



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 4, 2021

Patrick Anderson, Chairperson  
Village of Meadow Grove  
PO Box 258  
Meadow Grove, NE 68752

Dear Chairperson Anderson:

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

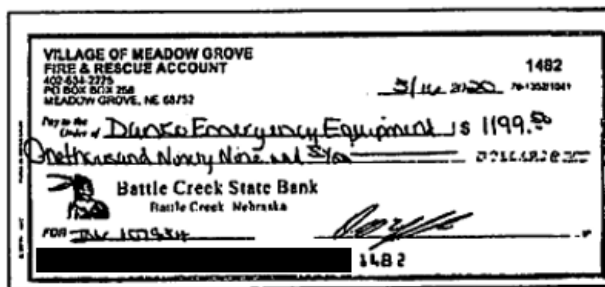
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within 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 34 Village checks written during the examination period contained only one signature. An example of such checks is shown below.



Ck#:1482, Amount:\$1,199.50, Date:3/23/2020

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.

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 20, 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. Negative Fund Balance**

On Exhibit A of the Village's audit waiver request form, the APA noted that the Sanitation Fund had deficit fund balances of \$6,110.74 as of September 30, 2020.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village Board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

**3. Lack of Supporting Documentation**

Our review of the bank statements obtained from the Village's audit waiver request revealed a payment for \$36.25 to Gate 25 Bar & Restaurant, as shown below. The APA contacted the Village to obtain supporting documentation for this check; however, the Village could not provide a copy of the documentation to support that the funds disbursed pursuant thereto were indeed allowable and reasonable.

10/31/19	PURCHASE 10-29 GATE 25 BAR & RESTAURA LINCOLN, NE VNT 4716	✓ 36.25-	77,646.29
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Sound business practices and good internal controls require procedures to ensure all disbursements have adequate supporting documentation on file. When such procedures do not exist, there is an increased risk of loss, misuse, or theft of Village funds.

We recommend the Village implement procedures to ensure all disbursements have adequate supporting documentation on file.

\* \* \* \* \*

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