

**STATE OF NEBRASKA  
ATTESTATION REVIEW  
OF THE  
NEBRASKA WORKERS' COMPENSATION COURT  
JULY 1, 2007 THROUGH JUNE 30, 2008**

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**Issued on March 6, 2009**

NEBRASKA WORKERS' COMPENSATION COURT  
ATTESTATION REVIEW

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# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## Independent Accountant's Report

Citizens of the State of Nebraska:

We have reviewed the Expenditures, Revenues, Payroll, Capital Assets, and the disposition of prior findings of the Nebraska Workers' Compensation Court for the period July 1, 2007, through June 30, 2008. The Nebraska Workers' Compensation Court's management is responsible for the Expenditures, Revenues, Payroll, Capital Assets, and the disposition of prior findings. Management did not provide us a written assertion regarding such matters.

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, Revenues, Payroll, Capital Assets, and the disposition of prior findings. 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, Revenues, Payroll, Capital Assets, and the disposition of prior findings 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 Workers' Compensation Court's Expenditures, Revenues, Payroll, Capital Assets, and the disposition of prior findings 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 Nebraska Workers' Compensation Court's Expenditures, Revenues, Payroll, Capital Assets, and the disposition of prior findings 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*.

This report is intended solely for the information and use of the Citizens of the State of Nebraska, management of the Nebraska Workers' Compensation Court, others within the Nebraska Workers' Compensation Court, and the appropriate Federal and regulatory agencies; however, this report is a matter of public record, and its distribution is not limited.

Signed Original on File

Mike Foley  
Auditor of Public Accounts

February 10, 2009

Signed Original on File

Timothy J. Channer, CPA  
Assistant Deputy Auditor

NEBRASKA WORKERS' COMPENSATION COURT  
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**Background**

Nebraska Workers' Compensation Court (Court) was created in 1935 and has original jurisdiction in the adjudication of cases arising under the Nebraska Workers' Compensation Act. The Court is comprised of seven judges appointed by the Governor, who remain on the bench for successive six-year terms upon approval of the electorate. Every two years, one of the judges is elected as Presiding Judge by the judges of the Court, subject to approval of the Supreme Court. Four judges are located in Lincoln and three judges are located in Omaha. Judges travel to any county in the State where an accident occurred to hear a disputed case. A case is first heard by a single judge and, if appealed, the case is then heard by a review panel of three judges of the Court. For administrative purposes, the judges and staff of the Court are organized into two operating divisions and eight operating sections. The adjudication division, under the direction of the Presiding Judge, includes the judges, the Office of the Clerk of the Court, and the Judicial Support Section. The Administration Division, under the direction of the Court Administrator, includes the remaining operating sections identified below:

**Office of the Clerk of the Court** – receives court filings, docket cases, corresponds with the parties, and issues opinions of the Court.

**Judicial Support** – schedules hearings and motions, issues opinions of the Court, and provides administrative and secretarial support for the judges of the Court.

**Administration** – responsible for business, financial, and personnel functions of the Court, administers the Second Injury program, and conducts data collection programs for work related injuries, illnesses, and fatal injuries pursuant to two Federal grants.

**Legal** – reviews settlement applications, conducts mediation conferences to facilitate informal resolution of disputes, informs injured workers, employers, and others of their rights and obligations under the law, provides legal advice to Court staff, and monitors legislation for potential impact on the workers' compensation system.

**Coverage and Claims** – monitors compliance with workers' compensation laws, and administers programs for self-insurance, managed care, independent medical examiners, and medical cost containment.

**Vocational Rehabilitation** – reviews, approves, and monitors vocational rehabilitation plans and trust fund payments, certifies and appoints vocational rehabilitation service providers.

**Public Information** – receives and processes reports of injury and benefit payments, responds to record requests, maintains a toll-free information line, maintains the Court's website, and develops publications and educational workshops.

**Information Technology** – develops and maintains the Court's computer network, programs, databases, and assists other Court sections in meeting their goals through the use of technology.

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**Compensation Court Cash Fund Number 23730** – The Compensation Court Cash Fund provides for the expense of administering the Nebraska Workers' Compensation Act and for the payment of the salaries and expenses of the personnel of the Nebraska Workers' Compensation Court. The fund was established in 1993 and replaced the use of general funds. The fund is financed by assessments against workers' compensation insurers, risk management pools, and self-insured employers. Contributions to the fund abate for one year whenever the balance of the fund equals or exceeds three times the amount expended and encumbered in the fiscal year just ending. The Nebraska Legislature appropriates a specific sum each year for operations of the Nebraska Workers' Compensation Court, to be funded from the Compensation Court Cash Fund.

**Workers' Compensation Statistics Fund Number 43710** – The Court conducts a survey of work-related injuries and illnesses and a data collection program for fatal injuries pursuant to a grant from the U.S. Department of Labor—Bureau of Labor Statistics (BLS). Expenses for administering these two Federal grants are split 50/50 between the State of Nebraska and BLS. The State share of expenditures is charged against the Compensation Court Cash Fund - 23730, and the Federal share is charged against the Workers' Compensation Statistics Fund - 43710. Federal monies are requested on a monthly basis and deposited into the Workers' Compensation Statistics Fund. The Nebraska Legislature appropriates a specific sum each year for expenditures from the Workers' Compensation Statistics Fund.

**Workers' Compensation Trust Fund Number 63730** – The Workers' Compensation Trust Fund was established July 1, 2000, as part of 2000 Neb. Laws LB 1221. The purpose of the fund is to make second injury benefit payments in accordance with Neb. Rev. Stat. § 48-128 (Reissue 2004) and vocational rehabilitation benefit payments in accordance with Neb. Rev. Stat. § 48-162.01 (Reissue 2004). Prior to July 1, 2000, second injury benefits were paid from the Second Injury Fund and vocational rehabilitation benefits were paid from the Vocational Rehabilitation Fund. These two funds were eliminated with the creation of the Workers' Compensation Trust Fund on July 1, 2000. The Workers' Compensation Trust Fund is financed by assessments against workers' compensation insurers, risk management pools, and self-insured employers. Assessments are made whenever the fund is projected to go below the statutory minimum level.

See the Exhibit – Schedule of Expenditures for the expenditure activity of the Workers' Compensation Court for fiscal year 2008.

**Criteria**

The criteria used in this attestation review were Nebraska State Statutes, Nebraska Rules and Regulations, Nebraska Accounting Manual requirements, Nebraska Information System (NIS) requirements, and Court Policies and Procedures.

**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, Revenues, Payroll, Capital Assets, and the disposition of prior findings for the period July 1, 2007, through June 30, 2008, in accordance with standards applicable to attestation engagements contained in *Government Auditing*

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*Standards* issued by the Comptroller General of the United States. The APA's attestation review consisted of the following procedures:

1. Reviewing internal controls over Expenditures, Revenues, Payroll, and Capital Assets.
2. Analytical procedures were completed for Expenditures, Payroll, and Revenue accounts.
3. Detail testing of travel, aid, and other expenditures.
4. Reviewing contracting procedures.
5. Testing journal entry and negative account transactions for Expenditures and Revenues.
6. Testing self insured assessments.
7. Testing appropriations and spending authority.
8. Testing judges' salary limitations.
9. Testing leave earnings, usage, and balances.
10. Testing of labor distribution.
11. Testing of employment terminations payments.
12. Follow up of prior findings.

**Summary of Results**

No findings and recommendations were noted.

**Overall Conclusion**

Nothing came to our attention that caused us to believe the Expenditures, Revenues, Payroll, Capital Assets, and the disposition of prior findings are not presented correctly, in all major respects.

The APA staff members involved in this attestation review were:

Timothy J. Channer, CPA, Assistant Deputy Auditor  
Sara Trumbo, Auditor II  
Jeremy Rasmussen, Auditor

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

NEBRASKA WORKERS' COMPENSATION COURT  
 ATTESTATION REVIEW  
**SCHEDULE OF EXPENDITURES**  
 For the Fiscal Year Ended June 30, 2008

**EXHIBIT**

	Compensation Court Cash Fund 23730	Workers' Compensation Fund 43710	Workers' Compensation Trust Fund 63730	<b>Totals (Memorandum Only)</b>
EXPENDITURES:				
Personal Services	\$ 3,425,368	\$ 33,550	\$ -	\$ 3,458,918
Operating	717,500	40	145	717,685
Travel	60,233	-	-	60,233
Capital Outlay	38,786	-	-	38,786
Government Aid	-	-	1,270,756	1,270,756
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,241,887</b>	<b>\$ 33,590</b>	<b>\$ 1,270,901</b>	<b>\$ 5,546,378</b>