



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 13, 2025

Aaron Keiser, Chairperson
Dundy County Board of Commissioners
PO Box 506
Benkelman, NE 69021

Dear Mr. Keiser:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding apparently questionable payroll payments made to Jenny Sellers, the former Deputy Clerk of Dundy County (County). 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 County. 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, as the County is audited on an annual basis.

Nevertheless, during the course of the preliminary planning work, the APA noted a certain issue that merits corrective action.

Background Information

The County is a political subdivision established under and governed by the laws of the State of Nebraska (State). The County Board of Commissioners (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the County. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes, the ability to exert significant influence over all County operations, and the primary responsibility for related fiscal matters.

The following comment and recommendation, which has been discussed with the appropriate members of the County and its management, is intended to improve internal control or result in other operating efficiencies.

Comment and Recommendation

Payments to Former Deputy County Clerk

On October 3, 2024, the former Deputy Clerk submitted her resignation to the County effective October 17, 2024. Prior to her resignation, she received a biweekly salary of \$2,083.33. Between July 2024 and October 2024, the former Deputy Clerk received seven payments, totaling \$14,583.31. Despite having resigned from her position, she continued to receive another six Board-approved biweekly payroll payments at her full salary amount for the next three months, through the end of January 2025, for a total of \$20,789.05.

Post-Resignation Payments

The APA obtained the former Deputy Clerk's payroll registers and approved claim documentation from July 1, 2024, through January 31, 2025. A summary of the gross wages paid to the former Deputy Clerk, along with the total work and leave hours recorded for each month on the payroll registers, is shown in the following table:

Date	Work Hours	Vacation Hours	Holiday Hours	Sick Hours	Total Hours	Gross Pay Amount
7/16/2024	56.00	7.00	7.00	0.00	70.00	\$2,083.33
8/6/2024	56.00	7.00	7.00	0.00	70.00	\$2,083.33
8/20/2024	70.00	0.00	0.00	0.00	70.00	\$2,083.33
9/4/2024	56.00	7.00	0.00	7.00	70.00	\$2,083.33
9/17/2024	63.00	0.00	7.00	0.00	70.00	\$2,083.33
10/8/2024	98.00	7.00	0.00	0.00	105.00	\$2,083.33
10/22/2024	98.00	7.00	0.00	0.00	105.00	\$2,083.33
11/5/2024	43.00	0.00	7.00	0.00	50.00	\$2,083.33
11/19/2024	46.00	0.00	0.00	0.00	46.00	\$2,083.33
12/3/2024	25.50	Note 301.75	7.00	0.00	334.25	\$10,372.40
12/17/2024	17.50	0.00	0.00	0.00	17.50	\$2,083.33
1/7/2025	13.00	0.00	14.00	0.00	27.00	\$2,083.33
1/22/2025	13.00	0.00	14.00	0.00	27.00	\$2,083.33
Totals	655.00	336.75	63.00	7.00	1,061.75	\$35,372.36

Note: The pay received for the check dated December 3, 2024, also includes an unused paid time off (PTO) payout, which accounts for \$8,289.07 of this amount. Additionally, 301.75 hours of leave were added into the total hours in relation to this payout.

When comparing the former Deputy Clerk's payroll registers and approved payroll claims, the APA noted also that the reported work and leave hours did not agree – the approved payroll claim documentation reporting two more hours in total than the payroll registers.

The table below summarizes the variances noted between the former Deputy Clerk's payroll registers and approved payroll claims:

Payroll Registers						Payroll Claims						Total Hrs Variance
Check Date	Reg Hrs	Pd Hol Hrs	Vac Hrs	Sick Hrs	Total Hrs	Claim Date	Hrs Worked	Hol Hrs	Vac Hrs	Sick Hrs	Total Hrs	
7/16/2024	56.00	7.00	7.00	0.00	70.00	7/15/2024	56.00	7.00	7.00	0.00	70.00	0.00
8/6/2024	56.00	7.00	7.00	0.00	70.00	8/5/2024	98.25	0.00	6.75	0.00	105.00	35.00
8/20/2024	70.00	0.00	0.00	0.00	70.00	8/19/2024	70.00	0.00	0.00	0.00	70.00	0.00
9/4/2024	56.00	0.00	7.00	7.00	70.00	9/3/2024	56.00	0.00	7.00	7.00	70.00	0.00
9/17/2024	63.00	7.00	0.00	0.00	70.00	9/16/2024	63.00	7.00	0.00	0.00	70.00	0.00
10/8/2024	98.00	0.00	7.00	0.00	105.00	10/8/2024	98.00	0.00	7.00	0.00	105.00	0.00
10/22/2024	98.00	0.00	7.00	0.00	105.00	10/21/2024	70.00	0.00	0.00	0.00	70.00	(35.00)
11/5/2024	43.00	7.00	0.00	0.00	50.00	11/4/2024	43.00	7.00	0.00	0.00	50.00	0.00
11/19/2024	46.00	0.00	0.00	0.00	46.00	11/18/2024	46.00	0.00	0.00	0.00	46.00	0.00
12/3/2024	25.50	7.00	301.75	0.00	334.25	12/2/2024	25.50	7.00	301.75	0.00	334.25	0.00
12/17/2024	17.50	0.00	0.00	0.00	17.50	12/16/2024	17.50	14.00	0.00	0.00	31.50	14.00
1/7/2025	13.00	14.00	0.00	0.00	27.00	1/6/2025	13.00	14.00	0.00	0.00	27.00	0.00
1/22/2025	13.00	14.00	0.00	0.00	27.00	1/21/2025	15.00	0.00	0.00	0.00	15.00	(12.00)
Totals	655.00	63.00	336.75	7.00	1,061.75		671.25	56.00	329.50	7.00	1,063.75	2.00

Subsequent to her resignation, according to County representatives, the former Deputy Clerk was asked to assist the County with processing payroll and accounts payable until a replacement could be hired because she was the only employee in the Clerk's office responsible for performing these tasks. In that new, limited role, the former Deputy Clerk had a substantial reduction in the work assigned to her; therefore, she worked much fewer hours than she had while serving in the near full-time position of Deputy Clerk, as reflected in the above table.

County representatives also informed the APA that the Board never formally approved an employment agreement or contract for this new work arrangement, nor otherwise established the scope of work and pay rate for the former Deputy Clerk's temporary continued employment. Instead, despite the decrease in her actual hours worked, the former Deputy Clerk continued to be paid the full salary that she had been receiving prior to her resignation.

According to the minutes of the Board’s meeting on November 18, 2024, discussion was held “regarding the posting of the Clerk’s Office positions,” but no approval of the former Deputy Clerk’s continued employment with the County is recorded to have occurred.

Furthermore, the County was unable to provide timesheets or other payroll documentation to support the hours worked by the former Deputy Clerk for these additional payments. The APA questions, therefore, whether the former Deputy Clerk should have continued to receive her previous full salary for the limited temporary work performed after her resignation.

Additional PTO Payment

As indicated in the note to the table at the top of the preceding page herein, one of the post-resignation payments made to the former Deputy Clerk included a supplemental amount for her unused paid time off (PTO) balance. This payment – approved on December 2, 2024 – amounted to \$8,289.07 for “301.75 hrs PTO” at a rate of \$27.47 per hour.

The following image is an excerpt from the approved claim document for this PTO payment:

Date	Description				Amount
12/2/2024	Salary				\$ 2,083.33
	Worked	Vacation	Holiday	Sick	Total
	25.5		7		32.5
	\$27.47/hr for 301.75 hrs PTO				\$8,289.07
	TOTAL:				\$ 10,372.40

Upon inquiry by the APA, County representatives stated that, similar to the other payments at issue, there were no timesheets, leave balance reports, or other payroll documentation to support this additional PTO payout.

The County’s Employee Handbook (revised December 16, 2019), “Compensation and Hours of Work” section, contains the following provisions for recording the working hours of employees not using timeclocks:

To ensure that accurate records are kept of the hours you actually work (including overtime hours where applicable), all nonexempt hourly employees are required to record their time on timesheets. You must record your time before beginning work, at the beginning of your lunch period, upon returning from lunch, and after finishing work. All time worked must be included. No employee is permitted to work “off the clock,” that is, work without recording the hours worked. No supervisor is permitted to ask any employee to work off the clock.

* * * *

If you make an error, please correct and initial it. Falsifying a time record or recording time for another employee will lead to discipline, up to and including discharge. Discipline, up to and including discharge may also result if employees make excessive errors in recording their time or repeatedly forget to record their time.

The County’s Employee Handbook contains similar language for recording the working hours of employees using timeclocks.

Additionally, the County’s Employee Handbook, “Benefits” section, contains the following provisions for the payment of accrued vacation and sick leave balances:

Employees who leave employment with the County for any reason will be paid for any earned but unused vacation.

* * * *

All sick leave expires on the date of separation. Only 25 percent of accrued sick leave will be paid out at the time of retirement, voluntary resignation (but not resignation in lieu of discharge), or death, provided the employee has been employed with the County for three (3) consecutive years.

While the PTO payout appears allowable under the County's Employee Handbook, the APA questions whether the amount paid was reasonable, as there was no documentation to support the former Deputy Clerk's actual leave balance at the time of this payment.

Good internal controls require procedures to ensure adequate documentation is on file to support all County expenditures, including payroll and PTO payouts.

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

We recommend the implementation of procedures to ensure all County expenditures, including payroll and PTO payouts, are supported by adequate documentation on file. We further recommend the County carefully review the payments made to the former Deputy Clerk to determine whether any of those amounts were improper and should be recovered.

County Response:

The county board was not aware of the employment arrangements made between former County Clerk Miles Preston and Former Deputy Clerk Jenny Sellers until the end of the calendar year of 2024. The claims review process was simply a report showing highlights of each claim sorted by department, but did not include great detail. The payroll claims were submitted in a similar manner.

The County Board takes managing taxpayer funds very seriously and relies heavily on other elected officials to manage their budgets efficiently. The county has operated as it was in 2024 for many years, but after the issue in question, these processes were changed to improve oversight.

- 1. Payroll claims are reviewed one by one in open session during our bi-monthly meetings before they are approved.*
- 2. All other related claims are reviewed one by one in open session during out bi-monthly meetings before they are approved.*
- 3. A change in wage form has been implemented with the help of the Clerk's Office and County Attorney's Office to notify the County Board of all changes in employee wages and/or work hours.*
- 4. A new employee handbook was implemented in January of 2025.*
- 5. Pre-approval of any purchase over \$1500 is required.*
- 6. All non-exempt county employees will be moving to an hourly rate of pay instead of salary.*
- 7. Pursuing the purchase of digital time clocks that will sync with the MIPS payroll system in the new budget year to streamline payroll documentation.*

The Dundy County Board of Commissioners continue to strive to spend taxpayer dollars as efficiently as possible while providing the best services available to the citizens of the county. We will continue to adjust current processes and create new ones that are in the best interest of the county taxpayers as a whole.

* * * * *

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 County.

Draft copies of this letter were furnished to the County to provide its management with an opportunity to review and to respond to the comment and recommendation 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 County 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

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Sincerely,



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