



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 17, 2025

Robert B. Evnen
Nebraska Secretary of State
1445 K Street, Suite 2300
Lincoln, NE 68508

Dear Secretary Evnen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 of the State of Nebraska (State), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 17, 2025. In planning and performing our audit of the financial statements, we considered the State's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

In connection with our audit described above, we noted a certain internal control or compliance matter related to the activities of the Secretary of State or other operational matter that is presented below for your consideration. The comment and recommendation, which has been discussed with the appropriate members of the Secretary of State's management, is intended to improve internal control or result in other operating efficiencies.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The comment below is considered to be a significant deficiency.

The comment will also be reported in the State of Nebraska's Statewide Single Audit Report Schedule of Findings and Questioned Costs.

Draft copies of this management letter were furnished to the Secretary of State to provide management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this management letter. *Government Auditing Standards* require the auditor to

perform limited procedures on the responses. The response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next audit.

The following is our comment and recommendation for the year ended June 30, 2025.

Accrual Response Form Reporting

Each year, agencies are required to complete an accrual response form and provide the information to the Department of Administrative Services – State Accounting Division (State Accounting) for use in its preparation of the Annual Comprehensive Financial Report. The accrual response form is designed to report end-of-year financial activity, including the reporting of any accounts receivables due to the State at June 30, 2025.

The Secretary of State neglected to include \$2,439,487 in accounts receivable on its accrual response form. During our review of journal entries recorded after the fiscal year end, we identified transactions that moved receipts from the Secretary of State's fund to the various funds to which they were owed. These funds were identified in the accounting system as prior period (fiscal year 2025) activity. However, the original receipt of these funds was not recorded as prior period activity but should have been.

This resulted in the Auditor of Public Accounts proposing an adjusting journal entry, which was then recorded by State Accounting for the fiscal year June 30, 2025, financial statements.

A proper system of internal controls requires procedures to ensure that year-end financial information is properly reported to State Accounting. Without such procedures, there is an increased risk for financial statement misstatements.

We recommend the Secretary of State implement procedures to ensure that the year-end financial information reported to State Accounting is complete and accurate.

Secretary of State Response: As noted in the Auditor's comment, the "funds were identified in the accounting system as prior period (fiscal year 2025) activity." State Accounting guidance specifically states, "Transactions recorded as [prior period activity] should not be reported on the Accrual Response Form." Based on this guidance and the many years of reporting these amounts in the same way, we believed these funds were being properly recorded as accounts receivable. Going forward, we will change our reporting in conformance with the Auditor's management letter.

APA Response: The funds identified in the accounting system as prior period activity were related to the journal entry moving prior period receipts to the proper funds; however, the initial recording of the receipts was not properly accounted for as prior period activity, and should have been recorded as a receivable on the accrual response form.

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It should be noted that this letter is critical in nature, as it contains only our comment and recommendation and does not include our observations on any strengths of the Secretary of State.

Our audit procedures were designed primarily to enable us to form an opinion on the Basic Financial Statements. Our audit procedures were also designed to enable us to report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Secretary of State and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Secretary of State.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or compliance.

This communication is intended solely for the information and use of management, the Governor and State Legislature, others within the Secretary of State, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not suitable for any other purposes. However, this communication is a matter of public record, and its distribution is not limited.

A handwritten signature in blue ink that reads "Kris Kucera". The signature is fluid and cursive, with "Kris" on the first line and "Kucera" on the second line.

Kris Kucera, CPA, CFE
Assistant Deputy Auditor