



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Paul Reisig, Chairperson
Scottsbluff Rural Fire Protection District
4501 Cottonwood Ave.
Scottsbluff, NE 69361

Dear Chairperson Reisig:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Scottsbluff Rural 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. Audit Waiver Balance

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 the ending balance on the fiscal year 2021 audit waiver did not reconcile to the bank balance, resulting in the fiscal year 2021 audit waiver balance being understated by \$774.77. The District was unable to provide an explanation for this variance.

Sound accounting practices and good internal controls requires procedures to ensure that balances reported on the audit waiver request is accurate.

Without such procedures, there is an increased risk of not only loss or misuse of Village money but also denial of the audit waiver request due to incomplete information.

We recommend the District implement procedures to ensure that the balances reported on the audit waiver request are accurate.

2. Payments Not Approved

The APA obtained a copy of the September 16, 2021, meeting minutes for the Board of Directors (Board) of the District. Those minutes reflect the Board's approval of the annual Treasurer's report (Report). While the Report lists the District's overall expenses, the Report fails to state the name of each payee, the exact amount of each disbursement, and the purpose of the payments.

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.

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, specifying the name of each payee, the exact amount of any disbursement, and the specific purpose of the payment.

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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