



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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July 22, 2019

John E. Nelson, Chairperson  
Village of Belgrade  
P.O. Box 68  
Belgrade, NE 68623

Dear Chairperson Nelson:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Belgrade (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:

OFFICE OF BELGRADE VILLAGE CLERK 78-170/1398 1398  
WATER DEPT  
PO BOX 68  
BELGRADE, NE 68623 DATE 10-10-17  
PAY TO TERRY PEASE \$ 150.00  
THE ORDER OF ONE HUNDRED FIFTY & NO/100  
The Fullerton National Bank FULLERTON, NEBRASKA  
MEMO FULL TRAVEL USE  
430490172012 [REDACTED] 1398

DDA Debits - 10/23/2017 - 1398 - \$150.00

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 agree with the recommendation. In the future, all Village checks will be required to have dual signatures by both the Board Chairman and the Village Clerk. We will update our signature cards with bank and inform them to only accept checks with dual signatures.*

**2. Payment of Claim Prior to Board Approval**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that one Village check, totaling \$49, was issued before the underlying claim was approved by the Board. Details of this premature payment are provided in the table below:

Name	Bank Account	Approval Date	Check #	Check Clear Date	Check Amount	Days Paid Before Approval
Belgrade Post Office	General Account	12/14/2017	10600	10/4/2017	\$ 49.00	71

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.

*Village Response: We agree with the recommendation. We will implement procedures to ensure all claims are approved by the board before the check is written. We will also implement procedures to adequately document the claims which are approved in the meeting minutes for the month.*

**3. Payment of Unapproved Claim**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one municipal check, totaling \$1,450, which was issued but not included on the claims listing to be approved by the Board. Details of this unapproved payment are provided in the following table:

Name	Bank Account	Check #	Check Date	Check Amount
Maguire Iron Inc.	Water Account	1413	12/14/2017	\$ 1,450.00

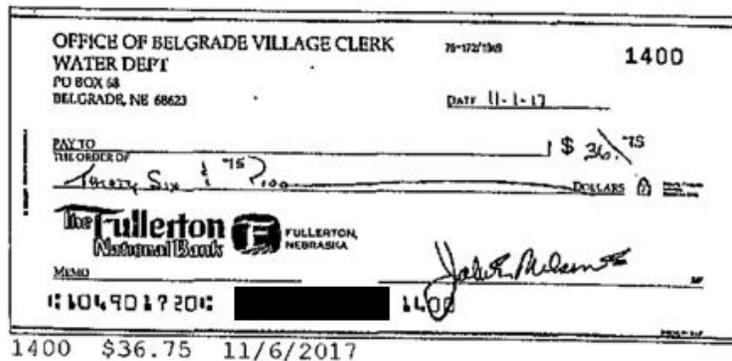
Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

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.

*Village Response: Same answer as #2.*

**4. Other Issues**

The APA also noted one check, totaling \$36.75, which cleared the bank without a payee, as shown below.



Good internal control and business practices require procedures to ensure that all checks contain a payee. Without such procedures, there is an increased risk the check may be cashed by someone other than the appropriate party, resulting in a loss or misuse of Village funds.

We recommend the Village Board implement procedures to ensure all checks contain a payee.

*Village Response: We agree with the recommendation. We will implement procedures to ensure all checks contain a payee before they are signed by the Board Chairman and the Village Clerk.*

\* \* \* \* \*

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". The signature is written in black ink and is positioned to the left of the typed name and contact information.

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

cc: Karen Penne, Village Clerk