



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

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Mark Burchfield, Chairperson
Cody Rural Fire District
35878 Boilings Springs Rd
Cody, NE 69211

Dear Chairperson Burchfield:

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

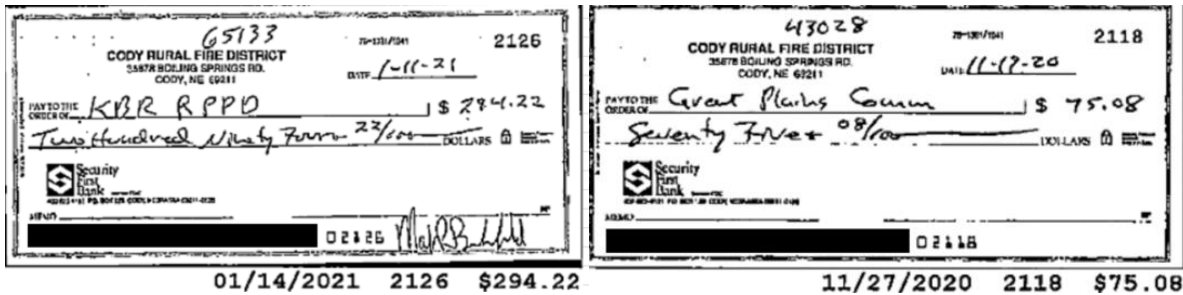
While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational 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 one District check written after the APA's letter dated November 20, 2020, contained only one signature. In addition, the APA noted that one District Check written during the examination period contained no signatures. A copy of these 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 as well as the other elements of the checking, including the payee.

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, 2020, 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 as well as the other elements of the checking, including the payee.

2. Lack of Adequate Documentation

During the review of the fiscal year 2021 audit waiver request for the Cody Rural Fire District, the Fire District lacked sufficient documentation for one payment of \$37.84 to Corona Mexican Grill in Strasburg, Colorado. The only documentation provided was a copy of the credit card slip; however, no itemized receipt was provided.

Good internal control requires procedures to ensure proper documentation is maintained for all disbursement transactions, including itemized receipts for purchases made with the Fire District's debit card.

Without such procedures, there is in increased risk for loss or misuse of public funds.

We recommend the Board implement procedures to ensure proper documentation is maintained for all disbursement transactions, including itemized receipts for purchases made with the Fire District's debit card.

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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