

# STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 24, 2005

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Kate Witek  
State Auditor  
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Board of Supervisors  
Saunders County, Nebraska

Dear Supervisors:

Deann Haeffner, CPA  
Deputy State Auditor  
[haeffner@mail.state.ne.us](mailto:haeffner@mail.state.ne.us)

We have audited the basic financial statements of Saunders County (County) for the fiscal year ended June 30, 2004 and have issued our report thereon dated January 24, 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.

Don Dunlap, CPA  
Asst. Deputy Auditor  
[ddunlap@mail.state.ne.us](mailto:ddunlap@mail.state.ne.us)

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:

Pat Reding, CPA  
Asst. Deputy Auditor  
[reding@mail.state.ne.us](mailto:reding@mail.state.ne.us)

## COUNTY OVERALL

Tim Channer, CPA  
Asst. Deputy Auditor  
[channer@mail.state.ne.us](mailto:channer@mail.state.ne.us)

### Segregation of Duties

Mary Avery  
SAE/Finance Manager  
[marya@mail.state.ne.us](mailto:marya@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.

Dennis Meyer, CGFM  
Subdivision Budget  
Coordinator  
[dmeyer@mail.state.ne.us](mailto:dmeyer@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.

Mark Avery, CPA  
Subdivision Audit  
Review Coordinator  
[mavery@mail.state.ne.us](mailto:mavery@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, commissions, mileage, and refunds).

We noted at June 30, 2004, office records indicated assets were long \$610 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.

## **COUNTY ATTORNEY**

### **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, commissions, and restitution).

During our audit, we noted the County Attorney's office did not perform asset-to-liability balancing procedures. At June 30, 2004, office records indicated assets were long \$736 compared to office liabilities. Failure to perform asset-to-liability balancing procedures can result in an increased risk of loss, theft, or misuse of funds and errors can more easily go undetected.

We recommend the County Attorney implement documented monthly balancing procedures of all office assets including cash on hand, petty cash, bank accounts, etc. to office liabilities.

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". The signature is written in black ink and is positioned above the printed name and title.

Deann Haeffner  
Deputy State Auditor