



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Don Holtgrew, Chairperson  
Atkinson Rural Fire Protection District 1  
P.O. Box 117  
Atkinson, NE 68713

Dear Chairperson Holtgrew:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Atkinson Rural Fire Protection District 1 (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. Audit Waiver Activity Variance

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2023 audit waiver request. From those statements, the APA noted that the deposits and debits of the bank for the fiscal year did not reconcile to the book activity reported on the fiscal year 2023 audit waiver. The deposit and debit activity in the District's bank accounts exceeded the activity on the audit waiver by \$37,602. Per the preparer of the District's audit waiver request, this variance was due to the District incorrectly coding reimbursements received as an expense, rather than a revenue. The variances noted are outlined in the table below.

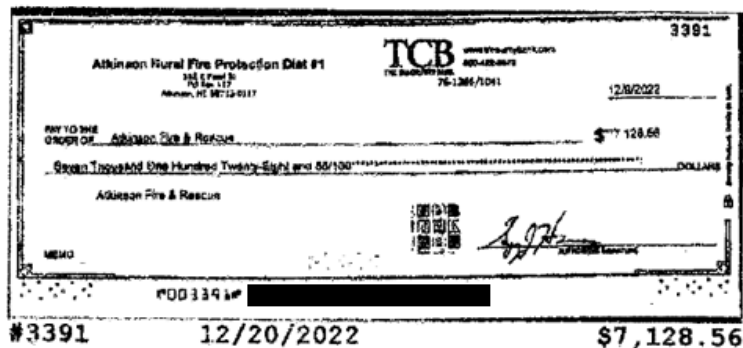
	2023 Audit Waiver	Bank Statements	Variance
Balance as of July 1, 2022	\$ 576,526	\$ 576,526	\$ -
Receipts (Less Transfers In)	365,721	403,323	(37,602)
Disbursements (Less Transfers Out)	305,295	342,897	(37,602)
Balance as of June 30, 2023	636,952	636,952	-

Sound accounting practices and good internal controls require procedures to ensure that receipt and disbursement activity reported on the audit waiver is accurate. Without such procedures, there is not only an increased risk of theft, loss, or misuse of District funds, but also a lack of transparency of the financial position and activity of the District.

We recommend the District implement procedures to ensure that receipt and disbursement activity reported on the audit waiver is accurate.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the District’s bank accounts from its fiscal year 2023 audit waiver request. From those statements, the APA noted that one District check written during the examination period contained only one signature, as shown below.



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 December 23, 2022, which can be found on the APA’s website. However, this issue does not appear to have been 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.

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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