



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Larry Hadenfeldt, Chairperson
Cairo Rural Fire District 5
3870 N. Nebraska Highway 11
Cairo, NE 68824

Dear Chairperson Hadenfeldt:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Cairo Rural Fire District 5 (District) for the fiscal year ending 2023. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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. Approval of Payments Outside of Public Meeting

The APA requested meeting minutes for the District Board that reflect the Board's approval of District expenditures. According to the District, the Board only meets occasionally, and District expenditures are often approved via phone call. The APA questions this practice as the approval of claims is being conducted outside of a public meeting.

As a public body, 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. Neb. Rev. Stat. § 84-1409(2) (Cum. Supp. 2022) defines a meeting, in relevant part, as follows:

Meeting means all regular, special, or called meetings, formal or informal, of any public body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the public body].

(Emphasis added.) Neb. Rev. Stat. § 84-1411(1)(a) (Cum. Supp. 2022) states the following:

Each public body shall give reasonable advance publicized notice of the time and place of each meeting as provided in this subsection. Such notice shall be transmitted to all members of the public body and to the public.

Additionally, Neb. Rev. Stat. § 84-1413 (Cum. Supp. 2022) states, in relevant part, the following:

(1) Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.

(2) Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.

Furthermore, good internal controls require procedures to ensure that all District business is conducted at public meetings, as required by State law.

Without such procedures, there is an increased risk of the loss or misuse of public funds as well as a possible violation of the Open Meetings Act.

We recommend the District Board implement procedures to ensure that all District business is conducted at public meetings, as required by State law.

2. Negative Bank Balance

While examining the District's bank statements, the APA noted that the District's checking account had a negative balance from April 28, 2023, to May 2, 2023. During that period, the largest negative balance was \$7,307. For the fiscal year ended June 30, 2023, the District incurred no overdraft fees.

Good internal controls and sound business practices require procedures to ensure that funds are available in the District's bank account prior to payment. Without such procedures, additional fees can occur, and there is an increased risk of loss, misuse, or theft of funds.

We recommend the District Board implement procedures to ensure funds are available in the bank account prior to 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