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NEBRASKA WHEAT BOARD EVALUATION SUMMARY JULY 1, 2005 THROUGH JANUARY 31, 2008

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Issued on June 2, 2008

Nebraska Wheat Board
Evaluation Summary

The Nebraska Auditor of Public Accounts (APA) evaluated the accounting records and other selected areas of the Nebraska Wheat Board (Board). This evaluation was conducted in accordance with the APA's authority under Neb. Rev. Stat. Section 84-304 R.S.Supp., 2007.

APA Procedures:

Our evaluation included the following procedures:

1. Testing as necessary to determine the current disposition of prior findings.
2. Application of certain tests and procedures in the evaluation of accounting transactions of the Board. This included testing of expenditures to determine they were valid and necessary, adequately documented, and in accordance with State statute.
3. Other testing as deemed necessary.

Evaluation Results:

1. Adequate Timesheets

Neb. Rev. Stat. Section 84-1001(1) R.R.S. 1999 states, "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." Good internal control requires procedures to ensure adequate documentation is on file to support forty hours of work each week.

We noted the Director of the Nebraska Wheat Board did not have timesheets that reflected a forty hour work week. This employee was a salaried, exempt employee who only recorded absences from work and did not indicate in any way a forty hour work week was completed.

Without adequate procedures to ensure there is documentation to support a forty hour work week for all employees, there is an increased risk for noncompliance with statute.

We recommend the Board report actual hours worked or include a statement on each timesheet that certifies the employee worked or was on approved leave for at least forty hours each week to support compliance with State statute.

Board's Response: The Nebraska Wheat Board will discuss your audit points at the next regularly scheduled meeting and take corrective action to include a statement on time sheets to comply with Neb. Rev. Stat. Section 84-1001 (1) R.R.S. 1999.

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2. Controls Over Capital Assets

Good internal control requires an adequate segregation of duties to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities. If an adequate segregation of duties is not possible, then good internal control requires procedures to ensure compensating controls are implemented to reduce the risk of loss or theft of State property.

We noted one employee performed all activities within the capital asset function on the Nebraska Information System (NIS) without any compensating controls.

Without an adequate segregation of duties or compensating controls over the capital asset process, there is an increased risk of loss or theft of State property. A similar finding was noted in prior reports.

We recommend the Board ensure an adequate segregation of duties exists so no one individual is in a position to both perpetrate and conceal errors or irregularities. If an adequate segregation of duties is not possible, due to limited staff, we recommend the Board develop appropriate compensating controls. These controls should include procedures to perform and document an independent review of the NIS fixed asset integrity reports and the NIS Additions and Retirements report.

Board's Response: The Board is implementing controls over capital assets by contracting with the Nebraska Department of Agriculture to serve as an independent review.

The APA staff involved in this evaluation were:

Timothy J. Channer, Assistant Deputy Auditor
Tom Bliemeister, Auditor-In-Charge
Pam Peters, Auditor-In-Charge
Cory Miller, Auditor II
Marty Adams, Auditor
Tonya Gum, Auditor

This letter is intended solely for the information and use of the Board. However, this letter is a matter of public record and its distribution is not limited.

We appreciate the cooperation and courtesy extended to our staff during the course of the evaluation.

Signed Original On File

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