



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.state.ne.us](http://www.auditors.state.ne.us)

February 17, 2009

Neil Moseman, Director  
Nebraska Energy Office  
1111 'O' Street, Suite 223  
Lincoln, NE 68509-5085

Dear Mr. Moseman:

We have audited the basic financial statements of the State of Nebraska (the State) for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We have also audited the State's compliance with requirements applicable to major Federal award programs and have issued our report thereon dated February 10, 2009. In planning and performing our audit, we considered the State's internal controls in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements of the State and on the State's compliance with requirements applicable to major programs, and to report on internal control in accordance with the Federal Office of Management and Budget (OMB) Circular A-133 (the Single Audit) and not to provide assurance on internal control. We have not considered internal control since the date of our report.

In connection with our audit described above, we noted a certain internal control or compliance matter related to the activities of the Nebraska Energy Office (the Agency) that is presented below for your consideration. This comment and recommendation, which has been discussed with the appropriate members of the Agency's management, is intended to improve internal control or result in other operating efficiencies.

Our consideration of internal control included a review of prior year comments and recommendations. To the extent the situations that prompted the recommendations in the prior year still exist, they have been incorporated in the comment presented for the current year. All other prior year comments and recommendations (if applicable) have been satisfactorily resolved.

Draft copies of this letter were furnished to the Agency to provide them an opportunity to review the letter and to respond to the comment and recommendation included in this letter. The formal response received has been incorporated into this letter. The response has been objectively

evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2008.

## **COMMENT RELATED TO THE SINGLE AUDIT**

### **Finding #08-71-01**

**Program:** CFDA 93.568 – Low–Income Home Energy Assistance Program (LIHEAP) – Subrecipient Monitoring

**Grant Number & Year:** #0G07B1NELIEA, FFY 2007; #0G08B1NELIEA, FFY 2008

**Federal Grantor Agency:** U.S. Department of Health and Human Services

**Criteria:** OMB Circular A-133 § 400 (d) states, “A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency.”

**Condition:** Both subrecipients tested were not properly notified of Federal award information.

**Questioned Costs:** None

**Context:** We tested two of nine subrecipients. We noted award information provided to subrecipients did not include the CFDA number and the Federal awarding agency was identified as the Department of Energy; the correct agency is the U.S. Department of Health and Human Services.

**Cause:** Unknown

**Effect:** Increased risk for errors at subrecipient level.

**Recommendation:** We recommend the Agency include all required information on subrecipient award documents.

**Management Response:** The Nebraska Energy Office does not dispute the single finding that two subrecipients were not notified of the Federal awarding agency and the CFDA number of the Low Income Home Energy Assistance Program.

**Corrective Action Plan:** The Nebraska Energy Office has implemented the following corrective action plan. Current financial assistance awards have been amended to reference the Federal awarding agency and the appropriate CFDA number. Procedures have been created to ensure that future financial assistance awards will reference the Federal awarding agency and the appropriate CFDA number.

**Contact:** Pete Davis

**Anticipated Completion Date:** Complete

Our audit procedures are designed primarily on a test basis and; therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Agency and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to you.

This letter is intended solely for the information and use of the agency, the Governor and State Legislature, others within the Agency, Federal awarding agencies, pass-through entities, and management of the State of Nebraska. However, this letter is a matter of public record and its distribution is not limited.

We appreciate and thank all of the Agency employees for the courtesy and cooperation extended to us during our audit.

Signed Original on File

Pat Reding  
Assistant Deputy Auditor

Signed Original on File

Don Dunlap  
Assistant Deputy Auditor