

Internal Control Plan Nebraska Department of Transportation

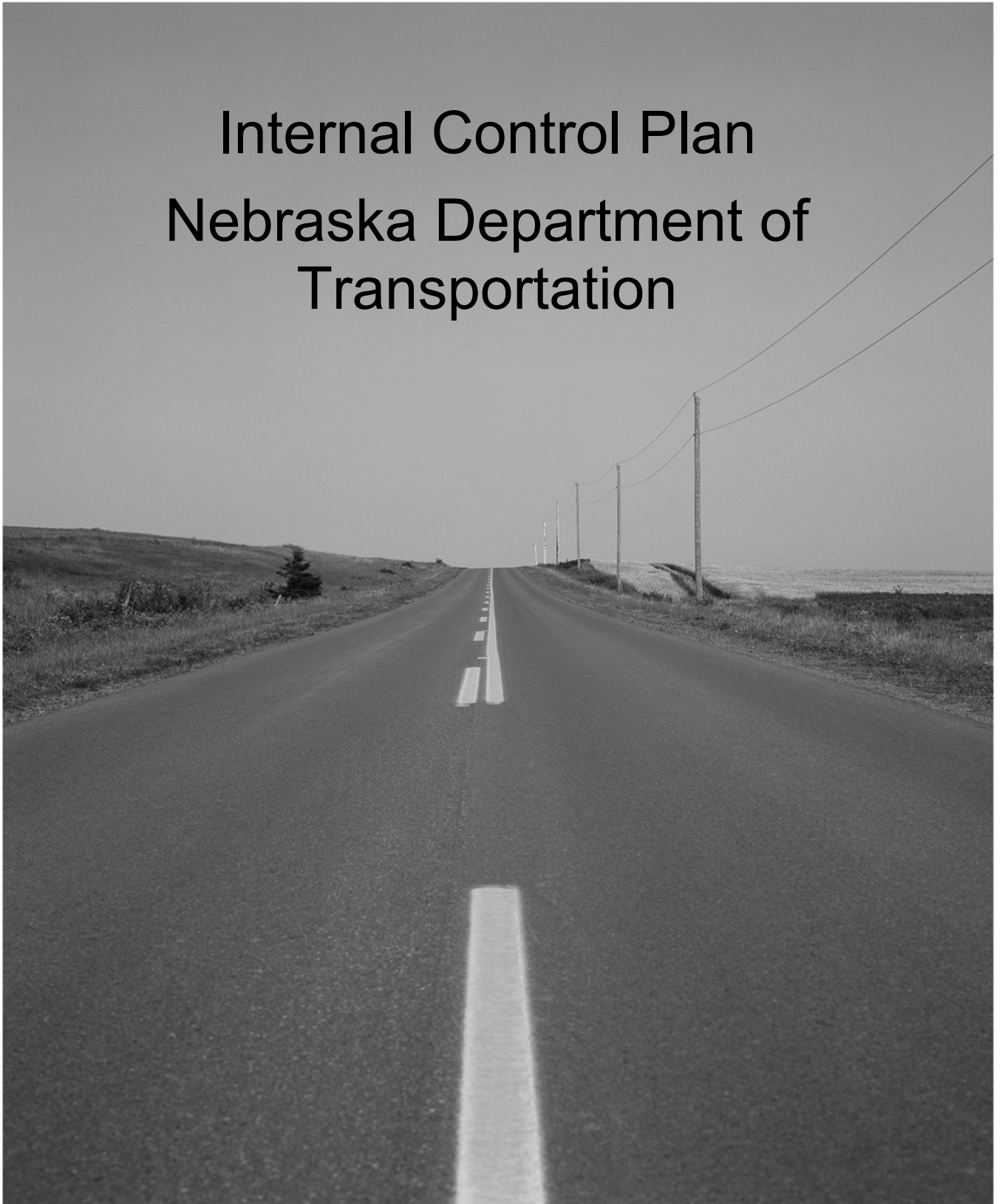


Table of Contents

Contents

1. Table of Contents	2
2. Agency Introduction	3
3. Agency Level Controls.....	4
4. Cash, Petty Cash, and Credit Cards.....	6
5. Revenues and Receivables.....	10
6. Disbursements / Procurement Card	16
7. Fuel	23
8. Purchasing and Receiving	26
9. Contracts and Agreements	34
10. Fixed Assets	44
11. Payroll	47
12. Project Finance	51
13. Budget.....	53
14. Journal Vouchers and Journal Entries	55
15. Month End, General Ledger, & Financial Statements	57
16. CAFR - Comprehensive Annual Financial Reporting	60
17. Audit	62
18. NDOT Financial Systems	65

1. Agency Introduction

Introduction

The Internal Controls Coordinator for the Nebraska Department of Transportation is the Controller Division's Accounting Manager. It is the responsibility of the Internal Controls Coordinator, working with agency management and staff, to establish, implement, maintain and monitor the Agency's Internal Controls. The Agency's Internal Control policies and procedures are established to help provide a control environment where risks are identified and processes and procedures are implemented, to enable the agency to successfully meet its goals and objectives, including effective and efficient operations, reliable financial reporting and compliance to applicable laws, statutes, and regulations.

Designated Internal Control Coordinator

Kathy Pahre, Accounting and Finance Manager

Internal Control Team Members

Kathy Pahre, Accounting and Finance Manager

Rebecca Fleming, Highway Budget & Finance Manager

Noah Finlan, Audit Manager

Kathy Peterson, Accounting and Finance Manager

JeanE. Plihal, Financial Systems Manager

Connie Heiser, Accountant III

Executive Staff

- <https://dotspot.nebraska.gov/directors-office/director/communication-corner/>

NDOT Divisions and Section Administration and Districts

- <https://dotspot.nebraska.gov/>

2. Agency Level Controls

Control Environment

Agency Mission Statement

We provide the best possible statewide transportation system for the movement of people and goods.

Strategic Plan Access the Strategic Plan at:

<https://dot.nebraska.gov/projects/publications/lrtp/>

Code of Conduct

Refer to the Nebraska Department of Transportation Human Resources Policies & Procedures Manual. This document is prepared by the Human Resources Division of the Department of Transportation and is made available to all temporary and permanent employees during employee orientation. Included in the handbook is a section on ethics which states: *Employees of the Nebraska Department of Transportation (NDOT) are expected to maintain and exercise the high moral and ethical standards in carrying out job responsibilities and to perform the job in a professional manner. Employees are expected to be honest, trustworthy and respectful.* Executive management has communicated and demonstrates these qualities setting a “Tone at the Top.” As part of the agency’s commitment to acceptable work ethics and practices, the agency commits to following-up on and investigating any allegation of fraud in a timely manner. Employees should report suspected fraud/financial misconduct through the appropriate management levels. Employees may anonymously report suspicion of fraud/financial misconduct to State Accounting, the State Auditor’s Office, the State Ombudsman’s Office or the State Attorney General’s Office if necessary. Public employees who report fraud are protected against retaliatory or disciplinary actions under the provisions of state law.

Operating Procedures and Policies

The Agency maintains policies, manuals, and NDOT Operating Instructions on the NDOT Intranet. For additional information, please contact the Agency Internal Control Coordinator.

The Agency adheres to applicable statewide policies and procedures and applicable Federal and State laws and regulations.

INTERNAL CONTROL PLAN as of 03-24-2020

Hiring and Training

NDOT is committed to hiring the most qualified applicants/individuals. New employees are provided adequate training to ensure individuals are capable of performing the tasks that are assigned to meet established performance expectations. NDOT Human Resources Division provides training on a continual basis. Job specific training is provided as required. Performance is monitored and performance evaluations are completed and shared with employees.

Risk Assessment

The Department of Transportation assesses risks and implements the appropriate controls. Every effort is made to mitigate risk by ensuring that adequate separation of duties exists in the handling of all financial transactions:

- Cash, Petty Cash, and Credit Cards
- Revenues and Receivables
- Disbursements/Procurement Card
- Purchasing and Receiving
- Fuel
- Purchasing and Receiving
- Fixed Assets
- Payroll
- Project Finance
- Budget
- Journal Voucher and Journal Entries
- Month End, General Ledger, Financial Statements
- CAFR
- Audit
- NDOT Financial Systems

Monitoring

Management responds timely to weaknesses identified by external and internal audit findings and recommendations.

Random and structured reviews are conducted to ensure control procedures are functioning as expected.

The Internal Controls Coordinator and/or members of the Internal Controls team periodically evaluate the internal control system. Controls are established to detect and prevent problems. In the event a problem is identified, the controls are reassessed and revised as necessary. At a minimum, the plan is reviewed annually by the Internal Controls Coordinator.

3. Cash, Petty Cash, and Credit Cards

Risks

Internal controls over cash are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process. "Cash" includes coin, currency, checks, money orders and credit card transactions.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Cash handling practices are in compliance with State laws and regulations, and processing of credit card transactions are in compliance with PCI (Payment Card Industry Standards).

Transactions are recorded properly and timely.

Cash transactions are reconciled in the month end general ledger process by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting Section Accounting and Finance Manager.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Monies received are kept in a locked safe, except during the preparation of the daily deposit. The safe has a combination and a key, and is kept locked throughout the day. The safe is accessible by the Finance Administrator, the Accounting Manager, the Accountant III and the Accountant I's. The Accounting Section doors are locked at the end of each business day.

Checks and cash received by the Controller Division are endorsed upon receipt and recorded in a check register by Laurie Burling, Accountant I. Checks and cash received by the Divisions and Districts are also endorsed upon receipt and entered into a check register by a designated individual, then forwarded to the Controller Division the next business day and entered into the Controller Division check register. The completed check register(s), checks, and cash are given to the Accountant III in the Accounting Section assigned to complete the deposit process.

Depositing of receipts (checks and cash) is the responsibility of the Accountant III. Checks and cash received are recorded in the (RBS) Transportation Billing System and the (NIS)

INTERNAL CONTROL PLAN as of 03-24-2020

Nebraska Information System. The pre-audit of deposits is performed by the IT Systems Analyst or the Accounting and Finance Manager, stamped pre-audit and initialed. The completed documentation is signed and approved in the (NIS) Nebraska Information System by the Cost Accounting Manager.

The deposit document (2) two copies, along with the checks and cash is secured in a locked deposit bag and given to a Communications employee and taken to the State Treasurer. The second copy is signed by the State Treasurer's office, returned to the Accountant III and filed with all the supporting documentation.

Deposits are prepared, pre-audited and approved by separate individuals. A monthly reconciliation is performed by a fourth individual and reviewed by the Accounting Manager or, the Accounting and Finance Manager.

Deposits are prepared daily to ensure compliance with State Statutes.

Petty Cash Funds

The NDOT Standard Petty Cash Fund Policy has been created to provide guidelines for the appropriate establishment, change, termination, use, and accountability of such funds. Neb. Rev. Statute Section 81-104.01 R.R.S. 2014 allows the Department of Transportation to establish petty cash funds of not less than \$25 nor more than \$300. Funds have been established within all eight field districts and various divisions of the Department.

There are two different types of standard petty cash funds. One is the *regular* or *replenishment fund*, which is used to make small or emergency purchases which cannot be made with the procurement card or when it is impractical to use a purchase order. The other is the *cash only fund*. This fund is used only to make change when individuals purchase permits, plans, etc. It is not to be used by Department personnel to make purchases. **(Note)** The Department maintains one other type of petty cash fund for employee recognition transactions, excluding gift certificates. The *ER fund* follows the same basic guidelines for creation, change, termination, and accountability as the standard fund. However, the usage and coding requirements differ and are governed by separate policy (Refer: Employee Recognition Petty Cash and Guidelines policy – see page 3).

<https://dotspot.nebraska.gov/media/1123/purchas-card-prog.pdf>

Three individuals have roles and responsibilities maintaining the standard petty cash funds:

Petty Cash Fund Coordinator – The Petty Cash Fund Coordinator (located in the Controller Division) is responsible for:

- 1) The establishment, change and termination of petty cash funds.
- 2) Reviews and submittals of all applications to AS Accounting for approval.
- 3) Maintaining a file of approved custodian applications and an updated list showing fund custodians, type of fund and dollar value.

INTERNAL CONTROL PLAN as of 03-24-2020

- 4) The coordinator contacts custodians twice per year to validate fund status and reminds custodians to replenish funds before fiscal year end.

Petty Cash Fund Custodian - The Petty Cash Fund Custodian (located in the District and Division Offices):

- 1) Maintains the petty cash fund in a safe and secure manner (lock box).
- 2) Keeps the petty cash fund separate from all other funds.
- 3) Ensures that each transaction is valid and includes proper documentation to support each expenditure, including appropriate signatures.
- 4) Prepares proper documentation for replenishment and replenishes the fund in a timely manner, including fiscal year end.
- 5) Ensures the fund is properly balanced at all times.
- 6) Immediately reports any missing funds to supervisor and Fund Coordinator.

Accounting Section Personnel - Designated Accounting Section Personnel:

- 1) Process replenishment requests in a timely manner, reviews all coding, verifies attached documentation supports requests, and verifies signatures.
- 2) Contacts fund custodians concerning questionable transactions, coding, amounts, documentation, etc.
- 3) Submits documentation to AS Accounting for replenishment check processing.

Controller Division personnel performs an annual audit on all petty cash funds.

The Agency maintains the Petty Cash Policy on the NDOT intranet. For additional information, please contact the Agency Internal Control Coordinator.

Credit Card Transactions

Credit cards are accepted as a form of payment for services and products. NDOT currently uses the PayPal System and Nebraska Interactive to process receipts.

Truck permit transactions are interfaced into NIC and PayPal through the Automated Truck Permit System. All other transactions are entered directly into PayPal by NDOT assigned personnel. Access to the PayPal system is granted by the Controller Division's Accountant III or the Accounting Manager. Each individual who has access to PayPal is assigned an ID and a password for secure log on. All updates to PayPal are confirmed via email from the PayPal System to the Accountant III and the Accounting Manager.

Access to Nebraska Interactive is granted by ne-support@egov.com. Each individual who has access to NIC is assigned an ID and a password for secure log on.

INTERNAL CONTROL PLAN as of 03-24-2020

To ensure proper receipt and recording of funds in the NDOT Financial Systems and the (NIS) Nebraska Information System, credit card transactions are reconciled daily using the following:

- the Daily Batch ID report provided by NIC,
- the Payments Summary Report provided by First National Solutions,
- a detailed transaction report provided by the (NATPS) Nebraska Automated Truck Permit System,
- division internal reports including supporting documentation,
- and documentation received from the State of Nebraska Treasurer's Office.

This process is completed by the RBS Accountant III in the Controller Accounting Section. Any variances due to timing are reconciled. The appropriate entries are entered into the (RBS) Transportation Billing System and the (NIS) Nebraska Information System to record credit card receipts. A pre-audit is completed by the designated Accountant I. This information is reconciled in the monthly general ledger process by the Controller Accounting Section Accountant II and reviewed by the Accounting Manager, or the Accounting and Finance Manager.

NDOT participates with the office of the CIO and the State Treasurer's Office in a yearly review of credit card practices to ensure compliance with PCI guidelines.

Monitoring

Random and structured reviews are conducted by assigned Audit Section staff, the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of the (RBS) Transportation Billing System and the (NIS) Nebraska Information System transactions for cash, petty cash, credit card transactions and receipts.

4. Revenues and Receivables

Risks

Internal controls over revenues and receivables are necessary to prevent mishandling of funds, inaccurate issuance of customer invoices, misapplying of monies, misstatement of revenues earned and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the revenue and receivables processes. "Revenues and Receivables" include money received from tax receipts, federal reimbursements, state agencies, local entities, and other miscellaneous sources.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Record of revenue and receipts is in compliance with State laws and regulations.

Deposit Processing - All State agencies depositing State funds directly into a State Treasury bank account are required to remit a State Treasurer Payroll and Financial Center Deposit Document and required documentation (deposit ticket or bank receipt) to the State Treasurer's Office. These documents should generally be submitted within two business days after the funds have been deposited in the State Treasury bank account. Faxed copies may be submitted to the State Treasurer with the original copies kept on file at the agency location. The timing of deposits is covered by **State Statute 84-710**.

Transactions are recorded properly and timely.

Revenues and receipts are reconciled in the month end general ledger process by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting and Finance Manager.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

State Revenue/Receipts

State source revenue represents income from highway user taxes, sale and rental of Agency properties, interest on investments and other nominal revenues. These revenues are received from other State entities in the form of a Journal Entry processed in the (NIS)

INTERNAL CONTROL PLAN as of 03-24-2020

Nebraska Information System. The receipt of State Revenue is identified daily by the Accounting Section Accountant III, who reviews the (NIS) Nebraska Information System's general ledger cash account for all NDOT funds on a daily basis. The Accountant III (Chad Walford) prepares general ledger adjustments (Journal Vouchers) into the Department of Transportation general ledger. The Journal Voucher, along with all supporting documentation is reviewed and approved by the Accounting Section Accounting and Finance Manager. On a monthly basis, the Accountant III prepares a reconciliation for review by the Accounting Manager before preparation of the monthly Department of Transportation Financial Statements.

Revenue from other State Agencies is billed by generating an (IBT) Intrastate Billing Transaction document. Requests to initiate an IBT are received from Divisions, Districts, and the Controller Division. Invoices are generated by the Controller Accounting Section RBS Accountant II. The invoices and supporting documentation are pre-audited by the RBS Accountant III before batching, printing and interfacing into the (NIS) Nebraska Information System. Invoices and the supporting documentation are then mailed to the State Agency.

Examples:

- Stock Requisitions (X502)
- State Patrol rent and other expenses (511) 50%
- Fuel IBT's X901
- Waverly scale billings to the State Patrol (X902, X905 and X906)
- Printing Requisitions – we print jobs for other agencies.

Reimbursement from the Federal Government

Revenue from the federal government represents earnings that result from the progress in accomplishing Construction, Transit, and (NHTSA) National Highway Traffic Safety Administration projects involving participation by the federal government. Earnings are governed by the progress made in the completion of all construction phases of a highway project.

A billing schedule requesting Federal Reimbursements is established by the Project Finance Accounting and Finance Manager and distributed to the Controller Division. On the designated billing dates, the Project Finance Section Accountant II initiates the automated billing process to generate a reimbursement request/invoice to FHWA. The request and supporting documentation are reviewed by a designated Project Finance Accountant II and/or the Project Finance Budget Officer II before submittal to the Federal Highway Administration. Reimbursement requests are approved in the (RASP) Rapid Approval and State Payment System by the Budget and Finance Manager, or the Finance Administrator.

INTERNAL CONTROL PLAN as of 03-24-2020

Other Revenue/Receipts

Other revenue reflects earnings of funds contributed by local political subdivisions, other states, rail transportation and utility companies for progress in accomplishing construction projects involving participation by other entities.

Invoices are prepared by the assigned Project Finance Accountant II (Marsha Sand, Mary Goggins) or the Accountant III (Rhonda Nimmich).

The invoice, along with the supporting documentation is pre-audited by the RBS Accountant III or the Budget Officer II and approved by the Budget and Finance Manager, then mailed to the appropriate entity.

- Bridge Billings to the State of Iowa and Missouri (Reimbursement of expenditures)
- Maintenance Agreements
- CARFAX, Experian (Revenue) – These companies provide Crash data VIN records

(SPD's) State Property Damage

State Property Damage revenue is recovery of costs incurred by the Department of Transportation in repairing State Property that is damaged from an accident, vandalism, theft, etc. Incidents are reported by law enforcement, NDOT employees, insurance companies, and private citizens. Reported incidents are documented in the NDOT (DIRK) District Incident Reporting Knowledgebase. Costs for repairs are accumulated in DIRK and on completion of the repairs, a notification is sent to the (SPD) State Property Damage Coordinator (Donna Hosick) who prepares an invoice in the Transportation Billing System. Invoices are batched and printed weekly. The invoice and all supporting documentation are pre-audited by the RBS Accountant III in the Accounting Section. Invoices are returned to the (SPD) State Property Damage Coordinator and mailed to the person responsible (or their agent) for the damage. Outstanding invoices are monitored and collection efforts, if required, are initiated by (SPD) State Property Damage Coordinator. Contact is made on accounts that remain unpaid 30 days after issuance of the invoice. If payment is not received after an additional 30 days, the account is turned over to the Attorney General's Office (Barb Smetter) for further collection efforts.

The Attorney General's office uses all legal avenues to collect SPD's. If an account is determined uncollectible, the Attorney General's office sends a Memorandum to the Controller Division's Accounting Section.

INTERNAL CONTROL PLAN as of 03-24-2020

Cancellation of an Invoice

Requests for cancellation of an invoice must be received in writing with an explanation of the reason for the cancellation (billed incorrectly). *This includes Performance Guarantee Cancellations which are given to the Accountant III, so that she can match them up the next day with the cancelled Invoice.*

If cancellation is required, the RBS Accountant III processes cancellations for SPD invoices and the Accountant I processes all other cancellations in RBS. The Accounting and Finance Manager processes all cancellations in (NIS) Nebraska Information System, if required. The documents are approved by the Accounting Manager.

Storefront Sales

Products sold in Storefront include plans, maps, publications and accident reports. Orders are entered by customers and NDOT staff and interface into RBS daily; after the interface a report listing the total orders and amounts is automatically generated and a validation email showing the individual orders and their payment type is emailed to **DOR, Storefront PRD Ctl Role**.

These are the primary kinds of orders:

- Accident reports – Traffic Division
- Plans, flagger certification – Construction Division – Letting information
- Maps – Communication

Accepted payments are: cash, check, credit card /PayPal accounts. Payments by cash or check are recorded and approved by the division staff before completing the order. The checks and cash are entered on a receipt register by divisions and brought to the RBS Accountant III for review against the validation email.

Payments made using a credit card or PayPal account will redirect the customer to PayPal website where they will enter their own information. After PayPal processes the payment, the information will communicate back to Storefront that the payment was completed and the order will change to payment approved status.

The RBS Accountant II verifies the credit card transactions by reviewing the Daily Batch ID report retrieved from the PayPal Manager site against:

- the Storefront validation email
- and documentation provided by the State Treasurer's Office.

INTERNAL CONTROL PLAN as of 03-24-2020

Write Off's

If an account is determined uncollectible, a Claim for Injury or Damage Form and a Request for Writing Off State Uncollectible Debts is completed by the RBS Accountant III, reviewed by the Accounting and Finance Manager, then approved by the Controller Division's Finance Administrator and forwarded to AS Risk Management. Upon approval from the State Claims Board and the Legislature, the account is written off by the Accounting and Finance Manager and approved by the Accounting Manager.

(RBS) Transportation Billing System Month End

At the end of each business month, month end closing processes are initiated by the RBS Accountant III. The system is set to query mode during the process to ensure new transactions are not entered. The system is checked for errors and suspense items before the month is closed.

Permits are now done using Credit Cards.

Statements for X6*** accounts are reviewed then sent to the designated Hwy ROW Agent II for mailing.

A monthly reconciliation of open receivables is prepared and reviewed by the Accounting Section Accounting and Finance Manager.

The RBS Accountant III (**Natalie E. Johnson**) is responsible for reviewing the outstanding IBT's listing and contacting the appropriate State Agency regarding the status of payment. The report is reviewed by the Accounting Section Accounting and Finance Manager monthly.

The Project Finance *Accountant II* (**Mary Bohuslavsky**) is responsible for monitoring the monthly accounts receivable report for all receivables other than IBT's. Contact is made via email or phone on accounts that are over 45 days old. Correspondence is documented. A report and the status of open accounts receivable are sent to the Budget and Finance Manager and the Finance Administrator for review.

Sales Tax

Sales tax is collected, recorded and submitted to the Nebraska Department of Revenue as required by law. All sales tax collections are recorded in (RBS) Transportation Billing System. During the RBS month end process, a Monthly Sales Report is generated. The report is used to complete the Nebraska Department of Revenue's Nebraska and Local Sales and Use Tax Return Form 10.

INTERNAL CONTROL PLAN as of 03-24-2020

The Form 10 is prepared by the Accounting Section RBS Accountant III (James Busing), pre-audited (reviewed) by the Accounting Section Accounting and Finance Manager, and signed by the Accounting Manager, or the Finance Administrator.

A Journal Voucher and a Journal Entry are prepared to properly record the transaction and to transfer funds for the sales tax collection to the Nebraska Department of Revenue.

The monthly general ledger process includes a reconciliation of sales tax recorded, received and paid.

Monitoring

Random and structured reviews are conducted by the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of the (RBS) Transportation Billing System and the (NIS) Nebraska Information System transactions for revenues, receipts and sales tax collections.

5. Disbursements / Procurement Card

Risks

Internal controls over disbursements and procurement card transactions are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the processing of disbursement documents. "Disbursements" include Vendor invoices, employee expense reimbursement requests, IBT's, procurement card transactions and other miscellaneous disbursement requests.

All individuals in the Controller Division who pre-audit documents have attended pre-audit training provided by AS-State Accounting and are Certified Pre-Auditors, including the Accounting Manager and the Accounting and Finance Manager.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Ensure payment of Vendors and processing of employee expense reimbursements are in compliance with State laws and regulations, and processing of credit card transactions are in compliance with PCI (Payment Card Industry Standards).

Transactions are recorded properly and timely.

Disbursement transactions are reconciled in the month end general ledger process by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting and Finance Manager.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

(POP) Propriety of Purchasing List is maintained by the Controller Accounting Section's designated Accounting Clerk II. The purpose of the listing is to identify those individuals authorized to approve expenditures for the Department of Transportation. Districts and Divisions have the authority to approve all expenditures for supplies, materials and operating expenses within approved budgets. The listing is updated as required.

INTERNAL CONTROL PLAN as of 03-24-2020

Updates/changes require written notification. Annually, the list is sent to each Division and District for review. (For further approval authority, refer to NDOT Operating Instruction 45-06.)

Vendor Invoices including IBT's (Invoices from other State Agencies)

Vendor invoices are received, reviewed and approved by NDOT Districts and Divisions. The majority of Vendor invoices are entered into the (RPS) Transportation Payment System by District and Division personnel then uploaded into Onbase for pre-audit and authorization for payment. All documents are pre-audited to ensure the following guidelines are followed:

- Approver is included in the NDOT Propriety of Purchasing Listing
- Original Invoice, (if not available, copy is stamped "In Lieu of Original" and verification is made to ensure that the invoice was not previously processed)
- Supporting documentation is attached
- Appropriate and required coding is used (refer to the NDOT Accounting Manual for specific coding requirements)
- Vendor Payment Address and Address Book User is Correct in the (RPS) Transportation Payment System and the (NIS) Nebraska Information System.
- Verification that the invoice user, invoice amount, invoice date, required coding, etc. have been entered into the (RPS) Transportation Payment System correctly

Upon completion of the pre-audit process the pre-auditor authorized the document both in RPS and in OnBase. The Transportation Payment System does not allow an individual who enters a document into the system to pre-audit and authorize the same document. Only Controller Division certified pre-auditors are allowed to authorize payments.

Pre-audited/authorized documents are interfaced from the Transportation Payment System to the (NIS) Nebraska Information System via an electronic file on a nightly basis, except for the last working day of the month. Electronic notification via email is received by the Accountant III and the Payables Accountant I confirming the receipt of the interfaced documents. If a document fails, the email identifies the NIS batch user and appropriate action is taken to make the necessary corrections in both the Department of Transportation and the (NIS) Nebraska Information System. Changes are documented on the original documents.

Detailed cover sheets of each payment processed, a summary report, and batch control reports are printed each morning. The detailed cover sheets are matched up to the documents within OnBase.

INTERNAL CONTROL PLAN as of 03-24-2020

The batch control sheets are reviewed by the Accounting and Finance Manager, who signs and dates if the information agrees with the supporting documentation. All documents are filed in the Accounting Section file cabinets. These documents and all supporting documentation are retained in OnBase.

Documents for federal-aid projects may be retained for a longer period as is necessary to support federal claims.

On a daily basis, the (RPS) Transportation Payment System receives an interface from the (NIS) Nebraska Information System listing the payments that were made, including date paid and warrant or electronic payment user. On a weekly basis, the open accounts payable report in NIS is reviewed and any items that have not been processed for payment are pulled to determine what action needs to be taken for the payment to be released.

Accounts Payable is reconciled monthly during the general ledger process by the Budget & Finance Section Accountant III. Discrepancies are identified and correcting entries are prepared by the Accountant III and approved/posted by the Highway Budget & Finance Manager.

Employee Expense Reimbursement Requests

Employee expense reimbursement requests are generated, reviewed and approved by NDOT Districts and Divisions. The majority of employee expense reimbursement requests are entered into (RPS) Transportation Payment System by District and Division personnel then forwarded to Controller's Accounting Section for pre-audit and authorization for payment. All payment request documents are entered by Clerks within the Districts and Divisions, and then uploaded to OnBase. A few are received by the Controller Division and distributed to the Accountant I (Laurie Burling) assigned to process these requests. All employee expense reimbursement documents are pre-audited. The guidelines documented in the checklist for expense vouchers are followed. (For additional information on Employee Expense Reimbursement Requests refer to NDOT Operating Instruction 20-6.)

After completion of the pre-audit process the procedure is the same as stated above in the Vendor invoices section of this document.

INTERNAL CONTROL PLAN as of 03-24-2020

Procurement Card

The Department of Administrative Services is responsible for the statewide Purchasing Card Program. The Department of Transportation' Purchasing Card Administrator, Controller Division Accounting Manager, is the contact point for purchasing card policies and procedures. The Administrator is responsible for updating the policies and procedures.

The purchasing card enables NDOT employees to make small purchases with the convenience of a credit card, while maintaining control over those purchases. The use of the card improves efficiency and effectiveness by reducing costs associated with processing small dollar purchases and payments and will provide for immediate payment to Vendors. Contracts were added to this process on 11-1-2019. Purchases less than \$500 from the following vendors: NAPA, Grainger, Fastenal, O'Reilly, CarQuest, Advanced Auto Parts, etc.

Purchasing card purchases are governed by the same statutes and procurement rules that apply to all other purchases paid by state warrant.

Cardholders, approving officials, and reconcilers play a critical role in ensuring the success of the purchasing card program. Having a purchasing card is NDOT's demonstration of confidence in its employees. Although the card lists the individual employee's name, it is actually issued to the state. NDOT is responsible for the use and payment of purchases with the card. However, cardholders have primary accountability for the card's security and use. Approving officials monitor the cardholder's use of the card and ensure accurate recording of expenditures.

US Bank issues the Visa Procurement Card for the State of Nebraska. The cards are embossed with the State of Nebraska logo, the cardholders name, account user, and state tax exemption. Each card has multiple controls such as allowable merchant codes and single and cycle spending limits. Every cardholder and reconciler must attend training on the proper use of the card. An agreement stating adherence to program policies and procedures is to be signed by each cardholder.

Roles and Responsibilities

Cardholder

- Safeguards VISA Purchasing Card issued in his/her name.
- Reports lost or stolen cards immediately to US Bank, approving official, and Purchasing Card Administrator and/or the Purchasing Card Administrator Alternate, Controller Division Accountant III.
- Complies with all policies and procedures relating to the use of the card.
- Enters equipment/building/project user, signature, and proper coding on original supporting documentation and forwards to reconciler at least weekly.
- Makes copies of supporting documentation
- Reviews monthly account statements and immediately reports any discrepancies to the reconciler, approving official, and Purchasing Card Administrator.
- Initials monthly statement and forwards to reconciler.
- Resolves any discrepancies directly with the Vendor.
- Employee Recognition designated cardholders are the only cardholders who may purchase ER related award items included in their respective approved ER Program.

INTERNAL CONTROL PLAN as of 03-24-2020

Reconciler

- Receives supporting documentation from the cardholder.
- Reconciles cardholder's submitted information to electronic file from US Bank.
- Prepares the document (*receipt*) for coding.
- Reviews and resolves discrepancies with the cardholder/Vendor/Purchasing Card Administrator.
- Prints on-line Journal Voucher for signature of cardholder's approving official.
- Maintains all archived purchasing card payment documentation in accordance with NDOT records retention policy.

Approving Official

- Approves cardholder purchases.
- Issues email to cardholder for split purchase or single purchase exceeding the \$1,499.99 limit.
- Collects purchasing cards from employees who terminate employment or transfer and no longer need cards, cuts them in half, and forwards the cards to District administrative assistant or Division reconciler.
- Reviews weekly purchases and signs the printed Journal Voucher to indicate approval of the purchases.

District Administrative Assistant and Division Reconciler

- Acts as contact with the NDOT Purchasing Card Administrator Alternate.
- Maintains copies of cardholder applications, agreements and card users.
- Forwards applications and agreements to the Purchasing Card Administrator.
- Receives destroyed cards from approving official and forwards them to Purchasing Card Administrator.
- Conducts training sessions for new cardholders and reconcilers and 3-year renewal refresher courses (*Districts only*).
- Distributes new cards to cardholders (*Districts only*).

Purchasing Card Administrator Connie Heiser (or Alternate)

- Acts as contact with AS Purchasing Card Administrator.
- Acts as contact with US Bank.
- Develops and enforces NDOT purchasing card policies and procedures.
- Receives purchasing card applications and agreements and submits them to AS.
- Maintains primary copy of cardholder applications and agreements.
- Receives cards from AS.
- Schedules training for Division cardholders and reconcilers.
- Issues cards to District administrative assistants and Division cardholders.
- Monitors NDOT purchasing card activity to include:
 - Cardholder activity
 - Unreconciled activity
 - Disputed transactions
 - Card expiration dates
 - Cancels purchasing cards.
 - Reconciles/reviews purchasing card data entered by reconcilers with US Bank weekly billing.
 - Remits payment to US Bank.
 - Processes Journal Voucher after agency reconciliation is complete.

Reconciliation

On a weekly basis (Monday), the Controller Budget and Finance Section receives an electronic file from US Bank containing purchasing card transactions submitted from Vendors. (Connie Heiser or Chad Walford.)

INTERNAL CONTROL PLAN as of 03-24-2020

This information is distributed to the designated reconcilers who reconcile the purchase receipts provided by the cardholders with the bank transactions and input the cost coding as recorded on the receipt into the Procurement Card System. Outstanding receipts are requested from the cardholder to complete the reconciliation process. Each file will be reconciled by the following Monday.

When the reconciliation is completed, the approving official receives a printed listing of the transactions (Print Authorization Form) for the cardholders assigned to him/her, along with the supporting documentation. The form is reviewed and signed by the approving official. The signature is authorization to process the transactions for payment. The Print Authorization Form and the supporting documentation are returned to the reconciler to retain.

The Controller Budget and Finance Section's Accountant III (Connie Heiser) reviews reports on a weekly basis to ensure all transactions have been authorized. Any outstanding transactions are reviewed and the reconciler is contacted. If a transaction is disputed, the Accountant III contacts AS-State Accounting and/or US Bank. Weekly, the transaction file is processed for payment. An automatic Journal Voucher is created to distribute costs to the NDOT financial systems. A (NIS) Nebraska Information System Journal Entry is prepared by the Accounting Section Accountant II, pre-audited and authorized by the Accounting and Finance Manager and posted by the Accounting Manager.

For additional information on the following processes, please refer to:

<https://dotspot.nebraska.gov/media/1123/purchas-card-prog.pdf>

- Requesting a Procurement Card
- Training and Agreement
- Card Distribution, Activation, Custody
- Lost or Stolen Cards
- Credit Limits
- Making a Purchase
- Documentation
- Reconciliation
- Canceling a Card
- Employee Recognition
- Audits
- Records Retention
- Use of the Purchasing Card
- Attachments

The original purchasing card receipts and statements are kept in the district and division offices and retained according to the AS State Accounting retention schedule.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

Random and structured reviews are conducted by assigned Audit Section staff, the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of (RPS) Transportation Billing System, (PCS) Procurement Card System and (NIS) Nebraska Information System transactions for disbursements and accounts payable balances.

Contributed by Connie Heiser

6. Fuel

Risks

Internal controls over fuel purchases and fuel billings are necessary to prevent unauthorized fuel purchases, to ensure appropriate billing to other state agencies for fuel, and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of misuse of the Voyager Card by defining the responsibilities in the purchase and billing of fuel products, and ensuring accurate recording of current fuel prices.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Ensure payment of Voyager transactions and recording of fuel prices are in compliance with State laws and regulations, and processing of credit card transactions are in compliance with PCI (Payment Card Industry Standards).

Transactions are recorded properly and timely.

Fuel cost records and prices are reviewed by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting Section Accounting and Finance Manager.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Voyager Card Payment

Operations Highway Fuel and Credit Card System Manager, Supply Manager and Accounting Clerk receive a weekly electronic Voyager transaction file containing transactions/purchases on the Voyager Card.

Accountant I (Linda Soulliere) downloads the file, reviews, requests supporting documentation for all miscellaneous charges (inputs appropriate coding) and all transactions exceeding \$500.00.

Supply Manager also reviews transactions, fuel prices and equipment information.

INTERNAL CONTROL PLAN as of 03-24-2020

Upon completion of the review, Highway Fuel and Credit Card System Manager sends an electronic approval to the Fleet Manager, Inventory Manager, Accounting Clerk II, Controller RPS Accountant I and the Accounting Manager that the file is reconciled and ready for payment processing.

Controller RPS Accountant I downloads the transaction file and completes the payment process in the (RPS) Transportation Payment System. Documentation is pre-audited and authorized for payment by the designated Accountant I.

This payment is included in the overnight (RPS) Transportation Payment System interface to the (NIS) Nebraska Information System for payment processing to the Vendor.

E Fuel

Establishes fuel rates used to cost Department of Transportation fuel usage and to document the rate charged to other agencies for fuel purchases.

The RPS Accountant I calculates the monthly rate by retrieving tax and fuel rate information from the State Gas System. The rate includes the per gallon price for fuel, state tax, overhead and (AS) Administrative Services overhead.

Report is generated verifying the new fuel rates. The report and supporting documentation is reviewed by the Accounting Section Accounting and Finance Manager to ensure new rates have been entered into the State Gasoline System correctly.

Fuel Billing to Other Agencies

(IBT's) Interagency Billing Transactions for fuel purchased from NDOT are generated on a monthly basis in the (NIS) Nebraska Information System. Detailed documentation is accumulated in the State Gas System, where usage/purchase reports are generated and included as support for the invoices generated.

The Highway Fuel and Credit Card System Manager reviews the detailed documentation and forwards to the RBS Accountant III for processing. The Controller RBS Accountant III, ensures the supporting documentation and the billing information are accurate, processes a job to import the invoices into (RBS) Transportation Billing System. The designated Accountant III pre-audits the IBT's and supporting documentation. The IBT's are e-mailed to the appropriate Agency.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

Random and structured reviews are conducted by the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of billings to Agencies, (RPS) Transportation Payment System, and cost transactions.

7. Purchasing and Receiving

Risks

Internal controls over purchasing and receiving are necessary to prevent unauthorized purchases, unauthorized receipt of goods and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling goods purchased and received by defining responsibilities in the purchasing and receiving processes.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Ensure purchasing and receiving of goods are in compliance with State laws and regulations.

Transactions are recorded properly and timely.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Procurement of New Equipment

Purchase request is submitted from the Districts to the Operations Division and an internal purchase order is prepared by the designated Operations Division Buyer III and sent to the District Shop Superintendent.

The District Shop Superintendent reviews the purchase order, makes changes if necessary and forwards the purchase order to the Operations Division Fleet Manager.

The Fleet Manager reviews and approves the purchase order and returns the purchase order to the designated Buyer III.

The Buyer III enters the purchase order into NIS and forwards a copy of the purchase order to the Operations Division Business Manager.

INTERNAL CONTROL PLAN as of 03-24-2020

The Business Manager uses the purchase order information to create a fixed asset in NIS.

The Operations Division Staff Assistant I is notified when the equipment is received/delivered.

The District Shop Superintendent inspects the equipment and releases the invoice for payment processing. The Business Manager reconciles the invoice against the purchase order.

The equipment is received in the (NIS) Nebraska Information System by the designated Staff Assistant I.

The receipt batch is posted in the (NIS) Nebraska Information System by the Business Manager.

The Staff Assistant I posts costs to the fixed asset in the (NIS) Nebraska Information System, this amount is reviewed and verified by the Business Manager.

The invoice, the (NIS) Nebraska Information System receiving document and other supporting documentation are uploaded into OnBase for pre-audit and authorization in the (RPS) Transportation Payment System.

Procurement of Commodities/Goods

§81 Series Statutes guide the procurement rules for Goods. The Department of Administrative Services (DAS) through Materiel/State Purchasing Bureau (SPB) provides the further protocols and guidelines for the purchase of physical goods. At certain dollar levels, requests for physical goods are sent to DAS for formal bidding.

- ❖ The threshold for when a Goods item or project is sent to SPB depends on the Open Market Purchase Authority Letter and any specific grants of special authority to NDOT by SPB.

Purchase requests are submitted to the Operations Division Procurement Buyers. All State of Nebraska Purchasing Policies are followed..

For One Time Purchases under \$50,000, NDOT Procurement Buyers Documents quotes obtained, particularly between \$25,000 and \$49,999; ensures quotes are current; freight is FOB Destination; if Sole Source or Restrictive, documentation is attached.

AGENCY AUTHORITY LEVELS; OPEN MARKET DIRECT PURCHASE AUTHORITY

Refer to the State Purchasing Bureau (SPB) website for the current fiscal year's Open Market Direct Purchase Authority letter, annually issued to all agencies, boards and commissions.

For Fiscal Year 2020, the general dollar authority limits are:

INTERNAL CONTROL PLAN as of 03-24-2020

One Time Purchase of Goods

Thresholds and procedures for obtaining competitive bids/quotations for items not available through State Purchasing contracts are in place and conform to State Purchasing policies statutory authority. Procedures for sole source Vendors exist and conform to State Purchasing policies and statutory authority.

Purchases from \$2,000 to \$24,999.99

Under **\$25,000** and not on state contract, may be processed/purchased informally at the agency level.

Buyer II's issue purchase orders. If order is over \$2000, quotes are obtained and awarded to lowest bidder.

We are encouraged to obtain 3 bids, but for those times when 3 bids is not possible or practical it is within NDOT's discretion to move forward with fewer than 3 bids. However, this does not apply to items restricted from direct authority authorization at any dollar amount. See the following link that detail these restrictions.

http://das.nebraska.gov/materiel/purchase_bureau/docs/agency/Unrestricted%20Open%20Market%20Purchase%20Authority%20FY2018-2019.pdf

1. NDOT personnel should first check if the item they are needing to purchase is on a state contract. If yes, notate the price and generate a Purchase Order from the contract in the NIS/E1 system.
2. If not, NDOT personnel should then check to see if what they are needing to purchase is a restricted item as documented in the Annual Unrestricted Open Market Purchase Authority Letter at the following link: http://das.nebraska.gov/materiel/purchase_bureau/docs/agency/Unrestricted%20Open%20Market%20Purchase%20Authority%20FY2018-2019.pdf
3. If the item(s) needed are not listed as restricted items on this list and the item(s) are less than \$50,000 total, then NDOT may proceed with obtaining three (3) quotes and generating the Purchase Order to the low vendor.

Receipt of goods is entered into the (NIS/E1) EnterpriseOne Nebraska Information System by Operations Accounting Clerk I, Buyer II's, or district personnel.

Prior to FY19: From **\$25,000** up to \$50,000 and not on state contract, purchase requests were required to be reviewed at SPB prior to purchasing the goods. SPB reviewed the agency's work for compliance with standard procurement practices and may have granted Direct Purchase Authority to the agency to proceed.

Starting with FY19 for NDOT: Goods requested between **\$25,000** and \$49,999 may be processed informally at the NDOT agency level.

INTERNAL CONTROL PLAN as of 03-24-2020

First, based on NDOT's unique mission sets and deployment of staff and equipment across Nebraska, contract purchases from non-contract sources are authorized up to \$5,000.00 when the non-contract price is lower or circumstances necessitate a local purchase to meet NDOT's statutory requirements.

What does this mean to you and what is the process?

1. NDOT personnel should always check to see if the item(s) they are needing to purchase are on the restricted items list, if so they must be purchased thru appropriate channels, See link below. Are the items on a state contract? If yes, notate the price and generate a Purchase Order from the contract in the NIS/E1 system.
2. If NDOT personnel believe they can get the item at a lower cost locally and the item(s) are needed to meet NDOT's statutory requirements, then NDOT personnel may obtain other quotes from Non-Contracted vendors.
3. If a quote from a Non-Contracted vendor is lower in cost and the item(s) are less than \$5,000 then NDOT personnel may proceed with purchasing the items from the Non-Contracted Vendor.
4. NDOT personnel will need to ensure copies of the contracted price and quotes are kept with the purchase order file to ensure that when/if this purchase were to be audited, the documentation is on on-file.

http://das.nebraska.gov/materiel/purchase_bureau/docs/agency/Unrestricted%20Open%20Market%20Purchase%20Authority%20FY2018-2019.pdf

Example: A District needs to purchase a set of Goodyear tires:

1. The District should first check the state Goodyear contract for the brand and model number needed and print or document the contracted price for the tires.
2. If the District believes that they can purchase the same tire locally cheaper, they should obtain a quote.
3. If the quote from the Non-Contracted vendor is lower in cost and the items is less than \$5,000 then NDOT personnel may proceed with purchasing the items from the Non-Contracted Vendor.
4. NDOT personnel will need to ensure copies of the contracted price and quotes are kept with the purchase order file to ensure that when/if this purchase were to be audited, the documentation is on on-file.

Second, NDOT's Direct Purchase Authority has been increased from \$24,999 to \$50,000 (equal to or less than). We are encouraged to obtain 3 bids, but for those times when 3 bids is not possible or practical it is within NDOT's discretion to move forward with fewer than 3 bids. However, this does not apply to items restricted from direct authority authorization at any dollar amount. See the following link that detail these restrictions.

http://das.nebraska.gov/materiel/purchase_bureau/docs/agency/Unrestricted%20Open%20Market%20Purchase%20Authority%20FY2018-2019.pdf

INTERNAL CONTROL PLAN as of 03-24-2020

4. NDOT personnel should first check if the item they are needing to purchase is on a state contract. If yes, notate the price and generate a Purchase Order from the contract in the NIS/E1 system.
5. If not, NDOT personnel should then check to see if what they are needing to purchase is a restricted item as documented in the Annual Unrestricted Open Market Purchase Authority Letter at the following link: http://das.nebraska.gov/materiel/purchase_bureau/docs/agency/Unrestricted%20Open%20Market%20Purchase%20Authority%20FY2018-2019.pdf
6. If the item(s) needed are not listed as restricted items on this list and the item(s) are less than \$50,000 total, then NDOT may proceed with obtaining three (3) quotes and generating the Purchase Order to the low vendor.

If the item(s) requested are estimated at **\$50,000 or above** the goods must go through the formal process. Formal process means that either the items are publicly bid by SPB or an approved sole source bid is processed.

All items over \$50,000 are sent to AS through the (E1.NIS) EnterpriseOne/Nebraska Information System for competitive bid.

NDOT Procurement Buyer's work with NDOT District and Division personnel to determine materiel specifications and delivery needs and NDOT Buyer prepares the Invitation to Bid document with specifications, usage requirements, delivery constraints, etc. and any other agency needs or requirements.

Contents of incoming shipments, as listed on the packing slip/bill of lading/Vendor invoice are compared to physical products received. Procedures are in place and monitored by the Buyer II's to ensure credit is received for goods returned to Vendors. Invoices are checked for quantity and price and matched to the Purchase order by the Buyer II's and the Accounting Clerk

Invoice is entered in the (RPS) Transportation Payment System and sent to the Controller Division with all supporting documentation for pre-audit and authorization for payment.

Term Contract Requests for Goods/Commodities

At any dollar level a request for a term contract for *physical goods* (that is, a contract document with a set start and end date, typically with renewal options) is bid and processed through the State Purchasing Bureau (SPB). No agency in the state can establish their own term goods contract.

NDOT Procurement Buyer's work with NDOT District and Division personnel to determine materiel specifications and delivery needs and NDOT Buyer prepares the Invitation to Bid

INTERNAL CONTROL PLAN as of 03-24-2020

document with specifications, usage requirements, delivery constraints, etc. and any other agency needs or requirements.

Once a goods contract has been bid and awarded, Buyer II's and district personnel issue purchase orders from state commodity contracts. Buyer II's have authority to issue commodity contract purchase orders up to \$49,999. Commodity contract purchase orders generated by Buyer II's \$50,000 and over as of 07/17/2018) must be approved by a Buyer III or the Procurement Manager.

Orders are received by district personnel or warehouse staff.

Contents of incoming shipments, as listed on the packing slip/bill of lading/Vendor invoice are compared to physical products received. Procedures are in place and monitored by the Buyer II's to ensure credit is received for goods returned to Vendors. Invoices are received by district personnel and/or Operations Buyers. Invoices are checked for quantity and price and matched to the Purchase order by the Buyer II's and the Accounting Clerk and district personnel.

Receipt of goods is entered into the (NIS/E1) EnterpriseOne Nebraska Information System by Operations Accounting Clerk I, Buyer II's, or district personnel.

Invoice is entered in the (RPS) Transportation Payment System and sent to the Controller Division with all supporting documentation and uploaded into OnBase for the Controller Division for pre-audit and authorize for payment.

Contract Purchases have really expanded. We call these 3 way matches.

- Districts and Divisions do the Receipt in NIS against the contract.
- Laurie Burling and Linda Soulliere do the match step in NIS.
- The Pre-Audit/Authorize step is done by Accounting staff.

Contributed by Rita Kucera

Procurement of Information Technology Hardware and Software

Contract Purchases

A purchase of Information Technology equipment is required and a purchase order is prepared in the (NIS) Nebraska Information System by the Information Technology Systems Analyst.

INTERNAL CONTROL PLAN as of 03-24-2020

Purchase order is approved by the designated Information Technology Supervisor then forwarded to Vendor.

Items are received by the requesting party; the paperwork is signed and sent to the Information Technology Systems Analyst for receiving in the (NIS) Nebraska Information System. Receipt is posted in the (NIS) Nebraska Information System by designated Information Technology Supervisor.

Invoice is processed for payment in the (RPS) Transportation Payment System and uploaded into OnBase, for the Controller Division for pre-audit and authorize for payment.

Non-contract Purchases

Information Technology Systems Analyst prepares a purchase requisition in the (NIS) Nebraska Information System which is sent to the Office of the CIO for approval.

Items are received by the requesting party; the paperwork is signed and sent to the Information Technology Systems Analyst for receiving in the (NIS) Nebraska Information System. Receipt is posted in the (NIS) Nebraska Information System by designated Information Technology Supervisor.

Invoice is processed for payment in the Transportation Payment System and sent to the Controller Division for pre-audit and authorization for payment.

Fuel Purchases -

Purchases for fuel are initiated by the Districts.

Purchase orders are sent to the Operations Fuel and Credit Card Manager for review. The Operations Fuel and Credit Card Manager verifies that approval signatures are included in the (POP) Propriety of Purchasing listing, the gallons and price per gallon is accurate, then initials and dates the purchase order and sends to the Operations Supply Manager.

The Operations Supply Manager inputs the purchase order into the (SGS) State Gas System fuel fill spreadsheet. The spreadsheet compares the invoice to the weekly fuel inventory. Emails are sent from the districts to verify fuel purchases. The spreadsheet is used to compare the weekly fuel inventory and receipt of all fuel purchase orders. The purchase orders are given to the Operations Accounting Clerk II.

The Operations Accounting Clerk II receives invoices from fuel Vendors and compares the invoice to the fuel purchase order. The invoice is entered into the (RPS) Transportation Payment System and forwarded to Controller Division for pre-audit and payment authorization.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

Random and structured reviews are conducted by the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of purchases and inventory transactions.

8. Contracts and Agreements

Risks

Internal controls over the bidding and awarding of contracts and agreements are necessary to ensure compliance with State laws and regulations. Strong internal controls also protect employees from inappropriate charges of awarding contracts and/or agreements for personal gain.

Control Objectives

Ensure contract and agreement processes and awards are in compliance with Federal and State laws and regulations.

Contracts are recorded properly and timely.

Appropriate segregation of duties exists and contracts and agreements are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Highway and Construction Contracts

A Highway and Construction Letting is advertised for bids for 21 Days.

Bids are Publicly Opened and Read.

Award Determination is made and approved by NDOT (and local government entities and the Federal Highway Administration, if applicable) prior to executing the contract.

The "Award Notice" is forwarded to Controller Division to complete detailed entry into the ACT (Agreement and Contract Tracking) System and the (PFS) Project Finance System by the Project Finance Accountant II, the Budget Analyst, and the Budget & Finance Section Accountant III.

Contract is entered in (NIS) Nebraska Information System by Budget & Finance Section Accountant III and approved by the Highway Budget & Finance Manager.

INTERNAL CONTROL PLAN as of 03-24-2020

Service/Professional Contracts

Professional Services (e.g. Consultant provided services)

Professional services are procured using a Qualification Based Selection process in accordance with State and Federal law. The selection committee typically consists of 5 (five) members and may include the following: Deputy Director, Project Development Division Head, Project Development's Consultant Services Engineer, the Division Head that the services are for, and a project manager that is familiar with the services being procured.

Following selection, the scope of services and fee are negotiated with the consultant by the specified division and facilitated by the Consultant Services staff.

The final negotiated fee is approved by the Division Head, or their designee, by e-mail. If necessary and approved by the Division Head, an early Notice to Proceed will be issued by the Consultant Services staff.

An agreement number is created in ACT by Consultant Services' Highway Agreements Specialist (State projects) or Local Assistance staff (Local Public Agency [LPA] projects), which is included in the body of the agreement.

For State Projects, the Agreement Specialist prepares the agreement and uploads to DocuSign to secure electronic signatures. Once electronically signed by the Consultant, the NDOT Division Head electronically signs Agreement. The Highway Agreement Specialists uploads the fully executed agreement to OnBase. Note: If Consultant has not signed an Electronic Signature Authorization Agreement, a paper agreement is prepared and mailed to Consultant for signature. Upon full execution, the Agreements Specialist scans the paper agreement and uploads to OnBase, and the original is sent to the Consultant for their records.

For LPA Projects, Local Assistance staff prepares paper agreement and mails out for an LPA and Consultant signatures. Upon full execution, the Local Assistance Staff scans the paper agreement and uploads to OnBase, and originals are sent to the LPA and the Consultant for their records.

When the executed agreement enters OnBase, the Agreements Technician reviews and updates ACT as needed, and routes (in ACT) to appropriate Controller staff for their review and to complete entry into ACT by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II. Agreement information is entered into NIS by the Accounting Section Accountant II and approved by the Accounting Manager. The agreement is activated by Controller in ACT and payments can then be made.

INTERNAL CONTROL PLAN as of 03-24-2020

Non-Professional Services (e.g., Mowing and Janitorial)

Some Non-Professional services are procured through a low bid proposal process, otherwise; the originating Division/District negotiates the costs associated with the services.

The agreement number is created in ACT by the originating Division/District, which should be included in the agreement.

The originating Division/District prepares paper agreement and mails to Vendor/Contractor for signature. Upon full execution, the originating Division scans the paper agreement and uploaded to OnBase, and the original is sent to the Vendor/Contractor for their records.

When the executed agreement enters OnBase, the Agreements Technician reviews and updates ACT as needed, and routes (in ACT) to appropriate Controller staff for their review and to complete entry into ACT by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II. Agreement information is entered into NIS by the Accounting Section Accountant II and approved by the Accounting Manager. The agreement is activated by Controller in ACT and payments can then be made.

Financial Agreements with Others (Local Governments, Other State Agencies, Developers)

The originating Division develops the costs associated with roadway improvements for which there are financial responsibilities and initiates the agreement process by submitting an NDOT 65 Form to the Agreements Specialists. The estimated costs are typically based upon established quantities and current bid prices.

The Agreements Engineering and Agreements Specialists prepare the agreement based upon information provided from the originating Division. The draft agreement is emailed to the originating Division, associated District Engineer, and Controller for review and comment. Once finalized, an agreement number is created in ACT by the Agreements Specialist, which is included in the agreement. The final agreement is provided to the originating Division for execution.

Upon full execution, the originating Division scans and uploads the agreement to OnBase and mails the original to the other party.

When the executed agreement enters OnBase, the Agreements Technician updates ACT as needed, and routes (in ACT) to appropriate Controller staff to complete entry into ACT by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II. Contract is entered into NIS by the Accounting Section Accountant II and approved by the Accounting Manager.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

Random and structured reviews are conducted by the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. Annually, contracts and agreements in ACT and NIS are reconciled by the Accounting Section Accountant II and a report is given to the Accounting Manager.

Contributed by Dawn Knott

Service Contracts – Contributed by Rita Kucera

§73 Series Statutes guide the procurement rules for Services. Agencies may formally bid their own contracts for services, but at \$50,000 and above, are required to use SPB's templates and processes, unless the service is exempt from SPB processes. See **73-507 (2)** for exceptions.

Types of Service Contracts can vary greatly but they can be anything from janitorial services, to cafeteria services, to vanpool Services to water treatment services, to electrician services, to security services, to on-call pilot services, to MDSS/AVL Systems, to IT related contracts such as the Highway Information System, etc. etc.

There are also three (3) types of Request for Proposals (RFPs) that may be used depending on the nature of the project:

1. Standard – most common type of RFP; used to evaluate a service or a product/service combination based on technical, corporate, and financial factors.
2. Cost Only – does not consider technical or corporate factors in the evaluation; used to procure services based solely on price. Specification requirements are provided for in the RFP and the vendor bids a price(s).
3. Cafeteria/Vending – used to procure cafeteria or vending services where rent payments are made to the State; may involve preference considerations for blind vendors, if indicated on proposal response, that may affect the evaluation process. Rent is not a consideration if preference is indicated. Game & Parks and the University of Nebraska are exempt from considering the preference for blind vendors under Neb. Rev. Stat. §71-8611.

Above \$50,000.00, (the dollar value must include calculating all possible renewal periods), **state agencies may bid and process service contracts/RFP's at the agency level, but must use** the SPB boilerplate template(s) and AS Materiel processes per statute and these

INTERNAL CONTROL PLAN as of 03-24-2020

documents must be pre-reviewed by the AS Materiel Division, State Purchasing Bureau before an agency releases and RFP for bid.

- RFP boilerplates (the template form including terms and conditions, schedule of events, and description of service requirements), including Agency Processed boilerplates are available for download at the SPB website.
- During pre-review by SPB, standard language for RFP Terms and Conditions **must not** be altered without an agency's own legal review of proposed new language or deletion of standard clauses. AS Legal will then need to review and approve any such changes. If an agency questions this, it is Materiel's position that the developed common language provides the maximum level of protection for the State of Nebraska.
- SPB will review the RFP, add comments/suggestions, and notify the Buyer that the review has been completed.
- The NDOT Buyer will review the SPB comments with the Procurement Manager for incorporation into the RFP, as necessary. SPB comments should be strongly considered by the NDOT team, but not every comment may need action.
- SPB does NOT re-review the RFP.
- At the \$50,000 dollar level or above, SPB must post the agency RFP (and any associated addenda, announcements, respondent lists and Intent to Award) on the SPB website for maximum exposure and solicitation of competitive bids.
- **NOTE:** If an agency plans to award a contract to a vendor whose RFP proposal response contains changes to the proposed contract that differ from the bid document, those changes **must** be submitted back to SPB for AS Legal review prior to the agency entering into a contract.
- All agencies are encouraged to contact a SPB Supervisor or the State Procurement Manager for help with questions.

When state agency chooses to process an RFP under their own authority, the agency is responsible for:

- Preparation of all documents, including but not limited to RFP boilerplate technical specifications/Scope of Work, Schedule of Events, cost sheet(s), evaluation criteria and RFP scoring documents;
- Requisition Entry in Payroll & Financial Center
- Project Description and Scope of Work
- Tentative Schedule of Events
- Evaluation Criteria, including the Individual Evaluator Scoring Worksheets
- Completing forms for addenda, cost proposals, BAFO, oral interviews, and/or Evaluation Committee duties and responsibilities

INTERNAL CONTROL PLAN as of 03-24-2020

- Billing code for SPB copies is required for an RFP (no billing code is used by SPB for an ITB)
- Giving SPB a minimum of ten (10) business days notice to conduct the pre-review process of the RFP;
- Providing the final RFP document and any attachments for SPB posting to website;
 - ❖ **NOTE: Processing time frame for posting is: SPB receives item(s) before noon and will post the same day; item(s) received after noon will post the following business day.**
 - ❖ **NOTE:** Every NDOT Buyer who processes an RFP that is posted on State Purchasing Bureau's website is responsible for checking the SPB website in a timely manner to ensure:
 - a) the correct RFP document is posted;
 - b) that all addenda are properly posted; and
 - c) notifying SPB immediately if errors in posting are discovered

- Public notice of the RFP is handled by the NDOT Procurement Buyer who submits the final RFP and document(s) to SPB for posting on SPB website;
- Vendor Solicitation letters or emails to be sent;
- Preparing all addenda and related RFP activities, including but not limited to Questions and Answers, BAFO, and/or Oral Interviews and submitting to SPB for posting on website (see posting schedule above);
- Handling all requirements of the evaluation process;
- Handling all requirements of Oral Interview/Demonstration Phase and Scoring;
- Completion of all pre-contract award requirements (including but not limited to insurance requirement verification, Secretary of State registration, performance bond, agency submission to SPB for review of any changes to terms and conditions from the original RFP, etc.).
- **NOTE:** If an agency plans to award a contract to a vendor whose RFP proposal response contains changes to the proposed contract that differ from the bid document, those changes **must** be submitted back to SPB for AS Legal review prior to the agency entering into a contract.
- Per Neb. Rev. Stat §73-510, an RFP with a total value of \$15 million or greater requires a **Proof of Need** analysis, prepared by the agency and reviewed by SPB, prior to processing the contract award. The SPB website has all the documents and procedures listed for a Proof of Need analysis.

Agreement is entered into (ACT) Agreements and Contract Tracking System by the Project Development Highway Agreements Technician and routed for approval and final NDOT signature.

Upon full execution one original is filed and one is sent to the other party of the agreement. Additional copies are distributed as required.

INTERNAL CONTROL PLAN as of 03-24-2020

Executed Contract and cover sheet are forwarded to Controller Division to complete detailed entry into the (ACT) Agreement and Contract Tracking System by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II.

Contract is entered in (NIS) Nebraska Information System by the Accounting Section Accountant II and approved by the Accounting Manager.

Maintenance Contracts – OFF Pavement Between the ROW lines (E.G. Mowing and Janitorial) See the Maintenance Policy and Appendix B and C for more specific details.

Nebraska State Statutes 39-1348 through 39-1354 and Title 409 of the Rules and Regulations of Nebraska Department of Transportation, along with the NDOT Maintenance Policy provides and governs the requirements for the bidding process and award of highway maintenance service projects OFF Pavement between the right-of-way (ROW). Examples of those types of services include but is not limited to: ROW mowing, noxious weed spraying, fencing, guardrail repair, high mast tower lighting maintenance, tree removal, and excavating. For HWY ROW maintenance service projects \$100,000 or less in aggregate refer to the SOP for Short Form Bid Proposal and Contract. For HWY maintenance service projects over \$100,000 (in aggregate over the life of the contract) the following requirements apply:

- 1. For projects more than \$100,000, NDOT Procurement is responsible for letting:**
 - a. Contractors must be prequalified. This insures that contractors have the financial resources and experience to do the work specified in the contract. The Contracts Section of the Construction Division retains a list of all currently Pre-Qualified contactors.
 - b. A minimum advertising period will be required. This provides equal notice to all contractors of work for which bids will be received. All contracts must be advertised in the official county newspaper in the county in which the work is to be done. The project must be advertised for three consecutive weeks prior to the letting.
 - c. Contracts are awarded to the lowest responsible bidder. This insures that all contractors are treated uniformly.
 - d. A Bid Bond is required. This insures that successful bidders will honor the commitment represented by their bid.
 - e. A Contract Bond is required. A guarantee that the contractor awarded the contract will complete the work specified in the contract and pay all suppliers and subcontractors.

Agreement is entered into (ACT) Agreements and Contract Tracking System by the Project Development Highway Agreements Technician and routed for approval and final NDOT signature.

INTERNAL CONTROL PLAN as of 03-24-2020

Upon full execution one original is filed and one is sent to the other party of the agreement. Additional copies are distributed as required.

Executed Contract and cover sheet are forwarded to Controller Division to complete detailed entry into the (ACT) Agreement and Contract Tracking System by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II.

Contract is entered in (NIS) Nebraska Information System by the Accounting Section Accountant II and approved by the Accounting Manager.

2. For projects \$100,000 or less:

- a. The District has the option to let themselves for request the Operations Division Procurement unit let the project.
- b. The District or Operations Procurement shall utilize DR Form 72i-Standard Operating Procedures (SOP) to complete the DR Form 72 - Short Form Bid Proposal and Contract. **If the project was sent in for an environmental review, confirm with the Operations Division whether or not a contract (agreement) number has already been created**
- c. Contractors will not be required to be pre-qualified.
- d. The Department will need to solicit at least three potential bidders and designate when the bids shall be opened.
- e. Contracts will be awarded to the lowest responsible bidder.
- f. A Contract Bond is required for projects with an estimated cost greater than \$15,000.

3. For emergency projects:

State law provides that NDOT has authority to contract without formal process for these services in an emergency or unusual circumstance.

Also, State statutes require that contracts must be made available to the public through the Department of Administrative Service's web site.

https://www.nebraska.gov/das/materiel/purchasing/contract_search/index.php

Agreement is entered into (ACT) Agreements and Contract Tracking System by the Project Development Highway Agreements Technician and routed for approval and final NDOT signature.

Upon full execution one original is filed and one is sent to the other party of the agreement. Additional copies are distributed as required.

Executed Contract and cover sheet are forwarded to Controller Division to complete detailed entry into the (ACT) Agreement and Contract Tracking System by the Project Finance Accountant II, the Budget Analyst, or the Accounting Section Accountant II.

INTERNAL CONTROL PLAN as of 03-24-2020

Contract is entered in (NIS) Nebraska Information System by the Accounting Section Accountant II and approved by the Accounting Manager.

Financial Agreements with Others (Local Governments, Other State Agencies, Developers)

The originating Division develops the costs associated with roadway improvements for which NDOT is providing finances and initiates the agreement process. This is based upon established quantities and current bid prices.

Agreements Section prepares agreement and mails to other party for signature.

Agreement is entered into (ACT) Agreements and Contracts Tracking System by the Project Development Highway Agreements Technician and routed for approval and final NDOT signature.

Upon full execution one original is filed and one is sent to the other party. Additional copies are distributed as required.

Executed Contract and cover sheet are forwarded to Controller Division to complete detailed entry into the ACT (Agreement and Contract Tracking) system by the Project Finance Accountant II, or the Budget & Finance Accountant III. .

Contract is entered in (NIS) Nebraska Information System by the Budget & Finance Section Accountant III and approved by the Highway Budget & Finance Manager .

Agreement and Contract Tracking System (ACT)

Contracts and Agreements are recorded in the NDOT internal (ACT) Agreement and Contract Tracking System and the (NIS) State of Nebraska's Accounting System.

Contracts and Agreements are entered into the (ACT) Agreement and Contract Tracking System by Project Development Highway Agreements Technician, the Project Finance Accountant II, and the Budget & Finance Section Accountant III.

Contracts and Agreements are entered into (NIS) Nebraska Information System by the Budget and Finance Section Accountant III and approved by the Highway Budget & Finance Manager or the Budget Analyst. .

Monitoring

Random and structured reviews are conducted by the Highway Budget & Finance Manager or the Budget & Finance Section Budget Analyst, to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is

INTERNAL CONTROL PLAN as of 03-24-2020

identified, the controls are reassessed and revised as necessary. Annually, Contracts in the (ACT) Agreement and Contract Tracking System and the (NIS) Nebraska Information System are reconciled by the Accounting Section Accountant II and a report is given to the Accounting Manager.

9. Fixed Assets

Risks

Internal controls over fixed assets are necessary to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling of fixed assets by defining responsibilities in the purchasing, sale, surplus and recording processes.

Control Objectives

Ensure that the Assets of the Nebraska Department of Transportation/State of Nebraska are safeguarded.

Fixed Assets are purchased and properly recorded in compliance with State laws and regulations.

Transactions are recorded properly and timely.

Fixed asset purchases, sales, transfers, and disposals are reconciled in the month end general ledger process by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting and Finance Manager.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Furniture, Office Equipment, Shop Equipment, Radio Equipment

Furniture, Office Equipment, Shop Equipment and Radio Equipment fixed assets with a purchase price of \$5,000 or greater are recorded in the (NIS) Nebraska Information System by the Fixed Asset Coordinator. .

The receipt batch is posted in the (NIS) Nebraska Information System by the Operations Procurement Section.

The Fixed Asset Coordinator posts cost to the fixed asset in the (NIS) Nebraska Information System, this amount is reviewed and verified by the . Operations Administrative Staff.

INTERNAL CONTROL PLAN as of 03-24-2020

Fleet Equipment

Fleet Equipment fixed assets with a purchase price of \$5,000 or greater are recorded in the (NIS) Nebraska Information System by the Operations Business Manager.

The equipment is received in the (NIS) Nebraska Information System by the designated Staff Assistant I upon notification that the fixed asset has been received by the District or Division.

The receipt batch is posted in the (NIS) Nebraska Information System by the Operations Fleet Staff. This amount is reviewed and verified by the Business Manager.

The Fleet Staff posts costs to the fixed asset in the (NIS) Nebraska Information System, this amount is reviewed and verified by the Business Manager.

Information Technology Equipment

Information Technology fixed assets with a purchase price of \$5,000 or greater are recorded in (NIS) Nebraska Information System by the Business Technology Support Division Specialist.

The last week of each month the Fixed Asset Coordinator runs a (NIS) Nebraska Information System Fixed Assets Un-posted Transaction and No Cost Integrity Report to verify all fixed assets have been properly recorded. The reports are distributed to the designated person(s) to review items listed on the report so corrections can be processed to ensure accurate reporting of all fixed assets.

Surplus of Fixed Assets

If a fixed asset is requested to be surplus, the Surplus Property Coordinator is contacted. The requesting Division or Districts sends in a NDOT Form 28, 51 or 332. Depending on the type of asset. The Surplus Property Coordinator inspects the property to determine if it should be surplus or destroyed and completes a Surplus Property Certificate of Destruction Request or a Surplus Property Notification Form.

When the sale of surplus property is completed, Department of Transportation receives notification from AS-Central Finance and AS-Materiel Surplus Section. A (NIS) Nebraska Information System journal entry is prepared by AS-Central Finance and a corresponding journal voucher is prepared by the Budget & Finance Section Accountant III, pre-audited by the Budget & Finance Section Budget Analyst or a Budget & Finance Accountant III and authorized by the Highway Budget & Finance Manager.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

Random and structured reviews are conducted by the Budget & Finance Section to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of fixed asset additions, sales, and surplus.

On a yearly basis, the Fixed Asset Coordinator runs an Agency Fixed Asset Report and distributes to the Districts and Divisions to complete an inventory of all fixed assets. Bar codes are attached to identify each fixed asset when received. The bar codes are verified with the fixed asset during inventory process and reconciled to the Fixed Asset Report. Any discrepancies are reported as required.

The final/certified Fixed Asset report is sent to AS-Materiel Division, Surplus Property Section by the required deadline and according to their guidelines. An email, including the certified Fixed Asset Report is sent to the Fleet Manager, the Operations Division Head, the Finance Administrator, the Highway Budget & Finance Manager, and the Agency Director.

10. Payroll

Risks

Internal controls over payroll are necessary to prevent inaccurate payment of salaries and benefits. Strong internal controls also protect employees from inappropriate charges of improper payment of wages and benefits by defining responsibilities in the payroll process.

Control Objectives

Ensure Department of Transportation employees are paid accurately and timely.

Ensure processing of payroll transactions are in compliance with State laws and regulations.

Transactions are recorded properly and timely.

Payroll transactions are reconciled in the month end general ledger process by an individual not involved in the daily handling of transactions and reviewed by the Accounting Manager, or the Accounting Section Accounting and Finance Manager.

Appropriate segregation of duties exists and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Human Resources Responsibilities

At the end of each payroll cycle, and after all time sheets have been signed and approved, the pay-period is closed, preventing further changes by employees or supervisors. If changes are required, Human Resources staff make changes as required and document the changes and the reasons for the changes on the employee's time sheet.

Reports are also used to identify issues outside expected results for hours worked, leaves used, etc.

If necessary, and after verifying any changes with the employee and their supervisor, corrections are made by designated Human Resources staff.

NDOT payroll records are interfaced into the State's Accounting System (NIS) for the final processing of payroll and the issuing of payment to employees. Before records are

INTERNAL CONTROL PLAN as of 03-24-2020

interfaced to the (NIS) Nebraska Information System the following steps are completed by Human Resources designated payroll staff:

- Verifies there are no time sheets in the (NIS) Nebraska Information System with current pay period dates.
- Exports overrides entered into the (NIS) Nebraska Information System for future reference
- Verifies all employees have the proper Security Business Units

A time card file is submitted from Kronos to the (NIS) Nebraska Information System. The Interface Z file is reviewed and any errors are resolved. Pre-Payroll in the (NIS) Nebraska Information System Pay Cycle Work Bench is submitted. The submitted payroll is checked for accuracy by the Personnel Assistants (direct deposit, pay rate changes, overrides for leave earnings, etc.) using the (NIS) Nebraska Information System Payment Review in the work bench or the Payroll Registers.

If corrections/changes are required, they are completed by the individual that submitted the payroll. Changes are reviewed by two designated Human Resources staff to verify that the changes were made correctly.

Ten time sheets are randomly selected on the Payroll Register to review. (However, since we submit time sheets from Kronos, unless there is a change to the NIS time card, we would not expect any variations from the Kronos approved time sheet.)

The final Payroll Register and Journal Entries PDF documents are kept electronically for reference and to assist the NDOT Controller Division in reconciling the (NIS) Nebraska Information System payroll information with the Kronos payroll information.

After the Journal Entries and Reports have been run, a designated individual in Human Resources reviews the Journal Summary and Journal Detail to make sure all entries have:

- An Account User
- Debits and Credits are in Balance
- T1, 2,3, AN*
- The GL date is the same as the Pay Date

A spreadsheet with the final Payroll Register totals for the agency is created showing user of hours, dollars and wages for the pay period. The spreadsheet is reviewed for unusual variations.

The payroll certification is sent to State Accounting.

INTERNAL CONTROL PLAN as of 03-24-2020

Controller Division Responsibilities

For Controller Division the Budget & Finance Accountant III processes the payroll in the off week of being paid. The following process are run:

- KRONOS Activities Export for Cost Interface – This process exports all Activity Form detail for previous pay period for each timecard, data is sent to DB2 table
- Reconciliation process – This step creates Kronos and NIS tables and runs the reconciliation process. These reports are the result of the process and are electronically filed and then reviewed, any errors are resolved:
 - KROB048 – Payroll Expense Summary by Reference Number
 - KROB061 – NIS Payroll Detail Report
 - KROB032A – KRONOS VS. NIS Match Report
 - KROB032B – KRONOS VS. NIS Reconciliation Report
 - KROB032E – KRONOS VS. NIS Reconciliation Control Report
- Cost System report process – Creates Reconciliation Reports Summary by Account Code and OE Code. These reports are the result of the process and are electronically filed and then reviewed, any errors are resolved:
 - KROR018 – Payroll Expense Summary by Account Code
 - KROR019 – Payroll Summary by Reference Number
 -

Run NPayroll process every other Wednesday (on pay day). The following processes are run:

- Build Costs for Payroll records. These reports are the result of the process and are electronically filed and then reviewed, any errors are resolved:
 - CSTBPRED – Probable RFE Error Report
 - SCTBCOMBPRNT – KRONOS Build Payroll Cost Records Report
 - CSTBCOMBSYSOT – SCTCOMB Control Report
 - KRONCOST – KRONOS Data Written from KROS)59 to CSTS0102
- Additive Process and Cost Edits. These reports are the result of the process and are electronically filed and then reviewed, any errors are resolved:
 - CSTB3EDTIPRNT – Cost Edit for all records except additive reports
 - CSTB3DT1SYSOT – CSTB3EDT Control Report except additive
 - CSTB3DT1SYSOT – KRONOS Build Payroll Cost Records Report
 - CSTBADTVPRNT – Additive Report
 - CSTBADTVSYSOT – CCSTBADTV Control Report
 - CSTB3EDT2PRNT – Cost Edit for Additives Report
 - CSTB3EDT2SYSOT – CSTB3EDT Control Report for Additives
 - CSEERRPRNT – Errors on the Suspense Cost Table Report
 - CSTEERRPSYSOT – CSTEERRP Control Report

INTERNAL CONTROL PLAN as of 03-24-2020

- Transfer reports to OnBase and generate audit log
- End Batch Process

Payroll Additive

The payroll additive rate is a percentage rate used to distribute the costs of all employee leaves and benefits to all work activities. The additive rate is applied only to the expenses paid for hours physically worked (permanent, part-time and overtime salaries). Over/under distributions are carried forward in evaluating new rates.

The payroll rate is reviewed and revised, if necessary, at the beginning of each fiscal year to allow for any increases or decreases in payroll benefit costs. However, the payroll additive rate can be revised throughout the year when fluctuating costs necessitate a change.

The payroll additive data is compiled throughout the fiscal year by the Budget & Finance Section Budget Analyst. The data compiled and the calculated rate is by the Budget Analyst and the Highway Budget & Finance Manager. and approved by the Finance Administrator. A letter is sent to (FHWA) Federal Highway Administration for approval of the payroll additive rate. Once approved by FHWA the payroll additive rate is updated in (RFE) Transportation Financial Edit System by the Highway Budget & Finance Manager. .

Monitoring

Random and structured reviews are conducted by the Highway Budget and Finance Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. After each payroll cycle, the (NIS) Nebraska Information System payroll transactions by object code and the Department of Transportation payroll cost records are reconciled by the Budget & Finance Section Accountant III, and if required, a journal voucher is prepared to correct the cost records. The journal voucher is pre-audited by the Budget & Finance Section Accountant III and authorized by the Highway Budget & Finance Manager.

11. Project Finance

Risks

Internal controls over the Project Finance System are necessary to ensure project information, including funding and apportionments, are entered into the Project Finance System accurately and completely.

Control Objectives

Project funding is in compliance with State and Federal laws and regulations.

Transactions are recorded properly and timely.

Project Finance System information is reconciled in the month end process

Appropriate segregation of duties exists and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Project initiation

Projects are initiated by District Engineers or Division Heads submitting a form DR-73 or DR-530 to the Program Management Division. This form gives preliminary project details including location, scope of work and the proposed program year. Requires the approval signatures of the Program Management Engineer and Deputy Director.

Initiation of Project for Costing

Program Management Division, using data as requested from the project initiator on the DR-73 or DR-530, establishes project funding including types of funding, pro-rata share, etc. Project Finance staff sets controls to allow costs to be posted to the project. Requires the signature of the Highway Programming & Scheduling Funds Manager.

Federal Aid Project Agreement/Authorization

Program Management Section files request for federal funds on eligible projects through the (FMIS) Federal Fiscal Management Information System and on form DR-335A. This same document is used to establish federal funding controls within the NDOT Project Finance System, when approved by the (FHWA) Federal Highway Administration. The document

INTERNAL CONTROL PLAN as of 03-24-2020

and (FMIS) Fiscal Management Information System transaction requires the signatures of the Highway Programming & Scheduling Funds Manager and the Project Finance Manager.

Project Completion

Districts/Divisions prepare a Notification of Project Completion form DR91 when the project is complete. This form states the completion date of the project and is signed off by the district/division. DR-91's will be submitted to the Project Finance Accountant II, Accountant III and for projects with federal funds also to the (FHWA) Federal Highway Administration. This form initiates the closing process for each project.

A copy of the contractor final payment is given to the Project Finance Accountant III. Site Manager is checked to see how the expenses should be split or funded on the project. Project Finance Accountant III adjusts the project, if necessary, to reflect correct information as recorded in Site Manager and on the contractor payments by estimate or an agreement/consultant payment.

(FMIS) Fiscal Management Information System Reconciliation

Project Finance Accountant II is responsible for checking the daily transactions on (FMIS) Fiscal Management Information System to assure they are processed and balance within NDOT's Project Finance System in a timely manner. All transactions are completed by month end to ensure reconciliation between NDOT and the Federal Highway Administration (FMIS) Fiscal Management Information System monthly financial reports.

Monitoring

Random and structured reviews are conducted on project information to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary.

Contributed by Kathy Peterson

12. Budget

Risks

The Department of Transportation submitted/approved budget does not accurately establish the level of spending authority required to fund the Operations of the Nebraska Department of Transportation.

Control Objectives

Ensure budget requests are in compliance with Federal and State laws and regulations.

Budget information is recorded properly and timely.

Appropriate segregation of duties exist and request, changes and approvals are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Each division and district prepares a budget which is submitted to the Deputies and Director for approval. Budgets are reviewed, adjusted if necessary then approved before becoming incorporated into the Department's Operating Budget which is submitted to the Governor.

When the biennial budget, as modified by the legislative process, is approved by the Legislature and Governor, the Divisions and Districts review them prior to being implemented.

Divisions and districts have the flexibility to make changes at any time with proper and adequate supporting detail. Changes are made through a formal change process to the NDOT Budget Office. Any increase to the budget requires the approval of the Director and Deputy.

Budget transactions are submitted and approved electronically. Authority to create, sign and approve all transactions is designated through controls maintained in the NDOT Budget Office.

Approved budget information is entered into the (NIS) Nebraska Information System's Budget Status Report.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

NDOT's budget reporting system serves as an internal control device used by the Budget Analyst to insure expenditures are within appropriation limits. This reporting system allows the Budget Analyst to closely monitor budgets versus expenditures at any point in time at both the agency level and at a detail organizational element, resource and program level.

13. Journal Vouchers and Journal Entries

Risks

Internal controls over Journal Vouchers and Journal Entries are necessary to avoid inaccurate adjusting and correcting entries. Inaccurate entries can result in erroneous financial reporting.

Control Objectives

Transactions are recorded properly and timely.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Journal Vouchers prepared in the Department of Transportation Financial Systems and Journal Entries prepared in the (NIS) Nebraska Information System provide for adjustments, corrections, clearing account transactions and miscellaneous input into the Nebraska Department of Transportation Financial Systems and the (NIS) Nebraska Information System.

Journal Vouchers (internal system) are prepared in the Controller Division by the designated Project Finance Accountant II's, the Budget & Finance Section Budget Analyst , and the Budget & Finance Section Accountant III's, the Accounting Section Accountant II or the Accounting Section Accounting and Finance Manager.

Journal Entries (NIS) are prepared in the Controller Division by the designated Project Finance Accountant II's, the Budget & Finance Budget Analyst , and the Budget & Finance Section Accountant III's, the Accounting Section Accountant II or the Accounting Section Accounting and Finance Manager. Journal entries, as required, are also prepared by other agencies (State Treasurer, State Accounting). Journal entries prepared by non-NDOT personnel are reconciled and the appropriate Journal Vouchers are prepared.

Journal Vouchers and Journal Entries are approved/posted by the Project Finance Accounting and Finance Manager, Budget and Finance Manager, Accounting Section Accounting and Finance Manager, or the Accounting Manager.

Journal vouchers and journal entries are prepared according to established journal voucher business rules/guidelines.

INTERNAL CONTROL PLAN as of 03-24-2020

All journal vouchers, with the appropriate supporting documentation are retained in OnBase according to the AS State Accounting retention schedule. Documents for federal-aid projects may be retained for a longer period as is necessary to support federal claims.

Monitoring

Random and structured reviews are conducted by the Accounting Section Accountant III, the Accounting Section Accounting and Finance Manager, and the Accounting Manager to ensure processes are followed and transactions are handled according to established procedures. In the event a problem is identified, the controls are reassessed and revised as necessary. The monthly general ledger process includes a reconciliation of all Department of Transportation Journal Vouchers and all (NIS) Nebraska Information System Journal Entries.

Contributed by Rebecca Fleming

14. Month End, General Ledger, & Financial Statements

Risks

Internal controls over the month end process, general ledger and financial statements are necessary to prevent misstatement of financial information and to ensure accurate representation of all financial transactions for the Department of Transportation.

Control Objectives

Financial statements are accurate and meet the requirements of Generally Accepted Accounting Principles.

Transactions are recorded properly and timely.

Appropriate segregation of duties exists and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Month End

The month end process completes the closing of current month activity and is the responsibility of the Budget & Finance Section Accountant III..

The end of month processes includes:

- The JV system is checked for any uncompleted JV's and then the busy period for the JV system is changed to reflect the next month.
- Accounts payable month end balance is confirmed. The balance is set to zero for next month.
- Project Finance Section's designated Accountant II verifies the obligations by appropriation are reconciled with the (FMIS) Fiscal Management Information System report W97A.
- Project Finance Section's designated Accountant II runs Federal billings/reports. The Systems Section runs an (RFE) Roads Financial Edits Cost Edit. Then a PFS/B&R Distribution is run. This completes the billing during month end.
- Costs are moved to history by submitting CSHIST.
- The project finance system is zeroed out for the month. Project Finance Section's designated Accountant II runs the Web Month End Expense Job – HZEROEXP which creates the PFSP9203 table.

INTERNAL CONTROL PLAN as of 03-24-2020

- Cost Accounting Reports are run through these three processes – EMIEOM2, CSTEOM3 and CSTRPTS4. Reports are sent electronically.
- The date is changed to the current month. An email is sent to the Controller Division for notification that month end has been completed and the systems are now in the current month.

The following is a listing of reports that are generated during the month end process and are stored electronically in the Controller Reports folder.

For Listing of reports

- All Funds Activity Summary
- All Funds Expense Account Summary - keep 20 yrs or forever per CR
- All Funds Revenue Account Summary
- ARRA Reconciliation keep until 2017 per MH
- Bal & DistReports keep 10 yrs per CR
- BalAndDistByFundExpensesOnly
- Billing and Reimbursement

- CSTEOM2 - MONTHLY BALANCE REPORT BY FIN SYS CODE AND BATCH
- CSTEOM3 - ACCTS PAYABLE SUPPLY INVENTORY REPORT (Linda Supply Base)
- CSTEOM3 - GENERAL LEDGER DISTRIBUTION REPORT
- CSTEOM3 - General Ledger Supply Inventory
- CSTEOM3 - PURCHASES & DEPRECIATION - AUTO & ROAD EQUIP. RPT
- CSTEOM3 - PURCHASES, ISSUES & ADJUSTMENTS - SUPPLY INVENTORY
- CSTESPLT- MONTHLY HIGHWAY COST SPLITS
- CSTRPTS4 - MONTHLY DIESEL FUEL USEAGE REPORT
- CSTRPTS4 - MONTHLY SUPPLY OPERATIONS CONTROL REPORT
- CSTRPTS4 - MONTHLY ACTY CODE SUMMARY NON 2270 FUNDS FISC YTD
- CSTRPTS4 - MONTHLY ALL FUNDS NON 2270 - ACCTS NOT 4S
- CSTRPTS4 - MONTHLY ALL FUNDS OTHER THAN 2270 REPORT

- Estimate & Cost Report keep for 10 years - PFS per MH
- Expense Summary by Road System Jun and Dec 10 yr - monthly 2 yrs per MH
- Expense Summary by Work Phase Jun and Dec 10 yr - monthly 2 yrs per MH
- Expense Summary RPT1 & 2 Jun and Dec 10 yr - monthly 2 yrs per MH

- Fin Part Allot By Wrk Phys By State Jun and Dec 10 yr - monthly 2 yrs per MH
- Fin Part Allot By Wrk PhysByDistrict Jun and Dec 10 yr - monthly 2 yrs per MH

■ GPFSUMRY REPORTS

INTERNAL CONTROL PLAN as of 03-24-2020

- PFSEHLOG- TRANSACTIONS CONVERTED TO NON-PARTICIPATING
- PFSEHLOG- TRANSACTIONS LOG REPORT FOR PLANNING
- PFSEHLOG- TRANSACTIONS LOG REPORT FOR SAFETY

NDOT General Ledger

After the completion of the Month End process the general ledger reconciliation process begins. Prior month reversing entries are entered into the general ledger system by the Budget & Finance Section Accountant III and are reviewed by the Highway Budget & Finance Manager.

General Ledger SSRS reports and the General Ledger Trial Balance account balances are verified. General Ledger accounts are reconciled to supporting reports and documentation from specified Department of Transportation internal financial systems and the (NIS) Nebraska Information System. Upon completion of the reconciliation process, adjusting general ledger entries, as required, are prepared and input into the General Ledger System by the Budget & Finance Section Accountant III and reviewed by the Highway Budget & Finance Manager. .

The General Ledger SSRS reports and the General Ledger Trial Balance data are verified after the completion of the required adjusting entries (Adjusted Trial Balance).

Reports and documentation are reviewed by the Highway Budget and Finance Manager before preparation of the Financial Statements.

Financial Statement

On a monthly basis, Department of Transportation publishes an Internal Financial Statement (Statement of Net Assets, Statement of Operations, Balance Sheet by Fund, Department Receipts, Lettings, Status of Apportionments, Budget Status, Expense Summaries, etc.).

Monitoring

The Highway Budget & Finance Manager constantly monitor the month end and general ledger processes to ensure accurate financial reporting. In the event a problem is identified, the controls and processes used are reassessed and revised as necessary.

Financial Statements are reviewed by, the Highway Budget and Finance Manager, and the Finance Administrator before publication and distribution.

Contributed by Rebecca Fleming

15. CAFR - Comprehensive Annual Financial Reporting

Risks

Internal controls over CAFR reporting are necessary to prevent misstatements in the State of Nebraska's Comprehensive Annual Financial Report and to ensure the Nebraska Department of Transportation and the (NIS) Nebraska Information System financial records are reconciled for year-end reporting.

Control Objectives

Ensure that the State of Nebraska's annual CAFR information is accurately reported.

Transactions are recorded properly and timely.

Appropriate segregation of duties exist in the preparation, review and submittal of fiscal year-end financial data.

Key Controls and Segregation of Duties

Upon completion of the State of Nebraska fiscal year, the Budget & Finance Section Accountant III completes the Accrual Response Forms requested from AS-State Accounting. Accrual items include:

- Accounts Receivable
- Loans Receivable
- Inventories
- Prepaid Items
- Long Term and Other Payables
- Contingent Liabilities

Prior year payables, invoice code 6's, in the (RPS) Transportation Payment System and P9's in the (NIS) Nebraska Information System are reconciled.

Accrual reports are submitted to AS-Accounting in accordance with due dates and reporting guidelines. The accrual response forms, along with supporting documentation, are retained by the Highway Budget & Finance Manager for review in the annual CAFR audit by the State of Nebraska Auditor's Office.

INTERNAL CONTROL PLAN as of 03-24-2020

Monitoring

The annual CAFR information reported to AS-State Accounting is prepared by the Budget & Finance Section Accountant III and reviewed by the Highway Budget & Finance Manager, and the Finance Administrator before submittal to AS-State Accounting.

Contributed by Rebecca Fleming

16. Audit

Risks

Internal controls over Audit assignments are necessary to prevent review work from being incomplete or substandard, to prevent opinions and recommendations from being incorrect or inappropriate, and to ensure written reports do not contain grammatical or factual errors or misstatement.

Control Objectives

Audits are in compliance with Federal and State laws and regulations and meet the requirements of Generally Accepted Accounting Principles and A-133 audit requirements.

Audit requests and reports are completed properly and timely.

Appropriate segregation of duties exist and audits are reviewed by the appropriate personnel.

Key controls and Segregation of Duties

Provide Reviews and Reports to NDOT Management and Other Personnel Responsible for Administering NDOT Programs, Activities and Functions:

Audit assignment identifies general scope of work and each assignment includes an audit review index that provides suggestions for detailed review procedures.

The auditing assignment is to be conducted by a person or persons having adequate training and proficiency as an auditor.

Auditor must exercise due professional care in the performance of all audit work and in the preparation of working papers and report.

Auditor must consider each step in the audit review index. Steps that are covered must be marked and cross-referenced to the appropriate supporting review working paper(s).

Auditor must prepare a working paper file that provides sufficient evidence of the auditing procedures applied, items tested, results of tests, conclusions drawn and recommendations for corrective action, if appropriate.

Auditor is encouraged to discuss audit progress with their supervisor and ask for clarification and/or direction particularly with difficult situations or test results that might be an indication that the scope of the review should be changed.

INTERNAL CONTROL PLAN as of 03-24-2020

Prior to creation of final report, auditor's working paper file is subjected to review by the Highway Audit Manager.

Opinions and Recommendations

Auditor prepares a working paper file that contains work papers which describe the items reviewed and tested; the results of all tests; and all recommendations for corrective action when appropriate.

Auditors must maintain an independent and objective attitude in all matters relating to the assignment.

Prior to issuance of final opinions and recommendations, the Highway Audit Manager reviews the working paper file to determine if the opinions and recommendation are supported by the test results and documentation. The Highway Audit Manager discusses the supervisory review results with the working paper author and if necessary recommends additional review or corrections be made.

Auditor discusses findings and recommendations with the auditee prior to issuance of final report.

After the supervisory review and resulting correction process if any, the final report is created in the OnBase workflow system automatically when the Highway Audit Manager for approves the uploaded draft report.

Written Reports

Auditor prepares a draft copy of written report and submits it for supervisory review along with the audit working paper file folder. All facts, figures, assertions, opinions, recommendations, etc. in the written report must be supported by the working paper file documentation and be cross referenced to facilitate the location of those appropriate supporting pages.

Highway Audit Manager checks for grammar, tone, clarity, accuracy, etc. The reviewer discusses results with auditor and identifies areas/items that need revision, correction, or additional review.

Auditor makes necessary revision and/or performs necessary additional review, revises draft report accordingly and re-submits to supervisory reviewer for final approval. Process is repeated until supervisory reviewer has cleared all items of concern.

Upon final approval of the draft report by Highway Audit Manager, the review is approved in the OnBase workflow system and the final report is electronically sent for distribution.

Requests for Audit Review Services:

All audit requests are submitted by the NDOT section responsible for executing the agreement to the Audit Section via an Audit Request Unity Form utilizing the OnBase workflow system.

INTERNAL CONTROL PLAN as of 03-24-2020

Audit Section utilizes the OnBase workflow system to receive, assign, and manage all audit requests.

Audit Manager continually monitors status of uncompleted requests and individual assignments through completion.

Monitoring Federal Fund Sub-recipients' Compliance with A-133 Audit Requirements:

All pass through project agreements contain language indicating that federal pass through funds are involved and that the local entity is responsible for taking appropriate actions to comply with audit requirements.

The Audit Section responds to requests from sub-recipients regarding annual payments made by NDOT during the fiscal year. NDOT's response includes a list of pass-through projects and corresponding payments.

The Audit Section sends each sub-recipient an annual report form to be completed and returned and a letter recapping their responsibility to report whether or not their organization requires a Single Audit. All sub-recipients that expended federal pass-through payments totaling \$750,000 or more are required to submit a Single Audit to the Federal Audit Clearinghouse within the lesser of 30 days of receipt of their audit from their CPA or 9 months of the end of their fiscal year.

NDOT relies on the sub-recipient to self-certify the amount of funds they expended by the completion of the sub-recipient annual report. NDOT relies on the Federal Audit Clearinghouse to obtain Single Audits.

Respondent reports indicating expenditures less than \$750,000 are reviewed against NDOT's record of payment. If the sub-recipient and NDOT's totals agree, the response is accepted. If the sub-recipient and NDOT's totals do not agree, further follow-up is needed.

Monitoring

Respondent annual reports indicating they will file a Single Audit are monitored for submission to the Federal Audit Clearinghouse. Each Single Audit is reviewed by the Audit Section verifying the Schedule of Expenditures of Federal Awards includes NDOT's pass-through projects and are reviewed for findings. If findings are present, the Audit Manager will evaluate risk level and may issue a Management Letter identifying follow-up requirements and/or corrective actions to be taken.

Contributed by Noah Finlan

17. NDOT Financial Systems

Risks

Internal controls over financial systems are necessary to prevent employees from obtaining inappropriate/unauthorized authority to query, add, delete, adjust, or approve transactions and to ensure complete and accurate recording of financial transactions.

Control Objectives

Ensure that approval of access to systems is established and monitored.

Ensure individuals are included in the appropriate (RACF) Resource Access Control Facility groups. RACF Groups are defined as security groups that are established to ensure that only the authorized individuals have access to query, add, change, and delete information/transactions.

Appropriate segregation of duties exist and transactions are authorized by the appropriate personnel.

Key Controls and Segregation of Duties

Detailed information on RACF groups and permissions is retained by the Controller Accounting Manager and the Controller Financial Systems Manager.

(RBS) Transportation Billing System

The Transportation Billing System is an internal financial system where invoicing, receipt of revenue and receivables is recorded. Permission for access to this system are requested from and approved by the Controller Accounting Manager then processed by the assigned Business Technology Support Division staff for the appropriate RACF group. Controller Financial Systems Section adds/updates/changes the internal access to (RBS) Transportation Billing System by updating the authorization table. The Controller Financial Systems Manager gives permissions to access the cost screen.

(RPS) Transportation Payment System

The Transportation Payment System is an internal financial system where the payment of Vendor invoices, contractor payments, and employee expense reimbursements are

INTERNAL CONTROL PLAN as of 03-24-2020

processed. This system, through an overnight process, updates NDOT cost records and interfaces detailed payment information to the (NIS) Nebraska Information System for the issuance of a state warrant or an electronic funds transfer. Permission for access to the system are requested from and approved by the Controller Accounting Manager then processed by the assigned Business Technology Support Division staff for the appropriate RACF group. Controller Financial Systems Section adds/updates/changes the internal access to (RPS) Transportation Payment System by updating the authorization table. The Controller Financial Systems Manager gives permissions to access the cost screen.

(PCS) Procurement Card System

The Transportation Procurement Card System is an internal financial system where items purchased using the State of Nebraska's Purchasing Credit Card are recorded, reconciled and authorized for payment. New cards are requested through the Budget & Finance Section Accountant III and processed by AS-Accounting. Detailed information on new cardholders is entered into the Procurement Card System by the Budget & Finance Section Accountant III. Permission for access to the system are requested from and approved by the Procurement Card Administrator – Budget & Finance Accountant III and processed by the Controller Financial Systems Section using Active Directory.

(PDS) Payroll Detail System

The Transportation Kronos is an internal payroll system where Employees submit leaves, record work time and sign their time sheets. Supervisors or their designees approve leave and sign employee time sheets in Kronos. This system interfaces to the State's Accounting System (NIS) at the end of each pay cycle. Permission for access to the system are requested from and approved by the Human Resources Division Personnel Manager I.

Journal Vouchers

Journal Vouchers are prepared for adjustments, corrections, clearing account transactions and miscellaneous input into the Nebraska Department of Transportation Financial Systems. Permission for access to the system are requested from and approved by the Highway Budget & Finance Manager then processed by the assigned Business Technology Support Division staff. The designated Information Technology Supervisor gives permission for all authority on MJE tables from the Mainframe, no CICS access.

The ability to change the month in the JV system, must be done with a Ticket. This is updated by a BTSD Programmer. It is "hard-coded."

INTERNAL CONTROL PLAN as of 03-24-2020

General Ledger

The General Ledger accumulates all financial transactions for financial reporting. Permission for access to the system are requested from and approved by the Highway Budget & Finance Manager then processed by the assigned Business Technology Support Division staff.

IBT's (Receivables)

Billings for other state agencies are prepared in RBS and payments for other state agencies are processed in RPS. IBT's are no longer a separate system all their own.

(PFS) Project Finance System

The (PFS) Project Finance System is an internal system for tracking project estimates, expenditures, and billing information. It is a Web Application.

Permission for access to this system, as requested, is approved and processed by the Project Finance Manager or by the Controller Financial Systems Manager. -

Budget System

The Budget System is an internal system for tracking budgets, expenditures, and encumbrance information. Permission for access to this system, as requested, is approved by the Budget and Finance manager then processed by the assigned Business Technology Support Division staff for the appropriate RACF group. Controller Financial Systems Section adds/updates/changes the internal access to PFS by updating the authorization table.

(ACT) Agreement and Contract Tracking System

The Agreement and Contract Tracking System is an internal financial system where agreements and contracts detailed information is recorded. Permission for access to this system, as requested, is approved by the Highway Budget and Finance Manager then processed by the assigned Business Technology Support Division staff for the appropriate RACF group.

INTERNAL CONTROL PLAN as of 03-24-2020

(RFE) Transportation Financial Edit

The Transportation Financial Edit System manages the five core accounting data elements used for Department of Transportation cost systems. These elements consist of a Transaction Code, Fund, Organizational Element, Activity Code and Account Code. There is a correlation between the Activity Code and the NIS Business Unit and between the Account Code and the NIS Object Code. RFE contains General Ledger, Budget and Project Finance controls and the data that is used in the publishing of the NDOT Finance Manual.

Department of Transportation edit program uses RFE to determine correct account coding and other required (or optional) data such as a building, project or equipment user. The edit program validates the five coding elements, determines if other required fields must be populated and validates that the additional required data is correct by checking other master data systems outside the financial systems.

All cost records must meet and pass the requirements of the edit process prior to posting and distribution of those costs in the appropriate systems.

Permission for access to the (RFE) Transportation Financial Edit system, as requested, is approved by the Controller Financial Systems Manager then processed by the assigned Business Technology Support Division staff. Access to (RFE) Transportation Financial Edit is limited to Controller Division and the designated Information Technology Supervisor.

Contributed by JeanE. Plihal

(NIS) Nebraska Information System

The Nebraska Information System is the State's Official Accounting System. Department of Transportation financial systems interface financial records into and out of (NIS) Nebraska Information System. Permission for access to the system is sent to the designated Human Resources Personnel Manager I for submission to the AS-Accounting/NIS Security team for processing.

Monitoring

At a minimum, all accesses to financial systems are reviewed/verified annually to ensure system access is appropriate for the tasks assigned. Changes are made throughout the year to accommodate changes in staff and changes in assignment of duties.

Contributed by JeanE. Plihal

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