



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

February 24, 2021

Don LaPointe, Sr., Chairperson
Village of Santee
425 Frazier Avenue, N Ste. 2
Niobrara, NE 68760

Dear Chairperson LaPointe:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Santee (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. Payment of Unapproved Claims

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified four checks, totaling \$1,875.99, 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
11/18/2019	Walmart	\$ 1,000.00	8989	11/18/2019
11/18/2019	Hyvee	\$ 300.00	8990	11/18/2019
11/13/2019	Susie Kittn	\$ 375.99	8992	11/20/2019
11/13/2019	Shari Harry	\$ 200.00	8993	11/22/2019
Total		\$ 1,875.99		

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 12, 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.

2. Expenditure in Excess of Budget

For the fiscal year ended September 30, 2020, actual expenditures exceeded the adopted budget by \$1,088.46. No amended budget was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2012) states, in relevant part, the following:

No expenditure during any fiscal year or biennial period shall be made in excess of the amounts indicated in the adopted budget statement, except as authorized in section 13-511, or by state law. Any officer or officers of any governing body who obligates funds contrary to the provisions of this section shall be guilty of a Class V misdemeanor.

Neb. Rev. Stat. § 13-511 (Cum. Supp. 2020) sets out the procedures for amending the adopted budget accordingly.

When expenditures are made in excess of the amounts budgeted with no appropriate budget amendment by the Board to address those excesses, the Village is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid incurring expenditures in excess of the amount budgeted, amending the budget as necessary to accommodate any unforeseen expenses.

3. Negative Bank Balance

During review of the bank statements obtained from the Village’s audit waiver request, it was noted that the Village’s bank account ending in 8870 had a negative bank balance from December 24, 2019, to December 30, 2019, with the largest negative balance being \$275.18 during that period. The table below summarizes the negative account balances, as well as the overdraft fees accumulated.

Date	Amount	Overdraft Fee
12/24/2019	\$ (9.68)	\$ 30.00
12/26/2019	\$ (114.68)	\$ 30.00
12/27/2019	\$ (219.68)	\$ 30.00
12/30/2019	\$ (275.18)	\$ 30.00
Total		\$ 120.00

Good internal control and sound business practices require procedures to ensure sufficient funds are available in the Village’s bank account to pay claims. Without such procedures, there is an increased risk for not only the loss, misuse, or theft of Village funds, but also the accumulation of overdraft fees.

We recommend the Village implement procedures to ensure sufficient funds are available in the Village’s bank account to pay claims.

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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 that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor