



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Doug Rech, Chairperson
Village of Bee
P.O. Box 27
Bee, NE 68314

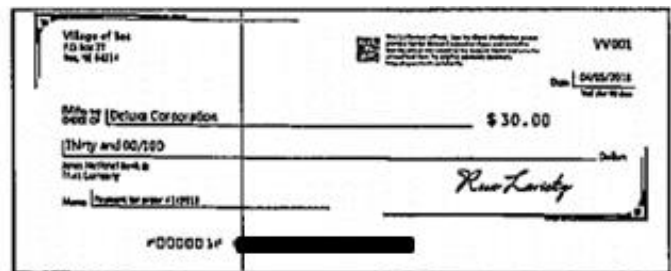
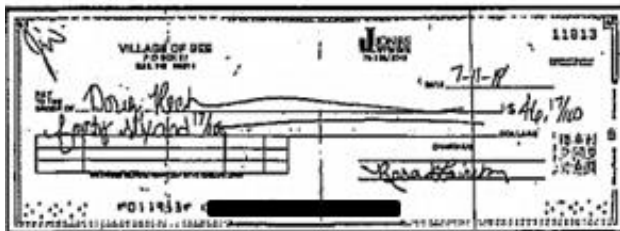
Dear Chairperson Rech:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Bee (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 two Village checks, totaling \$76.17, written during the examination period contained only one signature. Images of those two checks are shown below:



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.

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 multiple Village checks, totaling \$9,738.70, were issued before the underlying claims were approved by the Board.

Details of these premature payments are provided in the table below:

Claim Date	Name/Vendor	Claim Amount	Check #	First Clear Date	Days Paid Before Approval
12/6/2017	Bee VFD	\$ 344.00	11644	11/27/2017	9
12/6/2017	Banner Press	\$ 217.00	11648	12/4/2017	2
12/6/2017	Black Hills	\$ 165.24	11636 & 11645	11/7/2017	29
12/6/2017	Jessie Bremer	\$ 20.00	11649	11/29/2017	7
12/6/2017	Card Services	\$ 52.30	11637 & 11673	11/6/2017	30
12/6/2017	CVA	\$ 392.28	11638, 11646, 11647, 11674, 11675	11/7/2017	29
12/6/2017	Damman	\$ 670.50	11639 & 11678	11/16/2017	20
12/6/2017	Mid America	\$ 16.50	11640	11/14/2017	22
12/6/2017	One Call Concepts	\$ 5.31	11641 & 11687	11/8/2017	28
12/6/2017	National Lock	\$ 180.00	11650	12/4/2017	2
12/6/2017	State of NE	\$ 25.00	11651	11/29/2017	7
12/6/2017	State of NE	\$ 572.83	11635 & 11672	11/7/2017	29
12/6/2017	NE Public Health	\$ 544.00	11652	12/1/2017	5
12/6/2017	NE Muncipal Clerks' Assoc	\$ 20.00	11653	12/4/2017	2
12/6/2017	Norris PPD	\$ 2,338.49	11654 & 11685	11/28/2017	8
12/6/2017	Pac N Save	\$ 1,806.22	11642 & 11688	11/8/2017	28
12/6/2017	Quality Brands	\$ 668.03	11657 & 11658	11/27/2017	9
12/6/2017	Waste Connections	\$ 1,701.00	11643 & 11691	11/14/2017	22
Total		\$ 9,738.70			

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.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one check, totaling \$25.66, which was paid but not included on the claims listing to be approved by the Board.

Details of this disbursement are provided below:

Check Date	Name/Vendor	Amount	Check #
12/6/2017	Mid-Tech Resources	\$ 25.66	11682

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.

4. Other Issues

The Village’s audit waiver request was filed on June 24, 2019, almost nine months after fiscal year end and nearly three months after an audit or approved audit waiver must be filed with the APA, as required by State statute.

Neb. Rev. Stat. § 19-2903 (Reissue 2012) states, in relevant part, the following:

The municipal authorities of each municipality shall cause an audit of the municipality’s accounts to be made by a recognized independent and qualified accountant as expeditiously as possible following the close of the fiscal year for such municipality and to cover all financial transactions and affairs of the municipality for such preceding fiscal year Such audit shall be completed and the annual audit report made by such accountant shall be submitted within six months after the close of the fiscal year in any event A village may request a waiver of the audit requirement subject to the requirements of subdivision (4) of section 84-304.

Furthermore, Neb. Rev. Stat. § 19-2905 (Reissue 2012) provides, in relevant part, the following:

At least three copies of the annual audit report shall be properly signed and attested by the accountant; two copies shall be filed with the clerk of the municipality involved and one copy shall be filed with the Auditor of Public Accounts.

(Emphasis added.) Good internal control requires procedures to ensure forms required to be filed with the APA are submitted within the time constraints set out by State statute.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also lack of transparency regarding the financial activities of the Village. Furthermore, such deficiencies may result in the Village's audit waiver request being denied.

We recommend the Village implement procedures to ensure forms required to be filed with the APA are submitted within the time constraints set out by State statute.

Overall Village Response: As of last night's meeting (9/4/19), the board and Village employees are aware that only things approved will be paid that month. This was the last meeting that had previously paid claims on the claims sheet. This will also help us keep track of expenses and as nothing will be paid that isn't on the claims sheet, an unapproved claim will not sneak past.

We do require two signatures on checks and there was a check that went to our bank with only one signature, and the bank received approval from the chair as he hadn't signed it. We are triple checking them now to make sure this doesn't happen again.

* * * * *

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

cc: Resa Lavicky, Village Clerk