

For Immediate Release
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State Auditor Mike Foley Comments on Latest Debacle at the Nebraska Department of Health and Human Services

Federal Government Demands Nearly \$22 Million in Repayments

State Auditor Mike Foley announced today that the Federal government has notified Nebraska State government officials that the State has 30 days to repay nearly \$22 million in misspent Federal monies that came to light after State auditors reviewed Nebraska's failed effort to privatize child welfare services.

If Nebraska does not make the immediate repayment, the State will be subject to annual interest expenses of over 10%.

In short, the two Federal determination letters received by the State Auditor today show that the Federal government concurs with audit findings previously released by the Nebraska State Auditor. The findings relate to how the Nebraska Department of Health and Human Services bungled its child welfare reform effort.

Each year, the Federal government requires Nebraska to file an audit report covering most Federal funds allocated to Nebraska State government. The audit is conducted by the State Auditor's Office. Federal officials then review the audit report and occasionally issue determination letters back to the State indicating whether or not they concur with the State Auditor's findings and indicate any financial consequences.

Foley observed, "Time and time again, the Nebraska Department of Health and Human Services has squandered millions in State and Federal dollars. The agency's refusal to adhere to sound business practices for the proper expenditure of funds will now result in Nebraska taxpayers having to pick up considerably more of the cost for its foster care program."

Foley continued: “this only further confirms my view that although DHHS has many fine dedicated employees, the agency is in turmoil and in desperate need of an overhaul. Nebraska taxpayers deserve better than this”.

The demand for repayment is to cover disallowed expenditures of \$7,857,405 in fiscal year 2012, and \$14,099,650 in fiscal year 2011; which make up the \$22 million. The State Auditor’s office is currently finishing up the fiscal year 2013 audit; which may lead to additional questioned expenditures.

Today’s notice of \$22 million in repayments comes on the heels of a similar \$3.2 million repayment demanded from Nebraska in August 2012. Nebraska initially appealed that cost disallowance but, ultimately, withdrew its appeal.

Copies of the two Federal government letters to Nebraska can be found on the State Auditor’s web site:

www.auditors.nebraska.gov

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