



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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May 4, 2023

Governor, Speaker of the Legislature, and State Accounting Administrator
State Accounting Division
Administrative Services
1526 K Street, Suite 190
Lincoln, Nebraska 68508

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide the State of Nebraska (State) for the year ending June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements, of the State as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the State's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the State's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – General Fund and related notes
3. Information About Infrastructure Assets Reported Using the Modified Approach
4. Pension Plan Disclosures and related notes
5. Information About Other Post Employment Benefit Plans and related notes

We have also been engaged to report on supplementary information other than RSI that accompanies the

State's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements or in a report combined with our compliance report:

1. Schedule of Expenditures of Federal Awards
2. Combining Financial Statements

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. We expect to be provided the final version of the other information, prior to the date of the auditor's report so that the required audit procedures can be completed prior to the issuance of the auditor's report. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Introductory Section
2. Budgetary Comparison Schedules Other than the General Fund
3. Statistical Section

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records of the State, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the State or to acts by management or employees acting on behalf of the State. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Risk of management override of controls.
- Risk of revenue recognition due to fraud.
- Risk of material misstatement of accruals as many are estimates and numerous adjustments have been proposed in prior years.

Our audit of financial statements does not relieve management or those charged with governance of their responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the State and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the State's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the Single audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance

requirements that could have a direct and material effect on each of the State's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to the audit. The purpose of these procedures will be to express an opinion on the State's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the notes to the schedule of expenditures of federal awards in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the notes to the schedule of expenditures of federal awards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the notes to the schedule of expenditures of federal awards and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the notes to the schedule of expenditures of federal awards, and that you have reviewed and approved the notes to the schedule of expenditures of federal awards, prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance, and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also

responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government, component information, instructions issued by group management to components related to the consolidation process, persons at components, or component auditors, from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; related matters; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of

the schedule of expenditures of federal awards.

You are also responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letters that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Should the State wish to include the financial statements in a document offering securities and our report thereon in a public offering that is exempt from registration under the Securities Act of 1933 at some future date, we will consider agreeing to the inclusion of our report at that time. The State agrees that our written consent must be obtained prior to inclusion of our report in such offering document. Such consent will not be unreasonably withheld. We would perform procedures as we consider necessary in the circumstances to provide a reasonable basis for our consent on the use of our report and other such procedures as would be agreed upon with specified parties. With regard to an exempt offering document with which we are not involved, you agree to clearly indicate in the exempt offering document that we are not involved with the contents of such offering document. With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting

package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. It is management's responsibility to ensure the accuracy of the Data Collection Form. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to State Accounting; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of the Auditor of Public Accounts (APA) and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Department of Health and Human Services or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. If requested, access to such audit documentation will be provided under the supervision of APA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Department of Health and Human Services. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of key personnel. We will plan the engagement based on the assumption that State Accounting will cooperate and provide assistance by performing tasks such as providing financial statements, footnotes, schedules, supplemental information, and required supplementary information required to meet the requirements of GASB Statement 34 and all other applicable GASB statements. In addition, State Accounting agrees to provide documentation of any new policies or processes established as a result of any new GASB Statements implemented for fiscal year ending June 30, 2023. If these requirements are not met, the APA will meet with State Accounting to discuss the process necessary to complete the financial statements in compliance with all applicable GASB statements. If, for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may result in a delay in the issuance or modification to our audit reports.

The following are responsible for supervising the engagement and signing the reports or authorizing another individual to sign them:

- Kris Kucera, Audit Manager of the Annual Comprehensive Financial Report
- Pat Reding, Audit Manager of the Statewide Single Audit

Our Single Audit fees will be handled similar to prior years. The audit fees are based on the projected federal awards expenditures for the State fiscal year 2023, the projected actual cost of conducting the audit, and the federal dollars involved. Our invoices for these fees will be rendered periodically to each agency as work progresses and are payable on presentation.

Reporting

We will issue written reports upon completion of our audit of the State's financial statements and the Single Audit which will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information in Annual Reports*. We expect to issue the ACFR Independent Auditor's report before December 14, 2023 and the Single Auditor's Reports before March 31, 2024. Our reports will be addressed to the Governor and members of the Legislature and provided to State Accounting. We will make reference to the other auditor's reports in our report on your financial statements. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue reports, or withdrawing from the engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose. If during our audit we become aware that the State is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

One copy of the Single Audit report will be printed and distributed to State Accounting. All other Single Audit report distributions to federal and grantor agencies, and State agencies will be made by Administrative Services.

We understand other auditors will complete and issue the following audits. It is our understanding these will be obtained prior to the completion of the draft financials noted below:

- Nebraska College & Enable Savings Plans
- For the Nebraska State Colleges, the: Nebraska State College System Foundations, Nebraska State College System Revenue and Refunding Bond Program, and Nebraska State Colleges Facilities Corporation.
- For the University of Nebraska, the: University of Nebraska Foundation, University of Nebraska Facilities Corporation, University Technology Development Corporation, University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation.

We will make reference to these audit reports as the work of “other auditors” in our independent auditors’ report on the State’s financial statements.

If any of the aforementioned audit reports or financial information are not available from State Accounting or others, such that the APA must expand its audit procedures to satisfy ourselves as to the fair presentation of this data in order to issue our opinion on the State’s financial statements, we will discuss this matter with State Accounting to get the issue resolved.

Provided we receive full cooperation from the following entities, it is understood the APA will have draft financial information available no later than November 13, 2023, for the audits noted below. The draft financials are the responsibility of the entity being audited. If the entity does not provide the financials in the time required, it is State Accounting’s responsibility to communicate with the entity to obtain the information necessary for the timely completion of the audit.

- State Employees’ Retirement Plan
- County Employees’ Retirement Plan
- Nebraska State Lottery
- Nebraska State College System
- University of Nebraska

The APA understands the State will prepare an Annual Comprehensive Financial Report with the objective of submitting the report to the Governor, the Tax Commissioner, the Clerk of the Legislature, and the Legislative Fiscal Analyst, at least twenty days before the commencement of each regular session of the Legislature, in compliance with Neb. Rev. Stat. § 81-1125.01.

The APA understands the State, as in past years, will prepare the Annual Comprehensive Financial Report with the objective of submitting the report to the Government Finance Officers Association (GFOA) for their review and consideration of presenting to the State a Certificate of Achievement for Excellence in Financial Reporting. The APA also understands the report submission deadline of the GFOA to meet their requirements is December 31, 2023.

It is our understanding that the Statewide Single Audit will not include the expenditures of the University of Nebraska and Nebraska State Colleges. Those Single Audits will be performed by other auditors and the APA has no responsibility for the completion of these audits.

Certain provisions of the Uniform Guidance allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. The State agrees to notify the APA of any such request by a granting agency and to work with the APA to modify the terms of this letter as necessary to accommodate such requests. We understand no requests have been made for fiscal year ended June 30, 2023.

In order to complete the audits in a timely and efficient manner, the cooperation of State Accounting and each State agency is necessary. In the event that such cooperation is not obtained (either through failure to provide adequate workspace, missing an agreed-upon deadline or in providing requested information), we will notify State Accounting of the situation and the APA will work with State Accounting to resolve the situation in a timely manner. In the event the matter cannot be resolved to our satisfaction, the APA will consider the need to bill the appropriate agency for additional time incurred. The APA will notify the State

agencies of this policy when they notify the State agencies of their current year audit fee allocation. The inability to resolve these issues timely with State Accounting and other State agencies may result in a delay in the issuance or modification to our audit reports.

This letter, and the documents it incorporates by reference herein, constitutes the whole and entire agreement among the parties. No other agreement or representations, oral or written, have been made by any party. No modification, amendment, or change of any term or provision of this agreement will be valid or binding on any party unless the same is set forth in writing and properly executed by all of the parties.

We have provided you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2022 peer review report accompanies this letter.

We shall be pleased to discuss this letter with you at any time. Please sign the copy and then return it to us at your earliest convenience.

Sincerely,



Pat Reding, Assistant Deputy Auditor
Office of the Auditor of Public Accounts



Kris Kucera, Assistant Deputy Auditor
Office of the Auditor of Public Accounts

This letter correctly sets forth our understanding.

Acknowledged:



Philip J. Olsen
State Accounting Administrator
Department of Administrative Services

5-10-2023

Date

Enclosure: Peer Review Report

CC: Jason Jackson, Director of Department of Administrative Services
David Lopez, Chief of Staff for the Governor
John Arch, Speaker of the Legislature