



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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William Reynolds, Chairperson  
Village of Winslow  
P.O. Box 7  
Winslow, NE 68072

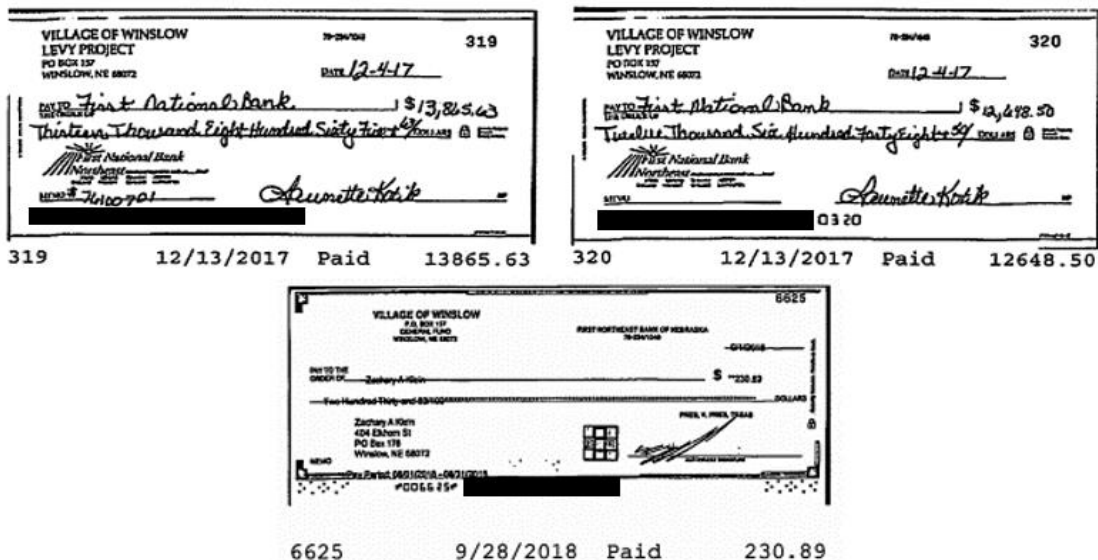
Dear Chairperson Reynolds:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Winslow (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 three Village checks, totaling \$26,745.02, written during the examination period contained only one signature. Examples of such checks are 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.

*Village Response: We know about this issue and we are working to improve availability of village personnel. For these 2 instances the checks were missed during printing and not caught. The board had approved the expenditures and they were time sensitive for the first 2. Not for the last one. We sent the two to the bank to avoid penalties. The payroll check should have waited, and we didn't catch it. We will work on that.*

## **2. Lack of Claim Purpose**

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that the claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for February 5, 2018:

<b>Name</b>	<b>Description</b>	<b>Amount</b>
Adams Oil		\$ 1,192.21
Chem Tech		\$ 38.58
Fastenal		\$ 44.45
First National Bank		\$ 950.00
LERW		\$ 733.94
Menards		\$ 82.37
OPPD		\$ 781.80
ST Nebr. Health Dept.		\$ 49.00
G. Wagner		\$ 300.00
Z. Klein		\$ 250.00
L. Kotik		\$ 200.00
	<b>Total</b>	<b>\$ 4,622.35</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 and sound accounting practices require procedures to ensure that the Board’s official proceedings describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only 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 the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

*Village Response: The description is something that we have never done in our bills report. We will include this in the future bills’ presentation. We guess we as a board know what the bills are for, so we never questioned but understand why this is important. This will be included in future reports.*

### 3. Other Issues

In addition to the concern noted above, the APA also identified the follow issues:

- During six months of 2018, the Village’s utility bank account had a negative balance, resulting in total overdraft fees of \$50. The table below summarizes the negative balances and overdraft fees:

Date Range	Largest Negative Balance	Overdraft Fees
3/13/18	\$ (360.12)	
4/17/18	\$ (1,191.43)	
5/11/18 - 6/8/18	\$ (2,164.41)	\$ 50.00
6/10/18	\$ (180.20)	
6/17/18 - 7/3/18	\$ (1,254.70)	
7/17/18 - 7/26/18	\$ (1,144.50)	
9/17/18 - 9/18/18	\$ (1,190.03)	
		<b>\$ 50.00</b>

- Two Village claims cleared the bank for amounts different than those approved by the Board. The table below summarizes those payments:

Name	Check #	Claim Date	Claim Amount	Check Amount	Variance
Adams Oil	1176	2/5/2018	\$ 1,192.21	\$ 1,677.66	\$ (485.45)
Menards	1179	2/5/2018	\$ 82.37	\$ 104.79	\$ (22.42)
<b>Totals</b>			<b>\$ 1,274.58</b>	<b>\$ 1,782.45</b>	<b>\$ (507.87)</b>

- One Village check, totaling \$0.75, was paid to One Call Concepts in February 2018, but it was not included on the claims listing to be approved by the Board.

Good internal control and sound business practices require procedures to ensure the following: 1) sufficient funds are available in the Village's bank accounts to pay claims; 2) claim amounts approved by the Board agree to amounts actually paid; and 3) all payments made by the Village are approved by the Board.

Without such procedures, there is an increased risk for not only the loss, misuse, or theft of Village funds but also the accumulation of overdraft fees.

We recommend the Board implement procedures to ensure the following:  
1) sufficient funds are available in the Village's bank accounts to pay claims; 2) claim amounts approved by the Board agree to amounts actually paid; and 3) all payments made by the Village are approved by the Board.

*Village Response: We will dig into these transactions. We don't know at this time why this is incorrect. The one call concepts is a monthly item and is normally in the report. We will look to see if we missed this. We run a reconciliation on the accounts monthly and this should have been caught. We will look to see if this was an error on our part.*

\* \* \* \* \*

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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Special Audits and Finance Manager  
Phone (402) 471-3686  
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cc: Lonnie Kotik, Village Clerk