



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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May 13, 2026

Kevin Shearman, Budget & Finance Administrator  
Department of Agriculture  
P.O. Box 94947  
Lincoln, Nebraska 68509-4947

Dear Mr. Shearman:

This letter is to document the Auditor of Public Accounts' (APA) understanding of the audit of the financial statements of the Nebraska Dairy Industry Board (Board) as of and for the year ended June 30, 2026.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

As part of our audit, we will make an assessment of control risk relating to your internal control structure to the extent we consider necessary as required by generally accepted auditing standards. Under these standards, the purpose of such assessment is to establish a basis for reliance on the internal control structure in determining the nature, timing and extent of auditing procedures that are necessary for expressing an opinion on the financial statements.

An audit includes procedures designed to provide reasonable assurance that errors and irregularities that would have a material effect on the financial statements would be detected. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with GAGAS. Accordingly, a material misstatement may remain undetected.

Likewise, in making our audit, we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized such audit cannot be expected to provide assurance illegal acts will be detected.

The establishment of an internal control structure is an important responsibility of management. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to detect and correct errors and irregularities or illegal acts in a timely manner. Our audit is not specifically designed and cannot be relied upon to disclose reportable conditions and/or material weaknesses in the internal control structure. However, during the audit, if we become aware of such reportable conditions and/or material weaknesses in the internal control structure, or ways that we believe management practices can be improved, we will communicate them to you.

May we remind you the responsibility for the preparation of financial statements including adequate disclosure is that of the Department's management. This includes the maintenance of adequate accounting policies, and the safeguarding of the assets of the State. As a part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

The APA's fee for this service will be sufficient to cover the costs of our work. At this time, we anticipate the total fee will not exceed \$10,000 (approximately 200 hours). The APA will bill when the work is completed. The Board will submit payments to the APA accordingly. Should any unforeseen circumstances arise which anticipate a higher fee, it will be negotiated at that time. We anticipate completing the fieldwork by December 2026.

A copy of the latest quality control review for the Nebraska Auditor of Public Accounts can be found at [2025 NSAA APA Peer Review.pdf](#) We appreciate this opportunity to be of service and believe this letter accurately summarizes the scope of the audit services to be provided.

Sincerely,



Craig Kubicek, CPA, CFE  
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If the scope and terms of this letter are acceptable to you, please sign this copy and return it to the APA.

Accepted:

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_