



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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December 18, 2014

James Douglas, Director  
Nebraska Game and Parks Commission  
2200 N. 33<sup>rd</sup> Street  
Lincoln, Nebraska 68503

Dear Mr. Douglas:

We have audited the basic financial statements of the State of Nebraska (State) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and have issued our report thereon dated December 16, 2014. In planning and performing our audit, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinions on the basic financial statements of the State, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

In connection with our audit described above, we noted certain internal control or compliance matters related to the activities of the Nebraska Game and Parks Commission (Agency) or other operational matters that are presented below for your consideration. The comment and recommendation, which has been discussed with the appropriate members of the Agency's management, is intended to improve internal control or result in other operating efficiencies.

Our consideration of internal control included a review of prior year comments and recommendations, where applicable. To the extent the situations that prompted the recommendations in the prior year still exist, they have been incorporated in the comment presented for the current year. All other prior year comments and recommendations (if applicable) have been satisfactorily resolved.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Draft copies of this letter were furnished to the Agency to provide management with an opportunity to review and to respond to the comment and recommendation contained herein. All formal responses received have been incorporated into this letter. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2014.

**Purchase of Land Not Properly Capitalized**

The Department of Administrative Services State Accounting Division (State Accounting) prepares the State Comprehensive Annual Financial Report (CAFR) and requires all land purchased in excess of \$100,000 to be reported in the State accounting system for inclusion in the CAFR. A good internal control plan requires the Agency to establish policies and procedures to ensure capital assets are recorded timely and accurately in the accounting system.

During testing of capital assets, it was determined that a tract of land purchased by the Agency in September 2013 was not recorded in the accounting system during the fiscal year. Therefore, the land was not properly included in the CAFR. The land, totaling 418 acres, was purchased for \$564,800.

When land or other capital assets are not recorded timely in the accounting system, there is an increased risk that the State's financial statements will be misstated.

We recommend the Agency ensure all land and assets purchased that meet the State's capitalization thresholds are recorded timely in the accounting system.

*Agency Response: We concur that timely recording of major assets in EI is part of a good internal control plan. While we are typically quite good at this, this particular tract had some unique elements related to it that precluded an immediate inclusion in the fixed asset module of EI, although the financial transaction was recorded in the general ledger. The 418 acres has since been entered and we are reviewing and updating processes to ensure a more timely resolution is adhered to in the future.*

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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 Agency and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Agency.

This communication is intended solely for the information and use of the Agency, the Governor, and State Legislature, others within the Agency, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not intended to be, and should not be, used by anyone other than the specified parties. However, this communication is a matter of public record, and its distribution is not limited.



Pat Reding, CPA, CFE  
Assistant Deputy Auditor