



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Terry Schumacher, Chairperson  
Kennard Rural Fire District  
7093 Co Rd 29  
Blair, NE 68008

Dear Chairperson Schumacher:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Kennard Rural Fire District (District) for the fiscal year ending 2020. **That request has been approved.**

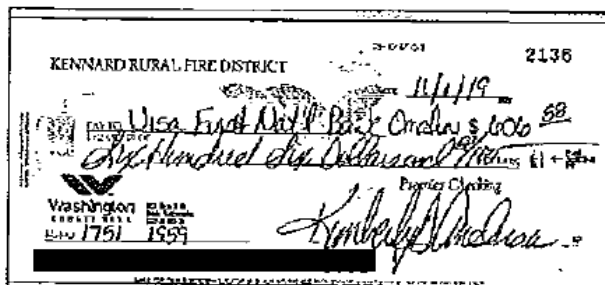
While performing, pursuant to Neb. Rev. Stat. § 84-304 (2020 Neb. Laws, LB 781, § 8), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the District.

The following information is intended to improve internal controls or result in other operational efficiencies.

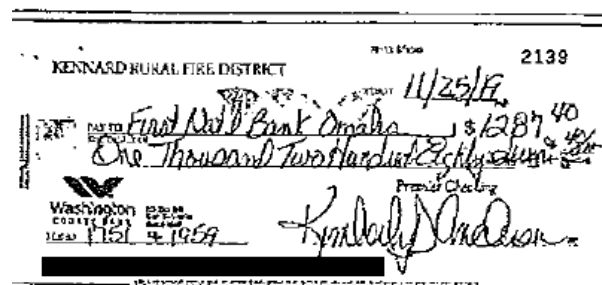
## Comments and Recommendations

### 1. Lack of Supporting Documentation

During our review of the bank statements for the District, the APA noted that the District paid \$5,101 for credit cards throughout fiscal year 2020. The APA requested the underlying supporting documentation for three credit card payments, totaling \$3,211. Of the \$3,211, the district was unable to provide the underlying supporting documentation for \$890 to support the credit card charges were allowable and appropriate. Per the District, the expenses incurred were related to meals and hotel charges; however, the APA was unable to verify this claim. Copies of the checks that contain unsupported credit card charges are shown below.



Check 2136, Amount \$606.58 On 11/5/2019



Check 2139, Amount \$1,287.40 On 11/29/2019

Good internal control and sound business practices require policies and procedures to ensure that all payments are adequately supported by documentation on file showing payments are reasonable and proper.

We recommend the District implement policies and procedures to ensure that all of the necessary supporting documentation is on file.

**2. Lack of Dual Signatures**

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2020 audit waiver request. From those statements, the APA noted that all District checks written during the examination period contained only one signature.

Nebraska law requires both the Secretary-Treasurer and the President of the District to sign all checks approved by the Board. In particular, Neb. Rev. Stat. § 35-511 (Reissue 2016) states that those checks "shall bear the signature of the secretary-treasurer and the countersignature of the president of such district."

In addition, good internal controls and sound accounting practices require procedures to ensure that District checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of public funds.

We recommend the Board implement procedures to require dual signatures, from both the Secretary-Treasurer and the President, on all District checks, as required by law.

\* \* \* \* \*

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the District's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the District.

This communication is intended solely for the information and use of the District and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov.**

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor