



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 18, 2022

John E. Brennemann, Chairperson
Sandhills Fire Protection District
103 South Grant Avenue
Hyannis, NE 69350

Dear Chairperson Brennemann:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Sandhills Fire Protection 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. Negative Bank Balance

During review of the bank statements obtained from the District's audit waiver request, it was noted that the District's general bank account had the following negative balances, as described in the chart below.

Date	Balance
October 23, 2020	\$ (6,883.74)
January 20, 2021	\$ (2,873.88)
April 20, 2021	\$ (873.90)

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

2. Debit Card Purchases

During review of the bank statements obtained from the District's audit waiver request, it was noted there were multiple debit card transactions. After further inquiry with the District, the APA was informed that the District has a debit card for personnel to use for incidental purchases and/or expenses while traveling. However, the District has not established policies or procedures for proper use of the debit card.

Additionally, the APA noted several transactions, totaling \$550.13, that cleared the bank between May 21, 2021, and May 24, 2021, that appear questionable in nature. The APA inquired about these transactions; however, no documentation was on file to support these payments. A copy of the bank statement reflecting these transactions is shown below.

05/21/2021	67125 POS PURCHASE CONOCO - KWIK ST MULLEN NE 21 067125	\$41.24	\$13,317.83
05/24/2021	21531 POS PURCHASE TACO BELL #235 GRAND ISLAND NE 1695008 021531	\$7.51	\$13,310.32
05/24/2021	21532 POS PURCHASE MCDONALD'S F1829 GRAND ISLAND NE 1 021532	\$14.36	\$13,295.96
05/24/2021	90831 POS PURCHASE RUNZA BROKEN BOW BROKEN BOW NE 70815735 090831	\$28.92	\$13,267.04
05/24/2021	80020 POS PURCHASE WEST SIDE LANES GRAND ISLAND NE 75088842 080020	\$52.55	\$13,214.49
05/24/2021	64287 POS PURCHASE CASEYS GEN STORE GRAND ISLAND NE 40964287 064287	\$57.00	\$13,157.49
05/24/2021	53489 POS PURCHASE RED LOBSTER 0734 GRAND ISLAND NE 03 053489	\$139.10	\$13,018.39
05/24/2021	3123 POS PURCHASE TEXAS T BONE GRAND ISLAND NE 01321748 003123	\$209.45	\$12,808.94

Per discussion with the District Clerk, these transactions were for fuel and meals incurred by three employees of the District during their travel to and from the 2021 Nebraska Fire School in Grand Island from May 21, 2021, through May 23, 2021. The only documentation provided for these payments was the June 10, 2021, meeting minutes, that documented the Board's approval of these expenditures. Without any supporting documentation, the APA is unable to determine if these purchases included potentially disallowed items, such as alcoholic beverages, or if they were strictly appropriate expenditures for the District.

Section 24-2, Accounts Payable, of the Nebraska Records Retention and Disposition Schedule 24, Local Agencies – General Records (December 20, 2019), as issued by the Nebraska State Records Administrator, requires the following, which requires the documentation be retained for five years if an audit is conducted or ten years if no audit has been conducted.

Any supporting document received or generated by the agency that provides support for payments made to vendors for goods and services, employee for reimbursement of expenses and any other situation where a warrant or electronic payment is issued. May include, but not limited to: invoices, reports, disbursement documents, purchase orders, packing slips, requisitions, employee expense reimbursement forms, etc.

Furthermore, good internal controls require the implementation of a formal policy to ensure the District's debit card is used in a way that not only safeguards the entity's funds from theft or misappropriation but also provides for compliance with applicable State laws. Among other things, such policy should prohibit the debit card from being used for alcohol, even if purchased during meals. The policy should also require that itemized receipts accompany all purchases made with the debit card.

We recommend the District implement a formal policy to ensure the appropriate use of its 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,

A handwritten signature in black ink, appearing to read "Mark Avery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor