



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

April 6, 2022

Don LaPointe, Sr., Chairperson
Village of Santee
425 Frazier Ave. 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 2021. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2021), 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 Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA observed meeting minutes dated April 13, 2021, and noted that the claims listed in the Board's official proceedings lacked the names of claimants and descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for April 13, 2021:

| DATE | CHECK NO. | DESCRIPTION | BALANCE |
|-------|-----------|---------------------|---------------------|
| 04/01 | 9300 | General Operational | \$ 250.00 |
| 04/01 | 9301 | General Operational | \$ 250.00 |
| 04/01 | 9302 | General Operational | \$ 250.00 |
| 04/01 | 9303 | General Operational | \$ 250.00 |
| 04/01 | 9304 | General Operational | \$ 250.00 |
| 04/02 | 9305 | General Operational | \$ 100.00 cont. SPM |
| 04/02 | 9306 | General Operational | \$ 100.00 cont. SPM |
| 04/02 | 9307 | General Operational | \$ 100.00 cont. SPM |
| 04/02 | 9308 | Street Maintenance | \$ 196.00 |
| 04/02 | 9309 | Street Maintenance | \$ 344.12 |
| 04/13 | 9310 | General Operational | \$ 125.00 |
| 04/13 | 9311 | Voided | \$.00 |
| 04/13 | 9312 | General Operational | \$ 100.00 |
| 04/13 | 9313 | Voided | \$.00 |
| 04/13 | 9314 | General Operational | \$ 100.00 |
| 04/13 | 9315 | General Operational | \$ 100.00 |
| DATE | CHECK NO. | DESCRIPTION | BALANCE |
| 04/13 | 9316 | Street Maintenance | \$ 254.19 |
| 04/13 | 9317 | General Operational | \$ 100.00 |
| 04/13 | 9318 | Street Maintenance | \$ 86.64 |
| 04/13 | 9319 | Street Maintenance | \$ 255.71 (04/23) |
| 04/13 | 9320 | General Operational | \$ 395.00 (04/23) |
| TOTAL | | | \$3,606.66 |

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2020) requires publication of the Board’s official proceedings, which must include, among other things, the name of the claimant, and 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 include the names of claimants and 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.

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

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 the following checks, totaling \$1,746, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

| Names per Check | Amount | Approval Date | Check Date | Days Paid Before Approval |
|------------------------|--------------------|----------------------|-------------------|----------------------------------|
| Don LaPointe Sr. | \$ 250.00 | 4/13/21 | 4/1/21 | 12 |
| Diane LaPointe | \$ 250.00 | 4/13/21 | 4/1/21 | 12 |
| Suzie Kitto | \$ 250.00 | 4/13/21 | 4/2/21 | 11 |
| Sherri Henry | \$ 250.00 | 4/13/21 | 4/2/21 | 11 |
| Natalie Torrez | \$ 250.00 | 4/13/21 | 4/5/21 | 8 |
| Sherri Henry | \$ 100.00 | 4/13/21 | 4/5/21 | 8 |
| Natalie Torrez | \$ 100.00 | 4/13/21 | 4/5/21 | 8 |
| Suzie Kitto | \$ 100.00 | 4/13/21 | 4/2/21 | 11 |
| Wal-Mart | \$ 196.00 | 4/13/21 | 4/9/21 | 4 |
| Total | \$ 1,746.00 | | | |

Neb. Rev. Stat. § 17-614(1) (Supp. 2021) 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.

3. Lack of Supporting Documentation

During our review of the bank statements obtained from the Village’s audit waiver request, we noted multiple payments to two Board members, totaling \$9,951, during fiscal year 2021. The APA was informed that these payments were for Village work and, therefore, the APA requested support for two payments, totaling \$644, in February 2021. However, the Village was unable to provide documentation, such as timesheets or timecards, to support work for the Village was performed for that period.

We also noted payments to all five board members on December 10, 2020, totaling \$2,500, for “General – 2020”. The APA also requested documentation for these payments; however, the Village did not provide documentation to support these payments. Per the Village Clerk, the Board approved these payments before the year 2000, but no documentation was on file to support such approval.

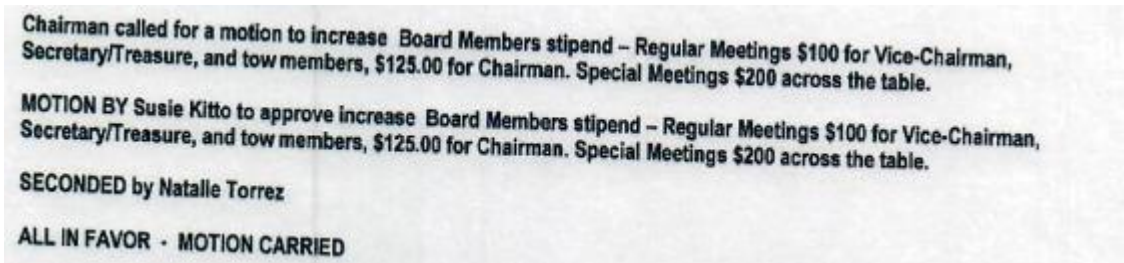
Sound business practices and good internal controls require procedures to ensure all disbursements have adequate supporting documentation on file. When such procedures do not exist, there is an increased risk of loss, misuse, or theft of Village Funds.

We recommend the Village implement procedures to ensure all disbursements have adequate supporting documentation on file, such as timesheets or some other tracking of work performed.

4. Board Member Payments

The APA obtained the monthly statements for the Village’s bank accounts from its fiscal year 2021 audit waiver request. From those statements, the APA noted that Board members received \$300 for a special meeting on July 1, 2021, and \$350 for a special meeting on July 30, 2021. However, according to the meeting minutes dated December 20, 2020, Board members shall receive a \$200 stipend for special meetings.

The following is an excerpt of the Board meeting on December 20, 2020, that documents the approved Board member pay for special meetings:



Good internal control requires procedures to ensure that Board members receive payments in accordance with State law and Village policy. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Village implement procedures to ensure that Board members receive payments in accordance with State law and Village policy.

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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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor