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In connection with the Comprehensive Annual Financial Report (CAFR) and our Federal Office of Management and Budget (OMB) Circular A-133 audit (Single Audit) of the State of Nebraska for the fiscal year ended June 30, 2010, we performed testing of the Eastern Nebraska Office on Aging (ENOA), a subrecipient of the Nebraska Department of Health and Human Services (Agency).

We noted certain internal control or compliance matters related to the activities of the ENOA or other operational matters that are presented below. The comments and recommendations, which have been discussed with the appropriate individuals of ENOA and the Agency's management, are intended to improve internal control or result in other operating efficiencies. The issues for the Aging Cluster will also be reported in the State of Nebraska's Statewide Single Audit Report Schedule of Findings and Questioned Costs.

The Agency and ENOA were provided the opportunity to respond to the comments and recommendations included in this letter, and their formal responses have been incorporated into this letter. Responses by the Agency and ENOA have been objectively evaluated and recognized; however, responses that indicate corrective action has been taken were not verified at this time by the Auditor of Public Accounts (APA), but will be verified in the next audit.

The following are our comments and recommendations related to the Agency and ENOA.

1. Lack of Eligibility Procedures

ENOA's operations are funded by Federal and State awards, County funds, private donations and grants, client contributions, and other sources. The primary Federal funding is through the Older

Americans Act of 1965 (Act). During testing, we noted ENOA lacked policies and procedures to ensure eligibility criteria were met in accordance with the Act, as follows:

- Title III of the Act required ENOA to provide benefits and services to older individuals with the greatest economic and social needs. The Act further defined “older individual” as an individual who was 60 years of age or older. However, ENOA did not perform verification procedures or obtain a signed self declaration to ensure age requirements were met.
- Additionally, Title III, Part E, the National Family Caregiver Support Program, is to provide services to family caregivers and grandparents or older individuals who are relative caregivers. According to § 372(a)(2), The term “grandparent or older individual who is a relative caregiver” means “a grandparent or step-grandparent of a child, or a relative of a child by blood, marriage, or adoption who is 55 years of age or older and (A) lives with the child; (B) is the primary caregiver of the child because the biological or adoptive parents are unable or unwilling to serve as the primary caregiver of the child; and (C) has a legal relationship to the child, as such legal custody or guardianship, or is raising the child informally.” However, ENOA lacked policies and procedures to verify the caregivers met the criteria outlined in the Act in order to be eligible for services.
- Furthermore, ENOA lacked policies and procedures to ensure client social security numbers were accurate in the Nebraska Aging Management Information System (NAMIS). We received a file from the Agency, totaling 23,115 clients recorded in NAMIS, and noted 1,469 clients’ social security numbers were invalid according to Social Security Administration records. Additionally, 23 of 400 deceased clients tested had an inaccurate social security number, as the clients’ information on file did not agree to the Social Security Administration records.

Without adequate policies and procedures to ensure individuals meet the requirements of the Act, there is an increased risk services will be provided to individuals who do not qualify for Federal and State services. Furthermore, without accurate social security numbers in NAMIS, there is no assurance case files are for valid clients, as a lack of verification procedures increases the risk a case worker or an Area Agency on Aging (AAA) could set up a fraudulent client and receive reimbursement from the Agency for fraudulent billings.

We recommend the Agency implement policies and procedures to ensure each AAA, including ENOA, is performing verification procedures for services provided with Federal and State awards.

ENOA’s Response: Under the majority of the programs funded by the Older Americans Act that are designed for persons 60 years of age or older there has never been a requirement for age verification other than self declaration. For individual programs such as Homemaker, Handyman, Life Line, Home Delivered Meals, individual information is obtained which includes date of birth for data purposes to enter the information into NAMIS. ENOA will defer to the State Unit on Aging in the Nebraska Department of Health and Human Services for further guidance on how to comply with this directive. ENOA will develop written policies and procedures to verify the caregivers meet the criteria outlined in Title III Part E, 372(a) (2), of the Older Americans Act.

The Nebraska Management Information System, NAMIS, requires a social security number to enter information on individuals for data purposes. However there has not been a requirement, in most programs, for those receiving services to provide a social security number. In situations where the individual refuses to provide a social security number then NAMIS auto assigns a number. ENOA will defer to the State Unit on Aging in the Nebraska Department of Health and Human Services for further guidance on how to comply with this directive.

2. Care Management

A good internal control plan and sound business practice require procedures to ensure documentation is contained in case files to support hours billed for work performed. Furthermore, a good internal control plan requires supervisory reviews to ensure policies and procedures are adhered to.

The APA received a complaint regarding the billings of an ENOA care manager. Therefore, we performed detailed testing for fiscal years ended June 30, 2009, and June 30, 2010, to verify billings were properly supported in the client case files of the care manager identified.

Care management billings were submitted and reimbursed by the State at a rate of \$54 per hour. During discussions with ENOA staff, we were informed supervisory reviews were not performed, or not performed consistently, during the period tested. Therefore, care management staff was able to record hours billed to clients in NAMIS, but there were no procedures to verify or document whether services were actually provided.

We noted 27 of 28 clients tested did not have adequate support in the case file for 101.5 hours billed, totaling \$5,481. Of the 27 clients, 7 client files could not be located by ENOA for a total of 27.5 hours or \$1,485. Furthermore, 9 of the clients were deceased and had billings after the date of death totaling 24.25 hours or \$1,310. Additionally, there was no documentation in the case files to support the hours billed to the State after the date of death.

We performed further testing of five client case files for five different ENOA care managers for the fiscal year ended June 30, 2010. We noted two of five clients tested did not have adequate support in the case files for a total of one billed hour or \$54.

Without adequate supporting documentation on file and supervisory reviews to ensure documentation in the case files is adequate, there is an increased risk for misuse of State funds.

We recommend the Agency strengthen monitoring procedures for subrecipients of State funds and implement guidance for appropriate documentation in case files for each AAA, including ENOA.

ENOA's Response: ENOA agrees that adequate documentation must be on file and supervisory reviews ensure that documentation in case files is adequate. ENOA reorganized the Care Management program and developed a detailed Care Management Plan of Operation that provides for strengthening the provisions of oversight, monitoring and quality assurances. A Quality Assurance coordinator was hired and supervisory case reviews are required. Additional

steps include a check list of what should be contained in a case file and they are reviewed regularly as provided in the Plan of Operation. The Governing Board of the Eastern Nebraska Human Services Agency reviewed and approved this plan at their November 10, 2010 Board meeting. Following that approval the Plan of Operation was sent to the State Unit on Aging in the Nebraska Department of Health and Human Services.

3. Deceased Client Billings

A good internal control plan requires policies and procedures to ensure services cease upon the death of clients, and supervisory reviews are performed to ensure policies and procedures are adhered to.

We noted 74 of 1,100 clients selected from NAMIS were deceased with billings after the date of death. Of the 74 deceased clients, 64 had billings recorded in NAMIS during the month of death, and 21 had billings in the months following the date of death. We noted the following:

Four of 64 client billings recorded in NAMIS, during the month of death, did not appear reasonable, as meals were served or delivered after the clients' date of death. For instance, one individual's date of death was August 10, 2009, and congregate meals were recorded in NAMIS for August 14 and August 28, 2009, after the date of death. Below is a summary of the billings that appear unreasonable:

Date of Death	Service Dates in NAMIS	Services Provided	Total Units Recorded	Unreasonable Units Recorded	Billing Rate	Unreasonable Totals
12/14/2005	December 2005	Congregate Meals	13 meals	3 meals	\$ 2.33	\$ 6.99
2/7/2007	February 2007	Congregate Meals	19 meals	14 meals	\$ 2.793	\$ 39.10
8/10/2009	August 2009	Congregate Meals	2 meals	2 meals	\$ 3.10	\$ 6.20
6/12/2010	June 2010	Home Delivered Meals	22 meals	12 meals	\$ 3.10	\$ 37.20
Total Unreasonable Billings Recorded in NAMIS						\$ 89.49

Six of 21 clients had billings recorded during months following the date of death that did not appear reasonable, as follows:

Date of Death	Service Dates in NAMIS	Services Provided	Total Units Recorded	Unreasonable Units Recorded	Billing Rate	Unreasonable Totals
3/27/2001	December 2001	Health Clinic	1 clinic	1 clinic	\$ 29.30	\$ 29.30
2/9/2002	October 2002	Chore	1 hour	1 hour	\$ 35.00	\$ 35.00
12/28/2002	January 2003	Home Delivered Meals	2 meals	2 meals	\$ 2.27	\$ 4.54
3/20/2008	April 2008	Emergency Response System	1 month	1 month	\$ 17.00	\$ 17.00
	May 2008	Emergency Response System	1 month	1 month	\$ 17.00	\$ 17.00
6/12/2008	September 2008	Homemaker	6 hours	6 hours	\$ *17.00	\$ *102.00
6/12/2010	July 2010	Home Delivered Meals	2 meals	2 meals	\$ 3.10	\$ 6.20
Total Unreasonable Billings Recorded in NAMIS						\$ 211.04

* The individual had six hours of Homemaker services recorded in NAMIS; however, the billing from the provider for the service month recorded in NAMIS did not include the individual. Therefore, it is unknown if the hours recorded in NAMIS were billed.

We performed further testing of deceased individuals with services recorded in NAMIS after the date of death and noted 11 of 239 deceased clients had services recorded in NAMIS after the date of death that did not appear to be reasonable, as follows:

Date of Death	Service Dates in NAMIS	Services Provided	Total Units Recorded	Unreasonable Units Recorded	Billing Rate	Unreasonable Totals
12/6/1998	July 2001	Home Delivered Meals	12 meals	12 meals	\$ 2.23	\$ 26.76
	August 2001	Home Delivered Meals	14 meals	14 meals	\$ 2.23	\$ 31.22
	September 2001	Home Delivered Meals	11 meals	11 meals	\$ 2.23	\$ 24.53
	October 2001	Home Delivered Meals	13 meals	13 meals	\$ 2.23	\$ 28.99
	November 2001	Home Delivered Meals	2 meals	2 meals	\$ 2.23	\$ 4.46
	January 2002	Care Management	3 hours	3 hours	\$ 53.23	\$ 159.69
7/24/2002	November 2005	Health Clinic	1 clinic	1 clinic	\$ 30.00	\$ 30.00
8/18/2003	January 2005	Care Management	1.5 hours	1.5 hours	\$ 48.61	\$ 72.92
	February 2007	Care Management	0.25 hours	0.25 hours	\$ 53.05	\$ 13.26
1/31/2005	January 2008	Health Clinic	1 clinic	1 clinic	\$ 32.00	\$ 32.00
9/13/2005	November 2006	Home Delivered Meals	27 meals	27 meals	\$ 2.793	\$ 75.41
11/28/2005	June 2006	Access Assistance - III E	2.5 hours	2.5 hours	***	***
1/17/2006	April 2007	Adult Day Care	12 hours	12 hours	**	**
6/4/2010	July 2010	Counseling - III E	1 hour	1 hour	***	***
	September 2010	Counseling - III E	1 hour	1 hour	***	***
Total Unreasonable Billings Recorded in NAMIS						\$ 499.24

** The individual had 12 hours of Adult Day Care recorded in NAMIS; however, the billing from the provider for the service month recorded in NAMIS did not include the individual. Therefore, it is unknown if the hours recorded in NAMIS were ever billed or what rate they would have been billed at, as each individual was charged at different rates.

*** These services were provided by an ENOA employee. The employee's salary was reimbursed by the Agency with Federal funding. As Access Assistance and Counseling are group services, there was no rate associated specifically with the services recorded to the individual tested. Therefore, we were unable to determine an unreasonable amount.

Without adequate policies and procedures to ensure services are accurately reflected in NAMIS, and services cease upon death, there is an increased risk service providers and an AAA, including ENOA, will bill and be reimbursed for services not provided.

We recommend the Agency strengthen monitoring procedures for subrecipients of Federal and State funds and ensure each AAA, including ENOA, are performing adequate procedures to ensure services are not billed past the date of death.

ENOA's Response: ENOA concurs that Policies, Procedures and ongoing training will be developed to help alleviate potential inappropriate billings for deceased clients. ENOA also understands that due to the volume of information being entered in NAMIS human error can occur and that steps need to be taken to mitigate that from happening.

In the Congregate Meals program a print out listing of potential attendees, and those who attended in the past, are prepared. Each day they attend, a corresponding box next to their name is checked. The Center Managers in the stated cases must have checked the wrong box. A meal would have been provided that day, but to another individual whose attendance would have not been recorded. This has been reviewed with all the Center Managers to ensure they check

the correct attendees and a policy will be established to require that upon notification of a participant's death that the remaining days left in that month be block off for that individual to prevent similar mistakes. We have the same assumption in the Health Clinic cases listed for 2001 and 2008.

In the Home Delivered Meals program if ENOA is not notified by 9:00 AM the day of scheduled delivery, then the meal is delivered. If an individual is scheduled to receive a weekend meal, and passes away before the weekend, then the meal is counted. A situation can occur that the family where the meal is delivered could accept that meal until such time ENOA finds out the person for whom the meal was intended has passed away. Because of the volume of meals, the ENOA receptionist reviews the obituaries in the Omaha World Herald each morning in an attempt to identify deceased individuals in the program, and that information is delivered to the Home Delivered Meals staff. However, not everyone gets listed in the obituaries, including those outside metro Omaha. A request has been made to determine whether ENOA can access the State of Nebraska's Death Match to match against active clients.

The instances listed for Homemaker and Adult Day Care show the entry in NAMIS, but if the service was not billed then the service was not provided. This is an error by whoever entered the data into NAMIS, not a billing for a service to a deceased client.

In the Emergency Response System (Life Line), if ENOA is not notified by the family of a person's passing, then the billing for the month would occur until such time as ENOA discovered the death and had the equipment removed. Additional measures need to be developed that assure the family understands they are responsible for returning the equipment as soon as possible after the passing.

In the Care Management program it is appropriate to bill for closing a case after a client is deceased, we do not know if this was the case for those listed.

APA's Response: For home delivered meal testing, units were not considered unreasonable for the day the individual passed away or for weekend meals scheduled immediately following the date of death. Furthermore, all care management exceptions noted were over one to three years after the individual passed away; therefore, they did not appear reasonable. If the care management occurred within six months of the date of death, the units were not included as errors.

4. Credit Card Expenditures

OMB Circular A-87, Attachment A - General Principles for Determining Allowable Costs, § A.2.a, states, in part: "The application of these principles is based on the fundamental premises that: (1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices. (2) Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award." Section C.1. states, "To be allowable under Federal awards, costs must meet the following general criteria: a. Be necessary and reasonable...j. Be adequately documented."

Furthermore, a good internal control plan requires adequate documentation to support expenditures and to ascertain whether expenses are reasonable, necessary, and allowable.

We performed detailed testing of purchases made during the fiscal year ended June 30, 2010, with four ENOA credit cards, as well as the personal credit card of the formal Fiscal Officer used for ENOA purchases. We tested a total of 341 credit card transactions and noted 171 transactions did not have detailed receipts on file to support the items purchased, and 83 transactions with receipts did not appear to be, or lacked adequate documentation to determine whether they were, reasonable or necessary. Additionally, 164 transactions were not approved by a second individual, and one credit card statement, for \$57, was unable to be located by ENOA. The total errors noted, due to lack of detailed support or reasonableness, amounted to \$24,793, and were paid for with Federal, State, County, and other funds.

There were several questionable payments made to vendors, mainly by the former Executive Director. We were unable to determine if the purchases were reasonable or necessary, as many of the payments lacked receipts or documentation of the items purchased, as follows:

Vendor	Amount	Description
Bath & Body Works	\$ 70	The purchase was charged on the former Executive Director's card. No receipt or documentation was on file.
Bed Bath & Beyond	\$ 50	The purchase was charged on the former Fiscal Officer's card. No receipt or documentation was on file.
Borsheims Jewelry	\$ 112	The purchase was charged on the former Executive Director's card. No receipt or documentation was on file.
Cigarette & Snack Outlet	\$ 249	There were 4 transactions to this vendor, charged on the former Executive Director's card. No receipts or documentation was on file.
Scheels	\$ 51	The purchase was for a \$30 gift card and visor. Noted on the receipt was an explanation that the items were for an employee's retirement.
Schwan's	\$ 238	There were five transactions to Schwan's. According to ENOA, the purchases were for the Arlington Senior Center Supper Club; however, the account was set up under the Arlington Senior Center Manager's home address. Furthermore, Schwan's would not appear to be the most cost-efficient vendor for congregate meals.
Sol's Jewelry & Loan	\$ 102	The purchase was charged on the former Executive Director's card. No receipt or documentation was on file. The vendor appeared to be a pawn shop.
Spirit World	\$ 84	The purchase was charged on the former Executive Director's card. No receipt or documentation was on file. The vendor appeared to be a gourmet deli, specialty wine, beer, and liquor store.
VCA 80 Dodge Animal Hospital	\$ 50	The purchase was charged on the former Executive Director's card. No receipt or documentation was on file.

(Note: See a complete summary of exceptions noted during the period tested, totaled by vendor, on **Exhibit A**)

There were several payments made to department stores, hardware stores, and restaurants. We were unable to determine if the transactions were reasonable and necessary, as there was a lack of documentation to support the payments. Furthermore, ENOA made several payments for late fees and penalty interest on the credit cards, including payments for late fees and penalty interest totaling \$554 for the former Fiscal Officer’s personal credit card.

Vendor Categories	Amount	Description
Department Stores	\$ 6,081	Purchases included payments to Target, JCPenney, Kohl's, Walmart, Kmart, Sears, etc. There was no documentation to support that the charges were necessary or reasonable.
Hardware Stores	\$ 5,764	Purchases included payments to Ace Hardware, Lowe's, Menards, etc. There was no documentation to support that the charges were necessary or reasonable.
Restaurants	\$ 1,281	There were 17 restaurants charged, ranging from Burger King for \$7 to Dixie Quicks Magnolia Room for \$275. There was no documentation to support that the charges were necessary or reasonable.
Late Fees or Interest Charges	\$ 644	There were 18 late fees or interest charges paid throughout the period tested.

(Note: See a complete summary of exceptions noted during the period tested, totaled by vendor, on **Exhibit A**)

Without adequate supporting documentation on file and supervisory reviews to ensure payments are reasonable and necessary, there is an increased risk of misuse of Federal, State, and County funds. In addition, if County fund expenditures are not reasonable and necessary, local match requirements for Federal grants may not be met.

We recommend the Agency strengthen monitoring procedures for subrecipients of Federal and State funds and implement guidance for appropriate documentation and review of payments for each AAA, including ENOA.

ENOA’s Response: ENOA agrees that sound management practices were not being followed. Internal controls requiring adequate documentation to support reasonable, necessary and allowable expenditures will be developed and implemented. ENOA has already instituted sound management practices that require any expenditure to be reviewed and approved by the program supervisor, the ENOA Fiscal Officer and the ENOA Executive Director before payment can be made. ENOA will develop written policies and procedures to govern the appropriate use and the required authorizations for using the Agency credit card.

5. Former Fiscal Officer Expense Reimbursements

OMB Circular A-87, Attachment A - General Principles for Determining Allowable Costs, § A.2.a, states, in part: “The application of these principles is based on the fundamental premises that: (1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices. (2) Governmental units

assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.” Section C.1. states, “To be allowable under Federal awards, costs must meet the following general criteria: a. Be necessary and reasonable...j. Be adequately documented.”

Furthermore, a good internal control plan requires adequate documentation to support expenditures and to ascertain whether expenses are reasonable, necessary, and allowable.

We performed detailed testing of expense reimbursements made to the former Fiscal Officer for the period July 1, 2007, through June 30, 2010. We tested 186 transactions and noted 22 transactions did not have detailed receipts on file to support the items purchased, and 131 transactions did not appear to be, or lacked adequate documentation to determine whether they were, reasonable or necessary. Additionally, 88 of 186 transactions tested were not approved by a second individual. The total amount of payments that lacked support or did not appear reasonable, amounted to \$20,797, and were paid for with Federal, State, County, and/or other funds.

There were several questionable transactions, or what appeared to be inappropriate payments, made. We were unable to determine if the purchases were reasonable or necessary, as many of the payments lacked receipts or documentation of the items purchased, as follows:

Date Reimbursed	Vendor	Amount Questioned	Description
10/26/2007	Walmart	\$ 1,000	The receipt was for ten \$100 gift cards. According to a handwritten note, \$500 was given to two individuals each, for winter clothing. One individual was a client, and the second individual performed building maintenance work for ENOA. There was not enough documentation to determine if the payments were reasonable or necessary.
9/1/2009	Alltel Communications	\$ 528	Receipt, dated February 17, 2009, totaled \$728. Notes on the receipt indicated the charges were to replace a blackberry for the former Executive Director. \$200 was charged directly to the Alltel monthly billing; therefore, the Fiscal Officer was reimbursed for \$528.
3/16/2010	Best Buy	\$ 203	Appeared to be a duplicate reimbursement, as there was no receipt on file, and a payment for \$203 to Best Buy, was already reimbursed on March 16, 2010.
8/13/2007	Unknown	\$ 120	There was no receipt on file. The only documentation on file was handwritten and noted the number of items purchased, but did not indicate what was purchased or the reason for the purchase.

Date Reimbursed	Vendor	Amount Questioned	Description
10/26/2007	Unknown	\$ 60	There was no receipt on file. According to a handwritten note, the former fiscal officer paid an ENOA case worker for two days' meals for a hurricane Katrina evacuee to return to New Orleans. There was not enough information on file to support the payment.
3/16/2010	Sam's	\$ 45	Receipt dated December 13, 2009, included two cases of Leinenkugel's Winter Sampler beer.
3/16/2010	Sam's	\$ 45	Receipt dated December 21, 2009, included two cases of Leinenkugel's Winter Sampler beer.
3/16/2010	Walmart	\$ 21	Appeared to be a duplicate reimbursement, as there was no receipt on file, and a payment for \$21 to Walmart, was already reimbursed on March 16, 2010.

(Note: See a complete summary of exceptions noted during the period tested, totaled by vendor, on **Exhibit B**)

There were also several payments made to department stores, hardware stores, and restaurants. We were unable to determine if the transactions were reasonable and necessary, as there was a lack of documentation to support the payments.

Transaction Categories	Amount	Description
Department/Grocery Stores	\$ 8,805	Purchases included payments to Hy-Vee, Kmart, Sam's, Target, Walmart, etc. There was no documentation to support why the charges were necessary or reasonable.
Hardware Stores	\$ 7,159	Purchases included payments to Ace Hardware, Lowe's, Menards, Home Depot, etc. There was no documentation to support why the charges were necessary or reasonable.
Mileage Reimbursements	\$ 2,724	There were 12 mileage reimbursements that did not contain adequate documentation to determine mileage paid was reasonable. Furthermore, payments were made for mileage to and from the former Executive Director's home, for 16 trips, during the period tested. We were unable to determine the number of miles claimed for travel to and from the Executive Director's home, as other locations were also contained within the same trips.
Restaurants	\$ 275	Purchases included a receipt to the Drover Restaurant and Lounge for \$109. According to a note on the receipt, the purchase was for an administrative Christmas dinner party for four individuals, including the former Fiscal Officer.

(Note: See a complete summary of exceptions noted during the period tested, totaled by vendor, on **Exhibit B**)

Furthermore, there were four reimbursements, totaling \$18, that were in excess of the receipts on file. There were also two receipts that included personal items purchased by the Fiscal Officer. The Fiscal Officer later reimbursed ENOA for the personal items; however, tax, totaling \$39, was not calculated and properly reimbursed. There was also one payment, dated June 29, 2008, which did not agree to the receipts attached to the document. The Fiscal Officer was not reimbursed for \$216; however, it was unknown which receipts or items purchased were not included in the amount reimbursed.

Without adequate supporting documentation on file and supervisory reviews to ensure payments are reasonable and necessary, there is an increased risk of misuse of Federal, State, and County funds. In addition, if County fund expenditures are not reasonable and necessary, local match requirements for Federal grants may not be met.

We recommend the Agency strengthen monitoring procedures for subrecipients of Federal and State funds and implement guidance for appropriate documentation and review of payments for each AAA, including ENOA.

ENOA's Response: ENOA agrees that sound management practices were not being followed. Internal controls requiring adequate documentation to support reasonable, necessary and allowable expenditures will be developed and implemented. ENOA has already instituted sound management practices that require any expenditure to be reviewed and approved by the program supervisor, the ENOA Fiscal Officer and the ENOA Executive Director before payment can be made. ENOA will develop written policies and procedures to govern the appropriate use and the required authorizations for using the Agency credit card.

6. ENOA Expenditure Testing

OMB Circular A-87, Attachment A - General Principles for Determining Allowable Costs, § A.2.a, states, in part: "The application of these principles is based on the fundamental premises that: (1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices. (2) Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award." Section C.1. states, "To be allowable under Federal awards, costs must meet the following general criteria: a. Be necessary and reasonable...j. Be adequately documented."

A good internal control plan requires adequate documentation to support expenditures and to ascertain whether expenses are reasonable, necessary, and allowable.

We performed detailed testing of 37 ENOA expenditures for the fiscal year ended June 30, 2010, and noted 7 expenses did not contain adequate supporting documentation, such as detailed receipts or invoices, and 11 expenses did not appear to be, or lacked adequate documentation to determine whether they were, reasonable or necessary. Additionally, three of the expenses were not approved by a second individual. The total amount of payments that lacked support or did not appear reasonable, amounted to \$15,554, and were paid for with Federal and State funds.

Several of the expenses noted did not appear appropriate due to the nature of the transaction or the lack of documentation, as follows:

Vendors	Amount Tested	Description
Ed's Rexall Drug & Walgreens	\$ 743	There were two payments for two clients' prescription refills (\$539 to Ed's Rexall Drug and \$204 to Walgreens). The expenses were funded with Act, Title III D, funds; however, there was nothing in the Act that allowed for medication payments.
Walmart	\$ 500	Payment for 20 gift cards for grandparents to purchase school supplies for their grandchildren through the Family Caregivers Support Program. However, as noted in Comment Number 1, ENOA does not perform verification procedures to ensure individuals meet the requirements of the Act for grandparent caregivers.
Milt's Mini Storage	\$ 448	Payment for off-site storage for the months of November 2009 through April 2010. According to discussions with ENOA staff, they were storing old office furniture. The payment was funded with Act, Title III B, funds. However, the expense did not appear reasonable or necessary under the Act. Furthermore, it was determined two additional payments were made for the period May 2010 through April 2011, totaling \$894.
Oakview Mall	\$ 102	Payment for staff service year awards. The total payment was \$281 for three service awards, (we tested one individual's award). ENOA used State funding for the \$102 payment. According to the accounting system, general ledger detail, provided by ENOA, a total of \$1,899 was paid to Oakview Mall, during fiscal year 2010, for staff service and attendance awards.

ENOA also provided respite services, funded by Title III E of the Act. Respite care is short-term, temporary relief to those caring for family members who might otherwise require permanent placement in a facility outside the home. Respite service pays someone to come into the home, take care of an individual with special needs, and give the primary caregiver a temporary break. We tested two respite payments for \$800 and \$2,223. According to discussions with ENOA staff, the respite request comes from a professional, such as a nurse or ENOA case worker, who performs an assessment of the family's needs. An amount is then determined and requested by the professional. The only documentation provided, for the payments tested, were one page narratives of the professionals' assessments and amounts requested. There was no documentation to support the amounts requested and paid, and ENOA did not have written policies and procedures regarding respite assessments. ENOA stated they rely on the professional to determine the appropriate amount needed. It was further noted the second respite payment was only a partial payment; the full payment totaled \$6,155, from April 2010 through July 2010.

When adequate supporting documentation is not on file, and payments are not reviewed and approved by a separate individual, there is a significant risk for misuse of Federal and State funds.

We recommend the Agency strengthen monitoring procedures for subrecipients of Federal and State funds and implement guidance for appropriate documentation and review of payments for each AAA, including ENOA.

ENOA's Response: ENOA will develop written policies and procedures to ensure proper documentation of the use of funds and expenditures.

7. Contractual Payments

OMB Circular A-87, Attachment A - General Principles for Determining Allowable Costs, § A.2.a, states, in part: "The application of these principles is based on the fundamental premises that: (1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices. (2) Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award." Section C.1. states, "To be allowable under Federal awards, costs must meet the following general criteria: a. Be necessary and reasonable...j. Be adequately documented."

A good internal control plan and sound accounting practices require adequate documentation to support expenditures and to ascertain whether expenses are reasonable, necessary, and allowable.

ENOA made several payments to two individuals for miscellaneous work performed for building maintenance and janitorial services; however, ENOA did not have written contracts with the individuals.

- One individual, who was also a case worker for ENOA, was paid \$20 per hour for the miscellaneous work performed and \$150 for mowing services. During our review of the 11 payments made to the case worker during the fiscal year ended June 30, 2010, we noted she was overpaid for 2 hours, totaling \$40, and had 372.5 hours, or \$7,450, in potential overpayments. Furthermore, 1 of 11 payments was not approved by a second individual. Nine payments were approved by the former Fiscal Officer.

We compared the case worker's regular duty timesheets to her miscellaneous work timesheets. As the timesheets for the miscellaneous work did not indicate a.m. versus p.m. hours, we determined the maximum overbillings that could have occurred depending on the time of day the hours were worked. There were several days that had duplicate billings or where time documented on the miscellaneous timesheets overlapped the case work hours. There was no indication on the timesheets that any other individuals were helping to perform the work billed.

The same case worker also had four expense reimbursement payments totaling \$1,093. Three of four payments were not approved by a second individual, and two of four payments were for mileage reimbursements. The mileage logs were not detailed to determine the mileage paid was reasonable.

- The second individual, who listed his address as the former Executive Director's address, was paid for building maintenance services. We reviewed all payments made to the individual, which included 55 payments from April 2007 through June 2008. The following was noted:
 - The hourly rate of pay fluctuated between \$18.04 and \$25 per hour; however, the individual was typically paid \$20 per hour.
 - ENOA was unable to provide supporting documentation for 6 of 55 payments, totaling \$4,930.
 - Thirteen payments, totaling \$10,709, were not approved by a second individual. All other payments were approved by the former Fiscal Officer.
 - Nine payments, including 127.5 hours or \$2,552, were paid in advance of the work being performed.
 - There were potential overbillings of 89 hours, totaling \$1,686, due to duplication of days and hours worked, as noted on the billings.
 - Expense reimbursements, totaling \$139, lacked documentation to support the reasonableness of the payments.

When contracts are not established, and payments are not reviewed and approved by a separate individual, there is a significant risk for misuse of Federal and State funds.

We recommend the Agency strengthen monitoring procedures for subrecipients of Federal and State funds and implement guidance for appropriate documentation and review of payments for each AAA, including ENOA.

ENOA's Response: ENOA now requires that any work for ENOA by non employees requires a signed contract. Any payments under those contractual arrangements require review and approval by the ENOA Fiscal Officer and the ENOA Executive Director before payment. ENOA will develop written policies and procedures for contracted services.

Agency's Overall Response: The Department of Health and Human Services will review the APA's findings to identify potential actions that may include the disallowance of any improper or unauthorized expenditures necessary to ensure compliance with State and Federal law and all terms and conditions of the grant award.

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

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

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

Sincerely,

Signed Original on File

Pat Reding, CPA, CFE
Assistant Deputy Auditor

EASTERN NEBRASKA OFFICE ON AGING
**CREDIT CARD PAYMENTS BY VENDOR THAT
 LACKED SUPPORTING DOCUMENTATION**

Vendors	Amount	Vendor Description (Note)
Ace Hardware	\$ 17	Hardware store
Aramark Mid American Center	100	Convention center caterer
Arby's	16	Restaurant
Bakers	91	Grocery store
Barnes and Noble	24	Bookstore
Bath and Body Works	70	Specialty bath and lotion store
Bed Bath and Beyond	50	Specialty home housewares store
Best Buy	1,321	Electronics store
Big Lots	164	Department store
Blue Line Coffee	47	Coffee shop/Restaurant
Borders	102	Bookstore
Borsheims Jewelry	112	Jewelry store
Bucky's	1,143	Gas station
Burger King	7	Restaurant
Center Ace Hardware	3	Hardware store
Cigarette and Snack Outlet	249	Cigarette and snack store
City Limits	41	Retail shop
Clancy's East	25	Restaurant
Cosgrave Church Goods	142	Church goods store
Cricket Comm	68	Cell phone store
Crucial Com-Lexarmedia	1,264	Computer supply store
Dead Sea-West Roads Mall	64	Skin care store
Dixie Quicks Magnolia Room	275	Restaurant
Dollar General	50	Retail shop
Dri*Speed Typing Test	23	Unknown
Garden Ridge	386	Specialty home housewares store
Hang-Ups Unlimited	62	Hanging kits supply store
Hobby Lobby	907	Craft store
Holiday Inn	80	Hotel
Husker Hounds	75	Husker merchandise store
Hy-Vee	586	Grocery store
IHop	32	Restaurant
JCPenney	160	Department store
Kmart	341	Department store
Kohl's	453	Department store
Kubat Pharmacy and Health	160	Pharmacy
Kum and Go	110	Gas station
Kwik Shop	20	Gas station
Late Fees and Interest Charges	644	Credit card charges
Love's County	36	Gas station
Lowe's	5,152	Hardware store
Lums Restaurant	93	Restaurant
Marshalls	59	Department store
McKennas BBQ	52	Restaurant

EASTERN NEBRASKA OFFICE ON AGING
CREDIT CARD PAYMENTS BY VENDOR THAT
LACKED SUPPORTING DOCUMENTATION

Vendors	Amount	Vendor Description (Note)
Menards	466	Hardware store
Network Solutions	87	Website domains
No Frills Supermarket	92	Grocery store
Nobbies	86	Party supply store
OCB Dodge	19	Restaurant
Office Depot	40	Office supply store
Office Max	46	Office supply store
O'Reilly Auto	20	Car maintenance supply store
Pepperjax	27	Restaurant
Pizza King	97	Restaurant
Quick Trip	107	Gas station
Radioshack	32	Electronics store
Runza	21	Restaurant
Sara Lee Bakery	26	Bakery
Scheels	51	Sporting goods store
Schwan's	238	Food home delivery company
Sears	100	Department store
Skeeter Barnes	49	Restaurant
Sols Jewelry and Loan	102	Pawn shop
Spirit World	84	Gourmet deli, specialty wine, beer and liquor store
Stems at Countryside	200	Floral shop
Summer Kitchen Café	28	Restaurant
Target	1,731	Department store
The Cleaning Mart Inc.	1,914	Cleaning supply store
The Coleman Company	44	Camping and outdoor equipment retailer
The Farmhouse Café	95	Restaurant
The Nebraska Medical Center	39	Medical center
Toys R Us	23	Toy store
VCA 80 Dodge	50	Animal hospital
Walgreens	40	Pharmacy
Walmart	3,073	Department store
Westlake Hardware	126	Hardware store
Wheatfields	304	Restaurant
Whiskey Creek	94	Restaurant
Wholefoods	66	Grocery store
WP-Realvnc LTD Cambridge	300	RealVNC provides remote control software
Total	\$ 24,793	

Note: Some vendors were researched on the internet, as detailed receipts were not on file to verify the items or services purchased.

**EASTERN NEBRASKA OFFICE ON AGING
EMPLOYEE REIMBURSEMENTS BY VENDOR
THAT LACKED SUPPORTING DOCUMENTATION**

Vendors	Amount	Vendor Description (Note)
Alltel Communications	\$ 528	Cell phone store
Bag 'N Save	\$ 12	Grocery store
Best Buy	\$ 203	Electronics store
Carl Jarl Lock Safe Gun Co.	\$ 8	Lock and security services
CDM	\$ 429	Construction company affiliated with Millard Drywall Supply
Center Ace Hardware	\$ 487	Hardware store
Cici's Pizza	\$ 26	Restaurant
CompUSA	\$ 170	Computer and electronic store
Electric Fixture and Supply	\$ 10	Electric equipment store
Hobby Lobby	\$ 176	Craft store
Home Depot	\$ 442	Hardware store
Hy-Vee	\$ 682	Grocery store
Kmart	\$ 108	Department store
Kum and Go	\$ 10	Gas station
Lowe's	\$ 4,773	Hardware store
Menards	\$ 1,208	Hardware store
Mileage Reimbursements	\$ 2,724	Mileage reimbursements for employee
Omaha Douglas Parking	\$ 2	Parking fee
Petrow's Restaurant	\$ 140	Restaurant
RadioShack	\$ 301	Electronics store
Sam's	\$ 6,187	Department/Grocery store
Shopko	\$ 9	Department store
State Fair	\$ 6	Entry fee to the State fair
Target	\$ 346	Department store
The Drover Restaurant and Lounge	\$ 109	Restaurant
United Rent-All	\$ 27	Equipment rental company
Unknown Reimbursements	\$ 180	Handwritten receipts or unsupported reimbursements
Unknown Reductions	\$ (216)	Employee was not reimbursed \$216 with the payment dated 6/29/2008. It was unknown which receipts attached to the document were not reimbursed.
Walmart	\$ 1,461	Department store
Westlake Hardware	\$ 249	Hardware store
Total	\$ 20,797	

Note: Some vendors were researched on the internet, as detailed receipts were not on file to verify the items or services purchased.