



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 23, 2023

Dennis Johnson, Chairperson
Village of Comstock
P.O. Box 55
Comstock, NE 68822

Dear Chairperson Johnson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Comstock (Village) for the fiscal year ending 2022. **That request has been approved.**

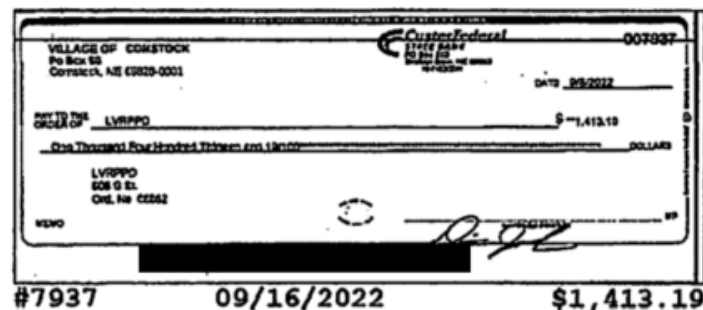
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within 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 2022 audit waiver request. From these statements, the APA noted that seven of the Village checks written during the examination period contained only one signature. An example of such checks is 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 (Reissue 2022) 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 March 21, 2022, which can be found on the APA’s website. However, it does not appear this issue was corrected after the APA’s notification.

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 observed meeting minutes dated September 8, 2022, and noted that multiple 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 September 8, 2022:

CLAIMS SEPTEMBER 2022

<u>GENERAL</u>	
LVRPPD-----	\$242.58
COLONIAL LIFE INSURANCE-----	\$355.55
VSP INSURANCE-----	\$42.78
HAMILTON-----	\$112.39
DEBORAH RITZ (WAGES)-----	\$457.13
TRUSTEE WAGES-----	\$318.60
TRUSTEE WH-----	\$26.40
WAGES WH-----	\$37.87
HEARTLAND CLERK'S ASSOC: DUES-----	\$10.00
NMCA: MEMBERSHIP DUES-----	\$50.00
LEAGUE: MEMBERSHIP DUES-----	\$210.00
SEVERSON, LAMMERS:BUDGET-----	\$495.00
SARGENT INSURANCE: BOND-----	\$100.00
BURWELL TRIBUNE: PUBLISH EXPENSE-----	\$45.16
BLACK HILLS ENERGY-----	\$83.17
SUBTOTAL	
GENERAL	\$2,586.63
 <u>STREET</u>	
LVRPPD-----	\$610.81
SHAWNA ABRAHAM-----	\$1,932.56
WAGES WH-----	\$314.94
SHAWNA ABRAHAM, MILEAGE-----	\$118.80
CORNER MRKT; PARK B-ROOM SUPPLIES-----	\$121.19
BURWELL VET; ANIMAL CONTROL SERVICE-----	\$28.60
GRINT; SHIPPING FOR WATER TEST-----	\$48.23
SUBTOTAL STREET	\$3,175.13
 <u>UTILITES</u>	
LVRPPD-----	559.8
J&J SANITATION-----	819.88
SUBTOTAL UTILITIES	\$1,379.68
TOTAL EXPENSES	\$7,141.44

Neb. Rev. Stat. § 19-1102 (Reissue 2022) 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 March 21, 2022, which can be found on the APA’s website. However, it does not appear this issue was corrected after the APA’s notification.

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 the following checks, totaling \$226.78, 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:

Name/Vendor	Check Date	Amount	Check #
Deborah Ritz	09/07/22	\$85.97	7918
Maschka's Building Center	09/07/22	\$29.99	7931
Dennis Johnson	09/07/22	\$110.82	7933
Total		\$226.78	

Neb. Rev. Stat. § 17-614(1)(a) (Reissue 2022) 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 March 21, 2022, which can be found on the APA’s website. However, it does not appear this issue was corrected after the APA’s notification.

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. Payments in Excess of Approved Amount

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two checks, totaling \$2,166.77, were paid in excess of the amount approved by the Board.

The following table summarizes this overpayment:

Name	Claim Date	Approved Amount	Amount Paid	Overpayment
Shawna Abraham	09/08/22	\$2,051.36	\$2,166.77	\$115.41

Good internal control requires procedures to ensure that all claims are made in the amount approved by the Board. Without such procedures, there is an increased risk for the theft, loss, or misuse of Village Funds.

We recommend the Village implement procedures to ensure payments are made in the amount approved by the Board.

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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