

# STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 13, 2005

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Kate Witek  
State Auditor  
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Board of Supervisors  
Franklin County, Nebraska

Dear Supervisors:

Deann Haeffner, CPA  
Deputy State Auditor  
haeffner@mail.state.ne.us

We have audited the basic financial statements of Franklin County (County) for the fiscal year ended June 30, 2004, and have issued our report thereon dated April 13, 2005. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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Pat Reding, CPA  
Asst. Deputy Auditor  
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During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

Tim Channer, CPA  
Asst. Deputy Auditor  
channer@mail.state.ne.us

## COUNTY OVERALL

Mary Avery  
SAE/Finance Manager  
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### Segregation of Duties

Dennis Meyer, CGFM  
Subdivision Budget  
Coordinator  
dmeyer@mail.state.ne.us

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

Mark Avery, CPA  
Subdivision Audit  
Review Coordinator  
mavery@mail.state.ne.us

We noted each office of the County had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

Perry Pirsch, JD, MPA  
Legal Counsel  
ppirsch@mail.state.ne.us

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

## **COUNTY SHERIFF**

### **Balancing Procedures**

Good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank balance, and accounts receivable) are in agreement with office liabilities (fees and trust accounts).

We noted at June 30, 2004, office records indicated assets were long \$137 compared to office liabilities. Failure to determine asset-to-liability balancing variances can result in an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on unexplained variances.

### **Lack of Supporting Documentation**

Good internal control requires adequate documentation be retained to support receipts.

We noted two of five receipts tested for prisoner boarding did not have adequate documentation to support the amounts received. We also noted three of five receipts tested did not agree with the amount billed. Without maintaining adequate supporting documentation on file there is an increase risk of loss, theft, or misuse of funds.

We recommend the County Sheriff retain all supporting documentation for subsequent review.

## **COUNTY NOXIOUS WEED CONTROL AUTHORITY**

### **Payments Not Remitted on a Timely Basis**

Good internal control requires payments be remitted to the County Treasurer on a timely basis.

We noted payments were remitted to the County Treasurer only three times during the fiscal year. There was a remittance in December 2003 for \$16,836. Prior to December 2003 a remittance had not been made since July 2003. Without remitting payments to the County Treasurer on a timely basis there is an increase risk of loss, theft, or misuse of funds.

We recommend the County Noxious Weed Control Authority remit payments to the Treasurer on a monthly basis.

### **Lack of Supporting Documentation**

Good internal control requires adequate documentation be kept on file to support billing rates.

We noted the office did not maintain any documentation to support billing rates for chemicals during fiscal year 2004. Without maintaining adequate supporting documentation on file there is an increase risk of loss, theft, or misuse of funds.

We recommend the County Noxious Weed Control Authority retain all supporting documentation for subsequent review.

It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Deann Haeffner CPA".

Deann Haeffner  
Deputy State Auditor