



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 1, 2021

Connie Mock, Chairperson  
Village of Bazile Mills  
201 Bazile Washington Street  
Creighton, NE 68729

Dear Chairperson Mock:

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

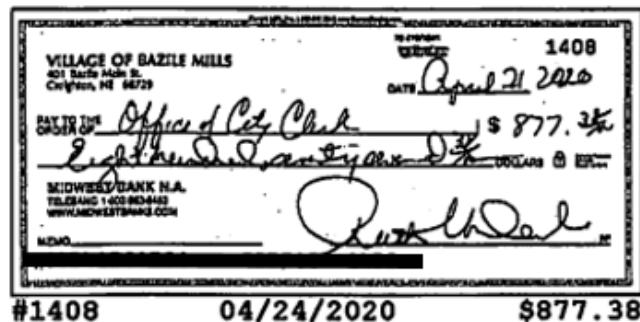
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

## Comments and Recommendations

### 1. 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 three 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 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.

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 11, 2019, which can be found on the APA's website.

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 Village payments were being approved after the fact. The APA obtained a copy of the February 12, 2020, Board meeting minutes, which approved the bills from July 2019 to January 2020. Below is a copy of these minutes.

**Village of Bazile Mills  
Feb. 12, 2020 Board Minutes**

The annual One and Six Year Road Plan board meeting for the Village of Bazile Mills was held on Feb. 12, 2020 at the Connie Mock residence at 7:00 PM. Members present were Connie Mock, Layne Pahl, Ruth Vonderohe, Richard Stubben and Larry Vortherms. Street Superintendent Kevin Barta was also present.

Layne Pahl made the motion to approve the One and Six Year Road Plan as presented by Street Superintendent Kevin Barta. Richard Stubben seconded the motion. RCV: 5-0. Motion Carried.

The following payments were presented by Treasurer Ruth Vonderohe for approval.

July 2019 Bills: North Central Public Power District(NCPPD)- \$105.77  
August 2019 Bills: NCPPD- \$105.77 \* City of Creighton- \$1135.75 \* One Call Concept- \$0.77  
September 2019 Bills: NCPPD- \$105.77  
October 2019 Bills: Professional Acctg. Services- \$425.00 \* City of Creighton- \$1227.25 \*  
One Call Concept- \$1.15 \* NCPPD- \$105.77  
November 2019 Bills: NCPPD- \$105.77 \* One Call Concept- \$0.77 \* Kevin Barta- \$600.00  
December 2019 Bills: NCPPD- \$105.77 \* Connie Mock- \$300.00 \* Ruth Vonderohe- \$120.00 \*  
Larry Vortherms- \$80.00 \* Dick Stubben- \$80.00 \* EMC Insurance- \$629.00  
January 2020 Bills: NCPPD- \$105.77 \* Layne Pahl- \$150.00 \* City of Creighton- \$945.63 \*  
Professional Acctg. Services- \$535.00

Larry Vortherms made the motion to approve the bills and payments. Richard Stubben seconded the motion. RCV: 5-0. Motion Carried.

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 11, 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.

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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,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor