



Internal Control Plan

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Management Support of Internal Controls

As public servants, we have numerous responsibilities to the people of Nebraska. The Commission has, and periodically updates, a set of policies, procedures, and internal control mechanisms designed to provide reasonable assurance that the operations of the Commission are effective and efficient, that our financial reporting is reliable, and that the Commission is in compliance with applicable laws and State policies. These policies, procedures, and controls protect us as employees, as well as the citizens and State we serve.

The Commission strongly believes that those of us in state government must demonstrate the highest standards of behavior and carry out our work with diligence, intelligence, and awareness of the importance of our responsibilities. As Director, I support rigorous procedures and controls that help assure the good operation of the agency. I encourage and expect staff members to follow them in spirit as well as letter and to bring forward any suggestions for improvement. To continue support of our excellent record on these matters, I will on a regular basis re-emphasize the importance of adherence to these policies, procedures and internal controls.

Rex Amack

Director

Introduction

The Nebraska Game and Parks Commission Internal Control Plan, as presented here, was compiled as part of a mandate set forth by the State's Administrative Services Accounting Division. While this document started out as a fulfillment of a mandate, it was quickly recognized as an important management tool. Certainly there have always been a number of internal controls, i.e. policies and procedures, in place to protect the assets of the Agency, both physical and monetary, but this is the first comprehensive attempt to put it all together in writing in one location. As the first attempt, it is acknowledged that there may be some shortcomings in some categories, however it is expected to be a living document which will be added to and modified as needed. A systematic review is intended to be conducted each year.

The Nebraska Game and Parks Commission is a unique agency in state government and as one will quickly detect, quite diverse in its areas of responsibility. With the Agency's mission targeted at the stewardship of the states fish, wildlife and parkland resources, it becomes evident that staff take their jobs as stewards quite seriously. Natural resource professionals have long been recognized nationally for their passion for, and their dedication to, their life's work, and Nebraska's staff is no exception.

Taking responsibility for the natural resources entrusted to it by the citizens of Nebraska instills a strong sense of public service in the hearts and minds of agency personnel. Ensuring that the agency safeguards all the resources entrusted to it, and utilizes those resources in an effective and efficient manner is one purpose for developing this plan. The input of key staff in specific areas was sought and incorporated in this plan. Since all employees have a role in an Agency's internal controls, this document will be made available to all staff on the Agency's internal webpage.

During the course of review and documentation of the existing internal control processes for this plan, several areas were identified that needed attention. As such, steps have been or are being taken to address potential problematic areas. No doubt as time goes on, other circumstances will develop that will warrant further review and possible change.

While attempting to ensure all reasonable safeguards are in place, it is understood that limited resources will occasionally necessitate accepting some level of risk that under ideal conditions might not be, and in some rare instances the system will break down. A balance must be reached because spending a dollar to track a dime seems neither appropriate nor responsible. The agency has and will continue to strive to deserve the privilege of managing the State's natural resources in a professional, efficient and effective manner.

Patrick H. Cole

Budget & Fiscal Division Administrator

Agency Internal Control Coordinator

NEBRASKA GAME AND PARKS COMMISSION

INTERNAL CONTROL PLAN

OVERVIEW:

Internal controls are the systems and processes which the Agency uses to provide reasonable assurance that it will fulfill its' mission and that the following control objectives are met in the respective categories:

Financial Transactions:

- All transactions are reported and recorded in the Nebraska Information System (NIS) in a timely fashion.
- Transactions recorded in NIS are valid and properly authorized.
- Transactions are recorded at the correct amounts using proper accounting codes.
- All NIS data materially reflects the transactions of the Agency.

Assets:

- All physical assets of the agency including cash, furniture, supplies and equipment, merchandise inventory, permits, etc., are adequately safeguarded against theft, fire and other types of loss.
- Cash receipt duties are adequately segregated to prevent loss or misuse of cash receipts.
- All cash receipts are deposited in properly authorized bank accounts in a timely fashion.

Programs and Activities:

- Programs and activities are planned and carried out in accordance with the Agency's mission.
- Programs and activities are carried out using sound business practices and where applicable, sound biological science.
- Programs and activities are monitored to ensure they are meeting the goals and objectives of the Agency.
- Programs and activities are monitored to ensure compliance with applicable laws and regulations.

NOTE: This internal control plan will not address controls over programs and activities at this time.

PURPOSE OF THE INTERNAL CONTROL PLAN

The internal control plan documents the Agency's internal controls. It is a dynamic document that will change over time as processes are improved and as solutions to future problems are developed. The five basic components of internal controls which this plan addresses are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment

The control environment of an organization provides the foundation for its internal control processes and systems. The Agency supports and encourages internal controls in the following ways:

1. Management's attitudes and values are documented:
 - a. Agency Mission and Vision Statements and Goals (Appendix A)
 - b. Policy Manual (esp. Code of Ethics and Rules of Conduct)
 - c. Strategic Plan "Focusing on the Future" (currently being updated)
 - d. Support Letter found at the front of this document
2. Employment hiring practices, on the job training and annual performance reviews help ensure the integrity and competence of all employees.
3. The Agency adheres to applicable statewide policies and procedures (e.g. the State Accounting Manual), applicable State and Federal laws and regulations and in some instances maintains its own policy and procedural guidelines and manuals, such as the Agency's Policy Manual (intended to be online at some point).
4. Organizational structure and levels of authority are defined:
 - a. Written job descriptions are maintained for all employees

- b. Organization charts are maintained and published in the Agency Policy Manual and Biennium Budget Request
 - c. Transaction authorization and approval levels are defined and established in the states accounting system (Nebraska Information System- NIS)
 - d. Program and activity planning, control and review levels are defined and monitored.
5. Internal control reviews are performed on an ongoing basis by Agency staff, the Auditor of Public Accounts and State Accounting personnel.
 6. This internal control plan is available to employees on the Agency's staff web page.

Risk Assessment

Risk assessment is a process by which an organization examines the probability that events and circumstances may occur which would adversely affect its ability to meet its mission and control objectives. These events and circumstances may include errors, omissions, fraud, waste, abuse, misuse or mismanagement.

The Agency assesses risk for its primary functions, processes and systems utilizing the following approach:

- The types of adverse events and circumstances that may occur for each function, system or process are identified.
- Each event or circumstance is rated based on significance (materiality) and how likely it is to occur.
- The cost of implementing controls to prevent or detect the event or circumstance is evaluated in relation to the value and/or volume of transactions or functions which may be adversely affected.

While risk assessment has and does occur at various times and levels across the agency, this plan is the Agency's first attempt to formally document those assessments. The details of the Agency's risk assessments are included later in this control plan.

The following financial areas have been assessed for risks by the agency and are presented in this plan: Cash Receipts, Purchasing, Disbursements, Fixed Assets (Real and Personal Property), and Payroll.

Control Activities

Control activities are policies and procedures established by an organization to address potential risks identified during the risk assessment process. Control activities are designed to help ensure that the organization's mission and control objectives are met.

One of the Agency's primary control activities is its internal budget process. Other specific control activities of the Agency are described later in this control plan.

Information and Communication

The information systems of an organization are the systems through which financial and other data are gathered and summarized. These systems include both manual and automated functions. Clear communication of individual roles and responsibilities with these systems is essential to the efficiency and effectiveness of these systems.

The Agency employs the State's primary automated information system (NIS). Descriptions of other systems the Agency and/or its Divisional areas may employ for specific processes will be addressed later in this document. Individual roles and responsibilities within the systems employed are communicated through Agency internal memo's, policies and procedures and in most cases, controlled by system security.

The Agency's Information Technology Division shares the responsibility for the installation, maintenance, security and support of all in-house automated systems with respective functional Division staff. The Agency also has a number of 'authorized agents' that are responsible for establishing access and securing functional roles for employees within NIS.

The Agency produces an Annual Report (on a calendar year basis) that describes major highlights of individual Divisional and/or programmatic accomplishments as well as certain financial and organizational data. Additionally the Budget and Fiscal Division produces monthly financial status reports for agency management personnel. This information is gathered from the statewide accounting system (NIS).

Monitoring

An organization must continually monitor its internal control structure to assess its effectiveness in meeting the organization's mission and internal control objectives over time.

The Agency monitors its internal controls in several ways. The adequacy and effectiveness of the Agency's internal controls are evaluated by Agency staff on a routine basis through financial report monitoring and fund analysis, and by the Auditor of Public Accounts during routine audits and attestation engagements. The Agency does not have an Internal Auditor, but relies on Budget and Fiscal management personnel to monitor specific areas within their area of expertise and/or control. This Internal Control Plan will be reviewed and updated annually by the Agency.

It should be noted that all employees are encouraged to report instances of suspected fraud, waste or abuse to their immediate supervisor and/or the Budget and Fiscal Division Administrator, who serves as the agency's Internal Control Coordinator. All reports are taken seriously and investigated as warranted. Those that are substantiated and/or are determined to be credible are reported to the agency Director, the State Auditor of Public Accounts and the State Accounting Administrator. Investigative assistance is sought from the Nebraska State Patrol when deemed appropriate and necessary.

The following financial areas are addressed in the pages that follow: Cash Receipts, Purchasing, Disbursements, Fixed Assets (Real and Personal Property), and Payroll.

CASH RECEIPTS RISK ASSESSMENT

General Cash Receipts Control Objectives

- All Cash receipts should be deposited in properly authorized bank accounts promptly.
- All cash receipts should be reported and recorded in Nebraska's Information System (NIS) in a timely fashion.
- Cash receipt transactions should be recorded in NIS in the correct amounts using proper accounting codes.
- Cash should be adequately safeguarded against theft, fire and other types of loss.
- Cash receipt duties should be adequately segregated to prevent loss or misuse of cash receipts.

General Cash Receipts Control Risks:

- Cash receipts may not be deposited promptly.
- Deposits may not be properly summarized and recorded in NIS.
- Deposits may not be recorded in NIS on a timely basis at Agency locations.
- Cash that is kept on the premises at agency locations may not be properly secured when facility is closed.
- Cash receipts may be collected (or received) by the same individual who prepares the deposit and records the cash receipts in NIS.
- Improper amounts might be collected for services or goods.
- Improper change amounts may be given during a transaction.
- Insufficient fund checks may be received.
- Counterfeit currency may be received.
- Loss or theft of deposits.

General Cash Receipts Control Activities:

- Cash receipt written policies and procedures are provided at all locations involved in receipting process and all employees who have cash receipt responsibilities are trained in following them.
- Written policies and procedures are also intended to be posted on the Agency internal staff website (only partially complete at this time).
- All depository accounts used by the Agency are authorized by the State Treasurer.
- All Agency locations are required to deposit cash receipts at least weekly or when the total amount received exceeds \$300. Central office receipts are deposited with the State Treasurer daily. The State Treasurer and the Agency's Budget and Fiscal Division monitor the frequency and amount of deposits made at Agency locations.

- Estimated revenues are made part of the Fund Analysis portion of the Agency's budget and are monitored routinely for major discrepancies.
- Agency location managers are responsible for ensuring that all cash that is not deposited is placed in a locked safe, vault or cabinet after business hours.
- Cash receipts are summarized using electronic spreadsheets to help prevent math and coding errors.
- All Agency locations are required to record cash receipts in NIS within one business day after a deposit is made. The State Treasurers office notifies the Agency of any unrecorded deposits, insufficient fund checks and/or differences between actual deposit amounts and NIS amounts, during the bank reconciliation process. The Agency then investigates these deposits and ensures the transactions are recorded/corrected appropriately. In the case of insufficient fund checks, steps are taken to collect the amount along with applied penalties.
- The Agency reviews cash receipt amounts recorded in NIS on a daily basis to identify possible coding errors or journal entry needs. In addition, various reconciliations are performed by the Budget and Fiscal Division throughout the year to verify that cash receipts are recorded using the proper accounting codes.
- Change funds are verified annually, or during staff assignment changes, by Budget and Fiscal Division staff and maintained at minimum balances.
- Cash receipts arriving in the mail (e.g. for catalog purchases, permit applications, donations, lease payments etc) are segregated and held in the secured Permits Section for safe keeping and deposit processing.
- Cash deposits are reconciled with locational information systems such as cash register receipts, permit system reports, reservation system reports and credit card processing systems.

General Cash Receipts Information and Communication:

- All cash receipts are recorded in NIS.
- Supplemental systems (cash register receipts, permit system reports, reservation system reports, credit card processing systems, spreadsheet/database applications for Park Buck tracking, and function records) are utilized and record permit sales, merchandise sales, function sales, and facility rentals. Totals from these systems are reconciled on a daily or regular basis with NIS transaction data.
- Internal financial statements are prepared monthly by the Budget and Fiscal Division and presented to agency management. The receipts are not itemized by category in this report, but captured in Fund Summary reports and Fund Analysis forms which are reviewed monthly by Budget and Fiscal staff for reasonableness.

Monitoring:

All revenues are recorded in NIS and identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund report. This document is reviewed by personnel in the Commission's Budget and Fiscal Division and appropriate

Divisions to ensure that the amount credited to the agency's cash funds are reasonable. Depending upon the actual revenue source, other monitoring processes may be employed and are spelled out in the detailed cash receipt categories that follow.

The following pages discuss risk assessment related to specific cash receipt categories deemed to be most significant in amount, scope or nature. Other areas will be assessed and reported in future efforts.

PERMIT SALES (Hunting, Fishing, Park Entry and Conservation Stamps)

The Nebraska Game and Parks Commission issues over 100 different types of hunting and fishing permits as well as park entry permits and conservation stamps. Permits were historically issued in paper form from permit books. While a few continue to be issued in that form, in 2010 the vast majority began being issued electronically through the agency's electronic permit system. The internal control plan will focus on the current issuance processes rather than the former.

The Commission has the authority to establish hunting and fishing permit fees up to a maximum level set in statute. Park Entry permit fees are established by statute. Permits are issued to both residents and nonresidents based upon criteria established in statutes or regulations related to such things as an applicants age, level of physical ability or landownership status and to the type of hunting or fishing activity allowed. Select eligibility rules are programmed into the system to minimize errors in permit issuance, and roles and services are assigned and password protected to control system access. Permits can be purchased on-line, at Commission locations or from appointed permit agents (e.g. Walmart, local sporting goods stores etc). During FY09, the last year of record, sales totaled \$22,217,043.20 accounting for approximately 37% of the agency's revenues making it the largest overall source.

RISK LEVEL: Low/Moderate

DESCRIPTION OF THE PROCESS:

All of the common hunting and fishing permits as well as park entry permits and conservation stamps are issued electronically through the Agency's electronic permit system. Generally, an applicant (intended permit holder) is identified in the customer data-base, based upon last name, date of birth and last 4-digits of their social security number. If the individual is not already in the data-base, a new record is developed. The type of permit(s) the individual wants is then identified and the sales transaction and permit issuance is completed. The point of sale will dictate the type of payment and permit delivery as well as the internal control activities necessary.

Purchases made on-line (iPOS) require payment by credit/debit card (MasterCard or VISA only). Once the transaction is complete the individual is able to open a file and print his/her permit(s) and a receipt. In the case of a Park Entry Permit, a temporary paper version is provided and then a real permit "window sticker" is mailed to the customer. Transaction details are recorded in the permit system including an order ID which is used to reconcile deposits. The credit card processor, First National Bank of Omaha, provides daily transfers to a settling account in the State Treasurers Office based on sales. Agency staff reconcile the deposits with the permit system records weekly

creating a journal entry to ensure the sales are credited to the appropriate fund and object account.

System access at Commission locations is controlled by assigned roles, userID's, passwords and station enablement procedures. Purchases made at Commission locations may be paid by cash, check, money order, "park-bucks" or credit/debit card. In some park locations a separate designation, "Reserve America" may be identified as the payment method. In those instances the actual payment method is recorded in the parks automated reservation system (Reserve America). Depending upon the location, the transaction may also be recorded in a cash register, if the site has one. As with the on-line process, at the end of the transaction a permit and receipt are printed from the electronic system and handed to the customer. In the case of Park Entry Permits, the actual 'window sticker' permit is provided, as opposed to a temporary paper form. For those parks that operate out of field/kiosk locations, park permit sales may be batch entered into the permit system at the end of the day rather than recorded at the time of an individual sale. At the end of the business day or beginning of the next day, a report is generated from the permit system that summarizes the sales for the identified period. The report separates and sums credit/debit card sales from cash/check/money order sales as well as quantifies the specific type of permits within each payment category. Credit card sales are processed in the same fashion as on-line sales.

The report generated by the electronic permit system serves as the official record of sales and is utilized to reconcile cash register receipts and serve as a basis for deposit details. With few exceptions, locations deposit money directly in a state approved bank and enter the deposit details directly into the states accounting system (NIS). All backup information is mailed to the Lincoln Office for review, and in some cases journal entries are prepared to ensure that the deposits are credited to the correct fund and object account.

The Commission has the authority to appoint non-agency entities as permit agents (external agents). System access at these locations, like Commission locations, is controlled by assigned roles, userID's, passwords and station enablement procedures. Purchases made at external agent locations may be paid by whatever method the location deems acceptable, but the system records it as a cash transaction. External agents are not provided access to the agency's credit card processing portal. Appointed agents agree to submit the collected permit fees to the Commission on a monthly basis. Agents generate a sales report in the permit system at the end of each month, which summarizes the sales for the month by permit type and grand total, and submit the total amount to the Permits Section of the Commission in the Lincoln Office by the 10th day of the following month. Staff in the Permits Section generate a similar report for reconciliation and prepare daily deposits which are transported to the State Treasurers office by an armored car company. Additionally they record the deposits in the states accounting system, NIS, to ensure the

monies are credited to the correct fund and object accounts. The State Treasurers office reconciles the monies received with the NIS deposit information entered by Agency staff.

IDENTIFIED RISKS

On-line permit sale access is available seven days a week, twenty-four hours a day from anywhere there is internet connectivity and a customer has a credit/debit card. Since there is a reliance on internet connectivity throughout the transaction, disruptions in that connectivity could result in the issuance of a permit without payment being finalized or an individual being charged more than once for a transaction. Additionally an individual may inadvertently enter an incorrect, yet valid credit card number resulting in a charge on someone else’s credit card. All of these possibilities have occurred, but the occurrence has been rare and the number of transactions affected quite minimal. All were identifiable and rectified through the credit card reconciliation process (e.g. a permit system order ID without a corresponding credit card order ID or vice versa, call from person’s whose credit card was wrongfully charged).

In some rare instances individuals have difficulty opening and printing their permit, and if they do not seek our assistance, may assume the transaction failed and will purchase another permit. In those cases they may discover two charges on their bank statement and request a refund for the unnecessary additional purchase. Permits that were not printed are identified, voided and the refund is documented and accommodated by administrative staff.

A number of risks exist at Commission locations related to permit sales. At times these locations are manned by a single employee. The employee could enter the sale into the system, finish the transaction, collect the payment and then void the sale and take the money after the customer leaves. At the completion of the sale the employee could fail to collect the money due or provide incorrect change during the transaction. There is the possibility that the staff member that is making the deposit could alter or remove a sale and take the corresponding money.

Similar risks exist at external locations. A permit may be issued, money collected and then voided after the customer leaves. The permit agent may not submit the permit revenues to the Commission in a timely manner, or at all.

Since all permits must be established in the system prior to sales, it is possible that the wrong permit fee could be assigned to a particular permit resulting in incorrect collection of fees.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
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Issue permit w/o payment (iPOS)	Minor	Rare	Low
Multiple charge for permit (iPOS)	Minor	Rare	Low
Wrong credit card accepted (iPOS)	Minor	Rare	Low
Double purchase (iPOS)	Minor	Rare	Low
Fail to collect fee (NGPC)	Minor	Rare	Low
Provide incorrect Change (NGPC)	Minor	Unlikely	Low
Theft of cash by clerk (NGPC/External)	Minor	Possible	Moderate
Incorrect or NO submission from agent	Moderate	Unlikely	Moderate
Wrong fees established	Minor	Rare	Low

CONTROL ACTIVITIES

First and foremost, the Agency makes every effort to hire and maintain a work force of honest employees. Secondly, the Agency makes a concerted effort to educate its' employees in the proper money handling procedures. Accounting procedures for the various type of transactions performed by Agency employees are in place and are updated as deemed necessary. These procedures are provided to each area for distribution to and use by assigned staff. These guides are also intended to provide some continuity from area to area, however desired continuity can not be achieved in all cases because of the disparity in staff size and capabilities that exist from area to area.

For those Commission locations where one employee may have the primary responsibility for collecting the money and depositing the money, an onsite supervisor is generally responsible for reviewing and approving the paperwork prior to finalization. Additional review of all supporting documentation by Lincoln Office staff reduces the possibility of errors and deters cases of fraud and theft.

Reliance is placed on the electronic system to properly record sales, calculate fees and report the quantities in an accurate manner. Reconciliations of Commission locations and vendor sales amounts as well as internal testing have not identified any errors in the proper recording of sales with one exception. As identified in the on-line sales discussion, there have been a few instances of permits being issued and or money collected without full documentation. In all of those instances however, the reconciliation process was able to identify them and corrections were made. Therefore,

we conclude that reliance on the system to accurately record and report sales is appropriate.

The initial establishment of fees is reviewed by staff for accuracy prior to having them go-live on the system as well as reliance on agency sales clerk's attentiveness to detect pricing errors. All clerk actions to void or refund permits require an explanation that is recorded in the system. The void and refund explanations are also noted on accompanying cash register tapes and reviewed for appropriateness in the Lincoln Office. Periodically Permit Section staff query location records for the number of voids and refunds to detect patterns. In depth review of individual transactions are also accomplished periodically.

Agents sign an agreement prior to being established and are provided an agent instructional booklet outlining their responsibilities and the rules surrounding permit issuance. Additionally written and verbal instructions are provided regarding use of the electronic permit system. External agent remittances are reconciled by Permit Section staff in a process which provides for a segregation of duties. Incorrect remittances are brought to the agents' attention for rectifying and if payments are past due, the agents' access to the permit system is terminated. External agents serve on our behalf and are recognized as 'agents of the state' being covered by the Agency's surety bond. This limits any loss to the \$5,000 deductible.

Comparative analysis of permit sales by permit type is done by Budget and Fiscal Division staff regularly throughout the year. Any discrepancies in the amounts posted as compared to the amount expected (amount should be evenly divisible by permit fee) are investigated and appropriate measures taken to correct.

INFORMATION AND COMMUNICATION

Income received from permit sales is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors, Division Administrators and Assistant Division Administrators for their perusal on a monthly basis. However, the income is specifically identified down to permit type for the last three years of record in the Funds Analysis Report that is prepared for and made a part of the Agency's biennial budget requests. Additionally a monthly report of permit sales is developed and distributed to administrative staff comparing month-to-date sales by permit type for a 5-year period.

Processing changes in permit issuance and/or money handling procedures are communicated to affected staff and external agents on an as-needed basis or during staff or agent changes via email, memo or personal communications.

MONITORING

Revenue derived from permit sales and recorded in NIS is identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund report. This document is reviewed by personnel in the Commission's Budget and Fiscal Division to ensure that the amount credited to the Agency's cash funds from this source is reasonable.

MISCELLANEOUS PERMIT SALES (Special permits issued by functional division due to review needs)

The Commission issues a number of specialty permits which, due to their nature, require extra review for reporting and/or other qualifying criteria prior to issuance. Some require a fee and some are free. These special permits are not currently issued through the electronic system, but rather issued by the functional divisions and recorded and tracked there. Examples of those permits for which a fee is charged and the issuing division include Resident Special Fishing Permit, Bait Dealer, Commercial Fishing, Fish Dealer, Aquaculturist and Commercial Put & Take Fishery License, all issued by the Fisheries Division. The Wildlife Division issues Depredation Permits, Aerial Coyote Hunting Permits, Falconry Permits and Controlled Shooting Area Licenses. The Law Enforcement Division issues Fur Buyer Permits. In addition some minor use permits such as Taxidermist, Captive Wildlife Permit, and Captive Wildlife Auction Permits are issued by District Office clerks.

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

The request for these specialty permits is relatively low and may be presented in person or through the mail. The majority of requests come in the mail with an application form. Protocol is for mailroom staff to stamp the incoming envelope with a designation of how much money (check/cash etc) is enclosed and to put the envelope with payment and application form in the Permits Section secure mail box. Staff from the Permits Section pick up the mail at least twice a day, restrictively endorse checks and record/process the payment. A receipt is generated and a copy of the receipt and application material is forwarded to the issuing division for permit issuance. The responsible divisions record, issue and create a file for permits issued. These records are to be periodically reviewed and reconciled with revenue records. In the rare instances where an individual comes in person to the division, the division may either escort them to the Permit Section for payment or will themselves, hand carry the payment to the Permit Section. Receipts issued by the Permit Section are kept with the permit applications in the divisions for proof of purchase. Each division has some form of electronic permit issuance/tracking

protocol for the particular permits it issues. The handling of money by anyone other than the Permits Section is minimized.

IDENTIFIED RISKS

There are two primary risks associated with these permit types. The first would involve a loss of the money received, either through misplacement or theft at the point of arrival in the mailroom or in person at a division or in the Permits Section. The second would be a miscoding of the revenue in the Permits Section to the wrong account. Both of these are considered to be low since they would most likely involve a small number of permits, whose costs are relatively low, and the occurrence, while possible, is thought to be rare.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Misplaced or stolen money	Insignificant	Rare	Low
Miscoded revenue	Insignificant	Rare	Low

CONTROL ACTIVITIES

First and foremost, the Agency makes every effort to hire and maintain a work force of honest employees. Secondly, the Agency makes a concerted effort to educate its' employees in the proper money handling procedures. Accounting procedures for the various type of transactions performed by Agency employees are in place and are updated as deemed necessary.

The issuance of permits is dependent upon receipt of payment. The responsible divisions don't issue permits without documentation of payment being received and if a permit is not received by the individual the Agency would be contacted and a subsequent investigation would occur. Permit issuance records within the divisions are reviewed/reconciled on an annual basis or during staff changes to ensure all permits issued do in fact have a payment record. Written procedures are maintained in each division.

Deposit document processes within the Permits Section are partially automated to ensure proper account codes are utilized. Account coding information is also provided in writing and a preaudit function is performed by non Permits Section staff for each deposit to verify information prior to finalization.

INFORMATION AND COMMUNICATION

Income received from miscellaneous permit sales is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors, Division Administrators and Assistant Division Administrators for their perusal on a monthly basis. However, the income is identified as ‘Miscellaneous Permits’ for the last three years of record in the Funds Analysis Report that is prepared for and made a part of the Agency’s Biennial Budget Requests. Additionally an annual report of permit sales is developed and distributed to administrative staff comparing sales by permit type for an extended period.

Processing changes in permit issuance and/or money handling procedures are communicated to affected staff on an as-needed basis or during staff changes via email, memo or personal communications.

MONITORING

Revenue derived from miscellaneous permit sales and recorded in NIS is identified by account code in the Department of Administrative Services’ monthly Fund Summary By Fund report. This document is reviewed by personnel in the Commission’s Budget and Fiscal Division to ensure that the amount credited to the Agency’s cash funds from this source is reasonable.

FEDERAL AID TO FISH AND WILDLIFE

The Federal Aid in Wildlife Restoration Program and the Federal Aid in Sport Fish Restoration Program are administered by the Fish and Wildlife Service, United States Department of the Interior. The Commission has taken part in these two programs every year since they were enacted in 1937 and 1950, respectively. Although they are not the only grant programs in the fish and wildlife arena that the Commission participates in, they are significantly larger and merit discussion. These companion programs provide financial assistance to the states and territories for approved project purposes. Eligible purposes under the Federal Aid in Wildlife Restoration Program include: The restoration, conservation, management, and enhancement of wild birds and wild mammals, and the provision for public use of and benefits from these resources; and, the education of hunters and archers in the skills, knowledge, and attitudes necessary to be responsible hunters or archers. Eligible purposes under the Federal Aid in Sport Fish Restoration Program are as follows: The restoration, conservation, management, and enhancement of sport fish as defined in the Act, and the provision for public use of and benefits from these resources; and, the enhancement of the public's understanding of water resources and aquatic life forms, and the development of responsible attitudes towards the aquatic environment.

Risks applicable to Federal Aid fall into two general arenas. The first pertains to actions that are necessary to protect the State's eligibility to participate in and benefit from these programs. The second arena pertains to the day-to-day administrative activities associated with identifying and recording eligible expenditures and with claiming and crediting reimbursements to the appropriate fund. These two arenas are assessed separately as follows:

Eligibility

RISK LEVEL: Low to High.

DESCRIPTION OF THE PROCESS

To be eligible to participate in these programs, a state must have "...assented to the provisions of these Acts and have passed laws for the conservation of wildlife and sport fish to include a prohibition against the diversion of license fees paid by hunters and sport fishermen for any other purpose than the administration of said state's fish and game agency. Nebraska's "assent legislation" is found in statute as follows:

37-901. Wildlife-restoration projects; cooperation with federal government; hunters' fees; expenditure. The State of Nebraska hereby assents to the provisions of an Act of Congress entitled An Act to provide that the United States shall aid the states in wildlife-restoration projects, and for other purposes,

approved September 2, 1937, (Public Law No. 415, 75th Congress), and the Game and Parks Commission is hereby authorized, empowered, and directed to perform such acts as may be necessary to the conduct and establishment of cooperative wildlife-restoration projects, as defined in the Act of Congress, in compliance with the act and with rules and regulations promulgated by the Secretary of the Interior thereunder. No funds accruing to the State of Nebraska from permit or license fees paid by hunters shall be diverted for any other purpose than the administration of the Game and Parks Commission.

37-903. Fish restoration and management projects; cooperation with federal government; state's consent. The State of Nebraska hereby assents to the provisions of an Act of Congress entitled An Act to provide that the United States shall aid the states in fish restoration and management projects, and for other purposes, approved August 9, 1950, (Public Law No. 681, 81st Congress), and the Game and Parks Commission is hereby authorized, empowered, and directed to perform such acts as may be necessary to the conduct and establishment of cooperative fish restoration and management projects, as defined in the Act of Congress, in compliance with such act and with rules and regulations promulgated by the Secretary of the Interior thereunder. No funds accruing to the State of Nebraska from permit fees paid for fishing shall be diverted for any other purpose than the administration of the Game and Parks Commission.

Funds are apportioned to the states (all 50 states, the District of Columbia, 2 Commonwealths, and 3 Territories) based on prescribed formulas. Although slightly different, both formulas take into account the number of paid license holders in a particular state as compared to all of the states, and the area of the state as compared to the combined area of all states. The number of paid license holders must be annually determined and certified for each program. For certification purposes, an individual may be counted only one time regardless of the number of different permits or licenses he/she purchases. Thus, the procedure used to count paid license holders must provide for the elimination of duplication or multiple counting of individuals. Funds are apportioned to a state for obligation and expenditure for a two-year period to include the fiscal year for which they are apportioned and the succeeding fiscal year. Annual apportionments to Nebraska from the Federal Aid in Wildlife Restoration Program range from \$5 to \$7 million, and from \$5 to \$8 million from the Federal Aid in Sport Fish Restoration Program. In addition to the previously discussed "assent" requirement, a state must annually send notification of its' desire to participate in these programs to the Secretary of the U.S. Department of the Interior within 60 days after it has received a certificate of apportionment of funds available to the state. In addition, the State must annually submit documents of Assurances for construction programs and for non-construction programs as require by the Office of Management and Budget (Circular A-102).

IDENTIFIED RISKS

- State statutes providing the necessary “assent” language could be compromised through the legislative process.
- State statutes providing the prohibition against using the permit or license fees paid by hunters and sport fishermen for any other purpose than the administration of the Game and Parks Commission could be compromised through the legislative process.
- Documents necessary to participate in these programs may not be submitted in accord with the annual requirement.
- The certification of paid license holders may not be submitted in accord with the annual time frame or the method used to eliminate duplicate counting of licenses that may be issued to a person may be flawed or outdated.
- Funds may not be obligated and expended during the two-year period of availability.

Of the five potential loss exposures identified in this assessment, the “risk ratings” for two exposures were determined to be “high.” In both cases, the potential exists for a change in the previously referenced State Statutes that would render the State ineligible to participate in the Federal Aid in Wildlife Restoration and Sport Fish Restoration Programs. Although the likelihood is very rare that a change in the Statutes would be proposed and enacted, the potential does exist and would, if enacted, have a significant impact on the Commission.

The third potential loss exposure pertains to a temporary delay in funding that could occur if the documents necessary to participate are not submitted before the annual due date. The likelihood that this exposure would occur is “rare” and the severity, determined to be in the “minor” to “moderate” range, is mitigated by the fact that any such delay would be short-term as it would be promptly addressed by staff. The “risk rating” for this potential loss exposure is “low.”

The certification of paid license holders is an annual requirement that is anticipated and addressed by staff in a timely fashion. The State has never experienced a loss because of a breakdown in the certification process, but the potential does exist. The likelihood of such a loss is considered to be “rare,” but the severity of such an occurrence would be “moderate” resulting in a “risk rating” of “moderate.”

In past years, a few projects were either not completed or were completed at a cost significantly lower than budgeted resulting in a reversion of funds. A reversion of

funds occurs when the unexpended funds that are released when a project closes are no longer available for obligation towards another project. During those past years in which reversions occurred, the Federal appropriations exceeded the State’s capacity to match. That situation no longer exist, thus, the likelihood of reversions occurring in future years is “rare.” The severity of a reversion would probably be “minor.” The “risk rating” for this potential loss exposure is “low.”

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Statutes containing “assent” language are modified or deleted	Critical	Rare	High
Statutes prohibiting the use of permit fees paid by hunters and fisherman for purposes other than the administration of the Commission are modified or deleted	Critical	Rare	High
Failure to submit the documents necessary to continue to participate	Minor/Moderate	Unlikely	Low
Failure to satisfy certification requirements	Moderate	Unlikely	Moderate
Reversion of funds	Minor	Rare	Low

CONTROL ACTIVITIES

All proposed legislation that has the potential to have a fiscal impact on the Commission is reviewed by the Administrator of the Budget and Fiscal Division and others and is the subject of a “Legislative Fiscal Note” that is prepared and submitted to the Legislative Council. A Commission representative provides oral and written testimony at Legislative hearings for all such proposals.

The Federal Aid Administrator ensures that the documents necessary to participate in the Federal Aid Programs are submitted in a timely fashion. It is also the responsibility of the Federal Aid Administrator to ensure that the documents for the various projects are promptly submitted to ensure that funds are obligated and expended during the two-year period of availability for each year’s appropriation. The Federal Aid Administrator is also responsible for ensuring that income producing activities are incidental to the accomplishment of project purposes and that all such income due to Federal Aid is credited.

Beginning with calendar year 2010, all hunting and fishing permits and licenses, with the exception of a few specialty licenses, will be sold on-line which will greatly improve the Commission's ability to more accurately certify the number of paid license holders in the State by eliminating the possibility of counting an individual more than once.

INFORMATION AND COMMUNICATION

Copies of all letters sent to or received from the U.S. Fish and Wildlife Service that are significant to the Federal Aid programs are provided to the Administration. It should also be noted that the Assistant Director that has administrative authority over the Federal Aid Section has a thorough knowledge and understanding of Federal Aid as he served as the Federal Aid Administrator at one time. The Federal Aid Administrator normally accompanies U.S. Fish and Wildlife Service personnel on their periodic field inspections, and occasionally conducts independent reviews of field work with project personnel.

MONITORING

Personnel in the Administration Division, which includes the Federal Aid Section, and the Budget and Fiscal Division monitor proposed legislation and continually reviews the adequacy and effectiveness of Federal Aid control activities.

Administrative Activities

This part of the assessment pertains to those day-to-day administrative activities that are routine in nature, but very important to the management of the Federal Aid programs.

RISK LEVEL: Low/Moderate

DESCRIPTION OF THE PROCESS

After the U.S. Fish and Wildlife Service approves an Application for Federal Assistance and subsequent Grant Agreement, which is the formal agreement of understanding between the state and a federal granting agency and which obligates funds for the proposed work. Appropriate business units with grant subsidiaries are set up by staff for eligible expenditures. Reimbursements for the federal share of project costs are requested through Smartlink and are based on information queried from the State of Nebraska's Information System (NIS). Backup documentation is on file within the Federal Aid Section and in records maintained by the Budget and Fiscal Division. Federal Aid funds can not be used to generate income, however, in

the event that income is produced that is incidental to the accomplishment of project activities, it is credited to the appropriate program and deducted from the amount of the reimbursement request.

The Commission’s Federal Aid staff prepares a cash receipt for each drawdown and sends it to the Budget and Fiscal Division which in turn sends the information to the Department of Administrative Services. The Federal reimbursement is electronically transferred to the State Treasurer and the corresponding transfers for invoiced expenditures are sent in 3 days or less.

Records are maintained by the Federal Aid Section staff for each grant to include the amount of the initial grant, reimbursements requested, and remaining balance.

IDENTIFIED RISKS

The potential exists for eligible expenses to be missed and not charged to the appropriate Federal Aid project or for expenses that are not eligible for federal reimbursement to be mistakenly coded to a Federal Aid project. Coding errors can also occur that have an impact on how program income is administered. Revenue realized by the State is program income if the revenue is a direct result of Federal Aid supported activities and should be coded and credited to Federal Aid. The identified risks are as follows:

- Ineligible expenditures may be incorrectly coded and charged to a federal grant or eligible expenditures may be miscoded and not charged to a grant.
- Draw-downs and/or reimbursement deposits may not be recorded properly.
- Program income is not identified and credited to Federal Aid.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Miscoding expenditures	Minor	Unlikely	Low
Incorrectly recording reimbursements	Minor	Unlikely	Low
Miscoding program income	Minor	Possible	Moderate

CONTROL ACTIVITIES

Federal Aid Section staff review and approve all invoice, requisition and payroll (timesheets) documents that contain federal coding. All documents are reviewed for

accuracy, propriety and proper approval before entering into NIS. Payment documents entered by Federal Aid staff are forwarded to Budget and Fiscal for approval and posting. The Budget and Fiscal accounts payable staff is trained in pre-audit function requirements and they follow State Accounting procedures for reviewing, approving and posting disbursements. Submitted invoices are reconciled with the proof of payment information to ensure accuracy. When applicable, procurement staff verify the prices against contracts and price agreements where purchase orders are identified and/or specific goods are involved. The Federal Aid staff also runs NIS reports on a routine basis to ensure payments processed match the summary of records for each grant.

Federal Aid staff make a concerted effort to educate project personnel on subjects pertinent to their work related to eligible activities, coding protocol and project income tracking. An annual report is provided to project personnel reminding them of the eligible/ineligible activities. A monthly report is provided to project personnel reminding them of the start and end dates and the financial status of their projects. This report affords all parties an opportunity to identify potential coding or funding problems that may have been missed in the routine review process.

The most likely source of potential program income relates to agricultural leases and as such, the Wildlife Division developed an eight-page document entitled "Lease Protocol" to provide guidance and direction to their field personnel and uniformity and continuity to their lease management efforts. This document is updated periodically to reflect new references, rates, etc. The Wildlife Division has also developed a Crop Income Report which must be prepared by field personnel for each lease that produces income or a trade for goods or services. After the District Supervisor reviews the reports, they are forwarded to the Assistant Division Administrator-Management Section who reconciles the reports with the leases and ensures that the agency has received and deposited the income to the proper account. The Assistant Division Administrator-Management Section does not, however, receive receipts for lease income processed through the District Offices making reconciliation more difficult.

If Federal Aid funds were involved in the production of income on a Wildlife Management Area, field personnel so indicate on the Crop Income Report. The Assistant Division Administrator-Management Section coordinates with the Federal Aid Administrator to ensure that the income is credited to the Federal Aid Program. Federal Aid staff reconcile financial status reports from Wildlife in regards to income with NIS reports run to track grant related income.

INFORMATION AND COMMUNICATION

Monthly reports are prepared and reviewed for reasonableness by personnel in the Budget and Fiscal Division and the Administration Division which includes the Federal Aid Section. Federal Aid staff prepare and distribute an annual report to project personnel reminding them of the eligible/ineligible activities and a monthly report reminding them of the start and end dates and the financial status of their projects. The Federal Aid Section and the Budget and Fiscal Division both annually report on Federal reimbursements.

MONITORING

Each grant is reviewed monthly for status, expenditures and remaining fund balance. The Federal Aid Administrator and project leaders frequently communicate which enhances work performance and progress and serves to identify areas that may need adjustments.

FEDERAL AID TO OUTDOOR RECREATION

The Commission administers and participates in the benefits of two federally funded grant programs that provide financial assistance to the states and their political subdivisions for outdoor recreation. In 1964, the U. S. Congress created the Land and Water Conservation Fund (LWCF) to assist state and local governments in planning, acquiring, developing and managing parks and open spaces. To participate in this program, a state must assent to the provision of the Act. Nebraska's assent legislation is found in State Statute 37-904. LWCF is a reimbursement 50/50 matching grant program that is administered at the federal level by the National Park Service, U. S. Department of the Interior. Sixty percent of the monies go to local political subdivision and the remaining 40 percent goes to state projects. A state must also have an updated State Comprehensive Outdoor Recreation Plan (SCORP) on file to participate. The plan must be updated at least every five years. Nebraska has participated in this program every year that funds were available since the initial year of funding in 1965. During the past 20 years, LWCF funding has declined, including zero funding in 1982 and from 1996 through 1999. In FY 08 and FY 09, the last two years of record, Nebraska received \$258,756.00 and \$303,943.00, respectively, from this source.

The Recreational Trails Program (RTP) is a grant program that is funded through the Federal Highway Administration. A state must have either a State Comprehensive Outdoor Recreation Plan, the same plan that is required to participate in the Land and Water Conservation Fund Program, or a State Trails Plan to participate in this program. Nebraska has both such plans. This program provides financial assistance to the State and its' political subdivisions for the acquisition of land for trails, trail development and construction, and trail-related support facilities. This program is an 80/20 match; where the Commission administers the cost of 80% of the project and the project sponsor provides 20% of the total costs. Sponsors must have ownership or control (lease or easement) of the trail corridor or the property that will be developed. Approximately \$900,000.00 is allocated annually to Nebraska for trail purposes. A set amount or percent is not earmarked for State projects. State projects must go through the same selection process as do projects proposed by political subdivisions.

The Land and Water Conservation Fund Program and the Recreational Trails Program are administered by the Commission in a similar manner and are thought to have the same risks and potential loss exposures, thus, are assessed jointly as follows:

RISK LEVEL: Low/Moderate/High

DESCRIPTION OF THE PROCESS

As noted previously, the Commission must update and publish a Statewide Comprehensive Outdoor Recreation Plan (SCORP) at least every five years to be eligible

for federal funding under the Land and Water Conservation Fund Program and the Recreational Trails Program. The plan is developed by Commission staff with public involvement. SCORP includes an evaluation of the supply and demand for public outdoor recreation resources in Nebraska and a program for the implementation of the plan.

At the time the governing body of a political subdivision makes application for financial assistance under either of these programs, it must assure the state and federal governments that it will commit the financial resources necessary to complete the project and to operate and maintain the funded site in a setting that will be both attractive and safe for public use. The project sponsor must also provide the assurance that all programs and facilities, where possible, will be accessible to and useable by the disabled. The sponsor will also be expected to keep the facilities open for public use at reasonable times. Submitted applications are reviewed by staff for completeness and project eligibility before being forwarded to internal or external program committees for scoring and funding recommendations. Staff recommendations, which are based on overall committee rankings, are presented to the Commission's Board of Commissioners for final approval.

Projects are submitted to the appropriate federal agency for approval of funding. Following federal approval of a project, expenses can be incurred by the project sponsor. Requests for reimbursement or draw-down are submitted by the sponsor. A sponsor's request includes an official letter requesting payment, a project billing form summarizing expenditures incurred since the last billing, an invoice supplement itemizing each invoice, copies of each invoice, and proof of payment for each invoice (cancelled checks front and back or bank statement).

Federal Aid staff submits draw-down or reimbursement requests using the appropriate federal agency's on-line payment system. The Federal Aid staff prepares a record of electronic payment (REP) for LWCF projects or memorandum for RTP projects for each draw requested. The request includes the project number, the request number, type of payment (partial or final), the amount requested, and the period of performance. The REP or memo and sponsor's payment request information are provided to the agency's Budget and Fiscal Division for processing.

A summary record of each grant or agreement is maintained by the Federal Aid staff. These records include the total amount of federal assistance, reimbursement requests, total reimbursements to date, and remaining balance available.

IDENTIFIED RISKS

- State statutes providing the required "assent" language could be compromised through legislative action.

- The Commission could fail to prepare and publish a Statewide Comprehensive Outdoor Recreation Plan every five years or less as required.
- Reimbursement requests from project sponsors could be based on incorrect or incomplete reimbursement data.
- Federal Aid staff could request incorrect amount for draw-down or reimbursement.
- Personnel costs (hours and benefits) used for in-kind match could be incorrectly tracked or reported and charged to a grant for reimbursement
- After draw-down or reimbursement request is submitted to the Budget and Fiscal Division for processing, the Federal Aid staff could fail to track the funds until after the payment is already made to the project sponsor.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
‘Assent’ language modified or deleted	Critical	Rare	High
Failure to prepare and Publish SCORP	Critical	Rare	High
Incorrect information from sponsor	Minor	Possible	Moderate
Federal Aid staff could fail in their administrative and oversight duties	Minor	Rare	Low

Two of the “potential loss exposures” have “high” risk rating because of the severity should they occur, but the likelihood of either event occurring is very remote and is not a major concern. The third “potential loss exposure” revolves around the sponsors and the possibility of them providing incorrect information as a part of the reimbursement process. The likelihood of this occurring is certainly a possibility, but the severity would not be great as most such occurrences would be discovered and corrected by the Federal Aid staff during their review. The last “potential loss exposure” considered pertains to errors or mistakes made by staff that could result in overpayments to project sponsors. The risk rating is thought to be “low” as the frequency of occurrence would be very small because the staff is well trained and experienced, and the severity would be minor because most errors or mistakes would be discovered and corrected.

CONTROL ACTIVITIES

All proposed legislation that has the potential to have a fiscal impact on the Commission is reviewed by the Administrator of the Budget and Fiscal Division and others as deemed appropriate and is the subject of a “Legislative Fiscal Note” that is prepared and submitted to the Legislative Council. For example, if legislation was introduced that had the potential to rescind the “assent” language that is required for the State and its’ political subdivision to participate in the subject programs, a Fiscal Note would be prepared and submitted and a Commission representative would provide written and oral testimony at Legislative hearings pertaining to same.

The Federal Aid Administrator that has oversight responsibility for these programs ensures that the Statewide Comprehensive Outdoor Recreation Plan is updated and submitted in a timely fashion. The staff also monitors written policies and procedures from the administering federal agencies to maintain program eligibility.

The Federal Aid staff reviews invoice supplement forms submitted by project sponsors to ensure purchases and/or services were for eligible activities. Submitted invoices are reconciled with the proof of payment information to ensure accuracy. The Federal Aid staff also runs a NIS report to ensure payments processed by the Budget and Fiscal Division to project sponsors match the summary of records for each grant.

INFORMATION AND COMMUNICATION

After the amounts of the federal appropriations for these two programs are announced, the Federal Aid Administrator notifies the Director and the Assistant Director for Parks. This information is also made available to prospective sponsors via press releases.

MONITORING

Federal Aid staff reviews federal program statements on a monthly basis to match outgoing draw-down and reimbursement requests against total federal program balance. The staff also monitors the written policies and procedures from the appropriate federal agency to maintain program eligibility.

LODGING INCOME

Cabins and, in some cases, lodge rooms and conference rooms are available at Chadron State Park, Eugene T. Mahoney State Park, Fort Robinson State Park, Niobrara State Park, Platte River State Park, Ponca State Park and Victoria Springs State Recreation Area. Caboosees are available at Two Rivers State Recreation Area for overnight lodging.

In addition to the conference rooms that are available at some of the aforementioned areas, conference rooms are offered at Lake McConaughy State Recreation Area and Wildcat Hills Nature Center. Fees are recommended by staff and submitted to the Board of Commissioners for review and approval. During FY 09, the last fiscal year of record, this source generated \$4,285,062.00 in revenue.

RISK LEVEL: Moderate

DESCRIPTION OF THE PROCESS

All lodging accommodations and conference room rentals are managed through the ReserveAmerica Reservation System with the exception of the Wildcat Hills Nature Center's conference room. All reservations and sales are recorded as reservations through the Reservation System or through the Point of Sales system within the ReserveAmerica Reservation System. The Reservation System captures a variety of information to include: who made the initial entry, who made the sale, who made the change if one is made, etc. This system is capable of producing a variety of reports that address such subjects as "adjustments to sales" and "complimentary rooms (comps)." These reports can be produced for a single date or a range of dates.

IDENTIFIED RISKS

Risks applicable to lodging receipts are as follows:

- Lodging sale is not entered in the Reservation System or is entered, but comped.
- Lodging sale is entered in the Reservation System, but the reservation or stay is subsequently altered or voided and the money stolen from the cash register or money drawer.
- Lodging is paid for, but the accounting staff alters or voids the stay and doesn't deposit the money.
- Refunds or adjustments are made that are outside the guidelines.

The Risk Rating associated with the Potential Loss Exposures are as follows:

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Lodging receipts may not be collected or may be collected, but subsequently comped	Moderate	Unlikely	Moderate
Reservations may be altered or voided by the cashier and the money stolen	Moderate	Unlikely	Moderate
Accounting staff may alter or void the records and steal the money	Moderate	Unlikely	Moderate
Refunds or adjustments may be made that go beyond the guidelines	Moderate	Unlikely	Moderate

CONTROL ACTIVITIES

The Agency makes every effort to hire and maintain a work force of honest employees. Accounting procedures for the various transactions performed by Parks Division employees are in place and are updated as needed. These procedures are provided to each superintendent for distribution to and use by his/her staff. An honest work force minimizes the likelihood of improprieties and is an important consideration at all areas, but is doubly important at areas that in spite of a small staff offer accommodations for lodging or meetings. At such areas, it is possible for a single employee to perform all aspects of a transaction to include making the reservation, collecting the fee, and depositing the money. There is simply not enough justification to warrant or budget authority to provide for a second employee at all times. At large areas like Eugene T. Mahoney SP or Fort Robinson SP, no one person is responsible for an entire transaction. A single employee may make the reservation and accept the payment or comp/void the sale, which is an acknowledged risk, but the deposit is performed by another employee. All cash/check refunds are reviewed and approved by staff in the Lincoln office. Management reviews monthly revenue figures for reasonableness.

INFORMATION AND COMMUNICATION

Site specific income figures are provided on a calendar year basis in the Parks Division's Annual Report, however, income from several small, somewhat related, revenue sources is included in the report under the heading "Lodging Facilities" because of space constraints. The revenue figures for lodging for the last three fiscal years that are provide in the Funds Analysis Report portion of the agency's Biennium Budget Request are

activity specific, but are not site specific. Internally, site specific revenue figures are provided to the Assistant Director for Parks and the Regional Park Managers for review. A profit/loss statement is prepared on a monthly basis at the larger areas.

MONITORING

The Superintendent and/or accounting staff should review monthly revenue reports for reasonableness. Copies of all deposits are sent to the Lincoln Office to be audited and for inclusion in a monthly area spreadsheet. If there is a significant change from the expected, it would be noticed in most cases and reported. The Assistant Director for Parks and the Regional Park Managers review the monthly and annual reports.

CAMPING INCOME

Income from camping fees is generated on both manned and unmanned areas. All unmanned areas and manned areas, with two exceptions, have camping areas that are equipped with “iron rangers” that serve to dispense “Camping Fee Registration Envelopes” and as a depository for the completed envelopes containing the requested registration information and camping fee. Iron rangers located on some areas are supplied with dual-purpose envelopes that also provide the camper with the opportunity to purchase a Daily Park Entry Permit. Some manned areas use either an office or kiosk at selected times and periods for registering campers. Eugene T. Mahoney State Park is one exception to the previous discussion owing to the fact that the park is open year-round and the office is staffed 24 hours a day. Platte River State Park is the other exception because it does not offer camping. During FY 09, the last year of record, camping fees totaled \$2,961,459.00.

RISK LEVEL: Low/Moderate/High

DESCRIPTION OF THE PROCESS

As noted previously, iron rangers are located on all unmanned areas and most manned areas. Iron rangers located on high-use manned areas are checked daily during the busy season while others are checked less often. Less frequently checked camp-grounds are those areas that receive only low to moderate use, thus, it is simply not financially feasible to check them more often. In most cases, two employees open the drop box portion of the iron ranger and remove the envelopes and verify that the amount of money in each is consistent with the information on the outside of the envelope. If an envelope

does not contain the correct amount of money, a notation to that effect is made on the outside of the envelope. At the same time, the employees complete a Campground Account Sheet with the required information which is signed by both employees. Before leaving the area, the employees will talk to campers that are still on-site if there is any problem with the payment of the fee. If the camper can not be located, but is still occupying the site, a registration/payment envelope is left on the vehicle, tent, etc. The Camper Fee Registration Envelopes, Campground Account Sheet, and money in a money bag are delivered to the appropriate office.

Before the employees that delivered the money leave the office, the office staff counts the money and signs the Campground Account Sheet verifying that the correct amount of self-registration camping money was received. If the office staff is busy, the money is placed in the safe and verified later. After verification, the money is rung into the cash register or ReserveAmerica System and held in the safe until a bank deposit is made. The Campground Account Sheet and Camper Fee Registration Envelopes are mailed to the Lincoln Office with the backup information for the deposit.

As noted previously, some manned areas use a kiosk or the office for registering campers during selected periods. When a kiosk or office is open, campers register and pay the required fee and purchase a Park Entry Permit if they don't already have one. The employee rings the sale into a cash register or a POS system (ReserveAmerica Reservation System). The campsite selected is recorded on an easel or campground sheet to show at a glance which sites are reserved/occupied and which sites are still available. Twenty-four manned areas offer customers the opportunity to reserve a campsite in advance by prepaying through the ReserveAmerica Reservation System.

IDENTIFIED RISKS

The iron rangers serve as both a dispensary of Camper Fee Registration Envelopes and a depository for the completed envelopes with the required information and fee. The iron rangers are available for use 24 hours a day and 7 days a week on all unmanned areas and on those manned areas that lack the facilities or the personnel to offer and operate a kiosk or office. The iron rangers are available for use on the remaining manned areas when the kiosk or office is closed for the day. The iron rangers are beneficial to both the public and the Commission. Their presence allows a camper to arrive and to self-register at any time of the day or night and allows the Commission to efficiently and economically operate such areas with the fewest number of employees possible.

Every effort is made to have two employees collect the camping receipts and prepare the associated paper work, but some areas are manned by only one or two employees which makes it difficult or impossible to segregate duties and which increases the exposure to theft by a staff member. After the camping fees are turned over to another staff member

for deposit, there is a slight possibility that the employee responsible for the transaction could alter the Campground Report Sheet and pocket a portion of the money. Although the iron rangers are fabricated out of iron and designed for security, there is always the risk that somebody might attempt to break into the drop box and steal the money, or attempt to steal the entire iron ranger. In addition, some people use the camping facilities without paying or only pay a portion of the amount owed. If the offender leaves the area before an employee has checked the iron ranger and campground, the opportunity to collect the money owed to the State is lost. The magnitude of losses from this scenario is impossible to measure.

Some risk is also involved when camping reservation are transacted at a kiosk or in an office. At times, a kiosk or office will be manned by a single employee. The employee could enter the sale into the register, record the campsite as being occupied, and then void the sale and take the money after the customer leaves. Even when more than one person is working the shift, they have multiple duties to include activities that could take them to another location for a period of time. As in the case of camping receipts from iron rangers, there is the possibility that the staff member that is preparing the deposit could alter or remove a sale and take the corresponding money.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Campers may use a camp site without paying *	Minor/Moderate	Rare/Likely	Low/High
Iron ranger receipts may not be recorded and given to the accounting staff **	Minor/Moderate	Possible/Unlikely	Low/High
Kiosk/office camping receipts may not be recorded and given to the accounting staff, or recorded and then voided	Minor	Unlikely	Low
Accounting staff may not deposit all of the camping receipts	Minor	Unlikely	Low
Insufficient fund checks	Minor	Unlikely	Low
Theft of or from iron rangers	Minor	Rare	Low

* The ratings reflects the type of area (manned/unmanned) and the method of fee collection (office/iron ranger). ** The ratings reflect the number of employees (1/2) collecting receipts.

The variables that exist from one area to another makes it difficult to prepare an assessment of risk that is applicable to collecting and processing camping fees for all areas. Some areas are manned while others are unmanned. Some manned areas have staffs that are large enough to allow for the segregation of duties while other areas are operated by only one or two employees while still other areas are unmanned and overseen by one or two employees from a different location. Some areas use iron rangers exclusively while others use a combination of iron rangers and a staffed registration site such as a kiosk or office. Staff size also dictates how the collected fees are processed for deposit. As noted previously in this discussion, some manned areas have staffs large enough to use two or more employees in this process while only one employee might be responsible for the entire process on small areas. Some areas that are operated by only one or two employees lack a cash register and, for that matter, an office that is accessible to the public.

It is acknowledged that we do not have any way to measure potential losses or to access risk in some phases of the overall process. For example, the risk exposure or the potential for loss in the collection phase is most certainly greater when only one employee is involved as opposed to two, but how much greater?

The theft that occasionally occurs from iron rangers could be avoided if the iron rangers were replaced by another means of collecting camping fees, but the iron rangers are by far the most economical method currently available. We will continue our efforts to improve their design to make them as secure as possible and we will continue to schedule collections as often as possible to minimize the amount of money in the drop box at any given time.

Attempts are made to collect the money owed to the State from the occasional personal check that is uncollectible and returned by the State Treasurer; however the obligation is never paid in some cases which is probably just the cost of doing business. Losses from this exposure could be eliminated if we discontinued the practice of accepting checks or if we could afford to encode checks at the point of sales. The elimination of this exposure could, however, create the possibility that some campers would simply move on or risk not paying. Another approach to eliminating or minimizing this potential exposure would be to install the electronic means at each location to accept credit or debit cards, however, the costs would far outweigh the savings.

CONTROL ACTIVITIES

First and foremost, the Agency makes every effort to hire and maintain a work force of honest employees. Secondly, the Agency makes a concerted effort to educate its' employees in proper money handling procedures. Accounting procedures for the various types of transactions performed by Park Division employees are in place and are updated

as deemed necessary. These procedures are provided to each superintendent for distribution to and use by his/her staff. For example, one such procedural guide is entitled "Accounting Procedures for Self-Registration Camping" and provides step-by-step instructions on: (1) How to Empty the Iron Ranger Drop Boxes; and, (2) Office Procedures for Camper Fee Registration Envelopes. These guides are also intended to provide some continuity from area to area, however, the desired continuity can not be achieved in all cases because of the great disparity in staff size that exist from area to area. On those areas that are manned by a single employee, that lone employee is responsible for all aspects from collecting the money to depositing the money. On manned areas, and especially in the case of those areas that have a fully staffed kiosk and office, the superintendent has the ability to segregate duties in keeping with the aforementioned procedural guide which in turn minimize the opportunity for theft. Prepaid camping also reduces the opportunity for theft because no money changes hands at the time the camper arrives. The use of a cash register or POS system helps staff avoid errors in making change. Voids and refunds are noted and sent to the Lincoln office with the required backup information.

The Camp Site Registration Envelopes are pre-numbered, however, this practice does not help determine how many campers used the area nor does it indicate how many completed envelopes should be in the drop box. There is nothing to prevent a person from removing more than one envelope. At times, the envelopes stick together making it possible for a person to inadvertently remove more than one and, at other times, a camper might intentionally remove an extra envelope or two for future use. There is also the possibility that a person changes their mind after removing an envelope.

The design used in the construction of the iron rangers by the State Department of Correctional Services is periodically changed to reflect new ideas in an effort to make the rangers as secure as possible. The rangers are set in concrete foundations.

INFORMATION COMMUNICATIONS

Copies of all deposit slips applicable to park areas are submitted to the Lincoln Office and to the State Treasurer's Office. The State Treasurer's staff reconciles the deposits with the bank statements each month. In the Commission's Lincoln Office, these deposits are compiled by revenue source (Object Code) and by area into a monthly report which is reconciled with NIS. This information is provided monthly to all major areas within the State Park System. In addition, detailed information on revenue and expenditures is provided by category for each area in the Parks Division's Annual Report which is provided to the Director, Assistant Directors, Regional Park Managers, Park Superintendents, Budget and Fiscal Division Administrator, and others. This information can and is being used to develop profit/loss statements and can be accomplish by activity and/or area.

MONITORING

This process starts at the area level. The superintendent and/or accounting staff, if one exists, review the camping receipts. When possible, two people are used to collect and record camping receipts from the iron rangers and to deliver same for deposit. Two people are also used whenever possible in an office or kiosk setting to collect, count and deposit camping receipts. All deposits are sent to the Lincoln Office for auditing and data entry into a monthly area spreadsheet. The revenue figures are reviewed for reasonableness.

INVESTMENT INCOME

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

Based on information provided by the State Treasurer's office, the Nebraska Investment Council invests monies from the State's general fund and State boards, commissions, departments or agencies, and other State funds, not currently needed, into the Operating Investment Pool. The Accounting Division of the Department of Administrative Services calculates the average daily balance for each participant and distributes the earned income monthly on a pro-rata share basis. The amount earned by each fund and allocated to that fund is reported monthly to the Commission in the Fund Summary By Fund which is provided through the Nebraska Information System. For FY 09, the last year of record, the total revenue attributed to investments totaled \$3,055,299.78.

IDENTIFIED RISKS

The State Treasurer may miscalculate the amount available in each fund that is available for investment by the Investment Council.

The Accounting Division of the Department of Administrative Services may not correctly calculate the average daily balance for each fund and/or the pro-rata share of the investment income applicable to each such fund, and may not transfer the investment income in a timely fashion.

CONTROL ACTIVITIES

The Commission relies on the Accounting Division of the Department of Administrative Services to properly record the correct amount of investment income in a timely fashion.

However, investment income is reviewed monthly for reasonableness by personnel in the Commission's Budget and Fiscal Division.

INFORMATION AND COMMUNICATION

Investment income is included, but is not specifically identified by source, in the monthly Financial Statement that is prepared by the Commission's Budget and Fiscal Division and disseminated to the Commissioners, Director, Assistant Directors, Division Administrators and Assistant Division Administrators. However, the income is specifically identified in each fund's respective fund analysis completed for and made a part of the Agency's Biennial Budget Request.

MONITORING

Personnel in the Commission's Budget and Fiscal Division review the investment income amount allocated to each fund as reported monthly by the Department of Administrative Services in the Fund Summary By Fund for reasonableness.

FOOD SERVICES INCOME....STATE PARKS

Currently, full-service restaurants are located at three State Parks to include Eugene T. Mahoney, Fort Robinson and Platte River. Catering services and cookout are also offered at these three areas as well as a few others. During FY09, the last year of record, sales totaled \$1,749,700.89.

RISK LEVEL: Low/High

DESCRIPTION OF PROCESS

Food items are purchased from the private sector for resale in accord with guidelines granted by the Materiel Division of Administrative Services. Some items are purchased through State Purchasing, but the majority of the items are purchased under contracts negotiated by the Commission. Authorization has been granted to the Commission to forego normal requisitioning procedures, and instead AS Materiel has granted direct purchase authorization not to exceed \$25,000.00 per individual purchase. Whenever possible, informal competition is secured to ensure effective and reasonable pricing. Restaurant and catering prices are set and established by staff. Cookout fees are recommended by staff and submitted to the Board of Commissioners for approval.

Payments to the restaurant cashier can be in the form of cash, check or credit/debit card. Registers are cleared twice a day at Eugene T. Mahoney SP and at Fort Robinson SP and

once a day at Platte River SP. The money and backup documents are placed in a money bag. The money bag is either given to the accounting section for processing or placed in a safe and processed the next morning. The accounting staff is responsible for preparing the deposit.

IDENTIFIED RISKS

There is always the potential for loss when cash is involved in a transaction. A cashier could remove money from the register or office staff could steal money during the accounting and depositing processes. In the case of food services, there is also a potential for the loss of the food itself. This loss could occur if food items are taken by staff for their own use or consumption or for others to use or consume. If the supply of food on hand exceeds the demand, the food could go to waste. This would be especially true in the case of perishables such as fresh fruits and vegetables. There is also the risk of selling the food at a loss.

CONTROL ACTIVITIES

The Agency makes every effort to hire and maintain a work force of honest employees. In addition, the Agency makes a concerted effort to educate its' employees in money handling matters. Accounting procedures for the various types of transactions performed by Park Division employees are in place and are updated as deemed necessary. These procedures, which are frequently in a step-by-step format, are provided to each superintendent for distribution to and use by his/her staff.

Normally, more than one cashier is involved during the course of a day or event. If a hostess is used, she is normally stationed in close proximity to the register and offers some limited oversight. Registers are cleared twice a day. "No Sales" and "Voids" must be addressed. Employees are discouraged from using the "No Sale" function to access the register to make change for a customer. Superintendents or office managers are required to initial the "Z" tape next to the "No Sale" portion indicating that they agree with it. In the case of "Voids," all such cash register tapes (receipt copy) must be signed by the employee making the void along with an explanation and submitted to the Lincoln Office. All "No Sales" and "Voids" are reviewed for reasonableness by the accounting staff and lead worker/restaurant manager before they are submitted. The accounting staff, which may consists of two employees, is responsible for the deposits.

Most food orders are placed to replenish items routinely kept on hand and to satisfy specific needs such as for planned/programmed meals, certain time periods, or specific events. In most cases, a major theft would be noticed when the food wasn't there when needed. Perishable goods are order for immediate use to minimize waste. The restaurant manager, superintendent and regional manager all review, to some degree, income and

expenditures with emphasis on food prices for profit/loss. During the month of June, all inventoried goods are counted for inclusion in the CAFR.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Theft of money by cashier	Minor	Unlikely	Low
Theft of money by accounting staff	Minor	Unlikely	Low
Theft of food by staff	Moderate	Possible	High
Food sales do not cover expenses	Minor	Unlikely	Low

The severity of the potential loss exposures associated with the various aspects of collecting, accounting for, and depositing revenue derived from the sale of food items is thought to be “minor” and the likelihood is thought to be “unlikely” resulting in a “low” risk rating. With approximately \$1,868,000.00 in food sales annually, there is always a concern with food waste, inventory control, pilfering, and establishing prices that are acceptable to the consumer that covers the price of doing business. Considering all of the variables, it is thought that the risk rating for food services is “moderate.”

INFORMATION AND COMMUNICATION

Information on income and expenditures is provided for each area in the Parks Division’s Annual Report which is provided to the Director, Assistant Directors, Regional Managers, Park Superintendents, Budget and Fiscal Division Administrator, and others. Monthly profit/loss reports are prepared by staff at Eugene T. Mahoney SP, Fort Robinson SP, and Platte River SP to enhance management and to keep the Assistant Director for Parks and the Regional Managers informed.

MONITORING

The superintendents and food service directors/managers should be reviewing receipts and expenditures on an on-going basis. All deposits are sent to the Lincoln office for auditing and data entry into a monthly area spreadsheet.

RECREATIONAL ACTIVITIES/ENTERTAINMENT-STATE PARKS

Numerous activities that generate income are available to the public at park areas. Some activities are unique to a single area whereas other activities are common to a number of locations. Most activities require a ticket that is offered for sale at the site of the event or at a central location, usually the park office, kiosk or information booth. Some of the more popular activities requiring a ticket are cookouts, theatre productions, special events, and a variety of rides to include trail, paddle boat, stagecoach, chuck wagon, jeep, raft, breakfast, and hallowfest. To participate in those activities that do not require a ticket, one merely pays an admission fee at the door or entrance. Examples of such activities are miniature golf, golf driving range, tours (e.g. mansion at Arbor Lodge SHP), Activity Center at Eugene T. Mahoney SP, and swimming pools.

RISK LEVEL: Moderate

DESCRIPTION OF THE PROCESS

There is a limit to the number of participants that can be accommodated at any given time for all activities and events. Ticket sales are used to monitor the number of spaces still available. In addition, a list of participants is maintained in some cases to ensure that the number does not exceed the capacity. This is also true in the case of activities that utilize the “admission fee” procedure. Admissions are monitored to ensure that health and safety standards are not violated. It is not uncommon during peak use periods to close a swimming pool to additional customers until such time that some of the current participants leave.

Normally, tickets must be purchased the same day as the event or activity. Tickets for early morning events, such as the hayrack ride breakfast that is offered at Fort Robinson SP, are sold the day before which provides the staff with an accurate count of participants so that they can plan accordingly.

In the case of theater tickets, the tickets are sold at the office in advance until a designated time when the remaining tickets are taken to the theater to accommodate walk-in customers. Theater tickets may also be purchased over the telephone by credit card. Other customers call or write to the park to request a performance schedule and order form which they return at a later date with a check for the amount of the tickets requested.

Tickets are not used at swimming pools. Customers merely pay a per person admission fee based on their age at the pool entrance/bathhouse. Individual and family season passes are also available and may be used at any park with some restrictions. In the case of the driving range and miniature golf course at Eugene T. Mahoney SP, fees, based on

the number of baskets of balls and on the number of players, respectively, are collected at the club house for the same day only.

The employees that serve as cashiers stop at the office before the start of the business day and pickup and sign for money bags containing predetermined amounts of money for use in making change. At the close of the day, the cashier counts the money in the register and balances same to the “Z” tape. The tape and money are placed in the money bag which is taken to the office. The cashier must sign off verifying how much money is in the bag. The accounting staff processes the receipts at that time or the next morning and prepares the deposit. If the receipts are not processed immediately, they are placed in the office safe.

IDENTIFIED RISKS

The risks vary somewhat with how the admission fee to an activity or event is collected, but the majority of the risks are common to both processes.

- An employee could give a person the opportunity to participate in an upcoming activity or event by giving them a ticket at no cost.
- An employee could allow a person to enter a facility or to participate in an activity or event without the required ticket or paying the required admission fee.
- After an employee rings up the ticket sale or admission fee on a cash register or into a POS system, they could subsequently void the transaction and remove the money.
- An employee could ring up a sale as a “No Sale” and keep the money.
- After the cashier turns in the money and supporting documents to the office, the accounting staff could adjust the sales and remove the corresponding money.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Tickets are given away at no cost	Minor	Possible	Moderate
People are allowed to participate or attend and activity or event without a ticket or without paying	Minor	Possible	Moderate
Employee could void sale and remove the corresponding money	Minor	Possible	Moderate
Employee could ring up a sale as a “No Sale” and keep money	Minor	Possible	Moderate

CONTROL ACTIVITIES

The Commission makes every effort to hire and maintain a work force of honest employees. The Commission also makes an effort to educate its' employees in proper money handling procedures. Accounting procedures for the various types of transactions performed by Park Division employees are in place and are updated as deemed necessary. These procedures are provided to each superintendent for distribution to and use by their respective staffs. In the case of admission fees that are collected at the entrance or door, our best defense against loss is an honest work force following the prescribed procedures. An honest work force is equally as important in avoiding the risks that are associated with those activities or events that require a ticket. The issuance of a ticket does provide some additional protection. Tickets are activity specific, numbered and sold in numerical order. Voided tickets must be returned and filed with the sales data for that business day. During the course of the day, unsold tickets are spot checked to ensure that they are all accounted for and are still in numerical order. Missing tickets must be accounted for and explained. The explanation is filed with the sales data for that business day. The use of tickets offsets some of the risks involved in using a single cashier because of the opportunity to account for all the tickets and to compare the numbers against sales. Frequently, a second employee accounts for the tickets at the point of redemption or use offers some additional protection.

INFORMATION AND COMMUNICATION

Copies of all deposit slips are submitted to the Lincoln Office and to the State Treasurer's Office. The State Treasurer's staff posts the deposits in NIS and reconciles the deposits to the bank statements each month. Personnel in the Commission's Lincoln Office compile the deposits by revenue source and by area on a monthly basis. Income from admissions is reported by area in the Parks Division's Annual Report, however, all of the income is combined for the various activities except for swimming pools and trail rides. Income from these two sources is reported separately. Copies of this report are provided to the Director, Assistant Directors, Regional Park Managers, Park Superintendents, Budget and Fiscal Division Administrator, and others.

MONITORING

The review of ticket sales and admission receipts by the Superintendent and /or accounting staff should be an ongoing activity. As noted previously, all deposits are sent to the Lincoln Office for auditing and for data entry in a monthly area spreadsheet. Anything other than normal month-to-month fluctuations is reported. Income and expenditures for selected activities are closely monitored and are a part of a profit/loss statement.

TOBACCO PRODUCT TAX RECEIPTS

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

The “cigarette tax”, which was initiated in 1962, is imposed on persons distributing or selling cigarettes at wholesale in Nebraska. The tax is paid when the wholesaler purchases the tax stamps. Payment of the tax is evidenced by affixing a stamp or meter impression to each package of cigarettes. Currently (2009), the cigarette tax is \$0.64 on packages containing 20 or fewer cigarettes and \$0.80 on packages containing 25 cigarettes.

Since July 1, 1980, a portion of the cigarette tax proceeds collected by the Nebraska Department of Revenue and deposited with the Nebraska State Treasurer has been allocated to the Nebraska Outdoor Recreation Development Cash Fund (NORDA) that is administered by the Commission and used for park purposes. In response to a steady decline in the sale of cigarettes, State Statute 77-2602 was amended to ensure that the annual allocation to NORDA after FY 99 would not be less than the amount (\$1,309,039.00) allocated for FY 98. Consequently, the annual allocation to the Commission is \$1,309,039.00 and is received in monthly installments from the State Treasurer on a JE document processed through the statewide accounting system.

IDENTIFIED RISKS

The portion of cigarette tax proceeds allocated to NORDA by the State Treasurer is a set amount as established by statute, thus, risks are limited to untimely or incorrect transfers by the State Treasurer’s office.

CONTROL ACTIVITIES

The Commission relies on the Department of Revenue to collect proceeds from the cigarette tax and to deposit same with the State Treasurer, and for the State Treasurer to make monthly transfers in the correct amount and in a timely fashion. The Treasurer’s office provides a copy of the monthly transfer document to the Commission. Additionally, Commission staff members review the Nebraska Department of Administrative Services’ monthly financial reports and verifies that the correct amount was transferred to the NORDA Cash Fund.

INFORMATION AND COMMUNICATIONS

Income received from this source is included, but not specifically identified, in the monthly Financial Statement that is prepared by the agency’s Budget and Fiscal Division. The Financial Statement is provided to the Commissioners, Director, Assistant Directors,

Division Administrators and Assistant Division Administrators for their review and information. This income is specifically identified in the fund analysis documentation completed for and made a part of the agency's biennial budget request.

MONITORING

The Commission relies on the Nebraska Department of Revenue and the Nebraska State Treasurer to monitor their own control procedures related to the collection, deposition and allocation of cigarette tax revenues. The Commission's Budget and Fiscal Division monitors the monthly reports of the Accounting Division, Department of Administrative Services, and verifies that the correct amount is transferred monthly to the NORDA Cash Fund.

MISCELLANEOUS INCOME

Miscellaneous revenue is received from a variety of sources that are too numerous to list individually. Some of the more common sources are: the \$20.00 fee that is assessed if the agency is compensated for an insufficient fund check, rebate checks received from food vendors or co-ops, reimbursements from park guests for postage used to ship or mail items left behind when they checked out, and checks sent by a vendor to reimburse the Commission in cases involving a double payment if it crosses fiscal years. As indicated, some of the revenue reported as "miscellaneous" merely reimburses the Commission for an incurred expenditure that was either planned or inadvertent. The individual payments are normally fairly small and only total about \$30,000.00 per year.

RISK LEVEL: Low (amounts are not considered material).

DESCRIPTION OF THE PROCESS

Revenue derived from miscellaneous sources is unpredictable as to when it is received and to the amount. The method of payment may be either cash or check, but the vast majority of the payments are in the form of checks. Another variable pertains to the recipient in that some payments are hand-delivered or mailed to a Commission employee or a facility/office. When the payment is made directly to an employee, there is obviously an extra step in the depositing procedure, but once the employee processes the check for deposit or mails or hand-carries it to an administrative office for deposit, the process is the same as for any other income.

IDENTIFIED RISKS

Anytime money is involved in a transaction, there is a chance that it will be mishandled or misappropriated; however, in the case of “miscellaneous” income, it is thought that the opportunity for and the magnitude of such losses are both fairly low. The majority of the payments involve checks received through the mail by the Commission’s Lincoln Office which minimizes the risk. The fact that the checks are normally written for small amounts probably would discourage most people from attempting to convert the check to personal gain. However, the potential for risk is elevated somewhat by the fact that some checks are unexpected and written for unpredictable amounts. The disappearance of such a check could go unnoticed.

It is thought that the only real risks revolve around the depositing process.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Employee that receives the check doesn’t forward it to accounting for deposit	Minor	Unlikely	Low
Accounting personnel do not deposit the check	Minor	Unlikely	Low

CONTROL ACTIVITIES

The Commission makes concerted effort to hire and maintain a work force of honest employees. In addition, an effort is made to educate the employees in the proper money handling procedures. Accounting procedures for the various types of transactions performed by agency personnel are in place and are updated as deemed necessary. These procedures are provided to each area for distribution to and use by assigned staff. These guidelines are also intended to provide some continuity from area to area; however, the desired continuity can not be achieved in all cases because of the disparity in staff size and capabilities that exists between areas.

For those locations where one employee is frequently responsible for both collecting and depositing the money, an onsite supervisor is normally responsible for reviewing and approving the paperwork prior to the time that it is finalized. Additional review of all supporting documents by staff in the Lincoln Office reduces the chance of errors and deters the chance of fraud and theft.

INFORMATION AND COMMUNICATION

Income derived from miscellaneous sources is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors, Regional Park Managers, Division Administrators and Assistant Division Administrators for their review. Income from the various miscellaneous sources is collectively identified for the last three fiscal years of record in the Funds Analysis Report that is prepared for and made a part of the Agency's Biennial Budget Requests.

In their Annual Report, the Parks Division provides a breakdown of income generated by the various areas. Some of the categories in the breakdown are very specific and only include the income from a single source (e.g. Trail Rides), but other categories are fairly broad and include revenue from numerous sources. Such is the case with their miscellaneous category; consequently, the income reported by the Parks Division in their Annual Report as "miscellaneous income" is significantly higher than the figure used in the Agency's most recent Biennium Budget Request.

MONITORING

As noted previously, onsite supervisors and Lincoln based personnel have the responsibility to review the deposit and the supporting documents for the transactions to minimize errors and to deter fraud and theft. Copies of all deposits are sent to the Parks Division's Lincoln Office for audit and entry into a monthly area spreadsheet. This information is reviewed by Parks Administration for reasonableness.

MOTORBOAT REGISTRATION FEES

Registration fees mandated by the State Boat Act and collected by county treasurers for all new registrations and most registration renewals are remitted to the State Treasurer for credit to the State Game Fund to be used for: (1) administration and enforcement of the State Boat Act, (2) boating safety educational programs, (3) the construction and maintenance of boating and dock facilities, navigational aids, and access to boating areas and other uses as will promote the safety and convenience of the boating public in Nebraska, and (4) publishing costs subject to certain restrictions and limitations (Section 37-324). Registrations can now be renewed on-line (<http://www.ngpc.state.ne.us/boating>) with a valid Visa or Mastercard.

Motorboat registration fees are imposed on persons registering vessels to be operated on Nebraska waters. The registration is valid for three years, expiring December 31st of the designated year. If an application for a motorboat not previously registered in Nebraska by the applicant is made after the start of a registration period, the license fee is reduced by 1/36th for each full month of the registration period already expired, as of the date the boat was acquired. Registration fees vary depending on the length of the boat. The current (2010) fees for the different classifications of vessels, including the length range in feet, are as follows: shorter than 16 feet, \$23.00; at least 16 but less than 26 feet, \$46.00; at least 26 but less than 40 feet, \$67.50; 40 feet and over, \$115.00; and, dealers or manufacturers for demonstration or testing, \$46.00. A \$4.00 issuing fee is also charged which is retained by the counties for the registrations that they issue.

RISK LEVEL: Low.

DESCRIPTION OF THE PROCESS

The State Boat Act mandates county treasurers to collect motorboat registration fees and to remit same monthly to the State Treasurer who in turn credits the revenue to the State Game Fund. New registrations may be obtained only from the county treasurer in the boater's county of residence. Registrations may be renewed at county treasurer offices or on-line (<http://www.ngpc.state.ne.us/boating>). When a customer renews the registration for his/her boat on-line, the transaction is recorded in an access system (Microsoft) and with the applicable credit card company. On a daily basis, Budget and Fiscal Division staff accesses the Commission's credit card system (Pay Pal) and prints a list of the credit card sales. These charges are submitted to the bank (First National Bank of Omaha) for settlement. The bank in turn advises the State Treasurer that the funds have been received and credited to the appropriate account (Catalog Verisign in the case of boat registration renewals). The Treasurer in turn places all such revenue in a credit card clearing account. This information is provided to staff who assign the revenue to the appropriate fund and revenue account (object code) by comparing the revenue data to the specific information

for each credit card sale recorded in and extracted from the access system. At the present time, only two cards (Visa or Mastercard) may be used. Annual income from boat registrations varies from year to year, but has shown a steady increase over the past 15 years. For FY09, the last year of record, \$973,228.27 in revenue was received from registrations.

IDENTIFIED RISKS

Risks applicable to the collection of fees by the county treasurers and remitted to the State Treasurer are limited to untimely or incorrect remittances of fees from the counties to the State Treasurer, and to untimely or incorrect credits of fee proceeds to the State Game Fund by the State Treasurer. The likelihood of either of these potential loss exposures occurring is thought to be “rare.” It is also thought that the potential for loss is “insignificant.” When combined, these two rating would result in a risk level determined to be “low.”

The on-line credit card system offered by the Commission for registration renewals potentially contains some inherent risk, however, any such risk is thought to be minor and unlikely resulting in a “low” level of risk.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Fees collected by the counties are not remitted to the State Treasurer	Minor	Rare	Low
Fee income is not credited by the State Treasurer to the Game Fund	Minor	Rare	Low
On-line credit card sales revenue is mishandled	Minor	Unlikely	Low

CONTROL ACTIVITIES

The Commission relies on 93 county treasurers to collect motorboat registration fees and to monthly remit same to the State Treasurer, and for the State Treasurer to credit the fee revenue in the correct amount and in a timely fashion to the State Game Fund. The Treasurer’s office provides a copy of the monthly transfer document to the Commission for review. In addition, Commission staff members review monthly remittances from the county treasurers and reconcile the deposits to the State Treasurer’s credits.

Risks associated with on-line credit card sales are negated by the reconciliations that occur at the time the Journal Entry is prepared to distribute the revenue to the appropriate

fund and account. The revenue figures are reconciled with records/reports from the access system, bank and State Treasurer. We do not, however, currently compare the actual number of registrations renewed on-line with the amount of revenue identified as being from this source. Such a process would further attest to the overall reliability of the system.

INFORMATION AND COMMUNICATION

Income received from this source is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors, Division Administrators and Assistant Division Administrators for their perusal. However, the income is specifically identified for the last three years of record in the Funds Analysis Report that is prepared for the State Game Fund and made a part of the agency's biennial budget requests.

MONITORING

Personnel in the Boating Safety Section compare the information available through the Department of Motor Vehicle data base on individual boat registrations by county with the revenue remitted by the counties to the State Treasurer. If there is a problem in this reconciliation process, the County Treasurer is contacted to correct the discrepancy.

In addition, the revenue derived from motorboat registration fees that is collected by the counties and remitted to the State Treasurer and credited to the State Game Fund is identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund. This document is reviewed by personnel in the Commission's Budget and Fiscal Division to ensure that the amount credited to the State Game Fund from this source is reasonable.

RESALE ITEMS

Resale items are available at Customer Service in the Lincoln Office, District Offices, Omaha Office, Aksarben Aquarium, and some manned areas in the State Park System.

RISK LEVEL: Moderate/High

DESCRIPTION OF THE PROCESS

All facilities acquire a portion of the resale items from the Commission's Information and Education Division. Customer Service and, for the most part, the District Offices only

handle such items. The Aksarben Aquarium, Omaha Office and those manned State Park areas that have resale items sell products purchased from vendors in the private sector under a Requisition approved by State Purchasing as well as items acquired from the Information and Education Division. The price of an item is determined by its' purchase price. A general rule of thumb is that the sale price be twice the purchase price unless a 100% markup is deemed prohibitive. Prices for resale items are set by staff.

IDENTIFIED RISKS

Risks associated with resale items include:

- Staff member could offer items to friends or associates at no cost.
- Cashier could ring up the sale and accept the money, but subsequently void the sale and remove the money.
- Cashier could open the draw of the register at the time of the sale by using the "No Sale" function and removing an amount of money equal to the sale price of the item.
- The staff member responsible for preparing the deposit could alter or remove a sale and take the corresponding money.
- Theft of resale items, to include inventory, by public or staff.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Staff member could give merchandise away	Moderate	Unlikely	Moderate
Cashier could steal sale proceeds	Moderate	Unlikely	Moderate
Accounting staff member doesn't deposit all of the income derived from resale sales	Moderate	Unlikely	Moderate
Resale merchandise could be stolen	Moderate	Possible	High

CONTROL ACTIVITIES

Whenever possible, a second cashier or accounting clerk is used, but the practice is certainly not the norm. Additional cashiers, accounting clerks, and office personnel would allow for the segregation of duties which in turn would greatly reduce or totally eliminate some of the aforementioned exposures, but this simply isn't possible given our current budget and personal service limitations. Consequently, our best defense is to hire

to the best of our ability honest people and to train them to handle our resources in a responsible fashion and to encourage the involved superintendents and office managers to monitor as closely as possible activities applicable to the protection of resale items and of the income derived from the sale of such items.

All areas are required to conduct a complete inventory of resale items each June for inclusion in the CAFR. Areas are expected to keep copies of resale invoices to use in the preparation of a spreadsheet to include quantities and values for the June inventory count. One area, Lewis & Clark SRA, has a computerized Inventory System. All inventory is entered into the system as are all sales, thus, staff can readily monitor the amount of product on hand and reorder as deemed necessary.

All deposits are sent to the Lincoln Office for auditing and entered into a monthly spreadsheet. A significant change from the norm would probably be noticed by staff, but a minor or insignificant decrease resulting from an irregularity probably would go unnoticed for a time.

INFORMATION AND COMMUNICATION

Income derived from the sale of resale items is reported by area in the Parks Division's Annual Report. Copies of this report are provided to the Director, Assistant Directors, Regional Park Managers, Park Superintendents, Budget and Fiscal Division Administrator, and others.

MONITORING

The review of resale receipts should be an ongoing activity performed by superintendents and office managers. When possible, more than one employee is involved with monitoring the inventory and sale of resale items. Deposits are sent to the Lincoln Office for audit and review for reasonableness.

CONCESSIONS

Currently, there are 17 privately operated concessions located on State Recreation Areas. Fifteen of the concessionaires have permanent structures whereas the other two use temporary facilities. According to the Commission's Concession Management Plan, a determination of needs must be made before a concession is considered. The process may be initiated by a staff recommendation or a request from the public or a member of the Board of Commissioners. After it has been determined that a concession is needed to provide services that would enhance the public use and enjoyment of a lake, bids are solicited. The successful bidder is responsible for providing the necessary infrastructure for the concession. The concessionaire must provide proof of insurance. If a concessionaire decides to relinquish their lease, they must either find a potential buyer, who ultimately must be approved by the Commission, for the business or leave the facilities to the Game and Parks Commission. The lease agreements are written for 3 to 5 years with an option to renew subject to Commission approval. During FY 09, the last year of record, concession leases generated \$108,218.14 in revenue.

RISK LEVEL: Low/Moderate/High

DESCRIPTION OF THE PROCESS

In accord with the formal Concession Agreement that is used by the Commission for all such leases, a concessionaire (AKA permittee) must pay the Commission the sum of two percent (2%) of all gross receipts excluding sales taxes collected and revenues derived from the sale of State Hunt, Fish, Trap and Park Entry Permits and Habitat Stamps. The payment is to be made quarterly on the fifteenth (15th) day of each January, April, July and October. Payments are made directly to the Commission and must be supported by a Quarterly Report of Gross Receipts on a reporting form provided by the Commission. In addition, the concessionaire must file with the Commission by the 30th of April of each year a Balance Sheet and Financial Statement reflecting the financial position of the concession business for the preceding year. In the event of any delinquency, the concessionaire must pay, in accord with the Concession Agreement, 1% interest per month (12%/annum) of all outstanding balances due and payable to the Commission after 30 days as provided by Section 45-104, Revised Statutes of Nebraska. Failure to pay any payment by the prescribed date is considered just and sufficient cause for forfeiture and termination of the Agreement. The Commission is also entitled to bring action in the appropriate forum for the recovery of any unpaid payments.

Payments, supported by the required Quarterly Report of Gross Receipts, are normally presented to the Area Superintendent. The Superintendent is expected to reconcile the amount of the check with the concessionaire's Quarterly Report to ensure that the Commission has received its' proper share, at least to the degree reported by the

concessionaire. The check is restrictively endorsed and processed through the area’s normal depository system. The applicable paper work is sent to the State Treasurer whereas the concessionaire’s Quarterly Report is sent to the Parks Division’s Lincoln Office where it is filed. Some payments are sent directly to the Lincoln Office. When this occurs, a Parks Division staff member reconciles the payment with the Quarterly Report, forwards the check to the Permit Section for deposit, files the Quarterly Report, and notifies the Area Superintendent that the payment was received. The Superintendent is also provided a copy of those Quarterly Reports that are received by the Lincoln Office.

IDENTIFIED RISKS

Risks applicable to this revenue source pertain to two general categories, those associated with the actions of the concessionaire and those relevant to staff. If a concessionaire does not provide all of the services that are identified as requirements in the Agreement and/or the services needed by the public to use and enjoy the Recreation Area, his/her business will suffer as will our share of the revenue. There is also the chance that the concessionaire might not accurately report sales in their Quarterly Report which would result in a loss of revenue to the Commission. Late payments have the potential to result in some lost Investment Income. Lastly, there is always the chance that a concessionaire might experience extreme business difficulties and not pay at all.

There is also a chance that the Area Superintendent doesn’t monitor the concessionaire closely enough to realize that a payment is inaccurate or delinquent. Lastly, there is also a slight chance that, for whatever reason, the check isn’t deposited.

The risks are summarized as follows:

- The concessionaire doesn’t fulfill their obligation to provide the appropriate services.
- The concessionaire doesn’t accurately report their sales.
- The concession payment is not received in accord with the Agreement.
- Staff doesn’t provide the necessary oversight.
- Staff doesn’t deposit the check.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Concessionaire doesn’t provide services	Moderate	Unlikely	Moderate
Concessionaire doesn’t report all sales	Moderate	Possible	High
Concession payment isn’t received	Minor	Unlikely	Low

Staff doesn't provide oversight	Minor	Unlikely	Low
Staff doesn't deposit check	Minor	Rare	Low

CONTROL ACTIVITIES

The Area Superintendent should provide enough oversight to ensure that the services provided by the concessionaire are in keeping with the terms of the Concession Agreement and with the needs of the public. The general public will normally tell the Superintendent if they are satisfied or not with the level of service. The Area Superintendent closely monitors the quarterly payment requirement to ensure that the payments are timely and accurate. The Superintendent should also ensure that the annual reporting requirements are satisfied in a timely and accurate fashion. The concessionaire's Quarterly Reports of Gross Receipts, Balance Sheet and Financial Statement (due on or before April 30th), and the concessionaire's Federal and State Income Tax Returns (due within 10 days of the dates such forms are filed with the proper authorities) should be reconciled. In addition, a Parks Division Administrator reviews the concessions to ensure that the obligations of the Agreement are satisfied.

INFORMATION AND COMMUNICATION

Site specific revenue figures are included in the Parks Division's Annual Report which is distributed to the Director, Assistant Directors, Regional Park Managers, Superintendents and others. Revenue figures for concessions as a whole are included for the last three years of record in the Funds Analysis Report that is prepared for the State Park Cash Revolving Fund and made a part of the Agency's Biennial Budget Requests. The Director or Assistant Director for Parks will occasionally request information for a particular concession.

MONITORING

The Superintendent monitors the overall operations of the concessions on his/her area(s) to ensure that they are in compliance with the terms and provisions of the Agreement and that they are satisfying the needs of the public. The Superintendent also monitors the quarterly payments and reports to ensure that they are accurate and reasonable. In those situations when the quarterly check and report are sent to the Lincoln Office, they are reviewed for accuracy and reasonableness by the Division Administrator that oversees concession agreements. Although we do not currently audit the financial records of the concessionaires, random audits are being considered.

AGRICULTURAL LEASES

The Nebraska Game and Parks Commission owns or controls land statewide that is managed primarily for wildlife or recreational purposes. These lands are designated as State Parks, State Historical Parks, State Recreation Areas, State Recreational Trails, and State Wildlife Management Areas and are managed by either the Parks Division or the Wildlife Division. Regardless of the designation or the geographic location, wise use of the vegetative resources is a management objective. Prescribed grazing and haying are two of the management options or tools used to maintain or enhance wildlife habitat or other environmental values. Cropping is another practice that is used on some lands for wildlife management purposes. Although these practices all have the capacity to generate income, the primary purpose or intent of their use is for wildlife and/or parks and recreation management. The income is merely a by-product.

Grazing and/or haying is used on a specific area only after the existing vegetative resource has been evaluated and management goals have been set which meet Agency objectives while protecting the quality and integrity of the environment. Grazing of Commission lands may be accomplished by Commission owned domestic or wild herbivores or by leases with private parties. Haying and cropping activities are normally carried out under lease agreements.

With few exceptions, lands designated as State Wildlife Management Areas were acquired under the Federal Aid in Wildlife Restoration Program. Inasmuch as the vegetation that existed at the time of acquisition, such as native grass, was a part of the acquisition, management activities associated with grazing and haying are charged to Federal Aid and any income resulting from same is credited to Federal Aid. Crop income is not credited to Federal Aid because the crops were not present at the time the properties were acquired and because the income producing activities are performed under State account.

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

Leases are executed by field personnel using lease agreement forms that have been reviewed and approved by the Attorney General for the State of Nebraska. A copy of each lease written by Wildlife Division personnel is sent to the Wildlife Division office in Lincoln. Leases executed by Park Division personnel are normally retained on-site. Each lease typically includes the terms, conditions and specifications regarding time, duration, stocking rates, chemical selection and rates, etc. necessary to achieve the management objectives. A lessee or tenant selection policy is used to ensure that the process is fair and is productive of the desired results.

Grazing and haying rates used by the Wildlife Division are determined by one of the following methods: 1) The rates charged may be obtained from rates established by the University of Nebraska Cooperative Extension Service; 2) Rates may be determined through the bidding process; or, 3) Rights may be traded or offered to the lessee for commensurate habitat enhancing services.

In the case of hay leases written by the Parks Division, payment to the agency may be a predetermined portion of the hay or, if the Commission's share is surplus to the Division's needs, may be in the form of in-kind services or a monetary payment based on fair market value. A portion of the Commission's share of the hay may, at a later date, be declared surplus to the needs of that particular area. If the hay is not needed elsewhere in the State Park system, it becomes the subject of a Property/Equipment Disposition Notice that is sent to and processed by the Budget and Fiscal Division's Purchasing Section. Some haying leases applicable to parklands are weather related. A surplus of forage may exist during periods of normal or above normal rainfall that is not available during dry conditions.

The following discussion of crop leases is applicable to the entire Agency, but pertains primarily to the Wildlife Division because they write practically all crop leases. Crop leases vary from area to area and may be either cash rent or shares. The share of the crop that each party receives is negotiated and takes in to consideration such factors as location, field size and field access. The availability of tenants may also influence the proration. In the case of share leases, the lessee may harvest and sell the entire crop and instruct the elevator to send the Commission a check for its' share or the lessee may leave the Commission's share of the crop standing in the field as food for wildlife or the lessee may harvest the entire crop and pay the Commission for its' share by check or by providing predetermined services. Trades for services in exchange for the Commission's share of the crop must take place on the same area with the exception of those situations where the lessee has more than one area leased, in which case the services may take place on either area. Trades for labor or services involving a commodity, such as seed or chemicals, may take place only if the commodity is a part of the service provided by the lessee or his/her agent. When the trade includes the construction or maintenance of a capital development (fence, well, pipeline, road, etc.), the capital development must be directly related to the agricultural operation on the area. Custom farm rates developed by the University of Nebraska's Cooperative Extension Service are used when the trade includes work such as the establishment of food plots or tilling the ground in preparation for tree and shrub plantings.

Once the lease period for a haying or grazing lease is completed, the lessee makes payment by check. The check may be sent by the lessee to the respective District Office or to the Lincoln Office, but is typically presented to the employee at the field level. In the case of the Wildlife Division, personnel send or transport the check to the Lincoln

Office or to their respective District Office. Checks that are hand carried to the Lincoln Office are presented to the Permit Section, whereas checks that are mailed are received in the mailroom and placed in the Permits Section's secure mail box. Staff from the Permit Section pickup the mail twice a day, restrictively endorse the checks and record/process the payments. A receipt for each such payment is provided to the Wildlife Division where it is filed with the appropriate lease. Personnel in the Permit Section include the payment in the daily deposit that is transported to the State Treasurer's office by an armored car company and is include in their report that is prepared for reconciliation. In those situations in which checks received by Wildlife Division personnel are delivered to a District Office and when checks received by Park Division personnel are processed on-site, the revenue is deposited in a State approved bank and the deposit detail is entered into the State's accounting system (NIS). All backup information is mailed to the Lincoln Office for review to ensure that the deposits are credited to the correct fund and object account. Copies of the deposit records from each District Office that include income from haying and grazing leases are sent to the Federal Aid Administrator with a financial statement and balance sheet for each lease.

Most of the income derived from crop leases is received in the form of checks sent directly to the Lincoln Office by grain elevators, thus, the procedures outlined above for checks received through the mail for haying and/or grazing leases are applicable to crop income.

Field personnel in the Wildlife Division must prepare and submit a report for each lease that produces income or trade for services. The reports are used to ensure that the agency has received and deposited the income to the proper account and/or has received as trade the agreed upon goods or services. Parks Division personnel do not provide any such report.

IDENTIFIED RISKS

Risks associated with this revenue source are thought to be very low. Cash is rarely, if ever, a part of an agricultural lease. In practically every situation, payment is in the form of a check from the lessee or an elevator or in the form of goods or services. It is highly unlikely that the employee that oversees a lease would fail to notice a missed payment or the fact that the required goods or services were not provided. Such an oversight would become clear to an employee in the Wildlife Division at the time he/she was required to prepare the Crop Income Report. This risk is further reduced in the Wildlife Division because of the level of scrutiny provided at the Division level that is made possible by a centralized location for all leases and an annual reporting requirement. Although the Parks Division doesn't have the same internal controls in place as does the Wildlife Division, it does have the benefit of resident personnel on most areas that have agricultural leases. Employees living on-site have the opportunity to monitor the day to

day activities of the lessee and should know if the terms of the lease are being met. On small areas, there is the disadvantage that the person accepting the check might be the same person that processes and deposits the check. This is not the case in Wildlife as their personnel are not involved in the depositing process.

There is also a slight risk that the area manager could convert a portion of the Commission’s share of a crop left standing in the field or hay bailed and stored on the area to their own personal gain or benefit.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Failure to collect lease payment or to receive goods or services	Minor	Rare	Low
Tenant pays an incorrect amount	Minor	Rare	Low
Employee converts a portion of crop or hay to their own use	Minor	Rare	Low
Revenue is miscoded to fund, etc	Minor	Rare	Low
Staff doesn’t deposit check	Minor	Rare	Low

CONTROL ACTIVITIES

First and foremost, the Commission makes every effort to hire and maintain a work force of honest employees. Secondly, the Agency makes a concerted effort to educate its’ personnel on subjects pertinent to their work. For example, the Wildlife Division developed an eight-page document entitled “Lease Protocol” to provide guidance and direction to their field personnel and uniformity and continuity to their lease management efforts. This document is updated periodically to reflect new references, rates, etc. The Wildlife Division has also developed a Crop Income Report which must be prepared by field personnel for each lease that produces income or trade for services. Income reports documenting a trade for goods or services must include a copy of the balance sheet. The balance sheet must contain documentation showing how the value of the crops or goods or services was determined and the source of the information. After the District Supervisor reviews the reports, they are forwarded to the Assistant Division Administrator-Management Section who reconciles the reports with the leases and ensures that the Agency has received and deposited the income to the proper account and/or has received as trade the agreed upon goods or services. The Assistant Division

Administrator-Management Section does not, however, receive receipts for lease income processed through the District Offices making reconciliation more difficult.

Lease agreements executed by field personnel in the Parks Division are not typically sent to the Lincoln Office, but rather are filed on-site. Reconciliation between income received from the lessee or in-kind services provided by the lessee and the lease is accomplished on-site by the Superintendent or Assistant Superintendent. The Parks Division should give consideration to the establishment of a central file for all such leases and a lease compliance reporting system to strengthen their internal controls.

If Federal Aid funds were involved in the production of income on a Wildlife Management Area, field personnel so indicate on the Crop Income Report. The Assistant Division Administrator-Management Section coordinates with the Federal Aid Administrator to ensure that the income is credited to the Federal Aid Program.

INFORMATION AND COMMUNICATION

The Wildlife Division has developed guidelines on the various aspects of lease management that are provided to and followed by personnel in their Management Section. This document, which is entitled "Lease Protocol", is updated periodically and provides personnel with information on a variety of subjects applicable to leases, titles to references to assist in the establishment of rates, internal reporting requirements, etc. As previously stated, the Wildlife Division requires field personnel to submit a Crop Income Report for those leases that generate cash income or a trade for goods and services. This report provides the staff with information on the income received or the goods/services provided by the lessee.

In their annual report, the Parks Division provides revenue figures on a calendar year basis for each area; however, income derived from agricultural leases is combined with all other lease income.

Income from these sources is identified by type for the last three years of record in the Funds Analysis Report that is prepared for and made a part of the Agency's Biennial Budget Requests.

MONITORING

The Wildlife Division's Assistant Division Administrator-Management Section monitors the Crop Income Reports to ensure that they are submitted as required and to ensure that the terms of the corresponding lease were complied with. Area personnel in the Parks Division match lease payments with the lease agreement to ensure that the payment is correct. All deposits are monitored by the Superintendent for accuracy.

Revenue derived from agricultural leases and recorded in NIS is identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund report. This document is reviewed by personnel in the Commission's Budget and Fiscal Division to ensure that the amount credited to the Agency from this source is reasonable.

DOCK, CABIN LOT AND CLUB LEASES

The Parks Division administers leases on and around several major reservoirs that generate revenue. These leases pertain to docks, cabin lots and club sites. Also included in this discussion is the income received from the daily rental of dock slips and lockers.

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

Leases are written for dock/buoy sites located at Lake McConaughy SRA, Lake Minatare SRA, Medicine Creek SRA, and Red Willow SRA. The leases cover one calendar year and provide for the exclusive use of the facility by the lessee. Dock/buoy site leases are typically paid for at the time the lease is written or renewed. Lessees are responsible for the installation, maintenance and removal of docks/buoys. The fee schedule is recommended by staff and approved by the Board of Commissioners on an annual basis, but the rates don't necessarily change each year.

The Agency also rents dock slips and lockers for day use and for long-term use at Lewis & Clark SRA. These rental fees are collected by Agency personnel assigned to the marina store. The Agency is responsible for the maintenance of the marina docks and lockers. The fee schedule is recommended by staff and approved by the Board of Commissioners.

Lands surrounding Lake Minatare, Enders Reservoir, Medicine Creek Reservoir, Red Willow Reservoir, Swanson Reservoir and Sherman Reservoir are managed by the Commission under agreement with the owning entity (Bureau of Reclamation for Lake Minatare and the four southwestern reservoirs and Loup Reclamation District for Sherman Reservoir). Portions of these lands have been subdivided into lots. These lots/cabin sites are leased to private individuals for five years with an option to renew. The fee for a cabin lot lease is based on the Fair Market Rental Value and is due in five equal payments on or before May 1st of each year covered by the lease agreement. The annual fee is adjusted every five years based on the Consumer Price Index for the

previous five-year period. In addition, the Commission administers club leases in a fashion similar to the cabin lot leases. Two club leases are located at Branched Oak SRA (U.S. Army Corp of Engineers) and one each at Swanson Reservoir and Lake McConaughy (Central Nebraska Public Power and Irrigation District).

All aspects of a dock lease are administered at the area level. A lease is executed or is renewed by the Area Superintendent and the corresponding fee is collected and the lease is filed in the area office. The payment is processed by office staff and deposited in a State approved bank. The deposit document and copy of the bank deposit slip are sent to the State Treasurer's Office and the various backup documents are sent to the Parks Division's Lincoln Office. This same process is used for rental income at Lewis & Clark SRA.

Cabin lot and club leases are a joint effort between the Park Division's Lincoln Office and the Park offices located at the aforementioned six areas that have cabin lot leases and the three areas with club leases. All such leases are prepared by a Division Administrator in the Lincoln Office. A copy of each lease is placed in a central file and a copy is sent to the respective area office for their files. The Superintendent is responsible for notifying each lessee that the annual lease payment is due and for collecting, processing and depositing the payment in the same fashion as was described for dock leases. The Superintendent typically sends a copy of the receipt that is given to the lessee to the Lincoln Office for inclusion in the lessee's lease file. At one time, cabin lot payments were sent by the lessees to the Lincoln Office; thus, some long time lessees still send their annual payments to Lincoln in spite of the fact that they have been instructed otherwise. Cabin lot payments and club lease payments that are sent to the Lincoln Office are received in the mailroom and placed in the Permit Section's secure mail box. Staff from the Permit Section pickup the mail twice a day, restrictively endorse all checks and record and process the deposit. Deposits are transported to the State Treasurer's office by an armored car company. Receipts for each cabin or club lease payment received by the Permit Section via the mailroom are sent to the Parks Division where they are filed with the appropriate lease. Superintendents are notified of all such payments.

IDENTIFIED RISKS

Copies of all dock, cabin and club leases applicable to an area are filed in that area's administrative office. In addition, copies of cabin and club leases are also on file in the Park Division's Lincoln Office. Risks applicable to these leases are thought to be very low, but are probably higher for dock leases because they are administered totally at the area level. There is always a chance that a lessee is not notified of the impending payment and that the delinquent payment is subsequently overlooked by staff. There is

also a slight change that the payment is collected, but is not deposited for whatever reason.

Risks are always higher when cash transactions are involved as is the case at Lewis & Clark SRA where dock slips and lockers are rented on a daily basis. The fee may not be collected from the customer and/or may be collected, but not deposited.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Dock lease payments may not be collected	Minor	Unlikely	Low
Dock lease payments may not be deposited	Minor	Unlikely	Low
Cabin/club leases may not be collected	Minor	Rare	Low
Dock slip/locker fees may not be collected	Minor	Possible	Moderate
Dock slip/locker fees may not be deposited	Minor	Possible	Moderate

Although the Risk Ratings assigned to the collection and deposition of fees for the rental of dock slips and lockers were both “moderate”, they did not affect the overall rating for this category because the rental fees represent an insignificant part of the total revenue.

CONTROL ACTIVITIES

The Agency makes every effort to hire and maintain a work force of honest employees. In addition, the Agency makes a concerted effort to educate its’ employees in the proper procedures for handling money. Accounting procedures for the various types of transaction performed by agency personnel are in place and are updated as deemed necessary. These procedures are provided to each Superintendent for distribution to and use by the staff.

As noted earlier in this discussion, copies of all cabin lot and club leases are kept on file in both the applicable area office and the Lincoln Office. Rates for cabin lot and club leases are set for five years. If a cabin is sold, the lease is transferred to the new owner and covers the balance of the five-year period. Consequently, the amount of revenue derived from cabin lot leases on a given area should be the same each year during the five-year leases period. If the amount of income varies from the previous year, the variation should alert both the area personnel and the Lincoln staff that there is a potential problem. The two levels of review serve to minimize the risk. After the May1st deadline, the Superintendents reconcile the amount collected from cabin lot and club leases with the amount expected. A similar analysis is made by a Park Division Administrator in the Lincoln Office.

Copies of the dock leases are kept on file at the area offices. Dock leases are written for one year and are normally paid for at the time the lease is executed or renewed which should all but eliminate the possibility that the fee is not collected. The amount of money collected on a given areas, which reflects the number of leases written, varies from year to year with such variables as the water level of the lake. Consequently, a comparison of the income earned from dock leases on a given area to prior years is not as meaningful as is a comparison in the case of cabin lot and club lease data.

In the case of dock slip and locker rentals at Lewis & Clark SRA, revenue projections are fairly accurate owing to the fact that the rates are set before the use season and the level of use is fairly predictable. Lincoln based staff monitor the monthly income figures for reasonableness and contact the area if concerns or noticeable discrepancies exist.

INFORMATION AND COMMUNICATION

Income from the subject sources is included in the Parks Division's Annual Report, but with the exception of dock leases which are reported as marine leases, is not source specific. Copies of the Parks Division's Annual Report are provided to the Director, Assistant Directors, Regional Park Managers, Park Superintendents, Budget and Fiscal Division Administrator, and others for review. Income from cabin lot and club leases is specifically identified in the Department of Administrative Services' monthly Fund Summary By Fund Report.

Copies of receipts for cabin lot and club leases written by area personnel are provided to the Division Administrator that oversees leases. Similarly, copies of receipts prepared by the Permit Section for payments received through the mail are also provided to the Parks Division Administrator for the central file and for notifying the subject area that the payment has been received.

MONITORING

Area superintendents monitor dock leases to ensure that those lessees that normally renew their annual lease have done so and that the payment has been received and deposited. Superintendents also ensure that the annual payment for each cabin lot and club lease has been received on or before the May 1st due date. The Parks Division Administrator receives copies of all receipts written for cabin lot and club leases for review. Copies of all area deposits are sent to the Lincoln Office for audit and for inclusion in the monthly spread sheet that is maintained.

NEBRASKAland MAGAZINE SUBSCRIPTIONS

The NEBRASKAland magazine is an official publication of the Nebraska Game and Parks Commission, and has been since 1926. The magazine is dedicated to outstanding photography and engaging, informative writing about nature and outdoor recreation in Nebraska and the Great Plains. It is published monthly, except for the combined issues of January/February and August/September. Subscribers can choose between a 1-year, 2-year or 3-year subscription. Rates for 2010 are \$18/yr, \$33/2-yr and \$44/3-yr, unless a promotional rate is offered, plus applicable state and city sales tax apply. During FY 09, the last year of record, sales totaled \$355,795.00.

RISK LEVEL: Low/Moderate

DESCRIPTION OF THE PROCESS

The majority of subscriptions are facilitated by the Information and Education Division's Circulation Representative. Orders may be processed through the Agency's Answering Service via telephone, through the Agency's Catalog process on-line, magazine insert via mail, or in person at one of our Parks or District Offices. Sales are also conducted by other NGPC staff at special events such as the State Fair and Sport Shows. Subscription order forms are processed in the Circulation Section and are filed and maintained to ensure a viable means of research, accountability and security. Subscription information is maintained in an electronic database by the circulation manager. The individual process entries vary some by method of delivery.

Orders received by phone are quite often paid with a credit card and done live with the customer. The card number is entered into the Agency's catalog ordering system at the end to complete the sale. No physical record of the card number is retained by Agency staff and the ordering system does not store the credit card number to ensure PCI compliance. The card information is processed and approved through a secure third-party portal. In the rare case that the order is unable to be processed immediately, it is recorded on paper, along with the credit card information. When it's completed, the paper record is placed in an envelope, sealed, placed in a box marked with the date and placed in locked storage for 3 years then destroyed. Credit card payments are processed daily by the Agency's (and States) credit card processor, First National Bank of Omaha. Funds are transferred to a settling account in the State Treasurers Office and Agency staff in Budget & Fiscal reconcile deposits with the order system information provided by I&E/IT staff. A journal entry is created to ensure the sales are credited to the appropriate fund and object account.

Subscription requests that arrive by mail are opened by the mailroom staff. The 'form' is date stamped and the amount and type of funds that were received with it is recorded. The orders and funds are sent to the Permits Section where the payment is processed and

prepared for deposit into NIS. The form, amount and receipt code is forwarded to the magazine circulation representative to process the subscription order in the magazine subscription system. When it's completed, the paper record is placed in an envelope, sealed, placed in a box marked with the date and placed in locked storage for 3 years.

The Agency has an electronic storefront that enables internet users to subscribe on-line. Payment can be made by credit/debit card, check or cash. If by credit card, it is processed on the system, verified through the gateway and processed as described previously, with bank reconciliation performed by Budget & Fiscal. If the check or cash method of payment is selected, the customer prints the order/receipt and mails it in with the funds, which is handled as described under the mail order scenario.

Subscriptions done in person at Park or District Offices and/or staffed sport shows are handled similarly depending upon the payment type. Orders presented that are paid by cash, check or money order are processed through the normal cash depositing process, i.e. captured in cash register or electronic POS (e.g. Reserve America), and deposited at a State authorized bank and with follow-up NIS entries. Backup paperwork for all business, including the subscriptions, is sent to Lincoln, Park Division for reconciliation and journal entries for correct coding where needed. The order forms (or an email confirmation) are submitted to the Circulation Section for processing in the subscription database. Credit card transactions may be handled directly on site in the storefront process or relayed to Circulation in Lincoln.

For customer service and auditing reasons, Circulation retains orders, paper and emails that can confirm each order processed.

IDENTIFIED RISKS

On-line storefront operation is available seven days a week, twenty-four hours a day from anywhere there is internet connectivity and a customer has a credit/debit card. Since there is a reliance on internet connectivity throughout the transaction, disruptions in that connectivity could result in improper payment and/or authorization.

Risks exist at Commission locations that are not restricted to NEBRASKA and subscription processing, but are inherent to all financial transactions where money is involved. At times these locations are manned by a single employee. The employee could enter a sale, finish a transaction, collect the payment and then void the sale and take the money after the customer leaves. At the completion of the sale the employee could fail to collect the money due or provide incorrect change during the transaction. There is the possibility that the staff member that is making the deposit could alter or remove a sale and take the corresponding money. In the case of mail orders, the money could be removed and the order destroyed without processing.

Subscriptions could be entered into the system with out valid payment being received.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Incorrect Transaction in electronic system	Minor	Rare	Low
Failure to collect fee or incorrect fee collected	Minor	Rare	Low
Provide incorrect change	Minor	Rare	Low
Theft of cash	Minor	Rare	Low
Subscriptions issued w/o payment	Minor	Rare	Low

CONTROL ACTIVITIES

First and foremost, the Agency makes every effort to hire and maintain a work force of honest employees. Secondly, the Agency makes a concerted effort to educate its’ employees in the proper money handling procedures. Accounting procedures for the various type of transactions performed by agency employees are in place and are updated as deemed necessary.

The issuance of a subscription is dependent upon receipt of payment. The Circulation Section doesn’t issue a subscription without documentation of payment being received and if a subscription is not received by an individual who ordered one, the Agency would be contacted and a subsequent investigation would occur. Subscription records are reviewed/reconciled on a regular basis to ensure all subscriptions issued do in fact have a payment record or a verifiable approved complementary status.

For those Commission locations where one employee may have the primary responsibility for collecting the money and depositing the money, an on site supervisor is generally responsible for reviewing and approving the paperwork prior to finalization. Additional review of all supporting documentation by Lincoln Office staff reduces the possibility of errors and deters cases of fraud and theft.

The initial establishment of subscription rates is reviewed by staff for accuracy prior to having them go-live on the system as well as reliance on Agency sales clerk’s attentiveness to detect pricing errors. All clerk actions to void or refund transactions

require an explanation that is recorded and noted on accompanying cash register tapes and reviewed for appropriateness in the Lincoln Office.

INFORMATION AND COMMUNICATION

Income received from subscription sales is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors, Division Administrators and Assistant Division Administrators for their perusal on a monthly basis. However, the income is specifically identified as subscription revenues for the last three years of record in the Funds Analysis Report that is prepared for and made a part of the Agency's Biennial Budget Requests. Additionally a monthly budget status report is made available to managers on a monthly basis that also provides revenue down to source.

Processing changes in subscription issuance and/or money handling procedures are communicated to affected staff on an as-needed basis or during staff changes via email, memo or personal communications.

MONITORING

Revenue derived from subscription sales and recorded in NIS is identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund report. This document is reviewed by personnel in the Commission's Budget and Fiscal Division to ensure that the amount credited to the Agency's cash funds from this source is reasonable.

DISBURSEMENTS – GOODS AND SERVICES

CONTROL OBJECTIVES

- Disbursement practices and procedures are documented and in compliance with State rules and regulation.
- Staff understands their duties and responsibilities.
- Separation of duties exists between the various levels of the disbursement process.
- Disbursements are made only for goods and services that were ordered by the Agency and have been satisfactorily received.
- Disbursements are consistent with agreed upon prices.
- Supporting Documentation is provided for all disbursements.
- Disbursements are recorded in the accounting system at the correct amounts using the proper accounting codes.
- Disbursements must serve the Agency's mission "...for the stewardship of the State's fish, wildlife, park and outdoor recreation resources in the best long-term interests of the people and those resources."

RISK LEVEL: Moderate/High

DESCRIPTION OF THE PROCESS

Disbursements are processed in a statewide accounting system, Nebraska Information System (NIS), in accordance with State and Agency policies and procedures. Payment documents are approved and initially coded, including fund source, by divisional employees then forwarded to Budget and Fiscal for processing, or the Federal Aid Section if related to federal aid projects. These disbursements are reviewed, approved and posted for payment by the Budget and Fiscal accounts payable staff. Various types of disbursements are processed by Budget and Fiscal to include: vendor invoices, Inter-Agency billing transactions (IBT), Automatic Clearing House receipts (ACH), purchasing card payments, fleet card payments, employee expense documents, and journal entries.

Various employees are responsible for reviewing accounts payable transactions and entering into NIS for processing. During this process, disbursements are reviewed to ensure that they are properly authorized and are for goods and services that were ordered by and delivered to the agency at the agreed upon price. Disbursements are also checked to ensure that the appropriate supporting documents are provided. Lastly, disbursements are checked to ensure that they recorded in the accounting system at the correct amounts using the proper accounting codes.

IDENTIFIED RISKS

As noted previously, various people are responsible for reviewing account payable transactions and entering the data into NIS for processing. The following risks can be associated with this process:

- Miscoding payments to the proper fund, program, subprogram, object code, etc.
- Payments claimed for reimbursement may be for personal or unapproved items.
- Duplicate payments may be made.
- Payments may be made prior to the satisfactory delivery of goods or services.
- Incorrect payments may be paid.
- Incorrect vendors may be paid.
- Misuse of purchasing cards may occur including direct purchases that should require requisitioning or splitting of invoices to stay within purchase limits.
- Disbursements may not be properly recorded in NIS.
- Proper budget authority may not be established for the purchase.
- Unauthorized or incorrect payments may be charged to the Agency's funds or appropriations.
- Inadequate documentation of purchase order numbers may result in carrying forward encumbrance information after payment has been made.
- Inadequate documentation of inventory numbers would prohibit the Agency's ability to track equipment maintenance history.

It is thought that the majority of the potential loss exposures identified above and assessed in the following matrix would be typically caught and corrected.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Payments for personal or non-approved items	Minor	Possible	Moderate
Duplication of payments	Moderate	Unlikely	Moderate
Payments prior to receipt of good/services	Moderate	Unlikely	Moderate
Payment of incorrect amount	Moderate	Possible	High
Payment to incorrect vendor	Moderate	Possible	High
Misuse of purchasing cards	Moderate	Unlikely	Moderate

Incorrectly coded in NIS	Minor	Possible	Moderate
Insufficient authority/budget	Major	Rare	High
Unauthorized/incorrect payment to fund source	Moderate	Rare	Moderate
Lack of price verification with contracts/price agreements	Moderate	Possible	High

CONTROL ACTIVITIES

The Budget and Fiscal Division accepts only the original documentation or a certified copy/affidavit of the original documentation for reimbursement. Payment documents are reviewed for accuracy, propriety and proper approval by the Budget and Fiscal Division and/or the Federal Aid Section before entering payment into NIS. Budget and Fiscal procurement staff verify the prices against contracts and price agreements where purchase orders are identified and/or specific goods are involved. The Budget and Fiscal Division staff reviews and verifies the coding provided by the submitting division or section before the invoices are entered into NIS.

Personnel that are issued state purchasing cards are trained in their proper use and documentation requirements. A manual is posted on the web for their use. Instructional policy guidelines for the proper submittal of Expense Reimbursement Documents and Invoice Logs are also posted on the web. The accounts payable staff is trained in pre-audit function requirements and they follow State Accounting procedures for reviewing, approving and posting disbursements that exceed \$1,500.00 or are identified exceptions.

NIS security control features are in place to ensure a single staff person cannot enter, approve, or post the same transaction. NIS also has some internal programming for the detection of duplicate payments. Staff members in the Budget and Fiscal Division review expenditures recorded in NIS on a monthly basis to identify possible coding errors or journal entry needs.

The Auditor of Public Accounts performs periodic reviews of disbursements and other transactions performed by the accounts payable staff.

The Board of Commissioners reviews all expenditures for legitimacy and reasonableness during its regularly scheduled meetings.

INFORMATION AND COMMUNICATION

All disbursements are recorded in NIS. Budget and Fiscal's internal reporting format captures budget information and expenditure activity from the NIS general ledger. The budget status and expenditure reports are accessible through NIS as well as provided by the Budget and Fiscal Division to agency management on a monthly basis. Instructional documentation is provided on the staff homepage related to Employee Reimbursement Documents and Invoice Logs. The financial statements are provided to the Commissioners, Director, Assistant Directors, Regional Park Managers, Division Administrators and Assistant Division Administrators for their review and information.

MONITORING

The Budget and Fiscal Division's staff monitors the monthly reports for reasonableness and assesses the adequacy and effectiveness of disbursement controls based on errors identified or reported. Additionally, the Budget and Fiscal Division responds to Commission, Legislative, and internal inquiries.

DISBURSEMENTS -- CAPITAL CONSTRUCTION

Capital construction projects are accomplished by contract or by force account. All large and/or complex projects are done under contract, whereas smaller projects are occasionally done by the Agency's Operations and Construction Division. Projects constructed under force account are frequently projects that did not progress past the bidding process. The reason a contract is not awarded in such cases varies, but is normally because there weren't any bids received or because all of the submitted bids exceeded the available expenditure authority. Occasionally, before a contract is awarded, the project is expanded to include improvements that were not a part of the initial cost estimate. In such situations, the project may no longer be feasible for a private contractor, but is doable under force account because only the building materials are charged against the available authority.

Regardless of which approach is used, some risks exist. However, the likelihood of the identified risks occurring is thought to be rare and the severity of the risks is considered to be minor in most situations.

CONTROL OBJECTIVES

- Projects are properly authorized and adequately funded.
- Plans, specifications and cost estimates are prepared in accordance with agency and State policies, procedures and guidelines.
- Bids are solicited and obtained in accordance with State policies, procedures and guidelines.
- Construction phase is monitored and the required observation/inspection reports are prepared and submitted for review.
- Ensure that the project was completed in accordance with the approved plans and specifications and, in the case of a contract, before the final payment is made.
- Provide information on each new building to the State Building Division for inclusion in the Building and Land Inventory in NIS.

RISK LEVEL: Low.

DESCRIPTION OF THE PROCESS

After the expenditure authority has been established through the Agency's normal Capital Construction Budget process and the client division is ready to proceed, the client division sends a Project Requisition (P.R.) to the Engineering Division. The P.R. describes the scope and location of the project and defines the budget and time table. In addition to Engineering, the P.R. is reviewed by the Federal Aid Administrator and the Budget and Fiscal Division Administrator or Assistant Division Administrator to ensure that the necessary funds and authority are available. Final approval is granted by the appropriate Assistant Director. The approved P.R. is assigned by the Facility Engineering Manager (a.k.a. Engineering Division Administrator) to a Project Manager (PM) who analyzes the proposed project, obtains site maps and applicable surveys, develops designs, etc. as required to best accomplish the work. The client division frequently participates in meetings that are apart of the design process. After the design has been approved by the client division and reviewed and approved (stamped) by the Engineering Division's Professional Architect and/or Professional Engineer, the completed plans and specifications are developed and printed. At this point in the process, a determination is made concerning the permits that need to be acquired and the reviews that need to be accomplished prior to bidding the project. A bid date is set and the project is advertised if required by state statute (projects with an estimated cost of less than \$40,000.00 do not need to be advertised). Interested contractors provide sealed bids which are opened and read aloud at the time and public place specified. The bids are tabulated and awarded to the lowest responsible bidder, provided the bid is within the established budget and the client division concurs with the award. A contract is written and the required bonds and insurance are requested. The bonding requirement can be waived if the contract is written for less than \$40,000.00 if the contractor is willing to take a lump sum payment after the work is completed and accepted by the Engineering Division. The requirement for insurance is never waived. Once all of the proper

documents have been reviewed by the Facility Engineering Manager and the Agency's legal council, an Assistant Director (typically the Assistant Director in charge of the client division) signs and executes the contract, and a Notice to Proceed is issued to the contractor by the Engineering Division. Contracts written for \$540,000.00 or more require approval by DAS Building Division prior to execution. All contracts issued for construction projects require review by the Agency's legal representative.

Depending on the size and scope of the work, a pre-construction meeting or conference call is held to ensure that the contractor fully understands the project and the contract documents. The Engineering Division's survey team provides construction field staking as necessary.

During the course of construction, the PM reviews shop drawings and pay requests and periodically conducts on-site construction observations. The PM prepares construction observation reports and notifies the contractor of items that need additional attention, either in person or by letter, phone or punch list. Problems that arise during construction are also discussed with the Division's Professional Architect or Engineer and/or Facility Engineering Manager. All changes in the project that require adjustments to the cost of the contract are recorded on change orders which must be approved by the contractor, Budget and Fiscal Division Administrator or Assistant Division Administrator, and Facility Engineering Manager. The final payment is not processed until the final inspection has been completed, all warranties received, and the pay request is reconciled with previous payments and the remaining balance.

As stated previously in this discussion, some capital construction projects are accomplished by the Agency's Operations and Construction Division under force account. It is typically during the Project Requisition review process that the decision is made to go force account as opposed to contract. Occasionally, a project that went through the bidding process is assigned to the Operations and Construction Division because an acceptable bid was not received. Force account projects are typically small in size and scope and do not require specialized equipment to accomplish. Labor costs are not charged to such projects, but are tracked by use of a sub-ledger within the accounting system.

The Engineering Division's PM works with the client division and the Operation and Construction Division to develop appropriate designs and solutions, and may conduct progress meetings as required. When a design has been approved by the client, reviewed and approved/stamped by the Agency's Professional Architect and/or Professional Engineer, the completed plans and specifications are developed and printed. A list of materials is developed and the materials are bid through the Budget and Fiscal Division's Purchasing Section. Sealed bids are received from interested vendors. After the bids are

tabulated, a contract is awarded to the lowest responsible vendor provided the bid was within the established budget.

The Operations and Construction Division Administrator designates a staff member to serve as the Project Supervisor. The Project Supervisor oversees the construction and, in the case of a concern or problem, coordinates with the PM or with the Operations and Construction Division's Facility Maintenance Manager who provides oversight on such projects on a statewide basis.

Before work starts, a pre-construction meeting or conference call may be held to ensure that all involved staff members fully understand the project. The Engineering Division's survey team provides field staking if deemed necessary. During the course of construction, the same field reviews, construction observation reports, and deficiency notifications that are prepared by the PM for a project under contract may be performed or provided. After the project is completed, the Engineering Division's Project Manager and the Operations and Construction Division's Facility Maintenance Manager perform a final inspection of the work. The Administrator of the Operations and Construction Division may, depending on the size and location of the project, inspect it.

If the project is for the repair or renovation of an existing capital improvement or for on-going area maintenance, the Operations and Construction Division will simply proceed with the work if input from the Engineering Division is not thought necessary.

When the Commission needs a consultant for a project that is within the dollar limits described in the Department of Administrative Services' Procedural Manual for Capital Construction and/or is within the dollar limits described in the DAS Consultant Open Ended Contract Agreement, one is hired at large and is normally a firm that has successfully completed a similar project on time and within budget. The Engineering Division also advertises and conducts formal interviews to hire a consultant when the estimated cost of a project exceeds the DAS limit for hiring a consultant at large. In such an instance, the DAS Procedural Manual for Capital Construction is followed. Once a project is designed by a consultant, bid and a contractor is hired, we normally retain the design firm to conduct contract administration and construction oversight. If a particular project budget is limited, an Engineering Division staff member may do a portion of the administration and/or observation work.

When the construction of a building is completed, a "Building and Land Inventory System Inventory-Additions" form is submitted to the State Building Division of DAS for inclusion in the Building and Land Inventory in NIS. This notification is the responsibility of the Engineering Division for buildings constructed under contract; whereas, the Operations and Construction Division is responsible for facilities constructed under force account.

IDENTIFIED RISKS

Although some risks might exist for projects costing \$40,000.00 or more, none were identified during the review of the procedures and processes applicable to such projects. The exposure to risk is all but eliminated by the numerous and in-depth layers of review and by bonding (Performance Bond and Material and Labor Payment Bond) and insurance (Certificate of Insurance) requirements.

Some risks do exist for projects costing less than \$40,000.00, regardless of which approach (contract or force account), is used. As previously stated, the bonding requirements can be waived if the contractor is willing to accept a lump sum payment after the project is completed and is inspected and accepted by the Engineering Division. The requirement for a Certificate of Insurance is never waived. Frequently, the only contractors that bid on such projects are small companies that can not secure the required bonds. Consequently, there is a chance that the contractor has not paid for all of the materials or labor applicable to the project before being paid. In such an event, a lien might be filed which could result in additional expenditures.

In the case of projects performed by force account, there is a slight chance that the person or persons responsible for preparing the list of materials needed for the project could over state the needs with the idea of converting the excess to their own use or benefit.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Lump sum payment may be made before the contractor has paid for materials and labor	Minor	Rare	Low
Materials in excess of project needs may be ordered	Minor	Unlikely	Low

Although neither of the identified risks is known to have occurred in the past 20 plus years, the potential does exist.

CONTROL ACTIVITIES

Before a contractor that is not bonded is awarded a contract, their performance history is considered and proof of insurance is required. During the construction phase, the Project Manager conducts periodic construction observations and prepares a report covering each observation/inspection. A final inspection is conducted and all warranties must be received before the lump sum payment is processed.

Although not currently being considered, it is thought that the risk exposure could be reduced further if the contractor was required to provide a list of the names of all subcontractors that worked on the project and/or the names of all vendors that provided the materials for the project which would give the Agency the opportunity to determine if all interested parties have been paid in full before paying the general contractor. If this is not viable, the contractor could be required to provide a signed statement verifying that all such parties have been paid.

The preparation of the list of materials needed for a project built under force account is normally the joint effort of employees from the Engineering Division and the Operations and Construction Division, and may include the Project Manager, Project Supervisor and Facility Maintenance Manager. The materials list is normally reviewed for reasonableness by the Operations and Construction Division Administrator. The construction phase is subjected to the same level of inspection and reporting as a project under contract.

INFORMATION AND COMMUNICATION

The Engineering Division's Project Manager communicates his findings in the construction observation report that is prepared after each on-site inspection and discusses any questions or concerns with the Division's Professional Architect and/or Professional Engineer and/or Facility Engineering Manager. Before the final payment is made to the contractor, a report covering the final inspection is prepared and disseminated. The Engineering Division prepares a monthly Project Status Report which provides information on the status of all projects assigned to the Division.

A similar process is used for projects constructed under force account, but also includes the Operations and Construction Division's on-site Project Supervisor and the Division's Facility Maintenance Manager. The Facility Maintenance Manager tracks the costs for the various projects and summarizes the data in a monthly report (Project Cost Summary) that is provided to the Division Administrator. The Operations and Construction Division also prepares a monthly Project Status Report similar to the one that is prepared by the Engineering Division. Copies of both of these report are provided to the Department of Administrative Services, State Building Division, L.B. 309 Task Force, Legislative Fiscal Analyst, and a number of Commission employees to include, but not limited to, the Director, Assistant Directors, Regional Park Managers, Division Administrators, and Project Supervisors.

MONITORING

On-site inspections serve to monitor the projects to ensure that they are on schedule and in keeping with the approved plans and specifications. The reports resulting from the on-site inspections afford administrators in the involved divisions to monitor progress on

their respective projects. The monthly Project Status Reports that are prepared and disseminated by the Engineering Division and by the Operations and Construction Division provide a vehicle for all interested parties to use to monitor the status of each and every on-going construction project.

PROCUREMENT

The guidelines followed by the Commission in the procurement of commodities/goods and services are in accordance with procedures and guidelines developed by the Administrative Services (AS)-Materiel Division and disseminated to all State agencies in their procedural manuals entitled “Agency Procurement Manual for Services” and “Agency Procurement Manual for Commodities/Goods.” The AS-Materiel Division has granted State agencies unrestricted open market purchase authority for the purchase or lease of certain goods for noncontract purchases under a specific amount. This authority is reflected in the Commission’s Direct Purchase Authority Policy (DPA) which authorizes the purchase or lease of goods and services for noncontract purchases under \$2,000.00. Certain exceptions and restrictions to this authorization do apply. The primary purpose of the DPA is to give employees the ability to procure goods and services for most transactions in a timely fashion, but the exposure to risk is higher than in the case of a traditional purchase. Consequently, DPA is assessed separately.

Direct Purchase

CONTROL OBJECTIVES

- Purchases are made in accordance with Agency policy and State Purchasing laws, rules and regulations.
- Purchases are properly authorized and processed.
- Bids are obtained when appropriate.
- Only requested goods and services are accepted.
- Verification that goods or services are received.

RISK LEVEL: Moderate/High

DESCRIPTION OF THE PROCESS

The Commission’s Direct Purchase Authority Policy authorizes employees to purchase or lease goods for non-contract purchases under \$2,000.00. In addition to providing uniform guidelines, the policy identifies items restricted from direct purchase authorization. The Policy is updated periodically to reflect change mandated by AS-Materiel Division or deemed appropriate by the Agency itself. Employees are encouraged to “comparison shop” when purchasing all goods and to obtain informal bids for goods costing \$500.00 or more.

The Agency’s DPA also authorizes the purchase of services for non-contract purchases under \$2,000.00. As in the case of purchasing goods, employees are expected to obtain informal bids for services costing more than \$500.00. Administrative Services require all service contracts to be entered into the Nebraska Information System (NIS).

Prior to purchasing goods or services, employees verify that sufficient funds are budgeted. Purchase requirements vary based on the amount of the transaction and the type of item purchased. Situations may require that bids be obtained, that assistance be provided by another division or agency, or that a State contract be used to procure the item(s).

When delivery of goods or services has been satisfactorily fulfilled, documentation is submitted through the Purchasing Division hierarchy for approval and then to Budget and Fiscal or Federal Aid for NIS processing and payment.

Payment may be made by the State Purchasing Card at the time of purchase or direct billed to the Agency via a vendor invoice. Payment by an individual employee may also occur with a subsequent request for reimbursement under an Expense Reimbursement Document.

IDENTIFIED RISKS

Failure by staff to follow the established procedures may result in an expenditure that is excessive or in the acceptance of a product or service that is inferior, but the biggest potential for loss probably rests in the area of abuse associated with the purchase of goods or services for personal use. However, the purchase of goods or services for personal use is not thought to be a significant issue, but the opportunity certainly exists. Risks associated with direct purchases are identified and assessed below:

- Purchases may be made that are not in accordance with State purchasing laws, rules and regulations.
- Purchases may not be made on a statewide contract when required.
- Purchases may not be properly recorded.
- Bids may not be obtained when appropriate.
- Goods or services may be purchased for personal use.
- Goods or services may be purchased that were not programmed or budgeted
- Goods or services may be accepted that are inferior to those that were requested.
- Adequate documentation may not be maintained for purchases.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Purchases are not made in accord with State laws, rules and	Moderate	Possible	High

regulations			
Purchases are not made on statewide contract	Moderate	Possible	High
Purchases are not recorded properly	Minor	Possible	Moderate
Bids may not be obtained when appropriate	Moderate	Possible	High
Goods or services purchased for personal use	Moderate	Possible	High
Unbudgeted goods or services purchased	Minor	Possible	Moderate
Inferior goods or services accepted	Minor	Possible	Moderate
Adequate documentation not maintained	Minor	Possible	Moderate

CONTROL ACTIVITIES

Written purchasing policies and procedures are provided to all employees. In addition, selected staff members have taken the course that specifically addresses State purchasing rules and regulation that is offered by AS-Materiel Division as a part of their internal training program. Personnel that are issued State purchasing cards are trained in their proper use and documentation requirements. A manual is posted on the web for their use.

Purchases are reviewed, approved, and documented initially at the division level and then at the accounts payable level within the Budget and Fiscal Division or the Federal Aid Section. Purchases are also periodically reviewed by AS-Materiel Division for compliance with policies and procedures. Periodic internal audits are conducted by the State Auditors. A post-audit of purchase card transactions is conducted by AS to ensure transactions were in compliance with policies and to verify that all cardholders are current employees. In addition, if the card company (2010 - United Missouri Bank) notices any unusual activity on a card, they will typically contact the employee holding the card and AS-Accounting to verify the legitimacy of the charges. The threat of having one's direct purchase privileges revoked for deviating from the DPA Policy is an immeasurable control measure.

INFORMATION AND COMMUNICATION

The Commission's DPA is periodically updated to reflect changes made to the procurement process by either AS-Materiel Division or the Commission itself. The current policy, which was addressed by the Director and the Administrator of the Budget and Fiscal Division in their cover memorandum of September 16, 2009, was sent to all personnel in the Budget and Fiscal Division that work in the purchasing arena and to the Assistant Directors, Division Administrators, Regional Park Managers and Independent Section Administrators for their information and for distribution to their respective personnel. The Commission's Policy Manual which has been provided to all permanent employees and which is updated as new policies are adopted does not include the Agency's Direct Purchase Authority Policy, but this assessment process has suggested the merits of including it.

MONITORING

An Assistant Division Administrator in the Budget and Fiscal Division has oversight responsibility for the Purchasing Section and ensures that it is following established procedures. AS-Materiel Division staff also monitors the adequacy and effectiveness of purchasing controls. Purchases are monitored at both the divisional and Agency level. Revocation of direct purchase privileges is a course of action for deviation from the DPA Policy.

Purchases by Requisition (Non-direct purchase)

This section covers the procurement of commodities/goods and services that do not qualify for purchase under the Commission's Direct Purchase Authority Policy; namely, goods or services costing more than \$2,000.00 and those goods or services restricted by Administrative Services from direct purchase authorization. Items restricted from purchase, lease or contract are identified in the Commission's DPA Policy and, in greater detail, on AS-Materiel Division's web site.

CONTROL OBJECTIVES:

- Purchases are made in accordance with Agency policy and State purchasing laws, rules and regulations.
- Purchases are properly authorized and processed.
- Bids are obtained when required.
- Only requested goods and services are accepted.
- Verification that goods or services are received.

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

When the need for a commodity or service is identified, the client division initiates the procurement process by entering a pre-requisition into NIS. Approval routes are established for each division routing the document to assigned approvers and then eventually routing it to a buyers queue. Following AS-Materiel Division's guidelines and policies, a requisition document type is determined by a buyer in the Budget and Fiscal Division. The requisition document is routed to an Assistant Division Administrator in Budget and Fiscal for budget authorization. After this approval is granted, the buyer, based on the information attached to the document, determines if a Purchase Order can be released directly from the requisition (e.g. sole source, contract item, or acceptable bids were obtained by the client division and are attached to the requisition) or if bids need to be solicited. If it is determined that the purchase needs to be bid, the buyer prepares bidding documents (Invitation to Bid for commodities or Request for Proposal for Services) to be sent to potential bidders. The bids are opened on the designated date and the bid is awarded to the vendor with the lowest bid that meets or exceeds the specifications by creating a Purchase Order signed by the buyer. When the transaction is for services, a contract document type is created in NIS. A Service Contract is prepared and authorized signatures are obtained. When the contract is fully executed, a Purchase Order for services is prepared and signed by the buyer. Two copies of the Purchase Order are sent to the appropriate division, one of which is retained at the division level and the other is provided to the employee or installation that will receive the commodity or service. If the purchase is a part of a Federal Aid Project, a copy of the Purchase Order is also sent to Federal Aid. When the purchased item is received or the service provided, the receiver signs off on the Purchase Order documenting when the item was received or when the service was completed. An Invoice and the documented Purchase Order are forwarded by the division to the buyer for review. After the buyer has completed their review, the Purchase Order, Invoice and Purchase Receiver are provided to other personnel in the Budget and Fiscal Division for receiving, posting, and accounts payable for processing a two-way or three-way match.

IDENTIFIED RISKS

The potential loss exposures identified in this assessment are listed and assessed below. The risk rating for each was determined to be "low." Each exposure could be managed by routine and timely adjustments. Any minor fund availability delays could be corrected and restored in a relatively short period of time.

- Purchases may not be in accordance with State purchasing laws, rules and regulations and with Agency polices and procedures.

- Bids may not be obtained.
- Purchases may not be made on statewide contracts when required.
- Unbudgeted goods or services may be purchased.
- Goods or services may be purchased for personal use.
- Purchases may not be properly recorded.
- Inferior goods or services may be accepted.
- Adequate documentation may not be maintained for purchases.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Purchases are not made in accord with State laws, rules and regulations and agency policy	Minor	Unlikely	Low
Purchases are not made on statewide contract	Minor	Unlikely	Low
Purchases are not recorded properly	Minor	Unlikely	Low
Bids may not be obtained when required	Minor	Unlikely	Low
Goods or services purchased for personal use	Moderate	Possible	High
Unbudgeted goods or services purchased	Minor	Unlikely	Low
Inferior goods or services accepted	Minor	Unlikely	Low

CONTROL ACTIVITIES

Written purchasing policies and procedures are updated periodically and provided to all personnel. The most recent revision was distributed in September of 2009. Selected staff members have taken the course that specifically covers State purchasing rules and regulations that is offered by AS-Materiel Division as a part of their internal training program. The AS-Materiel Division's procurement manuals for both goods and services provide directives to use in the identification of personnel that are required to attend the procurement certification training class.

Purchases are reviewed, approved, and documented. Segregation of duties of personnel involved in the procurement process is maintained.

Internal audits are conducted intermittently by State auditors. Purchases are reviewed periodically by AS-Materiel Division personnel to ensure compliance with policies and procedures.

INFORMATION AND COMMUNICATION

The Commission's DPA Policy, which includes a discussion of items exempt from direct purchase authorization, is provided to all personnel.

The State's internal accounting system (NIS) captures detailed budget information and expenditure activity which is populated with data from statewide accounting system general ledger downloads and which gives personnel in the Budget and Fiscal Division the capacity to generate information on a variety of subjects applicable to procurement.

MONITORING

Personnel in the Commission's Budget and Fiscal Division, in Administrative Services' Materiel Division, and in the Auditor of Public Accounts office monitor the adequacy and effectiveness of purchasing controls.

ACQUISITION OF REAL PROPERTY

This assessment covers the acquisition of land for purposes related to public use and to wildlife, fish and nongame restoration. Lands that improve the access to an existing area, expand/round out an existing area, eliminate a boundary problem, or contain unique habitat(s) are given the highest consideration for acquisition. All lands are acquired on a willing seller-willing buyer basis.

Although the Commission does not have a written plan for the acquisition of park lands, the Parks Division does have long-range plans that focus primarily on additions to existing park areas. The Parks Division is not aggressively pursuing their plans at this time, but do consider opportunities as they arise. The availability of donations from the private sector is a consideration.

The Commission has attempted to identify and protect key wildlife habitats that reflect the diversity of the State while providing recreational and educational opportunities. Since the creation of the Habitat Fund in 1977, the acquisition of wildlife lands has been guided by three acquisition plans, each of which was about 10 years in duration. The

current plan is in its' last year, thus, a plan for the next 10 years will be prepared that will provide guidance and direction for future acquisitions.

CONTROL OBJECTIVES:

- Acquisition projects are properly authorized and adequately funded.
- Documentation is adequate, orderly and satisfies all State and Federal requirements.
- Properties identified for acquisition satisfy an existing need.
- Purchase price reflects fair market value.
- Provide information on each acquisition to the State Building Division for inclusion in the Building and Lands Inventory in NIS.

RISK LEVEL: Low

DESCRIPTION OF THE PROCESS

In recent years, practically all lands acquired by the Commission have been acquired for wildlife management and public use purposes and have been acquired with federal assistance. Consequently, the following process would be typical for such an acquisition, but would be similar in most respects to the procedures used for other acquisitions. Lands that are for sale are frequently brought to the Commission's attention by the landowner, the realtor that has the listing, or one of our partners (e.g. Ducks Unlimited). A Memorandum of Understanding is executed with the landowner which gives Agency personnel the authority to inspect the property. The employee(s) that inspects the property prepares a Technical Reconnaissance which is presented to the Agency's Habitat Committee for review and assessment. The Committee's recommendations are provided to the Director for review. If the Director concurs that the property merits further consideration, the Realty Coordinator is advised that an Appraisal is needed. An Appraisal is not required in certain situations as in the case of a public auction, but such occurrences are rare. The Appraisal must be prepared by a General Certified Real Estate Appraiser and be in compliance with the Uniform Standard for Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisition. An Appraisal Review is required which must also be performed by a General Certified Real Estate Appraiser and in accord with the guidelines referenced above. The Director must certify that the appraisal was prepared in accord with Public Law 91-646 and Office of Management and Budget Circular A-103, and was reviewed by a qualified appraiser, and that he approves the appraisal establishing the "dollar amount" as fair market value and as just compensation for negotiation purposes. A Statement of Just Compensation is presented to the landowner for his signature. This is a nonbinding document which merely assures that the landowner has been informed of the appraised value/fair market value of the subject property. If the negotiations, which are handled by the Realty

Coordinator, are successful, the landowner signs an Offer to Sell. In anticipation of the acquisition, the Federal Aid Administrator addresses compliance issues that pertain to an acquisition such as Executive Orders (e.g. No. 11988, Floodplain Management and No. 11990, Protection of Wetlands) and Acts (e.g. National Historic Preservation Act and The Uniform Relocation Assistance and Real Property Acquisition Policies Act). If federal funds are not a part of an acquisition, some of the subjects covered by the aforementioned federal mandates still must be addressed because similar language is found in Nebraska's Revised Statutes. For example, Lb 254, which was passed in 1989 and codified in Chapter 76, pertained to relocation assistance and was patterned after the Act referenced above. At about this time, the appropriate Federal Aid documents are submitted to the federal granting agency. A Public Notice is published and a Public Hearing is held by the Realty Coordinator. The acquisition proposal is submitted for review and approval to the federal granting agency, the Board of Commissioners and the Governor. All three approvals must be granted before the landowner's Offer to Sell is signed. A Title Commitment is requested following the acceptance of the Offer to Sell to reveal any title defects. Title defects must be cleared before the acquisition is finalized.

The payment process is initiated when the Realty Coordinator notifies the Budget and Fiscal Division, the client division and, if federal funds are involved, the Federal Aid Section that the acquisition will close on or about a given date. At the request of the client division, the Budget and Fiscal Division assigns a Business Unit and Object Code to the acquisition. The Budget and Fiscal Division also ensures that adequate expenditure authority exists. The Realty Coordinator prepares an invoice log which is routed to the client division and, if appropriate, to an accountant in the Federal Aid Section for approval. A copy of the approved log is sent to the Budget and Fiscal Division. If the acquisition involves federal funds, the accountant in the Federal Aid Section requests a draw down through Smart Link for deposit with the State Treasurer. At the time the funds are requested, the accountant prepares an ACH document in NIS which provides the Treasurer with the information needed to transfer the funds from a holding account to the Fund from which the expenditure will be made. Once it has been verified that the funds have been deposited in the correct Fund, a Payment Document is prepared by the Budget and Fiscal Division or occasionally by the Federal Aid Section. The Payment Document is approved and posted by Budget and Fiscal. The payment is normally made to the Title Company at the time of the closing for distribution to the landowner. Prior to the closing, the landowner provides in writing his/her concurrence to the method of payment.

The federal granting agency requires proof that title to property is vested in the State. Title insurance is acquired by the Agency which satisfies this requirement.

Lands are occasionally offered by gift or bequeathal to the Agency. The acceptance of such offering requires the approval of the Governor, the Legislative, and the Board of Commissioners. If the Legislature is not in session, the Executive Board of the Legislative Council, after receiving a recommendation from the Committee on Building Maintenance, may approved the acceptance of the gift along with the Governor. The approval of the Board of Commissioners is sought after the other two approvals have been granted. In addition, lands are occasionally acquired under a Federal Aid project in which land previously acquired without any federal assistance is used as the State's match/share of the costs. All such offerings are given the same scrutiny as are purchased lands.

After an acquisition is completed, the Realty Coordinator prepares and sends a State Land Inventory form and a copy of the Procurement Notice to the State Building Division of the Department of Administrative Services. The Building Division uses this information to enter the property into the inventory of State lands that is a part of the Nebraska Information System (NIS). The Building Division also assigns a "tag" number to the property which is communicated to the Agency. When an acquisition appears as a land asset on the Fixed Assets No Cost Integrity Report, the actual cost of the property is verified with the Realty Coordinator. A Journal Entry (JE) is processed using the assigned tag number, cost of the property as provided by the Realty Coordinator, and proper coding (business unit, land acquisition expenditure code, subsidiary and/or sub-ledger). The JE transaction will appear on the fixed asset report for Unposted Fixed Asset Transactions. Once the transaction appears as an unposted transaction, an Assistant Division Administrator in the Budget and Fiscal Division follows the step required to post the positive amount of the asset to the Cost Summary and pass on the negative number.

Once title to the property is acquired, the property is posted with appropriate signs and the boundary markers.

IDENTIFIED RISKS

Although most land acquisition projects involve large expenditures, the internal controls that are in place and the procedures that are used minimize the risks associated with such transactions. Some risks are present at the time of acquisition while others might not surface until after the title to the property has been acquired. Although certified appraisers are used to prepare and review the appraisal and the Agency normally only pays fair market value as determined by the appraisal, there is always the chance that the Agency might pay more than the property is actually worth. There is also the chance that the purchase will be miscoded. Risks that are futuristic in nature are difficult to identify, but can in some cases be categorically identified and guarded against. For example, the Commission may purchase a tract that contains some unknown environmental issue or

concern that will surface at a later date or a tract that is the subject of a future boundary dispute. It is thought that the on-site inspection and the extensive review of the subsequent report by the Habitat Committee greatly reduce the potential for future problems.

As noted previously, the Agency normally pays fair market value as established by an appraisal that is prepared and reviewed by certified appraisers. In addition, an appraisal for a tract that is acquired with federal assistance is reviewed by the federal granting agency. An appraisal is, however, merely an educated estimate of value based on various considerations that are nationally recognized as required components. Inasmuch as an appraisal is an estimate, there is always a chance that the Commission could pay more for a tract than its' true worth.

Coding errors are a possibility, but would normally be caught and corrected in a timely fashion.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Purchase price exceed the true value	Minor	Unlikely	Low
Coding error	Minor	Rare	Low
Property contains environmental issues not known a the time of purchase	Major	Rare	High
Boundary dispute	Minor	Unlikely	Low

The acquisition of a tract that has an environmental issue (e.g. site of a former landfill or a chemical spill) that doesn't come to light until after the State has acquired title to it could be very expensive to remedy. The fiscal impact of this type of occurrence would be significant, but the likelihood would be low because of our avoidance efforts.

CONTROL ACTIVITIES

One of the initial steps in the acquisition process is the technical/field reconnaissance that is conducted by a qualified staff member. In the case of a tract that is being considered for wildlife management purposes, a professional wildlife biologist performs the reconnaissance. If the tract offers some fisheries potential, the reconnaissance is a joint effort to include a professional fisheries biologist. A Parks Division's employee is responsible for this activity if the property is being considered for park purposes. The

resulting Reconnaissance Report is a detailed description of the existing conditions to include any potential problems (environmental, boundary, access, location, etc.) and is an assessment of its' potential to satisfy existing and future needs. Reports for properties with fisheries/wildlife manage potentials are provided to the Agency's Habitat Committee for further review and prioritization. It is thought that the thorough field inspection and the detailed review of the Reconnaissance Report by the Habitat Committee greatly reduce the possibility of future problems. The risk of a potential problem is further reduced by the fact that the lands acquired by the Commission are typically rural lands that have never been used for a purpose other than agriculture. Although lands that include a modern farmstead/ranch stead are avoided, it is not uncommon to acquire property that includes the site of former farm buildings. It is thought that if a problem ever arises it would be on such a site. The procurement of Title Insurance protects against future boundary issues.

As previously stated, lands are normally acquired at fair market value as determined through the appraisal process. All appraisals are prepared and reviewed by General Certified Real Estate Appraisers. In the case of lands acquired with federal assistance, the appraisal is also reviewed by the federal granting agencies. Like most processes, the appraisal process is probably not perfect, but it is the best method available for determining a fair and reasonable price for a piece of property that is purchased on a willing seller-willing buyer basis.

Although some preliminary costs, as identified in the federal guideline, are allowable, the actual cost of the land is not an allowable expenditure until federal approval of the formal document that commits funds to the project is granted. The Agency takes precautions to ensure that we do not legally obligate the State to a purchase until such time that the federal approval has been received.

INFORMATION AND COMMUNICATION

The Federal Aid Administrator serves as the secretary of the Agency's Habitat Committee and is responsible for preparing and distributing the minutes. The minutes include a discussion of each tract considered and the rating assigned to it. This information is provided to the Director and others.

Both the Realty Coordinator and the Federal Aid Administrator maintain a check list for each tract to ensure that the project is on schedule and that the various step involved in the acquisition are being accomplished in the proper sequence. This requires close communications with each other and with other staff members.

After an acquisition project is completed, a Procurement Notice is sent to staff which provides them with a brief description of the property, location, etc. A copy of the

Procurement Notice and a completed State Land Inventory are sent to the State Building Division of DAS for inclusion in the land inventory that is included in NIS.

MONITORING

The Realty Coordinator monitors the acquisition process by maintaining a check list to ensure that each step in the process is performed in the proper and prescribed order. An identical check list is maintained by the Federal Aid Administrator for lands acquired with federal assistance. Processes applicable to the draw down of federal funds, deposition of the funds to the proper fund, and the actual payment are monitored by the Federal Aid Administrator and the Administrator and Assistant Administrators of the Budget and Fiscal Division.

FIXED ASSETS RISK ASSESSMENT

This risk assessment is directed toward those assets under the control of the Game and Parks Commission. The fixed assets to which this risk assessment is addressed are categorized and defined as follows:

NIS and Non-NIS items: NIS is the acronym for the Nebraska Information System, the statewide computer data management system. Current guidance states that all individual assets (personal property) under the control of the Commission procured with a total cost of at least \$1,500.00 (and assets being tracked in NIS/NAS prior to the implementation of the \$1,500.00 threshold) or those items (e.g., firearms, etc.) specifically defined by Statute or Agency policy, be entered and tracked in the Fixed Asset module of NIS. Non-NIS items are those fixed assets under the control of the Commission that do not meet the prior referenced criteria for tracking in NIS. Real property, land and buildings, regardless of price, are also recorded and tracked in NIS.

While this risk assessment is applicable to both NIS and Non-NIS items, the primary focus is on the NIS items which have Agency level accountability addressed by the Budget and Fiscal Division. Non-NIS items are accountable at the Division level.

CONTROL OBJECTIVES

- Acquisitions, transfers and disposal of fixed assets are accurately recorded in a timely manner in accordance with the asset type.
- Fixed assets are identified as Property of the State of Nebraska according to asset type.
- An accurate record of current working assets be maintained in accordance with asset type.
- Fixed assets are adequately protected against fire, theft and other types of physical loss and misuse.
- Fixed assets are adequately maintained to ensure maximum usefulness and longevity.
- Disposal and sale of surplus or non-functioning fixed assets is done in a manner to comply with State AS Materiel Division guidelines.

RISK LEVEL: Moderate

DESCRIPTION OF THE PROCESS

The management of fixed assets is a component function of the Commission's Budget and Fiscal Division. Staff assigned to this function work primarily in conjunction with the Division's Purchasing staff. Aspects of the process also involve the Division's Accounting, Accounts Payable and Accounts Receivable staff.

Fixed assets are acquired in accordance with the State Purchasing Bureau Procurement Manual purchasing policies and procedures and entered into the Nebraska Information System (NIS) as defined by the State Accounting Manual Capital Outlay/ Capitalization Guidelines. Fixed asset tag number labels are affixed to all capitalized equipment and unnumbered property labels are affixed to all non-capitalized equipment. Additionally, vehicles are marked according to policy with State of Nebraska inscription, with the exception of those assigned to law enforcement. All land is acquired only through Commission action and with the approval of the Governor and Legislature (see Acquisition of Real Property section). Buildings may be acquired as part of a land acquisition or more frequently built under a capital construction program approved by the Commission and the Legislature.

Assets are recorded in NIS at the time of acquisition or shortly thereafter upon verification of receipt. Personal property fixed assets, meeting Agency/State criteria are recorded in NIS by the Budget and Fiscal Division Staff while the land holdings and building inventory are primary responsibilities of the Realty and Environmental Services Division and Engineering Division or Operations and Construction Division, respectively.

Capitalized and non-capitalized equipment is assigned to a location. Divisional personnel at the specific locations are responsible for ensuring that equipment is used for business purposes only and is not removed from the assigned location without proper documentation. In the case of vehicles, a mileage/use log is completed for each and submitted on a monthly basis to responsible Divisions, Federal Aid if applicable and ultimately the Budget and Fiscal Division. A Property/Equipment Disposition Notice form must be completed and processed for the permanent transfer of equipment from one location to another. Divisional personnel are also responsible for ensuring equipment is properly safeguarded against loss.

Capitalized and non-capitalized equipment is disposed of according to State Materiel Division's State Surplus Property policies and procedures. Division personnel are responsible for completing a Property/Equipment Disposition Notice form for disposals and location corrections for all equipment. The original Property/Equipment Disposition Notice is forwarded to Budget & Fiscal staff to record the transaction in the Nebraska Information System Fixed Assets module by assigning a Surplus Property Number (SPN), printing the SPN document and forwarding it to State Surplus Property to complete the disposal process.

The Agency receives and credits proceeds from Surplus Property sales based on the original funding source of the equipment and minus State Materiel's expenses.

IDENTIFIED RISKS

- Assets may be damaged or destroyed by fire or weather
- Assets may be stolen
- Assets may be disposed of for personal gain
- Assets may be received and diverted for personal use
- Assets may be lost or misplaced
- Assets may not be adequately identified as property of the State of Nebraska
- Assets may be inadequately maintained to ensure maximum asset life
- Assets may reach a non working/surplus status and not be reported
- Assets may not be disposed of on a timely basis
- Assets may be transferred incorrectly from one user to another
- Assets may be acquired and assigned to incorrect end user

Nebraska is a State subject to intense and potentially violent weather outbreaks. Our risk of exposure to loss by these elements is relatively high. When and wherever a severe weather outbreak occurs it is likely that one or more Commission managed areas may be near it. The severity of the storm and its proximity to Commission property are the determining factors affecting actual damage.

The risk of damage by fire is also increased by the regular usage of Commission assets by members of the public. The Commission has at best limited control of that usage in ensuring safe handling of fire and other elements that may create a fire hazard. This factor, in addition to the ordinary risk of fire associated with a broad range of asset types being used in the normal course of business by the Commission increases exposure to risk by fire.

Several Commission sites are repositories for items of historical significance that cannot be replaced. In considering the inclusion of these types of assets in conjunction with the “conventional” fixed assets required by and common to our diverse business activities, the severity of loss by theft could be major. While the probability that this type of loss is unlikely, the value of individual items could be high giving this a moderate risk rating.

Since the Agency’s assets are widely dispersed in both location and type, the risk of unauthorized use is certainly a risk. The expected incidence of this type of loss would be considered rare, however the potential impact of this type of loss on the Commission could be minor to moderate in economic loss but also considered detrimental in terms of loss of public faith in the fiduciary responsibility of the Commission and its’ employees.

It is reasonable to expect that assets, both NIS reported and Non-NIS assets, will on occasion be lost or misplaced. This risk assessment assumes that the asset is truly lost or misplaced, and does not fall into one of the previous risk categories which would be the result of more criminal like activity. While the probability of this type of loss is possible,

it is reasonable to assume that the monetary value of this type of asset would be at most moderate and would eventually be self resolved, i.e. found.

Identification of assets owned by the State of Nebraska is required by Statute. In order to comply with this statutory requirement each asset when initially placed in service is to be marked or labeled with appropriate identification material. Numbered and/or non-numbered tags are provided to the designated responsible party upon completion of the acquisition process with instructions on how to place. Over the lifespan of an asset it is possible that such identification may become displaced or illegible. It's also possible that the initial tagging does not occur in a timely fashion or at all. While not having property marked as belonging to the State can contribute to misuse, the marking itself is a minor risk at best, albeit with statutory ramifications the risk is rated moderated.

The expenditure of funds for fixed assets represents a significant expense for the Commission and for individual division/area budgets. It is imperative that these assets be used and maintained in a manner that will maximize the life span of each asset. While the dispersed nature of asset responsibility assignment is thought to provide some personal impetus for taking care of equipment, it still relies on an individuals abilities and work habits, thus, is no guarantee. In the rare instance of this reliance gone awry its possible that some areas begin compiling a large inventory of non-working "junk", thus it remains important to maintain and/or surplus property efficiently.

An asset that is transferred from one Division to another, or from one location/section within a Division to another must be promptly and accurately reported to ensure that correct business units are assigned to the asset to correctly track depreciation, insurance costs, etc. Further exposure to risk is created if assets are incorrectly transferred and inadequately documented as the potential for an item "falling through the cracks" increases greatly. While minor in scope the overall risk remains moderate.

A final risk that can be partially attributed to the assets of the Agency is liability for injuries or property damage caused by the asset or its use. Injuries can be sustained by employees or the public through the improper or unsafe use of equipment, use of faulty or defective equipment and simply by accident or inherent nature of the use (e.g. a rock dislodged by a mower and hitting the windshield of a passing vehicle). Certainly accidents in the use of equipment are possible, the fact that they can sometimes result in personal injury gives cause to rate the severity as potentially high with an overall high rating.

POTENTIAL LOSS EXPOSURE	SEVERITY	LIKELIHOOD	RISK RATING
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Damaged or destroyed by fire or weather	Major	Possible	High
Assets may be stolen	Moderate	Unlikely	Moderate
Disposed of for personal use	Moderate	Rare	Moderate
Received and diverted for personal use	Moderate	Rare	Moderate
Lost or misplaced	Moderate	Possible	Moderate
Not adequately identified as property of the State of Nebraska	Minor	Possible	Moderate
Inadequately maintained to insure maximum asset life	Minor	Possible	Moderate
Non working or surplus status and not reported	Minor	Possible	Moderate
Transferred incorrectly from one user to another	Minor	Possible	Moderate
Injury/property loss due to use	Major	Possible	High

CONTROL ACTIVITIES

First and foremost, the Agency makes every effort to hire and maintain a work force of conscientious employees. Secondly, the Agency makes a concerted effort to educate its’ employees in the proper care and use of state property. The Agency’s Policy Manual has sections devoted to some of these elements (e.g. Code of Ethics and Rules of Conduct; Housing Policy for Essential Housing...; Use of Seat Belts; Smoke-Free Workplace Policy; Portable Radar Detectors Policy; Telephone Equipment Usage; Reporting Lost and/or Stolen Equipment and Furniture; etc) and employees are required to read and certify their adherence to the policy at the time of their hiring.

When it comes to protecting assets against fire and or natural disasters, certainly a major risk mitigation tool is insurance. The Agency follows State policy in insuring all of its buildings against physical damage/loss through State Risk Management Division. Up to this point, the fact that the Agency adheres to local and State fire, electrical, plumbing and building codes in its construction processes, including installation of fire alarms

and/or sprinkler systems in some of the newer structures, as well as limited actual loss events, the Agency has chosen not to insure building contents or vehicles (other than liability insurance). This risk assessment process has the Agency re-thinking its position on this and may likely begin insuring the contents of some of the larger facilities.

Management activities can also be used to avert disaster and control risks. Most of the lands that are managed by the Agency are done so with fish, wildlife and natural resources in mind. At the same time, many of the resource management tools used help decrease the likelihood or magnitude of such things as wildfire. Vegetation management, crop rotation, grazing methods, controlled burns and certain timber management practices are used for both wildlife habitat benefits as well as fire suppression and control.

The dispersed nature of the Agency's asset locations, while exposing it to risk (i.e. opportunity), also distributes the risk loss (i.e. magnitude attributed to any one location).

The Agency employs several types of safeguards for monitoring its assets, chief among these is the annual inventory. Budget and Fiscal staff prepare a fixed asset listing from NIS and distribute it to the assigned areas for their confirmation/verification that the assets are present and accounted for and still in working order. For those areas with historical artifacts, a similar detailed listing in NIS is not available but has been developed for each area. Parks Division personnel are responsible for ensuring the list is periodically reviewed and updated, but an annual review is currently not required.

In the case of some types of equipment and resources, like vehicles and bulk fuel, monthly logs of use and/or mileage are required. Vehicle logs are required for all vehicles and report the beginning and ending mileage and date/time for each trip taken along with destination points and purpose and the driver. These logs are submitted monthly through the Divisions, Federal Aid (if applicable) and retained by the Budget and Fiscal Division. The logs help document official use and provide information to assist managers in scheduling maintenance and to monitoring repairs and maintenance for surplus determination.

All locations have the use of standard security measures such as lockable doors and windows. Those that have cash handling responsibilities also have safes and/or lockable drawers/files or rooms for securing valuables. Some locations, such as the central office, also have entrance and exit points electronically secured with only designated points for general public entry. The secured entries are monitored by the Capitol Security Division of the State Patrol and require a programmed ID card for access.

In the event of loss by theft, employees discovering the theft are instructed to promptly report the theft to the appropriate level of law enforcement and management officials. The employee will then complete the required Property/Equipment Disposition Notice

form and submit it to the Budget and Fiscal Division. The Budget and Fiscal Division will then work with DAS Materiel to bring the incident to a resolution.

The acquisition and disposition processes are designed with sufficient segregation of duties to help ensure no one individual may act alone in acquiring or disposing assets.

The process to acquire fixed assets is designed to clearly separate duties amongst staff assigned to procurement for the initial order, accounts receivable staff to record the receipt of invoice for goods and payable staff to issue funds for payment. Staff members assigned primarily to the fixed asset function work within this framework to ensure that correct identifying tags are issued, that key data (such as serial numbers, model types, etc.) are recorded in the NIS system (as appropriate) , or assigned to field staff for monitoring as part of individual Divisions' Non-NIS asset management protocol. Minimally, monthly reports are generated with-in the NIS system detailing changes within the fixed asset portfolio for review by at least the Assistant Division Administrator level.

As a fixed asset ages in terms of service life, this multi-layer staff monitoring continues. The annual fixed asset inventory, in addition to satisfying statute requirements, provides a means to supply data about the status of fixed assets to staff beyond that of the end user only. In addition to audits by outside State or Federal entities, this process helps to verify that assets owned by the State and under control of the Commission are correctly assigned and in working status.

In the case of buildings and land, the responsibility of ensuring proper maintenance and repair rests on local assigned staff. The Agency goes through a biennial budget process in which area/divisional staff identify deferred maintenance needs which are prioritized and addressed as funding is available. Some funding is also set aside to address emergency needs. There is also a process for acquiring additional funding from the 309 Task Force.

In 1976, a committee was formed to conduct a Special Legislative Study concerning the maintenance of State buildings. This committee toured the state and found that the condition of many buildings had been neglected and that numerous repairs, improvements, and upgrades were required. Based on the committee's findings, legislation was proposed and passed in 1977 creating the Task Force for Building Renewal. The Legislative Bill was LB309 – the Deferred Building Renewal Act. A new division came to be known as the LB309 Task Force for Building Renew or simply, the 309 Task Force. The purpose of the division is spelled out in State Statute 81-173, and it consists in funding and overseeing four (4) general types of projects: a) deferred repair, b) fire/life safety, c) Americans with Disabilities Act upgrades and d) energy conservation.

Each biennium, the Nebraska Game and Parks prepares and submits, as part of its Capital Budget, a request for 309 Task Force funding on its most needy building projects. The projects are identified by field staff managing the areas and/or our Engineering/Operations staff that have visited the sites. The Governor and Legislature review the overall level of State agency requests. The Governor recommends amounts to be appropriated for the Task Force to address the highest priority statewide needs and the Legislature establishes biennial appropriations for the Task Force. Under this appropriations authority, the Task Force then allocates amounts to various State agencies for specific projects. The Task Force oversees the successful execution of the projects, and all payments to consultants and contractors. In addition to funding some of the specific requests that NGPC identifies, the Task Force staff also conducts site visits and may suggest other projects that it would cost share on, for example a roofing project where the Task Force will fund the materials and our Agency supplies the labor. The majority of NGPC Task Force projects have been funded on a cooperative fund match basis (generally 20% Agency, 80% Task Force).

The goal of the Task Force mirrors our own goal when it comes to building maintenance, i.e. to address the need for deferred building repairs and improvements to the extent possible with available funding, utilizing those funds wisely and efficiently

When an asset reaches the end of its useful cycle, the Commission follows the procedures for disposal of fixed assets formulated by DAS- Department of Materiel. This procedure is supplemented by use of the Commissions in-house developed Property/Equipment Disposition Notice form. This form requires multiple signatures originating with the requesting party, reviewed by a staff member assigned to the fixed asset function, forwarded for review and approval by a member of the Budget and Fiscal Division's Purchasing Section and final review by an administrative level of at least Assistant Division Administrator.

Employees are also instructed to complete a Property/Equipment Disposition Notice promptly upon realizing that an asset, NIS reported or Non-NIS, is lost or misplaced and to forward that form to the Budget and Fiscal Division. This form is central to ensuring that the asset status is resolved on a timely basis by either verifying the asset has been located, the asset should be treated as permanently lost, or pursued as stolen or diverted.

The safe operation and use of equipment is emphasized in training of new employees through both verbal and written instructions. For those operating specialized equipment,

specific instruction or certification may be required. Age limits are in place for operating some types of power equipment. Additionally the use of safety gear is emphasized when appropriate. For those accidents that occur despite our best safety measures, the only recourse we are left with to mitigate risk is insurance. The agency has both workers comp insurance for its employees as well as liability insurance for its vehicles.

INFORMATION AND COMMUNICATION

Information about the fixed asset portfolio is maintained based on the classification of the asset as a NIS or Non-NIS Fixed Asset. All information (serial number, make, model, etc.) regarding a NIS classified asset is entered into NIS in the initial stage of the acquisition process. Status information about the asset is maintained thereafter in NIS until the asset reaches the end of the asset life cycle and disposed.

The methodology of maintaining information regarding Non-NIS Assets is at the discretion of the individual Divisions. It is Commission policy that regardless of the method of tracking Non-NIS Fixed Assets, Divisions are accountable for assets under their control.

Communications regarding fixed assets are in general directed toward the Budget and Fiscal Division fixed asset staff from other employees of the Commission. The Budget and Fiscal Division fixed asset staff serves as a liaison between the Commission and the state Administrative Services Division (AS), AS-Materiel Section, NIS, governmental agencies and the public regarding inquiries or service matters related to fixed assets.

MONITORING

Fixed assets are monitored by Commission management staff, AS, governmental auditing agencies and the public by utilizing some or all of the following tools:

- Real time access to the NIS database of fixed assets with appropriate database security levels assigned to qualified inquirers.
- On demand NIS summary reports.
- Monthly summary reports required by AS audit/accounting standards.
- Annual summary and individual location reports of NIS assets required by statute.
- Review and analysis of periodic reports and publications produced by the Commission compiling the financial position of the Commission.
- Publications of lands owned and areas managed available in hard print and internet media

PAYROLL RISK ASSESSMENT

CONTROL OBJECTIVES

- Payments are made only to bonafide employees.
- Only authorized amounts are paid to employees.
- Amounts paid and withheld are calculated and remitted correctly.
- Amounts are paid from the correct appropriation and budget
- Time is accurately accounted for and recorded to project and activity as appropriate or necessary
- Warrants or direct deposits are made on time.

RISK LEVEL: Low/Moderate

DESCRIPTION OF THE PROCESS

The Nebraska Game and Parks Commission payroll process begins with the employee accurately recording their time on a biweekly timesheet (paper or electronic file) provided by their Division Timekeeper. A hard copy timesheet is produced from the electronic file, if not used initially, then signed by the employee certifying that the hours worked are accurate and forwarded to the direct supervisor for approval. For those using electronic time sheets, the excel file is forwarded to the respective Division Timekeeper. Supervisors sign the hardcopy timesheets certifying that employee named on timesheet is their employee and that the employee has accurately recorded their time on the timesheet. Supervisors then fax the timesheets to Lincoln where they are collected by the agency Timekeepers. Timekeepers check each timesheet to assure proper coding is affixed to the time, all timesheets and leave requests are signed, leave requests match hours on timesheets, and hours of work or leave have been properly recorded. If an electronic file was sent, it is compared to the hard copy to ensure they match. The date on the timesheet is also verified to ensure it is correct for the current pay period. Any errors detected are corrected and resubmitted by the employee.

Timesheets with hours coded to Federal Aid are forwarded to the Federal Aid Section to ensure activities indicated to specific grants are appropriate for the grant, that State and Federal split costs are accurate, and that the appropriate Federal Aid Subsidiary has been used with the proper business unit.

Once the Agency's timekeepers have collected all the timesheets for their division and coding and hours have been determined to be correct, the time is entered into the Nebraska Information System (NIS). Those divisions that utilize an electronic excel time sheet import their time into NIS while those that do not manually enter the time from the

hard copy time sheet. Once all time has been entered into NIS, the timesheets are delivered to Personnel.

Staff in the Personnel Section prepare the payrolls. Payroll records in NIS are checked against the timesheets to verify that they match, hours are recorded properly, leave recorded properly, overtime is recorded properly, and hourly rates/monthly rates are correct. Insurance deductions are verified. Leave requested are verified against the Leave Report to ensure leave recorded is available for use. Adjustments are made to Employee records in NIS for tips earned, leave without pay, wage increases, Workman's Comp and Leave of Absence. If the leave type on the timesheet is not available to the employee, the Division Timekeeper is notified. The Division Timekeeper generates a corrected timesheet and delivers to Personnel, a copy is returned to the employee and the NIS record is corrected by Personnel.

Payroll Clerks use the Payroll Journal Proof/Edit Report to check for payroll errors. If there are errors, the payroll is reset and errors are corrected. The Payroll Journal Proof/Edit Report is checked each time after the payroll has been run to ensure that all errors have been corrected. The payroll clerks advise the Personnel Administrator or another authorized payroll certifier when all errors have been corrected and no errors appear on the payroll message screen.

The Journal Entry is now exported into Excel for review by Budget and Fiscal. The Administrator or one of the Assistant Division Administrators in Budget and Fiscal review the journal entry to check for proper fund usage and coding. Budget and Fiscal ensures that the journal entry balances. Business units for Federal funds are checked for sufficient authority. The business units for State funds are verified to be within the current allotment of appropriation. The Budget Office then notifies Personnel that no obvious coding errors were found.

The Personnel Administrator or other authorized payroll certifiers verify that the Payroll Journal Accrued Wages equals the Payroll Register Gross Wages and that the General Ledger Date is the same as the Pay Date. Gross wages are compared to past payrolls to ensure no significant differences. Random employees are checked on the Payroll Register to ensure wage and deductions are correct. Payroll is then certified to AS State Accounting.

After the payroll has posted, Budget and Fiscal Division staff perform a reconciliation process to ensure that what is recorded correctly on the payroll register for each object code is what is posted into the accounting system.

IDENTIFIED RISKS

- Employees may be paid incorrect salary or hourly rates

- Payments may be made to fictitious employees.
- Employees may be erroneously paid when on leave without pay
- Employees may continue to be paid after they have terminated
- Amounts paid to an employee for overtime may be incorrect
- Amounts withheld from the employee's pay may be incorrect.
- Amounts withheld may not be remitted properly.
- Amounts may be recorded incorrectly in NIS.
- Employee may use incorrect coding for the project/activity worked.

The severity of the risk for most potential payroll errors is thought to be limited to only a few individuals at any given time, thus the severity level is generally on the low side. The exception relates to elements that affect all staff like formulas for withholdings. Since these are system generated, the scope is potentially much greater, although it is more likely to be detected also.

Potential Loss Exposure	Severity	Likelihood	Risk Rating
Incorrect pay amount	Minor	Possible	Moderate
Fictitious employee	Moderate	Unlikely	Moderate
Paid for leave w/o pay	Minor	Rare	Low
Paid after termination	Minor	Possible	Moderate
Incorrect overtime	Minor	Unlikely	Low
Withholdings incorrect	Moderate	Unlikely	Moderate
Withholdings not remitted	Moderate	Unlikely	Moderate
Incorrect recording in NIS	Minor	Possible	Moderate
Incorrect account coding	Minor	Possible	Moderate

CONTROL ACTIVITIES

The Agency utilizes the NIS HR system to record employee information to include personal information such as name, date of birth, address and tax identification number as well as classification, pay rates, hiring dates, deductions, withholding information. New positions, employee additions, rate changes and employee terminations or transfers are

approved by the Division Administrator, the Director or Assistant Director, the Budget & Fiscal Administrator and the Personnel Administrator prior to incorporating into NIS.

A properly approved personnel action sheet is the only document accepted by the Personnel Division for entering additions, terminations or rate changes into NIS.

All employees are required to submit time sheets to their supervisors for approval within the designated time frame and if full time, must account for 40 hours a week (except Conservation Officers account for 28-day work period). Hourly employees are only paid if a properly approved time sheet is received and entered into NIS. These time sheets must be approved by the appropriate supervisors. Salaried employees are only to be paid if a properly approved time sheet is received and entered into NIS. Time sheets that include Federal Aid coding are also reviewed by the Federal Aid Section.

Actual payroll expenditures are compared to budgeted amounts on a routine basis by the Budget and Fiscal Division and the individual Division management teams. Exception reports are reviewed by the Personnel Administrator and addressed with affected divisions.

After the payroll has posted, Budget and Fiscal Division staff perform a reconciliation process to ensure that what is recorded correctly on the payroll register for each object code is what is posted into the accounting system. If any significant variances are found, the Agency contacts State Accounting and completes a journal entry to correct object codes.

Classification and pay rates entered in the electronic time sheets and when establishing employees in the NIS system determine how overtime is calculated and paid. The Agency relies on the programmed functionality of the NIS system to calculate these amounts properly and reports discrepancies to the NIS team to ensure the matter is addressed. This also applies toward withholding amounts for OASDI, retirement and insurance benefits. Employees also review their payroll records for accuracy and/or reasonableness.

INFORMATION AND COMMUNICATION

The agency utilizes the functionality of the NIS HR system for recording, processing and reporting payroll functions. Employees are instructed on how to complete time sheets appropriately and how to review their payroll records in NIS. These instructions are provided by the Agency as well as periodic emails from the NIS team.

Expenditures for salary and wages as well as associated benefits is included, but not specifically identified, in the monthly Financial Statement that is prepared by the Budget and Fiscal Division and provided to the Commissioners, Director, Assistant Directors,

Division Administrators and Assistant Division Administrators for their perusal on a monthly basis. However, the expenditures are specifically identified on monthly Budget Status reports provided to the Director, Assistant Directors and Division Administrators for their respective Program/Subprogram/Divisional areas for their review.

MONITORING

Expenditures for salary wages as well as associated benefits is recorded in NIS and identified by account code in the Department of Administrative Services' monthly Fund Summary By Fund report as well as agency Budget Status Reports. These reports are reviewed by personnel in the Commission's Budget and Fiscal Division as well as individual Divisions to ensure that the amounts recorded are reasonable and appropriate. Questionable amounts are investigated and appropriate corrective actions taken as warranted.

APPENDIX A

AGENCY Mission, Vision and Goals

The duties, responsibilities, and authorities of the Game and Parks Commission are outlined in the Revised Statutes of Nebraska as follows: Chapter 37, Game and Parks, portions of Chapter 81 related to the Environmental Trust and portions of Chapter 72 related to the Niobrara Council. In addition, numerous miscellaneous statutes applicable to our law enforcement activities are contained in Chapters 28, 29, 39, 53, 54, 60 and 74.

The *Vision of the Nebraska Game and Parks Commission* is to strive to:

- Establish, maintain, and enhance fish, wildlife, park, and outdoor recreational opportunities in a professional manner.
- Enhance public support for, and awareness of, agency activities by being open to public input.
- Resolve most issues before conflicts arise, resolve conflicts without appeal or override, and maintain a public perception of fairness in resource allocation and conflict resolution.
- Be sensitive to politics, maintaining credibility with the Legislature, executive branches, and other agencies.
- Be adaptable and innovative in response to change, including societal change, by maintaining funding that is sufficient, diverse, and stable while utilizing a management system that links planning and budgeting.
- Operate through participative decision-making, utilizing teamwork and effective communication while being led by individuals skilled in progressive management techniques.
- Maintain a motivated workforce that is aware of its roles, understands the agency mission, has high morale, and is recognized and rewarded for outstanding performance, but not punished for taking reasonable risks.

Agency Mission

The Game and Parks Commission has adopted the following Mission Statement to describe the Agency's purpose and to serve as a foundation for its organization: "***The Game and Parks Commission is responsible for the stewardship of the state's fish, wildlife, park and outdoor recreation resources in the best long-term interests of the people and those resources.***"

The following definitions are provided to assist the reader in interpreting the mission statement:

Stewardship - the prudent caring and management of all resources entrusted to the Agency by the Nebraska Legislature. This includes the full range of responsibilities and

activities authorized and identified for the Commission in statute: namely, Chapter 37 (others to a lesser degree as they apply to specific functions). Essentially, this includes regulatory protection, overall management of species populations and habitats supporting them, advocacy of ecosystems integrity, as well as resource investigations and education.

The State's fish, wildlife, park and outdoor recreation resources - all species of aquatic and terrestrial animals and plants over which the Commission has jurisdiction, as well as the communities they inhabit. This includes all state wildlife management areas, state parks, state historical parks, state recreation areas, state recreational trails, and other lands and waters owned, leased, or operated by the Commission. Communities refer to habitat types that collectively make up the diverse ecosystems found in this Great Plains State.

In the best long-term interests of the people and those resources - sustaining adequate levels of fish, wildlife, and park resources in order to provide consumptive and non-consumptive recreational opportunities for our citizens that contribute to the state's economy. These resources, the habitats supporting them and our citizens are the key ingredients that make up and contribute to the quality of life in Nebraska. In summary, if future generations are to enjoy them, we must perpetuate and enhance all fish, wildlife, and park resources for recreational, aesthetic, educational, and scientific use by Nebraska citizens and their visitors.

Agency GOALS

The Game and Parks Commission is responsible for the stewardship of the state's fish, wildlife, park, and outdoor recreational resources in the best long-term interest of the people and those resources. Each of our operating and capital programs has defined goals and objectives, which if examined collectively, translate into six broad agency goals.

GOAL # 1. Plan and implement all policies and programs in an efficient and objective manner.

Basic to the entire operation is the Commission's formulation of policies, which take into consideration the concerns of the people and the viewpoints of the staff. Administrators are responsible for the implementation of the policies and goals set forth by the Commission with the participation of the staff and other concerned individuals and groups. The effectiveness of both policy-makers and administrators is directly dependent upon numerous other staff functions such as fiscal management, personnel management, and planning. Only through a team approach can the complex task of wildlife conservation and park and outdoor recreation management be accomplished in the best long-range interest of all concerned.

GOAL # 2. Nurture a rich and diverse land and water environment in Nebraska.

Plant and animal populations are a part of a dynamic, changing ecosystem. Their numbers rise and fall naturally, they range from microorganisms to man himself, and they are all interrelated. This agency is charged with the welfare of wildlife resources in Nebraska and must be concerned with the maintenance of entire plant and animal communities and with the basic resources which constitute the foundation of these wild communities.

The Agency will continue to acquire, develop and maintain natural areas throughout the State by itself or in conjunction with its' many partners, both governmental and nongovernmental organizations. In addition, the Agency has undertaken efforts to restore native species to their former ranges and will continue to consider the introduction of new species that can appropriately fill niches within the ecosystem.

GOAL # 3. Provide and manage outdoor recreation opportunities.

Man's basic dependence on plants and animals is as relevant today as throughout history, although some of the relationships have been altered or obscured by technology and social institutions. Man often reestablishes this ancestral relationship through outdoor experiences while satisfying his inherent need for recreation.

The Commission has and will continue to acquire, develop and maintain park, recreation and wildlife management areas, and provide assistance to others in the development of public and private lands and waters for both consumptive and non-consumptive uses. In addition, the agency provides for the preservation of historic areas that contribute to and enhance man's appreciation of the state's heritage.

GOAL # 4. Manage wildlife resources for the benefit of the people and the resources.

The Agency is responsible for planning and implementing programs that allow for public use and enjoyment while ensuring adequate protection for the wildlife resources. Activities related to this goal are numerous and diverse to include such things as: surveys and inventories of existing wildlife and fish populations and habitat conditions; formulating recommendations on hunting, fishing and trapping seasons and harvest limits; reviewing and providing recommendations on land and water based development proposals that could adversely impact on wildlife and aquatic resources; and, the enforcement of statutes, rules and regulations applicable to the protection of the state's resources.

GOAL # 5. Cultivate human understanding and appreciation of nature.

Conservation of wild communities and their components ultimately rests not in the authority of this agency, but in the attitude of the citizens and the values they place on

wild things. Well-placed attitudes and values can come only from an understanding of the natural world, how it works, and man's role in it. The Commission provides the means by which Nebraskans can see themselves as a part of the total community. Wildlife management areas, parks, historical parks, and recreation areas allow the public direct contact with the various elements that make up these areas. In addition, the agency uses various modes of communication to provide wide-ranging educational programs to the public.

GOAL # 6. *Preserve and foster appreciation of Nebraska's cultural resources.*

The Agency maintains and operates numerous areas that provide the visitor the opportunity to view and experience artifacts and historical, archaeological and paleontological features that characterize past periods. In addition, the Agency provides educational materials on cultural resources to the public in a variety of ways.