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**Audit Report of the  
 Nebraska Department of Labor  
 July 1, 1999 through June 30, 2000**

**Report Highlights**

**Comments and Recommendations**

- Monthly Reconciliation
- Procedures over Fixed Assets
- Segregation of Duties over Disbursements
- Payroll Documentation
- Allocations not Timely
- Excess Charges to Welfare-to-Work Match
- JTPA and WtW Participant Eligibility
- Incorrect Federal Report

The Department of Labor protects the welfare of working Nebraskans. It enforces State and Federal laws and distributes federal funds relating to unemployment compensation insurance, job development and placement activities, special job training and employment programs, and worker health and safety. It also enforces labor laws and does boiler, elevator, and amusement ride inspections. The Department is organized into five divisions, which include the Division of Job Service, the Division of Unemployment Insurance, the Division of Job Training, the Division of Safety, and the Administrative Services Division.

Our report included eight Comments and Recommendations outlining various concerns. The Comments and Recommendations were based upon auditing standards relating to internal controls and compliance with State laws. Specific areas of concern included:

- The Department utilized a cost accounting system to allocate costs between funds and federal programs. Transactions were initially entered on the Nebraska Accounting System and entered separately into the cost accounting system. The Department had not done a reconciliation between the two systems since September, 1999.
- One employee performed almost all functions related to fixed assets, without review by another employee. Some errors were noted in testing of fixed assets.
- Authorizations and passwords were set up to segregate the functions of preparing and approving disbursements. An employee who was authorized to approve documents was using another employee's password to prepare documents.
- Employees in the Safety Division were not keeping track of actual time spent on different activities, but were recording their time by predetermined percentages. Employees working solely on the Federal grant were not completing certifications as required by the office of Management and Budget.
- The Department paid costs from Fund 4235 (Nebraska Job Training). Part of the costs were incurred for Welfare to Work, Fund 4233. The Department was making a monthly adjustment to charge Fund 4233 for those costs. However, the adjustment was not made for November 1999 through October 2000 until December 6, 2000.

- The State match for the Federal Welfare-to-Work grant was paid by Health and Human Services (HHS). Some amounts were included twice in the Department of Labor's calculations of the one-third match, resulting in an excess of \$53,101 being charged to HHS.
- Eligibility for two of twelve participants tested could not be determined, because the files, which contain documentation of eligibility, could not be located.
- One of three federal quarterly reports tested was submitted with incorrect amounts for the current expenditures.

We have detailed our findings in the Comments and Recommendations section of the report. See our website at [www.auditors.state.ne.us](http://www.auditors.state.ne.us)



