



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 29, 2021

Bryan Driewer, Chairperson  
Bradshaw Rural Fire District  
1701 Road F  
Bradshaw, NE 68319

Dear Chairperson Driewer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Bradshaw Rural Fire District (District) for the fiscal year ending 2021. **That request has been approved.**

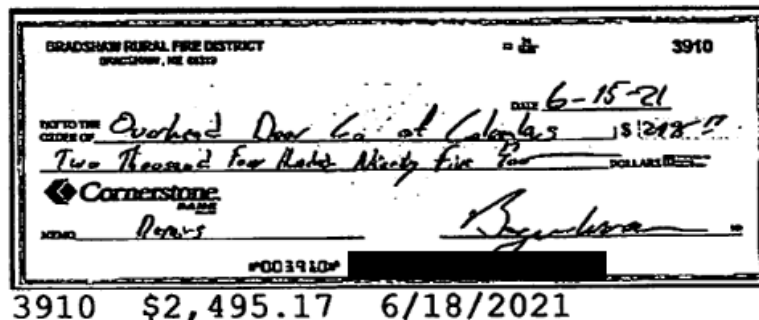
While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational 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 Dual Signatures

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2021 audit waiver request. From those statements, the APA noted that all District checks written during the examination period contained only one signature. An example of such checks is shown below.



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.

A similar issue was identified by the APA in a prior review and was disclosed to the District in the APA's letter dated November 20, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

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.

**2. Negative Bank Balance**

While examining the Fire District bank statements, the APA noted that the District's checking account had a negative balance five times during the year. The following table shows the periods that the bank balance was negative and the largest negative balance during each period. During the fiscal year, the District incurred \$33 in overdraft fees.

<b>Period</b>	<b>Largest Negative Balance</b>
7/13/2020	\$ 291.27
8/17/2020-8/31/2020	\$ 722.82
9/8/2020	\$ 109.80
1/8/2021	\$ 4,506.98
2/12/2021	\$ 280.12

Good internal control and sound business practices require procedures to ensure sufficient funds are available in the District's bank accounts to pay claims.

Without such procedures, there is an increased risk for not only the loss, misuse, or theft of District funds but also the accumulation of overdraft fees.

We recommend the District implement procedures to ensure sufficient funds are available in the District's bank accounts to pay claims.

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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