



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Kelly Moore, Chairperson  
Village of Whitney  
3205 Missouri Street  
Whitney, NE 69367

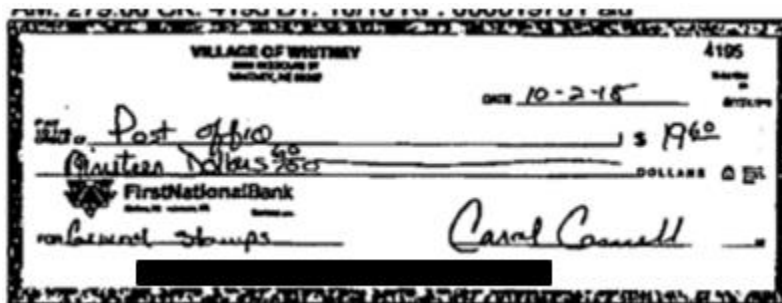
Dear Chairperson Moore:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Whitney (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 checks written 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) states 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. Lack of Claims Approval

During our comparison of the Village's bank account details to claims paid by the Board, the APA noted that the Board failed to approve the claims for September 2018. Additionally, the APA questions whether details of those unapproved claims, including descriptions of their respective purposes, were published in accordance with State statute.

Per its September 6, 2018, meeting minutes, the Board passed a motion regarding the Village Treasurer's report. The following is an excerpt from those minutes:

*Treasures [sic] report read by CC KM moved treasures [sic] report read, RW 2<sup>nd</sup> all ayes*

No other motion regarding claims was documented. The APA was later provided with a copy of the Village Treasurer's report referenced during the September 6, 2018, Board meeting. That report included the bills paid, as shown in the table below:

Name	Description	Amount
Wild Excavation		\$ 1,250.00
Carol Connell		\$ 165.00
Rural Water Dist		\$ 323.46
Strong Insurance		\$ 596.00
NE Enviro Lab		\$ 132.00
Crawford Clipper		\$ 74.52
Terry Connell		\$ 200.00
Jim Moore		\$ 40.00
Wild Excavation		\$ 475.00
<b>Total</b>		<b>\$ 3,255.98</b>

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires publication of the Board's official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

*It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.*

(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. Those same procedures should ensure also that the Board's official proceedings describe the purpose of each claim allowed and are published in accordance with State statute.

Without such procedures, there is an increased risk of not only a loss or misuse of Village funds and a failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

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. Those same procedures should ensure also that the purpose of each claim allowed is included in the Board's official proceedings and published in accordance with State statute.

*Overall Village Response: From now on, we will make sure that there are two signatures on the checks and that any claims for payment are approved before a check is written. We'll review your emails/letters with the other board members at the August meeting.*

\* \* \* \* \*

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,



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cc: Carol Connell, Village Treasurer