



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

September 18, 2019

Travis Due, Chairperson
Village of Cordova
P.O. Box 42
Cordova, NE 68330

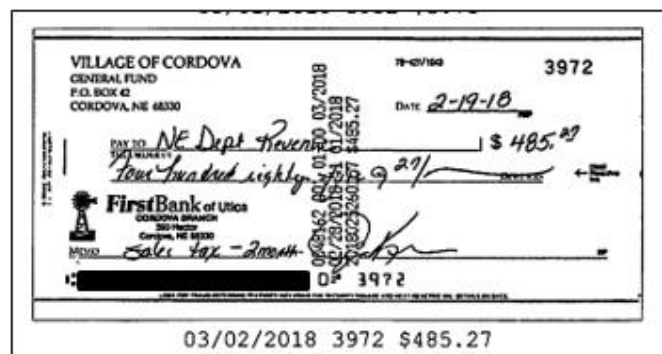
Dear Chairperson Due:

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

Village Response: As far as the dual signatures, you can see they are on all the other checks so guessing this one either slipped thru the cracks or someone was not around to sign the check and we needed to get this water sample mailed on the 5th as we know they are time sensitive.

2. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that certain claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following are the claims without descriptions within the approved claims listing provided by the Village for February 6, 2018:

Name	Description	Amount
Burton Enterprises		\$ 46.00
U.S. Post Office		\$ 3.75
Windstream		\$ 49.43
North Pointe Ins./EMC		\$ 1,141.45
Total		\$ 1,240.63

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires publication of the Board's official proceedings, which must include, among other things, the purpose of each claim allowed, 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.) Good internal control and sound accounting practices require procedures to ensure that the Board's official proceedings describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

Village Response: The four checks you have listed do have descriptions on the checks. The Windstream check we don’t get back, but assuming it had phone on its memo.

3. 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 \$1,367.67, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Claim Date	Name/Vendor	Amount	Check #	Cleared Date	Days Paid Before Approval
2/6/2018	Kriha Fluid Power	\$ 171.17	3948	1/12/2018	25
2/6/2018	Sorin Group LLC	\$ 1,196.50	3950	2/6/2018	0*
Total		\$ 1,367.67			

*While this check cleared the same day claims were approved, the check was written on 1/29/18, eight days prior to approval.

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.

Village Response: The first check to Kriha Fluid Power for some hoses that were needed for the loader there was two signatures dated on the 10th. The 2nd check for Soarin Group was for the computer when the NE Municipal Power Pool did the upgrade on the old computer, they did something that caused the computer to crash so had to have a new one in order to do the monthly water bills.

Some of the bills need to be paid before the meeting, but have been approved by the board to do this as we don’t want to ruin the Village’s credit, some bills come after the meeting and are due before the next meeting, for example the electric bill comes around the 10th and due the 20th as well as the water bill from Friend comes after the 5th and due the 15th so depends on what date the first Tuesday of the month is. Some of these things are out of our control.

4. 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 \$1,038.98, which was paid but not included on the claims listing to be approved by the Board.

Details of that unapproved payment are provided in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
2/14/2018	Norris Public Power District	\$ 1,038.98	3971	2/20/2018

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.

Village Response: Some of the bills need to be paid before the meeting, but have been approved by the board to do this as we don’t want to ruin the Village’s credit, some bills come after the meeting and are due before the next meeting, for example the electric bill comes around the 10th and due the 20th as well as the water bill from Friend comes after the 5th and due the 15th so depends on what date the first Tuesday of the month is. Some of these things are out of our control.

5. Payment Made in Excess of Approved Amount

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two checks paid in excess of the amount approved by the Board.

The following table summarizes those overpayments:

Name	Claim Date	Approved Amount	Amount Paid	Over Payment
Farmers Coop	2/6/2018	\$ 823.44	\$ 870.39	\$ 46.95
NMPD	2/6/2018	\$ 2,211.00	\$ 3,023.90	\$ 812.90
Totals		\$ 3,034.44	\$ 3,894.29	\$ 859.85

Good internal control requires procedures to ensure that all claims are made 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 Village implement procedures to ensure payments are made in the amount approved by the Board.

Village Response: We like to make one check vs writing two as long as it is noted, not sure why it is wrong to do this. The Farmer’s Coop check in the memo had two different amounts in there to equal the one check \$46.95 and \$823.44 equals the total \$870.39.

* * * * *

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".

Mary Avery
Special Audits and Finance Manager
Phone (402) 471-3686
mary.avery@nebraska.gov

cc: Margie Johnson, Village Clerk