



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 3, 2018

Steven Twohig
Saunders County Attorney
387 N. Chestnut St. #1
Wahoo, NE 68066

Dear Mr. Twohig:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the accuracy of the Child Support Enforcement (CSE) reimbursement requests submitted to the Nebraska Department of Health and Human Services (DHHS) by Saunders County (County). In response thereto, the APA began limited preliminary planning work to analyze the reimbursement requests at issue. While doing so, the APA requested certain related financial information from the County. Based upon the outcome of that preliminary planning work, the APA has determined it to be unnecessary for our office to perform additional procedures at this time; however, the comment and recommendation below will be reviewed during the upcoming June 30, 2018, County audit.

During the course of the preliminary planning work, we noted certain internal control or compliance matters, or other operational matters within the County, that are presented below. The following information is intended to improve internal controls or result in other operational efficiencies.

Background

County employees who provide CSE services sign a certification attesting to the number of hours worked during each pay cycle on those particular services. Based upon the information contained in those signed certifications, the Saunders County Attorney (County Attorney) sends a reimbursement request to the Department of Health and Human Services (DHHS), which makes quarterly payments to the County for the cost (i.e., employee wages and benefits, postage, etc.) of the CSE services provided. In addition to handling the signed employee certifications and submitting the reimbursement requests to DHHS, the County Attorney receives the resulting reimbursement funds.

The following table documents the total amount of DHHS reimbursement funds received by the County Attorney during the period of July 1, 2016, through March 31, 2018.

Quarter Ended	Amount
9/30/2016	\$16,101.35
12/31/2016	\$15,463.31
3/31/2017	\$19,534.76
6/30/2017	\$16,218.74
9/30/2017	-
12/31/2017	\$14,957.36
3/31/2018	\$15,487.76
Total	\$97,763.28

Note 1: Costs for the 9/30/2017 quarter were not eligible for reimbursement as the payments were made with incentive dollars, and are not eligible for reimbursement.

Note 2: The 3/31/2018 quarter has yet to be reimbursed.

Comment and Recommendation

The APA selected two quarters, September 2016 and March 2017, from a possible seven for additional testing. As a result, the APA noted several issues with the reimbursements received, as follows:

Issue Noted	Quarter-Ended	Possible Overpayment
Kelly Cidlik Payroll	9/30/2016	\$2,751.00
Amber Milliken Payroll	3/31/2017	\$425.86
Postage	3/31/2017	\$83.93
Total		\$3,260.79

Kelly Cidlik Payroll

One County employee, Ms. Cidlik, signed a certification on February 23, 2017, stating that 100% of her work hours during August and September 2016 were spent on CSE services; however, documentation was maintained by Saunders County to the contrary. Ms. Cidlik's timesheets for those months, which were signed on November 10, 2016, indicate that only 215.75 out of 334.5 hours worked were spent on CSE services. These timesheet were not maintained in the DHHS Child Support Enforcement files; therefore, they appear not to have been provided to DHHS as supporting documentation with the reimbursement requests.

The table below documents the wage reimbursement discrepancies that resulted from the inaccurate reimbursement requests, provided to DHHS.

Pay Period	Total Hours	Actual Wage Reimbursement	CSE Hours	Correct Wage Reimbursement	Variance
6/17/16 - 7/8/16	80.00	1,676.80	80.00	1,676.80	-
7/9/16 - 7/22/16	80.00	1,676.80	80.00	1,676.80	-
7/23/16 - 8/5/16	80.00	1,676.80	80.00	1,676.80	-
8/6/16 - 8/19/16	80.00	1,676.80	43.25	906.52	770.28
8/20/16 - 9/2/16	80.00	1,676.80	60.75	1,273.32	403.48
9/3/16 - 9/16/16	80.00	1,676.80	45.75	958.92	717.88
9/17/16 - 9/30/16	80.00	1,676.80	39.00	817.44	859.36
Totals		11,737.60		8,986.60	2,751.00

Note: The table includes only wages; however, the issue noted above would also affect the benefit reimbursement.

When shown the above discrepancies, staff at the County Attorney’s office agreed that the DHHS reimbursements for the months of August and September 2016 should have been for only the cost of those hours actually hours worked on CSE services.

Amber Milliken Payroll

Another County employee, Ms. Milliken, signed a certification on April 18, 2017, stating that 100% of her work hours during the month of March 2017 were spent on CSE services. Saunders County also maintained timesheets reflecting Ms. Milliken’s work hours for January through February 2017, which were provided to DHHS as supporting documentation with the reimbursement request. After reviewing the supporting documentation, DHHS increased Ms. Milliken’s payroll reimbursement; however, this increase included payment for additional hours not reflected on the employee’s timesheet.

Both DHHS and the County lacked procedures to verify the accuracy of any changes made to CSE reimbursements. Additionally, while DHHS improperly increased the reimbursement, the County did not have documentation on file to support the increased reimbursement, and was unable to provide any guidance as to why the reimbursement was adjusted.

The following table documents the increased reimbursement discrepancies.

Pay Period	Total Hours	Actual Wage Reimbursement	CSE Hours	Correct Wage Reimbursement	Variance
12/24/16 - 1/6/17	15.25	242.78	15.25	242.78	-
1/7/17 - 1/20/17	34.00	541.28	34.00	541.28	-
1/21/17 - 2/3/17	39.70	632.02	39.70	632.02	-
2/4/17 - 2/17/17	38.75	616.90	38.75	616.90	-
2/18/17 - 3/3/17	59.65	949.63	32.90	523.77	425.86
3/4/17 - 3/17/17	40.00	636.80	40.00	636.80	-
3/18/17 - 3/31/17	40.00	636.80	40.00	636.80	-
Totals		4,256.21		3,830.35	425.86

Note: The table includes only wages; however, the issue noted above would also affect the benefit reimbursement.

Postage

The County maintained documentation to support postage costs, totaling \$361.60, during the March 2017 quarter. DHHS reviewed that documentation, which was provided with the reimbursement request for the period, and increased the payment to \$445.53; however, this reimbursement included the cost of additional postage not paid by the County. The error resulted in an overpayment of \$83.93.

DHHS did not have adequate procedures in place to review and verify the accuracy of any changes made to CSE reimbursements. They have indicated that the postage adjustment was in error, and the overpayment will be corrected on a future reimbursement. However, the County also lacked procedures to ensure the adjustment was proper; further, it was unable to provide an explanation or support for the increased reimbursement.

Good internal control and sound business practice require adequate documentation to support not only all CSE reimbursement requests submitted to DHHS, but also any payments made in response thereto. Such supporting documentation should be maintained by the County and reviewed periodically to substantiate all reimbursement payments received, especially when DHHS has made any adjustments to those disbursements.

We recommend DHHS and the County implement procedures to ensure adequate documentation is maintained to support both CSE reimbursement requests submitted to DHHS and payments made in response thereto. We recommend also that the County review such documentation periodically to substantiate all reimbursement payments received, especially when DHHS has made any adjustments to them.

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The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the County's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the County.

Draft copies of this letter were furnished to the County to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The County declined to respond. This matter will be revisited during the upcoming June 30, 2018, County audit.

Additionally, a copy of this letter is being forwarded to the County's Board of Supervisors and DHHS for further review.

This communication is intended solely for the information and use of the County and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

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

Sincerely,



Mary Avery
Special Audits and Finance Manager
Phone: 402-471-3686
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cc: Saunders County Board of Supervisors
Nebraska Department of Health and Human Services