



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
auditors.nebraska.gov

December 9, 2019

TJ Wilcox, Chairman
Village of Bertrand Board of Trustees
P.O. Box 295
Bertrand, NE 68927

Dear Mr. Wilcox:

As you may know, the Nebraska Auditor of Public Accounts (APA) received certain financial concerns regarding the Village of Bertrand (Village) and the Bertrand Nursing Home (Nursing Home). In response, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA requested pertinent financial information from the Village and the Nursing Home.

Based upon a review of the information received, the APA has determined that a financial audit or attestation by our office is not required at this time. Nevertheless, during the course of the preliminary planning work leading to that determination, the APA noted certain issues that merit corrective action, as presented below.

The following information is intended to improve internal controls or result in other operational efficiencies.

1. Nursing Home Ordinance

The Village was unable to provide the APA with a copy of any ordinance either declaring how the Nursing Home is to be managed, as mandated by Neb. Rev. Stat. § 17-964 (Cum. Supp. 2018), or creating a separate facility board, as permitted under Neb. Rev. Stat. § 17-966 (Cum. Supp. 2018).

Neb. Rev. Stat. § 17-961 (Reissue 2012) authorizes the Village to maintain and operate the Nursing Home, as follows:

Cities of the second class and villages are hereby authorized and empowered to (1) accept a gift or devise of or to purchase a facility or a building suitable for conversion into a facility, (2) purchase real estate and erect a building or buildings thereon for the purpose of establishing a facility, and (3) maintain, manage, improve, remodel, equip, and operate a facility.

For purposes of sections 17-961 to 17-966, facility shall mean a municipal hospital, a medical clinic, a nursing home, or multiunit housing.

Section 17-964 requires the Village Board to adopt an ordinance regarding the management of the facility. That statute says, in relevant part, the following:

The city council or village board of trustees shall by ordinance determine and declare how the facility shall be managed.

Additionally, § 17-966 allows for the creation, by ordinance, of a separate facility board to manage and operate the Nursing Home, as follows:

In each city or village where a facility as provided in sections 17-961 to 17-966 is established, the mayor and city council of such city or the chairperson and village board of trustees of such village may provide by ordinance for the creation of a facility board which shall be composed of not less than three nor more than seven members. The members of the facility board shall (1) be residents of such city or village, (2) have charge of the facility, and (3) have the power to establish rules for the management, operation, and use of the facility, as provided by such ordinance . . .

(Emphasis added.) According to Village employees, no separate facility board has been created. Instead, the Village Board governs the Nursing Home.

We recommend the Village ensure compliance with § 17-964 by adopting an ordinance to declare formally how the Nursing Home is to be managed.

2. Signatures on Nursing Home Checks

According to Village staff, any of the following five individuals have the power to sign Nursing Home checks: the Board Chair, the Village Clerk, the Village Treasurer, and two Nursing Home employees.

Neb. Rev. Stat. § 17-965 (Cum. Supp. 2018) requires a “facility fund” to be established by the Village and placed under the control of the Village Treasurer, as follows:

Whenever a city or village acquires a facility as provided in sections 17-961 to 17-966, there shall be established a facility fund of which the city treasurer or village treasurer shall be the custodian. All funds received by gift or devise or raised by taxation, as provided in such sections, shall be paid into such fund.

(Emphasis added.) Likewise, § 17-966, quoted partially in the previous comment, also contains the following:

When a facility board has been appointed and qualified, all accounts against the facility fund shall be audited by the facility board, warrants against such fund shall be drawn by the chairperson of such board, and warrants so drawn shall be paid by the city treasurer or village treasurer out of such fund.

As indicated already in the previous comment, a separate facility board does not appear to have been created by ordinance to manage and operate the Nursing Home.

Regardless, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2018) requires any warrants “drawn upon the . . . village treasurer” to be signed by both the Chairperson of the Village Board and the Village Clerk, as follows:

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.

(Emphasis added.) Based upon our review of the Nursing Home’s bank statements, it appears that either the Village Treasurer or the Village Clerk, along with one of the two staff members at the Nursing Home, were primarily responsible for signing facility checks. See the examples below:



Check 53649, Amount \$14,603.09 On 9/16/2019



Check 53651, Amount \$1,706.40 On 9/11/2019

Whether operated by the Village Board or, as does not appear to be the case, by a separate facility board per § 17-966, all Nursing Home checks would necessarily be “drawn upon the . . . village treasurer,” under § 17-711. Thus, according to that statute, all such checks would require the signatures of both the Chairperson of the Village Board and the Village Clerk – not, as has been past practice, the Village Treasurer or other Nursing Home staff members.

We recommend all Nursing Home checks be signed by both the Chairperson of the Village Board and the Village Clerk, as required by § 17-711 for all checks “drawn upon the . . . village treasurer.”

3. Signatures on Village Checks

The APA also reviewed the Village’s bank statements and determined that, in most cases, the Village Treasurer, along with the Board Chair, signs the Village checks. See the example below:



Check 37702, Amount \$4,295.00 On 9/16/2019

As discussed in the previous comment, § 17-711 requires both the Village Board Chair and the Village Clerk to sign all checks “drawn upon the . . . village treasurer.”

We recommend the Village ensure compliance with § 17-711 by requiring both the Village Board Chair and the Village Clerk to sign municipal checks.

4. Payments Made Prior to Board Approval

The APA determined that both the Village and the Nursing Home made payments prior to the Village Board’s approval of those claims.

The APA reviewed the Village claims presented during the Village Board’s September 10, 2019, meeting. Those Village claims are detailed in **Attachment A** herein. The following claims from that list were paid prior to the Village Board meeting:

Description	Amount	Check Date
Salaries, Taxes, and Benefits	\$ 31,856.32	8/2019
US Post Office GEN WT	\$ 187.89	8/28/2019
Jeffery Consulting GEN	\$ 25,000.00	8/23/2019
Phelps County Clerk GEN	\$ 50.00	8/20/2019
Nebraska Department of Revenue WT PO	\$ 1,321.41	9/5/2019
Total	\$ 58,415.62	

Similarly, the APA reviewed the Nursing Home’s claims presented during that same Village Board meeting. Those Nursing Home claims are detailed in **Attachment B** herein. The following claims from that list were paid prior to the Village Board meeting:

Description	Amount	Check Date
Salaries/Taxes/Benefits	\$ 116,757.73	8/2019
American Healthtech (Note)	\$ 397.38	10/7/2019
Amy Grube	\$ 218.33	8/26/2019
Charter	\$ 89.99	9/6/2019
Direct TV	\$ 354.04	9/6/2019
Donna Nichelson	\$ 60.00	9/4/2019
Frontier	\$ 602.73	8/5/2019
HCIS	\$ 80.00	8/5/2019
Henry Doorly Zoo	\$ 348.00	8/22/2019
Nationwide	\$ 3,070.77	9/6/2019
Penny Martinez	\$ 84.79	9/3/2019
Reliable	\$ 41.00	9/6/2019
RHD	\$ 11,186.00	8/26/2019
University of NE	\$ 40.00	8/28/2019
Totals	\$ 133,330.76	

Note: According to the Nursing Home, the payment to American Healthtech should not have been listed for this month. Additionally, accruing to the Nursing Home, the payment to Frontier was listed for the wrong amount. The correct amount was \$594.64 and was paid on September 11, 2019.

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) sets out the proper method for the appropriation or payment of money by the Village. That statute states, in relevant part, the following:

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 . . . village board of trustees.

Furthermore, good internal control requires procedures to ensure that the Village Board approves all municipal claims prior to payment, and such approval is reflected in the meeting minutes. Without such procedures, there is an increased risk for loss or misuse of Village funds.

We recommend the implementation of procedures to ensure, as reflected in the meeting minutes, that all municipal claims are approved by the Village Board prior to payment.

Overall Village Response: We have received and reviewed the draft letter regarding the Village of Bertrand and the Bertrand Nursing Home. The complete Board of Trustees of the Village of Bertrand will be reviewing the letter at the board meeting on December 10, 2019. We will discuss your recommendations and assess and/or update our procedures accordingly.

* * * * *

The preliminary planning work that resulted in this letter was designed primarily on a test basis; therefore, it may not bring to light all existing weaknesses in the Village's policies or procedures. Nevertheless, our objective is to use the knowledge of the entity gained during the preliminary planning work to make comments and recommendations 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. All formal responses received have been incorporated into the letter.

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
Phone: (402) 471-3686
mary.avery@nebraska.gov

Village of Bertrand
Village Payables Presented to Board in September 2019

Attachment A

VILLAGE OF BERTRAND PAYABLES - AUGUST 2019

			<u>APA Added</u>
			<u>Check Date</u>
TOTAL SALARIES, TAXES, & BENEFITS		\$ 31,856.32	
SALARIES/TAXES	\$ 23,339.25		
Pd - Net Salaries for August	\$ 18,555.86		8/9, 8/15,
Pd - FICA/Federal Withheld	\$ 3,079.28		8/23, 8/30
Pd - FICA/Employer Share	\$ 1,704.11		8/30/2019
Pd - Quarterly State Taxes	\$ -		8/30/2019
INSURANCE/RETIREMENT - EMPLOYER SHARE	\$ 8,104.64		
Pd - Blue Cross/Health Insurance	\$ 6,885.53		8/30/2019
Pd - Lincoln National/Disability, Life	\$ 156.12		8/30/2019
Pd - Lincoln National/Retirement	\$ 325.31		8/30/2019
Pd - Capital/Retirement	\$ 737.68		8/30/2019
Pd - Nebraska UC Fund	\$ -		
PAYROLL DEDUCTION - EMPLOYEE SHARE	\$ 412.43		
Pd - Blue Cross/Health Insurance	\$ -		
Pd - Lincoln Financial/Disability Insurance	\$ 78.02		8/30/2019
Pd - Aflac Cancer Insurance	\$ 183.29		8/30/2019
Pd - Ameritas Dental Insurance	\$ -		
Pd - Ameritas Vision Insurance	\$ 70.40		8/30/2019
Pd - Colonial Life	\$ 80.72		8/30/2019
PD US Post Office GEN WT		\$ 187.89	8/28/2019
PD Jeffery Consulting GEN		\$ 25,000.00	8/23/2019
PD Phelps County Clerk GEN		\$ 50.00	8/20/2019
PD Nebraska Department of Revenue WT PO		\$ 1,321.41	9/5/2019
PD Street Bond Interest		\$ 590.00	9/16/2019
Ag Systems SEW		\$ 405.44	9/10/2019
Alpha Heating & Air PO		\$ 122.08	9/10/2019
Acquacade Sprinklers PK		\$ 595.00	9/10/2019
ATC Communications GEN		\$ 44.77	9/10/2019
LaDonna Bennett WT		\$ 80.00	9/10/2019
Black Hills Energy GEN PO ST WT		\$ 477.35	9/10/2019
C Plus ST WT SEW PK CEM		\$ 649.54	9/10/2019
Capital Business Systems GEN		\$ 226.21	9/10/2019
Card Services LAW ST		\$ 81.31	9/10/2019
Cash Statement GEN		\$ 6.65	9/10/2019
CHS WT SEW ST		\$ 36.46	9/10/2019
Corporate Warehouse Supply GEN		\$ 489.85	9/10/2019
Countryside Market GEN PO ST		\$ 87.38	9/10/2019
DeWald Deaver L'Heureux GEN		\$ 909.56	9/10/2019
Eakes Office Solutions GEN		\$ 900.83	9/10/2019
First State Agency WT		\$ 100.00	9/10/2019
Frontier Communications GEN PO WT YW		\$ 424.23	9/10/2019
Holdrege Auto Parts WT		\$ 1,114.99	9/10/2019
Holdrege Daily Citizen GEN		\$ 161.17	9/10/2019
Hometown Leasing GEN		\$ 110.24	9/10/2019
JEO Consulting Group PO		\$ 4,295.00	9/10/2019
League of Nebraska Municipalities ST SEW WT		\$ 480.00	9/10/2019
League of Nebraska Municipalities WT		\$ 1,099.00	9/10/2019
Municipal Pipe Services, Inc. WT		\$ 2,415.00	9/10/2019
Municipal Supply WT		\$ 672.38	9/10/2019
Nebraska Labor Law Poster Service GEN		\$ 79.50	9/10/2019
NE Public Health Environmental Lab WT		\$ 380.00	9/10/2019
Nebraska Waste Reduction and Recycling YW		\$ 25.00	9/10/2019
Office Solutions GEN		\$ 9.58	9/10/2019
One Call Concepts, Inc. GEN		\$ 8.45	9/10/2019
Popple Construction ST		\$ 23,312.50	9/10/2019
Ralph's Welding YW		\$ 173.82	9/10/2019
Reliable Pest Control YW		\$ 43.00	9/10/2019
S & W Auto Parts ST SEW WT		\$ 55.65	9/10/2019

Village of Bertrand
Village Payables Presented to Board in September 2019

Attachment A

Schaben Sanitation YW	\$ 1,122.08	9/10/2019
South Central Sanitation YW	\$ 620.00	9/10/2019
Southern Power GEN PO PK SEW ST WT	\$ 4,802.66	9/10/2019
State Treasurer of NE GEN	\$ 254.98	9/10/2019
Svoboda's ACE Hardware CEM	\$ 21.54	9/10/2019
Verizon SEW ST WT	\$ 154.83	9/10/2019
Waste Connection of Nebraska, Inc. GA	\$ 5,828.79	9/10/2019
White's Auto Glass SEW ST WT	\$ 240.00	9/10/2019
Woodward's Disposal Service, Inc. GE WT	\$ 20.00	9/10/2019
	<u>\$ 112,142.44</u>	

Village of Bertrand
Nursing Home Payables Presented to Board in September 2019

Attachment B

<u>NURSING HOME</u>		<u>APA ADDED CHECK DATE</u>	<u>NURSING HOME</u>		<u>APA ADDED CHECK DATE</u>
Salaries/Taxes/Benefits	\$ 116,757.73	8/2, 8/16, 8/30	InSPIRe	\$ 6,135.72	not paid
AACO Health Care	\$ 9,236.08	9/20/2019	Marlin Business Bank	\$ 506.29	10/15/2019 10/7 and not paid
Ability	\$ 2,951.39	9/11/2019	McKesson	\$ 1,985.60	9/6/2019
American Healthtech	\$ 397.38	10/7/2019	Nationwide	\$ 3,070.77	9/12/2019 9/11, 10/7, or 10/9
Amy Grube	\$ 218.33	8/26/2019	Nebraska.gov	\$ 16.00	10/7/2019
Barb Metzger	\$ 308.10	10/9/2019	Nurses Incorporated (2)	\$ 11,790.88	10/7/2019
Black Hills Energy	\$ 519.78	9/11/2019	Penner	\$ 478.77	9/3/2019
Cash-wa Distributing (1)	\$ 1,662.75	10/7/2019	Penny Martinez	\$ 84.79	9/11/2019
Central Valley Electric	\$ 18.00	10/7/2019	Providence Engraving	\$ 41.42	not paid
Charter	\$ 89.99	9/6/2019	Quill	\$ 290.93	9/6/2019
Compufact	\$ 44.00	10/7/2019	Reliable	\$ 41.00	8/26/2019
Countryside Market	\$ 528.64	10/7/2019	RHD	\$ 11,186.00	9/11/2019
Direct Supply	\$ 74.17	10/7/2019	Secret LTC Consulting	\$ 517.52	not paid
Direct TV	\$ 354.04	9/6/2019	Shane Smith	\$ 300.00	10/7/2019
Dollar General	\$ 18.25	10/7/2019	Southern Power District	\$ 3,082.03	10/7/2019
Donna Nichelson	\$ 60.00	9/4/2019	SpartanNash	\$ 20.47	9/11, 10/7, and not paid
Durable Service	\$ 202.26	9/11/2019	Stanley Healthcare	\$ 1,950.05	10/7/2019
Family Medical Specialties	\$ 226.00	not paid	Stericycle	\$ 120.78	not paid
First State Bank	\$ 1,879.10	10/9/2019	Sysco	\$ 10,583.58	9/6/2019
Frontier	\$ 602.73	8/5/2019	United Heartland	\$ 5,131.00	8/28/2019
Fulmer U-Save	\$ 6.56	10/7/2019	University of NE	\$ 40.00	10/7/2019
HCIS	\$ 80.00	8/5/2019	Village of Bertrand	\$ 505.05	9/11/2019
Henry Doorly Zoo	\$ 348.00	8/22/2019	Vosler Electric	\$ 292.19	10/9/2019
Hobart	\$ 442.20	not paid	WeCare	\$ 1,109.00	10/15/2019
Holdrege Pharmacy	\$ 2,909.49	10/9/2019	Woodward's Disposal	\$ 23.75	
Holdrege Soft Water	\$ 78.25	9/11/2019		\$ 199,316.81	

(1) The total check was \$2,107.95 and included a previously approved invoice.

(2) The sum of three checks was \$14,829.88 and included previously approved invoices.