



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 19, 2024

**MEMORANDUM FOR JESSICA MILANO, CHIEF PROGRAM OFFICER, OFFICE OF
CAPITAL ACCESS, DEPARTMENT OF THE TREASURY**

FROM: Deborah L. Harker /s/
Assistant Inspector General for Audit

SUBJECT: Desk Review of the State of Nebraska's Use of
Coronavirus Relief Fund Proceeds
(OIG-CA-25-028)

Please find the attached desk review memorandum¹ on the State of Nebraska's (Nebraska) use of Coronavirus Relief Fund (CRF) proceeds. The CRF is authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under a contract monitored by our office, Castro & Company, LLC (Castro), a certified independent public accounting firm, performed the desk review. Castro performed the desk review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General* standards of independence, due professional care, and quality assurance.

In its desk review, Castro personnel reviewed documentation for a non-statistical selection of 25 transactions reported in the quarterly Financial Progress Reports (FPR) and identified a combination of unsupported and ineligible questioned costs of \$15,800,129 and \$30,001, respectively, with total questioned costs across all payment types of \$15,830,130 (see attached schedule of monetary benefits).

¹ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) assigned the Department of the Treasury Office of Inspector General with responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund (CRF) payments. The purpose of the desk review is to perform monitoring procedures of the prime recipient's receipt, disbursement, and use of CRF proceeds as reported in the grant-reporting portal on a quarterly basis.

Castro determined that the expenditures related to Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000,² Aggregate Reporting less than \$50,000,³ and Aggregate Payments to Individuals⁴ payment types did not comply with the CARES Act and Department of the Treasury's (Treasury) Guidance. Castro also determined that the expenditures related to the Contracts greater than or equal to \$50,000 payment type complied with both the CARES Act and Treasury's guidance. Castro determined that Nebraska's risk of unallowable use of funds is high.

Castro recommends that Treasury Office of Inspector General (OIG) follow-up with Nebraska management to confirm the transactions noted as unsupported or ineligible expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types are recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance. Based on Nebraska management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation, Castro recommends Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types.

Castro also identified other matters throughout the course of the desk review which warrant recommendations to Treasury OIG for additional action. Castro recommends Treasury OIG follow-up on these issues:

1) Request that Nebraska perform an assessment over whether there were any additional indirect costs claimed within its Transfers greater than or equal to \$50,000 CRF submission, in addition to those tested by Castro. Castro recommends Treasury OIG determine if these costs should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance; and

² A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

³ Recipients are required to report CRF transactions greater than or equal to \$50,000 in detail in the grant-reporting portal. Transactions less than \$50,000 can be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

⁴ Obligations and expenditures for payments made to individuals, regardless of amount, are required to be reported in the aggregate in the grant-reporting portal to prevent inappropriate disclosure of personally identifiable information.

2) Castro tested \$6,075 out of the total amount of \$1,597,068 in Substantially Dedicated Payroll⁵ costs claimed by Nebraska. Since Castro identified ineligible questioned costs within these Aggregate Payments to Individuals Substantially Dedicated Payroll expenditures tested, Castro recommends Treasury OIG determine if there were other instances of ineligible balances within the remaining portion of this balance.

Treasury OIG and Castro met with Nebraska management to discuss the report. Nebraska management stated they would provide additional documentation to Treasury OIG to support the questioned costs or replace them with other eligible expenditures.

In connection with our contract with Castro, we reviewed Castro's desk review memorandum and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on Nebraska's use of CRF proceeds. Castro is responsible for the attached desk review memorandum and the conclusions expressed therein. Our review found no instances in which Castro did not comply in all material respects with *Quality Standards for Federal Offices of Inspectors General*.

We appreciate the courtesies and cooperation provided to Castro and our staff during the desk review. If you have any questions or require further information, please contact me at (202) 486-1420, or a member of your staff may contact Lisa DeAngelis, Audit Director, at (202) 487-8371.

cc: Michelle A. Dickerman, Deputy Assistant General Counsel, Department of the Treasury
Danielle Christensen, Deputy Chief Program Officer, Office of Capital Access, Department of the Treasury
Wayne Ference, Partner, Castro & Company, LLC
Philp Olsen, Administrator, State Accounting, Nebraska Department of Administrative Services

⁵ Substantially dedicated payroll costs means that personnel must have dedicated over 50 percent of their time to responding to or mitigating COVID-19. Treasury's Federal Register guidance states that: "The full amount of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund. Treasury has not developed a precise definition of what "substantially dedicated" means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the "substantially dedicated" conclusion with respect to its employees."

Attachment

Schedule of Monetary Benefits

According to the Code of Federal Regulations,⁶ a questioned cost is a cost that is questioned due to a finding:

- (a) which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;
- (b) where the costs, at the time of the review, are not supported by adequate documentation; or
- (c) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Questioned costs are to be recorded in Treasury’s Joint Audit Management Enterprise System (JAMES).⁷ The amount will also be included in the OIG Semiannual Report to Congress. It is Treasury management's responsibility to report to Congress on the status of the agreed to recommendations with monetary benefits in accordance with 5 USC 405.

Recommendation

Recommendation No. 1

Questioned Costs

\$15,830,130

The questioned costs represent amounts provided by Treasury under the Coronavirus Relief Fund. As discussed in the attached desk review, \$15,830,130 is Nebraska’s expenditures reported in the grant-reporting portal that were ineligible or lacked supporting documentation.

⁶ 2 CFR § 200.84 – Questioned Cost

⁷ JAMES is Treasury’s audit recommendation tracking system.

Desk Review of the State of Nebraska

December 19, 2024

OIG-CA-25-028

MEMORANDUM FOR DEBORAH L. HARKER,
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM: Wayne Ference
Partner, Castro & Company, LLC

SUBJECT: Desk Review of the State of Nebraska

On November 7, 2023, we initiated a desk review of the State of Nebraska's (Nebraska) use of the Coronavirus Relief Fund (CRF) authorized under Title VI of the Social Security Act, as amended by Title V, Division A of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The objective of our desk review was to evaluate Nebraska's documentation supporting its uses of CRF proceeds as reported in the GrantSolutions² portal and to assess the risk of unallowable use of funds. The scope of our desk review was limited to obligation and expenditure data for the period of March 1, 2020 through December 31, 2022,³ as reported in the GrantSolutions portal.

As part of our desk review, we performed the following:

- 1) reviewed Nebraska's quarterly Financial Progress Reports (FPRs) submitted in the GrantSolutions portal through December 31, 2022;
- 2) reviewed the *Department of the Treasury's (Treasury) Coronavirus Relief Fund Guidance* as published in the Federal Register on January 15, 2021;⁴

¹ P.L. 116-136 (March 27, 2020).

² GrantSolutions, a grant and program management Federal shared service provider under the United States (U.S.) Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from prime recipients.

³ Nebraska fully expended their total CRF proceeds as of December 31, 2022. Castro set the scope end date to December 31, 2022, which was the date of Nebraska's last reporting submission within the GrantSolutions portal.

⁴ Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021).
https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Nebraska

- 3) reviewed Treasury Office of Inspector General's (OIG) *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping*;⁵
- 4) reviewed Treasury OIG's monitoring checklists⁶ of Nebraska's quarterly FPR submissions for reporting deficiencies;
- 5) reviewed other audit reports issued, such as Single Audit Act reports,⁷ and those issued by the Government Accountability Office and other applicable Federal agency OIGs for internal control or other deficiencies that may pose risk or impact Nebraska's uses of CRF proceeds;
- 6) reviewed Treasury OIG Office of Investigations, the Council of the Inspectors General on Integrity and Efficiency Pandemic Response Accountability Committee,⁸ and Treasury OIG Office of Counsel input on issues that may pose risk or impact Nebraska's use of CRF proceeds;
- 7) interviewed key personnel responsible for preparing and certifying Nebraska's GrantSolutions portal quarterly FPR submissions, as well as officials responsible for obligating and expending CRF proceeds;

⁵ Department of the Treasury Office of Inspector General *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping* OIG-20-028R; March 2, 2021.

⁶ The checklists were used by Treasury OIG personnel to monitor the progress of prime recipient reporting in the GrantSolutions portal. GrantSolutions quarterly submission reviews were designed to identify material omissions and significant errors, and where necessary, included procedures for notifying prime recipients of misreported data for timely correction. Treasury OIG followed the *CRF Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029R to monitor the prime recipients on a quarterly basis.

⁷ P. L. 104-156 (July 5, 1996) The Single Audit Act of 1984, as amended in 1996, requires entities who receive federal funds in excess of \$750,000 to undergo an annual audit of those Federal funds. The act was enacted for the purpose of promoting sound financial management, including effective internal controls, with respect to Federal awards administered by non-Federal entities and to establish uniform requirements for audits. This prime recipient was subject to those audit requirements, and Castro reviewed applicable prior year single audit reports as part of our desk review risk assessment procedures.

⁸ Section 15010 of P.L. 116-136 established the Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to promote transparency and conduct and support oversight of covered funds (see Footnote 15 for a definition of covered funds) and the coronavirus response to (1) prevent and detect fraud, waste, abuse, and mismanagement; and (2) mitigate major risks that cut across program and agency boundaries.

Desk Review of the State of Nebraska

- 8) made a non-statistical selection of Contracts, Grants, Transfers⁹, Aggregate Reporting,¹⁰ and Aggregate Payments to Individuals¹¹ data identified through GrantSolutions portal reporting; and
- 9) evaluated documentation and records used to support Nebraska's quarterly FPRs.

Based on our review of Nebraska's documentation supporting the uses of its CRF proceeds as reported in the GrantSolutions portal, we determined that the expenditures related to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance. Also, we determined that the expenditures related to the Contracts greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury's Guidance.

We identified unsupported and ineligible questioned costs of \$15,800,129 and \$30,001, respectively, with total questioned costs of \$15,830,130. We also determined Nebraska's risk of unallowable use of funds is high.

Castro recommends that Treasury OIG confirm the transactions noted as unsupported or ineligible expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types are recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance. Based on Nebraska management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation, we recommend Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types.

⁹ A transfer to another government entity is a disbursement or payment to a government entity that is legally distinct from the prime recipient.

¹⁰ Prime recipients were required to report CRF transactions greater than or equal to \$50,000 in detail in the GrantSolutions portal. Transactions less than \$50,000 could be reported as an aggregate lump-sum amount by type (contracts, grants, loans, direct payments, and transfers to other government entities).

¹¹ Obligations and expenditures for payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information.

Non-Statistical Transaction Selection Methodology

Treasury issued a \$1,083,865,742 CRF payment to Nebraska. As of December 31, 2022, Nebraska expended all of its CRF funds. Nebraska’s cumulative obligations and expenditures by payment type are summarized below.

Payment Type	Cumulative Obligations	Cumulative Expenditures
Contracts >= \$50,000	\$ 28,205,940	\$ 28,205,940
Grants >= \$50,000	\$ 190,193,365	\$ 190,193,365
Loans >= \$50,000	\$ -	\$ -
Transfers >= \$50,000	\$ 132,473,812	\$ 132,473,812
Direct Payments >= \$50,000	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 350,767,314	\$ 350,767,314
Aggregate Payments to Individuals (in any amount)	\$ 382,225,311	\$ 382,225,311
Totals	\$ 1,083,865,742	\$ 1,083,865,742

Castro made a non-statistical selection of payments in the Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types. Selections were made using auditor judgment based on information and risks identified in reviewing audit reports, the GrantSolutions portal reporting anomalies¹² identified by the Treasury OIG CRF monitoring team, and review of Nebraska’s FPR submissions. Nebraska did not obligate or expend CRF proceeds to Loans greater than or equal to \$50,000 or Direct Payments greater than or equal to \$50,000 payment types; therefore, we did not select transactions from these payment types.

The number of transactions (25) we selected to test was based on Nebraska’s total CRF award amount and Castro’s overall risk assessment of Nebraska. To allocate the number of transactions (25) by payment type (Contracts greater than or equal to \$50,000, Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals), we compared the total payment type dollar amounts as a percentage of cumulative expenditures as of December 31, 2022.

Also, Treasury OIG identified additional anomalies in the form of potential duplicate payments, which had not already been included within our transaction selections, of which we selected six potential duplicates for review. We performed limited testing on these six potential duplicate payments to determine whether

¹² Treasury OIG had a pre-defined list of risk indicators that were triggered based on data submitted by prime recipients in the FPR submissions that met certain criteria. Castro reviewed these results provided by Treasury OIG for the prime recipient.

Desk Review of the State of Nebraska

the payments were duplicates, and identified no exceptions. The transactions selected for testing were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

Background

The CARES Act appropriated \$150 billion to establish the CRF. Under the CRF, Treasury made payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories, including the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and Tribal governments (collectively referred to as “prime recipients”). Treasury issued a \$1,083,865,742 CRF payment to Nebraska. The CARES Act stipulates that a prime recipient may only use the funds to cover costs that —

- (1) were necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020; and
- (3) were incurred during the covered period between March 1, 2020 and December 31, 2021.¹³

Section 15011 of the CARES Act required each covered recipient¹⁴ to submit to Treasury and the Pandemic Response Accountability Committee, no later than 10 days after the end of each calendar quarter, a report that contained (1) the total amount of large, covered funds^{15,16} received from Treasury; (2) the amount of large, covered funds received that were expended or obligated for each project or activity; (3) a detailed list of all projects or activities for which large, covered funds were expended or obligated; and (4) detailed information on any level of sub-contracts or sub-grants awarded by the covered recipient or its sub-recipients.

¹³ P.L. 116-260 (December 27, 2020). The covered period end date of the CRF was extended through December 31, 2021 by the Consolidated Appropriations Act, 2021. The covered period end date for tribal entities was further extended to December 31, 2022 by the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act, Division LL of the Consolidated Appropriations Act, 2023, P.L. 117-328, December 29, 2022, 136 Stat. 4459.

¹⁴ Section 15011 of P.L. 116-136 defined a covered recipient as any entity that received large, covered funds and included any State, the District of Columbia, and any territory or possession of the United States.

¹⁵ Section 15010 of P.L. 116-136 defined covered funds as any funds, including loans, that were made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily made appropriations for Coronavirus response and related activities.

¹⁶ Section 15011 of P.L. 116-136 defined large, covered funds as covered funds that amounted to more than \$150,000.

Desk Review of the State of Nebraska

The CARES Act assigned Treasury OIG the responsibility for compliance monitoring and oversight of the receipt, disbursement, and use of CRF proceeds. Treasury OIG also has the authority to recoup funds in the event it is determined a prime recipient failed to comply with requirements of subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)).

Desk Review Results

Financial Progress Reports

We reviewed Nebraska's quarterly FPRs through December 31, 2022, and found that Nebraska timely filed quarterly FPRs in the GrantSolutions portal in compliance with Treasury OIG's reporting requirements for the periods ending June 30, 2020 through December 31, 2022.

Summary of Testing Results

We found that the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance because we were unable to determine if all tested expenditures were necessary due to the COVID-19 public health emergency, were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the covered period. We also found that the Contracts greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury's Guidance. The transactions selected for testing were not selected statistically, and therefore results could not be extrapolated to the total universe of transactions.

Within Table 1 below, we have included a summary of \$14,617,860 in unsupported and ineligible expenditures identified as questioned costs through our testing of detailed transactions, which did not comply with the CARES Act and Treasury's Guidance. Castro also identified other matters throughout the course of our desk review procedures which we considered to be questioned costs that were not part of our testing of detailed transactions. Table 2 below combines the questioned costs identified in Table 1 with the other questioned costs of \$1,212,270 identified separately from our detailed transaction testing to account for total questioned costs of \$15,830,130. See the Desk Review Results section below Table 2 for a detailed discussion of questioned costs and other issues identified throughout the course of our desk review.

**Table 1 - Summary of Expenditures Testing and Recommended Results
As of December 31, 2022**

Payment Type	Cumulative Expenditure Population Amount	Cumulative Expenditure Tested Amount	Unsupported Tested Questioned Costs	Ineligible Tested Questioned Costs	Total Tested Questioned Costs
Contracts >= \$50,000	\$ 28,205,940	\$ 1,122,660	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ 190,193,365	\$ 11,532,279	\$ 5,012,888	\$ -	\$ 5,012,888
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers >= \$50,000	\$ 132,473,812	\$ 68,570,321	\$ 9,596,834	\$ -	\$ 9,596,834
Direct Payments >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ 350,767,314	\$ 25,324	\$ -	\$ 2,063	\$ 2,063
Aggregate Payments to Individuals (in any amount)	\$ 382,225,311	\$ 188,751,045	\$ -	\$ 6,075	\$ 6,075
Totals	\$ 1,083,865,742	\$ 270,001,629	\$ 14,609,722	\$ 8,138	\$ 14,617,860

**Table 2 - Summary of Tested and Other Matters Identified Questioned Costs
As of December 31, 2022**

Payment Type	(A) Unsupported Questioned Costs (Tested)	(B) Unsupported Questioned Costs (Other Matter)	(C=A+B) Total Unsupported Questioned Costs	(D) Ineligible Questioned Costs (Tested)	(E) Ineligible Questioned Costs (Other Matter)	F=(D+E) Total Ineligible Questioned Costs	G=(C+F) Total Questioned Costs (Tested & Other Matter)
Contracts >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants >= \$50,000	\$ 5,012,888	\$ 1,190,407	\$ 6,203,295	\$ -	\$ -	\$ -	\$ 6,203,295
Loans >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to Other Government Agencies >= \$50,000	\$ 9,596,834	\$ -	\$ 9,596,834	\$ -	\$ 21,863	\$ 21,863	\$ 9,618,697
Direct Payments >= \$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Reporting < \$50,000	\$ -	\$ -	\$ -	\$ 2,063	\$ -	\$ 2,063	\$ 2,063
Aggregate Payments to Individuals (in any amount)	\$ -	\$ -	\$ -	\$ 6,075	\$ -	\$ 6,075	\$ 6,075
Totals	\$ 14,609,722	\$ 1,190,407	\$ 15,800,129	\$ 8,138	\$ 21,863	\$ 30,001	\$ 15,830,130

Desk Review of the State of Nebraska

Contracts Greater Than or Equal to \$50,000

We determined Nebraska's Contracts greater than or equal to \$50,000 complied with the CARES Act and Treasury's Guidance. We selected one contract for testing totaling \$1,122,660 and had no exceptions. The contract tested was issued to a company that provided a hotline for Nebraska citizens seeking information about the COVID-19 vaccinations newly available to the general population in 2021.

Grants Greater Than or Equal to \$50,000

We determined Nebraska's Grants greater than or equal \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested eight grants totaling \$11,532,279. The grants tested included expenditures related to scholarships for a community college workforce initiative training program; public health and safety payroll; food purchases for food banks; phone system upgrades; headsets for food bank call centers; and grant awards made to Nebraska based companies with 500 or fewer full time equivalent employees who suffered an economic hardship due to the pandemic.

We identified unsupported questioned costs of \$5,012,888 related to four grants tested, as detailed below. Additionally, as part of our reconciliation procedures performed related to Grant Exception #1 below, Castro identified a reconciling error (other matter) resulting in unsupported questioned costs in the amount of \$1,190,407, as detailed below. We questioned this amount, increasing our total questioned costs to 6,203,295.

Grant Exception #1 - Other Matter - Unsupported Questioned Costs Related to Scholarships for Unemployed and Underemployed Individuals

Nebraska claimed \$5,990,710 in grant expenses for the Nebraska Workforce Retraining Initiative, where the Nebraska Department of Economic Development (DED) utilized the Nebraska community college system's training infrastructure and connection to businesses to assist underemployed and unemployed workers that were negatively impacted by COVID-19. The scholarships were made to individuals who applied and had lost their jobs and/or were underemployed as a result of COVID-19. Castro tested two beneficiary level payments over this grant totaling \$1,450, and did not identify any testing exceptions. However, we identified reconciling errors related to this grant, as detailed below.

During Castro's reconciliation procedures over balances related to the Nebraska Workforce Retraining Initiative grant, we attempted to reconcile the \$5,990,710 grant amount reported in the GrantSolutions portal to the sub-recipient's general ledger (GL) detail listing. Castro identified GL detail amounts totaling \$4,800,303

Desk Review of the State of Nebraska

out of \$5,990,710, resulting in a variance of \$1,190,407. Nebraska responded that the community college requested that DED authorize additional administrative expenses and additional scholarships for the balance of \$1,190,407, and that the community college's request was pending with DED. We determined this response to be insufficient because Nebraska did not provide an accurate and complete sub-recipient GL detail and determined this variance to be a \$1,190,407 reconciling error. We questioned this amount of \$1,190,407 as unsupported questioned costs.

Grants Exception #'s 2 & 3 - Crisis Response Staffing Services

Nebraska claimed two grants for a hospital grantee, totaling \$10,356,480, which consisted of two separate rounds of funding to the same grantee: the first was \$5,178,240 (Grant Exception #2) and the second was \$5,178,240 (Grant Exception #3); Castro confirmed these balances did not represent duplicate transactions. Castro tested these grants together and selected four invoice level transactions for testing totaling \$84,513.

For two out of four invoice level transactions totaling \$77,163, Castro tested reimbursable grant transactions related to claims for public health and safety payroll for hospital staff. Castro was unable to arrive at the amounts submitted for reimbursement, as the total gross pay identified within the hospital's paystubs were less than the amount submitted within the GrantSolutions portal. Castro reviewed the hospital paystubs and utilized the total hours presented and Nebraska's cost detail file calculation methodology to assist in determining the amount submitted for CRF reimbursement. Within the cost detail file, we noted that Nebraska personnel stated that the wage rates and hours were adjusted to accurately reflect the total claimed amount given by the applicant, and that all payroll related costs associated with the testing selections were validated by supporting documentation in the form of paystubs following the policies and procedures. However, we were unable to recalculate the amount entered into the GrantSolutions portal utilizing the support provided, as the pay rates and hours had been adjusted within Nebraska's calculations. Castro reviewed the paystub information provided and recalculated the first transaction as \$26,250, but the amount claimed was \$37,717, resulting in a variance of \$11,467. Castro recalculated the second transaction as \$38,025, but the amount claimed was \$39,446, resulting a variance of \$1,421. As a result, Castro questioned \$12,888 in related expenditures to be unsupported.

Grant Exception #4 - Zoo Stimulus Grant Program

Castro tested \$5,000,000 related to a grant award to a zoo under the Nebraska Zoo Stimulus Program. The Nebraska DED designed the program to benefit zoos in Nebraska that experienced declines in revenue, increased expenses, and employee layoffs as a result of the COVID-19 pandemic. Castro reviewed the grant application guide and noted that applicants were required to submit supporting documentation such as a Nebraska Income Tax Withholding Form for the first quarter of 2020 to indicate their business designation and withholding information.

Castro requested that Nebraska provide all supporting documentation reviewed to confirm the zoo's eligibility for the program and were told that all three of Nebraska zoos were automatically eligible for this program. As a result, no supporting documentation was submitted by the applicant. No tax forms and/or financial form W-9's¹⁷ were reviewed. Nebraska management also stated that this program did not require the review of financial statements or profit and loss statements to evidence a net revenue loss. Instead, the program required the applicant describe the negative impact COVID-19 had on the applicant's business.

Castro noted that the zoo submitted a grant application but did not provide the required eligibility supporting documentation required by Nebraska's grant program. Therefore, Castro could not determine if the eligibility requirements were met and questioned the entire grant award of \$5,000,000 as unsupported.

Transfers Greater Than or Equal to \$50,000

We determined Nebraska's Transfers greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. We tested seven transfers totaling \$68,570,321. The transfers tested included expenditures related to cities and counties that incurred public health and safety payroll. We identified one testing exception, resulting in unsupported questioned costs of \$9,596,834 as detailed below.

¹⁷ A W-9 is a U.S. Internal Revenue Service document utilized to obtain the tax identification number of an individual or business entity and is utilized for eligibility verification purposes.

Desk Review of the State of Nebraska

Additionally, while performing an analysis of the Transfers greater than or equal to \$50,000 Items Not Listed Above (INLA)¹⁸ expenditure category, Castro identified \$21,863 in indirect costs¹⁹ claimed that we consider to be ineligible questioned costs, as detailed below. We questioned this amount, increasing our total questioned costs to \$9,618,697.

Transfer Exception #1 - City of Lincoln Public Health and Safety Payroll

Castro tested \$9,596,834 in transfer payments made to the City of Lincoln. This funding was utilized to assist local entities in covering public health and safety payroll expenses. Castro received a payroll claims summary, which we reconciled to the amounts claimed within the GrantSolutions portal without exception. The summary included pay types, benefits, employee names, amounts claimed, and departments that were claiming these payroll expenses. However, Castro requested and Nebraska was unable to provide the employees' positions. Without the employee positions, Castro could not verify these amounts related to public health and safety payroll expenses. Castro questioned the entire transfer payment of \$9,596,834 as unsupported.

Additionally, Castro received the expenditure general ledger GL detail summary and noted that the City of Lincoln's public health and safety employees were listed within the fringe benefits file with a fringe benefit rate of 343 percent. There were also several employees with total payroll fringe benefit percentages over 100 percent. We requested additional payroll documents to facilitate further validation of the fringe benefit rate calculation for the employees listed. In its response, Nebraska indicated that the fringe benefit rates was so high because they were calculated utilizing the claimed amount instead of the employee's annual salary. Additionally, Nebraska noted the value of each benefit contribution was included within the payroll claim summary for each pay period claimed, but that it was necessary for these values to be adjusted to reach the correct final claimed cost due to the way that the template calculated wage rates against benefit rates. Within its response, Nebraska referenced several values from paystubs; however, Castro noted that Nebraska did not provide underlying pay stubs needed to verify this response, despite several follow-ups for this information. Castro questioned the entire transfer payment balance of \$9,596,834 as unsupported.

¹⁸ Prime recipients were required to select a specific expenditure category from the available options from a dropdown menu in the GrantSolutions portal for each expenditure claimed. If the expenditure did not fit one of the pre-defined categories, a prime recipient was able to select the Items Not Listed Above expenditure category, to include other eligible expenses that were not captured in the available expenditure categories.

¹⁹ Indirect costs are not identifiable with a specific product, function, activity, or particular final cost objective, such as a Federal award.

Other Matter - Transfers greater than or equal to \$50,000 Items Not Listed Above Expenditure Category Ineligible Questioned Costs

While performing our Transfers greater than or equal to \$50,000 INLA expenditure category analysis, Castro identified an INLA description of “de minimis²⁰ Costs & Shelving.” These total INLA costs of \$22,194 consisted of a home improvement store expenditure for shelving for \$331 and \$21,863 for the de minimis costs. For the de minimis costs, Nebraska provided us with a sub-recipient claim invoice which detailed that this indirect administrative cost amount was calculated as 10 percent of total direct costs incurred under the grant program. Although this transaction was not part of our original transactions selections made in the desk review, we followed up with Nebraska management for additional details regarding this transaction. Based on documentation provided, Castro did not identify any exceptions related to the \$331 shelving purchase, however, Nebraska allowed its sub-recipient to claim indirect administrative costs in the amount of \$21,863. Castro considered this to be ineligible, because Treasury’s Guidance does not permit CRF prime recipients to charge indirect costs to their CRF award.

Nebraska and its sub-recipient claimed indirect cost rates by employing guidance from the Code of Federal Regulations (CFR), 2 CFR 200.414(f), *Grants and Agreements, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Direct and Indirect (F&A) Costs*.²¹ This guidance defined indirect cost rates and set forth the 10 percent de minimis indirect cost rate that could be used indefinitely instead of charging the actual administrative costs.

However, Treasury’s Guidance published in the Federal Register stated that this provision did not apply to the use of CRF funds and recipients could not apply their indirect costs rates to payments received from the CRF. Therefore, Nebraska, by applying the indirect cost rate, did not comply with Treasury’s Guidance, resulting in an unallowable use of CRF funding in the amount of \$21,863 of ineligible questioned costs.

²⁰ De minimis means lacking significance or importance: so minor as to merit disregard.

²¹ Code of Federal Regulations (CFR), 2 CFR 200.414(f), *Grants and Agreements, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Direct and Indirect (F&A) Costs* states: “...any non-Federal entity that does not have a current negotiated (including provisional) rate...may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate. As described in § 200.403, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.”

Desk Review of the State of Nebraska

Castro recommends that Treasury OIG request that Nebraska management performs an assessment over whether there were any additional indirect costs claimed within its Transfers greater than or equal to \$50,000 CRF submission, and identify those for removal and repayment to Treasury, as applicable. We recommend Treasury OIG determine the feasibility of following up with Nebraska regarding the results of this assessment and determine if these costs should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.

Aggregate Reporting Less Than \$50,000

We determined that Nebraska's Aggregate Reporting less than \$50,000 did not comply with the CARES Act and Treasury's Guidance. Castro tested four transactions totaling \$25,324. The transactions tested included expenditures related to disinfectant wipes; Nebraska information technology personnel who were performing work on a COVID-19 accounting to grant management system interface development effort to streamline the ability to meet CRF reporting requirements; and business stabilization grants issued to small businesses that were shut down during the pandemic. We identified one exception, which resulted in ineligible questioned costs of \$2,063, as detailed below.

We also identified GrantSolutions portal reporting misclassifications that we determined were non-compliant with Treasury's Guidance. Castro noted that Nebraska had payroll for Nebraska state employees reported as Aggregate Reporting less than \$50,000, when they should have been reported as Aggregate Payments to Individuals.

Aggregate Reporting Exception – Drone Operator Trainings

For one transaction totaling \$2,063, Castro received an invoice, a payment form, and accounts payable vouchers for the transaction related to drone operator trainings purchased by Nebraska. Castro requested that Nebraska management provide documentation to show how this expenditure was related to COVID-19, and the response we received stated that this expense was incurred for the DED communications team to attend an in-person training to practice taking drone recordings. The recordings were then used to make videos as to how CARES Act dollars helped businesses and agricultural operations. The expense of training DED staff was less than hiring an outside agency to make said videos. This expense was not included in the State of Nebraska's annual budget and the expense was incurred after March 1, 2020, as a result of the COVID-19 pandemic. Castro then asked to receive a video that was made with the drones to see how the videos related to COVID-19; to this, Nebraska then responded that DED's previous statement was incorrect. DED's drone training was still pending as DED

Desk Review of the State of Nebraska

staff was required to pass a drone test before staff could take videos or photographs. DED staff had not yet passed the required test. Nebraska personnel did not complete the tests, and therefore did not make videos or take photographs needed to evidence that they utilized these funds as they had indicated. As such, Castro questions these costs as ineligible in the amount of \$2,063.

Aggregate Payments to Individuals

CRF payments made to individuals, regardless of amount, were required to be reported in the aggregate in the GrantSolutions portal to prevent inappropriate disclosure of personally identifiable information. Castro notes that the Aggregate Payments to Individuals payment type consisted of the below broad types of potential costs, which we have defined from Treasury's guidance as published in the Federal Register.²² Prime recipients may or may not have claimed all of these types of expenditures.

²² Coronavirus Relief Fund Guidance as published in the Federal Register (January 15, 2021)
https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf

Desk Review of the State of Nebraska

- **Public Health and Safety Payroll**²³ – consisted of payroll costs for public health and safety department personnel.
- **Substantially Dedicated Payroll**²⁴ – consisted of payroll costs for non-public health and safety personnel who were substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- **Non-Substantially Dedicated Payroll**²⁵ – consisted of payroll costs for personnel who performed COVID-19 related tasks on a part-time basis.
- **Non-Payroll Expenditures** – consisted of financial assistance payments to citizens due to hardship or loss of income, unemployment claims, and other non-payroll related expenditures made to individuals.

²³ Treasury’s Federal Register guidance provided the following examples of public health and safety employees: “police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel...employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.”

²⁴ Substantially dedicated payroll costs meant that personnel must have dedicated over 50 percent of their time to responding to or mitigating COVID-19. Treasury’s Federal Register guidance stated: “The full amount of payroll and benefits expenses of substantially dedicated employees may be covered using payments from the Fund. Treasury has not developed a precise definition of what “substantially dedicated” means given that there is not a precise way to define this term across different employment types. The relevant unit of government should maintain documentation of the “substantially dedicated” conclusion with respect to its employees.”

²⁵ Payroll costs that were not substantially dedicated were payroll costs that were not public health and safety, and which were not substantially dedicated to performing COVID-19 related tasks. Treasury’s Federal Register guidance defined more stringent tracking requirements for these types of payroll costs. Specifically, Treasury’s Federal Register stated: “track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department. This means, for example, that a government could cover payroll expenses allocated on an hourly basis to employees’ time dedicated to mitigating or responding to the COVID-19 public health emergency.”

Desk Review of the State of Nebraska

The Nebraska Aggregate Payments to Individuals balance consisted only of payroll transactions from the following types of claimed costs.

Aggregate Payments to Individuals Category Types ²⁶	Total Expenses Claimed
Public Health and Safety Payroll	\$ 83,698,936
Substantially Dedicated Payroll	\$ 1,597,068
Non-Payroll Expenditures ²⁷	\$ 296,929,307
Totals	\$ 382,225,311

Castro noted that public health and safety payroll transactions were subject to Treasury's administrative accommodation,²⁸ and therefore, were subject to less detailed documentation requirements. Castro tested public health and safety payroll transactions by reviewing itemized payroll distribution reports to support these balances. Substantially dedicated payroll balances were not subject to this administrative accommodation, and therefore, Castro tested these transactions by reviewing Nebraska's documentation of the "substantially dedicated" conclusion with respect to its employees.

We determined that Nebraska's Aggregate Payments to Individuals did not comply with the CARES ACT and Treasury's Guidance. We tested five transactions totaling \$188,751,045. Out of those five transactions, two were for public health and safety payroll, one was for substantially dedicated payroll, and two were for non-payroll transactions. The costs for one of the non-payroll transactions related to Nebraska's self-insurance program, and so we selected five COVID-19 medical claims made under Nebraska's self-insurance program. The second non-payroll transaction was for unemployment insurance replenishment payments that Nebraska made into its Unemployment Insurance Trust Fund. As a result of our testing, we identified exceptions only related to substantially dedicated payroll that included ineligible costs in the amount of \$6,075, as detailed below.

²⁶ Nebraska did not report any non-substantially dedicated payroll within its Aggregate Payments to Individuals payment type, and so these were not included within the Aggregate Payments to Individuals Category Types.

²⁷ Castro noted that \$285,722,096 out of \$296,929,307 of these non-payroll costs were related to unemployment payments. We have captured those in our unemployment replenishment analysis below.

²⁸ Treasury's Federal Register guidance indicated that an administrative accommodation was, "In recognition of the particular importance of public health and public safety workers to State, local, and tribal government responses to the public health emergency, Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test...This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020, and ends on December 31, 2021."

Substantially Dedicated Payroll Exception

For the substantially dedicated payroll transaction tested totaling \$6,075, Castro did not receive sufficient timesheets, but did review GL details and interagency bills where the Nebraska Department of Administrative Services State Accounting was billing the Nebraska Department of Revenue for work performed pertaining to the Nebraska Department of Revenue Specialized Office Services (SOS) temporary employees. Castro requested documentation of Nebraska's "substantially dedicated" conclusion with respect to these employees, including activity logs further elaborating on tasks that these substantially dedicated employees worked on during this time, to include descriptions of how those tasks related to COVID-19. Castro noted that the timesheets provided did not include any activity logs detailing tasks worked on by the employees or how their work related to COVID-19. Castro was unable to reconcile the amounts claimed to the amounts provided through the timesheets.

Nebraska responded to our requests by stating the SOS program was administered by the Department of Administrative services and charged a 24 percent administrative fee, which was why the amounts did not agree to the claimed amount in the GrantSolutions portal. Employees were referred to as SOS Temporary Employees or Revenue Operations Clerks. The reason Nebraska hired SOS employees was to assist with the shortage of employees due to COVID-19. The SOS employees' tasks were performing "regular duties" like assisting with tax processing, which consisted of opening mail, data entry, and proofing tax numbers. They were supervised by various Revenue Operation Supervisors and there were no official logs that would keep track of what they were doing on a daily basis.

Per Treasury's Guidance – Federal Register Volume One, Section 4184 "Payroll or benefits expenses for employees whose work duties were not substantially dedicated to mitigating or responding to the COVID-19 public health emergency" was specifically listed as ineligible expenditures for CRF funds. Castro did not consider regular job functions of these employees to be substantially dedicated to COVID-19. After reviewing the documentation provided, Castro questioned the entire \$6,075 as ineligible costs.

Castro tested \$6,075 out of the total amount of \$1,597,068 in Substantially Dedicated Payroll claimed by Nebraska. Since Castro identified ineligible questioned costs within these Aggregate Payments to Individuals Substantially Dedicated Payroll expenditures tested, we recommend Treasury OIG determine the feasibility of performing additional follow-up with Nebraska to determine if there were other instances of ineligible balances within the remaining portion of this balance.

Nebraska's Self-Insurance Program

Nebraska had a self-insurance health care program that was managed by the Nebraska Department of Administrative Services – Risk Management Division.²⁹ Nebraska utilized this self-insurance plan to pool risks within all state agencies to spread the financial impact of potential health claims across all participants in an effort to mitigate and efficiently manage risk. Nebraska's health insurance fund covered medical and prescription drug benefits and associated administrative costs. Nebraska withheld both employer and employee premiums to fund this plan. A third-party administrator was responsible for managing and processing health claims and making payments from the risk pool.³⁰ The third-party administrator provided Nebraska with the total amount of COVID-19 related claims (COVID health claims, vaccinations, and testing) incurred by the plan prior to Nebraska's final December 31, 2022 GrantSolutions portal reporting, which totaled \$16,706,393. Nebraska then made an infusion of \$7,111,096 of CRF proceeds into Nebraska's health insurance fund to offset the significant negative impact COVID-19 had on health claims against the state's health plans. Castro made testing selections for five COVID-19 medical claims made under Nebraska's self-insurance program and verified that the explanation of benefits included a COVID-19 diagnosis code. Castro tested these transactions without exception.

Nebraska Unemployment Insurance Replenishment Analysis

The non-payroll transaction tested consisted of a payment of \$167,908,114 made in July 2020 to replenish Nebraska's Unemployment Insurance Trust Fund. We obtained the Nebraska Department of Labor's (DOL) unemployment claim analysis supporting how it determined that the change in this balance (unemployment claims paid) occurred due to the COVID-19 pandemic and not due to unemployment claims that would have been paid regardless of the pandemic.

Castro obtained and inspected the bank statements/Fund Balance with Treasury statements to support key Unemployment Insurance Trust Fund balances included within Nebraska's unemployment claim analyses and which were needed to

²⁹ The State of Nebraska Department of Administrative Services, Health Insurance Plan Annual Report, dated November 2019, defined Self-Insured as the following: The State assumes the financial risk for providing health care benefits to its employees and contracts with a major healthcare company to process the claims. Instead of paying fixed premiums to the healthcare company, which may be inflated to include profit margins and taxes, the State collects contributions from employees and State agencies itself and deposits them in a State trust fund, using the premiums to pay health care claims for plan participants after copays and deductibles.

³⁰ Per the State of Nebraska Department of Administrative Services, Health Insurance Plan Annual Report, dated November 2019, the State of Nebraska Health Insurance Fund (risk pool) summarizes the inflows and outflows of state employee contributions and distributions related to medical claims.

Desk Review of the State of Nebraska

justify the eligibility of unemployment expenditures claimed as CRF expenditures. Castro also obtained a written confirmation from the Nebraska DOL personnel responsible for managing the Unemployment Insurance Trust fund stating that Nebraska properly accounted for and did not double count unemployment claims for reimbursement under any other Federal program. Nebraska DOL personnel made total unemployment payments of \$201,372,719 with Federal funding sources. Of that total, Nebraska DOL was reimbursed \$17,688,273 with U.S. Department of Labor federal funding sources and utilized state funding sources to pay for \$15,776,332. Nebraska DOL utilized CRF funding sources to pay for the remaining \$285,722,096 in unemployment replenishment costs.

Castro concluded that Nebraska's CRF replenishment payment consisted of an Unemployment Insurance Trust Fund replenishment payment and not an augmentation to the Unemployment Insurance Trust Fund. Additionally, Castro determined these payments were necessary due to the COVID-19 pandemic and did not represent unemployment claims that would have been paid regardless of the pandemic.

Conclusion

We determined that the expenditures related to the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types did not comply with the CARES Act and Treasury's Guidance. We also determined that the expenditures related to the Contracts greater than or equal to \$50,000 payment type complied with the CARES Act and Treasury's Guidance.

We identified unsupported and ineligible questioned costs of \$15,800,129 and \$30,001, respectively, resulting in total questioned costs of \$15,830,130.

Additionally, Nebraska's risk of unallowable use of funds is high. As a result of this desk review, we recommend Treasury OIG:

- Confirm the transactions noted as unsupported or ineligible expenditures within the Grants greater than or equal to \$50,000, Transfers greater than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types are recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance. Based on Nebraska management's responsiveness to Treasury OIG's requests and management's ability to provide sufficient documentation, we recommend Treasury OIG determine the feasibility of conducting an audit for the Grants greater than or equal to \$50,000, Transfers greater

Desk Review of the State of Nebraska

than or equal to \$50,000, Aggregate Reporting less than \$50,000, and Aggregate Payments to Individuals payment types.

Castro also identified other matters throughout the course of our desk review, which warrant recommendations to Treasury OIG for additional action. Castro recommends Treasury OIG follow-up on these issues:

- Request that Nebraska perform an assessment over whether there were any additional indirect costs claimed within its Transfers greater than or equal to \$50,000 CRF submission. We recommend Treasury OIG determine if these costs should be recouped or replaced by other eligible expenditures, not previously charged to CRF, that were incurred during the period of performance.
- Castro tested \$6,075 out of the total amount of \$1,597,068 in Substantially Dedicated Payroll claimed by Nebraska. Since Castro identified ineligible questioned costs within these Aggregate Payments to Individuals Substantially Dedicated Payroll expenditures tested, we recommend Treasury OIG determine if there were other instances of ineligible balances within the remaining portion of this balance.

All work completed with this letter complies with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*, which require that the work adheres to the professional standards of independence, due professional care, and quality assurance to ensure the accuracy of the information presented.³¹ We appreciate the courtesies and cooperation provided to our staff during the desk review.

Sincerely,



Wayne Ference
Partner, Castro & Company, LLC

³¹ <https://www.ignet.gov/sites/default/files/files/Silver%20Book%20Revision%20-%208-20-12r.pdf>