



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

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Mark Harris, Chairman  
Scotts Bluff County Board of Commissioners  
1825 10<sup>th</sup> Street  
Gering, NE 69341

Dear Mr. Harris:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding, among other things, possible misuse of the Scotts Bluff County (County) credit cards and other funds. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the County. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time, as the County is audited on an annual basis.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

### **Background Information**

The County is a political subdivision established under and governed by the laws of the State of Nebraska. The County Board of Commissioners (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the County. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes, the ability to exert significant influence over all County operations, and the primary responsibility for related fiscal matters.

The following comments and recommendations, which have been discussed with the appropriate members of the County and its management, are intended to improve internal control or result in other operating efficiencies.

### **Comments and Recommendations**

#### **1. Personal Use of County Credit Cards**

The APA obtained copies of the County's credit card statements for the period July 1, 2024, through June 30, 2025. From these statements, the APA observed that the County maintained 46 active credit cards throughout the period being examined. The APA requested supporting documentation for 60 purchases. During our examination of those purchases, the APA became aware that two credit card charges, totaling \$275.50, were made by two different authorized County employees for their own personal benefit. Both purchases are summarized in the following table:

Card	Acct Name	Transaction Date	Post Date	Payee	Amount	Reimbursed Date	Days Passed Since Purchase
9748	Ronald J Steinle	7/13/2024	7/15/2024	eBay	\$36.44	9/10/2025	424
1544	Community Juvenile Aid	2/4/2025	2/5/2025	Costco	\$239.06	3/7/2025	31
<b>Total</b>					<b>\$275.50</b>		

The purchases at issue are discussed in further detail below:

***eBay Purchase***

This \$36.44 purchase was made by the Building and Grounds Facilities Manager (Facilities Manager), Jay Steinle, on July 13, 2024. The APA initially inquired with the County about the purchase on August 21, 2025. The County responded on September 4, 2025, but at that time was unable to find the documentation that was submitted to support the purchase.

The APA sent another information request to the County on September 8, 2025, with additional questions, including one regarding the eBay purchase. On September 11, 2025, the County provided the order confirmation for this purchase, which is shown below:

Order information		Shipping address	Order total	
Buyer	jayscottsbuffcounty	Jay Steinle	1 item	\$23.99
Seller	patriot-liquidator	1825 10th Street	Shipping	\$12.45
Placed on	Jul 13, 2024	Gering, Nebraska 69341-2444	Tax*	\$0.00
Payment method	Credit Card	United States	<hr/>	
Paid on	Jul 13, 2024		Order total	\$36.44
*We're required by law to collect sales tax and applicable fees for certain tax authorities. <a href="#">Learn more</a>				
<b>Items bought from patriot-liquidator</b>				
Order number: 02-11821-88771				
Quantity	Item name	Shipping service		Item price
1	Vintage Fisher Price Little People Wood Bodies Plastic Hair Bundle Lot Of 14 (335414647867)	USPS Ground Advantage		\$23.99

As seen in the above order confirmation, this purchase was for a “Vintage Fisher Price Little People Wood Bodies Plastic Hair Bundle Lot Of 14.” An example of the item purchased is shown in the following image:



The County further informed the APA in its response that this purchase was, in fact, a personal purchase, and the Facilities Manager was required to reimburse the County. It is important to note also that, although it was reimbursed, the County was completely unaware of this personal purchase by the Facilities Manager until after the APA’s inquiry – some 424 days after the purchase had been made.

### Costco Purchase

During our initial request, the APA inquired with specific County departments and offices regarding the nature of their credit card purchases. At that time, the APA was informed by the Diversion Coordinator of the County Attorney's Office, Tammy Frye, that she mistakenly used the County credit card at Costco for personal use. She further explained that, as soon as she realized she had used the County credit card for this purchase, totaling \$239.06, she notified the County Human Resources Director and reimbursed the County for that amount 31 days after the purchase was made. A copy of the Costco receipt is included below:

COSTCO WHOLESALE	
Timnath #1178 4705 Weitzel St Timnath, CO 80547	
SW Member 111961334685	
1873738 BODY PILLOW	14.99 A
*****Bottom of Basket*****	
E 364934 V8 VEG JUICE	14.99 E
E 1011666 ARROWHEAD **	6.49 E
E 897 DR PEPPER	15.49 EF
VOID	
E 1011666 ARROWHEAD **	6.49-E
*****BIB Count 2*****	
E 1805143 DOLE PINEAPL	13.99 E
E 2203187 LANDRY SNITZER	16.99 A
0000346984 /2203187	4.00-A
E 1896376 OATS	29.99 E
E 383254 4CHZ RAVIOLI	9.99 E
E 1827014 GHRASS CHINO	16.99 A
0000345845 /1827014	4.00-A
E 1716709 MATTY PANT	14.99 A
E 937184 ORGBLUBERIES	10.99 E
2 @ 9.69	
E 1581360 HEARTMACARON	19.38 E
E 1891993 ALMOND PSTRY	11.99 E
E 1741784 TUMBLERS	14.97 A
E 1815401 ELLAMOSSWTR	12.99 A
E 1298989 CANDY SNAP	8.99 E
E 1776658 VAN RICE PUD	9.99 E
SUBTOTAL	229.71
TAX	9.35
*** TOTAL	239.06

XXXXXXXXXXXX1544 H	
AID: A0000000031010	
Seq# 9295	App#: 016798
Visa Resp: APPROVED	
Tran ID#: 503500009295....	
APPROVED - Purchase	
AMOUNT: \$239.06	
02/04/2025 16:41 1178 9 272 814	
Visa	239.06
CHANGE	0.00
A 6.70% TAX	5.62
E 2.25% TAX	3.28
F 2.9% TAX	0.45
TOTAL TAX	9.35
TOTAL NUMBER OF ITEMS SOLD =	17
INSTANT SAVINGS	\$ 8.00
02/04/2025 16:41 1178 9 272 814	
	
21117800902722502041641	
DP#: 814 Name: Brit S	
Thank You!	

Although the County was reimbursed for both of the above personal purchases, there is a possibility of other personal purchases being made with the County credit cards that – absent a periodic review of credit card purchases – would remain unknown to the County.

The use of County credit cards for personal purposes, unintentional or otherwise, gives rise to serious legal concerns. To start, as explained by the Nebraska Attorney General, there is a “longstanding principle of constitutional law in Nebraska that public funds cannot be expended for private purposes.” Op. Att’y Gen. No. 97048 (Sept. 16, 1997). According to the Nebraska Supreme Court, this common law prohibition is core to the “the fundamental concepts of our constitutional system.” *State ex rel. Douglas v. Thone*, 204 Neb. 836, 842, 286 N.W.2d 249, 252 (1979).

Additionally, Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2021), which is found in the Nebraska Political Accountability and Disclosure Act, as set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024), provides the following:

*A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*

Subsection (2) of that same statute provides:

*A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

Section 49-14,101.01(7) says, in relevant part, “[A]ny person violating this section shall be guilty of a Class III misdemeanor . . . .”

Additionally, Neb. Rev. Stat. § 13-610(6) (Reissue 2022) states the following:

*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.*

Further, County Policy 13,401.000 states the following, in relevant part:

*Purchases on the purchasing cards much be for Scotts Bluff County business transactions only and comply with the County’s purchasing guidelines in the Personnel Manual [sic] (Sections 13,100.00 & 13,200.00). Any unauthorized purchases will result in disciplinary action and possible termination of employment.*

By using the County credit cards to buy personal items, moreover, these individuals benefited not only from what was essentially an interest-free loan of public funds but also, for the eBay purchase, by avoiding sales tax due to the County’s tax-exempt status.

Good internal controls require procedures to ensure that County funds are used only as provided by law.

Without such procedures, there is an increased risk for not only loss or misappropriation of public monies but also violation of State statute.

We recommend the implementation of procedures to preclude any future disbursement of County funds for personal, as opposed to public, purposes, regardless of whether such expenditures are subsequently reimbursed. Furthermore, the County should ensure sales taxes are properly paid or reported to the Nebraska Department of Revenue on the purchases at issue. Finally, because the issue addressed herein gives rise to concerns regarding possible violation of State law, we are referring this information to the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Scotts Bluff County Attorney for further review.

## **2. Menards Rebates**

The County maintains multiple charge accounts with Menards, which it utilizes to purchase supplies and other various items. Menards frequently offers an 11% rebate on purchases, which is typically included at the bottom of the original transaction receipt. In order to redeem a rebate, one must fill out a rebate form and mail it, along with the rebate section of the original transaction receipt, to Menards. When asked whether it tracks such Menards purchases and rebates, the County acknowledged lacking any policy for doing so.

While examining the County’s payments, the APA noted that, between July 1, 2024, through June 30, 2025, the County expended a total of \$18,656.07 at Menards. Of those payments, the APA observed that at least one rebate of \$52.55 – which was earned solely from a purchase made through one of the County’s charge accounts at Menards – was issued and redeemed under the name and home address of the County Facilities Manager, Jay Steinle. The following table summarizes the Menards purchase and resulting rebate:

County Purchase at Menards		Menards Rebate			
Transaction Date	Total Amount	Rebate Number	Issue Date	Redemption Date	Amount
9/19/2024	\$477.77	3044	11/20/2024	5/25/2025	\$52.55

The Facilities Manager redeemed this rebate on May 25, 2025, through a purchase that was comprised of apparent personal items, which are detailed in the following table:

Item #	Quantity	Item Description	APA Description	Price Paid
5739204	3	HID VAL RNCH DRESSING MIX443 1OZ	Ranch Seasoning	\$5.94
5746441	1	SUNKST PINAPLE SINGLES 0.53OZ-6 STICKS	Sunkist Pineapple Drink Mix	\$1.00
5746438	1	SUNKST LMN LIME SINGLES 0.53OZ-6 STICKS	Sunkist Lemon Lime Drink Mix	\$1.00
6202233	1	PLASTIC PITCHER 2 1/4 QT 233	Pitcher	\$5.13
6472418	1	CLX 32OZ ALL PURP CLNR 60044	All-Purpose Cleaner	\$4.10
6488931	1	SB SWIFT SCRUB WAND 547-W	Tub and Shower Wand	\$8.22
2162643	2	6" PLASTIC REFLECTIVE #1 844811	Plastic Number 1	\$6.16
2162645	1	6" PLASTIC REFLECTIVE #3 844813	Plastic Number 3	\$3.08
2254757	2	CUP HOOK 7/8" BRASS 5PK N119-669 BRASS	Brass Cup Hook	\$2.00
5746437	1	SUNKST STRWBRY SINGLES 0.53OZ-6 STICKS	Sunkist Strawberry Drink Mix	\$1.00
6479193	2	DAMPRID DISP POUCH 1CT FG20FS	DampRid Moisture Absorbers	\$6.12
2054748	1	SPIKE RAIN GAUGE 704-1531-TBP	Rain Gauge	\$5.14
2358469	1	SRFC/RECESSMOUNT LD DRING1756	Surface/Recess Mount D-Ring	\$5.13
5741798	3	PREM PANTRY SPIRALS & CHZ5.5OZ	Mac and Cheese	\$2.34
5733588	1	BLACKBURNS PEACH 12/18OZ 410002	Peach Preserves Mug	\$2.79
5733593	1	BLACKBURNS RASPBERRY 410008 18OZ	Raspberry Preserves Mug	\$2.79
3010221	1	NAIL ON TV MOUNT 65" NS30MS	TV Wall Mount	\$25.69
7031929	1	18"X30" COIR MAT WELCOME LEAVES	Welcome Mat	\$5.19
<b>Total (Including Tax) Before Applied Rebates</b>				<b>\$92.82</b>

A majority of the above transaction was paid with a \$52.55 Menards rebate earned entirely from the expenditure of County funds; the Facilities Manager used his own money for the remaining \$40.27 balance.

The following are images of some of the items purchased in the above transaction:



Sunkist Drink Mixes





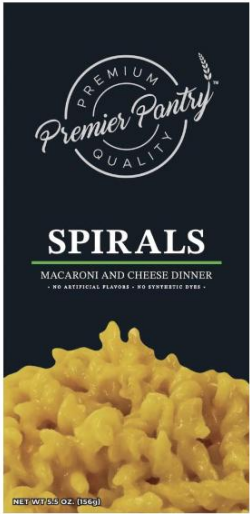
TV Wall Mount



Ranch Seasoning



Blackburn's Fruit Preserve Mugs



Mac and Cheese



Welcome Mat

Despite covering the cost of some of the apparently personal items shown above, the Facilities Manager's own money was insufficient to pay for all of them.

It is important to note that additional Menards rebates earned from the expenditure of County funds were issued to the Facilities Manager. Although not all of those rebates had been redeemed as of September 16, 2025, the APA did observe that he had made two additional purchases with them.

One purchase was made on March 4, 2024, at Menards for what appears to have been a 12' x 14' light brown plush carpet. This transaction was paid partially with a rebate earned almost entirely from the expenditure of County funds and other personally earned rebates. The County's rebate paid \$90.18 of the total \$177.18 purchase – leaving only \$87 to be paid with the other personally earned rebates issued to him and his wife.

Additionally, on May 1, 2025, the Facilities Manager purchased an American Standard Titan Toilet at Menards for \$209.61, which included \$10.61 in sales tax. This purchase was paid partially with a rebate earned entirely from the expenditure of County funds. The County's rebate paid \$45.31 of the total \$209.61 transaction – leaving \$2.05 to be covered by another rebate issued to the Facilities Manager's wife and \$162.25 to be paid with his personal funds.

The image below, obtained from Menards, shows the Facilities Manager picking up the toilet at 1:38 p.m. on the date of purchase:



According to County representatives, the Facilities Manager is required to record only leave usage because he is a salaried employee and, therefore, classified as exempt under the Fair Labor Standards Act. The following image is an excerpt from the "Timekeeping" section (Policy 3400.000) of the County's Personnel Manual:

**TIME CLOCK PROCEDURES FOR EXEMPT EMPLOYEES**

For exempt employees, TCP will be primarily used for the purpose of tracking vacation and sick leave.

Vacation requests should be entered into TCP 30 days in advance; individual departments may allow less time based on department schedule.

Sick Time requests should be entered into Time Clock in advance if possible or upon return to work.

Clock in/clock out requirements of exempt employees will be department specific. (Adopted 4/04/2022)

County representatives informed the APA that the Facilities Manager used no leave on the two days in May 2025 – the 1<sup>st</sup> and the 25<sup>th</sup> – when the purchases described above were made. However, the APA was unable to verify whether the Facilities Manager was supposed to have been working when making the personal purchases at Menards because he is not required to record his “clock in” or “clock out” times on his timesheets.

Regardless, the Facilities Manager appears to have experienced a direct personal benefit from redeeming the rebates earned from the expenditure of County funds. Such rebates belong to the County, constituting public property, and should not have been issued to him in the first place. It is our understanding that the County is aware of this potential misuse of County-earned rebates and is in the process of taking actions to address this issue.

The apparent misuse of County property gives rise to the possibility of serious statutory concerns.

To start, Neb. Rev. Stat. § 28-511(1) (Reissue 2016) states the following:

*A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.*

In addition, as explained in greater detail in **Comment and Recommendation Number 1** (“Personal Use of County Credit Cards”) herein (page 3), Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021), found in the Nebraska Political Accountability and Disclosure Act, restricts the use of property under the “official care and control” of a public official or public employee.

Good internal controls require the implementation of a formal, written policy outlining the proper handling and use of rebates earned through County purchases. Such policy should consist of: a) a listing of approved vendor charge accounts, including account numbers and the specific County personnel authorized to use them; b) language restricting the use of such charge accounts to purchases for official County purposes only; c) a detailed process for tracking both purchases made and rebates earned through the charge accounts; and d) a requirement that all rebates earned from purchases made through the charge accounts be designated and treated as County property, along with a strict prohibition against any personal use or other mishandling of such items.

Without such a policy, there is an increased risk of rebates belonging to the County being used for improper personal gain.

We recommend the County Board implement a formal, written policy outlining the proper handling and use of rebates earned through County purchases. Such policy should consist of: a) a listing of approved vendor charge accounts, including account numbers and the specific County personnel authorized to use them; b) language restricting the use of such charge accounts to purchases for official County purposes only; c) a detailed process for tracking both purchases made and rebates earned through the charge accounts; and d) a requirement that all rebates earned from purchases made through the charge accounts be designated and treated as County property, along with a strict prohibition against any personal use or other mishandling of such items. Additionally, due to the nature of the concern addressed in this comment, the APA will forward the information herein to the Nebraska Attorney General, the Scotts Bluff County Attorney, and the Nebraska Accountability and Disclosure Commission for further review.

### **3. Potentially Disallowed Purchases**

In addition to the personal use of the County’s credit cards and Menards rebates, the APA noted that the following purchases do not appear to constitute an appropriate use of public funds:



Card	Acct Name	Transaction Date	Post Date	Payee	Amount
6433	Kelly Sides	7/23/2024	7/24/2024	Dunkin Donuts	\$16.04
1046	Darla Simpson	8/20/2024	8/21/2024	Blossom Shop	\$62.06
0070	Office Road & Bridge	8/27/2024	8/28/2024	Walmart	\$55.67
6623	Brenda K Leisy	10/23/2024	10/24/2024	The Flower Basket	\$50.80
<b>Total</b>					<b>\$184.57</b>

The purchases are discussed in further detail below.

#### ***Dunkin Donuts Purchase***

During our examination of the supporting documentation provided by the County, the APA noted a payment made from a credit card issued to the County Clerk's office on July 23, 2024, totaling \$16.04, to Dunkin Donuts for a dozen donuts.

If this purchase was for the Clerk's office, the APA is unaware of any statutory authority allowing it. While entitled to spend their own money for office treats, County officials and employees may not expend public funds for such personal enjoyment – and the purchase of donuts in this instance lacks any apparent relation to the Clerk's official duties sufficient to justify an expenditure of taxpayer dollars.

The Nebraska Supreme Court has stated that the authority of counties is limited, as follows:

*A county in this state is a creature of statute and has no inherent authority. It has only such powers as are expressly conferred upon it by statute, and such as are incidentally indispensable to carry into effect those expressly granted it. A grant of power to a county is strictly construed, and any fair and reasonable doubt of the existence of the power is resolved against the county.*

*State ex rel. Johnson v. Gage County*, 154 Neb. 822, 826, 49 N.W.2d 672, 675 (1951). It is important to note also that the Nebraska Attorney General has made the following observation:

*Counties and county boards can only exercise such powers as are expressly granted by statute which are strictly construed.*

Op. Att'y Gen. No. 96087 (December 20, 1996). As for various County officials in particular, the Supreme Court of Nebraska has said the following:

*Powers conferred upon a public officer can be exercised only in the manner, and under the circumstances, prescribed by law, and any attempted exercise thereof in any other manner or under different circumstances is a nullity.*

*Garfield Cty. v. Pearl*, 138 Neb. 810, 818, 295 N.W. 820, 824-825 (1941) (quoting 46 C. J. 1032 at 1033).

Given the clear guidance above, as well as the apparent lack of applicable statutory authority for expending public funds on the purchase of donuts for County employees, this disbursement seems legally suspect. It should be noted that the Local Government Miscellaneous Expenditure Act, which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2022, Cum. Supp. 2024) and enumerates various expenditures permitted by governing bodies of local governments, permits the purchase of food items by designated political subdivisions under certain limited circumstances; however, there is no indication of the purchase at issue falling within those narrow statutory provisions.

Good internal controls require procedures to ensure that purchases made by County officials or employees constitute permissible expenditures of public funds.

### ***Blossom Shop, The Flower Basket, and Walmart Purchases***

The APA observed three credit card purchases, totaling \$168.53, that do not appear to be allowable, as County representatives explained that the expenditures were made for: 1) the funeral of a local law enforcement officer's son; 2) flowers for the new Gering Tourism Director; and 3) get well cards for employees who are out of the office due to sickness, medical procedures, and other personal reasons.

As mentioned previously in this comment, County officials and employees are entitled to spend their own funds for personal purposes, including for charitable or other benevolent reasons. The APA is unaware, however, of any statutory authority for expending public monies in such a manner. Additionally, purchases of flowers – whether for funerals, memorials, or other personal occasions – are not among the various expenditures authorized under the Local Government Miscellaneous Expenditure Act, which enumerates miscellaneous expenditures permitted by governing bodies of local governments, as also referenced earlier herein (page 9).

In fact, on September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document titled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued some three decades ago, as well as being directed toward municipalities, the Guideline remains relevant to various Nebraska public entities, including counties.

Regarding the issue of flower and memorial purchases – an analysis equally applicable to any other statutorily impermissible expenditure of public funds – the Guideline provides the following:

*Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?*

*Response – No.*

Consequently, all of the purchases at issue must be viewed as disallowable by law.

Good internal controls require procedures to ensure that purchases made by County officials or employees constitute permissible expenditures of public funds.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of County funds.

We recommend the County implement procedures to ensure purchases made by County officials and employees constitute permissible expenditures of public funds.

#### **4. Other Issues**

The APA noted the following additional issues related to purchases made with the County's credit cards.

### ***Gift Card Purchases***

During our examination of the supporting documentation provided, the APA noted the following two payments, totaling \$102, which consisted of gift card purchases for employee appreciation luncheons:

Card	Acct Name	Transaction Date	Post Date	Payee	Amount
7273	Lisa Rien	11/22/2024	11/25/2024	Marky's Meat Market	\$52.00
7273	Lisa Rien	11/22/2024	11/25/2024	Fresh Foods	\$50.00
<b>Total</b>					<b>\$102.00</b>

Upon our inquiry regarding the nature of these purchases, the County informed the APA that the gift cards were for an “Employee Appreciation Luncheon – Door Prize.” As a result, the APA requested a policy outlining the circumstances in which these purchases would be allowable. The County provided the APA with a copy of Policy 13,200.000 (IV), which says the following:

*Non-alcoholic beverages and meals provided at an employee recognition dinner held each year for Elected and Appointed Officials, employees, volunteers, or members of any governing body or committee which members are appointed by the Scotts Bluff County Board of Commissioners. The maximum cost per person for such dinner authorized by this resolution shall not exceed \$25.00. The annual recognition dinner may be held separately for employees of each department or separately for volunteers or separately for any governing body or committee, or any of them in combination[.]*

The above provision appears in keeping with Neb. Rev. Stat. § 13-2203(2)(b)(iii) (Reissue 2022) of the Local Government Miscellaneous Expenditure Act, as referenced previously herein (page 9), which authorizes the expenditure of public funds for “[n]on-alcoholic beverages and meals” as follows:

*Provided at one recognition dinner each year held for elected and appointed officials, employees, or volunteers of the local government. The maximum cost per person for such dinner shall be established by formal action of the governing body, but shall not exceed fifty dollars. An annual recognition dinner may be held separately for employees of each department or separately for volunteers, or any of them in combination, if authorized by the governing body[.]*

Regarding other gift items, however, § 13-2203(3) of the Local Government Miscellaneous Expenditure Act authorizes the following:

*The expenditure of public funds for plaques, certificates of achievement, or items of value awarded to elected or appointed officials, employees, or volunteers, including persons serving on local government boards or commissions. Before making any such expenditure, the governing body shall, by official action after a public hearing, establish a uniform policy which sets a dollar limit on the value of any plaque, certificate of achievement, or item of value to be awarded. Such policy, following its initial adoption, shall not be amended or altered more than once in any twelve-month period.*

(Emphasis added.) While suitable, perhaps, for the annual appreciation meal, the County’s policy does not appear to satisfy the additional statutory requirements for awarding “items of value,” such as the gift cards at issue.

Good internal controls require procedures to ensure that purchases made by County officials or employees constitute permissible expenditures of public funds. Such procedures would necessarily include the adoption of a formal, written policy specifying the circumstances under which County officials and employees could receive gifts purchased with public monies.

#### ***Purchase of Clothing for Public Defender’s Clients***

The APA noted two County purchases, totaling \$54.57, made at Goodwill for court appearances of the Public Defender’s clients. These purchases are summarized in the table below:

Card	Acct Name	Transaction Date	Post Date	Payee	Amount
6179	Public Defender	1/17/2025	1/20/2025	Goodwill	\$33.11
6179	Public Defender	3/13/2025	3/17/2025	Goodwill	\$21.46
<b>Total</b>					<b>\$54.57</b>

Per County representatives, this has been a standard practice of the Public Defender’s office. Even if these two purchases are permissible under Neb. Rev. Stat. § 23-3403 (Reissue 2022), the Public Defender’s office lacks a formal, written policy governing such expenditures.

Section 23-3403 states the following:

*The public defender may appoint as many assistant public defenders, who shall be attorneys licensed to practice law in this state, secretaries, law clerks, investigators, and other employees as are reasonably necessary to permit him or her to effectively and competently represent the clients of the office subject to the approval and consent of the county*

board which shall fix the compensation of all such persons as well as the budget for office space, furniture, furnishings, fixtures, supplies, law books, court costs, and brief-printing, investigative, expert, travel, and other miscellaneous expenses reasonably necessary to enable the public defender to effectively and competently represent the clients of the office.

(Emphasis added.) Good internal controls require the adoption of a formal, written policy specifying not only the circumstances under which such purchases for clients of the Public Defender are permissible but also the dollar limit therefore.

### ***Lack of Adequate Documentation***

While examining documentation provided for the expenditure of County funds, the APA noted that the following credit card charges lacked itemized receipts:

Card	Acct Name	Transaction Date	Post Date	Payee	Amount
5050	County Assessor	7/19/2024	7/22/2024	Lucy's Burritos	\$88.71
7045	County Treasurer	11/14/2024	11/18/2024	Gering Bakery	\$21.68
<b>Total</b>					<b>\$110.39</b>

Per Neb. Rev. Stat. § 13-610(4) (Reissue 2022), an itemized receipt must accompany any purchase made with a political subdivision's credit card, as follows:

*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.*

Good internal controls require procedures to ensure that all County credit card purchases are accompanied by itemized receipts.

### ***Payment of Sales Tax***

From the supporting documentation for purchases made with the County's credit cards, the APA noted a total payment of \$71.08 in Nebraska sales tax. The details of those expenditures are provided in the following table:

Card	Acct Name	Transaction Date	Post Date	Payee	Amount	Sales Tax
6179	Public Defender	7/18/2024	7/19/2024	Target	\$36.11	\$2.36
5050	County Assessor	7/19/2024	7/22/2024	Dollar General	\$8.60	\$0.60
1046	Darla Simpson	8/20/2024	8/21/2024	Blossom Shop	\$62.06	\$4.06
6179	Public Defender	10/22/2024	10/23/2024	Bed Bath & Beyond	\$285.54	\$19.92
6623	Brenda K Leisy	10/23/2024	10/24/2024	The Flower Basket	\$50.80	\$2.80
6623	Brenda K Leisy	12/7/2024	12/9/2024	Studio B	\$39.17	\$2.57
6179	Public Defender	1/3/2025	1/6/2025	Etsy	\$40.94	\$2.86
6179	Public Defender	1/17/2025	1/20/2025	Goodwill	\$33.11	\$2.17
5703	Training Communications	3/21/2025	3/24/2025	Etsy	\$483.59	\$33.74
<b>Totals</b>					<b>\$1,039.92</b>	<b>\$71.08</b>

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) states that purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

*Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village . . . .*

Good internal controls require procedures to ensure that County funds are not expended for the payment of Nebraska sales tax.



### ***Credit Card Account Limits***

As mentioned already in **Comment and Recommendation Number 1** (“Personal Use of County Credit Cards”) herein, the County has several active credit cards that are assigned to specific departments, officials, and employees. County Policy 13,400.000 requires each Department’s elected or appointed official to set a “dollar limit per purchase, total dollar limit of purchases per day and maximum dollar purchase limit for each cardholder per month.” County representatives informed the APA that any adjustments to these limits are reviewed and entered by authorized employees of the County’s Personnel Office. However, these adjustments are not always approved by the County Board when revised.

Neb. Rev. Stat. § 13-610(1) (Reissue 2022) provides the following:

*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.*

(Emphasis added.) Good internal controls require procedures to ensure that the County Board, as the governing body of the County, is aware of and approves any adjustments made to the credit limit amounts on its credit cards in accordance with statutory requirements.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of County funds.

We recommend the implementation of procedures to ensure purchases made by County personnel constitute permissible expenditures of public funds. Such procedures would necessarily include the adoption of a formal, written policy specifying the circumstances under which County officers or employees are eligible to receive gifts purchased with public funds and the price limit for each. A similar policy should be adopted regarding purchases of clothing for clients of the Public Defender. Formal, written policies should specify also that every purchase with a County credit card must be accompanied by an itemized receipt, and public funds are not to be expended on Nebraska sales tax. Finally, a policy is needed to ensure the County Board approves any adjustments made to the spending limits on its credit cards.

### ***County Overall Response:***

*Scotts Bluff County acknowledges receipt of your draft letter outlining concerns identified during the recent audit review. We appreciate your office’s time and attention in bringing these matters to the County’s attention. Please be advised that the County is currently conducting an internal review to investigate each of the concerns noted. In conjunction with this review, we have undertaken a comprehensive update of all applicable policies and procedures referenced in your draft letter to ensure continued compliance and improved internal controls; including the following:*

- *Scotts Bluff County will review and update our Personnel Policies 13,400.00 and 13,401, along with our ‘Purchase Card Acceptance Agreement’ to address the concerns brought forward by the Auditor of Public Accounts. All Purchase Card Users will be asked to review and sign the new Card Acceptance Agreement. All authorized users have been asked to leave their cards at their County offices when not working.*
- *Scotts Bluff County will implement a formal Rebates, Rewards and Incentives policy to address concerns brought forward by the Nebraska Auditor of Public Accounts.*
- *Scotts Bluff County will consider, implement or update current procedures to address the following:*

- *Circumstances under which employees of the County can receive gifts purchased with public funds, including a price limit, not to exceed \$50.*
- *Public Defender will incorporate a client clothing purchase policy, noting circumstance and dollar limit.*
- *The updated Purchase Card policy will address the necessity of an itemized receipt to support all purchases, and exclusion of Nebraska sales tax on business purchases.*
- *All Purchase Card users will be required to sign the updated Purchase Card Agreement form.*
- *Commissioners will approve adjustments to any requested spending limits.*

*Each of the aforementioned policies/procedures are currently being set for consideration before the County Personnel Board on October 30th, and thereafter will come before the Scotts Bluff County Commissioners for final review and approval.*

*We will provide additional information or documentation as needed upon completion of our internal review and policy and procedural updates. Thank you for your ongoing cooperation and oversight.*

\* \* \* \* \*

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the County.

Draft copies of this letter were furnished to the County to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the County and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor  
Mason Culver – Auditor-In-Charge  
Destini Morales – Auditor II

Sincerely,



Craig Kubicek, CPA, CFE  
Deputy Auditor  
Auditor of Public Accounts  
Room 2303, State Capitol  
Lincoln, NE 68509  
Phone (402) 471-3686  
[craig.kubicek@nebraska.gov](mailto:craig.kubicek@nebraska.gov)

cc. Nebraska Attorney General  
Nebraska Accountability and Disclosure Commission  
Scotts Bluff County Attorney