



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 23, 2019

Kevin Pohlmeier, Chairperson
Village of Lawrence
P.O. Box 363
Lawrence, NE 68957

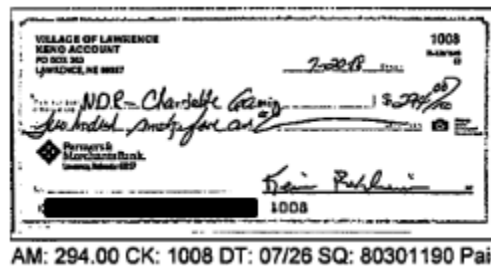
Dear Chairperson:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Lawrence (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 out of the Village's keno bank account 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 Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified numerous checks, totaling \$395.45, which were paid but not included on the claims listing to be approved by the Board.

Those unapproved disbursements are summarized in the table below:

Name	Check #	Check Date	Amount
Kevin Pohlmeier	19478	9/10/2018	\$ 46.17
Terry Cox	19479	9/10/2018	\$ 32.32
Marlene Faimon	19480	9/10/2018	\$ 32.32
Kyle Faimon	19481	9/10/2018	\$ 64.64
Farmers & Merchants	3645	9/13/2018	\$ 100.00
Postmaster	3646	9/13/2018	\$ 120.00
Total			\$ 395.45

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.

3. Other Issues

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two checks that cleared the bank for amounts in excess of those approved by the Board.

Those excessive payments are summarized in the table below:

Name	Check #	Approved Amount	Cleared Amount	Variance
IRS	EFT	\$ 785.00	\$ 1,014.90	\$ 229.90
South Central Public Power District	19486/3647	\$ 250.00	\$ 1,476.48	\$ 1,226.48
Totals		\$ 1,035.00	\$ 2,491.38	\$ 1,456.38

Good internal control requires procedures to ensure that Village payments are made for the amounts approved by the Board.

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

We recommend the Village implement procedures to ensure all payments are made for the amounts approved by the Board.

Overall Village Response: I have reviewed such claims and will plan on immediately taking corrective measures going forward.

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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,



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cc: Barbara Janda, Village Clerk