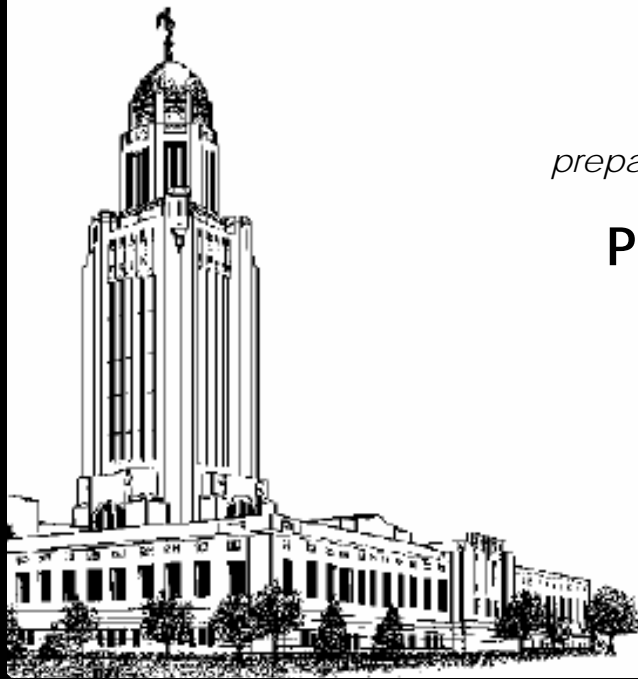


Legislative Performance Audit Committee

Annual Report to the Legislature *✧ Fiscal Year 2005-2006 ✧*

September 2006



prepared by the

Performance Audit Section

Legislative Audit and Research Office

Nebraska Legislature

Performance Audit Committee

Senator Chris Beutler, Chairperson
Senator Marian Price, Vice Chairperson
Speaker Kermit Brashear
Senator Pat Engel
Senator Philip Erdman
Senator Vickie McDonald
Senator Don Pederson

Performance Audit Section

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Sandy Harman, Committee Clerk

Audit reports are available on the Unicameral's Web site (www.unicam.state.ne.us) or
can be obtained from Martha Carter, Audit Manager, at (402) 471-2221.

PERFORMANCE AUDIT SECTION
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Legislative Performance Audit Committee

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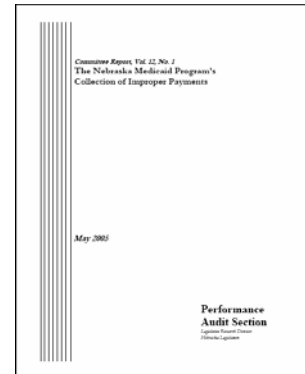




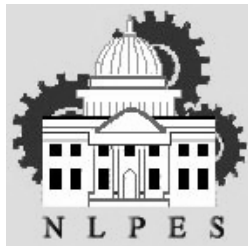
Legislative Performance Audit: Audit Section Highlights FY2005-06

Impact Award for the Nebraska Medicaid Program's Collection of Improper Payments Audit

The Performance Audit Section (Section) was awarded a 2006 Certificate of Recognition of Impact from the National Legislative Program Evaluation Society (NLPES) for its 2005 audit of the Medicaid program's collection efforts. In response to the audit, the Legislature passed a bill that is expected to save taxpayers \$7.5 million. Certificates of Recognition are awarded annually to offices that demonstrate that their audits have led to program improvements through policy changes or legislation.



National Involvement: NCSL and NLPES



Performance audit manager **Martha Carter** served as the **Immediate Past Chair of the NLPES Executive Committee for 2006**. Martha was also chosen to fill one of four discretionary positions on the **Legislative Staff Coordinating Committee (LSCC)** of the **National Conference of State Legislatures (NCSL)**. The LSCC is made up of representatives from NCSL's staff sections who coordinate activities for legislative staff, such as professional development opportunities at the NCSL annual meeting.

New Staff Members

The Appropriations Committee showed its support for the legislative performance audit process in its 2005 budget bill, LB 425, by adding **two full-time positions to the Section's staff**. In late 2005, the Section filled these positions and hired a new legal counsel. These additions bring the number of **full-time staff members assigned to the Section to six**.

Yellow Book Compliance: Year Two

As of 1 July 2005, the **Legislative Performance Audit Section began claiming compliance with the Government Accountability Office's Performance Auditing Standards** (commonly called the Yellow Book Standards). Previously, the Section complied with all standards except peer review and continuing education, as a result of budgetary and staff-size constraints.



Legislative Performance Audit

What we do

What is a Performance Audit?

Simply put, a performance audit is an objective examination of a state program to determine, among other things, the program's effectiveness, efficiency, and compliance with legislative intent.

These audits provide legislative oversight of state agency programs and improve efficiency and effectiveness.

Who does Performance Auditing in Nebraska?

A special committee of the Legislature, the Legislative Performance Audit Committee (Committee), supervises performance audits conducted by the Performance Audit Section (Section), which is housed in the Legislative Audit and Research Office.

Who serves on the Performance Audit Committee? What does the Committee do?

Seven senators serve on the Committee. They are the Speaker of the Legislature; the chairpersons of the Executive Board and the Appropriations Committee; and four other members of the Legislature, chosen by the Executive Board.

The Committee has several duties, including: selecting audit topics; defining the scopes of audits; adopting recommendations based on reports prepared by the Section; holding public hearings and sponsoring legislation, as necessary, in conjunction with audits; and monitoring agency compliance with Committee recommendations.

What is the Performance Audit Section?

The Section has six, full-time audit analysts, one of whom also serves as Section legal counsel. In conducting audits, the Section analysts are subject to the Nebraska statutes and provisions of the Government Auditing Standards published by the Comptroller General of the United States, Government Accountability Office. Statutes governing the performance audit process in Nebraska are found in Chapter 50, article 12, of the Nebraska Revised Statutes.

Who can request an audit?

Any Constitutional officer, state senator, or legislative division head can request a performance audit. Once submitted, the Committee reviews the request and votes whether to pursue the topic or not.

Where can I get more information about Performance Auditing?

Questions can be directed to Martha Carter, Audit Manager, at (402) 471-2221. Audit reports are available on the Unicameral's Web site (www.unicam.state.ne.us) or can be obtained from the Legislative Audit and Research Office.

What agencies say about our work

The Nebraska Medicaid Program's Collection of Improper Payments (May 2005)

“The efforts of the Committee and your staff were determinative in passage of the bill to improve . . . Medicaid’s ability to coordinate insurance and ERISA benefits.”

-Richard P. Nelson, Director, Dept. of Health and Human Services - Finance and Support, 25 July 2005

Nebraska Board of Parole (September 2003)

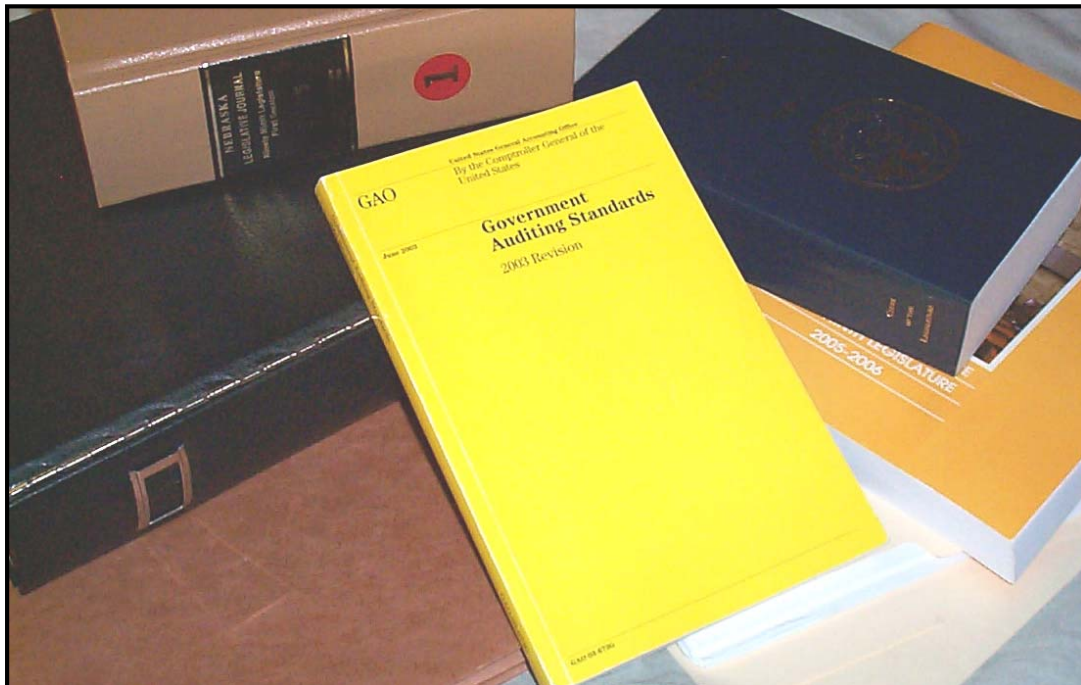
“The Board thanks the Legislative Performance Evaluation Unit for its hard work and its diligent investigation, review, and candid discussion of important Parole issues.”

-Ken Vampola, Chairman, Nebraska Board of Parole, 29 August 2003

Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act (May 2003)

“We found your staff to be very professional, well-versed, and courteous during their discussions with me and my staff.”

-Michael L. Linder, Director, Department of Environmental Quality, October 2002





Performance Audit Section Projects: FY2005-06

Overview

FY2005-06 marked the thirteenth 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 two preaudit inquiries;
- commenced work on two full 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 the appendices.

Performance Audit Reports

In the latter part of the year, the Committee directed the Section to conduct audits of the Lincoln Regional Center's Sex Offender Services program and the Nebraska Public Employees Retirement Systems. These audits were completed during the latter part of the fiscal year and publicly released in early part of the following fiscal year.

In the early part of FY2005-06, the Committee directed the Section to conduct two preaudit inquiries, as describe below.

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 FY2005-06, the Committee completed the following preaudit inquiries.

The Lincoln Regional Center Psychiatrists' Work Commitments (September 2005)

¹ From 1992 to 2003, legislation 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 Committee asked the Section to determine the feasibility of and need for a full audit of the work commitments of Lincoln Regional Center (LRC) psychiatrists. This inquiry was prompted by a concern that LRC psychiatrists, some of whom have significant work commitments outside LRC, were not putting in sufficient hours at LRC and that the quality of their work might be suffering as a result.

The Section found that, historically, LRC had not had an effective means of ensuring that full-time psychiatrists work 40 hours each week, as required by law. However, at the time of the preaudit inquiry, a new LRC chief executive officer had been in place for only a few months, and he expressed a commitment to bringing additional accountability to the hours worked by the psychiatrists. Consequently, the Section recommended that the Committee not pursue a full audit at that time, but that it reconsider the issue in six months. The Committee agreed with the Section's recommendation and continues to monitor the situation.

Implementation of the Nebraska Information Systems

The Committee asked the Section to assess the need for an audit of the Department of Administrative Service's (DAS's) implementation of the state's new accounting system, the Nebraska Information System (NIS). At the time, the Committee believed that a new effort was underway to review NIS and resolve existing problems with it. We were asked to determine whether there was a role for the Committee in determining what about the system needed to be "fixed." We found out quickly, however, that no such review was underway. Consequently, we turned our attention to determining whether there were problems that have arisen since NIS' implementation that warrant a full audit.

The Section concluded that there were problems with NIS in at least four significant areas: security, generation of reports, training, and agency use of shadow systems. In addition, and of greater concern, was the fact that our research failed to show that DAS had developed a systematic approach to identifying, prioritizing and resolving these or other problems with NIS.

Although the problems identified by the Section could be appropriate audit topics, we did not recommend an audit, because we believed that those issues were symptomatic of a larger problem relating to management. Instead, we recommended that the Committee present the problems identified in this report to the Director of DAS and the Governor and ask for appropriate action to address them. The Committee agreed with the Section's recommendation. In addition, shortly after completion of the preaudit inquiry, the former DAS Director resigned and a new Director was appointed. The Committee believed that the new Director should be given a chance to resolve the identified problems and continues to monitor developments in this area.

Legislation

LB 588—Access to Confidential Information

The Committee designated LB 588 as one of its priority bills for the 2005 session, although the bill remained on Final Reading at the end of that session. LB 588 ensures that the Performance Audit Section has access to all agency records, including confidential records, needed for its work.

LB 588 amended the Legislative Performance Audit Act and other statutes to make the Section's access to confidential information comparable to that of the Auditor of Public Accounts. It also established criminal sanctions to ensure that confidential records reviewed by the Section are not disclosed by any member of the Section staff.

During the 2006 session, LB 588 was passed by the Legislature and signed by the Governor.

LB 956—Create the Position of Legislative Auditor

LB 956 amended the Legislative Performance Audit Act to change the name of the position that heads the Legislative Performance Audit Section from "Section Director" to "Legislative Auditor." The Executive Board, based on a nomination by the Legislative Performance Audit Committee, selects the Legislative Auditor. The bill also clarifies that the Legislative Auditor is responsible for ensuring that the Section's work meets the Government Accountability Office's professional standards for performance audits.

Finally, the bill renames the Legislative Research Division the Office of Legislative Audit and Research and clarifies that the Director of Research is responsible for all office staff, except the auditors, who are the responsibility of the Legislative Auditor.



Performance Audit: An Historically Legislative Function

The Model for Legislative Oversight of the Executive Branch: The GAO

The concept of “legislative oversight” of the executive branch has been “an integral part of the American system of checks and balances.”¹ This authority is derived from the legislative branch’s “implied” constitutional powers, statutes, and legislative rules.²

Nationally, the oversight authority of Congress is carried out, in part, by the Government Accountability Office (GAO). The GAO is an independent, nonpartisan agency that works for Congress. GAO is often called the “congressional watchdog” because it investigates how the federal government spends taxpayer dollars. Ultimately, GAO ensures that government is accountable to the American people. To that end, GAO provides senators and representatives with the best information available to help them arrive at informed policy decisions—information that is accurate, timely, and balanced.³

The GAO periodically issues and amends the standards—*Government Auditing Standards*, the so-called “Yellow Book”—used by audit organizations charged with auditing government programs throughout the United States. These standards pertain to auditors’ professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports.⁴

Performance Audit in the States

-46 of the 50 states have a formal performance audit process in place

-In 32 of these states, the legislative body is solely responsible for the performance audit; in 29 states, the legislature is solely responsible for *financial* auditing;

-In eight other states, the legislative body does performance audit and so does an executive officer or agency;

-In six states, an elected official—either an auditor or comptroller—is solely responsible for performance audit.

Legislative Performance Audit in Nebraska

Performance audit in Nebraska goes back more than 30 years. LB 280 (1974) created the Legislative Audit Review Committee and allowed the State Auditor to conduct performance audits. LB 193 (1977) rescinded the State Auditor’s performance audit authority and eliminated the Audit Review Committee. In its place, LB 193 created the Performance Review and Audit Committee, and provided staff from the Fiscal Office. From 1977 to 1983, this entity

conducted sunset reviews of all agencies until the final sunset report in 1983, when formal performance auditing ceased.

As a result of LR 100, an interim study of performance audit in other states, LB 988 created the Program Evaluation Unit through the Legislative Program Evaluation Act. Responsibility for this task was placed in the Legislative Research Division where two staff members began audits in 1992. In 2003, the Act was renamed the Legislative Performance Audit Act.

In 2006, the Legislature passed LB 956, amending the Legislative Performance Audit Act to change the name of the position that heads the Legislative Performance Audit Section from “Section Director” to “Legislative Auditor” and give this person responsibility for Section auditors. The bill also renames the Legislative Research Division the Office of Legislative Audit and Research.

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| LB 280 (1974) | <ul style="list-style-type: none"> ➤ Created the Legislative Audit Review Committee ➤ Allowed State Auditor to do performance audits |
| LB 193 (1977) | <ul style="list-style-type: none"> ➤ Rescinded the State Auditor’s performance audits authority ➤ Eliminated the Audit Review Committee ➤ Established the Performance Review and Audit Committee, and provided staff from the Fiscal Office, which conducted sunset reviews of all state agencies from 1977 to 1983 |
| LB 493 (1991) | <ul style="list-style-type: none"> ➤ Would have authorized the State Auditor to do performance audits ➤ The bill was advanced to General File but died at the end of the 1992 session |
| LR 100 (1991) | <ul style="list-style-type: none"> ➤ Study during the 1991 interim of performance audit/program evaluation in the states ➤ A report was issued in November 1991 |
| LB 988 (1992) | <ul style="list-style-type: none"> ➤ Created the Legislative Program Evaluation Act ➤ Responsibility placed in the Legislative Research Division (LRD) ➤ Began program evaluation in 1992 with two staff members |
| LB 964 (2002) | <ul style="list-style-type: none"> ➤ Would have authorized the State Auditor to do performance audits ➤ It was not advanced from committee and died at the end of the 2002 session |
| LB 115 (2003) | <ul style="list-style-type: none"> ➤ Would have authorized the State Auditor to conduct performance audits ➤ It was indefinitely postponed by the Government Committee |
| LB 484 (2003) | <ul style="list-style-type: none"> ➤ Designed to update and streamline provisions of the Legislative Program Evaluation Act passed in 1992 ➤ It changed the name of the committee to the Legislative Performance Audit Committee and expanded the committee by two members. The provisions of the bill were ultimately amended into LB 607 (see below), which passed in 2003. |
| LB 607 (2003) | <ul style="list-style-type: none"> ➤ Requires the State Auditor to report agency performance problems to the Performance Audit Committee ➤ Allows for Auditor/Performance Audit Committee joint audits, and authorizes the Auditor to do performance audits if the Committee expressly authorizes it |
| LB 588 (2006) | <ul style="list-style-type: none"> ➤ Ensures that audit staff have access to all information, including confidential information, necessary for its work |
| LB 956 (2006) | <ul style="list-style-type: none"> ➤ Created the position of Legislative Auditor to oversee the audit staff |

¹ Frederick M. Kaiser, Congressional Research Service, The Library of Congress, *Congressional Oversight*, updated 2 January 2001, p. 1.

² *Id.*

³ “The Background of GAO,” www.gao.gov/about/history.html.

⁴ *Government Auditing Standards 2003*, “About *Government Auditing Standards*,” www.gao.gov/govaud/ybk01.htm#ybintr.

**Appendix:
Performance Audit Reports**

Performance Audit Reports

1994-2005

| Audit Topic and Report Release Date | Major Recommendations | Agency Action Taken | Related Legislation |
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| The Nebraska Medicaid Program's Collection of Improper Payments May 2005 | The Committee recommended that: (1) the Medicaid program designate a person or unit to oversee and enhance the program's efforts to identify and recover improper payments caused by fraud; and (2) the Committee monitor the level of cooperation between private health insurance companies and the Medicaid program and, if necessary, introduce legislation during the 2005 legislative session to establish penalties for noncompliance. | The agency has taken steps to implement all of the Committee's recommendations. | LB 589 (2005), introduced by the Performance Audit Committee, required private insurance companies to coordinate benefits with the Medicaid program and established penalties for failure to do so. (Passed, 2005). |
| The Lincoln Regional Center's Billing Process December 2004 | The Committee concluded that the Lincoln Regional Center's billing processes, computer system, and documentation were inadequate. The Committee also concluded that the regional center should improve communication between the two offices responsible for different aspects of the billing process and improve oversight of the billing process. | The agency has taken steps to implement many of the Committee's recommendations. | LB 659 (2005), introduced by Senator Beutler, would have required the state regional centers to annually report specified billing information to the Performance Audit Committee and the Health and Human Services Committee. (Indefinitely postponed, 2006). |
| 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 | The Board 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), introduced by the Performance Audit Committee, would have given the chairperson more supervisory authority over the other Board members. The bill also would have established an executive director position to oversee staff members and maintain records. (Indefinitely postponed, 2004). |

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| | modify its documentation accordingly. | | |
| Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act May 2003 | The Committee recommended that the department: (1) continue to improve its water-quality monitoring efforts through the statewide water-quality monitoring network; (2) improve internal policies regarding its inspection schedule, complaint process, and land-application tracking process; and (3) continue its current groundwater monitoring practices specific to the livestock program. | The Department responded favorably to the Committee's recommendations regarding water-quality monitoring and the complaint process, but it expressed reservations about suggested changes to the inspection schedule and the land-application-tracking process. | LB 916 (2004), introduced by Sen. Ed Schrock, Chairperson of the Natural Resources Committee, addressed a number of issues discussed in the report. (Passed, 2004). |
| HHSS Personal-Services Contracts January 2003 | 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: (1) personal-services contracts over \$25,000 be let for competitive bid; (2) DAS approve agencies' requisitions before entering into personal-services contracts valued at more than \$25,000; and (3) agencies develop internal contracting policies and report to DAS as required so that they are more accountable to the state. | 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. | LB 770 (2003), introduced by the Performance Audit Committee, would have increased the Department of Administrative Services' role in agency development of personal-services contracts. (Indefinitely postponed, 2003). LB 626 (2003), introduced by Sen. Don Preister, 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; and all personal-services contract information be recorded on the new Nebraska Information System (NIS). (Passed, 2003). |
| Nebraska Habitat Fund January 2002 | The Committee recommended that the Game and Parks Commission: (1) find additional funding for its habitat development programs; | The Commission responded favorably to the Committee's recommendations and intended to implement them through operating procedures and its | None |

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| | <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>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> | |
| <p>State Board of Agriculture (State Fair Board) December 2001</p> | <p>The Committee recommended that:</p> <p>(1) it consider ways to make the Board more accountable to the state; and</p> <p>(2) if it believed that senators should be prohibited from serving on the Board, it should introduce legislation to accomplish this.</p> | <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> | <p>LB 1236 (2002), introduced by Sen. Roger Wehrbein, a Committee member, addressed many of the Committee's concerns about the Board's lack of accountability to the state regarding funding and management practices; called for an internal restructuring of the Board; placed term limits on the Board members; and statutorily established the State Fair Board Foundation. (Passed, 2002).</p> <p>LB 961 (2002), introduced by Sen. Don Pederson, would have made the State Fair Board a state agency. (Indefinitely postponed, 2002).</p> |
| <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> <p>(1) clarify that the Board is responsible for hiring the executive director;</p> <p>(2) clarify that the Board may use a subcommittee to evaluate grant applications and describe the process that should be used;</p> <p>(3) clarify that when voting on grant applications, 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>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> | <p>LB 891 (2002), introduced by Sen. Doug Kristensen and co-sponsored by the Performance Audit Committee, addressed the Committee's recommendations. (LB 891 was amended into LB 1003, which passed in 2002).</p> |

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| <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), introduced by the Performance Audit Committee, created the fund in statute. (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 contained the same provisions as LB 1280, introduced the previous year. (Passed, 2001).</p> <p>LB 197 (2001), introduced by the Agriculture Committee, reconciled the statutes governing sale barns. (Passed, 2001).</p> |

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| <p>Nebraska Ethanol Board December 1999</p> | <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> | <p>The Board's implementation plan included a section entitled "Long Term Plan."</p> | <p>None</p> |
| <p>State Foster Care Review Board January 1999</p> | <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> | <p>LB 240 (1999), introduced by the Performance Audit Committee, required that HHSS report foster care placement information to the Board. The bill also required that local review boards consist of not less than four and no more than 10 members. (Passed, 1999).</p> |
| <p>Programs Designed to Increase the Number of Providers in Medically Underserved Areas of Nebraska July 1998</p> | <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 administered by UNMC.</p> | <p>Both ORH and UNMC responded favorably to the audit report and accepted the Committee's recommendations.</p> <p>In January 1999, the Section received an update on implementation of the Committee's recommendations from HHSS.</p> | <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 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.</p> <p>LB 242 (1999), also introduced by the Performance Audit Committee, eliminated UNMC's student loan program and reverted loan repayment funds to the ORH.</p> |

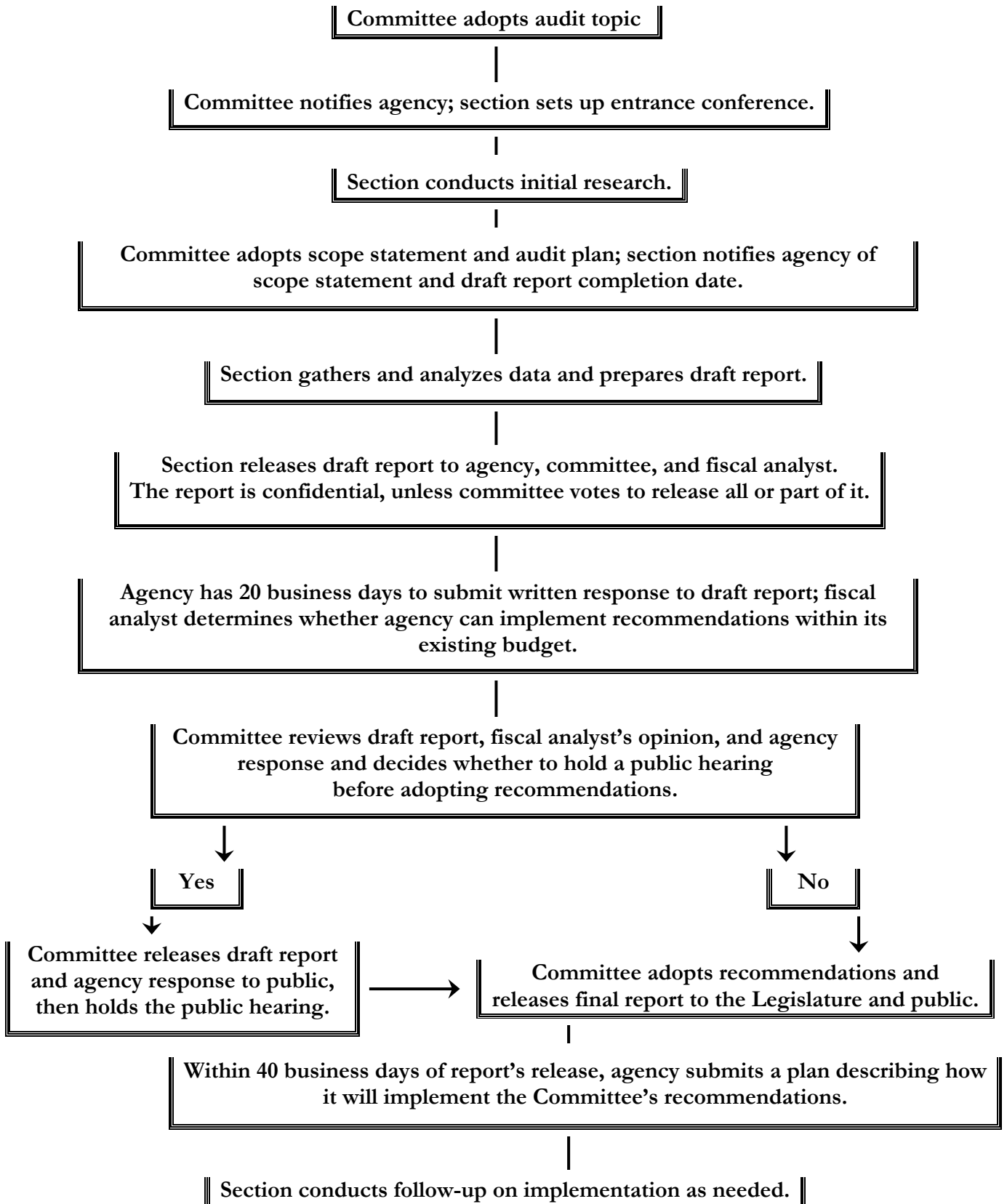
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| | | | (Both Passed, 1999). |
| Department of Agriculture June 1997 | The Committee's recommendations related primarily to the Department's: (1) tracking of agriculture promotion and development efforts; (2) lack of policies related to reviewing, monitoring, and analyzing cash funds and setting of fees; (3) general fund expenditures for the seed testing program; (4) 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. | None |
| Board of Educational Lands and Funds February 1997 | The Committee recommended that 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). | LB 843 and LB 547 (1997), introduced by the Performance Audit Committee, would have updated the statutes governing school lands. (Both Indefinitely postponed, 1997). LB 779 (1999), introduced by the Performance Audit Committee, updated and revised the statutes governing school lands. (Passed, 1999). |
| Public Service Commission (PSC) History of Structure, Workload, and Budget April 1996 | The Committee recommended that: (1) the number of commissioners be reduced from five to three; (2) the PSC develop a strategy for staff reductions; and (3) the PSC prepare a strategic plan to address implementation of commissioner and staff reductions. | The PSC also conducted an internal staff evaluation in response to statewide telecommunication issues. | LB 1218 (1996), introduced by Sen. Doug Kristensen, shifted some responsibility from the PSC and resulted in staff reductions. (Passed, 1996). LB 399 (1997) was introduced by the Performance Audit Committee. (Indefinitely postponed, 1997). |

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| <p>Public Employees Retirement Board and Nebraska Public Employees Retirement Systems: Review of Compliance-Control Procedures March 1996</p> | <p>The Committee recommended that:</p> <ol style="list-style-type: none"> (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. | <p>The Board accepted all of the Committee's recommendations. To date, the Legislature has not set a regular meeting time for the Retirement Committee.</p> | <p>LB 847 (1996), introduced by the Retirement Committee, was amended to address some of the Committee's recommendations. (Passed, 1996).</p> |
| <p>Leaking Underground Storage Tank (LUST) Program December 1995</p> | <p>The Committee recommended legislative and administrative changes in the LUST program relating to:</p> <ol style="list-style-type: none"> (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. <p>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.</p> | <p>The advisory committee issued a report to the Legislature in February 1998.</p> <p>The Environmental Quality Council adopted rules and regulations implementing risk-based corrective action. DEQ has resolved issues relating to the reimbursement fund.</p> | <p>LB 1226 (1996), introduced by Sen. Curt Bromm, implemented all report recommendations related to legislative changes, including the creation of a technical advisory committee. (Passed, 1996).</p> |
| <p>School Weatherization Fund September 1995</p> | <p>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.</p> | <p>N/A</p> | <p>None</p> |

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| <p>The Training Academy of the Nebraska State Patrol (NSP) and the Nebraska Law Enforcement Training Center September 1995</p> | <p>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.</p> | <p>Due to the collective efforts of many, construction to expand the Nebraska Law Enforcement Training Center began in September 1999.</p> | <p>LB 1005 (1998), introduced by Sen. Chris Peterson, 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).</p> |
| <p>Nebraska Equal Opportunity Commission January 1995</p> | <p>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.</p> | <p>The agency implemented some of the recommended administrative changes.</p> | <p>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).</p> |
| <p>Interstate Agricultural Grain Marketing Compact February 1994</p> | <p>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.</p> | <p>The Commission accepted the recommendations, except some related to administrative changes and changes in the compact and bylaws. Nebraska withdrew from the compact in 1997 pursuant to LB 6.</p> | <p>None</p> |

Nebraska Legislative Performance Audit Process

(Legislative Performance Audit Act, Neb. Rev. Stat. §§ 50-1201 to 50-1215)





Performance Audit Committee Reports: 1994 to 2006

Performance Audit Reports

The Lincoln Regional Center's Sex Offender Services Program (August 2006)
The Public Employees Retirement Board and the Nebraska Public Employees Retirement Systems: An Examination of Compliance, PIONEER, and Management (August 2006)
The Nebraska Medicaid Program's Collection of Improper Payments (May 2005)
The Lincoln Regional Center's Billing Process (December 2004)
Nebraska Board of Parole (September 2003)
Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act (May 2003)
HHSS Personal-Services Contracts (January 2003)
Nebraska Habitat Fund (January 2002)
State Board of Agriculture (State Fair Board) (December 2001)
Nebraska Environmental Trust Board (October 2001)
Nebraska Department of Roads: Use of Consultants for Preconstruction Engineering (June 2001)
Department of Correctional Services, Inmate Welfare Fund (November 2000)
Bureau of Animal Industry: An Evaluation of the State Veterinarian's Office (March 2000)
Nebraska Ethanol Board (December 1999)
State Foster Care Review Board: Compliance with Federal Case-Review Requirements (January 1999)
Programs Designed to Increase The Number of Providers In Medically Underserved Areas of Nebraska (July 1998)
Nebraska Department of Agriculture (June 1997)
Board of Educational Lands and Funds (February 1997)
Public Service Commission: History of Structure, Workload and Budget (April 1996)
Public Employees Retirement Board and Nebraska Public Employees Retirement Systems:
Review of Compliance-Control Procedures (March 1996)
Leaking Underground Storage Tank Program (December 1995)
School Weatherization Fund (September 1995)
The Training Academy of the Nebraska State Patrol and the Nebraska Law Enforcement Training Center (September 1995)
Nebraska Equal Opportunity Commission (January 1995)
The Interstate Agricultural Grain Marketing Commission (February 1994)

Preaudit Inquiries

Implementation of the Nebraska Information System (NIS) (November 2005)
The Lincoln Regional Center Psychiatrists' Work Commitments (September 2005)
The Nebraska State Patrol's Record of its Investigation of State Treasurer Lorelee Byrd (November 2004)
HHSS Public Assistance Subprograms' Collection of Overpayments (August 2004)
NDEQ Recycling Grant Programs (October 2003)
HHSS Reimbursement and Overpayment Collection (August 2003)
Grain Warehouse Licensing in Nebraska (May 2003)
HHSS Personal-Services Contracts (July 2002)
Livestock Waste Management Act (May 2002)
Nebraska Telecommunications Universal Service Fund (April 2001)
State Board of Health (November 2001)
State Board of Agriculture (State Fair Board) (August 2001)
Game and Parks Commission Cash Funds (August 1999)
Education Technology (January 1998)
Nebraska Research and Development Authority (April 1997)
Nebraska's Department of Agriculture (June 1996)
Nebraska's Department of Correctional Services Cornhusker State Industries Program (April 1996)
DAS Duplication of NU Financial Record-Keeping (February 1995)