



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 18, 2022

Brad Jesch, Chairperson
Stratton Ambulance and Fire Protection District
309 Railway Street
Stratton, NE 69043

Dear Chairperson Jesch:

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

Comment and Recommendation

Payments Not Approved

The APA obtained a copy of the February 16, 2021, meeting minutes for the Board of Directors (Board) of the District. Those minutes reviewed and approved seven current claims; however, there were seven claims, totaling \$4,192.29, that appear were not approved by the Board. The following table summarizes these unapproved claims:

| Check Date | Name/Vendor | Amount | Check # |
|------------|-----------------------------|--------------------|---------|
| 2/24/21 | MNB Insurance | \$ 1,169.20 | 5311 |
| 3/18/21 | NeMSA | \$ 1,345.00 | 5312 |
| 3/18/21 | La Quinta | \$ 1,141.65 | 5313 |
| 3/3/21 | Verizon Wireless | \$ 117.91 | Online |
| 3/4/21 | Great Plains Communications | \$ 90.10 | Online |
| 3/10/21 | Utilities | \$ 177.83 | Online |
| 3/22/21 | Quick Med Claims | \$ 150.60 | Online |
| | Total | \$ 4,192.29 | |

In addition, two of the claims had checks written in an amount different from what was approved, as seen in the chart below:

| Claim Date | Name/Vendor | Check # | Amount Approved | Amount Cleared | Overpayment |
|---------------|-------------|---------|------------------|------------------|------------------|
| 2/16/21 | Trail West | 5316 | \$ 103.07 | \$ 198.09 | \$ 95.02 |
| 2/16/21 | U-Save | 5319 | \$ 1.80 | \$ 645.92 | \$ 644.12 |
| Totals | | | \$ 104.87 | \$ 844.01 | \$ 739.14 |

Per Neb. Rev. Stat. § 35-508(4) (Reissue 2016), Boards have the exclusive power to “manage and conduct the business affairs of the district.” Accordingly, any expenditure of District funds requires express Board authorization.

Additionally, Neb. Rev. Stat. § 35-511 (Reissue 2016) provides, in relevant part, the following:

All donations, contributions, bequests, annuities, or borrowed money received by or on behalf of the district shall be deposited with the secretary-treasurer of the district and shall be drawn out only upon proper check. Such check shall be authorized by the board of directors and shall bear the signature of the secretary-treasurer and the countersignature of the president of such district.

(Emphasis added.) Properly discharging the above statutory duties necessarily entails proper financial management, which calls for the Board’s approval of all expenditures of District funds. Such Board approval should be prior to the actual disbursement, if possible, or at the next District Board meeting.

As a public body, moreover, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. § 84-1407 (Reissue 2014) et seq. In particular, Neb. Rev. Stat. § 84-1413(1) (2021 Neb. Laws, LB 83, § 14) requires public bodies, including Boards, to “keep minutes of all meetings,” showing, among other things, “the substance of all matters discussed.”

Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves, in a timely fashion, all expenditures and business transactions of the District. Those same procedures should ensure also that the Board documents such approval in its meeting minutes, specifying the name of each payee, the exact amount of any disbursement, and the specific purpose of the payment.

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 December 21, 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 implementation of procedures to ensure the Board approves, in timely fashion, all expenditures of District funds, and such approval is documented adequately in the Board’s meeting minutes. Such Board approval should be prior to the actual disbursement, if possible, or at the next District Board meeting.

* * * * *

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