

# NEBRASKA LEGISLATIVE PERFORMANCE AUDIT COMMITTEE

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## Memorandum

To: Members of the Legislature  
From: Legislative Audit Office  
Date: 9/27/24  
Re: Legislative Audit Office Annual Report

### Overview

Each year the Legislative Audit Office is required to report to the Legislature on the completed audits and the recommendations made by the Legislative Audit Committee in the audit reports. The following audits and pre-audits were completed during FY2024:

- Preaudit of LIHEAP LB 306
- Audit of Nebraska Advantage Microenterprise Tax Credit Act
- Audit of childcare background checks at DHHS and NSP (final report submitted September 2024)

The following audits and pre-audits are underway currently:

- Audit of Beginning Farmer Tax Credit Program
- Audit of DAS Emergency Contracting process
- Audit of iServe/Call Center program operation

### FY2024 Report Recommendations

*Recommendations from the Audit of the Nebraska Advantage Microenterprise Tax Credit: Performance on Selected Metrics report*

Compared to other incentive programs administered by the Department of Revenue, aspects of the Microenterprise Tax Credit Act: 1) increase the risk that participants may receive credit for activities not intended by the Legislature, 2) make the program more difficult for the Department to administer, and 3) make it difficult for individuals to comply with program requirements.

If the Legislature would like to correct these issues, legislation should be introduced to define terms, limit transactions that do contribute to the state's economy, and reduce compliance burdens.

No action has been taken on this recommendation. However, the audit report was issued in the middle of the 2024 regular legislative session. The first opportunity to address the recommendation in the Legislature will be in 2025.