



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Roy Retzlaff, Chairperson  
Village of Clinton  
RR1, Box 130  
Gordon, NE 69343

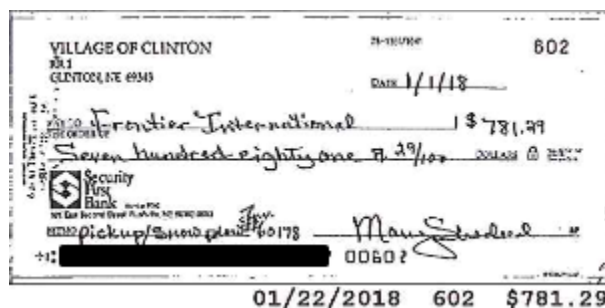
Dear Chairperson Retzlaff:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Clinton (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 of the 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) states 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: We agreed that going forward we will both sign all written checks on the Village of Clinton accounts.*

## **2. Payment of Unapproved Claim**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two electronic payments, totaling \$188.53, that were paid without Board approval because no payments were approved for September 2018. The unapproved disbursements are summarized in the table below:

<b>Name</b>	<b>Check #</b>	<b>Check Date</b>	<b>Amount</b>
Nebraska Public	EFT	9/18/2018	\$ 148.78
Nebraska Public	EFT	9/18/2018	\$ 39.75
<b>Total</b>			<b>\$ 188.53</b>

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: We will also have our board members approve approximate monthly amounts to be paid electronically to Nebr. Public Power at our board meetings. We appreciate you letting us know that we need to improve our accounting and internal controls.*

\* \* \* \* \*

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 black ink that reads "Mary Avery". The signature is written in a cursive style with a large, looped initial "M" and a long, sweeping tail on the "y".

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

cc: Mary Shedeed, Village Clerk