



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

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Issued on May 29, 2008

Nebraska Corn Board
Evaluation Summary

The Nebraska Auditor of Public Accounts (APA) evaluated the accounting records and other selected areas of the Nebraska Corn 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. Batch Management and Payroll Authorization

Good internal control requires an adequate segregation of duties so no one individual can prepare, approve, and post their own batches. A system of internal control should include a proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

Batch Management is a security feature on the Nebraska Information System (NIS) that allows agencies to designate who can approve/post batches for each individual authorized to prepare batches. If set up properly, this feature allows agencies to properly segregate duties within NIS.

We noted one employee from the Board was authorized on NIS Batch Management to both prepare and approve the same document, which did not allow for a proper segregation of duties. We also noted one employee from the Board was authorized to process payroll even though they do not process any payroll transactions.

When one individual can prepare, approve, and post the same batches or has the authority to process payroll, there is an increased risk errors or fraud may occur resulting in the loss or misuse of State funds. There was a similar finding in our previous report.

We recommend the Board maintain an adequate segregation of duties and implement policies to review NIS Batch Management to ensure no one user is able to prepare, approve, and post the same batches. We further recommend the Board determine the need for the employee to have payroll authorization.

Board's Response: This has been corrected to maintain adequate segregation of duties.

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Evaluation Summary

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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