



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Gary Hager, Chairperson  
Village of Wallace  
PO Box 40  
Wallace, NE 69169

Dear Mr. Hager:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the outside employment of and certain reimbursement payments made to the Village of Wallace's (Village) Clerk. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Village. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

## **Background Information**

The Village is located in Lincoln County, Nebraska. The Village Board of Trustees (Board) is the governing body that exercises financial accountability and control over activities relevant to the operations of the Village. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Village operations, and the primary responsibility for related fiscal matters.

The following comments and recommendations, which have been discussed with the appropriate members of the Village and its management, are intended to improve internal control or result in other operating efficiencies.

## **Comments and Recommendations**

### **1. Payroll Procedure Issues**

On the municipal website (<https://villageofwallace-ne.com>), the Village's office hours were listed as Monday, Wednesday, and Friday from 8:00 a.m. to 3:30 p.m. The APA received allegations that the Village Clerk, Mary May, was frequently absent from the office during these times, substitute teaching at the Wallace Public School District 65R (District) instead. This outside employment was confirmed by District representatives, who informed the APA that Ms. May had been a substitute teacher for the District since, at least, April 2022 through March 2024 – during which time she was serving also as the Village Clerk. Therefore, the APA obtained payroll supporting documentation from both the Village and the District for the period April 1, 2022, through December 31, 2023.

From April 1, 2022, to December 31, 2023, the Village paid Ms. May a total of \$51,748.20 as Clerk for the municipality; during this same period, the District paid her a total of \$8,304.39 for serving as a substitute teacher. Those payments are detailed in the table below:

Period	Position	Hours	Pay
April 2022 - December 2022	Substitute	196.11	\$3,228.58
April 2022 - December 2022	Clerk	885.00*	\$22,318.56
<b>2022 Totals</b>		<b>1,081.11</b>	<b>\$25,547.14</b>
January 2023 - December 2023	Substitute	307.04	\$5,075.81
January 2023 - December 2023	Clerk	1,170.00*	\$29,429.64
<b>2023 Totals</b>		<b>1,477.04</b>	<b>\$34,505.45</b>
<b>Overall Totals</b>		<b>2,558.15</b>	<b>\$60,052.59</b>

\* As explained below, the Clerk does not record her hours worked for the Village on a timesheet. Therefore, the APA calculated an estimated number of her hours worked based on the Village's stated office hours.

During the period when Ms. May was receiving pay for both positions, the APA identified the following days on which the hours that she recorded as working for the District coincided with those that the Village office was supposed to be open:

Date	Day	Total Hours	Substitute Pay
4/20/2022	Wednesday	4	\$65.00
4/25/2022	Monday	5	\$81.25
5/6/2022	Friday	2	\$32.50
5/9/2022	Monday	8	\$130.00
10/5/2022	Wednesday	8	\$135.00
11/21/2022	Monday	1.97	\$27.58
5/10/2023	Wednesday	8	\$135.00
<b>Totals</b>		<b>36.97</b>	<b>\$606.33</b>

The APA requested municipal timesheets to compare Ms. May's hours worked for the District to those that she had worked as the Village's Clerk. The APA was informed, however, that the Clerk does not use a timesheet to record her hours worked for the Village because she is a salaried employee. Additionally, Ms. May stated that she accrues three days of vacation and two days of sick leave per year, but those leave amounts do not appear to have been tracked adequately because there is no documented record of her actual hours worked or leave used. As a result, the APA was unable to verify whether the Clerk received compensation from both the Village and the District for the same hours worked or if leave of any kind was being used on the days listed in the above table.

Good internal controls require procedures to ensure that payroll and leave accrual or usage is adequately supported by timesheets or other evidence of the actual hours worked each day and the total hours worked each pay period.

Without such procedures, there is an increased risk for the loss or misuse of public funds.

We recommend the Village implement procedures to ensure employee hours are documented and supported by timesheets or other evidence of the actual hours worked each day and the total hours worked each pay period.

*Village Response:*

*I [Village Clerk] now have weekly time sheets I fill out on Fridays and put in my file. I have always kept track of my hours and days on a desk top calendar and have kept them for the last 10 years. I would sub on a Monday Wednesday or Friday I would then work on a Tuesday or Thursday or use comp hours that I accumulated or vacation day. I always let Chairperson know when I was doing this. Also for the months of June and July my days in office have changed to Tuesday Thursday and Friday with the approval of the Board.*

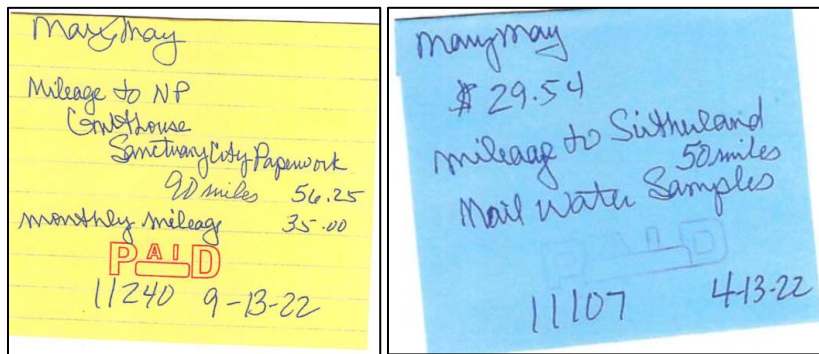
**2. Reimbursement Payment Issues**

For the period of April 1, 2022, through December 31, 2023, the APA noted 20 reimbursement claims, totaling \$963.95, issued to the Village’s Clerk, Mary May. According to Village representatives, the Clerk receives a \$35.00 monthly allowance for the mileage that she accrues when performing utility customer water meter readings, which comprised \$700 of this total. She also receives additional mileage reimbursement payments for travel during other Village business, such as driving to mail water samples, which made up the remaining \$263.95 and are shown in the following table:

Reimbursement Date	Mileage	Amount
4/13/2022	50	\$29.54
9/13/2022	90	\$56.25
2/27/2023	74	\$48.47
6/13/2023	88	\$57.64
10/11/2023	110	\$72.05
<b>Totals</b>	<b>412</b>	<b>\$263.95</b>

The APA requested documentation to support the above payments. However, the Village was unable to provide adequate documentation to support these reimbursement payments. For each of the aforementioned claims, the Village provided a sticky note with the details of each trip rather than a standardized reimbursement form.

Examples of these sticky notes are shown below:



According to municipal representatives, the Village has neither a formal expense reimbursement policy nor a documented approval of the monthly meter reading mileage allowance on file.

Good internal controls require procedures to ensure that proper documentation is maintained for all disbursement transactions, including mileage reimbursements and allowances.

Without such procedures, there is an increased risk for the loss or misuse of public funds.

We recommend the Village implement procedures to ensure proper documentation is maintained for all disbursement transactions, including mileage reimbursements and allowances.

*Village Response:*

*I [Village Clerk] now have an invoice book that I write down all mileage invoices on.*

\* \* \* \* \*

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

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 these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor

Mason Culver – Auditor-In-Charge

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Sincerely,



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