



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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February 3, 2009

Board of Supervisors
Saunders County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Saunders County (County) for the fiscal year ended June 30, 2008, and have issued our report thereon dated February 3, 2009. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the offices of the County each had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

COUNTY BOARD

Overspent Budgets

Neb. Rev. Stat. § 23-916 (Reissue 2007) states “After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to expend any money...in excess of the amounts provided in said budget for such office, department or other expending agency.”

For the fiscal year ended June 30, 2008, expenditures exceeded budgeted appropriations in the Election Commissioner function of the General Fund by \$12,049, and in the Correctional Center Commissary and Child Support Agreement Attorney Funds by \$863, and \$6,069, respectively.

When actual expenditures exceed budgeted expenditures the County is not in compliance with State Statute.

We recommend the County monitor actual expenditures in comparison to budgeted expenditures throughout the year to ensure compliance with State Statute.

REGISTER OF DEEDS

Cash Refunds

Good internal control requires refunds be made in check format to document the refund went to the correct individual or entity.

We continue to note the Register of Deeds refunds overpayments to individuals and entities with cash. These refunds are made via the postal system. We noted \$431 was withdrawn from the checking account to make refunds during the fiscal year.

Cash refunds increase the risk of loss, theft, or misuse of funds.

We continue to strongly recommend the Register of Deeds issue checks when refunding money via the postal system.

COUNTY ATTORNEY

Balancing Procedures

Good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank balance, and accounts receivable) are in agreement with office liabilities (fees, restitution, and refunds).

We noted at June 30, 2008, office records indicated assets exceeded liabilities by \$1,332. Failure to determine asset-to-liability balancing variances can result in an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Attorney implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner.

It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Signed Original on File

Deann Haeffner
Assistant Deputy Auditor