



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 26, 2024

Jay Meyer, Chairperson
Village of Scotia
PO Box 38
Scotia, NE 68875

Dear Chairperson Meyer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Scotia (Village) for the fiscal year ending 2023. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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 Adequate Documentation

During review of the Village's bank statements, the APA noted a cash withdrawal for \$200, as shown below. However, the Village lacked sufficient documentation for this cash withdrawal.

515-841		Date	11-16-22
DEBIT	Scotia Public Library		
	less to cash	CASH	200.-
	Kay Wallace		
11/16/2022			200.00

Per the November 2, 2022, Board meeting minutes, the Village Board of Trustees approved a withdrawal of \$200 to purchase books from a thrift shop; however, the Village could not provide any documentation support such purchases.

Good internal control requires procedures to ensure proper documentation is maintained for all disbursement transactions, including purchases made with Village cash funds.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also noncompliance with State statute.

We recommend the Village implement procedures to ensure proper documentation is maintained for all disbursement transactions, including purchases made with Village cash funds.

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 \$818.33, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
EcoLab	\$ 52.80	4/4/2023	3/14/23	21
Black Hills Energy	151.13	4/4/2023	4/3/2023	1
Black Hills Energy	157.67	4/4/2023	4/3/2023	1
Black Hills Energy	169.88	4/4/2023	4/3/2023	1
Black Hills Energy	286.85	4/4/2023	4/3/2023	1
Total	\$ 818.33			

Neb. Rev. Stat. § 17-614(1)(a) (Supp. 2023) 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 authorized 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 authorized by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

3. Payment in Excess of Approved Amount

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one check, totaling \$100.15, was paid in excess of the amount approved by the Board. The following table summarizes this overpayment:

Name	Claim Date	Approved Amount	Amount Paid	Overpayment
Jay Meyer	4/4/2023	\$ 73.88	\$ 100.15	\$ 26.27

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 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,

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