

**STATE OF NEBRASKA  
ATTESTATION REVIEW  
OF THE  
NEBRASKA GAME AND PARKS COMMISSION  
APRIL 1, 2008 THROUGH MARCH 31, 2009**

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**Issued on November 2, 2009**

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

**TABLE OF CONTENTS**

<u>Sections</u>	<u>Page</u>
<b>Independent Accountant's Report</b>	1 - 2
<b>Background</b>	3 - 4
<b>Criteria</b>	4
<b>Summary of Procedures</b>	4 - 5
<b>Summary of Results</b>	6 - 29
<b>Overall Conclusion</b>	29
<b>Exhibit A – Calendar Year 2008 Permits and Stamps Sold</b>	
<b>Exhibit B – Major Expenditure Areas – Calendar Year 2008</b>	
<b>Exhibit C – Major Revenue Sources – Calendar Year 2008</b>	
<b>Exhibit D – State Provided Housing</b>	
<b>Exhibit E – Unlocated Fixed Asset Listing</b>	



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### Independent Accountant's Report

Citizens of the State of Nebraska:

We have reviewed the expenditures, fixed assets, payroll, revenues, and site visits of the Nebraska Game and Parks Commission for the period April 1, 2008, through March 31, 2009. The Nebraska Game and Parks Commission's management is responsible for the expenditures, fixed assets, payroll, revenues, and site visits. We did not obtain a written assertion regarding such matters from management.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the expenditures, fixed assets, payroll, revenues, and site visits. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the expenditures, fixed assets, payroll, revenues, and site visits are not presented, in all material respects, in conformity with the criteria set forth in the Criteria section.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Nebraska Game and Parks Commission's expenditures, fixed assets, payroll, revenues, and site visits and any fraud and illegal acts that are more than inconsequential that come to our attention during our review. We are also required to obtain the views of management on those matters. We did not perform our review for the purpose of expressing an opinion on the internal control over the expenditures, fixed assets, payroll, revenues, and site visits or on compliance and other matters; accordingly, we express no such opinions.

Our review disclosed no findings that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters, and those findings, along with the views of management, are described below in the Summary of Results.

This report is intended solely for the information and use of the citizens of the State of Nebraska, management of the Nebraska Game and Parks Commission, others within the Nebraska Game and Parks Commission, and the appropriate Federal and regulatory agencies. Although it should not be used by anyone other than these specific parties, this report is a matter of public record and its distribution is not limited.

Signed Original on File

Mike Foley  
Auditor of Public Accounts

Don Dunlap, CPA  
Assistant Deputy Auditor

November 2, 2009

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

**Background**

The Nebraska Game and Parks Commission (Commission) is in charge of managing State parks, wildlife, fish, wildlife lands, boating, and all things related to these areas. In addition, the Commission operates State game refuges created by the Legislature in Boyd, Dodge, Douglas, Garden, Holt, Keya Paha, Lincoln, Rock, and Saunders counties, as well as a game farm at Wilcox. The Commission is funded through permit sales, State general fund appropriations, and Federal funds.

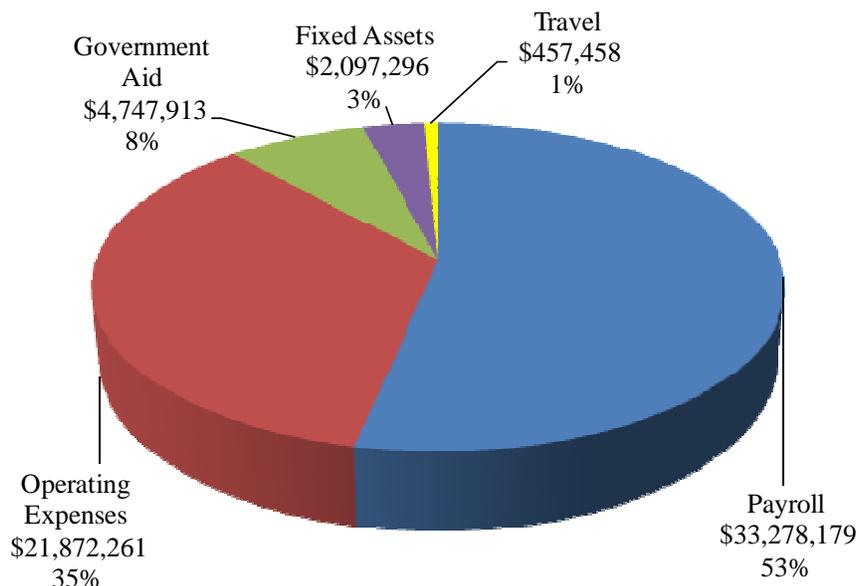
Nebraska's state park system includes 8 State parks, 66 recreational areas, 11 State historical parks, and 2 recreational trails for a total of 87 areas across the State.

The Commission has six district offices: Alliance, Bassett, Kearney, Norfolk, North Platte, Lincoln, and a Metro Information Office in Omaha.

There are nine commissioners who are appointed by the Governor and approved by the Legislature for five-year terms. Commission members must be Nebraska residents and well-informed on wildlife conservation and restoration. At least three members must work in agriculture and live on a farm or ranch. The Commission appoints a secretary, who acts as director and chief conservation officer. The Commission meets at least four times a year. Members receive \$35 a day when conducting Commission business and are reimbursed for expenses.

Expenditures of the Commission for the period April 1, 2008, through March 31, 2009, consisted of payroll, operating expenses, government aid, fixed assets, and travel. For these areas, the total amounts for the period are noted in the chart below. The Commission's total expenditures for the period were \$62,453,107.

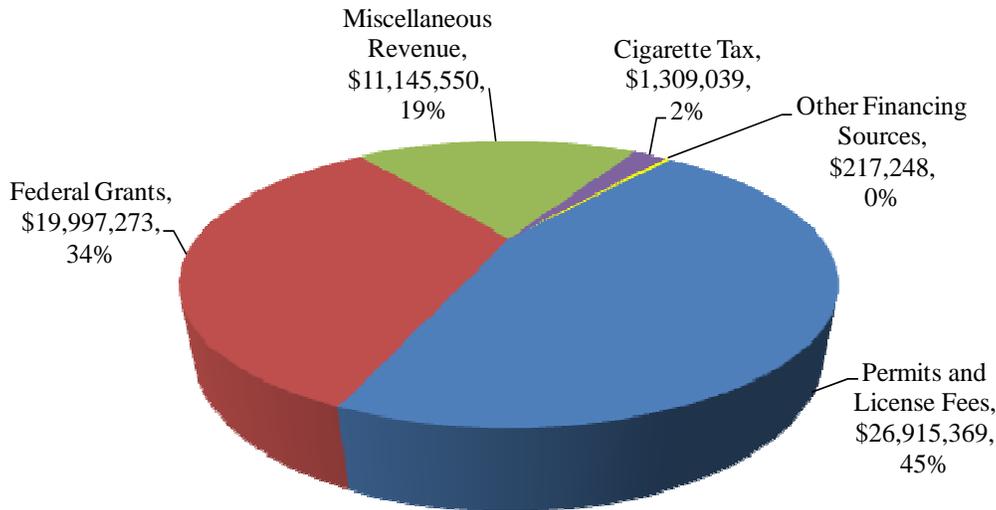
**Expenditures for April 1, 2008 through March 31, 2009**



NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

Revenues of the Commission for the period April 1, 2008, through March 31, 2009, consisted of permits and license fees, Federal grants, miscellaneous revenue, cigarette tax, and other financing sources. For these areas, the total amounts for the period are noted in the chart below. The Commission's total revenues for the period were \$59,584,479.

**Revenues for April 1, 2008 through March 31, 2009**



**Criteria**

The criteria used in this attestation review were Nebraska State Statutes, the Commission's Administrative Regulations, and the Administrative Services State Accounting Manual.

**Summary of Procedures**

Pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2008), the Auditor of Public Accounts (APA) conducted an attestation review of the expenditures, fixed assets, payroll, revenues, and site visits for the period April 1, 2008, through March 31, 2009, in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The APA's attestation review consisted of the following procedures:

The APA performed a number of procedures common to the subject matter identified. These procedures included gaining an understanding of internal control, analytical procedures, and follow-up of prior year recommendations. Procedures performed unique to a certain subject matter are identified below.

**Expenditures**

1. Reviewed and tested various expenditure transactions, including journal entries.
2. Reviewed contract procedures.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

3. Reviewed vendor selection process.
4. Reviewed the use of owned and leased vehicles.
5. Reviewed the use of Voyager cards.
6. Reviewed housing provided by the Commission to park directors.
7. Reviewed outstanding warrants.

Fixed Assets

1. Traced fixed assets from the asset listing to the floor and from the floor to the asset listing.
2. Reviewed additions and retirements.
3. Reviewed controls over buildings, land, and artifacts.

Payroll

1. Tested employee compensation including calculation of adjusted service date, leave earnings, usage, and balances.
2. Reviewed Commission Members' attendance at meetings and payment of related expenses.
3. Reviewed controls over temporary employees and performed detail testing.

Revenues

1. Traced appropriations to legislative bills and verified any specific restrictions were adhered to.
2. Traced rates and fees to statutes and fee schedules.
3. Performed detail testing of receipt transactions.
4. Reviewed controls over the Park Bucks Program.
5. Reviewed controls over Accounts Receivable.
6. Reviewed procedures and controls over the credit cards issued by the Commission.

Site Visits (sites visited: Eugene T. Mahoney State Park, Platte River State Park, Arbor Lodge State Historical Park, Riverview Marina State Recreational Area, Branched Oak State Recreational Area, Omaha Office, Norfolk District Office, Sherman Reservoir State Recreational Area, Chadron State Park, Fort Robinson State Park, Mormon Island State Recreational Area, Crystal Lake State Recreational Area, Fremont Lakes State Recreational Area, and Aksarben Aquarium)

1. Reviewed controls over cash handling, coin operated machines, camping fees, gift shops, restaurants, and lodging.
2. Conducted a surprise cash count.
3. Traced fixed assets from the asset listing to the floor and from the floor to the asset listing.
4. Traced artifacts from the listing to the floor and from the floor to the listing at Arbor Lodge State Historical Park and Fort Robinson State Park.
5. Reviewed controls over bulk fuel.
6. Reviewed controls and procedures over vehicle logs.
7. Verified temporary employees were bona fide.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

**Summary of Results**

The summary of our attestation review noted the following findings and recommendations:

**REVENUES**

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**1. Internal Controls and Processes Over Receipts**

The Parks Division of the Nebraska Game and Parks Commission (Commission) is responsible for setting policies and procedures for 87 park areas located across the State. This involves communicating with and monitoring a very large staff over long distances. The Commission collected \$59,584,479 total revenues for the twelve months ended March 31, 2009. The Parks Division collected a significant portion of the \$11,145,550 Miscellaneous Revenue shown on the Revenues Graph from various sources such as lodging, food, and activities. The Parks Division also issued permits, including park entry permits, included in the \$26,915,369 total collected for permits. These amounts include a considerable amount of cash handled by the park areas across the State.

A good internal control plan requires organization, procedures, and records designed to provide reliable financial records. A good internal control plan also requires proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted numerous instances where the policies and procedures were outdated or were not being followed, as described in the following comments. It appears there is inadequate communication and monitoring of policies and procedures by the Central Office. In addition to this comment where we discuss monitoring of policies and procedures, please refer to Comment Number 11, "Commission Policies" for further discussion of this issue.

- **Controls Over Park Cash and Deposits**

During our review we visited 14 locations and performed certain procedures over cash and deposits. We noted several areas where procedures and controls over cash and deposits could be improved.

- Cash handling procedures

We noted inadequate cash handling procedures at 6 of 14 locations. The Omaha Office had an employee take \$130 of the change fund to the bank to make change but did not return the money to the office for a day and a half. Arbor Lodge held cash overages/shortages and did not immediately report them or deposit them. Branched Oak State Recreational Area (SRA), Fremont Lakes SRA, and Mormon Island SRA were not using cash registers to record sales. Aksarben Aquarium did not record the sale of fish food in the cash register and the amount deposited did not agree to the amount counted during a surprise cash count. This location did not compare the current cash register Z-tape number to the prior cash register Z-tape number to ensure all cash register tapes were accounted for.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

When funds are not immediately reported and deposited, cash register tapes are not reviewed, or cash is taken from the office and not returned immediately, there is an increased risk of loss and misuse of State funds.

We recommend the following:

- State funds not be held outside of the office for an extended period of time;
- all cash overages/shortages be included and explained in the deposit on the day they occur;
- cash registers be used at all times to ensure all sales are recorded when they are made; and
- cash register Z-tape numbers be compared to the prior Z-tape number to ensure all cash register tapes are accounted for.

○ Segregation of duties over cash

At Mormon Island SRA and Aksarben Aquarium one person was able to handle cash, record cash transactions, and prepare the bank deposit.

At Fort Robinson SP, Chadron SP, Platte River SP, Fremont Lakes SRA, Mormon Island SRA, Sherman Reservoir SRA, and Aksarben Aquarium it was also noted that one person was able to collect cash from various locations in the park.

Without proper segregation of duties over cash there is an increased risk of theft, errors, or irregularities occurring without being detected.

We recommend the Commission improve policies and procedures to ensure two people are involved in the handling of cash and preparation of the deposit or an adequate compensating control is in place and monitored. We also recommend a second individual with adequate knowledge of the deposit process review the bank deposit and NIS deposit document for accuracy and completeness.

○ Surprise cash counts

We performed surprise cash counts and variances were noted between the cash counted and the cash register tapes. The variances noted were as follows:

- \$22.50 short at Branched Oak SRA
- \$9.21 short at Omaha Office
- \$8.80 short at Aksarben Aquarium
- \$14.59 long at Platte River SP
- \$10.99 long at Eugene T. Mahoney SP
- \$5.76 long at Arbor Lodge State Historical Park

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

We noted the cash in the drawer is not always reconciled to the cash register Z-tape before the money is taken to the park office for deposit. When the park office notices a variance, they attempt to determine the cause and make the adjustment. If no explanation is obtained, the variance is recorded. We noted no specific supervisory review of the cash longs and shortages beyond the overall approval of the deposit document.

We also noted, through discussion with staff, new and temporary employees may not be fully trained on the use of cash registers. This may be the cause of some of the longs and shortages noted during our cash counts.

When the actual cash counted differs from the cash register Z-tape total and the variances are not reported immediately, there is an increased risk of loss and misuse of State funds.

We recommend the following:

- all park areas perform and document a daily reconciliation of the cash on hand to the cash register Z-tapes before the cash is taken to the park office;
- all variances are researched, documented, and reviewed; and
- all employees are properly trained on how to use cash registers.

○ Check endorsement

Seven of 49 checks observed during surprise cash counts at Mahoney SP, Mormon Island SRA, Fremont Lakes SRA, and Aksarben Aquarium were not restrictively endorsed immediately upon receipt.

There is an increased risk of loss or misuse of State funds when the checks are not immediately restrictively endorsed. The lack of restrictive endorsement was a comment in the prior report.

We recommend all checks be restrictively endorsed immediately upon receipt.

○ Bank deposits verification

Thirteen of 19 park deposit documents tested did not have validated bank deposit slips or bank receipts submitted as supporting documentation with the NIS deposit document provided to the Commission's Central Office.

If the Commission's Central Office does not require deposits made by the parks to have supporting documentation verifying the deposit was made, there is an increased risk of loss and misuse of State funds.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

We recommend a validated bank deposit slip or a bank receipt be sent as supporting documentation by the park areas to the Commission's Central Office.

o Change funds

Sherman Reservoir SRA had a \$50 change fund that has not been needed for several years. Branched Oak SRA had a change fund of \$1,200 per Central Office, but only \$1,100 was accounted for at the park. Fremont Lakes SRA had a change machine stocked with undeposited revenues which was not included in the change fund. This park area was not in compliance with Neb. Rev. Stat. § 84-710 (Reissue 2008) that requires all money belonging to the State be deposited within three or seven business days.

Maintaining unused change funds at the parks, keeping inaccurate records of the park's change funds, and not making deposits timely causes an increased risk of loss and misuse of State funds.

We recommend the following:

- the need for a change fund at Sherman Reservoir SRA be reevaluated and possibly discontinued;
- the Branched Oak SRA change fund be replenished to the authorized amount of \$1,200; and
- Fremont Lakes SRA deposit all revenues from the change machine and use the change fund money to stock the change machine.

o Documentation of voids and "no sales"

Voids and "no sales" were recorded in the cash register; however, there was no documented review done by Aksarben Aquarium or the Commission's Central Office and documentation was not maintained at the Aksarben Aquarium.

When voids and "no sales" are recorded in the cash register without adequate supporting documentation, there is an increased risk the voided transaction or "no sale" transactions may not be valid.

We recommend the Commission adequately document and review all voided transactions and "no sales" recorded in the cash register. The review should be done by a person with direct knowledge of the transaction. The voids and "no sales" should also be reviewed by management of the park area and also by the Commission's Central Office.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

○ Supporting documentation for park deposits

Two park deposits (Mormon Island SRA and Fremont Lakes SRA) tested did not have adequate supporting documentation for campsite rentals. Also, Branched Oak SRA deposited amounts for campsite rent, showers, and late fees that did not agree to their supporting documentation.

Without adequate documentation to support the amount of cash collected it is difficult to determine all funds received by the park area were deposited.

We recommend the Commission improve policies and procedures to ensure supporting documentation is maintained for all deposits.

○ Aksarben Aquarium cash and deposit

▪ Cash missing

The Commission's Central Office reported to the Auditor of Public Accounts (APA) office that Aksarben Aquarium had \$3,732.35 of receipts unaccounted for, including a missing bank deposit of \$3,193.95 plus an additional \$538.40 recorded on cash register Z-tapes.

The missing deposit was the receipts for the period April 8, 2009, through April 14, 2009. It was noted by Central Office staff in May that no deposit information had been received for the entire month of April. Central Office staff made two visits to the Aksarben Aquarium and on May 12, 2009, the deposit documents were processed in NIS. During the week of June 8 through 12, 2009 the Nebraska State Treasurer's office notified the Central Office they had not received credit for the April 15, 2009, deposit of \$3,193.95. On June 15, 2009, Central Office staff contacted the Aksarben Aquarium Director to begin the search. On June 19, 2009, the Commission contacted the Nebraska State Patrol to begin an investigation into the matter. The APA is also involved and helping the Nebraska State Patrol with the investigation.

Neb. Rev. Stat. § 84-710 (Reissue 2008) states, any money belonging to the State or due for any service rendered by virtue of State authority shall pay the same into the State treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars. A good internal control plan requires all documentation be maintained to support sales activity recorded in the cash register and deposited in the bank.

Without adequate controls to ensure all receipts are deposited on a regular basis there is the increased risk of loss or misuse of State funds.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

We recommend the Commission improve procedures to ensure all receipts are deposited in a timely manner and in accordance with State Statute. We also recommend all deposit documentation be maintained for future review.

▪ Cash register Z-tapes

Due to the missing deposit noted above, we reviewed Aksarben Aquarium cash register Z-tapes for the period July 1, 2008, through June 30, 2009. Cash register Z-tapes record the dollar amount of activity processed through the cash register. All 56 cash register Z-tapes tested had a cash/check composition that did not agree to the cash/checks deposited. Nine of 63 total sales per the cash register Z-tapes did not agree to the amount deposited. Three of 63 cash register Z-tapes generated during the year could not be accounted for. These missing Z-tapes resulted in a variance between the daily activity and the total cumulative activity.

Without adequate controls over the cash register Z-tapes there is an increased risk of loss or misuse of State funds.

We recommend the following:

- the Commission improve policies and procedures to ensure the cash/check composition recorded in the cash register agrees to the amount deposited;
- the Changes to Tape Form be completed per Commission Policy, to explain and document all changes to the Z-tapes; and
- procedures be improved to ensure all Z-tapes are accounted for and on file.

▪ Resale activity

A good internal control plan requires adequate monitoring and review of resale activity to ensure all sales are properly recorded and accounted for.

We noted resale activity for the Aksarben Aquarium for the fiscal year ended June 30, 2009, was \$5,323. It would appear based on management's percentage of markup there could be a shortage of \$5,563 in sales.

Without a good internal control plan there is an increased risk of loss or misuse of State funds.

We recommend the Commission implement a good internal control plan to review and monitor resale activity at the Aksarben Aquarium. This review should include a

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

comparison of reported sales to the percent of markup to determine all resale activity was appropriately recorded and accounted for.

- **Deposits Were Not Made Timely in Accordance with State Statute**

Neb. Rev. Stat. § 84-710 (Reissue 2008) states, any money belonging to the State or due for any service rendered by virtue of State authority shall pay the same into the State treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars.

- Parks

Five of 33 checks observed during cash counts at Branched Oak SRA and Mormon Island SRA were not deposited within three business days. At the Aksarben Aquarium, 10 of 55 deposits for the period July 1, 2008, through June 30, 2009, were not deposited within three business days.

- Permits – Central Office

One of 30 receipts was not deposited within three business days. We also noted three receipts had no documentation indicating when they were received and could not determine if they were deposited within three business days.

When deposits are not made timely, the Commission is not in compliance with State Statute. Additionally, the risks of fraud and abuse are increased.

We recommend the Commission improve procedures to ensure money received is deposited within the three or seven business day time period as required by State Statute.

*See Agency Response on page 15.*

## 2. **Accounts Receivable**

A good internal control plan requires organization, procedures, and records designed to safeguard assets and provide reliable financial records including detailed records to ensure amounts are received and/or written off timely. A good internal control plan also requires proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We tested accounts receivable at Eugene T. Mahoney SP and noted the following:

- One employee was responsible for preparing accounts receivable invoices, approving accounts receivable invoices, and while the employee did not apply cash received to the

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

invoices, the employee had access in the computer application Reserve America utilized by Eugene T. Mahoney SP to track and bill private events scheduled at Eugene T. Mahoney SP. This lack of segregation of duties enables an individual to both perpetrate and conceal errors. This was a prior comment.

We recommend Eugene T. Mahoney SP implement procedures to ensure accounts receivable duties are segregated between employees. These segregated duties should ensure the individual who has access to the accounts receivable records cannot also handle cash receipts.

- The accounting clerk who tracked and followed up on receivables at Eugene T. Mahoney SP did not utilize the computer application mentioned in the prior bullet point to track receivables. Instead, the accounting clerk used a separately maintained spreadsheet in order to follow up on past-due receivables to ensure they get paid. Auditor compared portions of the accounting clerk's spreadsheet with the computer application's accounts receivable aging report and found no discrepancies. However, since the accounting clerk does not utilize the aging report, there is an increased risk amounts billed are incorrect.

We strongly recommend Eugene T. Mahoney SP discontinue using a separately maintained spreadsheet to track receivables. Eugene T. Mahoney SP should work with the software vendor to identify a report on the computer application that will meet its tracking needs.

- The Commission utilized the computer application's accounts receivable aging report to determine accounts receivable for the fiscal year ended June 30, 2009. The Commission is currently in the process of cleaning up the report and ensuring it is correct. This report has not been sufficiently monitored since the inception of the computer application.

We recommend the computer application's aging report be periodically monitored to ensure amounts reported on it are correct.

- Activity tickets used by group functions are submitted by the activity area to the group functions division, which handles the billings for the group functions. There was no reconciliation of the activity tickets by an individual outside of the group functions division to ensure the amount billed was correct.

We recommend a reconciliation of activity tickets used by group functions be performed to ensure the amount billed was correct.

- Eugene T. Mahoney SP has write-off procedures which include follow-up on delinquent accounts by a set schedule of phone calls, and written correspondence. It also requires

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

management review before an account is considered for write-off. However, the procedures do not include review and approval of amounts written off by the full Commission. This was a prior comment.

We recommend management of Eugene T. Mahoney SP submit to the full Commission amounts to be written off for their review and approval before they are submitted to the State Claims Board for final write-off approval.

*See Agency Response on page 15.*

**3. Internal Controls and Processes Over Permits**

The Commission issues permits at their Central Office, various park areas, as well as through numerous permit agents (local businesses selling permits on behalf of the Commission). \$22,002,605 was collected for permit sales for the twelve month period ended March 31, 2009. Of this total, \$91,696 was for miscellaneous permits, including those listed below.

A good internal control plan requires adequate controls and procedures to ensure a fee is collected and deposited for each permit issued by the Commission and include an adequate segregation of duties and a periodic inventory of unissued permits.

There was inadequate control over the issuance of certain permits and licenses. A periodic inventory was not taken of the miscellaneous specialty permits and one person was able to handle the money and issue the permit for many types of permits. This was a comment in the prior report.

- Permits Department – One employee was able to process the daily deposit and also issue permits.
- Miscellaneous specialty permits:
  - Fisheries – One employee issued Bait Vendor permits, Aquaculture Facility permits, Commercial Put and Take permits, Commercial Fish permits, Nonresident Fish Dealer permits, and Fishing permits for disabled applicants. The permits are generated by an Access database, assigning a sequential number. However, there was no supervisory review to ensure the fee was deposited for each permit issued. Receipts from the sale of permits were not reconciled to the permits issued, so there was no way to know all money received was deposited.
  - Wildlife – One employee issued the Controlled Shooting Area licenses from a Word document and assigned a sequential number as she issued each permit. Someone could issue a permit without collecting the fee or someone could issue the permit without depositing the fee paid by the applicant. It was noted the preprinted permits contained the signature of the Commission’s Director and the initials of the Assistant Division Administrator – Wildlife to indicate payment

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

was received prior to any payment being received. This was done for convenience. Another employee issued Coyote Hunting from Aircraft permits that are pre-numbered. However there was no periodic inventory of unissued permits and no supervisory review to ensure the fee was deposited for each permit issued.

- Law Enforcement – One employee issued Fur Buyer permits. The permits were generated by an Access database and assigned a sequential number as the permit was issued. However, there was no supervisory review to ensure the fee was deposited for each permit issued. Someone could issue a permit without collecting the fee or depositing the fee paid by the applicant. Another employee issued the Hunter Safety Education Duplicate cards, which are not pre-numbered. There was no periodic inventory of unused cards and no supervisory review to ensure the fee was deposited for each card issued.
- Permits Department – There was no annual inventory of unissued permits for Taxidermist and Nonresident Fur Harvest permits (both pre-numbered). There was no verification the fees for permits issued were deposited, so someone could issue a permit without collecting the fee or depositing the fee paid by the applicant.

There was no initial listing of all receipts. An Access database was used to record the majority of receipts. However, there are certain monies that are withheld to research what they are for and these are not recorded until that information is determined. It was also noted that some checks for duplicate park entry stickers leave the Permits Department prior to a listing being created.

There was also no physical inventory taken for the 2007 and 2008 permit books as of July 31, 2009. Permit agent accounts had been reconciled for each year; however, the overall reconciliation of unused, unissued permit books had not been performed.

Without proper controls over the issuance of permits, there is an increased risk a permit could be issued without the fee being collected or that the fee paid by an applicant would not be deposited.

We recommend adequate controls be established to ensure a fee is collected and deposited for each permit issued by the Commission. Specifically, periodic supervisory reviews and inventories should be conducted for all miscellaneous specialty permit types. We also recommend procedures be improved to include recording all receipts received. We further recommend procedures be improved to include a timely reconciliation of all physical permit books.

*Agency's Response: Issues encountered resulted primarily from lack of follow through with existing processes and procedures. With the exception of the missing Ak-Sar-Ben Aquarium deposit, which we brought to your attention and is still under investigation, reiteration and monitoring of procedures will curtail most lapses of protocol in the future. It was noted that none of the findings were material in nature.*

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

**FIXED ASSETS**

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**4. Physical Inventory of Artifacts**

A good internal control plan requires adequate procedures to safeguard all assets, including artifacts. This would include a periodic physical inventory of the artifacts on hand at various State historical parks and other park areas.

Artifacts are items of historical significance and are often acquired by donation, purchase, or bequest. It was noted the following park areas have artifacts: Arbor Lodge State Historical Park (SHP), Ash Hollow SHP, Ashfall Fossil Beds SHP, Bowring Ranch SHP, Buffalo Bill Ranch SHP, Champion Mill SHP, Fort Atkinson SHP, Fort Hartsuff SHP, Fort Kearny SHP, Rock Creek Station SHP, and Fort Robinson SP. Some of the more significant artifacts include a variety of antique household furnishings, artwork, tools, saddles and tack, and carriages/wagons.

A physical inventory of artifacts was not completed on a regular basis and the listing of artifacts was not up-to-date.

- The last physical inventory at Arbor Lodge SHP was taken in 1999 and listed about 1,500 items. Management's estimated value of these items was noted to be in the millions of dollars. The previous physical inventory was taken in 1995 and listed about 1,700 items. No additional information was provided for the noticeable difference between the 1995 and 1999 inventory reports.
- A current listing of artifacts was requested from the other SHPs; however, the only SHPs that responded was Fort Robinson SP, Rock Creek Station SHP, Ash Hollow SHP, Bowring Ranch SHP, Fort Kearny SHP, Buffalo Bill Ranch SHP, and Fort Hartsuff SHP. Fort Robinson SP indicated the only items they had of value were two Andrew Standing Soldier paintings; however, they did not provide an estimated amount. Rock Creek Station SHP estimated their artifacts to be valued between \$25,000 and \$35,000, which includes saddles, medallions, and Indian artifacts. Ash Hollow SHP indicated they have approximately 2,500 artifacts with an estimated value between \$100,000 and \$200,000. Their artifacts include furs, buffalo robe, paintings, guns, and stoneware (knives, spear points). Bowring Ranch SHP indicated their artifacts included silver table settings, crystal table settings, fine china, persian rug, fine art, and antique house furnishings with an insured value of \$297,103. Fort Kearny SHP identified approximately 1,367 artifacts with an unknown estimated worth. Their items included buttons, beads, saddles, and several old canes. Buffalo Bill Ranch SHP indicated they have several thousand artifacts with an estimated value of several hundred thousand dollars or more. Their artifacts include several large pieces of Sioux Indian beadwork, Cody related watches, letters, and photographs. Fort Hartsuff SHP indicated they have 2,000 artifacts with an estimated value between \$330,000 and \$430,000. Their items include clothing, books, furniture, firearms, wagons, and buggies. A current listing or estimated value of artifacts for Ashfall Fossil Beds SHP, Champion Mill SHP, and Fort Atkinson SHP was not provided.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

Without a periodic physical inventory of all artifacts, there is an increased risk of loss, theft, or misuse of State assets.

We recommend the Commission perform a physical inventory of all artifacts annually and maintain a current listing of all artifacts.

*See Agency Response on page 19.*

**5. Internal Controls and Processes Over Fixed Assets**

As of March 31, 2009, the Commission reported fixed assets in NIS with a total original cost of \$151,578,108. These fixed assets are located in the Commission's main office building in Lincoln and at various sites around the State. We performed various tests to determine if the Commission's fixed assets existed and were properly recorded in NIS. We noted the following regarding the fixed asset records maintained by the Commission:

- We compiled a listing of missing property based on information contained in the 2008 annual inventory survey and other missing property records maintained by the Commission. This list includes 69 items of missing property with an original cost of \$189,942. Please refer to **Exhibit E – “Unlocated Fixed Assets Listing”** for details. Many items were noted as previously reported transferred, surplus, stolen, or otherwise disposed of. Other items were not marked with any status at all. There was no documentation for most of these items as to any efforts which may have been made to resolve the disposition. These items include a large amount of computer equipment, including laptop computers. There were also four firearms; three shown as pending adjustment status (two acquired in 1979) and one shown as working status. One item not marked with any status was a 2007 Ford Expedition with an original cost of \$24,840. Furthermore, missing property in NIS was not classified as “Unable to Locate;” rather, the status “Pending Adjustment” was used. Thus, NIS records do not provide as much useful information about the nature of the missing property issue.
- Three of 78 assets tested were not able to be traced from the fixed asset listing to the actual item. These included a Fisherbiotech DNA Sequencing System with an original cost of \$2,526 acquired in 1995; a 2005 Gateway computer with an original cost of \$2,232; and a 1998 Gateway computer with an original cost of \$1,918.
- Two of 64 assets selected were unable to be traced to the fixed asset listing. These included a Wood Chipper and a Gateway computer.
- Fifty-two of 139 assets tested were not properly tagged “Property of the State of Nebraska.” Furthermore, 32 of the 139 assets were not properly tagged with the inventory tag number.
- The Commission did not have a formal process in place to ensure management reviewed the results of the annual fixed asset inventory process.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

A good internal control plan requires the Commission have procedures in place to ensure all fixed asset records are maintained accurately, up-to-date at all times, and are being reviewed by management. Management review of these procedures and the Unable to Locate Status Report would make them aware of the magnitude of fixed assets that could not be found, ensuring fixed assets had not been stolen or misused.

Neb. Rev. Stat. § 81-1118.02 (Reissue 2008) states, “Each such executive, department, commission, or other state agency shall indelibly tag, mark, or stamp all such property belonging to the State of Nebraska, with the following: Property of the State of Nebraska.”

Good internal control also requires adequate safeguarding of capital assets by verifying all capital assets are tagged with an inventory tag number to ensure all assets can be identified.

When assets are not able to be located, proper internal controls are not in place to ensure fixed asset records are correct, and all assets are not properly tagged with the inventory number and as “Property of the State of Nebraska,” there is a greater risk that fixed assets will be misplaced, stolen, or misused.

We recommend the following:

- the Commission take immediate steps to implement procedures to ensure all fixed asset records are maintained accurately and up-to-date at all times. These procedures should include appropriate management level review of the annual physical inventory;
- the Commission develop written procedures to follow when fixed assets cannot be located. These procedures should include steps to ensure all reasonable efforts have been made to locate the asset and that appropriate management level approval is given prior to the removal of an asset from the fixed asset records.
- the Commission properly tag all capital assets with the inventory number as well as “Property of the State of Nebraska.”

*See Agency Response on page 19.*

**6. Livestock Herds Inventory Records**

A good internal control plan requires an adequate list of all capital assets, including buffalo and longhorn cattle herds. The Nebraska State Accounting Manual, AM-005, General Policies, Section 28 “has established \$1,500 as the minimum for capitalization of articles or property. ...The item should have an expected useful life of two or more years and the total costs for the item should be \$1,500 or greater.”

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

The buffalo and longhorn cattle herds at Fort Robinson State Park had adequate records including individual identification numbers maintained by the park staff; however, these records were not maintained on the State Accounting System. There were 141 buffalo with a Commission estimated value of \$56,400. There were 139 longhorn cattle with a Commission estimated value of \$55,600.

Without an adequate listing of livestock herds on the State Accounting System there is an increased risk of loss, misuse, or theft of these State assets.

We recommend the Commission work with Administrative Services – Accounting Division to determine the appropriate accounting for the buffalo and longhorn cattle.

*Agency's Response: We will discuss the Livestock Herd issue with Administrative Services to determine whether additional action is warranted, however State Accounting has indicated that keeping the breeding herd on a separate spreadsheet (and not on the Fixed Asset listing) where all animals are accounted for is acceptable. Our current processes of review and documentation will be examined during the development of our internal control plan. Where resources allow, steps will be taken to ensure more timely and accurate documentation.*

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**EXPENDITURES**

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**7. State Provided Housing Maintenance**

Commission Policy number C-1, Housing Policy for Essential Housing on Lands Owned or Leased by the NGPC states the Commission shall provide for the maintenance of existing residences, including the appearance, trash removal, painting/floor covering, utilities including phone, certain appliances, and driveways. The tenant is responsible for the routine maintenance such as cleaning, mowing, and changes due to personal choices. Please refer to **Exhibit D – “State Provided Housing”** for a detailed list of state-owned housing, provided to Commission employees.

It was noted there was not any set maintenance schedules for the state-owned housing and no inspection of the properties was performed to ensure adequate care and maintenance is provided. The Commission could not document the amount spent on maintenance for the period tested. Sound accounting policies require expenditures for the repairs and/or maintenance of state houses should be adequately monitored to ensure there is no excessive or fraudulent costs.

We recommend the Commission develop procedures to inspect and maintain all state-owned houses on a regular basis and keep records of the cost of maintenance on each state-owned house.

It was further noted there were 13 vacant homes. Many were vacated when the positions at these areas were eliminated and there appears to be no plans to fill these houses. The Commission indicated the vacancy of these houses dated as far back as 1985 to May 2009. Two houses had

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

been converted, one to an office and the other to a work room. The Commission did not provide documentation of how the other houses were to be utilized or maintained. Sound business practice requires that state-owned housing be monitored to ensure proper utilization and maintenance of state-owned property.

We recommend the Commission review the vacant houses and evaluate how these houses should be maintained and used.

*See Agency Response on top of page 23.*

**8. Procedures Over Cell Phone Use**

The Nebraska State Accounting Manual, AM-005, General Policies, Section 18, Personal Cellular Telephone Expenses states “The State of Nebraska provides cellular telephones to agency personnel to utilize in the performance of their official State duties when deemed necessary.”

Commission Policy Number C-12, Telephone Equipment and Usage, states “Personal long distance calls are not to be billed to the State of Nebraska.”

A good internal control plan requires adequate monitoring and timely review of phone bills. A good internal control plan also involves employees reimbursing the State for any personal expenses incurred due to non-work related issues.

The Commission had a total of 116 State-issued cell phones issued to State employees as of July 2009.

The APA was informed by the Commission’s Central Office that an employee had used his State-issued cell phone for personal use. Management’s review of phone bills from November 2008 through March 2009 identified 1,810 calls for 6,567 minutes for a total of \$898 as non-work related calls for this employee. This was not identified until July 2009 when the November 2008 through March 2009 phone bills were reviewed. In addition to informing the APA, management also contacted the Attorney General and State Patrol to have them begin their investigation into this matter.

Without a good internal control plan to ensure phone bills are reviewed and adequately monitored there is an increased risk of loss or misuse of State funds.

We recommend the Commission implement a good internal control plan to review and monitor cell phone usage in a timely manner. We also recommend the Commission review phone bills for the employee involved prior to November 2008 to ensure no other non-State related expenses were incurred. We further recommend the Commission continue to work with the Attorney General and the State Patrol on this matter.

*See Agency Response on top of page 23.*

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

**9. Travel**

Neb. Rev. Stat. § 81-1174 (Reissue 2008) regarding travel expense reimbursements states, “Each request shall be fully itemized, including when, where, and why the expense was incurred and the actual amount involved. When reimbursement is requested for mileage by automobile, air travel by commercial carrier, air travel in airplanes chartered by the department or agency, or air travel by personally rented airplane, the points between which such travel occurred, the times of arrival and departure, and the necessity and purpose of such travel shall be shown on such request... The statement of expenses shall be duly verified and supported by receipts for all of such expenditures, except meals and immaterial items identified by the director, for which reimbursement is requested.”

Neb. Rev. Stat. § 81-1176 (Reissue 2008) regarding personal vehicle mileage reimbursements states, “... request(s) shall be allowed for each mile actually and necessarily traveled in each calendar month by the most direct route...”

Per the Nebraska State Accounting Manual’s Expense Reimbursement Document “ERD” Guidelines, the employee name, address book number, and title should be entered. The explanation should include the purpose of the expense, where traveling from and traveling to, and the reason if the most direct route is not used. Start and stop times should be entered for each trip. If a conference is attended, the agenda should be attached. Reimbursement for meals included with the cost of the conference fee may not be made unless the employee has a documented valid exception. Meals over \$25 are recommended to be supported with a receipt. Amounts on the ERD should match any receipts.

Per the Nebraska State Accounting Manual, AM-005, General Policies, Section 15 regarding volunteer travel expenses, “Travel expenses incurred when performing services for the state...shall have the prior approval of the agency and be reimbursed under the same policies as established for State employees.”

Per the Nebraska State Accounting Manual, AM-005, Travel Expense Policies, Section 4 regarding lodging, “It is State Accounting policy that a person generally be more than 60 miles from his or her workplace in order to be eligible for lodging. We realize there may be reasons to pay for lodging for distances less than 60 miles... in those instances the reason must be clearly stated on the disbursement document.”

A good internal control plan and sound business practices require procedures to ensure all reimbursements are accurate, reasonable, and necessary.

We noted the following:

- For 3 of 14 documents tested, the purpose of the trip was not adequately identified or supported by adequate documentation.
- For 4 of 7 documents tested, mileage reimbursements were not reasonable based on the most direct route of travel or the applicable mileage rate was not used.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

- For 2 of 9 documents tested, meals were not within the Federal GSA per diem rate or meals claimed were provided by the conference, per the conference agenda.
- Four of 13 documents tested were not properly completed. The starting and stopping times were not noted.
- For 1 of 8 documents tested, lodging costs claimed did not agree to supporting documentation.
- For 1 of 9 documents tested, supporting out-state travel approval form was not correct.
- On 1 of 14 documents tested, coding was not to the correct fund and business unit.
- For 2 of 14 documents tested, expenses were not calculated correctly. These two documents were for travel to Canada. The exchange rate was not correctly calculated. One document was overpaid by \$93.
- One of 12 documents tested could not be traced to other related expenses.
- Seven employees or commissioners headquartered in Lincoln claimed lodging at the August 2008 Commission meeting in Beatrice. Beatrice is less than 60 miles from Lincoln. There was no documentation to support the need to stay overnight in Beatrice.

There is an increased risk of loss and misuse of State funds when expense reimbursement documents are not properly completed, reviewed, and do not have adequate supporting documentation.

We recommend the Commission develop controls to ensure all expense reimbursement documents are properly completed, have adequate supporting documentation, and are accurately calculated. Mileage, lodging, and meals should be reviewed to verify all claims are reasonable and agree to supporting documentation. All expense reimbursement documents should be reviewed to verify that all claims are in compliance with Administrative Services and Commission travel guidelines.

*See Agency Response on top of page 23.*

**10. Legal Review of Contracts**

A good internal control plan requires contracts be reviewed by a person who has the legal expertise and knowledge to determine if the contract is in compliance with contract law, Federal and State laws and regulations governing contracts, as well as to ensure the best interest of the State is being served. In addition, a good internal control plan requires when a legal review is performed it be documented.

Six of eight contracts tested had no documented review by legal counsel. These eight contracts ranged from \$2,000 to \$640,434.

When a legal review of a contract is not performed there is a greater risk that a contract will not be in conformity with contract law, Federal and State laws and regulations, as well as be in the best interest of the State. In addition, when a review is not documented there is no assurance that the review was actually performed.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

We recommend all contracts be reviewed by legal counsel. We also recommend the review be documented.

*Agency's Response: The issues identified were similar in nature to the receipting area where staff did not consistently adhere to policies and processes and provide adequate documentation. With the exception of the cell phone issue currently under investigation, those items that needed correction have been addressed and the applicable processes will be considered during the development of our internal control plan which will assist in eliminating or moderating future occurrences.*

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**PAYROLL**

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**11. Severance Agreements**

The Nebraska Constitution, Article III, Section 19, states "The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered..."

Per Op. Att'y Gen. No. 95063 (August 9, 1993), a settlement can be made with a terminated employee only if the following requirements are met: "there is at least some potential legal liability for the agency growing out of the termination..." There should be "a settlement agreement between the parties which includes some recitals as to the reasons for the state's determination to settle," and "the state should receive an unconditional release from the employee wherein the employee releases the State from any liability arising out of the actions surrounding his or her termination an exchange for the settlement payment."

Three terminated employees received two week's severance pay, for a total of \$3,276, without a settlement agreement.

Paying severance compensation increases the payroll costs of the Commission and is prohibited by the State Constitution.

We recommend the Commission refrain from giving severance pay to terminated employees, unless there is some potential legal liability for the Commission and a settlement agreement is on file.

*Agency's Response: There appears to be some inconsistencies with the Constitutional language and the State's rules and regulations as well as practices.*

*Both the NAPE contract (Article 8.5) and State Personnel Rules (Chpt 6 001.04) indicate that "Employees may be separated at any time during the original probationary period. Two weeks notice of separation does not have to be given to original probationary employees, however, the agency head shall notify the employee in writing of the date the separation is effective."*

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

*State Personnel Rules (Chpt 14 001.06A) indicate in the case of dismissal "...Employees may be granted two calendar weeks pay in lieu of notice at the discretion of the agency head. Employees granted two calendar weeks pay in lieu of notice shall not be eligible to accrue sick or vacation leave for the period for which payment in lieu of notice is made."*

*It has been agency practice to treat all of our employees with respect and in a fair and equitable manner. While a 2-week notice was not required for dismissing the 3 employees on original probation, we treated them similar to any employee and provide 2-weeks pay in lieu of notice.*

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**MISCELLANEOUS**

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**12. Commission Policies**

A good internal control plan requires comprehensive policies and procedures be created, communicated to all employees, maintained and readily accessible to all employees, and monitored to ensure the policies and procedures are in place and operating effectively.

The Commission did not have current, comprehensive policy or procedure manuals that are readily accessible to all employees. The Commission has locations across the State that are physically separate from the headquarter office. In addition, they have a significant number of temporary employees during the busy summer months that increase the need for written, available policies and procedures.

The existing policy manual is for the entire Commission, while the various divisions maintain their own procedure manuals. Issues were noted throughout the testing performed. Updates were made to existing policies as a memo or email but were not formally added to the policy manual. The following procedures were noted during testing as not up to date:

- Artifacts procedures were last updated in 1977.
- The engineering division's contract procedures were last updated in 1999.
- The bulk fuel procedures were last updated in 1993.
- The comprehensive procedure manual for the Parks Division contained many emails and memos without formally updating the manual.

There were no written policies regarding these areas:

- Text messaging, games, and other non-business activities on state-owned cell phones.
- Agency-owned vehicles.
- Who to contact if a theft occurs at the parks.
- Shortages/overages in park deposits.
- Cash register transactions, particularly cash and check composition and voids.

When policies and procedures are not created, communicated, maintained, and monitored there is an increased risk of loss or misuse of Commission assets. In addition, it is difficult for employees to determine the appropriate action for a variety of situations. This is especially

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

important considering the park areas are physically located across the State. It is also difficult for management to enforce the policies. Furthermore, it is difficult to ensure Commission processes and actions are in compliance with State Statute.

We recommend the following:

- the Commission review all policies and procedures and prepare a current policies and procedures manual to encompass all areas of operations;
- policies and procedures be established for any area deemed a substantial risk or of great significance;
- the Commission review the policies and procedures manual on a regular basis and formally update as needed; and
- the Commission make the most current policies and procedures available to all employees, possibly through the Commission's intranet.

*See Agency Response on pages 28-29.*

**13. Procedures Over Vehicles**

A good internal control plan requires a proper system be in place to track expenditures by vehicle to ensure against fraudulent or excessive expenditures for repairs or services.

- Four of eight divisions of the Commission have agency-owned vehicles but do not utilize a computerized system to track expenditures by vehicle. The Wildlife, Information and Education, and Law Enforcement divisions use an Access database to track expenditures. The Operations and Construction – Y Street location uses an Excel spreadsheet to track expenditures. The Parks, Fisheries, Engineering, and Operations and Construction – Apple Street divisions use only manual files to track expenditures.

Without complete and accurate records of vehicle expenditures, there is an increased risk of misuse or loss of State assets.

We recommend the Commission work with Administrative Services to develop a computerized system for tracking vehicle expenditures for all divisions.

Neb. Rev. Stat. § 81-1025 (Reissue 2008) states, “(2)(a) Each operator of a special-use vehicle as prescribed in section 81-1011 or a motor vehicle in which a state agency holds the title shall follow the policy and use the travel report form which shall be established by the director or designated head of the state agency owning such vehicle. The form shall include, but not be limited to, the name of the operator, the license number of the vehicle, the total daily mileage or total hours of daily operation, and any other information the director or designated head deems relevant... (3) Such travel reports shall be transmitted at the end of each month by every operator to the director or designated head of the operator's state agency, and such reports, after

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

review by the director or designated head of the agency, shall be retained by the agency except the travel reports on motor vehicles leased or rented from the transportation services bureau.” A good internal control plan requires that records be kept to ensure proper utilization of vehicles. Sound accounting practice requires that vehicles be monitored to ensure proper utilization and justification for ownership.

It was noted, the Commission did not have all of the mileage logs for three vehicles tested for the period July 1, 2007, through June 30, 2008.

During our attestation review for the period April 1, 2008, through March 31, 2009, we noted for the month of March 2009, one vehicle log was not completed for 41 vehicles tested and required to keep vehicle logs. This one vehicle log was noted at Eugene T. Mahoney SP.

By not maintaining all of the vehicle logs, there is the risk of noncompliance with State Statute plus the increased risk of possible loss or misuse of State property.

We recommend the Commission improve procedures to ensure all necessary vehicle logs be completed and maintained as required by State Statute.

*See Agency Response on pages 28-29.*

**14. Bulk Fuel**

Per the Commission’s Administrative Procedures for Bulk Fuel Purchase and Inventory, the difference between the beginning and ending meter readings should coincide with the total dispensed for the month shown on the Bulk Fuel Inventory Report. At the end of each month, a rod reading should be taken (actual balance). The rod reading is the ending balance on the current month’s form as well as the beginning balance for the next month’s form. The variance between the paper balance and the actual balance should be recorded each month on the Bulk Fuel Inventory Report.

Per the instructions on the Bulk Fuel Inventory Report, “The white copy of the form must be completed, signed, and returned by the 10<sup>th</sup> of the following month to the Budget and Fiscal Division.”

A good internal control plan requires reports be periodically compared with the actual readings in order to detect loss or misuse of fuel. Also, to account for all fuel used, the meter readings from the pump should coincide with the written log on the Bulk Fuel Inventory Report. Finally, handwriting must be legible to ensure an accurate calculation is made.

A good internal control plan also requires the completed Bulk Fuel Inventory Reports are reviewed and variances are investigated either at the park, in the Central Office, or both. Central Office should also verify that the reports submitted to them by the parks are completed timely and correctly.

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

During site visits we noted the following:

- Two of 25 monthly Bulk Fuel Inventory Reports tested were not completed correctly per the Commission's Administrative Procedures.
- Significant variances were noted on 9 of 25 Bulk Fuel Inventory Reports tested, ranging from 15 gallons to 73.4 gallons.
- For 5 of 25 reports tested, the "Total Dispensed for Month" was unable to be recalculated due to illegible handwriting.
- One of ten locations tested did not complete and submit the reports to the Central Office timely.
- The Bulk Fuel Inventory Reports were not consistently reviewed and the variances noted on the reports were not consistently investigated at the parks or in the Central Office. Additionally, Central Office did not verify that the reports are filled out correctly.

If the Bulk Fuel Inventory Reports are not legible, filled out correctly and reviewed by the parks, submitted to Central Office timely, and reviewed by Central Office, there is an increased risk of loss and misuse of the bulk fuel. Additionally, when the meter reading does not coincide with the written log or significant variances exist between the written log and the rod reading, the Commission is not accountable for the use of the fuel.

We recommend the following:

- the Commission update the current bulk fuel policy and distribute it to all bulk fuel operators. Reports should be submitted by the parks on or before the 10<sup>th</sup> day of the following month to the Central Office;
- Central Office review the Bulk Fuel Inventory Report variances to ensure they are correctly calculated, are reasonable, or are investigated if unreasonable; and
- all parks review and follow up on all significant variances between the physical tank reading and the written log to ensure that they can account for all fuel usage at the park. To do this, we recommend the rod reading, meter reading, and written log be compared on a weekly basis.

*See Agency Response on pages 28- 29.*

**15. Niobrara Council**

The Nebraska Legislature, in passing the Niobrara Scenic River Act (Act), codified as Neb. Rev. Stat. § 72-2004.01 through 72-2012 (Reissue 2003), created the Niobrara Council (Council) and established the Niobrara Council Cash Fund in the 2000 Legislative session. To meet the objective of the Act, the Council receives donations which are recorded in this cash fund, along with general funds appropriated by the legislature and Federal funds received from the Federal

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

government. For administrative and accounting purposes the State established the Council's cash and Federal fund under the Commission. Again, for administrative purposes, the Council's biannual budget submitted to the Nebraska Legislature is included in the Commission's biannual budget.

In reviewing the Commission's records related to the administration of the Council's records, we noted the following:

- All the financial activity of the Council was not recorded on the Nebraska Information System (NIS), the official State of Nebraska Accounting System. The Council submits copies of invoices/billings to the Commission on a periodic basis, usually monthly or quarterly. In turn the Commission makes payments-transfers to the Council in the amount of the invoices/billings. The detail transactions were not recorded in NIS but were recorded in separate records maintained by the Council. For the review period of April 1, 2008, through March 31, 2009, the Commission transferred \$50,000 in General funds, \$10,362 in cash funds, and \$109,513 in Federal funds to the Council.
- The Council is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). It further was determined by the Internal Revenue Service, the Council is not a private foundation within the meaning of Section 509(a) of the Code, but a government unit as described in Section 509(a)(1) and 170(b)(1)(A)(V).

Neb. Rev. Stat. § 81-1111 (1) (Reissue 2008) states, the "Director of Administrative Services; the Accounting Administrator shall have the authority to prescribe the system of accounts and accounting to be maintained by the state and its departments and agencies, develop necessary accounting policies and procedures, coordinate and approve all proposed financial systems, and manage all accounting matters of the state's central system." NIS is the official accounting system established by the State's Accounting Administrator. The State Accounting Administrator has reviewed the above statutes creating the Council and concluded there was enough ambiguity in the statutes that they could not determine whether or not the Niobrara Council is a State agency, and thus have chosen to leave it as it is currently, not a State agency.

Based on our research of the above Act and based on the fact that the Legislature approves the biennial appropriations of the Council, it appears the Council is part of the State of Nebraska, a State agency and should not have been established as a separate legal entity. If it is determined the Council should not be a separate legal entity, then the Council may not be in compliance with Neb. Rev. Stat. § 81-1111.

We recommend the Commission seek an Attorney General's opinion to determine the legal status of the Council.

*Agency's Response: We acknowledge we do not have written policies for every operational scenario and rely heavily on those of Administrative Services. During the development of our internal control plan over the next several months, we will examine some of the areas that may warrant more formalized agency-specific policies.*

NEBRASKA GAME AND PARKS COMMISSION  
ATTESTATION REVIEW

*With regard to the Niobrara Council, as we reported and the State Accounting Administrator concurred, there is no compelling reason to change the current operations. The fact that the Legislature appropriates the Council's budget as distribution of aid, and does not include PSL or other operating authority normally associated with a true state agency leads us to believe it is how they intend it to be.*

**Overall Conclusion**

We noted a lack of adequate controls and monitoring by the Commission with regard to Revenues and Expenditures. Without adequate controls and monitoring there is an increased risk of errors and irregularities occurring without being detected. In addition, we noted the following:

Revenues – there was a lack of good internal controls and processes over receipts, cash and permits, see Comment Numbers 1 and 3; deposits not being made timely in accordance with State Statute, see Comment Number 1; and a lack of segregation of duties and adequate recording over accounts receivable specifically at Eugene T. Mahoney SP, see Comment Number 2.

Fixed Assets – there was a lack of a good internal control plan regarding artifacts, livestock herds, and equipment maintained by the Commission, see Comment Numbers 4, 5, and 6.

Expenditures – there was no set maintenance or inspection schedule for State provided housing, see Comment Number 7; various issues identified regarding travel expenditures, see Comment Number 9; and a lack of legal review of contracts, see Comment Number 10.

Payroll – the Commission entered into a severance agreement with an employee, which is prohibited, see Comment Number 11.

We also noted a lack of comprehensive policies and procedures of the Commission which are not readily available to all employees, see Comment Number 12. When policies and procedures are not created, communicated, maintained, and monitored, there is an increased risk of loss or misuse of State funds. The lack of adequate policies and procedures can also add to the lack of adequate controls and monitoring of the Commission.

The APA staff members involved in this attestation review were:

Don Dunlap, CPA, Assistant Deputy Auditor  
Pam Peters, CFE, Auditor-in-Charge  
Diane Holtorf, Auditor  
Erica Kellogg, Auditor II  
Martin Adams, CFE, Auditor  
Kelli Roach, Auditor

If you have any questions regarding the above information, please contact our office.

NEBRASKA GAME AND PARKS COMMISSION  
CALENDAR YEAR 2008 PERMITS AND STAMPS SOLD

EXHIBIT A

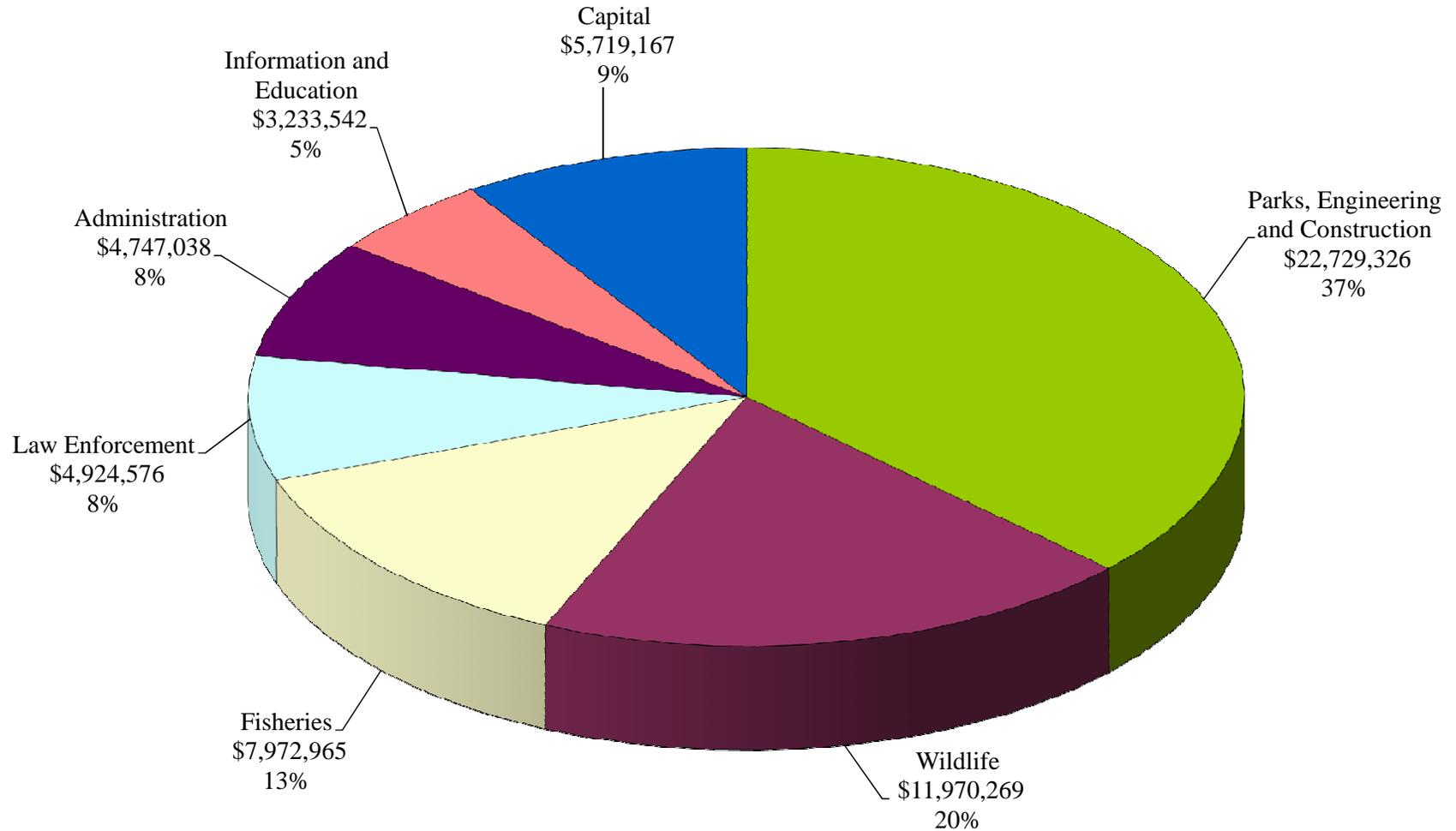
Permit or Stamp	2007	2008	% Change
Resident fishing	113,985	108,853	-5%
Resident hunting	42,310	36,883	-13%
Resident hunting/fishing	37,352	36,918	-1%
Resident hunting/fishing, veteran	1,702	2,374	39%
Resident hunting/fishing, senior	2,737	4,166	52%
Resident 1-day fishing	7,944	10,511	32%
Nonresident 1-day fishing	12,321	13,733	11%
Nonresident 2-day fishing	1,535	1,729	13%
Nonresident fishing	6,248	5,978	-4%
Nonresident hunting	16,863	14,265	-15%
Resident 3-day fishing	1,391	1,227	-12%
Nonresident 3-day fishing	10,723	8,131	-24%
Aquatic stamp	169,699	161,107	-5%
Migratory waterfowl stamp	37,405	35,833	-4%
Resident fur harvest	6,750	6,839	1%
Habitat stamp	136,454	136,697	0%
Annual park	137,223	131,109	-4%
Daily park	240,253	223,821	-7%
Duplicate park	51,944	48,655	-6%
Nonresident youth hunt	779	749	-4%
<b>TOTAL</b>	<b>1,035,618</b>	<b>989,578</b>	<b>-4%</b>
Lifetime hunting, fishing, stamp	2,721	4,229	55%
Total big game	176,458	178,175	1%
Total paddlefish	1,676	1,875	12%
<b>TOTAL Lifetime, big game, paddlefish</b>	<b>180,855</b>	<b>184,279</b>	<b>2%</b>
<b>TOTAL Permits, Stamps</b>	<b>1,216,473</b>	<b>1,173,857</b>	<b>-4%</b>

Note: This information and chart was obtained from the Nebraska Game and Parks Commission. The Commission issues an annual report on a calendar year basis.

NEBRASKA GAME AND PARKS COMMISSION  
MAJOR EXPENDITURE AREAS  
CALENDAR YEAR 2008

EXHIBIT B

Total 2008 Expenditures  
\$61,296,882

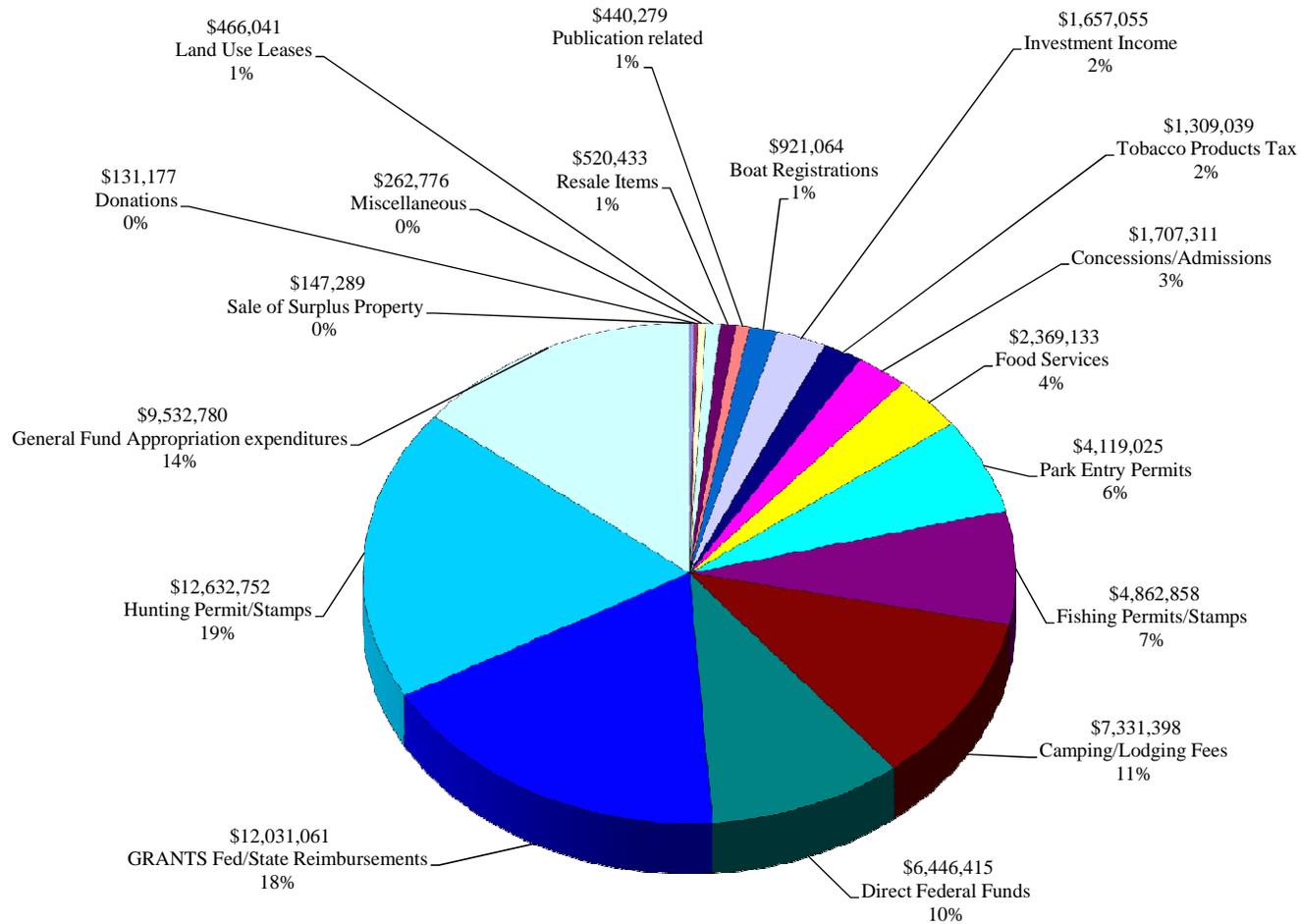


Note: This information and chart was obtained from the Nebraska Game and Parks Commission. The Commission issues an annual report on a calendar year basis; therefore, these expenditures will not agree with those in the attestation review because the period of review was April 1, 2008, through March 31, 2009.

NEBRASKA GAME AND PARKS COMMISSION  
**MAJOR REVENUE SOURCES**  
 CALENDAR YEAR 2008

**EXHIBIT C**

**Total 2008 Revenues**  
**\$66,887,887**



Note: This information and chart was obtained from the Nebraska Game and Parks Commission. The Commission issues an annual report on a calendar year basis; therefore, these revenues will not agree with those in the attestation review because the period of review was April 1, 2008, through March 31, 2009.

NEBRASKA GAME AND PARKS COMMISSION  
STATE PROVIDED HOUSING

EXHIBIT D

**Housing Provided to Parks Employees**

Name	Location	Job Description
Bailey, David	Calamus SRA	Park Superintendent
Bargar, Jeffrey	Rock Creek Station SHP	Park Superintendent
Blazek, Joseph	Ft Kearny SHP	Park Superintendent
Bogenreif, Patrick	Louisville SRA	Park Superintendent
Booth, Bill	Fremont SRA	Park Superintendent
Brandt, Wayne R	Rock Creek Station SHP	Park Superintendent
Burress, Diane	Bowring Ranch SHP	Park Superintendent
Carrick, Michael	Two Rivers SRA	Park Superintendent
Clymer, Mark A	Windmill SRA	Park Superintendent
Domeier, Jim	Ft Hartsuff SHP	Park Superintendent
Fields, Jeffrey J	Ponca SP	Park Superintendent
Fox, Randall J	Arbor Lodge SHP	Park Superintendent
Galbraith, Gregg W	Platte River SP	Park Superintendent
Grafford, Tyrel	Lake McConaughy SRA	Park Superintendent
Holliday, Kevin	Indian Cave SP	Park Superintendent
Holmberg, Daryl G	Lewis & Clark SRA	Park Superintendent
Homes, Thomas L	Dead Timber SRA	Park Superintendent
Hoskovec, Mike	Medicine Creek SRA	Park Superintendent
Hunt, Eugene	Ft Kearny SHP	Park Superintendent
Johanson, Nikolaus	Red Willow SRA	Park Superintendent
Kelly, Wayne	Johnson Lake SRA	Park Superintendent
Kemper, Stephen	Buffalo Bill SHP	Park Superintendent
Kinnamon, David	Chadron SP	Park Superintendent
Kries, Karen	Mormon Island SRA	Park Superintendent
Lemmon, John E	Smith Falls SP	Park Superintendent
Martin, Kenneth C	Sherman SRA	Park Superintendent
McCoy, Rodney P	Nine Mile WMA	Groundskeeper Leader
McKeehan, Russ	Wildcat Hills SRA	Park Superintendent
Miller, James D	Ft Robinson SP	Park Superintendent
Morava, Michael	Ft Robinson SP	Park Superintendent
Morris, Billy L	Ponca SP	Park Superintendent
Morrison, Thomas B	Branched Oak SRA	Park Superintendent
Motacek, Thomas	Niobrara SP	Park Superintendent
Oligmueller, William	Mahoney SP	Park Superintendent
Rettig, Mark L	Niobrara SP	Park Superintendent
Riggins, Aric	Buffalo Bill SHP	Park Superintendent
Schmidt, Brian L	Mahoney SP	Park Superintendent
Slader, John	Ft Atkinson SHP	Park Superintendent
Sutherland, Daniel J	Willow Creek SRA	Park Superintendent
Sykes, Roger	Platte River SP	Park Superintendent
Thorton, Daniel W	Lake Minatare SRA	Park Superintendent
Uhrich, Jeffrey S	Ash Hollow SHP	Park Superintendent

(Continued)

NEBRASKA GAME AND PARKS COMMISSION  
STATE PROVIDED HOUSING

EXHIBIT D

**Housing Provided to Parks Employees**

<b>Name</b>	<b>Location</b>	<b>Job Description</b>
West, Graham M	Mahoney SP	Park Superintendant
Wilkie, Russ J	Victoria Springs SRA	Park Superintendant
Vacant	Arbor Lodge SHP	Converted to Office
Vacant	Ash Hollow SHP	Vacant since 1998
Vacant	Chadron SP	Vacant since April 2007
Vacant	Fremont SRA	Vacant since May 2008
Vacant	Ft Hartsuff SHP	Vacant since June 2008
Vacant	Lake McConaughy SRA	Vacant since 2006
Vacant	Lake McConaughy SRA	Converted to Work Room
Vacant	Schramm Park SRA	Vacant since 1998
Vacant	Schramm Park SRA	Vacant since 1985
Vacant	Swanson SRA	Vacant since 2002
Vacant	Two Rivers SRA	Vacant since May 2009
Vacant	Two Rivers SRA	Vacant since 1997

**Housing Provided to Fisheries Employees**

<b>Name</b>	<b>Location</b>	<b>Job Description</b>
Brunken, Brett	Calamus Hatchery	Fish Production Manager
Burrell, Clint	Rock Creek Hatchery	Conservation Technician II
Cassidy, Joe	Grove Trout Rearing Station	Fish Culturist/Supervisor
Coates, Gerald	Rock Creek Hatchery	Fish Culturist/Supervisor
Graham, Doug	Valentine Hatchery	Fish Culturist/Supervisor
Higgins, Dirk	North Platte Hatchery	Fish Production Manager
Kapke, Doug	Calamus Hatchery	Fish and Wildlife Program Manager
Korth, Tony	Ak-Sar-Ben Aquarium	Aquarium Director
Schlitter, Nikki	North Platte Hatchery	Fish Culturist/Supervisor
Walker, Hal	Rock Creek Hatchery	Fish Production Manager
Wilhelm, Steve	Grove Trout Rearing Station	Fish Production Manager

**Housing Provided to Wildlife Employees**

<b>Name</b>	<b>Location</b>	<b>Job Description</b>
Conn, Jim	Myrtle Hall WMA	Employee of Pheasants Forever through Cooperative Agreement
Hamer, Russ	Oak Valley WMA	Fish and Wildlife Biologist
Knox, Richard	Cornhusker WMA	Fish and Wildlife Biologist
Remund, Mike	Osage WMA	Fish and Wildlife Biologist
Seitz, Brad	Meridian WMA	Fish and Wildlife Biologist
Vacant	Peterson WMA	Vacant since July 2008

**Housing Provided to Administrative Employees**

<b>Name</b>	<b>Location</b>	<b>Job Description</b>
Kuhn, Roger	Mahoney SP	Assistant Director, Parks

See related Comment Number 7.

(Concluded)

NEBRASKA GAME AND PARKS COMMISSION  
UNLOCATED FIXED ASSET LISTING

EXHIBIT E

Tag Number	Description	Date Acquired	Total Cost
33e52113	1986 EKMAN DREDGE	12/31/1986	\$ 301
33h40268	USED ALUMINUM CANOE,17'(BOR 60	1/25/1991	300
33h40275	USED ALUMINUM CANOE(BOR 60569)	1/25/1991	300
33h40464	CANOE; 1997 OSAGIAN STANDARD A	12/31/1997	472
33H851191	1992 REACH-IN FREEZER, TRAUlse	12/31/1992	5,312
33D882624	COMPUTER- 1998 GATEWAY SOLO	12/31/1998	4,682
33H882742	COMPUTER- 1999 GATEWAY E4200 4	12/31/1999	2,376
33H882898	COMPUTER-2001 GATEWAY E4600 XL	12/31/2001	3,598
33H531212	HOMEMADE FORE CART W/3 WHEELS	1/28/1991	400
33H161330	SNOWFLOW- 2002 WESTERN	12/31/2002	2,656
33D882938	COMPUTER- 2001 GATEWAY E3400 S	12/31/2001	1,798
33D531054	LIC 85742 1985 S & S FLATBED T	1/25/1985	2,000
33D531055	LIC 85741 1985 S & S FLATBED T	1/25/1985	2,000
33O881347	ROUTER; WELLFLEET W/1 ETHERNET	12/31/1994	3,132
33D60487	1979 REVOLVER MDL RG-23	12/31/1979	144
33D60488	1979 REVOLVER MDL RG-23	12/31/1979	144
33D60658	1988 SINGLE SHOT SHOTGUN	12/31/1988	70
33a40223	1978 ALUMACRAFT QUETICO 17' AL	12/31/1978	291
33a40230	1979 ALUMACRAFT QUETICO ALUM C	12/31/1979	324
33A63839	MONOCULAR- 2002 ITT	10/8/2002	2,019
33B21621	1990 BYERS SLIDE MOUNTER	12/31/1990	4,100
33B882369	COMPUTER;1997 GATEWAY S5-120 M	12/31/1997	2,328
33b882547	COMPUTER- 1998 GATEWAY	12/31/1998	1,918
33b882604	COMPUTER;1998 GATEWAY E3100-30	12/31/1998	2,066
33A883255	COMPUTER- 2005 GATEWAY	11/4/2005	2,232
33D70513	FISHERBIOTECH DNA SEQ.SYS W/SE	12/31/1995	2,526
33e881578	DIGITIZER; 1994 DNA SEQ	12/31/1995	4,575
33e882925	COMPUTER- 2001 GATEWAY E4600 S	12/31/2001	1,887
33E47453	1991 FISH DISTR TANK FOR PICKUP	12/31/1991	6,665
33e882772	COMPUTER- 1999 GATEWAY E4200/4	12/31/1999	1,788
33H14090	1971 HECKENDORN MOWER,36,GREY	12/31/1971	920
33H14091	1971 HECKENDORN MOWER,88 IN	12/31/1971	2,342
33D531508	LOADER- 1999 MASSEY FERGUSON	12/31/1999	5,242
33D882937	COMPUTER- 2001 GATEWAY E3400 S	12/31/2001	1,798
33H99775	HORSE;10YR OLD;PAINT GELDING;	10/16/1997	2,000
33H12074	LIC 4233 1969 CHEV FLATBED TRU	1/28/1969	3,723
33A17816	SUV(G)-2 007 FORD EXPEDITION	4/2/2007	24,840
33D52147	1992 DUAL 200 LOADER	12/31/1992	2,500
33J15031	1972 VERMEER 18 IN.TREE SPADE	12/31/1972	2,200
33J15032	TREE SPADE- 1975 VERMEER 44 IN	12/31/1975	10,896
33J15038	1978 VERMEER TS44A TREE SPADE	12/31/1978	11,400
33D882534	COMPUTER;1998 GATEWAY	12/31/1998	1,760

(Continued)

NEBRASKA GAME AND PARKS COMMISSION  
UNLOCATED FIXED ASSET LISTING

EXHIBIT E

Tag Number	Description	Date Acquired	Total Cost
33E19165	1988 HONDA 4-WHEEL ATV,TRX300F	12/31/1988	\$ 2,893
33D881318	(COMPUTER)1993 DELL 466/MX W/4	1/6/1994	2,850
33D881725	PRINTER;1995 HEWLETT PACKARD	12/31/1995	1,876
33D881910	MONITOR; 1995 NEC MULTISYNC XP	12/31/1995	2,200
33A60812	1992 GLOCK SEMI-AUTO PISTOL,MD	12/31/1993	375
33E47132	1980 COFFELT VARIABLE VOLTAGE	12/31/1980	2,450
33D883034	COMPUTER- 2002 GATEWAY LAPTOP	12/31/2002	2,639
33E883229	PRINTER- 2005 HEWLETT PACKARD	6/29/2005	1,957
33D881960	COMPUTER-1996 COMPAQ	3/4/1996	2,615
33D882769	COMPUTER- 1999 GATEWAY E4200 3	12/31/1999	2,028
33D882782	COMPUTER- 1999 GATEWAY	12/31/1999	1,849
33D882856	COMPUTER- 2000 GATEWAY E3200	12/31/2000	1,814
33D882940	COMPUTER- 2001 GATEWAY SOLO SL	12/31/2001	3,419
33D882945	COMPUTER- 2001 GATEWAY SOLO 53	12/31/2001	3,204
33F882222	COMPUTER - 1996 IBM P100	9/20/1996	1,554
33F882463	COMPUTER- 1998 GATEWAY	12/31/1998	1,838
33E882947	COMPUTER- 2001 GATEWAY SOLO 95	12/31/2001	3,546
33F882908	COMPUTER- 2001 GATEWAY	12/31/2001	1,848
33F883243	COMPUTER- 2005 GATEWAY	9/20/2005	1,882
33F883244	COMPUTER- 2005 GATEWAY	9/20/2005	1,882
33H882115	COMPUTER; 1996 IBM P-75 W/850H	12/31/1996	1,720
33E883226	COMPUTER- 2005 GATEWAY	6/29/2005	1,620
33H90463	1988 1685 GAL CROSSLINKED POLY	12/31/1988	2,060
33U21854	PROJECTOR- 2003 EPSON	4/16/2003	2,349
33G882259	COMPUTER;1996 GATEWAY P5-100 M	12/31/1996	1,541
33H883073	COMPUTER- 2003 GATEWAY	12/17/2002	2,819
33E19135	1982 HONDA ATC185 ALL TERRAIN	12/31/1982	1,089
			<b>\$ 189,942</b>

Note: This listing includes items reported missing (not stolen) from the most recent agency-wide inventory conducted in 2008; items not marked as located or not located during the 2008 inventory and for which there was no indication of any follow up; a separate file maintained by the Commission of items formally reported missing in various stages of the process; and items discovered missing during the 2009 attestation review testing. See related Comment Number 5.

(Concluded)