



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov

PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.nebraska.gov

September 10, 2019

Ronald Rolfes, Chairperson  
Village of Wynot  
P.O. Box 61  
Wynot, NE 68792

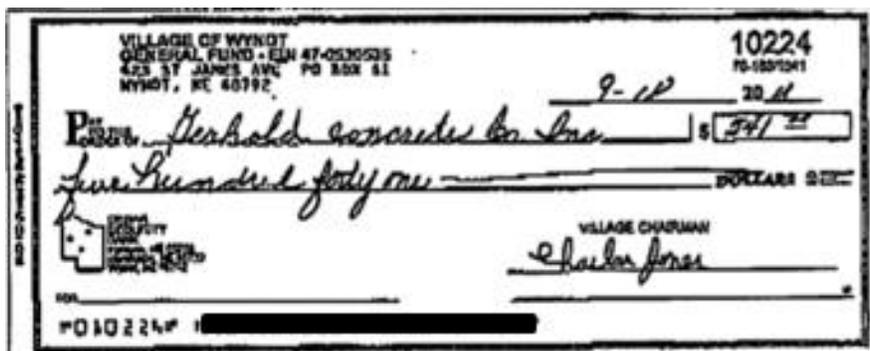
Dear Chairperson Rolfes:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Wynot (Village). However, while performing our review to determine whether to approve the audit waiver, the APA noted certain internal control or compliance matters, or other operational matters, within the Village. The following information is intended to improve internal controls or result in other operational efficiencies.

## Comments and Recommendations

### 1. Dual Signatures Required on Checks

The APA obtained the bank statements for the Village's accounts from its fiscal year 2018 audit waiver request. From these statements, the APA noted that multiple Village checks written out of the general account and all checks out of the Ambulance Service account during the examination period contained only one signature. An example of such checks is shown below:



State statute requires Village checks to be signed by both the Village Board (Board) Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2018) provides the following:

*All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.*

Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk of not only failure to comply with State statute but also the loss and/or misuse of Village funds.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

**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 multiple Village checks, totaling \$5,669.30, were issued before the underlying claims were approved by the Board.

Details of these premature payments are provided in the table below:

Claim Date	Name/Vendor	Amount	Check #	Cleared Date	Days Paid Before Approval
6/13/2018	Quill	\$ 199.36	10134	6/4/2018	9
6/13/2018	LP Gill	\$ 755.65	10136	6/1/2018	12
6/13/2018	Road Guy	\$ 284.85	10139	6/6/2018	7
6/13/2018	Cedar Knox Public Power	\$ 1,429.53	10143	6/4/2018	9
6/13/2018	Dave Koch	\$ 1,176.61	10144	6/1/2018	12
6/13/2018	Edward Jones	\$ 189.12	10145	6/8/2018	5
6/13/2018	US Post Office	\$ 9.70	10146	6/11/2018	2
6/13/2018	Blackburn-Stevens	\$ 1,136.10	10147	6/12/2018	1
6/13/2018	Matheson Tri Gas	\$ 106.83	1050	6/1/2018	12
6/13/2018	Matheson Tri Gas	\$ 5.02	1057	6/11/2018	2
6/13/2018	EMS	\$ 376.53	1058	6/11/2018	2
<b>Total</b>		<b>\$ 5,669.30</b>			

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) 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 approved 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 approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

*Village Response: We pay the bills as they come in then report to the board.*

**3. Negative Fund Balance**

The APA noted that the General, Street, and Special Revenue funds had deficit fund balances of \$16,062,86, \$1,743.41, and \$37,062.00, respectively, as of September 30, 2018, as stated on Exhibit A of the Village’s audit waiver request form.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

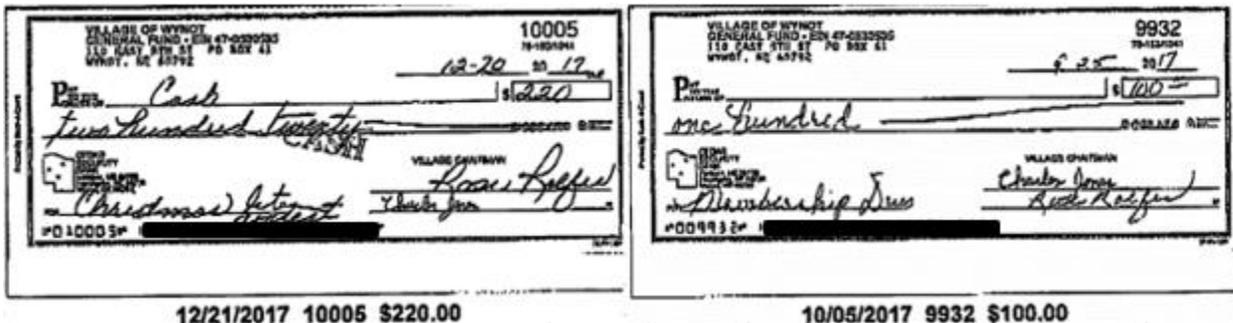
Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village Board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

**4. Other Issues**

The APA also noted one Village check made payable to “Cash” and another one without a payee.

Images of those two checks are shown below:



Good internal control requires procedures to ensure the following: 1) Village payments to “cash” are authorized by the Board and adequately reviewed and monitored; and 2) all Village checks have a payee.

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

We recommend the implementation of procedures to ensure the following:  
1) Village payments to “cash” are authorized by the Board and adequately reviewed and monitored; and 2) all Village checks have a payee.

*Village Response: Businesses donate money for our Christmas lighting contest. We deposit the money so that we have record of donations and then write a check to get smaller amounts to award the winners.*

\* \* \* \* \*

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.

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 responses received have been incorporated into this letter. Such responses have been objectively evaluated and recognized, as appropriate, in the letter. Any response indicating that 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 those 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,

A handwritten signature in cursive script that reads "Mary Avery". The signature is written in black ink and is positioned to the left of the typed name and title.

Mary Avery  
Special Audits and Finance Manager  
Phone (402) 471-3686  
mary.avery@nebraska.gov

cc: Rose Rolfes, Village Clerk