



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.nebraska.gov

January 6, 2015

Philip R. Mahan, Ed.D  
Superintendent  
High Plains Community Schools  
260 S. Pine  
Polk, NE 68654

Dear Dr. Mahan:

As you know, the Nebraska Auditor of Public Accounts (APA) received a concern regarding the Board of Education (Board) Policy on Board Member Computers. The APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA requested certain information regarding the Board policy.

Based upon the outcome of this preliminary planning work, the APA has determined that a separate financial audit or attestation of the High Plains Community Schools (District) is unnecessary at this time. However, during the course of the preliminary planning work, we noted certain internal control or compliance matters, or other operational matters within the District, that are presented below. The following comment and recommendation, which have been discussed with management, are intended to improve internal controls or result in other operational efficiencies.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified.

### **Policy on Board Member Computers**

At its September 8, 2014, meeting, the Board unanimously approved a policy regarding computers that are supplied to each Board member for use in official meetings. Once the Board member no longer serves in an official capacity, he or she is allowed to keep the computer for personal use if that member has served a minimum of one full, four-year term as an active school board member. See **Attachment A** for a copy of the policy.

It appears that this policy runs afoul of certain State laws. Specifically, Neb. Rev. Stat. § 79-520 (Reissue 2014) states, in relevant part, "No member of the [Class III school district] board, except the secretary, shall accept or receive any compensation for services performed in discharging the duties of his or her office."

Additionally, Neb. Rev. Stat. § 49-14,101.01 (Reissue 2010) says, as is relevant:

As of 1/5/14

*(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*

*(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

In a prior communication with this office, you had raised the possibility of selling the computers in question to the Board members. Should that alternative be pursued, the APA encourages the Board to seek legal guidance to ensure the propriety of any resulting transactions. Besides complying with Neb. Rev. Stat. § 79-10,114 (Reissue 2014), which sets out the proper method for disposing of school property, legal counsel should address all ancillary issues, such as possible sales tax implications, that could arise.

Regardless, under the current Board policy, the release of the computers to the Board members could constitute an illegal financial gain, or even compensation expressly prohibited by statute, since the computers have a value.

Without proper procedures to ensure Board policies do not conflict with laws and regulations, there is an increased risk for noncompliance.

We recommend the Board consult with its attorney to revise the policy so that it does not conflict with State law.

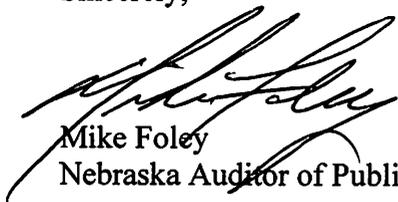
\* \* \* \* \*

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 our knowledge of the District to make comments and suggestions that we hope will be useful to the District.

This communication is intended solely for the information and use of the District and its management. It is not intended to be, and should not be, used by anyone other than the specified parties. However, this letter 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.

Sincerely,



Mike Foley  
Nebraska Auditor of Public Accounts

Cc: Kathy Klingsporn, School Board President

Enclosure

As of 1/5/14

**High Plains Community Schools  
Board of Education  
Policy on Board Member Computer**

**It shall be the policy of High Plains Community Schools Board of Education to conduct its official meetings using electronic digital means.**

**In order to conduct its official meetings through digital media it is required for board members to utilize a computer for said business. The school district is responsible for securing, supplying, and maintaining computers utilized by each of its six board members; as long as the board member is an elected official of the High Plains Community Schools school board.**

**It shall be the policy of High Plains Community Schools to release the board member's computer to the individual using the school district computer once the board member has served a minimum of one full, four-year, term as a active school board member.**

**Once the board member no longer serves in his/her official capacity and wishes to keep in his/her possession the computer supplied by the district; all upkeep maintenance of said computer shall be borne by the individual board member.**

**If a board member elects to return said computer to the school district, it shall be the responsibility of the school district to prepare the computer for rotation into the district in a functional capacity as long as the age and physical ability of the computer is acceptable.**

**This policy shall become effective upon the second reading and adoption by the High Plains Community Schools school board and remain in effect until altered or canceled by said board.**