



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 12, 2019

Joseph Buckminister, Chairperson
Village of Preston
70440 656 Boulevard
Falls City, NE 68355

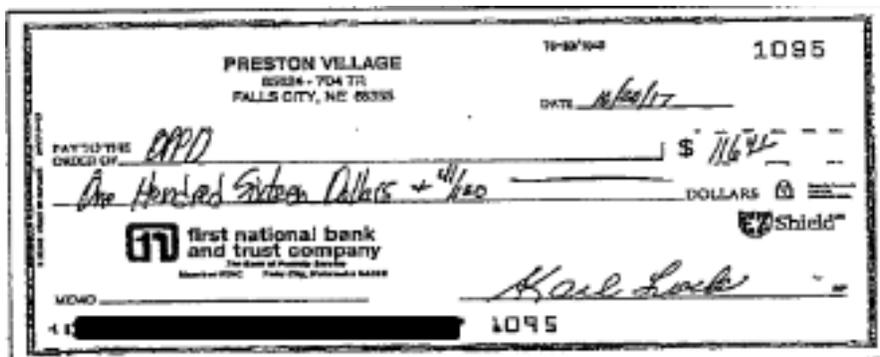
Dear Chairperson Buckminister:

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



Check 1095 Amount \$116.41 Date 11/3/2017

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: The Village Board is consisted of three members. Mayor, Secretary, Treasurer. We understand that dual signatures are required, but may be difficult to attain monthly for the electric bills. The Village is slowly declining to the point where there may no longer be enough members to maintain an actual Board and receive additional signatures. Basically all responsibilities for Village related matters have been assigned to a single person. The population does not really support having any more members help segregate duties.

2. Lack of Claims Listing

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that no listing of individual claims was recorded in the Board's published proceedings.

The APA questions whether the publication of the Board's official proceedings contained the statutorily required items for approved claims when such listing is not maintained, and the Board's meeting minutes do not contain the details of any approved claims.

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires the publication to include a listing of claims, as follows:

It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) When no listing of claims is included in the Village's meeting minutes, there is an increased risk of not only noncompliance with statutory publication requirements but also lack of transparency regarding municipal expenditures.

We recommend the Board implement procedures to ensure that a listing of claims, which includes the name of the claimant as well as the amount and purpose of each claim, is recorded in its published meeting minutes, as required by law.

Village Response: The only claims the Village has is paying the OPPD bill each month to keep street lights on and have an active tornado siren. Once a year there is also a claim for Julie Bauman CPA to handle the audit waiver and budget paperwork. Beyond that, there are no other expenses for the Village. If there needs to be a listing of claims, we could probably just write them down, but the Village also does not have meetings where minutes would be available or published.

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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". The signature is written in black ink and is positioned to the left of the typed name and title.

Mary Avery
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