



# Attestation Report of the Nebraska Department of Environmental Quality July 1, 2002 through June 30, 2003

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## Report Highlights

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The Environmental Quality Council consists of 16 members appointed by the Governor. Fifteen of the 16 members represent a specific interest or industry affected by and or concerned with pollution control. The Department Director is appointed by the Governor upon recommendation of the Council and with the Legislature's consent. The Director serves as Secretary of the Council.

The Department operates with State general funds, cash funds, and federal funds. The Department is organized into six divisions and one program: Water Quality Division, Air Division, Waste Division, Management Services Division, Environmental Assistance Division, Legal Division, and the Low-Level Radioactive Waste Program. The Department administers several aid programs, including the Litter Reduction and Recycling Program, the Waste Reduction and Recycling Incentive Grant Program, the Scrap Tire Reduction and Recycling Incentive Program, the Landfill Closure Assistance Program, the Clean Water and Drinking Water State Revolving Loan Programs (which provide low-interest loans for wastewater and drinking water facilities), and the Title 200 Petroleum Release Reimbursement Program.

The Department administers the rules, regulations, and standards adopted to protect and improve water, air, and land quality in the State. The Department also provides service to towns, industries, and citizens through requested conferences, meetings, and environmental assistance, as well as reviews of pollution control facility plans and specifications.

Our report included nine Comments and Recommendations. A summary of the Comments is listed below:

•**Nebraska Information System:** Significant concerns or areas where improvement to the Nebraska Information System (NIS) is needed to ensure NIS integrity and operational efficiency were identified.

•**Capital Assets:** Our review noted the Department had one individual who was responsible for performing all duties related to capital assets, ancillary costs were not capitalized, items on the capital asset listing could not be located, and assets were not properly retired.

•**Grant Requirements:** The Department did not correctly match Federal funds and a Financial Status Report did not agree to supporting documentation.

•**NIS Access:** The NIS User Authorizations did not provide an adequate segregation of duties and three individuals were authorized to prepare and approve their own batches. The Department did not have effective controls to compensate for these weaknesses.

•**Travel Expenses:** Travel reimbursements tested were not in accordance with State Statute or IRS regulations.

•**Payroll Deductions:** The Department did not maintain adequate documentation to support payroll deductions.

•**Labor Distribution:** The Department did not review the automatically assigned NIS payroll adjustments for accuracy.

•**Annual Financial Status Report:** The Annual Financial Status Report was not filed in a timely manner. The report was due December 31, 2003, but was not filed until February 19, 2004.

•**Timeliness of Deposits:** The Department did not deposit all funds within the time period required by statute.

We have detailed our findings in the Comments and Recommendations section of the report, which can be found at [www.auditors.state.ne.us](http://www.auditors.state.ne.us).

**Fiscal Year Expenditures by Fund Type**

