



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 16, 2023

Don Montgomery, Chairperson
Bennet Rural Fire District
17701 Roca Road
Bennet, NE 68317

Dear Chairperson Montgomery:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Bennet Rural Fire District (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. Purchase of Alcohol

During the review of the District's bank statements for the fiscal year 2023, the APA noted two debit card purchases, totaling \$591.17, at restaurants in Grand Island, Nebraska. These purchases were for meals while firefighters were at fire school in Grand Island. The APA obtained copies of the receipts associated with these payments, which showed \$94.75 of these purchases was for alcoholic beverages. The following table summarizes the total amount paid at these restaurants, as well as the amount of alcohol purchased.

Date	Vendor	Location	Alcohol Amount	Total Amount
5/22/2023	Finish Line Restaurant	Grand Island, NE	\$ 71.00	\$ 193.73
5/22/2023	Texas Roadhouse	Grand Island, NE	23.75	397.44
Total			\$ 94.75	\$ 591.17

The itemized receipts for these purchases are shown below.

FINISH LINE REST-FONNER		Texas Roadhouse	
700 COLLEY PARK RD GRAND ISLAND, NE 68801 781-85710070 https://www.fonnerpark.com		232 Wilmar Ave. 308-382-0526	
58 - Tables		Server: CAITLYN	05/20/2023
Dine In		Table 121/1	9:54 PM
Cashier: JIMMIE O.		Guests: 11	064
19-May-2023 4:12:31P		Area: RESTAURANT	
Transaction 104348			
2 L-Z	\$0.00	Zion Premium Content	1.99
	Seagram 7 \$11.00	14oz Fort Worth Ribeye	23.99
	Dr. psi \$0.00	Root Beer	2.99
2 Wells	\$9.00	14oz Fort Worth Ribeye	23.99
	Vodka \$0.00	Smothered	2.29
	Redbull \$5.00	Washed Potato	
2 16oz ALm/Can	\$9.00	Loaded on Mash Pot	1.29
	Busch Light \$0.00	Iced Tea (4 @2.99)	11.96
4 16oz ALm/Can	\$18.00	Country Fried Chicken	14.40
	Miller Light \$0.00	Dr. Pepper	2.99
2 A-K	\$0.00	Critters & 6oz Sides	19.95
	Crown \$13.00	Busch Light Duke	6.50
	Dr. psi \$0.00	16oz Fort Worth Ribeye	25.99
2 I-Z	\$0.00	Smothered	2.29
	Dr. psi \$11.00	House Salad APP	
	Redbull \$5.00	Blue Cheese Crumbles	0.79
2 Mozzarella Cheese Sticks	\$15.98	16oz Fort Worth Ribeye	25.99
2 Wisconsin Cheese Curds	\$15.98	Washed Potato	
2 Gizzards	\$15.98	Loaded on Mash Pot	1.29
2 Onion Chips	\$13.98	18oz Marg Rks House	7.75
2 Corn Nuggets	\$13.98	+ Mango 18 House Rks	1.00
Subtotal	\$156.90	Grilled 5 oz Salmon	15.49
Food	9% \$6.87	Grilled Shrimp Sidekick	7.99
Total	\$163.73	16oz Fort Worth Ribeye	25.99
DEBIT CARD AUTH	\$163.73	Grilled Shrimp Sidekick	7.99
VISA		Beef Tips	14.99
Tip	\$30.00	Smothered Chicken	14.99
Total	\$193.73	House Salad APP	
		Blue Cheese Crumbles	0.79
		Sam Adams Boston Ale Duke	8.50
		16oz Fort Worth Ribeye	25.99
		Smothered	2.29
		Baked Potato	
		Loaded	1.29
		Complete Subtotal	303.87
		Subtotal	303.87
		Tax	23.13
		Occupation Tax	4.53
		Total	53
		Ziosk/Visa	331.53
		Tip	65.91
		Total	397.44

The purchase of alcohol with public funds is prohibited by Neb. Rev. Stat. § 13-2203(2) (Reissue 2022), which permits the governing body of a local government to purchase, among other things, only nonalcoholic beverages.

Good internal controls require procedures to ensure all District expenditures are allowable and appropriate. When such procedures do not exist, there is not only an increased risk of noncompliance with State statute, but also an increased risk of the loss, misuse, or theft of District funds

We recommend the District implement procedures to ensure District funds are not expended for the purchase of alcoholic beverages.

2. Lack of Purchasing Card Policy

During review of the bank statements obtained from the District's audit waiver request, it was noted that there were multiple debit card transactions throughout fiscal year 2023, totaling \$7,710. After further inquiry with the District, the APA was informed that the District utilized a debit card for purchasing parts for vehicle repairs and for meals during training.

With the use of a debit card, the District increases its risk of unrecoverable loss of funds due to fraud because debit cards do not provide as much fraud protection as a credit card or other purchasing cards. The District also increases its risk of payments being made without Board approval because the debit card does not require dual signatures. It was noted during the review that the District did not have a formal, written purchasing card policy outlining procedures for safeguarding District assets when using the District card, including such allowable purchases and authorized individuals.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements regarding a purchasing card program:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

* * * *

(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

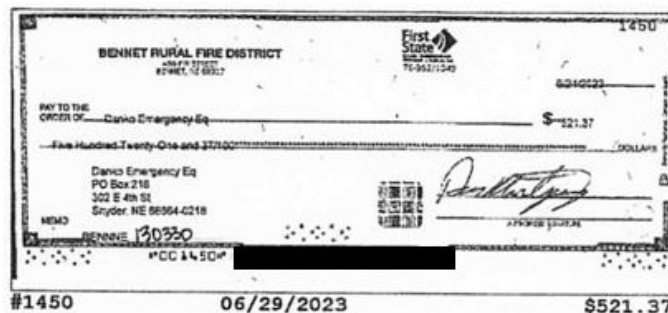
Good internal control procedures require adequate controls over the District's purchasing card, including an approved card policy that outlines procedures for the allowable use of the District card and authorized users.

Without such procedures, there is an increased risk of loss, theft, or misuse of District funds.

We recommend the District implement adequate controls over the District's purchasing card, including an approved card policy that outlines procedures for the allowable use of the District card and authorized users.

3. 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, which is 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.

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