



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 10, 2019

Tyler Wehrbein, Chairperson
Village of Burchard
P.O. Box 245
Burchard, NE 68323

Dear Chairperson Wehrbein:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Burchard (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 during the examination period contained only one signature. An example of such checks is shown below:

VILLAGE OF BURCHARD
PO BOX 245
BURCHARD, NE 68323

FIRST BANK
of NEBRASKA
DATE Dec 4 2017

6156
76-122/1019 2

PAY TO THE ORDER OF J.R. Stalger Company \$ 83,160.00

Eighty three thousand one hundred sixty and no/100 DOLLARS

Payment #1 Burchard water taxes

⑆006156⑆

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: Dual signatures will be required on all Village checks. The Board Chair and the Village Clerk will sign all checks.

2. Donation

During review of the minutes for the Board’s meeting on December 11, 2018, the APA noted that a \$500 donation was approved for the Village’s volunteer fire department.

The following is an excerpt from those meeting minutes:

After discussion, Lisa Wenzl moved the Village donate \$500 to the volunteer [fire] department to help support their department All others voted aye. Motion passed.

Neb. Rev. Stat. § 13-604(1) (Reissue 2012) authorizes a municipality “to spend its own revenue and other available resources” for any lawful purpose, including the following:

Ordinary and necessary maintenance and operating expenses for (a) public safety, including law enforcement, fire protection, and building code enforcement; (b) environmental protection, including sewage disposal, sanitation and pollution abatement; (c) public transportation, including transit systems for streets and roads; (d) health; (e) recreation; (f) libraries; (g) social services as defined in section 68-1202; and (h) financial administration[.]

(Emphasis added.) Though not taking exception to the legality of the payment itself to the volunteer fire department, the APA questions the apparent lack of subsequent oversight to ensure that the public funds were utilized appropriately by the volunteer fire department.

Good internal control requires procedures to ensure that Village disbursements are not only lawful but also reasonable, necessary, and utilized appropriately for their intended purpose.

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

We recommend the implementation of procedures to ensure that all Village disbursements are reasonable, necessary, and utilized appropriately for their intended purpose. To accomplish this, we recommend that Village aid be made – when expressly authorized by statute – on a reimbursement basis or contingent upon support from the recipient that the public funds awarded are being utilized appropriately.

Village Response: Prior to the Village administering financial aid, the Board will assure the funds will be/are used appropriately and for their intended purpose. To do this the Board will require the recipient to submit proof the funds will be and/or were used in compliance with Nebraska Statute, and the use of the funds are/were reasonable and necessary.

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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: Ron Seitz, Village Clerk