



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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January 20, 2022

Shane Batenhorst, Chairperson
Wisner Rural Fire District
2473 2nd Road
Wisner, NE 68791

Dear Chairperson Batenhorst:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Wisner 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.

WISNER RURAL FIRE DISTRICT
COUNTY OF CUMING - STATE OF NEBRASKA

374
75-229/1049

2-5-2021

PAY TO THE ORDER OF Wisner Fire Dept Joint Account \$5,000.00
Five thousand & no/100 DOLLARS

The Citizens National Bank
of Wisner
1611 27th St. Box 499
Wisner, Nebraska 68791
FIDUCIARY DEPARTMENT (FOR REFERENCE TO 1-800-800-0000)

MEMO monthly Engineer

John J. Batenhorst

374 - \$5,000.00 - 2/8/2021

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 January 11, 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. Potentially Disallowed Purchase

Our review of the bank statements obtained from the District revealed a payment, totaling \$800, for a fireworks donation to the Wisner Volunteer Fire Department. This payment was made from an account held under the authority of the District.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2012) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Districts, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Cum. Supp. 2020).

Neb. Rev. Stat. § 13-2203 (Cum. Supp. 2020) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Purchases of fireworks are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure compliance with the provisions of the Act.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of District funds.

We recommend the Board implement procedures to ensure all District purchases are allowable under State statute, including the provisions of the Act.

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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,

A handwritten signature in black ink that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor