TITLE 41, NEBRASKA ADMINISTRATIVE CODE, CHAPTER 1

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

RULES AND REGULATIONS CONCERNING THE MINIMUM STANDARDS FOR POLITICAL SUBDIVISION AUDIT REPORTS

TITLE 41 - NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

CHAPTER 1 – Minimum Standards for Political Subdivision Audit Reports Required to be Filed with the Auditor of Public Accounts

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001 General Authority. Under authority of and in compliance with Neb. Rev. Stat. Section 84-304.01, the following rules and regulations are prescribed by the Auditor of Public Accounts and are effective five days after being filed with the Secretary of State until repealed or amended.

01.01 Effective date. These standards shall apply to audits and reports of political subdivisions for fiscal years ending on or after the effective date of this Title.

01.02 Applicability of standards. These standards apply solely to the audited financial statements filed with the Auditor of Public Accounts and do not pertain to the method of accounting used by the political subdivisions in recording financial transactions.

002 Audit Requirement. All audit reports required by law or regulation to be filed with the Auditor of Public Accounts shall conform to the requirements of this Title in addition to any requirements established by State Statute or other regulatory agency. Unless otherwise directed by State Statute, audits shall be performed and filed on an annual basis for all political subdivisions. The Auditor of Public Accounts may waive the audit requirement upon the submission by the political subdivision of a written request in a form prescribed by the Auditor of Public Accounts. The approval or denial of the waiver request shall be made in writing to the political subdivision.

003 When shall the audit report be filed. The audit report must be filed with the Auditor of Public Accounts within six months after the political subdivision's fiscal year end unless another time period is specifically authorized by State Statute. An extension may be granted upon a written request by the political subdivision to the Auditor of Public Accounts. The request must include the reason for the extension and the expected filing date of the report. The granting of a filing extension cannot stop or postpone any withholding of funds which is statutorily required when an audit report is not filed on a timely basis unless the statute specifically allows a filing extension to alter the required process, but the granting of a filing extension will prevent the appointment of an auditor for the subdivision as long as the report is filed within the deadline granted by the extension.

004 Who may perform the audit. The audit must be conducted by a person or firm with a current permit to engage in the practice of public accountancy issued by the Nebraska State Board of Public Accountancy.

005 Auditor selection and audit expense. The selection of an independent auditor will be made by the political subdivision unless an auditor is appointed by the Auditor of Public Accounts under the authority Neb. Rev. Stat. Section 84-304(4). The expense of the audit shall be an obligation of the political subdivision.

006 Appointment of an auditor. Should any political subdivision fail or refuse to either cause a complete audit to be made and filed or obtain a waiver of the audit requirement as required by State Statute or regulation, the Auditor of Public Accounts shall have the authority, after due notice and a hearing to show cause, to appoint a certified public accountant or public accountant to conduct the audit of the political subdivision. The expense for such audit shall be an obligation of the political subdivision and shall become a lien against the political subdivision.

007 Government Auditing Standards. Audits and the audit reports issued for political subdivisions required to be filed with the Auditor of Public Accounts shall be performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States as applicable to the period under audit.

008 Audit report format. Each audit report shall be in a typed format on letter size pages and generally include:

- a report cover
- index or table of contents
- independent auditors' report
- financial statements
- notes to the financial statements
- reports on compliance and internal control
- additional information as may be required by the Nebraska Revised Statutes or Generally Accepted Accounting Principles (GAAP).
- additional information as may be required by the Auditor of Public Accounts in a prescribed format.

009 Letter to management. Any separate letter to management regarding internal control, compliance, or other accounting practices or procedures issued in conjunction with or as a result of an audit report filed with the Auditor of Public Accounts must be included with the audit report filing in order for the audit report to be considered complete and acceptable for filing.

010 Tests of compliance. The tests of compliance required for the audit shall include those necessary to conform to current Statements on Auditing Standards and Government Auditing Standards. However, all audits shall include tests of compliance with the requirements of the Nebraska Budget Act and Nebraska statutory and constitutional levy limits. All compliance deviations noted pertaining to the Nebraska Budget Act and Nebraska statutory and constitutional levy limits shall be included in the report on compliance required by Government Auditing Standards or in a written letter to management.

011 Working paper retention. All working papers related to audit reports filed with the Auditor of Public Accounts shall be retained by the preparing auditor or firm for a period of not less than three years after the end of the fiscal year covered by the audit report or until the completion of any review of those workpapers started within that period.

012 Working paper review. The audit working papers shall be available to the office of the Auditor of Public Accounts for review upon request. The expense of any such review may be charged to the political subdivision or the audit firm. Any deficiencies noted during such a review may be forwarded to the Nebraska State Board of Public Accountancy for their consideration.

013 Resource materials. Statements on Auditing Standards are issued by the American Institute of Certified Public Accountants. Government Auditing Standards are issued by the Comptroller General of the United States. Copies of these materials are maintained in the office of the Auditor of Public Accounts.