



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Michael Stubbs, Chairperson
Village of Pleasanton
P.O. Box 121
Pleasanton, NE 68866

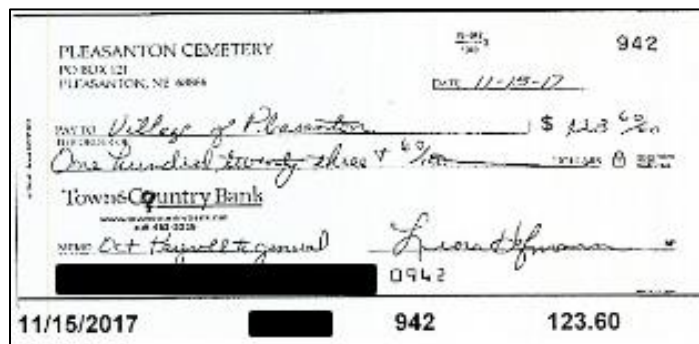
Dear Chairperson Stubbs:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Pleasanton (Village). However, while performing our review to determine whether to approve the audit waiver, the APA noted certain internal control or compliance matters, or other operational issues, within the Village. The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Dual Signatures Required on Checks

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2018 audit waiver request. From these statements, the APA noted that all of the Village’s checks written out of the Perpetual Care Fund, as well as the cemetery and utility deposit bank accounts, during the examination period contained only one signature. An example of such checks is shown below:



State statute requires Village checks to be signed by both the Village Board (Board) Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2018) provides the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk of not only failure to comply with State statute but also the loss and/or misuse of Village funds.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

2. Payment of Claims Prior to Board Approval

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that multiple Village payments, totaling \$3,320.23, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Claim Date	Name/Vendor	Amount	Payment Type	Cleared Date	Days Paid Before Approval
1/10/2018	IRS taxes	\$ 1,978.99	ACH	1/5/2018	5
1/10/2018	NE Dept Rev-Sales Tax	\$ 429.11	ACH	1/5/2018	5
1/10/2018	NE Dept Rev SWH	\$ 905.80	ACH	1/5/2018	5
1/10/2018	Intuit Payroll	\$ 6.33	EFT	12/28/2017	13
Total		\$ 3,320.23			

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the city council in a city of the second class or village board of trustees . . .

(Emphasis added.) Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

Overall Village Response: The Village Clerk had signed the Cemetery account checks as the prior clerks had done. The checks were not sent out until after the board meeting with the board’s approval. She has called the Town & Country Bank and as of September 13, 2019 has it set up so that any of the Village Board members can sign those checks and will have two Village Board of Trustees sign the checks at their monthly meeting. The Village Clerk has talked to me about the reason she sent the ACH for the taxes and the intuit payroll when she created those files. She accepted the date that QuickBooks automatically put on for the date. The board gets the total list of claims, including the ach and eft payments for their approval prior to their monthly board meeting for review along with the bank statements and reconciliations and the treasurer’s report for approval at the monthly board meeting. As of September 13, 2019, any ach or eft payments will not be sent until after the Village Board meeting.

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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 Village'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 Village.

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

This communication is intended solely for the information and use of the Village 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 regarding the above information, please contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Mary Avery".

Mary Avery
Special Audits and Finance Manager
Phone (402) 471-3686
mary.avery@nebraska.gov

cc: Leora Hofmann, Village Clerk/Treasurer