



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Raymond Musil, Chairperson
Village of DuBois
308 Miner St.
P.O. Box 87
DuBois, NE 68345

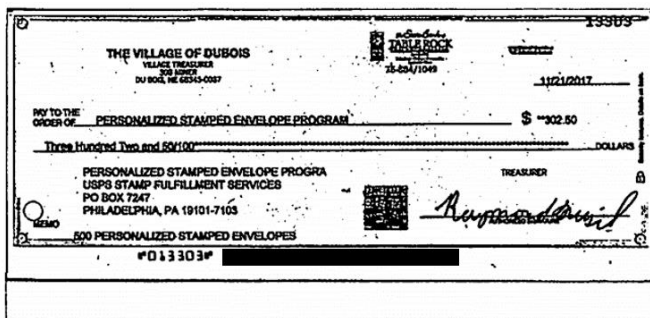
Dear Chairperson Musil:

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

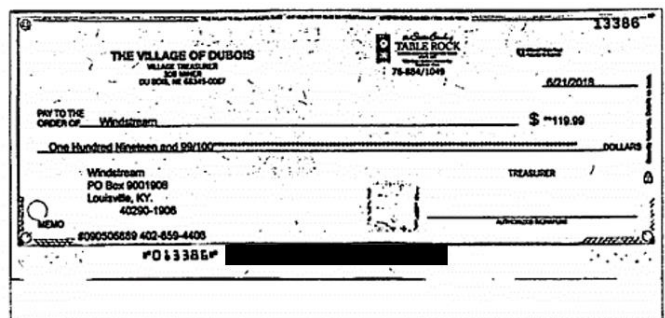
Comments and Recommendations

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 four Village checks, totaling \$1,281.08, written during the examination period contained only one signature. An example of such checks is shown on the left below. Additionally, one check for \$119.99 contained no signature, which is shown on the right below:



12/08/2017 13303 \$302.50



07/10/2018 13386 \$119.99

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: Please note that this was not intentional. At the end of each meeting, the checks are signed by the Chairman and then by the Clerk/Treasurer and mailed by the Clerk/Treasurer the next day. Apparently we did not check the checks prior to mailing to make sure that both signatures were on them. We will be more careful in the future. As we live in a rural area and have a local Bank is probably why they let them go thru without the signature(s).

2. Payment of Claims Prior to Board Approval

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that two Village checks, totaling \$2,479.86, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Name	Check #	Claim Date	Cleared Date	Amount	Days Paid Before Approval
Pawnee County Rural Water	ACH	9/25/2018	9/4/2018	\$ 1,570.00	21
State Bank of Table Rock	ACH	9/25/2018	9/18/2018	\$ 909.86	7
Total				\$ 2,479.86	

In addition, the APA noted that the payment to the State Bank of Table Rock was approved for \$909.86, but cleared the bank for \$991.30, a difference of \$81.44.

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, adequately documented in the meeting minutes of the month in which they are approved, and paid in the amount approved by the Board.

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, adequately documented in the meeting minutes of the month in which they are approved, and paid in the amount approved by the Board.

Village Response:

The Board approved in advance that:

- A. *the monthly payments to Pawnee County Rural Water, which are due on the 15th of each month can be paid by us using the Bank's Billpay in order to avoid a 8.26% late charge since we do not have our meeting until the last Tuesday of each month. Said item is then put on the Claims for that month.*

- B. *the ACH to the State Bank of Table Rock is a loan payment which is due on the 18th of each month. The Bank transfers the payment of \$991.30 from our General Account to the Loan payment on the 18th of each month. This was approved by the Board when we took out the loan. The amount of \$909.86 that is on the minutes is definitely a typo by us. The amount that was posted to our QuickBooks and on the monthly financial statements that we presented to the Board show the proper amount of \$991.30. Again, our error and we will be more careful in the future.*

* * * * *

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,



Mary Avery
Special Audits and Finance Manager
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cc: Eilleen Rexroth, Village Clerk