
Annual Report to the Legislature

September 2009



Legislative Performance Audit Committee

Senator John Harms, Chair
Senator Danielle Conrad, Vice Chair
Speaker Mike Flood
Senator Lavon Heidemann
Senator Arnie Stuthman
Senator John Wightman



Performance Audits | 2008-2009

Personal Services Contracts: An Examination of Compliance and Oversight (released October 2008)

This audit examined the Department of Administrative Services' (DAS) and the Department of Health and Human Services' (DHHS) compliance with statutory requirements regarding personal services contracts. The audit staff found that DAS was in general compliance with the statutory requirements relevant to its duties. Although DHHS was compliant with some sections of statute, the audit staff found that there were several issues involving contract processing and oversight that raised concerns.

Although DHHS has taken some steps to address the issues raised in this report, and plans to address the other findings through its newly formed Comprehensive Quality Improvement Unit (CQIU), the Committee approved extensive follow-up to ensure the audit's findings are adequately addressed.

The State Foster Care Review Board: Authority, Conflicts of Interest, and Management Practices (released December 2008)

The two main scope questions adopted by the Committee asked: (1) Do any board members have employment or other interests that create a conflict with their responsibilities as members of the FCRB? And (2) Do current FCRB management practices reasonably follow generally accepted management standards and best practices?

The audit found that FCRB state board members have not been presented with votes that would constitute conflicts of interest as defined by the state's Accountability and Disclosure laws; however, audit staff identified a policy question relating to the absence in statute of any limit on the amount of funding a board member or his or her place of employment should be allowed to receive from the Department of Health and Human Services, which is responsible for many of the children the board oversees.

The audit also found that although agency management meets some generally accepted management practices, significant numbers of agency staff have concerns with workload as well as perceptions of fairness from management. Additionally, the audit concluded that the Executive Director may have violated laws regarding the use of public resources in connection with a 2006 fundraising event that was originally discussed in a 2007 Ombudsman's investigation.





Update on Previous Audit

The Nebraska Information Technology Commission: An Examination of Statutory Compliance and the Project Review Process (released November 2007)

The program has since implemented the Committee's recommendations, including the adoption of new reporting requirements and standards and guidelines for large-scale "enterprise" projects. In 2008, the Legislature adopted LB 823, which increased the scope of NITC's review authority to include projects from all funding sources. Additionally, in 2009, the NITC designated eight enterprise projects, which will receive increased oversight from NITC throughout their implementation.

Legislation

Foster Care Review Board Disclosure Required

As a result of the December 2008 report on the Foster Care Review Board, the Committee introduced and prioritized LB 679, which required potential state board members to disclose to the Governor's office any income they or their employers receive from the Department of Health and Human Services.

Transportation Provider Background Checks Required

Performance Audit Committee member Senator Arnie Stuthman introduced LB 290, which required background checks on individuals who contract with the Department of Health and Human Services to provide transportation to children or vulnerable adults. The Performance Audit Committee has expressed an interest in such a policy in its 2008 report on personal services contracts. The provisions of LB 290 were ultimately adopted as part of LB 97.

Separate Audit Office Created

During the 2009 legislative session, the Legislature adopted LB 620, which separated the Office of Audit and Research into the Office of Legislative Audit and the Office of Legislative Research. The Executive Board introduced the bill in response to the recommendation by a 2008 peer review team that the Legislature make the audit function "free-standing and organizationally independent." In addition to passing LB 620, the Legislature established the Audit Office as its own budget program effective July 1, 2009.





Recognition

Performance Audit Section Report Receives Impact Award



The Audit Section's 2006 report, *The Lincoln Regional Center's Sex Offender Services Program*, won a National Legislative Program Evaluation Society Impact Award. In the audit, the Section assessed the adequacy of LRC's sex offender program discharge procedures and found that the program's transfer and discharge procedures lacked adequate safeguards, and, in one instance, the risk to public safety had been unnecessarily increased when the program contradicted its own standard practice by releasing a sex offender who had not completed treatment; that individual subsequently committed another assault.

As a result of these findings, the Committee recommended that the program implement written discharge policies (policies were not comprehensive at the time of the audit) and improve accountability for discharge decisions by requiring clinical staff, beyond the program psychiatrist, to formally weigh-in on each discharge decision. The program has since implemented the Committee's recommendations. In 2007, the Legislature also adopted LB 610, which requires the program to have written discharge procedures.

Projects Underway as of September 2009

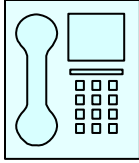
Lincoln Regional Center's Community Transition Program

Behavioral Health System

Job Training Grants Program

Commission of Industrial Relations

Legislative Audit Office



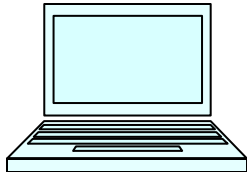
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Performance Audit Committee Reports: 1994 to 2009

- The State Foster Care Review Board: Authority, Conflicts of Interest, and Management Practices (December 2008)
- Personal Services Contracts: An Examination of Compliance and Oversight (October 2008)
- The Nebraska Information Technology Commission: An Examination of Statutory Compliance and the Project Review Process (November 2007)
- The Nebraska Lottery's Implementation of LB 1039 (February 2007)
- The State Department of Education's Student-based Teacher-led Assessment and Reporting System (February 2007)
- The Lincoln Regional Center's Sex Offender Services Program (August 2006)
- The Public Employees Retirement Board and the Nebraska Public Employees Retirement Systems: An Examination of Compliance, PIONEER, and Management (August 2006)
- The Nebraska Medicaid Program's Collection of Improper Payments (May 2005)
- The Lincoln Regional Center's Billing Process (December 2004)
- Nebraska Board of Parole (September 2003)
- Nebraska Department of Environmental Quality: Administering the Livestock Waste Management Act (May 2003)
- HHSS Personal-Services Contracts (January 2003)
- Nebraska Habitat Fund (January 2002)
- State Board of Agriculture (State Fair Board) (December 2001)
- Nebraska Environmental Trust Board (October 2001)
- Nebraska Department of Roads: Use of Consultants for Preconstruction Engineering (June 2001)
- Department of Correctional Services, Inmate Welfare Fund (November 2000)
- Bureau of Animal Industry: An Evaluation of the State Veterinarian's Office (March 2000)
- Nebraska Ethanol Board (December 1999)
- State Foster Care Review Board: Compliance with Federal Case-Review Requirements (January 1999)
- Programs Designed to Increase The Number of Providers In Medically Underserved Areas of Nebraska (July 1998)
- Nebraska Department of Agriculture (June 1997)
- Board of Educational Lands and Funds (February 1997)
- Public Service Commission: History of Structure, Workload and Budget (April 1996)
- Public Employees Retirement Board and Nebraska Public Employees Retirement Systems: Review of Compliance-Control Procedures (March 1996)
- Leaking Underground Storage Tank Program (December 1995)
- School Weatherization Fund (September 1995)
- The Training Academy of the Nebraska State Patrol and the Nebraska Law Enforcement Training Center (September 1995)
- Nebraska Equal Opportunity Commission (January 1995)
- The Interstate Agricultural Grain Marketing Commission (February 1994)