



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 4, 2023

Dianne Bohlken, Chairperson
Talmage Rural Fire District
P.O. Box 213
Talmage, NE 68448

Dear Chairperson Bohlken:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Talmage Rural Fire District (District) for the fiscal year ending 2022. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), 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

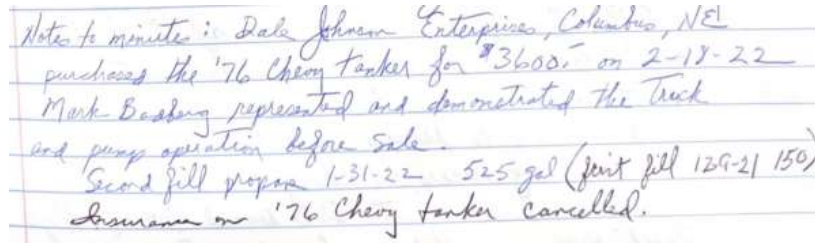
1. Board Meeting Minutes Issues

The APA obtained copies of the District's Board of Directors' (Board) meeting minutes for the following dates: August 18, 2021; January 19, 2022; and March 15, 2022. It was noted that the meeting minutes dated August 18, 2021, and January 19, 2022, contained additional "notes to minutes" that appear to have been added subsequent to the dates the meetings were held. The following shows the notes to the minutes added to the August 18, 2021, meeting minutes:

Notes to minutes: On November 30, 2021 Mark Badberg purchased on Purple Ware Auction a 2004 GMC pumper truck for the fire district. Purchase price 34 K plus 10% commission to total \$37,400. Fire department was to pick up truck from Wellsville Kansas and proceed to prepare truck for service. President Allen Bottwald concurred with board members ^{prop} ~~about~~ the purchase and having the fire dept. will sell the 1976 Chevy tanker at their discretion for the fire district was approved by board members after the new purchase. JCG-22
2-27

While it is unclear exactly when these notes were added, it can be reasonably assumed that they were added after November 30, 2021, as the purchase of a truck on that date is mentioned in the notes. Additionally, the notes were later edited on February 27, 2022, and signed with the initials "JCG." The APA observed that the August 18, 2021, meeting minutes were approved during the January 19, 2022, meeting; however, it appears that the edits made to the "Notes to minutes" on February 27, 2022, were not approved by the Board.

The following shows the notes to the minutes added to the January 19, 2022, meeting minutes:



Notes to minutes: Dale Johnson Enterprises, Columbia, NE
purchases the '76 Chevy tanker for \$3600 on 2-18-22
Mark Basing represented and demonstrated the truck
and pump operation before sale.
Second fill proper 1-31-22 525 gal (first fill 129-21 150)
Insurance on '76 Chevy tanker cancelled.

Again, it is unclear exactly when these notes were added, but it can be reasonably assumed that they were added after February 18, 2022, as the sale of a truck on that date is mentioned in the notes. The January 19, 2022, meeting minutes were approved during the March 15, 2022, meeting.

The APA questions whether such notes should be included as a part of the Board's official proceedings for the aforementioned meetings. Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022) states the following:

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

(Emphasis added.) As the notes and items therein were not discussed during the time the meetings were actually held, the APA believes that these notes should not be included or considered as part of the official proceedings of the Board.

Good internal controls require procedures to ensure meeting minutes accurately reflect the proceedings of the Board meetings. Without such procedures, there is an increased risk of noncompliance with State statute as well as a lack of transparency with regard to public affairs.

We recommend the District implement procedures to ensure meeting minutes accurately reflect the proceedings of the Board meetings, as required by law.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2022 audit waiver request. From those statements, the APA noted that all District checks written out of the District's checking account during the examination period contained only one signature. An example of such checks 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.

A similar issue was identified by the APA in prior reviews and was disclosed to the District in the APA’s letters dated December 8, 2020, and January 18, 2022, 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 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