



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Donna Thompson, Chairperson
Village of Staplehurst
PO Box 174
Staplehurst, NE 68439-0174

Dear Chairperson Thompson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Staplehurst (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 one Village check written during the examination period contained only one signature, as 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 July 29, 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. Lack of Claim Purpose

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that the claims listed in the Board’s official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for January 28, 2020:

Claims:	
Sharon Reinmiller	662.19
Trey Brandenburgh	1609.15
Wayne Regnier	487.91
Greg Damman	250.00
Trey Brandenburgh	350.00
One Call Concepts	3.84
Midwest Lab	161.12
Waste Connections	62.00
NE PHE Lab	17.00
Recycling Enterprises	200.00
John Deere Financial	52.83
Seward County Independent	14.42
Jacobson Sand & Gravel	968.00
Nebraska Department of Environmental Energy	150.00
Farmers COOP	186.10
Black Hills Energy	73.25
NNTC	58.92
NE PHE Lab	24.00
O’Reilly	10.97
SEND	275.00
Constellation Energy	36.81
Trey Brandenburgh	1209.15
Norris Public Power	1722.76
EFTPS	1082.08
US Postal	21.00
JR’s Bobcat Service	2010.00
NE PHE Lab	31.00

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2020) requires publication of the Board’s official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

It shall be the duty of each city clerk or village clerk in every city or village having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the city council or village board of trustees within thirty days after any meeting of the city council or village board of trustees. The publication shall be in a legal newspaper in or of general circulation in the city or village, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that the Board’s official proceedings describe the purpose of each claim allowed. Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated July 29, 2019, which can be found on the APA’s website.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified three checks, totaling \$3,124.66, 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
1/28/2020	Trey Brandenburgh	\$ 400.00	12799	1/30/2020
1/28/2020	Staplehurst Fire Dept	\$ 1,827.66	1081	2/5/2020
2/3/2020	Jones Group	\$ 897.00	1083	2/10/2020
Total		\$ 3,124.66		

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. Negative Bank Balance

During a review of the bank statements obtained from the Village’s audit waiver request, it was noted that the Village’s checking account had a negative balance for 13 consecutive days. The table below summarizes the negative account balances for those 13 days. Additionally, the Village paid \$54 in overdraft charges.

Date	Balance
10/3/2019	\$ (1,156.71)
10/9/2019	\$ (1,183.71)
10/16/2019	\$ (1,210.71)

Good internal controls and sound business practices require procedures to ensure sufficient funds are available in the Village’s bank accounts 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 accounts 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, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor