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Audit Report of the
Nebraska Public Service Commission
July 1, 2000 through June 30, 2001

Report Highlights

Issued April 15, 2002

Comments and Recommendations

- Universal Service Fund Receipts
- Universal Service Fund Disbursements
- Internal Control Over Travel Expenses
- Internal Control Over Receipts
- Excessive Cash Fund Balance
- Internal Control Over Disbursements
- Internal Control Over Fixed Assets

The Public Service Commission was created in 1906 by a constitutional amendment as the State Railway Commission. Since 1972, the Public Service Commission, consisting of five members, has regulated rates and services and has exercised general control over all common carriers in Nebraska. The Commission also: regulates manufactured homes, modular housing units, recreational vehicles, grain warehouses, and rates of private water companies; tests grain moisture test devices; performs motive power and equipment and railroad track safety inspections; and administers the Nebraska Universal Service Fund (NUSF) and the Nebraska Relay Service. The Commission was composed of six departments: general administration, transportation, communications, grain warehouse, housing and recreational vehicle, and universal service fund.

Our report included seven Comments and Recommendations, based upon auditing standards relating to internal controls and compliance with State laws. Specific areas of concern included:

- Adequate procedures were not in place to ensure all NUSF monies due the State were collected or to determine that companies reported an accurate amount of revenues. The Commission received \$56,121,867 for the NUSF surcharge during the audit period.

- There was not an adequate segregation of duties over disbursements from the NUSF. There was inadequate documentation to support certain amounts paid to companies from the fund. There was no verification of the information submitted by the telecommunication companies that received aid from the NUSF. There were no approved rules and regulations for the NUSF. The Commission disbursed \$36,451,866 in aid payments from the NUSF during the audit period.

- There were many control problems related to travel expenses, including an inadequate review of travel documentation; unreasonable or unallowable meals, lodging, and mileage reimbursements; and inadequate documentation to support the expenses.

- There were inadequate controls over receipts in several of the Commission's departments. The Commission did not ensure all money due was remitted and did not ensure all money received was actually deposited.

- The cash fund balance for the Manufactured Homes and Recreational Vehicles Fund was \$711,517 at June 30, 2001. The total disbursements from the fund for the fiscal year were \$344,586.

- One document totaling \$88,428 was incorrectly coded. One document totaling \$83,972 did not contain adequate documentation to support the payment.

- There was not an adequate segregation of duties over fixed assets. Eleven items valued at a total of \$38,127 were added to the list for the incorrect fiscal year. Assets valued at \$10,832 were deleted in error from the list. Additionally, eleven items with a total value just under \$9,000 were not added to the list.

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

Nebraska Universal Service Fund Receipts and Aid Payments by Fiscal Year

