

**ATTESTATION REPORT
OF THE
NEBRASKA STATE TREASURER
IN ACCORDANCE WITH
NEB. REV. STAT. § 84-605 (REISSUE 2008)**

AS OF JANUARY 5, 2011

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Issued on March 22, 2011

NEBRASKA STATE TREASURER

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NEBRASKA STATE TREASURER

BACKGROUND

Neb. Rev. Stat. § 84-605 (Reissue 2008) states, “All the books, papers, letters and transactions pertaining to the office of the State Treasurer shall be open to the inspection of a committee of the Legislature to examine and settle all accounts, and to count all money; and, when the successor of any treasurer shall be elected and qualified, the Auditor of Public Accounts shall examine and settle all accounts of such treasurer remaining unsettled, and give him a certified statement showing the balance of money, securities and effects for which he is accountable, and which have been delivered to his successor, and report the same to the Legislature.”

Based on discussion with the outgoing State Treasurer and review of the above referenced State Statute, the following were determined to be the money, securities, and effects for which the State Treasurer is accountable:

- Cash on hand
- Bank account balances
- Unclaimed properties remaining to be paid, including, cash deposited in the State accounting system, securities held by an outside investment firm, mutual funds, and safe deposit boxes.
- Capital assets

NEBRASKA STATE TREASURER

EXIT CONFERENCE

An exit conference was held March 9, 2011, with the Treasurer to discuss the results of our examination. Those in attendance for the Nebraska State Treasurer were:

NAME	TITLE
Don Stenberg	State Treasurer
Jason Walters	Acting Deputy Treasurer
Meaghan Aguirre	Director of Unclaimed Property
Jana Langemach	Director of Communications
Troy Reiners	Director of NCSPC
Michelle Raphael	Director of Treasury Management

NEBRASKA STATE TREASURER

COMMENT AND RECOMMENDATION

During our examination of the Nebraska State Treasurer's schedules of balance of money, securities, and effects and disposition of prior findings, we identified a certain deficiency in internal control that we consider to be a material weakness that is presented here. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the schedules of balance of money, securities, and effects and disposition of prior findings will not be prevented or detected and corrected on a timely basis.

Unclaimed Property Remaining to be Paid

A good internal control plan and sound business practice require procedures to ensure transactions recorded in Wagers reconcile to the State accounting system. When transactions are reconciled to the accounting system there is greater assurance the information contained in Wagers is complete and accurate.

To determine the cash deposited by the Unclaimed Property Division in the State accounting system which remained to be paid per Wagers, the official record keeping system used for unclaimed property, the APA requested a listing of the property remaining from the Unclaimed Property Division. The APA was originally provided a very brief summary of properties remaining that stated the cash to be paid was \$73,896,798. This summary was obtained from a query produced by the Wagers software vendor. The APA was unable to perform procedures to verify the accuracy of the original figure provided due to the lack of detail supporting the figure.

The Unclaimed Property Director was subsequently able to locate the Total Amounts Claimable Report in Wagers. This report showed the amounts remitted and the amounts paid by the Unclaimed Property Division by report year. The total cash remaining to be paid per Wagers on the Total Amounts Claimable Report was \$103,145,859. The Unclaimed Property Director believed the difference between the two reports was claims that had been initiated but not yet paid. These types of claims were not included in the original summary report but were included in the Total Amounts Claimable Report. No detailed documentation was provided to support the variance between the two reports was claims that were initiated but had not been paid. The Unclaimed Property Director determined the most accurate figure to use as the cash remaining to be paid was that from the Total Amounts Claimable Report, \$103,145,859.

The APA was able to reconcile the claims payments and receipts from the Claim Paid by Date and Receipts by Date reports obtained from Wagers to the State accounting system for calendar year 2010, with variances of \$371 and \$8,446, respectively. The APA was unable to reconcile the Claim Paid by Date and Receipts by Date reports to the Total Amounts Claimable report for calendar year 2010 because the Total Amounts Claimable report is by unclaimed property reporting year which does not correspond to calendar year or fiscal year.

NEBRASKA STATE TREASURER

COMMENT AND RECOMMENDATION

(Continued)

Unclaimed Property Remaining to be Paid (Concluded)

The Treasurer has not historically performed a reconciliation of the remaining amount to be paid per Wagers to the State accounting system. Money is deposited in the State accounting system and recorded in the Escheat Trust Fund or the Life Insurance Demutualization Trust Fund. The Treasurer is required to transfer money each year to the Permanent School Fund and is allowed to transfer funds to the Unclaimed Property Cash fund to support operations of the Unclaimed Property Division per Neb. Rev. Stat. § 69-1317 (Reissue 2009). Since this process has gone on for many years without a regular reconciliation of Wagers to the State accounting system it is not possible or practical to do a complete reconciliation of the \$103,145,859 noted above. However, a regular reconciliation of transactions recorded on Wagers to the State accounting system, as we have recommended in previous reports, would help to ensure the accuracy and completeness of Wagers.

Several control findings were noted in the APA's attestation review of the period March 1, 2009 through February 28, 2010, regarding the Unclaimed Property Division's receipting and claims payments processes. These findings had also appeared in other reports issued by the APA. As noted in the Schedule of Disposition of Prior Findings, the Unclaimed Property Division is working to resolve some of the prior findings including reconciling of deposits from Wagers to the State accounting system. Due to the historical nature of the Total Amounts Claimable report and the lack of controls over unclaimed property noted in the past by the APA, the APA could not verify the accuracy and completeness of the information on the Total Amounts Claimable report.

Without a regular reconciliation of the transactions recorded in Wagers to the State accounting system there is a significant risk the amount of Unclaimed Property received and claims paid will not be accurate on Wagers. Thus, the total cash the State has remaining to be paid out for unclaimed property could be significantly under or over stated.

We recommend the State Treasurer continue to implement reconciliation procedures for transactions entered into Wagers to ensure the completeness and accuracy of the unclaimed property records.

Treasurer's Response: The Treasurer's Office is in the process of developing procedures to reconcile claims paid in Wagers to payments recorded in the State accounting system. These amounts will be reconciled quarterly. The Treasurer's Office agrees with the Auditor of Public Accounts that previous years cannot be reconciled, due to the difficulty of tracking all movement in and out of the funds and the irregularity of the unclaimed property reporting cycle. The variances from previous years will remain, however, the quarterly reconciliation process will prevent new variances between Wagers amounts listed and the State accounting system.

NEBRASKA STATE TREASURER

COMMENT AND RECOMMENDATION

(Continued)

Draft copies of this report were furnished to the Treasurer to provide them an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.



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NEBRASKA STATE TREASURER

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska State Treasurer
Lincoln, Nebraska

We have examined the accompanying schedules of balance of money, securities, and effects and disposition of prior findings of the Nebraska State Treasurer (Treasurer) as of January 5, 2011. The Treasurer's management is responsible for the schedules of balance of money, securities, and effects and disposition of prior findings. Our responsibility is to express an opinion based on our examination.

Except as discussed in the following paragraph, our examination 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, and accordingly, included examining, on a test basis, evidence supporting the schedules of balance of money, securities, and effects and disposition of prior findings and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We were unable to perform procedures to verify the cash deposited by the Unclaimed Property Division in the State accounting system remaining to be paid per Wagers of \$103,145,859, due to the manner in which information in Wagers is extracted; nor were we able to satisfy ourselves as to the amount reported by other examination procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform procedures regarding the cash deposited by the Unclaimed Property Division in the State accounting system remaining to be paid, the schedules referred to above present, in all material respects, the balance of money, securities, and effects for which the State Treasurer is accountable as required by Neb. Rev. Stat. § 84-605 (Reissue 2008), and the disposition of prior findings based on the prior findings' recommendations, as of January 5, 2011.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control and abuse that are material to the Treasurer's schedules of balance of money, securities, and effects and disposition of prior findings and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the schedules of balance of money, securities, and effects and disposition of prior findings is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the schedules of balance of money, securities, and effects and disposition of prior findings or on compliance and other matters; accordingly we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and this finding, along with the views of management are described in the Comment and Recommendation Section of the report.

This report is intended solely for the information and use of management, others within the Treasurer, and the Nebraska State Legislature. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

March 17, 2011

Don Dunlap, CPA
Assistant Deputy Auditor

NEBRASKA STATE TREASURER

SCHEDULE OF BALANCE OF MONEY, SECURITIES, AND EFFECTS

As of January 5, 2011

1. At the close of business on January 5, 2011, the total cash on hand was \$7,831 of which \$1,000 was held as a petty cash change fund.
2. The combined balance of bank accounts was \$36,535,479 as of January 5, 2011.
3. Unclaimed property remaining to be paid as of January 5, 2011, include the following:
 - Cash deposited by the Unclaimed Property Division in the State accounting system remaining to be paid totaling \$103,145,859 per Wagers. Wagers is the official record keeping system for unclaimed property. This amount is recorded in the State accounting system in the Escheat Trust and Life Insurance Demutualization Funds. It also includes funds that have been transferred to the Permanent School Fund as required by Neb. Rev. Stat. § 69-1317 (Reissue 2009).
 - Securities held by an outside investment firm with a total market value of \$10,222,793 as of January 5, 2011.
 - Mutual funds with a combined market value of \$3,870,451 as of January 5, 2011.
 - The contents of 1,557 Unclaimed Property Safe Deposit Boxes on hand.
4. As of January 5, 2011, the State Treasurer reported 459 capital asset items on the State accounting system with a purchase cost totaling \$1,302,903.

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
<u>Unclaimed Property Division</u>			
1	Develop and implement policies and procedures regarding the recording and reconciliation of mutual fund activity.	Mutual fund statements are scanned in and archived both electronically in the Treasurer's Office Shared Drive and also in our paper files. Dividends are not added in Wagers per State Statute § 69-1314; any other transaction will be noted in Wagers at this time. Any statements or separate documents received giving notice of mutual fund transactions will be recorded in Wagers when received. This procedure is in the process of being formalized in our Internal Controls.	Still Exists
1	Review the mutual fund statements in a timely manner and ensure all activity is properly recorded in Wagers.	The Unclaimed Property Division now keeps electronic copies of all mutual fund statements and maintains a spreadsheet detailing all of the mutual funds held by the Unclaimed Property Division. While our mutual fund issues have not been resolved, we have been considering a number of solutions. Two proposals have been received by outside vendors to reconcile our records. We have also received a custody proposal addressing a number of the issues which leave our records out of balance.	Still Exists
1	Ensure duplicate CUSIP numbers are not used in Wagers for different mutual funds.	This issue will also be addressed as part of our reconciliation strategy. Recent upgrades to the UPS2000 software used will help in eliminating duplicate entries.	Still Exists
2	Ensure mail holding checks and checks which have not been deposited are held in an adequately safeguarded location until processed and deposited.	Staff opens all mail every day. Deposits are now done the same day as checks are received when possible. With limited staff this is not always feasible. When the deposit cannot be completed the same day all mail and checks are locked in a file cabinet or the Unclaimed Property Vault.	Corrected/ NOTE 3
2	Implement policies and procedures to ensure the initial listing of checks agrees to the deposit as well as the Wagers receipt amount. The detail listing of receipt amounts should also be kept with the deposit document to support deposit amounts. If variances do exist between these listings, action should be taken in a timely manner to make any necessary corrections or document explanations for the variances.	The list of checks is now maintained and the check totals match the Wagers receipt batch totals before taken to the bank. Once a deposit batch has been prepared in the State accounting system, staff will verify that the total of the deposit batch matches the receipt totals as well as the Wagers batch total.	Corrected/ NOTE 3
2	Implement policies and procedures to ensure amounts are deposited in compliance with Neb. Rev. Stat. § 84-710 (Reissue 2008).	The Unclaimed Property Division staff attempts to open mail and deposit checks the day they are received. This is now verified by each check being copied on a deposit document listing the date.	Corrected/ NOTE 3
2	Implement policies and procedures to ensure owner letters are sent out in compliance with Neb. Rev. Stat. § 69-1311 (Reissue 2009).	We are continuing to monitor our owner letter lists and verify that the Wagers report of owner letters to mail captures all properties that meet the criteria to mail.	Corrected/ NOTE 3

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Unclaimed Property Division (Continued)			
3	Implement policies and procedures over the payment of claims to ensure the rightful owner is paid the claim, even for cases where dollar amounts are under \$300. The Unclaimed Property Division should consider the volume of payments less than \$300 and whether proof of identity or notarized forms should be required with those claims. Additionally, individuals who have submitted a previous claim should be required to submit a claim form for each subsequent claim requested.	Claims under \$300 may be processed without a notarized signature by the Unclaimed Property Division. We have reviewed this policy on several occasions and will present the information to State Treasurer Stenberg for further review. Further changes to this policy will be at the request of the State Treasurer.	Still Exists
3	Ensure claim warrants are mailed by an independent party.	This procedure will also be reviewed by State Treasurer Stenberg. Further changes to this policy will be at the request of the State Treasurer.	Still Exists
3	Ensure payments in excess of \$75,000, and to recurring payees, are made via ACH.	The Unclaimed Property Division feels that this requirement pertains specifically to vendor payments and not claimants. The State Treasurer recognizes the value in processing large payments electronically and will encourage claimants to receive payments via the ACH payment method, but not require it.	Still Exists
3	Implement procedures to ensure all required verifications for claims are performed and documented.	Staff has been reminded of the requirements for claim approval.	NOTE 3
3	Implement procedures to properly account for all contents of returned safe deposit boxes.	When a claimed safe deposit box is returned to the Unclaimed Property Division staff will attempt to contact the owner and return the box. If unable to contact the owner, the safe deposit box will be maintained in the vault.	NOTE 3
4	Perform periodic reconciliations of Wagers and UBS records to ensure stock records are accurate. All variances noted during this reconciliation should be investigated and adjustments made and documented as necessary.	The Unclaimed Property Division is formalizing procedures to reconcile our stock records. We have considered using outside vendors, a new custodian, allocating more staff hours, and adding rules that may be prescribed by the State Treasurer. Further action will be taken once we have the opportunity to consult State Treasurer Stenberg.	Still Exists
5	The Unclaimed Property Division formalize the contract with UBS, and develop policies and procedures to verify the fee charged by UBS for the sale of stocks are correct and reasonable.	Fees charged per sale transaction are now reviewed by unclaimed property staff. Fees charged for all sales are maintained in a confirmation statement on the UBS website. These fees will be reviewed once the stock transactions are complete. The Unclaimed Property Division is working with UBS to determine if this fee is negotiable.	NOTE 3
6	Implement procedures to ensure proper controls exist over safe deposit boxes received. An initial log should be prepared that includes the number of boxes received, who they were received from, and what date they were received. This list should be reviewed when the boxes are opened and the contents are inventoried to ensure all boxes initially received are inventoried.	Our position has been that there is less of an opportunity for theft if the boxes are locked with the seal unbroken. A survey has been taken of other State's Unclaimed Property Divisions and our procedures appear to be in line with those in other states.	Still Exists

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Unclaimed Property Division (Concluded)			
6	Implement written policies and procedures regarding the handling of safe deposit boxes including what currency is deposited, how often boxes are appraised, and how to value safe deposit boxes for determination of whether a claim form should be required.	Internal control policies have been written to address which currency is kept and which is deposited in the bank.	Still Exists; Corrections have been made on when claim form is required.
6	Implement procedures to ensure adequate controls exist over the deposit of safe deposit box cash. The individuals responsible for opening the boxes and entering the contents into Wagers should ensure any cash received is properly entered into Wagers and is actually deposited.	We disagree with this finding. As safe deposit boxes are inventoried, cash is removed from the boxes and deposited at the bank. The cash is taken to the bank by the same two people that inventory the boxes.	NOTE 3
6	Ensure staff document on Wagers which items from the safe deposit boxes have been discarded.	More specific internal controls dictate inventory procedures. All items reported from the bank are to be kept if possible. Any item that may potentially be discarded will be documented.	NOTE 3
6	Perform and document a physical inventory of the property maintained in the Unclaimed Property Division vault. The inventory should include a physical inspection of the contents of the boxes.	Safe deposit boxes will be inventoried annually. The inventory will check for each box in the vault and contents will be spot checked.	Still Exists
6	Implement procedures to ensure the bank inventory sheet agrees to Wagers and ensure bank inventory is maintained.	Discrepancies between the bank inventory sheet and staff inventory will be addressed and documented at the time of inventory.	Still Exists
7	Implement policies and procedures for the review of deleted transactions contained in the audit logs. Deleted transactions should be reviewed for appropriateness.	Access to the audit tables is restricted. Currently, the Unclaimed Property staff does not have read access to the audit tables. Access to the audit tables is currently managed via Ad hoc queries, by IT or vendor staff running queries as needed. These queries are available to be run at anytime for inspection. The Treasurer's Office has decided that these logs will be reviewed quarterly by the Deputy Treasurer. Procedures have been determined and will be formalized in our Internal Controls.	Still Exists
8	Formally document their policies and procedures for "worthless" stocks, including defining when a security is "worthless" and maintaining supporting documentation of the stock's designation as "worthless." Additionally, all securities be recorded on Wagers regardless of their worth.	The Unclaimed Property Division's current policy is to use the notices sent from UBS as verification for marking shares in Wagers as worthless. This information is now saved in the stock notes in Wagers. Further procedures pertaining to worthless securities will be part of an overall stock reconciliation strategy currently being formalized. Procedures for receipting worthless stock and also for noting them in Wagers will be included in our Internal Controls.	Still Exists
9	Implement procedures to ensure outstanding warrants from the Unclaimed Property Trust Fund are subject to appropriate follow up procedures and cancelled before they expire.	Procedures are in the process of being formalized. We are now using the quarterly outstanding warrants list provided by DAS to cancel Unclaimed Property warrants before they expire.	Still Exists

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Child Support Payment Center (CSPC)			
10	Work with Risk Management or the State Claims Board in obtaining written approval to write off bad debt and maintain this approval for future review.	The Nebraska Child Support Payment Center (NCSPC) was under the impression the allowance for doubtful accounts had already been approved to be used for write-off items. This is why those items had not been submitted to the State Claims Board. Currently, all items going forward to include the remaining balance of the allowance for doubtful accounts will in fact be submitted to the State Claims Board. Items not being marked off in Collections Manager as written off was a combination of two issues; if written off, the reporting from Collections Manager would still show the items as requiring recovery and we did not have a method to properly record them as written off and have the system reduce the balance owed. Since we also have ledgers recording the amounts written off, it has been an ongoing issue. We are currently having someone work on these items to clean them up.	Still Exists
10	Develop written policies and procedures over the funding and writing off of bad debt and periodically review written policies and procedures regarding the handling of return checks and EFT's to ensure changes are updated as needed.	The NCSPC has written policies and procedures for the writing off of bad debt. Funding is part of this based upon having the items submitted to Risk Management and determining the balances of the allowance for doubtful accounts.	Corrected
10	Make timely changes to the collection status in KidCare – Collections Manager to ensure the item is properly reflected.	Meetings have and continue to occur with collections representatives, research analysts, banking, and accounting discussing the steps to be taken on all recovery items. Input from all of these areas has been requested in order to make improvements on follow-up as well as identifying the items which need to be moved to be written off.	Still Exists
11	Develop policies and procedures to ensure receipts are identified in a timely manner.	The Research Analysts had not been utilizing Research Toolkit to accurately reflect all of the actions taken. In the past, most of the recording of actions was being documented on paper and kept in file cabinets. The Research Analysts have been instructed to utilize Research Toolkit to record the actions taken to resolve unidentified items.	NOTE 3
11	Use the Daily Suspense Summary Report from KidCare to ensure unidentified receipts are being identified in a timely manner and receipts over three years old are being moved to program income.	These items actually had been moved to program income; it is not the NCSPC which controls this; it is the CHARTS system which is managed by the Department of Health and Human Services (DHHS). The NCSPC had not updated the items in KidCare to reflect this move. All of the items have been updated to reflect having been moved to program income by DHHS. We feel this item has been fully resolved.	Corrected

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Child Support Payment Center (CSPC) (Concluded)			
12	Develop and follow adequate written policies and procedures over collections and recovery of misapplied payments.	The NCSPC had proposed recovery procedures on overpayments resulting from a bank return item (BRI) to DHHS well before the audit. The NCSPC continues to work on revising these procedures jointly with DHHS as it is the NCSPC's opinion that we should adhere to the same procedures as DHHS does on overpayments. There currently exists the Nebraska Administrative Code (NAC), and Federal Policy Interpretation Questions (PIQ) which form the basis of the policies the NCSPC follows. The NCSPC has requested copies of DHHS's policies as we feel our policies should be one and the same. DHHS also performs recovery on misapplied payments. The NCSPC has yet to receive copies of the DHHS policies. Payment Register is the tool used to perform recovery on misapplied payments; there was confusion on the part of our collections representative about a reminder to recover the tested items. This has been discussed with the collections representative and collection actions are taking place.	Still Exists; Corrections have been made on follow up on collection actions for misapplied payments
12	Work with DHHS to determine the amount of CSPC misapplied payments that are owed to DHHS and to repay them in a timely manner.	This was introduced once again at our bi-weekly meetings with DHHS representatives as were all of the audit findings. DHHS has not been able to identify all of the items which were funded by their department; until this happens, it is not anticipated the NCSPC will be able to transfer the funds back to DHHS.	Still Exists
Treasury Management Division			
13	Implement procedures to ensure all distributions are correctly calculated and in accordance with State Statute. Review the distribution of motor vehicle taxes and cigarette taxes and make any necessary adjustments.	A check list has been created to help prevent errors like this in the future. The erroneous payment was corrected in the April 2010 payment. The settlement dates for all future payments have been changed to comply with the State Statute. Check lists were developed and incorporated into the calculation and/or distribution procedures during the summer of 2010 to ensure that all distributions are calculated and correctly distributed in accordance with State Statute. All the above issues have been corrected.	Corrected/ NOTE 3
Other Areas			
14	Comply with § 69-1317 by paying only claims and auditing expenses directly from the Unclaimed Property Trust Fund. Other costs should be paid from the Unclaimed Property Cash Fund.	No additional response. <i>See the Auditor of Public Accounts website for the Treasurer's response to this finding in the Attestation Review of the Nebraska State Treasurer for the period March 1, 2009 through February 28, 2010.</i>	Still Exists

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Other Areas (Continued)			
15	Comply with § 85-1803 by limiting any transfer of money into the administrative fund to only that amount specifically authorized by an appropriation from the Legislature. The State Treasurer seek the guidance of the Attorney General regarding the proper interpretation and application of § 85-1803, including both whether – and, if needed, how – to reallocate any money already improperly transferred into the administrative fund and how to avoid any similarly unauthorized transfers in the future. If warranted by the analysis and guidance offered by the Attorney General, we recommend the Treasurer pursue a legislative remedy for the problematic conditions that have prompted past failures to comply with § 85-1803.	We believe the Statute is outdated and was not written to allow for a 529 plan with over \$2 billion in assets. We plan on working with the Legislature to amend the Statute in the 2012 Legislative session.	Still Exists
16	Determine and document the Legislature’s intent for all types of information to be presented on the website, nebraskaspending.gov.	The Treasurer’s Office intends to review all applicable Statutes and will publish all required data. The Treasurer’s Office intends to have current year data on the website as quickly as possible after it becomes available.	Still Exists
16	Review their procedures to ensure the information presented is accurate, correct, and complete.	There are many instances of incorrect and/or incomplete amounts. The State Treasurer’s Office is going through reports to gather and compile information from the beginning. This data will replace the current data, and will be spot checked for accuracy. The State Treasurer’s Office intends to put correct, accurate and complete information on the website.	Still Exists, some corrections of information have been made
16	Take steps to document all expenditure information that is not included on the website.	Documentation was kept on excluded expenditures for 2009-10 expenditures.	Corrected
16	Disclose on the website that the expenditures listed do not include confidential payments or aid payments to individuals.	Such wording will be placed on the expenditure tabs for 2008-09 and 2009-10.	Still Exists
17	Implement procedures to ensure the expenditures are coded to the proper fund, expenditures are reasonable and adequately documented, and payments are made in a timely manner in accordance with State Statute.	No additional response. <i>See the Auditor of Public Accounts website for the State Treasurer's response to this finding in the Attestation Review of the Nebraska State Treasurer for the period March 1, 2009 through February 28, 2010.</i>	Still Exists
18	Ensure prepayments are not made and up-to-date contracts are maintained with signed addendums for any rate changes and contracts include specific durations.	The Treasurer’s Office used a retainer to obtain a lower hourly rate for computer security services, thereby saving money. The Treasurer’s Office will request documents with updated pricing. The Treasurer’s Office will include end dates in future contracts.	Still Exists

(Continued)

NEBRASKA STATE TREASURER
SCHEDULE OF DISPOSITION OF PRIOR FINDINGS
As of January 5, 2011

Prior Comment Number NOTE 1	Prior Recommendation	State Treasurer Response/Status of Finding	Auditor Comments/ Status of Finding NOTE 2
Other Areas (Concluded)			
18	Expenditures processed in the State Accounting System as contracts be supported by actual contracts. If they are not contractual expenditures, they should not be treated as such in the State accounting system.	The State Treasurer's Office will change the treatment of non-contractual expenses.	Corrected/ NOTE 3
19	Implement procedures to ensure all reimbursements are accurate, reasonable, and necessary and all expense reimbursement documents are properly completed, reviewed, and have adequate supporting documentation.	The State Treasurer's Office does not intend to have these lunches in the future. This would appear to be a violation of expense reimbursement policy. The State Treasurer's Office will strictly enforce all office policies regarding expense reimbursements. The State Treasurer's Office will remind the holders of State Purchasing Cards about allowable and non-allowable uses.	NOTE 3
20	Implement an independent review of timesheets to information used to process payroll to ensure vacation, sick and regular pay are proper.	Steps are in place that requires a secondary review and approval from the NCSPC director for the SDU payroll hour summary sheet.	Corrected
20	Ensure vacation balances are properly adjusted at termination, compensatory leave and negative leave balances are adequately supported and approved, adjusted service dates are calculated correctly, employees are properly identified as overtime exempt, and only required adjustments to leave balances be made.	Interim payroll worksheets were processed by State Accounting with information that was different than what was on the worksheet when submitted by the Treasurer's Office. This caused some terminated employees to have incorrect leave balances. Temporary employees will not receive credit for time served as a temporary employee in the future. These employee's did not receive any overtime pay, and their personnel records have been corrected. This type of vacation hour adjustment will no longer be done.	Still Exists; adjusted service date and overtime exemption status were corrected

(Concluded)

NOTE 1: The Prior Comment Number refers to the APA's Attestation Review of the Nebraska State Treasurer for the period March 1, 2009 through February 28, 2010. This report can be found on the APA's website www.auditors.state.ne.us under APA Reports Issued.

NOTE 2: Follow-up will be completed during the next examination of the State Treasurer's Office for any findings noted as "Still Exists."

NOTE 3: Detailed testing procedures were not performed to follow up on these findings at this time. Follow-up will be completed during the next examination of the State Treasurer's Office.