



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 2, 2021

Bernard Masek, Chairperson  
Village of Douglas  
P.O. Box 67  
Douglas, NE 68344

Dear Chairperson Masek:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Douglas (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 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 two Village checks, totaling \$187.55, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Approval Date	Name/Vendor	Amount	Check Written Date	Cleared Date	Days Paid Before Approval
1/13/2020	Petty Cash	\$ 20.00	12/16/2019	1/10/2020	28
1/13/2020	Windstream	\$ 167.55	12/16/2019	1/6/2020	28
<b>Total</b>		<b>\$ 187.55</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 16, 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. Negative Fund Balance**

On Exhibit A of the Village's audit waiver request form, the APA noted that the Water and Sewer funds had deficit balances of \$21,828.73 and \$8,198.51, respectively, 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 the deficits therein.

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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