could not complete renewals on several of the cases due to not having received all of the required information. However, the APAs findings indicate they believe the agency should have run budgets with only partial information (e.g. social security income) included. Outside of the public health emergency, the agency would have closed these cases. However, due to the public health emergency, the cases must remain open and per policy guidance, the renewal date should be extended rather than completing a renewal with incomplete information.

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The agency agrees with the findings regarding the lack of verification on file or worker error in entering information into the system.

**APA Response:** Six of the seven exceptions noted were due to worker error. For the recipient noted in the third bullet, the social security income should have been updated using IEVS, and the pension income could have been verified by calling Veterans' Affairs.

**Finding 2022-041**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Grant Number & Year:** All open, including #2205NE5MAP, FFY 2022

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

**Criteria:** Title 42 CFR § 447.253(b)(1)(i) (October 1, 2021) provides the following:

*The Medicaid agency pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards.*

According to 42 CFR § 447.253(g) (October 1, 2021), “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.*

AICPA Professional Standards AU-C Section 500, regarding audit evidence, states that audit evidence obtained directly by the auditor is more reliable than audit evidence obtained indirectly or by inference, and using electronic information may require the auditor to perform additional audit procedures to establish reliability.

A good internal control plan requires field audits on long-term care facilities considered high risk to be completed as soon as possible to ensure issues are resolved timely and to reduce the risk for errors or abuse to occur. A good internal control plan also requires desk audits to include a testing sample of actual expenses.

**Condition:** We noted that the Agency did not perform field audits on any long-term care facilities during fiscal year ended June 30, 2022. We also noted that procedures for desk audits did not obtain adequate evidence to ensure costs reported were accurate and proper.

A similar finding was noted in prior audits.

**Repeat Finding:** 2021-050

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**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** Agency procedures require a desk audit on each annual cost report provided by long-term care facilities that receive Medicaid funding, and a field audit on facilities identified by the Agency as high risk.

We noted the following:

- We reviewed 20 desk audits and noted that limited procedures were performed. Costs were traced to the facilities' trial balance, but no underlying supporting documentation was obtained for significant costs, such as salaries, food, or supplies. In many of the desk audits, large increases in costs were attributed to the COVID-19 health emergency, without gaining any additional support to verify the higher costs.
- No field audits were completed during the fiscal year. Two facilities identified in fiscal year 2017 should have had field audits prior to the end of the fiscal year, but no field audits were performed. The Agency's contractor identified 22 other facilities as high-risk between the fiscal year 2018 and fiscal year 2021 cost reports. Per the contractor, field audit work is to start in September 2022.

The total Federal share of nursing facility expenditures during fiscal year 2022 was over \$260 million.

**Cause:** The contractor had not been engaged to complete the fiscal year 2017 field audits and will not start on the other field audits until September 2022.

**Effect:** When facilities do not have proper desk audits and timely field audits, there is an increased risk for submitted cost reports to contain errors or fraud. Also, without adequate procedures, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations.

**Recommendation:** We recommend the Agency devote adequate resources to field audits of long-term care facilities and ensure desk audits provide reasonable assurance that cost reports are accurate.

**Management Response:** The Agency partially agrees with the finding. DHHS believes that the work done by Myers & Stauffer for the Desk Reviews is sufficient in determining accuracy and accountability of costs for providers. DHHS acknowledges that field audits should be performed but the delay in signing the Myers & Stauffer contract led to the delay in Field audits as the Desk Reviews for 2021 and 2022 were deemed to be a priority over the Field Audit work.

**APA Response:** As noted above, no underlying supporting documentation was obtained for significant costs reported, and no support was obtained to verify the large increases in costs.

**Finding 2022-042**

**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 #2205NE5MAP, FFY 2022

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

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**Criteria:** Per Title 42 CFR § 455.104(b)(4) (October 1, 2021), the State Medicaid Agency must require the disclosing entity to provide the following disclosures:

*The name, address, date of birth, and Social Security Number of any managing employee of the disclosing entity (or fiscal agent or managed care entity).*

Per 42 § CFR 455.101 (October 1, 2021):

*Managing employee means a general manager, business manager, administrator, director, or other individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operation of an institution, organization, or agency.*

Per the Medicaid Provider Enrollment Compendium (MPEC) (3/22/21), Section 1.4.1C:

*There are not exceptions to the managing employee disclosure requirement. To the extent any individual meets the definition of “managing employee” under §455.101, their information is required to be disclosed.*

Section 1.4.1C of the MPEC also contains the following:

*d. Non-Profit Entities*

*Non-profit entities generally do not have owners unless state law permits such ownership. However, if a non-profit entity has managing employees, to the extent these individuals meet the definition of “managing employee” under § 455.101; they would have to be disclosed as such. In addition, as discussed further below, entities, including non-profit entities, that are organized as corporations must provide disclosures regarding their officers and directors.*

*e. Government-Owned Entities*

*There is not an exception for government-owned entities. Government-owned entities likewise need to disclose anyone meeting the definition of “managing employee,” and would only need to disclose board members if the entity was organized as a corporation or if that individual meets the definition of “managing employee.” See 1.4.C.1.d “Managing Employee Disclosure.”*

Per 42 CFR § 455.436 (October 1, 2021), the State Medicaid Agency must do the following:

*(a) Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.*

*(b) Check the Social Security Administration’s Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe.*

*(c)(1) Consult appropriate databases to confirm identity upon enrollment and reenrollment; and*

*(2) Check the LEIE and EPLS no less frequently than monthly.*

45 CFR § 75.303 (October 1, 2021) 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, 2021) states, in relevant part, the following:



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*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:** Three of 25 providers tested did not include disclosure requirements for managing employees. A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

**Repeat Finding:** 2021-051

**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** We tested screening and enrollment for 25 Medicaid/CHIP providers. We noted that three providers, a public school, a non-profit corporation, and a for-profit corporation, failed to disclose any managing employee. Therefore, no screenings for managing employees were performed for these three providers.

**Cause:** The Agency relies on each 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 providers are screened, and disclosures are complete, there is an increased risk of provider ineligibility, which could result in unallowable costs or potential harm to patients.

**Recommendation:** We recommend the Agency obtain disclosures and screen providers as required by Federal regulations.

**Management Response:** The Agency partially agrees with the finding. The federal regulations and MPEC require that the SMA obtain the disclosure of managing employees, that providers disclose the information, and that the SMA screen the information that is disclosed. The federal law and MPEC do not mandate that a provider must have at least one managing employee.

When enrolling and revalidating their agreements, providers are directed to disclose owners and managing employees. If they fail to enter managing employee information and attempt to submit their agreement, they are directed to verify their entry and correct before submitting.

It is up to the provider to determine if they have managing employees and disclose them. If the Department learns that a provider has managing employees that have not been disclosed, the provider will be directed to update their provider agreement or face sanctions.

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**APA Response:** It is not sufficient for the Agency to rely on the provider’s disclosures. Obvious errors and omissions should be reviewed to ensure compliance with Federal regulations.

**Finding 2022-043**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability

**Grant Number & Year:** #2105NE5MAP, FFY 2021; #2205NE5MAP, FFY 2022

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

**Criteria:** 45 CFR § 75.303(a) (October 1, 2021) 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 § 75.403(g) (October 1, 2021) requires costs to be adequately documented.

The § 1915(c) Home and Community-Based Services Waiver, effective October 1, 2020, through September 30, 2021, states, in part, the following:

*Individual programs must be specific and measurable and updated when not yielding progress, and data must be tracked and analyzed for trends. Monthly summary reports on progress or lack of progress must be made available upon request.*

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 tested did not have adequate documentation.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-052

**Questioned Costs:** \$124 known

2105NE5MAP	2105NE5MAP-COVID	2205NE5MAP	2205NE5MAP-COVID
\$ 43	\$ 5	\$ 69	\$ 7

**Statistical Sample:** No

**Context:** For two claims tested, we noted that monthly reporting of specific and measurable data used to analyze a recipient’s progress within the program was not on file or available upon request. Without such support we could not verify that proper services were provided.

Federal payment errors for the sample tested were \$124. The total Federal sample tested was \$20,603, and the total of CDD payments for the fiscal year was \$193,111,484. The dollar error rate for the sample was 0.60% (\$124/\$20,603), which estimates potential dollars at risk for fiscal year 2022 to be \$1,158,669 (dollar error rate multiplied by population).

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**Cause:** Procedures were not adequate to ensure that monthly progress reports were properly completed and on file.

**Effect:** Increased risk for unallowable charges and noncompliance with regulations.

**Recommendation:** We recommend the Agency implement procedures to ensure that adequate documentation, including monthly progress reports, is maintained to support CDD payments.

**Management Response:** The Agency agrees with the finding.

**Finding 2022-044**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Grant Number & Year:** #2205NE5MAP, FFY 2022

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

**Criteria:** Per 42 CFR § 438.3(m) (October 1, 2021), “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 policies and procedures to ensure that required managed care financial audits are completed timely and in accordance with Federal regulations. The MCO and PAHP audited financial reports for the year ended December 31, 2021, were not conducted in accordance with generally accepted accounting principles (GAAP). The required periodic audit of the MCOs and PAHP have not been conducted and posted on the Agency’s website.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-053

**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** Nebraska Total Care, Inc., Community Care Health Plan of Nebraska, Inc., United Healthcare of the Midlands, Inc., and MCNA Insurance Company had audits performed in accordance with generally accepted auditing standards; however, the financial statements were not in accordance with GAAP. The financial statements for the MCOs 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

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accounting principles.” The PAHP audit was prepared using “accounting practices prescribed or permitted by the Texas Department of Insurance . . . .” 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. The Agency executed a contract with Myers & Stauffer LLC on November 22, 2021, to conduct the required financial audit reports for the MCOs and PAHP. Per the Medicaid Deputy Director, the audits will be completed and posted to the Agency’s website during state fiscal year 2023.

**Cause:** The MCO and PAHP audited financial reports are completed for the Nebraska Department of Insurance, which does not require the audit to be conducted in accordance with GAAP. The contract to conduct the financial audits of the MCO and PAHP was awarded to the outside vendor in November 2021, and the vendor is in the process of completing the audits.

**Effect:** When the financial audits completed by the MCOs and PAHP are not conducted according to GAAP, and the independent audit of the MCOs and PAHP 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 and PAHP financial audits to be conducted in accordance with GAAP. We further recommend the Agency ensure the required audit of the accuracy, truthfulness, and completeness of the encounter and financial data of the MCOs and PAHP is completed timely and posted on the Agency’s website.

**Management Response:** The Agency agrees with the finding.

**Finding 2022-045**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Grant Number & Year:** All open, including #2205NE5MAP, FFY 2022

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

**Criteria:** Title 42 CFR § 455.1 (October 1, 2021) sets forth requirements for a State fraud detection and investigation program, including a method to verify whether services reimbursed by Medicaid were actually furnished to beneficiaries. The Agency’s Program Integrity and Special Investigations Units (SIU) perform these functions.

Per 42 CFR § 455.14 (October 1, 2021):

*If the agency receives a complaint of Medicaid fraud or abuse from any source or identifies any questionable practices, it must conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation.*

42 CFR § 440.170(a)(4)(i) (October 1, 2021) states, in part, the following:

*Non-emergency medical transportation services may be provided under contract with individuals or entities that meet the following requirements:*

\* \* \* \*

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*(B) Has oversight procedures to monitor beneficiary access and complaints and ensure that transportation is timely and that transport personnel are licensed, qualified, competent, and courteous.*

Title 471 NAC 2-005.01 (eff. 9/21/2020) states, in part, the following:

*The Department may, in its discretion, deny enrollment or sanction a provider for any of the following reasons:*

\* \* \* \*

*(37) The provider is the respondent of a protection order;*

\* \* \* \*

*(39) The provider, or household member(s) (if services are provided in the provider's home), committed a crime:*

- (i) Against a child or vulnerable adult;*
- (ii) Of a nature, duration, or pattern that calls into question his or her regard for the law;*
- (iii) Involving the illegal use, possession, or distribution of a controlled substance; or*
- (iv) That, if repeated, could injure or harm the Medicaid program or a Medicaid client.*

Title 471 NAC 27-008.03 (eff. 7/12/2021) provides the following:

*Provider staff must ensure criminal history checks are completed for each potential driver prior to providing services and annually thereafter. Any person whose result includes the driver being the respondent of a protection order, crimes against a child or vulnerable adult, drug-related crimes, or crimes that if repeated could harm a Medicaid client, must not be enrolled or allowed to provide transportation to Nebraska Medicaid clients.*

Program Integrity's Policies and Procedures state the following:

*Providers with convictions and charges pending in the following areas should be referred into the State Queue:*

\* \* \* \*

*3. Child Neglect, physical abuse, or sexual abuse*

\* \* \* \*

*6. Driving Under the Influence; two of any combination of DUI charges pending or convictions (5 Years)*

\* \* \* \*

*13. Currently the respondent of a protection order*

*Other pending charges and convictions should be considered and weighted to similar offenses included in this list. Generally speaking, this includes charges and/or convictions which, if repeated, could injure or harm the Medicaid program or a Medicaid client.*

Good internal control requires procedures to ensure cases are reviewed, and appropriate dispositions are made in a timely manner.

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**Condition:** For 3 of the 20 Program Integrity cases tested, there was a lack of documentation to support that a proper review had been completed.

**Repeat Finding:** No

**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** Program Integrity is tasked with, among other things, investigating cases of potential Provider fraud in the Medicaid Program. If an investigation leads to valid findings, Program Integrity may refer the case to the Attorney General's office, or it may sanction a provider, request a refund, provide education, and/or terminate the provider from the Medicaid Program.

We tested 20 of 478 Program Integrity cases open or closed during the fiscal year and noted the following:

- One case, which was opened prior to January 2020 (no documentation was available to determine when the case was first opened), had no new information added to the case after January 9, 2020, and was closed on December 7, 2021, citing: "Investigation failed to substantiate the allegation of not rendering services as billed." The Agency's department supervisor was unable to determine what was found during the investigation to warrant the case's closure.
- One case, opened in February 2020, was to review a large increase in billings for a provider. The investigator was initially working with the managed care organization (MCO), WellCare, to verify why the billings increased. Ten months later, on December 22, 2020, the investigator's case notes discussed referring the case and working with another MCO, Nebraska Total Care, for recouping costs. There were no clear notes in between the initial actions and the notes added later to indicate what was discovered during the investigation and how the investigator went from working exclusively with one MCO to another. The Agency could not clarify what happened during the case, and the Agency agreed that the case was "missing lots of things." The case was closed November 2, 2021, giving Nebraska Total Care permission to proceed with provider education and collection of overpayments of identified claims.
- For one case, opened in April 2021, documentation was not on file to support that the investigation was properly completed. The case opened because the owner of a transportation provider (i.e., taxicab) had pending child abuse charges, which is grounds for termination. Additionally, there appeared to be possible overbillings. The Agency determined that the owner was listed incorrectly on the State's provider database; however, the Agency noted that the actual owner had two DUI charges and a charge for Possession of a Destructive Device. Based on the Agency's guidelines, these alone could be grounds for sanctions or termination, especially if he was a driver. The Agency contacted the actual owner and requested a list of drivers and their screenings. Later, the Agency also requested support for the paid claims and informed the owner that he needed to update his information in the provider database. The program never received the support to determine if the owner was a driver or to verify that the provider was not overbilling on claims. The case was closed on December 6, 2021, before confirmation was obtained that the provider database had been updated.

We also noted that, during the time the investigation was open, the owner was respondent to a harassment protection order and found guilty of charges on three separate cases: driving during revocation; violation of the protection order; and false reporting. Had the Agency performed a criminal background check before closing the case, these convictions would have been discovered and would have been further grounds for sanctions or termination, per Title 471 NAC 2-005.01.

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We also found that the owner had more recent charges, after the case was closed, including possession of a controlled substance and first-degree sexual assault (both of which were bound over to District court for probable cause) and driving during revocation (second offense), and was also current respondent to a harassment protection order. When the Auditor of Public Accounts (APA) inquired with the Agency about this case, the Agency indicated that the case would be reopened to ensure the provider database was updated with the correct owner listed.

**Cause:** The Agency did not follow proper procedures, including supervisor reviews of cases, to ensure that Program Integrity cases were worked in a proper and timely fashion.

**Effect:** When potential fraud cases are not pursued adequately and timely, there is an increased risk for misuse of funds and potential harm to individuals receiving services.

**Recommendation:** We recommend the Agency implement procedures to ensure Program Integrity cases are reviewed properly and timely, and appropriate dispositions are made.

**Management Response:** The Agency agrees with the finding.

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**DEPARTMENT OF LABOR**

**Finding 2022-046**

**Program:** AL 17.225 – COVID-19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State – Allowability & Eligibility

**Grant Number & Year:** FFY 2021 and FFY 2022

**Federal Grantor Agency:** U.S. Department of Labor

**Repeat Finding:** 2021-054

**Questioned Costs:** \$73,746 known (17.225 – COVID19 – UI – FPUC Federal, \$1,500; 17.225 – COVID19 – UI – PUA Federal; \$3,216; 17.225 – UI – State, \$69,030)

**Statistical Sample:** No

**Summary:** Audit Finding 2022-013 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, individuals with high wages, and other payments. Our procedures revealed adjudication issues, improper payments to claimants, and other issues.

The APA randomly selected 40 claimant benefit payments. The total sample tested was \$19,579, and questioned costs for payments tested were \$6,545. Total benefit payments for the fiscal year ended June 30, 2022, were \$69,734,975. Based on the sample tested, the dollar error rate for the sample was 33.43% (\$6,545/\$19,579), which estimates the potential dollars at risk for fiscal year 2022 to be \$23,312,402 (dollar error rate multiplied by population).

We noted additional questioned costs during testing, totaling \$67,201.

A similar finding was noted in the prior audit. The Summary Schedule of Prior Audit Findings lists the status as completed.

**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 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 in a timely manner; 4) benefit overpayments are established and recouped in a timely manner; and 5) verification of claimants' identity and employment or self-employment is performed properly and in a timely manner.

**Management Response:** NDOL has multiple procedures in place to prevent and detect overpayments and conducts all crossmatches required by USDOL, including but not limited to the State and National Directories of New Hires and the Social Security Administration SSN, death and prisoner data bases. NDOL is meeting or exceeds federal requirements. The NCJIS prisoner crossmatch exceeds federal requirements. NCJIS records are supposed to contain all incarceration and release records for state and county correctional facilities. The one inmate in question was not listed as incarcerated in the SSA



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prisoner crossmatch and was reflected as released from incarceration in NCJIS records. The eligibility determination was based upon that NCJIS record. The state employee crossmatch is not federally required but is conducted as a best practice. NDOL will review the current state employee crossmatch process to determine if it is running as intended and whether adjustments to the process need to occur. Adjudicators are trained to review employer responses for separation in accordance with ETA Handbook 401, Edition 5. Adjudicator errors occur, but it is the result of human error rather than a systemic design flaw.

**Finding 2022-047**

**Program:** AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

**Grant Number & Year:** UI-36202-21-60-A-31 grant period 1/1/2021 to 9/30/2022; UI-37991-22-60-A-31, grant period 1/1/2022 to 9/30/2023

**Federal Grantor Agency:** U.S. Department of Labor

**Criteria:** Unemployment Insurance Program Letter (UIPL) 10-22 (January 21, 2022), Section 4.d., from the U.S. Department of Labor (USDOL) states the following, in relevant part:

*i. Required Engagement of UI Staff – UI staff must be engaged in the administration of the RESEA program. This includes, but is not limited to:*

- *Participating in the planning, administration, and oversight of the RESEA program;*

\* \* \* \*

- *Ensuring accurate data are provided in the RESEA-required reports[.]*

UIPL 10-22 also goes on to state, under section 4.d.v.B., the following:

*Performance reporting for FY 2022 consists of the ETA 9128, Reemployment and Eligibility Assessment Workload, and ETA 9129, Reemployment and Eligibility Assessments Outcomes; Office of Management and Budget (OMB) Control No. 1205-0456, expiration date 9/30/2022. . . .*

*A state UI staff member must review these reports for accuracy each calendar quarter and prior to submission, in addition to being reviewed by the RESEA program lead (if a different staff member).*

The various grant 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[.]*

Additionally, per 2 CFR § 2900.4 (January 1, 2022), the U.S. Department of Labor adopted the OMB Uniform Guidance as its policies and procedures for financial assistance administration.

Per 2 CFR § 200.514(c)(3) (January 1, 2022), we, as the auditors, must test controls.

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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 (UI) staff were reviewing all the quarterly Reemployment Services and Eligibility Assessments (RESEA) performance reports prior to submission.

**Repeat Finding:** 2021-056

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** The Agency has a process for a UI staff member and a RESEA staff member to review the quarterly RESEA performance reports prior to submission. However, documentation of UI staff's review was not maintained for the following reports:

- 9128 report quarter ending 3/31/2022
- 9129 report quarter ending 9/30/2021
- 9129 report quarter ending 12/31/2021
- 9129 report quarter ending 3/31/2022

**Cause:** The Agency's UI staff did not document its review for all RESEA performance reports.

**Effect:** When documentation is not maintained to support the review of RESEA performance reports, 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 process currently being used by NDOL is that UI staff submit the RESEA report. In the USDOL Final Determination for FY 2021, USDOL stated that:

In response to the Initial Determination (ID), the SON stated they have moved their report submission to a UI Program Supervisor. The grantee's UI Program Supervisor is responsible for submitting all Federal unemployment reports. Prior to submitting the report, the program supervisor reaches out to the impacted program supervisors to verify accuracy of the report. This is done via e-mail with a deadline response time provided. Specific to this report, verification is done through the above process with both UI and Reemployment Services supervisors prior to submission.

Determination: Based on the above, ETA has determined the finding is **corrected**.

**APA Response:** During fieldwork, we asked the Agency multiple times for documentation that the four reports referenced herein were reviewed by UI staff prior to being submitted, but no such support was provided for any of the reports.

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**Finding 2022-048**

**Program:** AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

**Grant Number & Year:** UI-35660-21-55-A-31, FFY 2021; UI-37235-22-55-A-31, FFY 2022

**Federal Grantor Agency:** U.S. Department of Labor

**Criteria:** Per 2 CFR § 2900.4 (January 1, 2022), the U.S. Department of Labor adopted the OMB Uniform Guidance as its policies and procedures for financial assistance administration.

Per 2 CFR § 200.303(a) (January 1, 2022), 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).*

Good internal controls require procedures to ensure that amounts owed are adequately tracked.

**Condition:** We were not able to reconcile the subsidiary employer accounts with the State’s Unemployment Insurance (UI) general ledger control accounts.

**Repeat Finding:** No

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** The Agency maintains accounts, or subsidiary ledgers, on State UI taxes received or due from individual employers and the UI Benefits charged to the employer. The Agency previously used the Tax Management System (TMS) to track employer accounts up to November 2021. Starting in December 2021, the Agency switched to the Geographic Solutions Unemployment System (GUS).

The compliance supplement requires the auditor to reconcile, on a test basis, the subsidiary employer accounts with the State’s UI general ledger control accounts. Per the State’s Accounting system (EnterpriseOne), the Tax Contribution, Interest, and Penalties Receivable accounts were \$3,587,459, \$653,964, and \$174,901. Only a report of the total Tax Contribution Receivables per the GUS system was provided, and the total per this report did not agree to total Tax Contribution Receivables per EnterpriseOne. Therefore, we were unable to determine if the receivable amount in EnterpriseOne agreed to GUS, and we were unable to reconcile those subsidiary employer accounts with the State’s UI general ledger control accounts that had interest and/or penalties due.

**Cause:** The Agency did not create a report for the total balance owed by employer when the new UI tax system was implemented.

**Effect:** When there are not procedures to track amounts owed, there is an increased risk that amounts owed will not be collected.

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**Recommendation:** We recommend the Agency work with its vendor for the UI tax system to implement reports to track the amounts owed by employer.

**Management Response:** The UI tax system currently tracks the amounts owed by individual employers and issues an ETA 581 report which lists aggregated employer liability data on quarterly basis. That aggregated data can be reviewed within the UI tax system on an employer, by employer basis. The Agency recognizes a desire for the Tax System to provide a specific report that can be run at any time and provide Tax Contribution Receivables. NDOL is working with the software vendor to provide additional employer liability reporting capabilities.

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**MILITARY DEPARTMENT**

**Finding 2022-049**

**Program:** AL 12.400 – Military Construction, National Guard – Suspension and Debarment

**Grant Number & Year:** W91243-18-2-2001, FFY 2018; W91243-19-2-2001, FFY 2019

**Federal Grantor Agency:** U.S. Department of Defense

**Criteria:** 2 CFR § 180.300 (January 1, 2022) provides, in relevant part, the following:

*When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:*

- (a) Checking the SAM [System for Award Management] Exclusions; or*
- (b) Collecting a certification from that person; or*
- (c) Adding a clause or condition to the covered transaction with that person.*

Section 101.d of the State’s Military Construction Cooperative Agreements (MCCA) with the National Guard Bureau (NGB) states, “Although this MCCA is not an appendix to the Master Cooperative Agreement (MCA) (October 2015 revision) which includes Attachment A thereto, the terms of the MCA are incorporated herein by reference. The MCA contains provisions required by federal law and regulation which apply to this MCCA and govern it.”

Section 808 of the MCCA refers to Section 808 of the MCA for suspension and debarment requirements. Section 808 of the State’s MCA with the NGB provides the following:

*Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The grantee agrees to comply with the DOD implementation of 2 CFR Part 180 (at 2 CFR Part 1125) by checking the Excluded Parties List System (EPLS) at the current OMB website to verify contractor eligibility to receive contracts and subcontracts resulting from this Agreement. The grantee and subrecipients shall not solicit offers from, nor award contracts to contractors listed in EPLS. This verification shall be documented in the grantee and subrecipient contract files, and shall be subject to audit by the grantor and Federal/State audit agencies.*

A good internal control plan requires adequate procedures to ensure the Agency does not utilize contractors who are barred from participation in Federal programs due to improprieties. Good internal control also requires that procedures performed be adequately documented.

**Condition:** For four of four contractors tested, the Agency did not have documentation on file to support that it verified the contractors were not excluded, suspended, or otherwise debarred from participation in Federal programs.

**Repeat Finding:** No

**Questioned Costs:** None

**Statistical Sample:** No

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**Context:** The Agency stated that it reviews the SAM website to ensure contractors are not barred from participation in the program. However, the Agency did not have documentation on file to support that the review occurred. The Agency included clauses in its contracts requiring the contractors to verify that subcontractors were not debarred from participation in Federal programs. However, the contracts did not include clauses requiring the contractors to certify they were not debarred from participation in Federal programs. The contractors tested received a total of \$21,294,705 in program funds during the fiscal year ended June 30, 2022. We reviewed the SAM website for the contractors tested, and none were excluded by the Federal government.

**Cause:** Inadequate procedures.

**Effect:** Increased risk for loss or misuse of funds.

**Recommendation:** We recommend the Agency implement procedures to ensure it completes documented annual reviews of the SAM website for its contractors.

**Management Response:** The Construction and Facility Maintenance Office concurs with the finding stated above.

**Finding 2022-050**

**Program:** AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management & Reporting

**Grant Number & Year:** Appendices – W91243-20-2-1001, FFY 2020; W91243-21-2-1001, FFY 2021; W91243-21-2-1005, FFY 2021; W91243-21-2-1021, FFY 2021; W91243-22-2-1001, FFY 2022; W91243-22-2-1002, FFY 2022; W91243-22-2-1003, FFY 2022; W91243-22-2-1005, FFY 2022; W91243-22-2-1024, FFY 2022

**Federal Grantor Agency:** U.S. Department of Defense

**Criteria:** Per 2 CFR § 1128.100 and 2 CFR § 1128.200 (January 1, 2022), the Department of Defense adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR parts 200.302, 200.303, and 200.305.

Per 2 CFR § 200.303 (January 1, 2022):

*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 2 CFR § 200.302 (January 1, 2022) requires financial management systems of the State sufficient to permit both the preparation of required reports and the tracing of funds to expenditures adequate to establish that the use of the funds was in accordance with applicable regulations. EnterpriseOne is the official accounting system for the State of Nebraska, and all expenditures are generated from it.

Title 2 CFR § 200.305(a) (January 1, 2022) states, in part, “For states, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205 . . . .”

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Title 31 CFR Part 205 (July 1, 2021) 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, Secretary of the Treasury, and U.S. Department of the Treasury, for the period July 1, 2021, through June 30, 2022, allows the program to request Federal funds in accordance with the monthly draw funding technique by which the amount requested shall be based on estimated costs to be incurred in the next month.

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 in part, “[T]he grantee agrees to minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the State. (no more than 45 days)”. NGR 5-1 was in effect during the entire audit period but has since been superseded by CNGBI 9101.00, which went into effect on January 27, 2023.

Instructions for OMB Standard Form 270 (REV. 1/2016) includes the following for line 11a, “Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients.”

A good internal control plan would include procedures to ensure that the time between the drawdown of Federal funds and disbursements are minimized and in compliance with State of Nebraska CMIA Agreement and National Guard Regulations.

**Condition:** The Agency was not in compliance with the Federal cash management requirements during the fiscal year and did not properly report program outlays on the OMB Standard Form (SF) 270.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-059

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** We tested 25 drawdowns and noted the following:

- Fourteen drawdowns were not in compliance with NGR 5-1. Ten of the draws were expended from 46 to 334 calendar days after the drawdown of Federal funds. The other four draws had yet to be fully expended as of February 9, 2023.

The table below provides a summary of the 14 draws:

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	Award*	Draw Receipt Date	Total Draws as of Draw Receipt Date	Cash on hand at 45 days	# of Days to Spend Total Draws
1	W91243-20-2-1001(SAG 132)	12/9/2021	\$ 26,639,078	\$ 2,093,202	N/A**
2	W91243-20-2-1001(SAG 132)	2/24/2022	\$ 27,257,000	\$ 2,043,116	N/A**
3	W91243-20-2-1001(SAG 132)	5/17/2022	\$ 27,572,883	\$ 2,165,843	N/A**
4	W91243-21-2-1001 (SAG 132)	8/9/2021	\$ 3,983,900	\$ 457,419	105
5	W91243-21-2-1001 (SAG 131)	9/24/2021	\$ 3,287,300	\$ 3,096	67
6	W91243-21-2-1001 (SAG 132)	12/10/2021	\$ 5,539,988	\$ 925,484	70
7	W91243-21-2-1005 (MXCL)	9/24/2021	\$ 455,100	\$ 3,313	334
8	W91243-21-2-1021 (FOMA)	12/20/2021	\$ 1,067,261	\$ 10,511	N/A**
9	W91243-22-2-1001 (SAG 131)	6/9/2022	\$ 2,894,600	\$ 413,921	76
10	W91243-22-2-1002 (ENV)	3/14/2022	\$ 300,000	\$ 44,197	79
11	W91243-22-2-1003 (SAG 131)	5/20/2022	\$ 548,980	\$ 50,190	55
12	W91243-22-2-1005 (QOIM)	1/14/2022	\$ 68,100	\$ 189	55
13	W91243-22-2-1024 (ANG FIRE)	11/22/2021	\$ 818,093	\$ 121,663	51
14	W91243-22-2-1024 (ANG FIRE)	6/17/2022	\$ 2,523,300	\$ 3,839	46

\* Some awards are listed more than once, as the APA tested multiple draws under the same awards.

\*\* As of 2/9/2023, 427, 350, 268, and 416 days, respectively, after drawing down funds, the Agency has not fully expended amounts drawn down under these awards.

- In addition, four draws were not in compliance with CMIA Agreement requirements. Advance amounts were requested based on estimated costs to be incurred during the month covered by the requests. To determine the reasonableness of the estimates, the APA determined the time it took the Agency to expend amounts advanced (without consideration of any cash on hand). Four draws were expended between 64 and 110 days after the drawdown of Federal funds.
- For 24 of 25 SF 270's tested, the Agency did not properly report total program outlays on the OMB SF-270 report. The Military reported the total drawdowns for the program to date, rather than actual cash disbursements, as total program outlays. The variance between what was reported and what should have been reported ranged from an underreporting of \$56,356 to an overreporting of \$2,310,585, with a net total overreporting of total program outlays by \$10,983,232 for the 25 reports tested.

**Cause:** Inadequate procedures for coding funds and estimating cash needs for the upcoming month. The Agency drew down funds from the wrong Federal program. The Agency has recorded expenditures for two capital construction projects dating back to December 2019. The Agency reports expenditures for the projects under the Military Construction program (AL 12.400), stating that the projects are Federally funded under AL 12.400. However, it drew down funds for the projects under AL 12.401. Regarding SF-270 reporting, the Agency thought that the report instructions requiring reporting of actual cash disbursements as total program outlays did not apply to it as an "advance State" (a State that is authorized to request funds on an advance basis).

**Effect:** The Agency is not in compliance with Federal cash management and reporting requirements, which could result in sanctions. Additionally, there is an increased risk for the loss of Federal funding.

**Recommendation:** We recommend the Agency ensure that 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



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CMIA Agreement and National Guard Regulations. We also recommend the Agency report total program outlays in compliance with Federal requirements.

**Management Response:** The United States Property and Fiscal Office (USPFO) concurs with the recommendation.

**Finding 2022-051**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Allowability & Earmarking

**Grant Number & Year:** N/A

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

**Criteria:** Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200.

2 CFR § 200.403 (January 1, 2022) 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, 2022) 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.*

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2 CFR § 200.459 (January 1, 2022) 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 related to such funds.*

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.”

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 ERAI 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*

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*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.

A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-063

**Questioned Costs:** \$3,580,007 known

**Statistical Sample:** No

**Context:** The State of Nebraska was initially 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. Not more than 10% of funds may be used for administrative costs. The Agency entered into a contract with Deloitte & Touche LLP (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. Deloitte was paid \$8,672,561 during the fiscal year ended June 30, 2022. We tested one payment for \$531,314 and noted the following:

- Adequate support was not on file to allow for a determination as to whether the contracted amount was reasonable. There were no maximums or limitations other than the \$14,627,160 cap specified in the contract. 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 Treasury, if the State obligates less than 30% of its initial allocation providing financial aid by September 30, 2022, 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. The State voluntarily reallocated \$84,700,000 to local governments and was required to return an additional \$11,716,548 for reallocation. Therefore, State administrative expenses would be limited to \$6,215,603 (10% of awarded amount less reallocations). Administrative expenses in fiscal year 2021 and 2022 totaled \$9,795,610. As a result, we question costs of \$3,580,007 for administrative costs exceeding 10%. As of January 17, 2023, the Agency has spent \$26,399,517 on financial aid, and \$13,080,572 for administrative expenses, of which \$12,563,227 was paid to Deloitte. This is 33.13% of the total amount paid as of January 17, 2023. Without spending 30% of its award on financial aid, the Agency will not meet the earmarking requirements per the guidance released from Treasury.

Based on the amount of financial aid spent, the administrative costs appear unreasonable.

**Cause:** The contract was not competitively bid, and contract provisions were not specific enough to ensure that amounts paid were reasonable. The Agency lacked adequate procedures to ensure adherence to earmarking requirements.

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**Effect:** Without such adequate procedures, there is an increased risk for misuse of Federal funds. The Agency did not meet earmarking requirements.

**Recommendation:** We recommend the Agency improve its procedures for ensuring the reasonableness of contractual service payments.

**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, including 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.

The State as the Grantee is able to demonstrate that the administrative costs are related to the delivery of the program in a timely fashion and is aligned with US Treasury Guidance.

**APA Response:** As of January 17, 2023, the Agency has spent \$1 in administration costs for every \$2 spent for aid. This does not appear reasonable and is not in accordance with earmarking requirements. Thus, in addition to the questioned administrative costs identified for 2022, the Agency appears to be on track for incurring millions of dollars more in such questioned costs for 2023.

**Finding 2022-052**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Allowability & Eligibility

**Grant Number & Year:** N/A

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

**Criteria:** Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200.

2 CFR § 200.303 (January 1, 2022) states, in relevant part, the following:

*The non-Federal entity must:*

*(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. . . .*

Good internal controls require risk assessments to be performed, and procedures to verify the validity of applicants prior to payment.

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2 CFR § 200.403 (January 1, 2022) states, in 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.*

The Nebraska ERA Program FAQ states, “Who is eligible? You are eligible if you answer YES to ALL of the following: . . . Your landlord is not an immediate family member.”

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:** Procedures were not adequate to ensure that payments were allowable, and individuals were eligible for assistance. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-064

**Questioned Costs:** \$76,050 known

**Statistical Sample:** No

**Context:** During testing of 40 aid payments, we noted one payment, totaling \$1,350, made to an applicant whose landlord was an immediate relative. The total sample tested was \$87,526, and total assistance payments for the fiscal year were \$17,456,087. The dollar error rate for the sample was 1.54% (\$1,350/\$87,526), which estimates the potential dollars at risk for fiscal year 2022 to be \$268,824 (dollar rate multiplied by the population).

In the prior and current audit, we noted that the Agency identified likely fraudulent payments. As of January 9, 2023, the Agency had identified \$155,360 and \$822,188 of likely fraudulent payments in fiscal years ended June 30, 2021, and June 30, 2022, respectively. We reviewed five of these payments, totaling \$74,700, in fiscal year 2022.

For all five payments, we noted indicators of possible fraud, as information on the application provided was inconsistent with the information from other databases or systems. Examples of such indicators include the following: 1) the owner of the property per the County Assessors website not agreeing to the owner listed on the application; 2) generic and editable supporting documentation; and 3) tenants and landlords having out-of-state identification and telephone numbers.

According to the Agency, 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 property owner to County Assessor information was not required.

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**Effect:** There is an increased risk for fraudulent payments. Once fraudulent payments have been made, the likelihood of recouping them is low.

**Recommendation:** We recommend the Agency improve its procedures for verifying the validity of applicants prior to payments. We further recommend the Agency continue to work with law enforcement to recoup improper payments.

**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 progressed in Nebraska and nationally, program procedures continued to be enhanced to monitor for and prevent potentially fraudulent applications. During its life the program provided proactive fraud detection for over 56,000 tenant and landlord applications and prevented approximately \$23M of funding from being paid out erroneously. 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:** In addition to the one of 40 payments tested with errors, five payments we reviewed noted possible indications of fraud. Once fraudulent payments have been made, the likelihood of recouping them is low. 2 CFR § 200.516 (January 1, 2022) requires reporting known or likely fraud affecting a Federal award.

**Finding 2022-053**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Reporting

**Grant Number & Year:** N/A

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

**Criteria:** Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost principles, and Audit Requirements set forth at 2 CFR part 200.

2 CFR § 200.302(a) (January 1, 2022) states, in relevant part, the following:

*[T]he state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific 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.*

Per the Treasury Emergency Rental Assistance (ERA) Quarterly Reporting Special Tip, issued on January 24, 2022, “[A]mounts returned to Treasury, whether excess funds or voluntary reallocation, should be excluded from reporting since the funds are no longer available for obligation or expenditure.”

A good internal control plan requires procedures to ensure that all required data is reported and documented and does not include excluded amounts.

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**Condition:** The Agency did not correctly report Cumulative Obligations to Date and Cumulative Expenditures to Date on the ERA Compliance Report for quarter ending June 30, 2022.

**Repeat Finding:** No

**Questioned Costs:** None

**Statistical Sample:** No

**Context:** The Cumulative Obligations to Date and Cumulative Expenditures to Date reported on the ERA Compliance Report for quarter ending June 30, 2022, were \$137,087,293 and \$127,949,502, respectively. The amounts reported included the \$96,416,548 that had been returned to the U.S. Department of the Treasury for voluntary reallocation and excess funds. However, per the guidance issued by the U.S. Department of the Treasury on January 24, 2022, the \$96,416,548 should have been excluded from the report.

**Cause:** Employee oversight.

**Effect:** The Cumulative Obligations to Date and Cumulative Expenditures to Date on the ERA compliance report for quarter ending June 30, 2022, were overstated.

**Recommendation:** We recommend the Agency improve procedures to ensure reports are accurate.

**Management Response:** The Military Department agrees with this finding.

The State's ERAP award could not be used to provide assistance to individuals residing in Omaha, Lincoln, Lancaster County, or Douglas County as those political subdivisions received separate ERAP awards. With the largest need being in those metropolitan areas of the State, \$84.7 million was obligated to those communities through the Treasury reallocation process. An additional \$11.7 million was paid back to U.S. Treasury as part of a recapture process. Those amounts were shown as cumulative obligations against the initial award of \$158.5 million until the award amount was formally adjusted down by U.S. Treasury.

**Finding 2022-054**

**Program:** AL 21.026 – COVID-19 Homeowner Assistance Fund – Allowability & Eligibility

**Grant Number & Year:** N/A

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

**Criteria:** Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200.

U.S. Department of the Treasury Homeowner Assistance Fund Guidance states the following, in relevant part:

*HAF participants must have a reasonable basis under the circumstances for determining income for purposes of the requirements described above under "Eligible Homeowners." Two approaches for income verification are permissible: (1) the household may provide a written attestation as to household income together with supporting documentation...or (2) the household may provide a written attestation as to household income*

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*and the HAF participant may use a reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes in the household's geographic area.*

The Financial Assistance Agreement states that Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as set out in 2 C.F.R. Part 200, are applicable to the award.

Per 2 CFR § 200.303 (January 1, 2022):

*The non-Federal entity must:*

*(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*

Good internal control requires procedures to ensure that participants are eligible and payments are proper.

**Condition:** The Agency did not have adequate procedures to ensure that payments were allowable, and participants were eligible for assistance.

**Repeat Finding:** No

**Questioned Costs:** \$981 known

**Statistical Sample:** No

**Context:** We tested 25 assistance payments. One \$981 payment tested did not include the co-applicant. The applicant noted his marital status as married; however, the application was signed only by one individual, and the income verification review was performed only for the applicant and did not include the income of the spouse.

The total sample tested was \$116,341, and total assistance payments for the fiscal year were \$5,015,888. Based on the sample tested, the case error rate was 4% (1/25). The dollar error rate for the sample was 0.84% (\$981/\$116,341), which estimates the potential dollars at risk for fiscal year 2022 to be \$42,133 (dollar rate multiplied by the population).

**Cause:** Staff errors and inadequate review.

**Effect:** Increased risk for errors or fraud.

**Recommendation:** We recommend the Agency improve procedures for ensuring that applications are properly completed and reviewed, and eligibility requirements are met.

**Management Response:** The Military Department agrees with this finding.

Management agrees the spouse should have been added to the application, income verification completed for the spouse, and no letter of explanation was provided for excluding the spouse. However, adding the spouse's name and income would not have changed the award decision.

**Finding 2022-055**

**Program:** AL 21.026 – COVID-19 Homeowner Assistance Fund – Subrecipient Monitoring



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**Grant Number & Year:** N/A

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

**Criteria:** Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200.

2 CFR § 200.332 (January 1, 2022) states the following, in relevant part:

*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*

- (i) *Subrecipient name (which must match the name associated with its unique entity identifier);*
- (ii) *Subrecipient's unique entity identifier*
- (iii) *Federal Award Identification Number (FAIN);*
- (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;*
- (v) *Subaward Period of Performance Start and End Date;*
- (vi) *Subaward Budget Period Start and End Date;*
- (vii) *Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;*
- (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;*
- (x) *Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);*
- (xi) *Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;*
- (xii) *Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;*
- (xiii) *Identification of whether the award is R&D; and*
- (xiv) *Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.*

\* \* \* \*

(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.*

2 CFR § 200.333 (January 1, 2022) states the following:

*With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in §200.201.*

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2 CFR § 200.201 (January 1, 2022) states the following, in relevant part:

*(b) Fixed amount awards. In addition to the options described in paragraph (a) of this section, Federal awarding agencies, or pass-through entities as permitted in § 200.333, may use fixed amount awards (see Fixed amount awards in § 200.1) to which the following conditions apply:*

*(1) The Federal award amount is negotiated using the cost principles (or other pricing information) as a guide. The Federal awarding agency or pass-through entity may use fixed amount awards if the project scope has measurable goals and objectives and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost. . . .*

Good internal controls require procedures for the proper maintenance of program documents.

**Condition:** The Agency lacked adequate procedures for monitoring subrecipients.

**Repeat Finding:** No

**Questioned Costs:** \$451,851 known

**Statistical Sample:** No

**Context:** On November 2, 2021, the Agency signed a Memorandum of Understanding (MOU) with the Nebraska Investment Finance Authority (NIFA) to assist the Agency in carrying out the Homeowner Assistance Fund (HAF) Program. The Agency agreed to pay NIFA an amount not to exceed \$1,200,000 for services during the initial contract period of November 1, 2021, through January 31, 2023. This included: 1) a flat fee of \$78,348 for delivery of an accepted HAF Plan; 2) a flat fee of \$90,700 for implementation of the Program, payable the month following program launch; and 3) \$69,081 per month, beginning February 2022, for ongoing project administration. During the fiscal year ended June 30, 2022, the Agency paid NIFA \$451,581. We noted the following:

- The Agency did not have controls and procedures in place to ensure that subrecipient requirements were met.
- The Agency did not communicate the Federal award identification items required by 2 CFR § 200.332.
- NIFA was to be paid fixed amounts; however, prior written approval of these fixed-amount payments, as required by 2 CFR § 200.333, could not be provided. In addition, the Agency did not have adequate support to ensure that the amounts paid were reasonable, as required by 2 CFR § 200.201. Furthermore, per an Employee Time Summary report, the actual cost for February through June 2022 was \$152,301, compared to the \$345,404 billed and paid for monthly services.

**Cause:** Inadequate procedures.

**Effect:** Increased risk of fraud and non-compliance with Federal guidelines.

**Recommendation:** We recommend the Agency implement procedures to ensure that Federal guidelines are followed, and controls are in place for subrecipient monitoring.

**Management Response:** The Military Department disagrees with this finding.

The Military Department does require NIFA to comply with 2 CFR 200 and executes procedures and controls to ensure the Federal guidelines are followed. These include (but are not limited to) weekly

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program updates, monthly reporting of plan metrics, compliance reviews, monthly manpower evaluations of NIFA personnel against invoices to substantiate project management supporting the program and reasonableness of administration fees. In addition, the MOU with NIFA was amended to require monthly manpower evaluations to substantiate the monthly fee for project management and administration of the program beginning with July 2022 invoicing, thus changing from a flat fee to actual costs incurred.

**APA Response: Per 2 CFR § 1000.10 (January 1, 2022), the U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 CFR part 200; therefore, the Agency is required to follow 2 CFR part 200. Payments during fiscal year ended June 30, 2022, were made under a fixed amount subaward. Fixed amount subawards are allowable only with prior written approval from the Federal awarding agency. The failure to communicate items required by 2 CFR § 200.332 (January 1, 2022) illustrates further the inadequacy of Agency procedures.**

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**DEPARTMENT OF TRANSPORTATION**

**Finding 2022-056**

**Program:** AL 20.205 – Highway Planning & Construction – Subrecipient Monitoring

**Grant Number & Year:** Various

**Federal Grantor Agency:** U.S. Department of Transportation

**Criteria:** Per 2 CFR § 1201.1 (January 1, 2022), the U.S. Department of Transportation adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 CFR part 200.

2 CFR § 200.332(a) (January 1, 2022) requires all pass-through entities to do the following:

*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 . . . . Required information includes:*

(1) *Federal award identification.*

\* \* \* \*

(ii) *Subrecipient's unique entity identifier;*

(iii) *Federal Award Identification Number (FAIN);*

(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;*

\* \* \* \*

(vii) *Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;*

(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;*

\* \* \* \*

(xii) *Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;*

Good internal control requires procedure to ensure that subrecipients are informed of all required information.

**Condition:** The Agency did not communicate all required information to subrecipients. We noted further that the Agency lacked procedures for ensuring subrecipients have sufficient accounting controls to manage Federal funds properly.

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**Repeat Finding:** No

**Questioned Costs:** Unknown

**Statistical Sample:** No

**Context:** During the fiscal year, there were 46 subaward projects to a total of eight subrecipients. We tested five subawards and noted the Agency did not properly communicate the subrecipients' unique entity identifier, the Federal Award Identification Number, Federal award date, and amount of Federal funds obligated and committed for all five subrecipient projects tested. Additionally, for one of five projects tested, the Assistance Listing number and title was not communicated.

Subrecipient expenditures totaled \$29,277,795 during the fiscal year.

**Cause:** The program agreement template used for subrecipient awards does not include all required Federal award identification data elements. For the one project where the Federal Assistance Listings number and title was not communicated, the program agreement was completed in 2006, prior to the program agreement template being changed to include this information.

**Effect:** Noncompliance with Federal regulations could result in sanctions. When subrecipients are not informed of all required information, there is an increased risk for subrecipient noncompliance, including with audit requirements.

**Recommendation:** We recommend the Agency implement procedures to ensure that subrecipient program agreements include all information required to be communicated.

**Management Response:** NDOT concurs with finding and will review all current active agreements to ensure notification of each federal subaward is clearly identified to the subrecipient.

**Finding 2022-057**

**Program:** AL 20.509 – Formula Grants for Rural Areas – Allowability & Subrecipient Monitoring

**Grant Number & Year:** NE-2019-013-00, FFY 2017

**Federal Grantor Agency:** U.S. Department of Transportation

**Criteria:** Per 2 CFR § 1201.1 (January 1, 2022), the U.S. Department of Transportation adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 CFR part 200.

2 CFR § 200.403 (January 1, 2022) 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.

2 CFR § 200.332(d) (January 1, 2022) 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.*

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2 CFR § 200.430(i)(1) (January 1, 2022) 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, 2022), "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 lacked adequate documentation to support that payments were for allowable activities and in accordance with Federal cost principles. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-065

**Questioned Costs:** \$64,704 known

**Statistical Sample:** No

**Context:** We tested 25 payments to 22 subrecipients and three 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 with the opportunity to obtain additional support from the subrecipient; however, adequate support was not obtained. We noted the following:

- For nine 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 for all reimbursement requests. 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 timesheets were not sufficient to identify time allocated to the program when the employee did not work entirely on the Federal program. In addition, for some subrecipients there was not sufficient documentation to support the benefits reimbursed.
- For one subrecipient tested, fuel costs and maintenance expenses were not adequately supported. The expenses were not supported by invoices.
- For seven subrecipients tested, capital and nonoperating costs were not adequately supported. The Agency did not obtain documentation to support the percentage of nonoperating expenditures allocated to the program. Subrecipients may share building space with other city or county offices and, therefore, may be charged a portion of the rent and utilities. While this is allowable, the Agency must obtain documentation to support that the percent allocated to the transit program is reasonable; however, such

STATE OF NEBRASKA  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2022

supporting documentation was not available. We also noted that one subrecipient was improperly reimbursed for sales taxes.

The sample population totaled \$15,537,764, which included \$12,810,135 paid to 60 subrecipients and \$2,727,629 vendor payments. Federal payment errors noted in the sample totaled \$24,600. The total Federal sample tested was \$353,695. Based on the sample tested, the dollar error rate was 6.96% (\$24,600/\$353,695), which estimates the potential dollars at risk for fiscal year 2022 to be \$1,081,428 (dollar error rate multiplied by population).

North Fork Area Transit

During the course of our audit, we became aware of potential fraud related to the North Fork Area Transit (NFAT), a subrecipient of the Agency. On December 15, 2022, the Director of NFAT was suspended. A warrant was issued for his arrest the next day, alleging theft of up to \$1 million between April and December 2022.

From April 1, 2022, through June 30, 2022, the Program reimbursed NFAT a total of \$582,587. As a result, we selected the April 2022 reimbursement paid to NFAT in June 2022, totaling \$101,519, for additional testing.

During that testing we identified \$40,104 in questioned costs due to the following:

- For all four non-operating personnel (director and managers), documentation was inadequate to support that personnel charges were allowable and in accordance with Federal cost principles, as the timesheets identified only times in and out and did not specify what work the nonoperating employee was performing for the Federal grant. Questioned costs due to the lack of support for nonoperating personnel totaled \$24,104.
- A \$20,000 payment for vehicle insurance was reported; however, there was no documentation to support how the amount was determined or why it was reasonable. Furthermore, the \$20,000 paid was inconsistent with past vehicle insurance payments. We observed a check in March 2022 for \$600 with the description that it was for March bus insurance, and previous testing identified \$600 bus insurance checks in August 2020 and August 2021. As a result, we question the Federal share of \$16,000.
- We also noted inconsistencies in supporting documentation for operating personnel (drivers and dispatchers). Variances were noted between timesheet hours and the payroll register.

Due to the NFAT concerns, the APA has now commenced a thorough review of this entire matter, which will be reported separately at a later date.

**Cause:** Procedures were not adequate 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.

**Management Response:** The NDOT Local Assistance Division has increased transit staff by 1.5 FTEs for a total of 3.5 FTEs dedicated to reviewing monthly invoices. NDOT continues to engage and educate transit recipients.

STATE OF NEBRASKA  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2022

In late 2022, the North Fork Area Transit (NFAT) Board began an internal review process which revealed an inappropriate use of funds and authorities were notified. In December 2022, the NFAT Board engaged NDOT and requested assistance from the Mobility Management Team following the allegation. The Mobility Management Team is assisting the NFAT Board in managing operations, review of existing reporting and financial policies, and review and update of step-by-step checks and balances process. NDOT is financially supporting the Mobility Management Team in an effort to support and resume services at NFAT.

**Finding 2022-058**

**Program:** AL 20.933 – National Infrastructure Investments – Reporting

**Grant Number & Year:** 693JJ22040000BDG3NE5009003, Period ending September 5, 2023; 693JJ22040000BDG0NE0752128, Period ending February 1, 2024

**Federal Grantor Agency:** U. S. Department of Transportation

**Criteria:** Per 2 CFR § 1201.1 (January 1, 2022), the U.S. Department of Transportation adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at Title 2 CFR part 200.

2 CFR § 200.302(a) (January 1, 2022) states 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.*

2 CFR § 170 (January 1, 2022), 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) Where and when to report.*

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

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

Good internal control requires procedures to ensure that Federal reports are complete, accurate, and submitted as required.



STATE OF NEBRASKA  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2022

**Condition:** Both the quarterly financial reports and the Federal Funding Accountability and Transparency Act (FFATA) report were inaccurate. A similar finding was noted in the prior audit.

**Repeat Finding:** 2021-066

**Questioned Costs:** N/A

**Statistical Sample:** No

**Context:** The Agency is required to file quarterly SF-425 Financial Reports for each open project. We noted the following:

- The Agency did not complete the cash receipts, cash disbursements, and cash on hand sections for the quarters ended September 30, 2021, and December 31, 2021, for projects 21209 and 22277. In addition, Federal funds authorized and Federal share of expenditures were not completed for project 22277 for these same two quarters.
- We noted the following errors for the 21209 quarterly report ended March 31, 2022.

Line Item	Reported	Actual
Cash Receipts	\$ -	\$ 4,027,567
Cash Disbursements	\$ -	\$ 4,224,562
Cash on Hand	\$ -	\$ (196,996)
Federal Share of Expenditures	\$ 4,027,567	\$ 4,224,562
Total Federal Share	\$ 4,027,567	\$ 4,224,562

- The June 30, 2022, quarterly report for project 21209 reported \$0 cash disbursements and \$5,529,176 cash on hand. These line items should have been reversed, with \$5,529,176 reported as cash disbursements. The \$5,529,176 was correctly reported as the Federal share of expenditures.

During the fiscal year, the Agency had one subrecipient that required FFATA reporting. One of seven Key Data Elements tested was not reported accurately. The amount of the subaward was \$16,960,000; however, that amount was reported incorrectly as \$16,960.

**Cause:** Employee error and inadequate review procedures.

**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 improve procedures to ensure FFATA reporting is accurate.

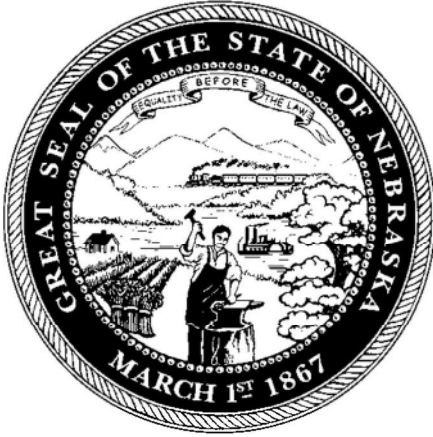
**Management Response:** The FY21 Statewide Single Report was issued on June 23, 2022. Upon receipt of the findings, NDOT took action to implement changes to the quarterly SF-425 Report.

The Key Data Element noted as being inaccurately reported as \$16,960 is a number automatically generated by the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). A *federal system*, not a state system. The federal funding of \$16,960,000 was accurately reflected in other areas of the report.

NDOT concurs with the adjustments and will review procedures to ensure accurate FFATA reporting.

STATE OF NEBRASKA  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2022

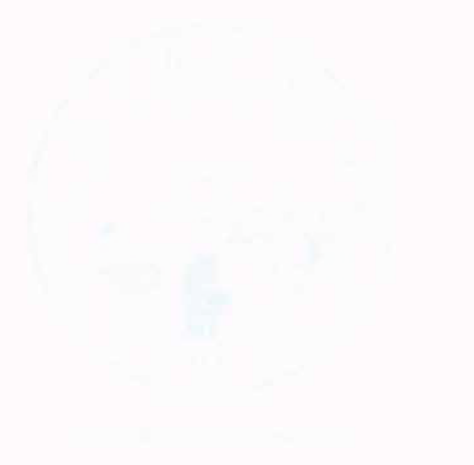
**APA Response:** It is the Agency's responsibility to ensure that all data reported is accurate. While the grant award of \$16,960,000 was identified on the report, the subaward of \$16,960,000 was incorrectly reported as \$16,960. If the Agency is aware that key data elements are incorrect, the Agency should make the necessary changes so the subaward amount is accurate. In response to our testing, Agency staff indicated they went back into the system and were able to adjust the numbers.



## AUDITEE SECTION

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## Corrective Action Plan

The State of Nebraska Administrative Services respectfully submits the following corrective action plans for the fiscal year ended June 30, 2022. 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](mailto:Philip.Olsen@nebraska.gov).

Sincerely yours,

Philip J. Olsen  
State Accounting Administrator

Philip J. Olsen, CPA, C.L.S.S.E.G.B.  
Administrator

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STATE OF NEBRASKA  
Corrective Action Plans

II. Findings Relating to the Financial Statements:

DEPARTMENT OF ADMINISTRATIVE SERVICES

**Finding 2022-001**

**Unemployment Insurance Fund Issues**

**Corrective Action Plan:** DAS is working with NDOL to overcome its system reporting limitations in future reports.

**Contact:** Philip Olsen

**Anticipated Completion Date:** Ongoing

**Finding 2022-002**

**ACFR Preparation Issues**

**Corrective Action Plan:** DAS will work with the APA to fix the remaining issues identified.

**Contact:** Philip Olsen

**Anticipated Completion Date:** Ongoing

**Finding 2022-003**

**Capital Asset Accounting Errors**

**Corrective Action Plan:** DAS will work to correct the remaining issues in future reports.

**Contact:** Philip Olsen

**Anticipated Completion Date:** Ongoing

**Finding 2022-004**

**E1 Special Handle a Voucher**

**Corrective Action Plan:** N/A

**Contact:** Ron Carlson

**Anticipated Completion Date:** N/A

**Finding 2022-005**

**E1 Timesheets**

**Corrective Action Plan:** DAS is exploring options for capturing and retaining timesheet images each time payroll is processed.

STATE OF NEBRASKA  
**Corrective Action Plans**

**Contact:** Ron Carlson

**Anticipated Completion Date:** Ongoing

**Finding 2022-006**

**Changes to Vendor and Banking Information**

**Corrective Action Plan:** Changes to Neb. Rev. Stat. § 81-153(10) provides a broader opportunity for vendor self-service and is being explored.

**Contact:** Ron Carlson

**Anticipated Completion Date:** Ongoing

STATE OF NEBRASKA  
**Corrective Action Plans**

**DEPARTMENT OF CORRECTIONAL SERVICES**

**Finding 2022-007**

**Lack of Adherence to Legislative Bill and Federal Regulations**

**Corrective Action Plan:** No corrective action plan is necessary.

**Contact:** Robin Spindler

**Anticipated Completion Date:**



STATE OF NEBRASKA  
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding 2022-008**

**Multiple Financial Statement Adjustments**

**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 also meet with DAS staff to work through any necessary corrections for the next fiscal year.

**Contact:** Heather Arnold

**Anticipated Completion Date:** 6/30/2023

**Finding 2022-009**

**Other Errors in Financial Reporting**

**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 also meet with DAS staff to work through any necessary corrections for the next fiscal year.

**Contact:** Heather Arnold

**Anticipated Completion Date:** 6/30/2023

**Finding 2022-010**

**MMIS to MDR Reconciliation and Interface Issues**

**Corrective Action Plan:** The Agency has already resolved some of the items noted and will continue to assess and implement further changes.

**Contact:** Danny Vanourney

**Anticipated Completion Date:** October 2023.

**Finding 2022-011**

**User Access**

**Corrective Action Plan:** The Agency is involved in a current effort to modify the onboarding process which will reduce the complexity and increase the consistency of security requests. This new process will also provide better automated tools to assist staff in auditing security access in a timely manner, so that new procedures can be put in place to better manage user access.

STATE OF NEBRASKA  
**Corrective Action Plans**

**Contact:** Lisa Schafers, Heather Arnold

**Anticipated Completion Date:** December 2023.

STATE OF NEBRASKA  
Corrective Action Plans

DEPARTMENT OF LABOR

**Finding 2022-012**

**Accounting Issues**

**Corrective Action Plan:** NDOL is reviewing E1 templates, GUS Benefit and Tax Data for reasonableness. NDOL is working with its vendor to ensure that data is easily used and reliable. NDOL is consulting with DAS Accounting to ensure that entries are booked correctly.

**Contact:** Rea Easton, CFO

**Anticipated Completion Date:** September 30, 2023

**Finding 2022-013**

**Unemployment Insurance Benefit Payments**

**Corrective Action Plan:** NDOL is using USDOL grant funds to better train adjudicators on the UI system and improve UI system processes. NDOL is working with its vendor to ensure that its wage crossmatches are run accurately and yield useful, high impact results. A primary goal in 2023 is to ensure that APA staff are provided with full and accurate descriptions of NDOL processes.

**Contact:** Andi Bridgmon, UI Director

**Anticipated Completion Date:** September 30, 2023

**Finding 2022-014**

**Lack of Payroll Segregation of Duties and Other Issues**

**Corrective Action Plan:** NDOL is implementing a process improvement team to investigate and identify risks.

**Contact:** Rea Easton, CFO

**Anticipated Completion Date:** September 30, 2023

STATE OF NEBRASKA  
**Corrective Action Plans**

**MILITARY DEPARTMENT**

**Finding 2022-015**

**Errors in Financial Information**

**Corrective Action Plan:** We have issued a policy memorandum, dated 5 Dec 2022, that specifies how to determine whether the payment is a prior year or current year payment.

**Contact:** Deb Kai

**Anticipated Completion Date:** Completed

STATE OF NEBRASKA  
**Corrective Action Plans**

**DEPARTMENT OF TRANSPORTATION**

**Finding 2022-016**

**Year-End Financial Information Errors**

**Corrective Action Plan:** NDOT plans to generate an overarching Standard Operating Procedure for the Annual Comprehensive Financial Report (ACFR) which will detail the internal review process prior to submission of the Accrual Response Form to DAS.

**Contact:** Jenessa Boynton

**Anticipated Completion Date:** July 2023

STATE OF NEBRASKA  
Corrective Action Plans

III. Findings Relating to Federal Awards:

DEPARTMENT OF ADMINISTRATIVE SERVICES

**Finding 2022-017**

**Program:** Various, including AL 93.778 – Medical Assistance Program – Allowable Costs/Cost Principles

**Corrective Action Plan:** The Print Shop will complete a detailed analysis on the analyzed data, and update rates. State Accounting will offset rates to spend down its fund balance to a 60-day operating level.

**Contact:** Philip Olsen / Ann Martinez

**Anticipated Completion Date:** June 30, 2025

**Finding 2022-018**

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

**Corrective Action Plan:** State Accounting will continue to work with State agencies on correct coding and business unit setup in an effort to reduce agency errors.

**Contact:** Philip Olsen

**Anticipated Completion Date:** Ongoing

**Finding 2022-019**

**Program:** Various, including AL 84.010 – Title I Grants to Local Educational Agencies; AL 93.568 – Low-Income Home Energy Assistance (LIHEAP); and AL 93.659 – Adoption Assistance – Cash Management

**Corrective Action Plan:** N/A

**Contact:** Ron Carlson

**Anticipated Completion Date:** N/A

STATE OF NEBRASKA  
**Corrective Action Plans**

**DEPARTMENT OF CORRECTIONAL SERVICES**

**Finding 2022-020**

**Program:** AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Allowability

**Corrective Action Plan:** No corrective action plan is necessary.

**Contact:** Robin Spindler

**Anticipated Completion Date:**

STATE OF NEBRASKA  
**Corrective Action Plans**

**DEPARTMENT OF EDUCATION**

**Finding 2022-021**

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

**Corrective Action Plan:** The Department will contact the two subrecipients noted to provide one-on-one technical assistance and will also provide additional technical assistance regarding proper time and effort documentation to all subrecipients. Additionally, time and effort guidance is available to all subrecipients on the Department’s website, will be discussed at upcoming subrecipient training opportunities and supported by a dedicated Grants Management Training Specialist.

The Department will ensure the identified written deficiencies noted in the subrecipient fiscal monitoring exit letter clearly identifies a finding vs. technical assistance needed; whereas a finding is supported by follow-up in accordance with federal UGG regulations and technical assistance provides knowledge of the Department’s training and resources available.

**Contact:** Jen Utemark, Budget and Grants Management

**Anticipated Completion Date:** December 31, 2023



STATE OF NEBRASKA  
Corrective Action Plans

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding 2022-022**

**Program:** AL 93.575 – Child Care and Development Block Grant - Allowable Costs/Cost Principles

**Corrective Action Plan:** The Agency will review procedures and ensure that all cost centers are properly reconciled.

**Contact:** Rebecca Kempkes

**Anticipated Completion Date:** 6/30/2023

**Finding 2022-023**

**Program:** Various, including AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.558 – Temporary Assistance for Needy Families; AL 93.566 – Refugee and Entrant Assistance State/Replacement Designee Administered Programs; AL 93.575 – Child Care and Development Block Grant – Allowable Costs/Cost Principles

**Corrective Action Plan:** Several areas within DHHS are currently working to improve upon the process of determining how staff are paid during the hiring process and when turnover occurs.

**Contact:** Patrick Werner

**Anticipated Completion Date:** 02/01/2024

**Finding 2022-024**

**Program:** AL 93.558 – Temporary Assistance to Needy Families; AL 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program; AL 93.658 – Foster Care Title IV-E – Allowable Cost/Cost Principles

**Corrective Action Plan:** DHHS will continue to train staff on the proper RMTS procedures, which includes correct method of validation.

**Contact:** Patrick Werner

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-025**

**Program:** AL 93.069 – Public Health Emergency Preparedness (PHEP); AL 93.889 – National Bioterrorism Hospital Preparedness Program (HPP) – Allowability & Subrecipient Monitoring

**Corrective Action Plan:** The Department will require subrecipients with inadequate support for costs in APA's sample to participate in technical assistance sessions focused on allocability of costs to federal awards, which appears a common theme in APA's questioned cost sample.

Costs within the questions costs total that DHHS determines are unsupported will be disallowed.

With staffing resources now in place, the PHEP/HPP cluster will be able to adhere to DHHS monitoring practices.

STATE OF NEBRASKA  
**Corrective Action Plans**

**Contact:** Lisa Osborne / Ryan Daly

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-026**

**Program:** AL 93.069 – Public Health Emergency Preparedness –Matching and Reporting

**Corrective Action Plan:** N/A.

**Contact:** Lisa Osborne / Ryan Daly

**Anticipated Completion Date:** N/A

**Finding 2022-027**

**Program:** AL 93.323 - COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases – Allowability & Subrecipient Monitoring

**Corrective Action Plan:** The Agency had already initiated a process with Ford Storage to resolve contract compliance issues at the time APA began its review and shared this with APA, as noted above. The Agency coordinated a full inventory of warehouse supplies and verified the appropriate pallet count payment tier. The Agency will require Ford to repay or credit back \$32,200 as a result of this inventory validation, which includes the above questioned costs of \$16,100.

For LHD, the Agency will formalize its approval of a budget shift to contract services under the subaward via an amendment to the agreement.

Other contracts referenced in the finding have since ended, no corrective action plan is necessary.

**Contact:** Ryan Daly, Felicia Quintana-Zinn, Caryn Vincent, Brenda Soto

**Anticipated Completion Date:** 1/31/23

**Finding 2022-028**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Reporting

**Corrective Action Plan:** The Agency will develop a process to ensure that ACF204 reporting is submitted timely to ACF and in the OLDC portal.

In addition, the Agency will develop a process to identify hybrid contracts to ensure FFATA reporting.

**Contact:** Rebecca Kempkes / Snita Soni

**Anticipated Completion Date:** 10/30/2023

STATE OF NEBRASKA  
**Corrective Action Plans**

**Finding 2022-029**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Allowability & Eligibility

**Corrective Action Plan:** DHHS will review the underlying coding that pulls this report and make any changes based on findings.

**Contact:** Andrew Keck

**Anticipated Completion Date:** 6/30/2023

**Finding 2022-030**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Allowability & Eligibility

**Corrective Action Plan:** The specific error that occurred does not appear to be widespread since only 1 out of 25 cases were identified to have this error. In addition, the TANF program has information on regulations and the policy log that provides guidance on this issue. The Program will follow up with the worker that made the error to ensure it does not happen again.

**Contact:** Will Varicak

**Anticipated Completion Date:** 1/29/2023

**Finding 2022-031**

**Program:** AL 93.558 – Temporary Assistance for Needy Families (TANF) – Reporting

**Corrective Action Plan:** Corrections to the ACF 199/209 reports remain pending. The TANF program will request N-FOCUS to make it a priority project so errors do not occur in the future.

**Contact:** Will Varicak

**Anticipated Completion Date:** 12/31/2023

**Finding 2022-032**

**Program:** AL 93.568 – COVID-19 – Low-Income Home Energy Assistance (LIHEAP); AL 93.568 – Low-Income Home Energy Assistance – Eligibility

**Corrective Action Plan:** The LIHEAP Desk Aid will be revised to a Standard Operating Procedure to assist in providing clear guidance to Eligibility Staff.

**Contact:** Matt Thomsen

**Anticipated Completion Date:** 06/30/2023

STATE OF NEBRASKA  
**Corrective Action Plans**

**Finding 2022-033**

**Program:** AL 93.568 – Low-Income Home Energy Assistance (LIHEAP) – Reporting

**Corrective Action Plan:** The Agency will develop a process with the Nebraska Department of Environment and Energy to communicate with LIHEAP Staff when they have awarded LIHEAP funds to subrecipients. The process will include the requirement for LIHEAP Staff to provide the FFATA information to the staff that are responsible for FFATA reporting, so it is submitted timely. In addition, the Agency will revise the logic in the LIHEAP Federal Fiscal Year Report to ensure the data for the Household Report is accurate.

**Contact:** Rebecca Kempkes / Matt Thomsen

**Anticipated Completion Date:** 10/01/2023

**Finding 2022-034**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Allowability & Eligibility

**Corrective Action Plan:** The CCDF program team will continue to work with the training team and the program accuracy team to create ‘quick tips’ and tools addressing these eligibility issues for field staff. CCDF program staff are reviewing monthly reviews with high billed hours. Resource Developer (RD) staff will increase initial and annual billing trainings with subsidy providers. A new provider handbook is being created and slated to be completed and launched summer 2023. DHHS is also changing the current billing structure from hours and days to half-days and full-days. This should simplify billing and calculation errors. This is scheduled to be completed by May 2023.

**Contact:** Nicole Vint

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-035**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

**Corrective Action Plan:** Through the SFM, 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.

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, regulatory and/or contract options to place more accountability on the licensee and referred agencies for maintaining current fire and sanitation approvals.

**Contact:** Lindsay Braddock; Becky Wisell

STATE OF NEBRASKA  
**Corrective Action Plans**

**Anticipated Completion Date:** 7/1/2023

**Finding 2022-036**

**Program:** AL 93.575 – Child Care and Development Block Grant – Period of Performance

**Corrective Action Plan:** DHHS has already taken steps to prevent this from occurring again with NSP. DHHS also worked with the Office of Child Care (OCC), after last year’s finding, and corrected both the 2021 and 2022 findings. The use of funds to pay agency employee payroll has already been corrected. DHHS will use allowable obligation and liquidation schedules when contracting with other state entities and paying state employees.

**Contact:** Nicole Vint; Rebecca Kempkes

**Anticipated Completion Date:** 12/12/2022

**Finding 2022-037**

**Program:** AL 93.575 and 93.596 – CCDF Cluster – Special Tests and Provisions

**Corrective Action Plan:** The Agency continues to work on written internal policy regarding expectations for timeliness of investigations involving Child Care Subsidy. We are also working to improve the existing risk assessment tool for provider referral for investigations.

In addition, the SIU manager will review open Child Care Subsidy investigations on a monthly basis to ensure they are being actively worked. SIU manager is also reminding staff of expectations to retain documentation of casework.

**Contact:** Cari Crosby

**Anticipated Completion Date:** 4/30/2023

**Finding 2022-038**

**Program:** AL 93.575 – COVID-19 Child Care and Development Block Grant – Special Tests and Provisions

**Corrective Action Plan:** DHHS will enhance current controls and procedures related to stabilization and other grant programs, that use ARP Act funds.

**Contact:** Nicole Vint

**Anticipated Completion Date:** 6/30/2024

**Finding 2022-039**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability

**Corrective Action Plan:** Training materials will continue to be updated and made available to assist providers with EVV and for submitting accurate billing. Training will be at least annually for direct staff involved with assisting providers. EVV website to be kept updated with program guidelines and

STATE OF NEBRASKA  
**Corrective Action Plans**

regulations. DHHS will engage the vendor to explore technical options to resolve any technical related issues identified in the report, and develop any additional quality assurance measures necessary when a technical solution is not achievable in the short term.

**Contact:** Kathy Scheele

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-040**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability and Eligibility

**Corrective Action Plan:** The agency will review training materials and tip sheets regarding these topics. The agency will review the errors with the staff who made them and provide any additional training needed.

**Contact:** Catherine Gekas Steeby

**Anticipated Completion Date:** 10/31/2023

**Finding 2022-041**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Corrective Action Plan:** Myers & Stauffer is currently in the process of completing Field audits for 2018-2021 Cost reports with an expected completion date of 12/15/22. Myers & Stauffer will identify high risk facilities for the 2022 Cost report by 3/15/2023 and Field Audit work on 2022 Cost Reports has an anticipated completion date of 6/30/2023.

**Contact:** Jerry Vanderbeek; Danny Vanourney

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-042**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.767 – Children’s Health Insurance Program (CHIP) – Special Tests and Provisions

**Corrective Action Plan:** The Provider Relations team will do the following to mitigate the finding:

1. Develop educational materials about the requirements to disclose managing employees and post to the DHHS webpage.
2. Identify up to 25 providers that have not listed any managing employees and educate them directly about the need to review the federal law, determine if they have managing employees, and update their provider agreement.
3. Randomly select 25 providers and review the managing employee information they have disclosed. Direct the provider to correct their provider agreement when necessary.

**Contact:** Anne Harvey; Zac Ross; Melinda Abbott

STATE OF NEBRASKA  
**Corrective Action Plans**

**Anticipated Completion Date:** 06/30/2023

**Finding 2022-043**

**Program:** AL 93.778 – Medical Assistance Program; AL 93.778 – COVID-19 Medical Assistance Program – Allowability

**Corrective Action Plan:** Service District Administrators (SDAs) have been communicating expectations to their teammates to prevent future findings. In addition, Districts 1, 2, and 4 SDAs plan to cover this with all teammates during their 4th quarter's meeting and District 3's SDA will send out communication to all teammates that reminds teammates of the expectations.

**Contact:** Tony Green

**Anticipated Completion Date:** 12/30/2022

**Finding 2022-044**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Corrective Action Plan:** MCO Financial Audits are currently being completed by a third party vendor for the three HH MCOs and the Dental PAPH. The department is holding regular meetings with the vendor to ensure that these are completed in SFY2023. The project Plan projects final audit reports to be provided to the state in May 2023, for posting during SFY2023.

Additionally, the Agency will amend the contracts to ensure the MCO and PAHP audited financial reports are conducted in accordance with generally accepted accounting principles (GAAP).

**Contact:** Jeremy Brunssen

**Anticipated Completion Date:** 6/30/2023

**Finding 2022-045**

**Program:** AL 93.778 – Medical Assistance Program – Special Tests and Provisions

**Corrective Action Plan:** During the changeover in staff and delays in refilling positions, the expectation to touch cases every thirty days was altered to 45 to 60 days. A new case on the transportation provider listed in the findings has been opened. In addition, during monthly one on one meetings with staff, the administrator will review cases to determine if the appropriate steps are being taken and narrated in the case file.

**Contact:** Anne Harvey

**Anticipated Completion Date:** 6/30/2023

STATE OF NEBRASKA  
Corrective Action Plans

DEPARTMENT OF LABOR

**Finding 2022-046**

**Program:** AL 17.225 – COVID-19 – Unemployment Insurance – Federal; AL 17.225 – Unemployment Insurance – State – Allowability & Eligibility

**Corrective Action Plan:** NDOL will work to ensure that investigations are appropriately set and timely resolved.

**Contact:** Andi Bridgmon, UI Director

**Anticipated Completion Date:** June 30, 2023

**Finding 2022-047**

**Program:** AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

**Corrective Action Plan:** The corrective action plan has been completed and approved by USDOL.

**Contact:** Andi Bridgmon, UI Director

**Anticipated Completion Date:** N/A

**Finding 2022-048**

**Program:** AL 17.225 – Unemployment Insurance – Admin – Special Tests & Provisions

**Corrective Action Plan:** The Agency is working with the vendor to better identify and report amounts in the Tax Systems.

**Contact:** Rea Easton

**Anticipated Completion Date:** June 30, 2023



STATE OF NEBRASKA  
Corrective Action Plans

MILITARY DEPARTMENT

**Finding 2022-049**

**Program:** AL 12.400 – Military Construction, National Guard – Suspension and Debarment

**Corrective Action Plan:** Contracting Officers are logging into SAM website, looking up the Contractor or A&E to ensure that they are not barred. We are taking a screen shot of the web site printing it off and attaching it to our digital/hard copy files.

**Contact:** MAJ Justin Portenier

**Anticipated Completion Date:** The Corrective Action Plan has already been implemented and will be updated in the Standard Operating Procedure Manual (SOP) no later than 30-May-2023.

**Finding 2022-050**

**Program:** AL 12.401 – National Guard Military Operations and Maintenance (O&M) Projects – Cash Management & Reporting

**Corrective Action Plan:** The USFPO Grants Officer Representative (GOR) will continue to work closely with the Cooperative Agreement Program Managers (CAPMs) to track projected invoices so they are paid out in a timely fashion (per Federal Cash Management requirements) from the Cooperative Agreement advance funds (as required by the State).

Also upon implementation of the recommendation to change the data in the SF270 (contained in the Exit Conference), the SF270 submission will track the availability of advance funds – thereby preventing excessive advance funds requested – and fully expending current available advance funds to the federal requirements.

**Contact:** Matt Zeigler, Grants Officer Representative

**Anticipated Completion Date:** Implementation will occur at the start of the new State Fiscal Year 01-Jul-2023.

**Finding 2022-051**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Allowability & Earmarking

**Corrective Action Plan:** N/A

**Contact:** Lee Will

**Anticipated Completion Date:** N/A

**Finding 2022-052**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Allowability & Eligibility

**Corrective Action Plan:** N/A

**Contact:** Lee Will

STATE OF NEBRASKA  
**Corrective Action Plans**

**Anticipated Completion Date:** N/A

**Finding 2022-053**

**Program:** AL 21.023 – COVID-19 Emergency Rental Assistance – Reporting

**Corrective Action Plan:** N/A

**Contact:** Philip Olsen

**Anticipated Completion Date:** N/A

**Finding 2022-054**

**Program:** AL 21.026 – COVID-19 Homeowner Assistance Fund – Allowability & Eligibility

**Corrective Action Plan:** Coaching has been provided to the appropriate review staff.

**Contact:** Major General Bohac

**Anticipated Completion Date:** Completed

**Finding 2022-055**

**Program:** AL 21.026 – COVID-19 Homeowner Assistance Fund – Subrecipient Monitoring

**Corrective Action Plan:** N/A

**Contact:** Major General Daryl Bohac

**Anticipated Completion Date:** N/A

STATE OF NEBRASKA  
Corrective Action Plans

DEPARTMENT OF TRANSPORTATION

**Finding 2022-056**

**Program:** AL 20.205 – Highway Planning & Construction – Subrecipient Monitoring

**Corrective Action Plan:** NDOT will review all current active subaward agreements and verify federal subaward identification information is included. If information was not previously included in the original agreement or a supplement agreement, NDOT will provide a supplemental award notice to notify the subrecipient of the subaward identification information as required by 2 CFR § 200.332.

**Contact:** Khalil Jaber

**Anticipated Completion Date:** September 2023

**Finding 2022-057**

**Program:** AL 20.509 – Formula Grants for Rural Areas – Allowability & Subrecipient Monitoring

**Corrective Action Plan:** The Controller Division, Audit Section, will provide support through continued engagement and work collaboratively as an additional resource to the NDOT Transit staff and transit recipients.

NDOT Transit staff in collaboration with the Controller Division will be improving the standard operating Procedures which will be utilized for the in-depth review of monthly invoices moving forward.

**Contact:** Khalil Jaber

**Anticipated Completion Date:** Ongoing

**Finding 2022-058**

**Program:** AL 20.933 – National Infrastructure Investments – Reporting

**Corrective Action Plan:** NDOT will finalize in coordination with FHWA a standard operating procedure for the quarterly SF-425 reporting process as well as generate a standard operating procedure for FFATA reporting.

**Contact:** Khalil Jaber

**Anticipated Completion Date:** June 2023

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2021-001 Since 2007	Administrative Services ACFR Preparation Issues	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> Key staff turnover with resource demand for administering COVID-19 funding programs.</p> <p><b>Partial Corrective Action Taken:</b> A new Deputy Accounting Administrator position has been created and filled by a teammate with 20 years of State audit experience.</p> <p><b>Corrective Action Planned:</b> Conducting onsite pre-audit sessions with state agencies to review accrual calculations; meeting with key agencies and the Center of Operational Excellence to improve financial reporting; collecting supporting documentation for submitted data from agencies to perform additional review.</p>
2021-002 Since 2020	Administrative Services Unemployment Insurance Fund Issues	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> Key staff turnover with resource demand for administering COVID-19 funding programs.</p> <p><b>Partial Corrective Action Taken:</b> Working with NDOL Financial Services to establish procedures for accurately reporting the Unemployment Insurance fund.</p> <p><b>Corrective Action Planned:</b> NDOL is establishing procedures for its staff to review documentation, including the trial balance, and reconcile the separate subsystems to the accounting system. They will also establish appropriate support for balances within EnterpriseOne and adequate controls to ensure financial data is accurate and complete.</p>
2021-003	Administrative Services GASB 84 Implementation Failure	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> Key staff turnover attributed to the issues experienced in implementing GASB 84.</p> <p><b>Partial Corrective Action Taken:</b> ACFR fund designation has been updated for all affected funds in the accounting system.</p> <p><b>Corrective Action Planned:</b> Accounting system updates are being implemented to properly align Custodial Fund activity and Investment Trust Fund financials for GASB 84 reporting.</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2021-004 Since 2019	Administrative Services Capital Asset Accounting Errors	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> Insufficient agency data collection and training around the details in CIP reporting and retainage.</p> <p><b>Partial Corrective Action Taken:</b> The preponderance of the issue relates to retainage and is being addressed with State agencies. Additional supporting documentation is requested with agency accrual responses for additional evaluation of capital assets that will lead to improved accuracy.</p> <p><b>Corrective Action Planned:</b> Continue education for agencies on the importance of recording CIP correctly and capitalizing assets when they are substantially completed.</p>
2021-005	Administrative Services NOMI Contract Matters	<p><b>Status:</b> Completed</p>
2021-006 Since 2019	Administrative Services Lack of Financial Statement Reconciliation	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> DAS performs this reconciliation in arears, no issues have been noted.</p> <p><b>Partial Corrective Action Taken:</b> DAS performed a reconciliation for the previous year's reports and noted no issues with the financial statements.</p> <p><b>Corrective Action Planned:</b> Perform analytical review on ACFR Federal revenue compared to SEFA expenditures.</p>
2021-007 Since 2020	Administrative Services E1 Special Handle a Voucher	<p><b>Status:</b> DAS disagrees with finding – complete.</p>
2021-008 Since 2020	Administrative Services EnterpriseOne Timesheets	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> System limitations.</p> <p><b>Partial Corrective Action Taken:</b> Timesheet images are maintained in EnterpriseOne until the payroll is processed. The electronic data is maintained in EnterpriseOne indefinitely.</p> <p><b>Corrective Action Planned:</b> DAS is exploring options for capturing and retaining timesheets images each time payroll is processed.</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2021-009 Since 2020	Administrative Services Changes to Vendor and Banking Information	<p><b>Status:</b> Ongoing</p> <p><b>Reasons for Recurrence:</b> DAS has not yet implemented a vendor portal solution.</p> <p><b>Partial Corrective Action Taken:</b> Changes to a vendor/payee require prior banking information be provided for verification.</p> <p><b>Corrective Action Planned:</b> DAS has prioritized the research of a vendor portal solution that can securely facilitate venter self-service maintenance.</p>
2020-006	Administrative Services Human Resources Use Role 65 & E1 Pay Rate Override	<p><b>Status:</b> Completed</p>
2021-010	Correctional Services Accounting Errors	<p><b>Status:</b> Complete</p> <p><b>Reasons for Recurrence:</b> NDCS Accounting Team members were provided a different interpretation from the previous NDCS Controller how to record the applicable transactions.</p> <p><b>Partial Corrective Action Taken:</b> The partial corrective action included reviewing with NDCS Accounting team members how to properly record the transactions with the accounting errors. The review included why the transactions should have been recorded as identified by the Auditors.</p> <p><b>Corrective Action Planned:</b> NDCS Accounting team members will review these types of transactions to ensure they are properly posted in the correct fiscal year.</p>
2021-011 Since 2004	Health & Human Services Multiple Adjustments to Accruals	<p><b>Status:</b> In Process</p> <p><b>Reasons for Recurrence:</b> Human error and processes being developed</p> <p><b>Partial Corrective Action Taken:</b> Processes have been enhanced</p> <p><b>Corrective Action Planned:</b> Accruals are currently being completed and new process is being used</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2021-012 Since 2019	Health & Human Services Erroneous Financial Transactions	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> Human error</p> <p><b>Partial Corrective Action Taken:</b> Several reviews/approvals are done of each payment</p> <p><b>Corrective Action Planned:</b> 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.</p>
2021-013 Since 2018	Health & Human Services Lack of Adequate Subrecipient Monitoring	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> 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</p> <p><b>Partial Corrective Action Taken:</b> The reviews either have been or are in the process of being completed now</p> <p><b>Corrective Action Planned:</b> See above</p>
2021-014 Since 2015	Health & Human Services Overpayment Mailbox	<p><b>Status:</b> In Process</p> <p><b>Reasons for Recurrence:</b> delay in implementation of all fixes</p> <p><b>Partial Corrective Action Taken:</b> Department implemented standard operating procedures for the pursuit of overpayments. Nebraska has updated the definition of date of discovery in the State Plan.</p> <p><b>Corrective Action Planned:</b> Nebraska Administrative Code (NAC) is in the process of being updated. The state will establish overpayments within the last 12 months.</p>
2021-015 Since 2020	Labor Accounting Issues	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> Failure by prior financial leadership to understand accounting</p> <p><b>Partial Corrective Action Taken:</b> Working with State Accounting to ensure that books are correct</p> <p><b>Corrective Action Planned:</b> In addition to working with State Accounting, new teammates are working towards understanding the transactions in the benefits and tax systems</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

Finding #	State Agency/Finding	Status of Finding/Agency Comments
2021-016 Since 2020	Labor Unemployment Insurance Benefit Payments	<p><b>Status:</b> Completed</p> <p><b>Reasons for Recurrence:</b> Pandemic level claims and ever changing rules related to pandemic funds</p> <p><b>Partial Corrective Action Taken:</b></p> <p><b>Corrective Action Planned:</b> Pandemic funds no longer being distributed</p>
2021-017	Labor Lack of Payroll Segregation of Duties and Other Issues	<p><b>Status:</b> Completed</p> <p><b>Reasons for Recurrence:</b> Review not in place and overrides not approved</p> <p><b>Partial Corrective Action Taken:</b></p> <p><b>Corrective Action Planned:</b> Implemented monthly review of delegated timecard authority and any overrides have to be sent from HR to Shared Services Payroll</p>
2021-018	Labor Untimely Responses to Records Requests	<p><b>Status:</b> Completed</p> <p><b>Reasons for Recurrence:</b> Lack of centralized point of contact for Audit Requests</p> <p><b>Partial Corrective Action Taken:</b></p> <p><b>Corrective Action Planned:</b> All audit requests are sent to or copied to CFO. CFO administrates or follows up on requests to ensure that completed on time or that a time frame is communicated.</p>
2021-019	Military Accounting Errors	<p><b>Status:</b> Completed</p>
2021-020	Motor Vehicles Monitoring of County Deposits	<p><b>Status:</b> Completed</p>
2021-021	Motor Vehicles Lack of Segregation of Duties Over Payroll	<p><b>Status:</b> Completed</p>
2021-022	Transportation Year-End Financial Information Errors	<p><b>Status:</b> Completed</p>



STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**FINDINGS RELATING TO FEDERAL AWARDS:**

**Nebraska Department of Administrative Services**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-023	21.019, 93.323, 97.036 Allowability	<b>Status:</b> Completed
2021-024 Since 2015	Various, 93.778 Allowable Costs	<b>Status:</b> Ongoing  <b>Reasons for Recurrence:</b> The need for continued methodology development regarding Print Shop Rates as well as Bookwork and Accounting.  <b>Partial Corrective Action Taken:</b> Prior year finding for the Lincoln grounds and security indirect cost allocation has been corrected.  <b>Corrective Action Planned:</b> State Accounting formally reviews the fund balance monthly. Offsets to rates are planned for the coming biennium to bring the cash balance to within a 60-day operating level.
2021-025 Since 2015	Various, 93.767, 93.778 Reporting	<b>Status:</b> Completed

**Nebraska Commission for the Blind and Visually Impaired**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2020-024	84.126 Reporting	<b>Status:</b> Completed

**Nebraska Department of Education**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2020-025 Since 2018	84.027 & 84.173 Allowability/ Subrecipient Monitoring	<b>Status:</b> Completed
2020-026 Since 2019	84.027 & 84.173 Earmarking	<b>Status:</b> Completed
2021-026 Since 2019	84.287 Allowability/ Subrecipient Monitoring	<b>Status:</b> Completed
2020-031 Since 2017	84.367 Allowability	<b>Status:</b> Completed

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Education (Concluded)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-027 Since 2020	84.367 Special Tests	<b>Status:</b> Completed
2021-028	84.425C Allowability/ Cash Management	<b>Status:</b> In process of being corrected.  <b>Reasons for Recurrence:</b> N/A  <b>Partial Corrective Action Taken:</b>  <b>Corrective Action Planned:</b> All funds will be expended or returned by December 2022.
2021-029	84.425D Reporting	<b>Status:</b> Completed

**Nebraska Department of Health and Human Services**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-030	93.575, 93.778 Allowable Costs/ Cash Management	<b>Status:</b> Complete
2021-031 Since 2013	10.561, 93.575, 93.767, 93.778 Allowable Costs	<b>Status:</b> Complete
2021-032 Since 2018	Various, 10.561, 93.323, 93.575, 93.767, 93.778 Allowable Costs	<b>Status:</b> Complete
2021-033	93.658 Allowable Costs	<b>Status:</b> Complete
2021-034	10.542 Allowability	<b>Status:</b> Complete

STATE OF NEBRASKA  
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-035 Since 2014	93.069, 93.889 Allowability/ Subrecipient Monitoring	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> 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.</p> <p><b>Partial Corrective Action Taken:</b> DHHS has returned to its standard monitoring activities now that pandemic response does not require full time resources of the Public Health EPRU.</p> <p><b>Corrective Action Planned:</b> DHHS has returned to its standard monitoring activities.</p>
2021-036	93.069, 93.889 Matching/ Reporting	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> Match amounts will be included and education provided to subawardees for 10% match compliance for federal award.</p> <p><b>Corrective Action Planned:</b> PHEP Subaward managers will monitor subawardee compliance to ensure 10% federal match is included.</p>
2021-037	93.301 Allowability/ Subrecipient Monitoring	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> The Agency has contacted the subrecipients noted for questioned costs and has requested additional supporting documentation.</p> <p><b>Corrective Action Planned:</b> 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.</p>
2021-038	93.323 Allowability	<p><b>Status:</b> Does not Agree, Complete</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Health and Human Services (Continued)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-039	93.323 Allowability/ Subrecipient Monitoring	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> Subrecipient compliance checks remained in place, with required programmatic reporting and additional support has been requested.</p> <p><b>Corrective Action Planned:</b> As stated above, DHHS is gathering documentation from UNMC.</p>
2021-040	93.323 Reporting	<b>Status:</b> Complete
2020-040 Since 2019	93.558 Reporting	<b>Status:</b> Complete
2021-041	93.568 Eligibility	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> 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.</p> <p><b>Corrective Action Planned:</b> DHHS will confirm with federal partners that utilizing the information from the SNAP budget is allowable.</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Health and Human Services (Continued)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-042	93.568 Reporting	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> NDEE will continue to review information such as income level, disability, age, etc. when monitoring the agencies to ensure it is being tracked accurately.</p> <p>NDEE provides a complete listing of applicant households to support the information provided.</p> <p><b>Corrective Action Planned:</b> 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.</p> <p>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.</p>
2021-043 Since 2007	93.575, 93.596 Allowability/ Eligibility	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> Ineffective review of claims</p> <p><b>Partial Corrective Action Taken:</b> The CCDF Program Team has created tips/resources for field staff that address age categories and pending and tying child care applications. RD continues to education/support child care providers upon entering a new agreement, renewal, when issues/concerns are identified, and upon request.</p> <p><b>Corrective Action Planned:</b> A resources for ‘frequently used documents’ is in pending status. The billing portal will be available for team testing 8/1/22. A proposal to change hours/units has been submitted for approval.</p>

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Health and Human Services (Continued)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-044 Since 2017	93.575, 93.596 Special Tests	<p><b>Status:</b> Not complete</p> <p><b>Reasons for Recurrence:</b> 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.</p> <p><b>Partial Corrective Action Taken:</b> N/A</p> <p><b>Corrective Action Planned:</b> 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.            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.</p>
2020-044 Since 2017	93.575 Allowability/ Subrecipient Monitoring	<b>Status:</b> Complete
2021-045 Since 2016	93.575 Period of Performance	<b>Status:</b> Complete
2021-046	93.575, 93.596 Special Tests	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> 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.</p> <p><b>Partial Corrective Action Taken:</b> Have reviewed current policy and process for investigations of CCDF program</p> <p><b>Corrective Action Planned:</b> Complete a written internal policy or process regarding Agency expectations for timeliness of Childcare Fraud investigations.</p>

STATE OF NEBRASKA  
Summary Schedule of Prior Audit Findings

Nebraska Department of Health and Human Services (Continued)

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-047 Since 2018	93.674 Allowability/ Subrecipient Monitoring	<b>Status:</b> In process <b>Reasons for Recurrence:</b> The Department's responsibility to address the impact of Covid-19 temporarily affected the completion of monitoring during this State fiscal year. <b>Partial Corrective Action Taken:</b> The reviews either have been or are in the process of being completed now. <b>Corrective Action Planned:</b> Continuing to complete reviews.
2021-048 Since 2014	93.778 Allowability	<b>Status:</b> In Process <b>Reasons for Recurrence:</b> Procedures were not adequate to prevent and/or detect errors <b>Partial Corrective Action Taken:</b> On-going education and resources for providers and DHHS staff regarding EVV and submitting claims accurately. <b>Corrective Action Planned:</b> Collaboration with EVV vendor on Ad Hoc reporting.
2021-049 Since 2017	93.778 Allowability/ Eligibility	<b>Status:</b> In process <b>Reasons for Recurrence:</b> Worker error <b>Partial Corrective Action Taken:</b> The division is working on implementing a new tool to search for property locally and nationwide. The division is also reviewing a new system for the search and identification of vehicles. The division will continue to work on training and reminding staff of tip sheets available for verification and management of resources. <b>Corrective Action Planned:</b> Completing the items listed above
2021-050 Since 2017	93.778 Special Tests	<b>Status:</b> In process <b>Reasons for Recurrence:</b> The department experienced difficulties in finalizing a multi-service and vendor contract which included these services. The department 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. <b>Partial Corrective Action Taken:</b> The Department 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. <b>Corrective Action Planned:</b> Field Audits on the 6/30/21 cost reports will begin in 2022.
2021-051 Since 2019	93.767, 93.778 Special Tests	<b>Status:</b> Complete

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Health and Human Services (Concluded)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-052 Since 2020	93.778 Allowability	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> Procedures were not adequate to prevent and/or detect errors.</p> <p><b>Partial Corrective Action Taken:</b> Now has a team member to review claims and perform initial audit check.</p> <p><b>Corrective Action Planned:</b> Currently writing an RFP for an integrated case Management system to alleviate these types of billing issues.</p>
2021-053	93.767, 93.778 Special Tests	<p><b>Status:</b> In process</p> <p><b>Reasons for Recurrence:</b> N/A</p> <p><b>Partial Corrective Action Taken:</b> 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.</p> <p>Additionally, ongoing, annual onsite reviews are completed by both MLTC 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 MLTC as well as by the contracted actuarial vendor who validates across multiple financial sources.</p> <p><b>Corrective Action Planned:</b> Completion of initial audits of the managed care plans.</p>

**Nebraska Department of Labor**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-054 Since 2020	17.225, 97.050 Allowability/ Eligibility	<b>Status:</b> Completed
2021-055	17.225 Allowability	<b>Status:</b> Completed
2021-056	17.225 Special Tests	<b>Status:</b> Completed
2021-057	17.225 Special Tests	<b>Status:</b> Completed
2021-058	97.050 Reporting	<b>Status:</b> Completed



STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Military Department**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-059 Since 2019	12.401 Cash Management	<b>Status:</b> Ongoing  <b>Reasons for Recurrence:</b> Supporting documentation requested was considered inadequate.  <b>Partial Corrective Action Taken:</b> Continuing to seek guidance for modification to the CMIA to acknowledge National Guard Bureau Regulation 5-1 as the governing document for drawdown of federal funds and their disbursement for program purposes.
2021-060 Since 2020	21.019 Allowability	<b>Status:</b> Completed
2021-061	21.019 Subrecipient Monitoring	<b>Status:</b> Completed
2021-062	21.019 Reporting	<b>Status:</b> Completed
2021-063	21.023 Allowability/ Earmarking	<b>Status:</b> Completed
2021-064	21.023 Allowability/ Eligibility	<b>Status:</b> Completed

**Nebraska Department of Transportation**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2020-065 Since 2018	20.505 Allowability/ Subrecipient Monitoring	<b>Status:</b> In Process  <b>Reasons for Recurrence:</b> Working with Federal Transit Administration to address concerns.  <b>Partial Corrective Action Taken:</b> NDOT has engaged in an Agreed-Upon Procedures with the Auditor of Public Accounts.  <b>Corrective Action Planned:</b> Following the completion of the Agreed-Upon Procedures, NDOT Transit will generate a Standard Operating Procedure to guide in reviewing each invoice for allowable costs.

STATE OF NEBRASKA  
**Summary Schedule of Prior Audit Findings**

**Nebraska Department of Transportation (Concluded)**

Finding#	AL/Compliance	Status of Finding/Agency Comments
2021-065 Since 2013	20.509 Allowability/ Subrecipient Monitoring	<p><b>Status:</b> In Process, pending FTA Management Letter</p> <p><b>Reasons for Recurrence:</b> Supporting documentation requested was considered inadequate.</p> <p><b>Partial Corrective Action Taken:</b> Additional documentation required by subrecipient.</p> <p><b>Corrective Action Planned:</b> 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.</p>
2021-066	20.933 Reporting	<p><b>Status:</b> In Process</p> <p><b>Reasons for Recurrence:</b> Pending guidance from Federal Highway Administration.</p> <p><b>Partial Corrective Action Taken:</b> Standard Operating Procedure was generated for the preparation and submission of the SF-425 reports. The Standard Operating Procedure was reviewed by the Federal Highway Administration Nebraska Division staff for edits then distributed to staff responsible for the reporting requirements.</p> <p><b>Corrective Action Planned:</b> 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.</p>