



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

October 24, 2019

Cheryl Giesselmann, Chairperson
Village of Elsie
103 Perkins Avenue
Elsie, NE 69134

Dear Chairperson Giesselmann:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Elsie (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. Payment of Claims Prior to Board Approval

During our comparison of the Village's bank account details to claims approved by the Village Board (Board), the APA noted that one Village payment, totaling \$594.50, was paid before the underlying claim was approved by the Board.

Details of that premature payment are presented in the table below:

Claim Date	Name/Vendor	Amount	Payment Type	Cleared Date	Days Paid Before Approval
11/16/2017	Katie Sis	\$ 594.50	EFT	10/31/2017	16

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.

2. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two payments, totaling \$1,403.43, which were paid but not included on the claims listing to be approved by the Board.

These disbursements are summarized in the table below:

Name/Vendor	Amount	Payment Type	Cleared Date
Village of Elsie Payroll	\$ 1,100.56	EFT	10/31/2017
Department of Revenue	\$ 302.87	EFT	11/28/2017
Total	\$ 1,403.43		

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.

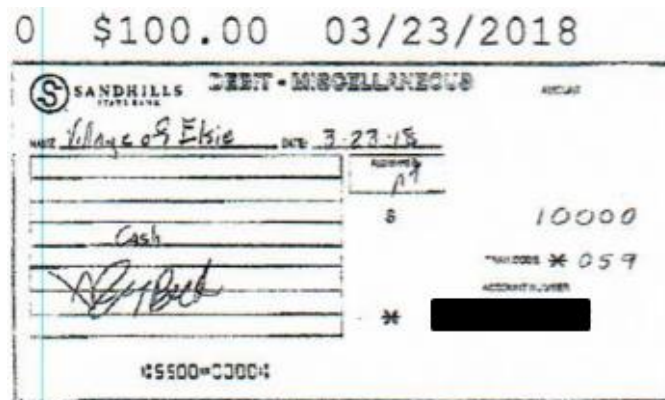
Without such procedures, there is an increased risk for the loss or misuse of Village funds.

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

The APA noted frequent \$100 cash withdrawals from the Village bank account.

An example of one of these withdrawals is shown below:



Good internal control requires adequate reviews and monitoring of the Village’s financial activity by the Board to ensure cash withdrawals are authorized and appropriate.

Without such procedures and oversight, there is a significant risk for loss or misuse of Village funds.

We recommend the Board implement procedures to ensure cash withdrawals are authorized and appropriate.

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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. The Village declined to respond.

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: Cynthia Diekevers, Village Clerk