



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

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Colonel John Bolduc, Superintendent of Law Enforcement and Public Safety
Nebraska State Patrol
1600 Highway 2
Lincoln, Nebraska 68502

Dear Colonel Bolduc:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska (State), as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report thereon dated December 19, 2019. 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 that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 State Patrol (Agency) or other operational matters that are presented below for your consideration. This comment and recommendation, which has been discussed with the appropriate members of Agency 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. To the extent the situations that prompted the recommendations in the prior year still exist, they have been incorporated in the comments presented for the current year. All other prior year comments and recommendations (if applicable) have been satisfactorily resolved.

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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph herein and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2019.

Voyager Card Issues

For the purchase of fuel, service, maintenance and repair of its vehicles and equipment, the State of Nebraska (State) uses Voyager Fleet Systems Inc. (Voyager) cards, which are essentially credit cards issued through US Bank. The Voyager cards are used for electronic purchases at Nebraska Department of Transportation gas pumps and hundreds of participating commercial vendors in Nebraska. The Voyager card can also be used in surrounding states.

We ran a report of all Voyager card transactions for the fiscal year ended June 30, 2019, and noted the following issues for the Agency:

- Nearly all of the Voyager cards are assigned to a vehicle, a piece of equipment, or a State shop. Voyager cards assigned to a specific vehicle usually require the State employee to enter a vehicle identification number and the odometer reading of the vehicle before the card can be used. This serves as a monitoring tool to ensure the fuel purchased is for the proper vehicle. The Agency made 418 fuel purchases, totaling \$12,742, without the odometer of the vehicle being entered at the time of purchase, as required by the Agency's policies. According to the Agency's "Maintenance and Use of Vehicles and Equipment Policy," Section G, *Voyager Cards*, "Accurate odometer readings are required to be entered at the pump at the time of fuel purchases."
- According to the Agency's "Maintenance and Use of Vehicles and Equipment Policy," Section G, *Voyager Cards*, "When possible and practicable, fuel purchases should be made at state-owned pumps rather than at commercial vendors." The State purchases bulk fuel at a reduced price; therefore, fuel purchased at State-owned facilities reduces costs incurred by agencies. The Agency had 1,246 fuel purchases, totaling \$41,074, in the City of Lincoln from commercial vendors. The Agency did not have procedures to monitor fuel purchased from commercial vendors to ensure the expenses were reasonable and necessary in compliance with the policy.
- The Agency had 369 car wash transactions, totaling \$4,882. The Agency's policy limits car washes to \$10 per car wash and requires each troop area quartermaster's approval for car wash packages. We reviewed all car wash purchases over \$20 and noted that 12 of 12 car wash purchases, totaling \$704, were for car wash packages, and none of the car wash packages tested had documented approval by the troop area quartermaster. Furthermore, 9 of the 12 packages lacked adequate documentation to determine whether the cost per car wash was \$10 or less – as five of nine had illegible or no receipts available, and the remaining four receipts did not note the number of car washes per package. One car wash package included payment of \$9 in sales tax, although the State is exempt from sales tax.

- We selected one Voyager card transaction for the purchase of fuel, totaling \$65. The Agency was unable to provide the receipt for the fuel or the vehicle log for the period tested in order to ensure that the purchase was necessary and reasonable. According to the Agency’s “Maintenance and Use of Vehicles and Equipment Policy,” Section G, *Voyager Credit Cards*, #3 Duties and Responsibilities, (b) “The Division Commander or assigned designee in each area will be responsible for collecting and archiving all Voyager receipts Such receipts shall be retained based upon the requirements of the Agency’s approved retention schedule.” Furthermore, section (c) states, “A travel report or log is required to be submitted”

A similar finding was noted during the previous audit.

Good internal controls require procedures to ensure the following: 1) odometer readings are tracked when purchasing fuel with Voyager cards; 2) fuel purchases in Lincoln, NE, are made at State-owned facilities, as well as at such facilities elsewhere whenever possible; 3) car wash purchases adhere to Agency policies; and 4) adequate supporting documentation and proper approval is on file for all Voyager card purchases.

Without such procedures, there is an increased risk of not only misuse or waste of public resources but also noncompliance with State statute and/or administrative policies.

We recommend the Agency implement procedures to ensure the following:
1) odometer readings are tracked when purchasing fuel with Voyager cards;
2) fuel purchases in Lincoln, NE, are made at State-owned facilities, as well as at such facilities elsewhere whenever possible; 3) car wash purchases adhere to Agency policies; and 4) adequate supporting documentation and proper approval is on file for all Voyager card purchases.

Agency Response: The Nebraska State Patrol has implemented its own Agency specific policy (“Maintenance and Use of Vehicles and Equipment Policy”) that is applicable and specific to its operations. This policy became effective 1/29/2020. The policy addresses and/or requires (1) the entering of accurate odometer readings at the time of fuel purchases, (2) when possible and practicable, the purchase of fuel from state-owned pumps rather than at commercial vendors, (3) the approval by the troop area quartermaster of car wash packages or promotions that exceed \$10, (4) the retention of readable receipts for fuel purchases, and (5) the submission of a travel report or log by personnel. The Nebraska State Patrol will endeavor to establish procedures to ensure the policy is implemented, carried out, and monitored.

At the time of the audit by the State Auditor’s Office, the Patrol’s policy was still in draft form, and had not been fully finalized or implemented. Since that time, the policy has gone through the required approval steps, some of which are related to the Agency’s accreditation, and is now final. The Agency is taking steps and endeavoring to ensure that the policy is fully implemented, and monitored for compliance.

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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 management, 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