



## 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  
auditors.nebraska.gov

June 30, 2021

Todd Abrams, Chairperson  
Village of Edison  
P.O. Box 206  
Edison, NE 68936

Dear Chairperson Abrams:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Edison (Village) for the fiscal year ending 2020. **That request has been approved.**

As noted in **Comment and Recommendation Number 1** (“Audit Waiver Filing”) below, the Village’s audit waiver request was not filed within the time constraints set by the APA to allow for an adequate review. **To be considered for an audit waiver for the fiscal year ended September 30, 2021, the Village must file its audit waiver request by December 31, 2021. If the request is not filed by then, the APA will deny any requests filed thereafter.** The Village then will be required to have an audit conducted for fiscal year 2021, and that audit will be required to be filed with the APA by March 31, 2022. Costs of such audit will be the responsibility of the Village.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, 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. Audit Waiver Filing**

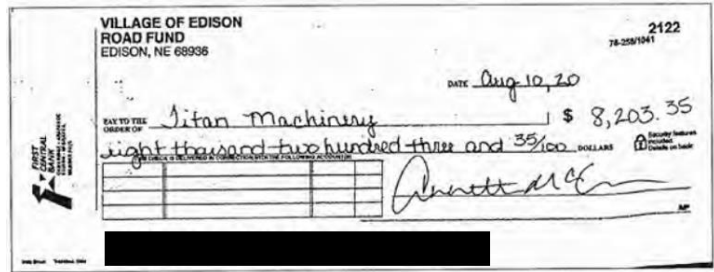
The Village’s audit waiver request was filed with the APA on June 17, 2021, nearly nine months after the fiscal year end and six months after the APA’s deadline of December 31, 2020. To ensure adequate time to review the village waiver requests, the APA required all villages filing an audit waiver to have those filing submitted with the APA by December 31, 2020.

Good internal control requires procedures to ensure that the forms required to be filed with the APA are submitted within the time constraints set out by State statute and by the APA. Without such procedures, there is an increased risk of not only noncompliance with State statute but also an increased chance of the Village’s audit waiver being denied or forfeited funds due to noncompliance of such filings.

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 the APA.

**2. Lack of Dual Signatures**

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2020 audit waiver request. From these statements, the APA noted that five of the Village checks written during the examination period contained only one signature. An example of such checks is shown below.



2122 \$8,203.35 8/18/2020

State statute requires Village checks to be signed by both the Board Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2020) 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.

**3. Payment of Unapproved Claims**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified the following payments, totaling \$130.70, which were paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payments are included in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
1/14/20	Annette McCain	\$ 75.00	Transfer	1/14/20
1/23/20	Office Max	\$ 46.54	POS	1/23/20
1/23/20	Hunan’s Chinese Restaurant	\$ 9.16	POS	1/24/20
	<b>Total</b>	<b>\$ 130.70</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.

**4. 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 one Village check the following checks, totaling \$14,711.35, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Name	Check #	Amount	Claim Date	Date Check Written	Days Paid Before Approval
U.S. Cellular	6130	\$ 58.34	1/13/2020	12/31/2019	13
Tom Tjcka	6131	\$ 65.00	1/13/2020	12/31/2019	13
MNIS	6132	\$ 50.00	1/13/2020	12/31/2019	13
Black Hills Energy	6135	\$ 2,555.76	1/13/2020	12/31/2019	13
Am Ag Lab	6136	\$ 161.75	1/13/2020	12/31/2019	13
First St Ins.	6137	\$ 112.00	1/13/2020	12/31/2019	13
Hemelstrand's	6138	\$ 38.96	1/13/2020	12/31/2019	13
CAMAS Publishing	6139	\$ 81.36	1/13/2020	12/31/2019	13
Fam. Med Spec	6140	\$ 113.00	1/13/2020	12/31/2019	13
Emken Bookkeeping	6141	\$ 350.00	1/13/2020	12/31/2019	13
Schaben San	6142	\$ 1,341.32	1/13/2020	12/31/2019	13
ATC Comm	6143	\$ 55.78	1/13/2020	12/31/2019	13
TVPPD	6144	\$ 997.31	1/13/2020	12/31/2019	13
IRS	6146	\$ 2,296.09	1/13/2020	12/31/2019	13
U.C. Fund	6147	\$ 22.95	1/13/2020	12/31/2019	13
Dept. of Rev	6148	\$ 960.04	1/13/2020	12/31/2019	13
Dept of Rev	6149	\$ 1,042.62	1/13/2020	12/31/2019	13
One Call Con.	6151	\$ 2.30	1/13/2020	12/31/2019	13
Gerald Stevens	6150	\$ 45.00	1/13/2020	12/31/2019	13
TVPPD	2098	\$ 846.20	1/13/2020	12/31/2019	13
Ag Valley Co-op	2099	\$ 305.82	1/13/2020	12/31/2019	13
S&W Auto	2100	\$ 39.98	1/13/2020	12/31/2019	13
Janet Warner	6133	\$ 470.98	1/13/2020	12/31/2019	13
Gerald Stevens	6134	\$ 2,698.79	1/13/2020	12/31/2019	13
	<b>Total</b>	<b>\$ 14,711.35</b>			

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2020) 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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated September 23, 2019, which can be found on the APA’s website.

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.

5. Donation

The APA noted during the review of Village minutes, one claim was approved with a description of “Donation” for \$50 to Mid Nebraska Individual Services (MNIS).

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2012) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Villages, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Supp. 2019).

Neb. Rev. Stat. § 13-2203 (Supp. 2019) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Payments for donations are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal controls require procedures to ensure compliance with the provisions of the Act.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements, but also loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all Village purchases are allowable under State statute, including the provisions of the Act.

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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.

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, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov.**

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor

cc: Chris Lindner, CPA, CGFM