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Audit Report of the Nebraska Public Employees Retirement Systems State and County Employees Retirement Plans January 1, 2000 through December 31, 2000

Report Highlights

Comments and Recommendations

- County Plan Membership Eligibility
- Monitoring Retirement Contributions
- Inadequate Resolution of Prior Audit Findings
- Incorrect Information In OMNI
- Reconciliation of Forfeitures
- Benefit Payment Procedures

The Nebraska Public Employees Retirement Board (NPERB) is responsible for the administration of the Nebraska retirement plans for State and County employees. The Board has seven members appointed by the Governor, with legislative approval, to five-year terms. The Board hires a Nebraska Public Employees Retirement Systems (NPERS) Director to equitably distribute expenses among the retirement systems which NPERS administers. All expenses must be provided from investment income earned by various retirement funds, unless other fund sources to pay expenses are specified by law.

Our audit report included six Comments and Recommendations outlining various concerns relating to internal controls and compliance with State laws. Specific areas of concern included:

- NPERS did not have adequate procedures to ensure all eligible and only eligible employees became members of the County Employees Retirement Plan. One of 25 employees tested began contributing to the Plan before eligibility requirements were met.
- Two of 39 State Plan members tested did not have contributions begin after they met requirements for mandatory participation in the Plan. The same two members had not made up the missed contributions as of the end of the audit period. Subsequent to the audit period, the employer calculated one member's missed contribution incorrectly.
- NPERS did not have adequate procedures to ensure prior audit exceptions were resolved. At least 20 exceptions from the prior audit had not been resolved.

- One of 25 County Plan members tested had an incorrect plan entry date in OMNI (computer software used by the record keeper). Two of 32 State Plan members tested had birth dates in OMNI that did not agree to the birth dates listed on the enrollment forms.

- NPERS did not have adequate procedures to ensure the forfeiture amount reported by Ameritas was correct. The County Plan forfeiture balance at December 31, 2000 was \$395,560. The State Plan forfeiture balance at December 31, 2000 was \$809,125.

- One of 20 State Plan members tested did not have an enrollment form on file, but received a benefit payment. NPERS did not document the member was eligible for participation in the Plan prior to payment.

We have detailed our findings and the agency's responses in the Comments and Recommendations section of the report. See the report at www.auditors.state.ne.us.

