

Legislative Performance Audit Committee
Annual Report to the Legislature:
Fiscal Year 2003-2004

September 2004

**Performance
Audit
Section**

*Legislative Research Division
Nebraska Legislature*

Legislative Performance Auditing

Legislative performance audits are designed to provide legislative oversight of state agency programs and to improve program efficiency and effectiveness. They are conducted under the supervision of the Legislative Performance Audit Committee (committee), a special committee of the Nebraska Legislature.

Membership on the committee includes the Speaker of the Legislature, chairpersons of the Executive Board and the Appropriations Committee, and four other members of the Legislature, chosen by the Executive Board. The committee's responsibilities include selecting audit topics; defining the scopes of audits; adopting recommendations based on reports prepared by the Performance Audit Section (section); holding public hearings and sponsoring legislation, as necessary, in conjunction with audits; and monitoring agency compliance with committee recommendations.

The section, staffed by four professional analysts, is housed within the Legislative Research Division (LRD) and supervised by the Director of Research. In conducting audits, analysts are subject to the Nebraska statutes and provisions of the Government Auditing Standards published by the Comptroller General of the United States, General Accounting Office. Statutes governing the performance audit process in Nebraska are found in Chapter 50, article 12, of the Nebraska Revised Statutes.

Copies of completed reports can be obtained from LRD (402-471-2221). Other inquiries regarding performance auditing can be addressed to the Director of Research, Cynthia Johnson.

Performance Audit Committee

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Senator Marian Price, Vice Chairperson
Speaker Curt Bromm
Senator Pam Brown
Senator Pat Engel
Senator Vickie McDonald
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CONTENTS

PREFACE	v
PERFORMANCE AUDIT ACTIVITIES FY2003-04	
Overview	1
Performance Audit Reports	1
Preaudit Inquiries	3
Legislation	4
Other Items of Interest.....	5
APPENDIX	7
Performance Audit Reports Table	9
Preaudit Inquiries Table.....	17

PREFACE

Section 50-1205 of the Legislative Performance Audit Act provides that the Legislative Performance Audit Section Director shall prepare an annual report for the approval of the Legislative Performance Audit Committee that provides a summary of the recommendations made “pursuant to reports of performance audits during the previous fiscal year and the status of implementation of those recommendations.” This report provides a brief summary of the activities of the committee and the section from July 2003 through June 2004.

PERFORMANCE AUDIT ACTIVITIES FY2003-04

Overview

FY2003-04 marked the eleventh full fiscal year of auditing activity for the Legislative Performance Audit Committee (Committee) and the Legislative Performance Audit Section (Section).¹ During the 12-month period the Committee and the Section:

- issued one final committee report, and two preaudit inquiries;
- commenced work on two performance audits; and
- drafted and monitored legislation pertaining to performance auditing and programs that were subject to performance audits.

Tables summarizing all of the performance audits and preaudit inquiries conducted by the Committee since its inception are included in Appendix A.

Performance Audit Reports

A performance audit is an objective examination of a state program to determine, among other things, the program's effectiveness and compliance with legislative intent. The Committee completed one audit and began two more in FY2003-04. Following is a description of each.

Nebraska Board of Parole (September 2003)

The Committee conducted a performance audit of the Nebraska Board of Parole (Board). The Board is composed of five full-time members appointed by the Governor and approved by the Legislature. It is responsible for determining whether inmates incarcerated in Nebraska prisons are paroled and for prescribing terms and conditions of parole. The Board discharges its responsibilities by conducting parole reviews, parole hearings, and parole-violation hearings.

The purpose of the audit report was to describe the parole process and evaluate its efficiency; analyze the Board's recordkeeping; and, to the extent allowed by the board's recordkeeping, examine parole trends over the last decade. The Committee found that the Board and its staff members generally conduct reviews and hearings in an efficient and effective manner. However, the Committee had several concerns relating to the overall structure and internal management of the Board. First, the Board lacks a well-defined management struc-

¹From 1992 to 2003, legislative performance auditing in Nebraska was known as legislative program evaluation. In 2003, with the passage of LB 607, the Legislative Program Evaluation Act was renamed the Legislative Performance Audit Act. The current composition of the Committee and a listing of Section staff, along with a brief description of legislative performance auditing in Nebraska, are found on the inside front cover of this report.

ture, particularly as it relates to the scope of the chairperson's authority; this has led to tension among Board members, and between the Board and the Department of Corrections. Second, the Board's paper-and-file recordkeeping system does not allow for meaningful policy analysis. Because of the absence of electronic data, the Committee could only speculate about the causes of various parole trends. The Committee recommended that:

- the Board's statutes and regulations be changed to set out a more clearly-delineated and appropriate management and staffing structure; and
- the Board develop a record-keeping database using commercially available software and modify its documentation accordingly.

The Committee introduced LB 1131 based on the findings and recommendations in the report. (LB 1131 is discussed on page 5.)

The Nebraska Medicaid Program's Collection of Improper Payments (Pending)

The Committee is nearing completion of a performance audit of the Nebraska Medicaid program's collection of improper payments. The Nebraska Medicaid program pays enrolled physicians, hospitals, and other providers for medical services delivered to eligible members of low-income families and certain disabled individuals. The program is under the jurisdiction of the Health and Human Services System (HHSS) Finance and Support Agency, but the other two HHSS agencies are responsible for some Medicaid functions as well.

The Committee was interested in determining whether HHSS has a reasonable system in place to collect improper payments made to Medicaid providers and recipients. To answer this question, the audit will:

- assess the adequacy of HHSS' efforts to identify and collect third-party reimbursements and to prevent, discover, and collect improper payments;
- describe these efforts, assess their efficiency, and identify areas, if any, in which HHSS should make additional efforts; and
- determine whether statutory or regulatory changes are needed to implement improvements.

The Lincoln Regional Center's Billing Process (Pending)

The Committee is also nearing completion of a performance audit of billing practices at the Lincoln Regional Center (LRC). Administered by HHSS, LRC offers inpatient mental healthcare treatment programs to adults and adolescents who often have few financial resources. In an effort to cover the costs of treatment, LRC sends bills to third parties such as Medicaid, Medicare, and private insurance companies.

The Committee was interested in determining whether HHSS' billing processes and managerial practices are adequate and whether HHSS is collecting as much money as possible from third party and private payers. To do this, the audit will:

- examine the administrative structure used by the agency to oversee the billing process;
- describe billing processes;
- analyze data associated with payments and denied claims; and
- assess whether there is sufficient oversight of billing processes.

Preaudit Inquiries

A preaudit inquiry is conducted when the Committee is interested in a proposed audit topic but needs additional information before it decides whether to proceed with a full audit. In FY2003-04, the Committee completed two preaudit inquiries. Following is a description of each.

Health and Human Services System's Fee Reimbursements (August 2003)

The Committee asked the Section to identify HHSS programs that collect reimbursements from third parties, as well as payments from individual clients, refunds of overpayments, or rebates. The Section found that HHSS lacks a comprehensive system for identifying and collecting third-party reimbursements or overpayments.

The Section had several suggestions for audit topics relating to the Medicaid program, public institutions, Child Support Enforcement, and the general coordination of collection efforts. The Committee voted to pursue full audits of the Medicaid program's collection of improper payments, LRC's billing process, and the collection efforts of public assistance programs other than Medicaid. The first two are

in process (see pages 2-3), and the final topic will be addressed later in 2004.

Recycling Grant Funds Administered by the Nebraska Department of Environmental Quality (October 2003)

The Committee instructed the Section to conduct a preaudit inquiry into two grant funds administered by the Nebraska Department of Environmental Quality (DEQ): the Waste Reduction and Recycling Incentive Fund, and the Nebraska Litter Reduction and Recycling Incentive Fund. The funds are used to make grants to cities, counties, public agencies, nonprofit organizations, and private businesses to help them pay for recycling projects or recycling-related projects. The Committee asked whether:

- there is duplication of effort in the area of recycling; and
- a conflict of responsibility has been created because the department distributes grant money to some of the same entities it regulates.

The Section concluded that there were legitimate concerns regarding the risk of duplication between recycling grant programs. It also concluded that the department may have violated state statute in 2003 by awarding more than the statutory maximum of \$1 million in scrap-tire grants. Finally, the Section questioned the department director's oversight of both grant-awarding processes and regulatory processes; however, the dual role of the director is a policy question not subject to performance audit.

Legislation

The Committee introduced several measures for the Legislature to consider in 2004.

LB 1118—Audit Standards

The Committee designated LB 1118 as one of its priority bills for the 2004 session. This bill updates the statutory references to the government auditing standards that guide the work of the Legislative Performance Audit Section and the Auditor of Public Accounts (Auditor). The audit standards, published by the U.S. General Accounting Office, were updated in 2003.

LB 1118 also reiterates the current separation of duties whereby performance audits are done by the Committee and financial audits are done by the Auditor.

LB 1118 was passed by the Legislature.

LB 1087—Confidentiality

LB 1087 was intended to clarify the Performance Audit Section's authority to review confidential data. At present, the Section's access to confidential records is arguably implied under Neb. Rev. Stat. 50-1205(8), which gives the committee the authority to issue subpoenas and compel the production of documents.

LB 1087 was held by the Government, Military and Veteran's Affairs Committee and indefinitely postponed at the end of the session.

LB 1131—Parole Board

The Committee designated LB 1131 as its second priority bill for the 2004 session. LB 1131 was intended to address issues raised in the Committee's performance audit of the Nebraska Board of Parole. The bill sought to modernize provisions relating to parole and to clearly delineate the management and staffing structure of the Board.

Specifically, LB 1131 would have clarified the powers and duties of the Board's chairperson—giving the chairperson more supervisory authority in matters that do not require Board members to exercise independent judgment—and established an executive director position to oversee staff members and maintain records. The bill also would have clarified statutory language pertaining to parole reviews and parole hearings, and eliminated unnecessary requirements.

LB 1131 was held by the Judiciary Committee and indefinitely postponed at the end of the session.

Other Items Of Interest

NLPES Executive Committee Membership

Martha Carter, a performance audit analyst for the Committee, has been a member of the National Legislative Program Evaluation Society (NLPES) Executive Committee for five years, serving as the awards-subcommittee chairperson for the past three years. She was recently elected Chair of the Executive Committee.

APPENDIX

Performance Audit Reports¹

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
The Lincoln Regional Center's Billing Process	The full audit report is scheduled for release in Fall 2004.	N/A	➤ N/A
The Nebraska Medicaid Program's Collection of Improper Payments	The full audit report is scheduled for release in Fall 2004.	N/A	➤ N/A
Nebraska Board of Parole September 2003	The Committee concluded that the Board and its staff members generally conduct reviews and hearings in an efficient and effective manner. The Committee recommended that: (1) the Board's statutes and regulations be changed to set out a more clearly-delineated and appropriate management and staffing structure; and (2) the Board develop a record-keeping database and modify its documentation accordingly.	In October 2003, the Section requested an implementation plan from the Board. In response, the Board stated that it had implemented the Committee's recommendations relating to recordkeeping. However, it did not agree with the Committee's recommendation to clarify the chair's authority and had no plans to implement changes in this area.	➤ LB 1131 (2004) was introduced by the Performance Audit Committee. LB 1131 would have given the chairperson more supervisory authority over the other Board members. It also would have established an executive director position to oversee staff members and maintain records. (Indefinitely postponed, 2004).
Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act May 2003	The Committee concluded that, on the whole, the requirements of the Act and regulations are comparable to those in other states and can therefore be presumed adequate on their face. The Committee recommended that the department: (1) continue to improve its water-quality monitoring efforts through the statewide water-quality	In general, the Department responded favorably to the Committee's recommendations; it agreed with the recommendations regarding water-quality monitoring and the complaint process. However, the Department expressed some reservations about suggested changes to the inspection	➤ The Committee introduced no legislation on this topic; however, Sen. Ed Schrock, Chairperson of the Natural Resources Committee, introduced LB 916 (2004), which dealt with issues discussed in the report. (Passed, 2004).

¹As previously mentioned, Laws 2003, LB 607 renamed the Program Evaluation Committee to the Performance Audit Committee, which makes recommendations and introduces legislation based on performance audits (previously called program evaluations) conducted by the Performance Audit Section (previously called the Program Evaluation Unit). Accordingly, we have used the new names throughout the annual report. However, for historical purposes, any legislation introduced by the Performance Audit Committee in 2003 or earlier, will be recorded as being introduced by the Program Evaluation Committee.

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
	<p>monitoring network;</p> <p>(2) improve internal policies regarding its inspection schedule, complaint process, and land-application tracking process; and</p> <p>(3) continue its current groundwater monitoring practices specific to the livestock program.</p>	<p>schedule and the land-application-tracking process.</p>	
<p>HHSS Personal-Services Contracts January 2003</p>	<p>The Committee concluded that the HHSS agencies met the contracting requirements in statute and the executive order most of the time; however, the statutes and executive order were inadequate. Generally, the Committee recommended that:</p> <p>(1) personal-services contracts over \$25,000 be let for competitive bid;</p> <p>(2) DAS approve agencies' requisitions before entering into personal-services contracts valued at more than \$25,000; and</p> <p>(3) agencies develop internal contracting policies and report to DAS as required so that they are more accountable to the state.</p>	<p>The HHSS agencies did not fully agree with the Committee's recommendations. The agencies asserted that the executive order was an adequate tool to govern contracting and that legislation was unnecessary. The agencies also said they were neither willing to create a temporary system to compile and maintain basic contract information nor correct accounting code problems because they felt NIS would do so. Regardless, LB 626 requires the agencies to meet similar requirements.</p>	<ul style="list-style-type: none"> ➤ LB 770 (2003) was introduced by the Performance Audit Committee. (Indefinitely postponed, 2003). ➤ LB 626 (2003) was introduced by Sen. Don Preister. LB 626 required that: all personal-services contracts over \$50,000 be let for competitive bid, with some exceptions; agency directors maintain accurate documentation of the contracting process with the contract; all personal-services contract information be recorded on the new Nebraska Information System (NIS). (Passed, 2003).
<p>Nebraska Habitat Fund January 2002</p>	<p>The Committee recommended that the Commission:</p> <p>(1) find additional funding for its habitat development programs;</p> <p>(2) assess the long-term effectiveness of its partnering program to ensure benefits on the investments it makes in its partnering agreements continue after the agreements expire; and</p> <p>(3) report on the program's effectiveness in a few years.</p>	<p>The Commission responded favorably to the Committee's recommendations and intended to implement them through operating procedures and its long-term planning efforts.</p> <p>In October 2002, the Section requested an update from the Commission and was satisfied with the Commission's response.</p>	<ul style="list-style-type: none"> ➤ None

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
<p>State Board of Agriculture (State Fair Board) December 2001</p>	<p>The Committee found that the State Fair Board had an unusual relationship with the state. While the Board was not considered a state agency, it received general funds and was exempt from the state's pari-mutuel and sales taxes. In addition, the Board was not only exempt from the "building renewal assessment" fee usually paid by state agencies, but also had a contract with DAS (Building Division) relative to the Board's use and maintenance of the fairgrounds. Finally, the Committee found that senator-membership on the Board conflicted with the spirit of the separation of powers clause.</p> <p>The Committee recommended that:</p> <ol style="list-style-type: none"> (1) it consider ways to make the Board more accountable to the state; and (2) if it believed that senators should be prohibited from serving on the Board, it should introduce legislation to accomplish this. 	<p>The Board did not readily accept the Committee's recommendations, particularly that the Board become more accountable to the state. However, the Board has met the membership requirements.</p>	<ul style="list-style-type: none"> ➤ The Committee introduced no legislation on this topic; however, Sen. Roger Wehrbein, a Committee member, introduced LB 1236 (2002). LB 1236 addressed many of the Committee's concerns about the Board's lack of accountability to the state regarding funding and management practices. LB 1236 also called for an internal restructuring of the Board and placed term limits on the Board members, and statutorily established the State Fair Board Foundation. (Passed, 2002). ➤ LB 961 (2002) was introduced by Sen. Don Pederson. LB 961 would have made the State Fair Board a state agency. (Indefinitely postponed, 2002). ➤ LR 209CA (2004) was introduced by Sen. David Landis. If approved by voters in the November 2004 election, LR 209CA would allocate 10 percent of state lottery proceeds to the State Fair Board. (Adopted, 2004).
<p>Nebraska Environmental Trust Board October 2001</p>	<p>The Committee worked with the Board to make administrative changes relative to Section findings and cosponsored legislation to:</p> <ol style="list-style-type: none"> (1) clarify that the Board is responsible for hiring the executive director; (2) that the Board may use a subcommittee to evaluate grant applications and describe the process that should be used; (3) clarify that when voting on grant applications, 	<p>The Board accepted the Committee's recommendations and expressed its desire to address them through administrative action.</p> <p>In May 2002, the Board sent the Committee documentation of the policy changes it made in response to the Committee's recommendations.</p>	<ul style="list-style-type: none"> ➤ LB 891 (2002) was introduced by Sen. Doug Kristensen. The Performance Audit Committee co-sponsored this legislation. LB 891 was amended into LB 1003. (Passed, 2002).

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
	<p>members of the Board are subject to the Accountability and Disclosure Act's provisions regarding potential conflicts of interest; and</p> <p>(4) require agency director-members abstain from voting on applications which would primarily fund his or her agency.</p>		
<p>Department of Roads: Use of Consultants June 2001</p>	<p>The Committee recommended that the Department should:</p> <p>(1) continue to limit the use of over-programming; and</p> <p>(2) report back to the Committee on ways it could adjust its record keeping to better track staff time and overhead.</p>	<p>The Department agreed to implement the Committee's recommendations.</p> <p>In October 2002, the Section requested an update from the Department and was satisfied with its response.</p>	<p>➤ None</p>
<p>Department of Correctional Services Inmate Welfare Fund November 2000</p>	<p>The Committee recommended legislation that would:</p> <p>(1) statutorily create the Inmate Welfare and Club Accounts Fund;</p> <p>(2) allow for the pooling of trust fund interest and dividing it among the institutions; and</p> <p>(3) require inmate notification of the option to transfer accounts with a minimum balance to a private bank account.</p>	<p>The Department accepted the Committee's recommendations and agreed to implement them.</p>	<p>➤ LB 604 (2001) was introduced by the Performance Audit Committee. (Passed, 2001).</p>
<p>Bureau of Animal Industry: An Evaluation of the State Veterinarian's Office March 2000</p>	<p>The Committee recommended that:</p> <p>(1) LB 1280, which authorized the Bureau to develop an emergency management system and a herd certification program, be given serious consideration by the Legislature; and</p> <p>(2) either the Nebraska Livestock Market Act or the Livestock Auction Act be repealed, and the other amended, so that one statute governs all livestock sale barns.</p>	<p>The Bureau responded favorably to the report.</p>	<p>➤ LB 1280 (2000) was introduced by the Agriculture Committee. (Indefinitely postponed, 2000).</p> <p>➤ LB 438 (2001) was introduced by the Agriculture Committee. This bill reintroduced LB 1280. (Passed, 2001).</p> <p>➤ LB 197 (2001) was introduced by the Agriculture Committee. This bill reconciled the statutes governing sale barns. (Passed, 2001).</p>

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
Nebraska Ethanol Board December 1999	<p>The Committee recommended that the Board:</p> <ul style="list-style-type: none"> (1) set up its budget so that expenditures made in conjunction with separate activities are more easily tracked; (2) establish methods to measure the effectiveness of its market development campaigns; and (3) determine the benefits it receives from membership in national organizations. <p>The Committee also requested that the Board commit its long-term plan to writing and that the Legislature address the future role of the Board in light of that plan.</p>	The Board's implementation plan included a section entitled "Long Term Plan."	➤ None
State Foster Care Review Board January 1999	<p>The Committee recommended that the Board make a number of administrative changes to ensure that the cases of children in foster care are reviewed consistently with federal requirements. The Committee also recommended legislative changes to the statutes governing case reviews.</p> <p>In addition, the Committee recommended that the Health and Human Services System (HHSS) expedite a resolution to problems related to its reporting foster care placement information to the Board in a timely manner.</p>	<p>The Board accepted all of the Committee's recommendations.</p> <p>In November 1999, the Section asked the Board for an update and was satisfied with the Board's response.</p>	➤ LB 240 (1999) was introduced by the Performance Audit Committee. LB 240 required that HHSS report foster care placement information to the Board. It also required that local review boards consist of not less than four and no more than 10 members. (Passed, 1999).
Programs Designed to Increase the Number of Providers in Medically Underserved Areas of Nebraska July 1998	<p>The Committee recommended that when administering certain programs, the Health and Human Services System's (HHSS) Office of Rural Health (ORH) and the University of Nebraska Medical Center (UNMC) should be mindful of the:</p> <ul style="list-style-type: none"> (1) duplication of effort and other administrative inefficiencies; and (2) lack of enforcement of statutory penalties. <p>In addition, the Committee recommended the elimination of a student loan program adminis-</p>	<p>Both ORH and UNMC responded favorably to the audit report and accepted all of the Committee's recommendations.</p> <p>In January 1999, the Section received an update on implementation of the Committee's recommendations from HHSS.</p>	➤ LB 241(1999), introduced by the Performance Audit Committee, required UNMC and ORH to ensure that an institution requesting funds related to family practice residencies does not receive funds from each group at the same time, and limited the number of residency positions annually available in the ORH program to nine (Passed, 1999).

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
	tered by UNMC.		<ul style="list-style-type: none"> ➤ LB 242 (1999), also introduced by the Performance Audit Committee, eliminated the student loan program administered by UNMC and reverted loan repayment funds to the ORH. (Passed, 1999).
Department of Agriculture June 1997	The Committee's recommendations related primarily to the Department's: <ol style="list-style-type: none"> (1) tracking of agriculture promotion and development efforts; (2) lack of policies related to reviewing, monitoring and analyzing cash funds and setting of fees; (3) general fund expenditures for the seed testing program; (4) the statutes and licensing fees for the Bureau of Animal Industry; (5) weights and measures statutes and certification fees; and (6) food inspections. 	The Department responded favorably to the audit report and submitted quarterly reports to the Section relative to its progress in implementing the Committee's recommendations.	<ul style="list-style-type: none"> ➤ None
Board of Educational Lands and Funds February 1997	The Committee's recommendations suggested the Board work with the Performance Audit Committee and the Education Committee to revise and update statutes governing school lands.	The Board worked with the Committee to introduce the legislation (LB 843, LB 547, and LB 779).	<ul style="list-style-type: none"> ➤ LB 843 and LB 547 (1997) were introduced by the Performance Audit Committee. Both updated the statutes governing school lands. (Both Indefinitely postponed, 1997). ➤ LB 779 (1999) was introduced by the Performance Audit Committee. LB 779 updated and revised the statutes governing school lands. (Passed, 1999).
Public Service Commission (PSC) History of Structure, Workload,	The Committee recommended that: the: <ol style="list-style-type: none"> (1) number of commissioners be reduced from five to three; 	The PSC also conducted an internal staff evaluation in response to statewide telecommunication issues.	<ul style="list-style-type: none"> ➤ LB 1218 (1996) was introduced by Sen. Doug Kristensen. This bill, which shifted some responsibility from the

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
and Budget April 1996	(2) PSC develop a strategy for staff reductions; and (3) PSC prepare a strategic plan to address implementation of commissioner and staff reductions.		PSC, resulted in staff reductions. (Passed, 1996). ➤ LB 399 (1997) was introduced by the Performance Audit Committee. (Indefinitely postponed, 1997).
Public Employees Retirement Board and Nebraska Public Employees Retirement Systems: Review of Compliance-Control Procedures March 1996	The Committee recommended that: (1) the Board make changes in the way it administers laws and regulations affecting the retirement systems; (2) Board members have more specific expertise; (3) the Board's director have more specific qualifications; and (4) the Legislature schedule a regular meeting time during legislative sessions for the Retirement Committee.	The Board accepted all of the Committee's recommendations. To date, the Legislature has not set a regular meeting time for the Retirement Committee.	➤ LB 847 (1996) was introduced by the Retirement Committee. Some of the Performance Audit Committee recommendations were incorporated into LB 847. (Passed, 1996).
Leaking Underground Storage Tank (LUST) Program December 1995	The Committee recommended legislative and administrative changes in the LUST program relating to: (1) all phases of corrective action; (2) the fund used to reimburse tank owners for corrective action costs; and (3) consultants hired by tank owners to undertake corrective actions. The recommendations included the creation of a technical advisory committee that was to develop and recommend rules and regulations implementing risk-based corrective action to the Department of Environmental Quality (DEQ) and to make recommendations to the Legislature.	The advisory committee issued a report to the Legislature in February 1998. The Environmental Quality Council adopted rules and regulations implementing risk-based corrective action. DEQ has resolved issues relating to the reimbursement fund.	➤ LB 1226 (1996) was introduced by Sen. Curt Bromm. LB 1226 implemented all report recommendations related to legislative changes including the creation of a technical advisory committee. (Passed, 1996).

Audit Topic and Report Release Date	Summary of Major Recommendations	Agency Action Taken	Related Legislation
School Weatherization Fund September 1995	Prior to the issuance of the draft report, the Legislature passed LB 860 (1995), which eliminated the school weatherization program and transferred the program's funds to the School Technology Fund. As a result, the draft report was published, but the Committee did not formulate recommendations.	N/A	➤ None
The Training Academy of the Nebraska State Patrol (NSP) and the Nebraska Law Enforcement Training Center September 1995	The Committee recommended that the NSP and the Nebraska Commission on Law Enforcement and Criminal Justice (Crime Commission) work cooperatively toward the goal of expanding the Nebraska Law Enforcement Training Center to meet the training needs of the NSP and the rest of the law enforcement community.	Due to the collective efforts of many, construction to expand the Nebraska Law Enforcement Training Center began in September 1999.	➤ LB 1005 (1998) was introduced by Sen. Chris Peterson. LB 1005 proposed funding the expansion of the Law Enforcement Training Center to accommodate training needs of the NSP. The bill was amended into the mainline budget bill, LB 1108. (Passed, 1998).
Nebraska Equal Opportunity Commission January 1995	The Committee recommended that the: (1) Legislature make changes in the NEOC administrative process and in the role of the commissioners; and (2) Commission develop short and long-term strategic plans.	The agency implemented some of the recommended administrative changes.	➤ LB 450 (1995) was introduced by the Performance Audit Committee. (Indefinitely postponed, 1996). ➤ LB 548 (1997) was introduced by the Performance Audit Committee. (Indefinitely postponed, 1998).
Interstate Agricultural Grain Marketing Compact February 1994	The Committee recommended that: (1) the compact and bylaws be amended; (2) administrative changes be made in tracking and reporting sales activity and market development; and (3) each member state live up to its funding obligations.	The Commission accepted most of the recommendations with the exception of some related to administrative changes and changes in the compact and bylaws. Nebraska withdrew from the compact in 1997 pursuant to LB 6.	➤ None

Preaudit Inquiries

Audit Topic and Date Completed	Full Audit Pursued	Summary of Report Conclusion
Nebraska Department of Environmental Quality: Recycling Grant Programs October 2003	Pending	The report concluded that there were legitimate concerns regarding the risk of duplication between recycling grant programs. It also concluded that the Department may have violated state statute in 2003 by awarding more than the statutory maximum of \$1 million in scrap-tire grants. Additionally, the report questioned the Department director's oversight of both grant-awarding processes and regulatory processes, however, the dual role of the director is a policy question not subject to performance audit.
Health and Human Services System's Fee Reimbursements August 2003	Yes	The report concluded that the Health and Human Services System lacks a comprehensive system for identifying and collecting third-party reimbursements or overpayments. The report recommended that a full audit be pursued and suggested several topics worthy of an audit.
Grain Warehouse Licensing in Nebraska May 2003	No	The report concluded that both the state and federal licensing programs were currently undergoing major changes. Consequently, the report recommended retaining the state licensing program for the time being and assessing the need for the program at a later date.
Health and Human Services System's Personal-Services Contracts July 2002	Yes	The report concluded that there were legitimate concerns about the processes the Health and Human Services System agencies use to enter into, track, and monitor personal-services contracts. It also raised several questions about the usefulness of the existing statutes and executive order. The report concluded that a full audit should be pursued and suggested which HHSS programs to audit.
Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act May 2002	Yes	The report concluded that the Act and the Department's regulations described the permitting process for livestock waste management in detail, however they were less clear about how the Department was to monitor compliance and its enforcement options. The report also suggested several questions worthy of an audit.
Nebraska Telecommunications Universal Service Fund April 2001	No	The report concluded that there were legitimate concerns worthy of an audit, however, given that the Commission was still in the process of implementing policies, a full audit would be premature. The report also concluded that when and if a full audit is undertaken, it should focus on the formula used to calculate support and ramifications of supporting wireless services.
State Board of Health November 2001	No	The report concluded that the most significant issues related to the Board were policy questions and not subject to audit. It also concluded that if the Committee was interested in the area of credentialing health professionals or the elimination of the Department of Health, it should address those issues in an audit undertaken in a broader context than an investigation of the Board.

Audit Topic and Date Completed	Full Audit Pursued	Summary of Report Conclusion
State Board of Agriculture (State Fair Board) August 2001	Yes	The report concluded that while the legal status of the Board is unusual, it has a significant relationship with the state and the Committee has the authority to evaluate the Board. The report's conclusion also suggested several questions worthy of an audit.
Game and Parks Commission Cash Funds August 1999	No	The report concluded that while the Commission's nine cash funds were its primary source of funding and support all but three of its operating and capital development programs, the Committee should select a program for auditing rather than a cash fund because expenditures could be tracked more efficiently by looking at programs.
Education Technology January 1998	No	The report concluded that a full audit would not be necessary if the goal of the audit was to assess the extent of coordination among agencies providing education technology services. The conclusion was based on the fact that other studies have found that coordination is lacking and efforts are ongoing to remedy the situation.
Nebraska Research and Development Authority April 1997	No	The report concluded that there were significant policy issues, however they were outside the purview of performance auditing.
Department of Agriculture June 1996	Yes	The report concluded that a full audit should be conducted relative to the Department's administrative expenditures, fee review and fee-setting procedures, and inspection compliance.
Department of Correctional Services Cornhusker State Industries (CSI) Program April 1996	No	The report concluded that the inquiry did not raise significant concerns about CSI's program planning, goals, or management and operations.
DAS Duplication of NU Financial Record Keeping February 1995	No	The report concluded that a full audit would not be appropriate because an interim study on the issue had been conducted recently and pending legislation proposed to eliminate a significant portion of the duplication.
Municipal Infrastructure Redevelopment Fund (MIRF) November 1994	No	The report concluded that MIRF was accomplishing what was intended by the Legislature.
The Petroleum Release Remedial Action Act November 1994	Yes	The report identified areas to pursue in a full audit of the Department of Environmental Quality's Leaking Underground Storage Tank Program.

Audit Topic and Date Completed	Full Audit Pursued	Summary of Report Conclusion
Funding the Education of Wards of the State: Who Should Pay? February 1993	No	The report concluded that there was no clear link between the quality of educational services provided to wards of the state and where the funding for services comes from (the state vs. local school districts). The report also concluded that the funding source question was a policy issue outside the purview of performance auditing.