



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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William Johnson, Chairperson
Village of Litchfield
P.O. Box 166
Litchfield, NE 68853

Dear Chairperson Johnson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Litchfield (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 11 payments, totaling \$1,249.80, 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	Payment Type	Cleared Date
1/13/2020	Safe Deposit Box	\$ 50.00	ACH	1/13/2020
1/8/2020	Oasis Litchfield	\$ 23.55	POS	1/8/2020
1/9/2020	Titan Machinery	\$ 35.89	POS	1/9/2020
1/9/2020	Titan Machinery	\$ 83.33	POS	1/9/2020
1/13/2020	USPS	\$ 27.05	POS	1/13/2020
1/14/2020	USPS	\$ 25.60	POS	1/14/2020
1/17/2020	IRS	\$ 793.60	ACH	1/17/2020
1/21/2020	Oasis Litchfield	\$ 51.12	POS	1/21/2020
1/21/2020	Oasis Litchfield	\$ 54.40	POS	1/21/2020
1/23/2020	Oasis Litchfield	\$ 75.00	POS	1/23/2020
1/31/2020	Oasis Litchfield	\$ 30.26	POS	1/31/2020
Total		\$ 1,249.80		

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.

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 two payments, totaling \$352.27, 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	Description	Amount	Days Paid Before Approval
1/8/2020	Debit Card Purchases	94.56- Supplies, 172.21- Fuel, 25.50- Transfer	\$ 292.27	9
1/8/2020	Matt Schukei	Cellphone Use	\$ 60.00	1
Total			\$ 352.27	

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.

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,



Mark Avery, CPA
Assistant Deputy Auditor