



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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September 20, 2019

James Goodrich, Chairperson
Village of North Loup
P.O. Box 280
North Loup, NE 68859

Dear Chairperson Goodrich:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of North Loup (Village).

However, the Village's amount of disbursements for the fiscal year ending September 30, 2018, exceeded our normal threshold (\$300,000) for granting a waiver of the audit requirement. Due to the Village's submission of supporting documentation for large one-time-type expenditures, which accounted for a large percentage of the current year's expenditures, we were able to consider the Village's financial activity for this year to be sufficiently low risk to grant the audit waiver request. Therefore, if the fiscal year 2019 disbursements are similar to or greater than the fiscal year ended 2018's expenditures, an audit for the fiscal year ending September 30, 2019, may be required. This information is only for your consideration in planning for fiscal year 2019 and forward.

Additionally, 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. Lack of Claim Purpose

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

The following is an example of the approved claims listing provided by the Village for September 5, 2018:

Name/Vendor	Description	Amount	Name/Vendor	Description	Amount
Appearra		\$ 59.75	NE Dept of Rev		\$ 296.66
Blackhills Energy		\$ 371.64	NE Public Health Lab		\$ 190.00
Central States Lab		\$ 564.45	NLPO		\$ 85.00
City of Ord		\$ 1,099.80	Orschlens		\$ 44.56
CNED		\$ 445.50	Overland RediMix		\$ 328.75

Name/Vendor	Description	Amount	Name/Vendor	Description	Amount
Core & Main		\$ 94.12	Petska Backhoe		\$ 46.07
Dollar General		\$ 126.95	Quicks Ace		\$ 112.91
Farber's Piano		\$ 112.00	Quill		\$ 112.20
Greeley Citizen		\$ 150.31	Sack Lumber		\$ 265.50
Hansen Construction		\$ 1,860.00	Severson, Lammers, Abel		\$ 695.00
J&J Sanitation		\$ 2,409.60	Sikyta Law		\$ 32.00
Jerry Marshall		\$ 200.00	Trofholz Repair		\$ 816.29
LARM		\$ 18,587.05	US Treasury		\$ 2,464.78
League Assoc. of Muni.		\$ 536.00	Valley Co Treasurer		\$ 2,562.00
LVRPPD		\$ 3,215.66	Verizon		\$ 131.32
NE Cent Tele		\$ 117.57	Whoa & Go		\$ 696.76
NE Dept of Agri.		\$ 175.00	Wages		\$ 10,467.02
			Total		\$ 49,472.22

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.

2. Other Issues

During our review, the APA noted that the Village reported an investment balance of \$53,696, as of September 30, 2018, on Exhibit A of the Village's audit waiver request form; however, no supporting documentation was provided for this balance.

Good internal control requires procedures to ensure that all required information is submitted with the Village's audit waiver request form.

Without such procedures, there is an increased risk that the Village's audit waiver request will be denied when a deficiency is noted.

We recommend the Board implement procedures to ensure all required information is submitted with the Village's audit waiver request form.

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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. The Village declined to respond.

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: Carrie Hansen, Village Clerk