



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Kyle Faimon, Chairperson
Village of Lawrence
P.O. Box 363
Lawrence, NE 68957

Dear Chairperson Faimon:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Lawrence (Village) for the fiscal year ending 2020. **That request has been approved.**

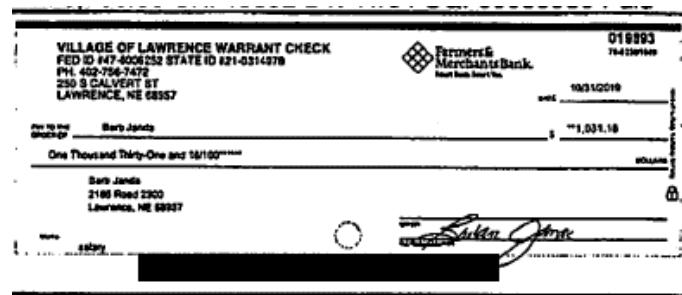
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Lack of Dual Signatures

The APA obtained the bank statements for the Village's accounts from its fiscal year 2020 audit waiver request. From these statements, the APA noted that six Village checks written during the examination period contained only one signature. An example of such checks is shown below.



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State statute requires Village checks to be signed by both the Board Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2020) 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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated July 23, 2019, which can be found on the APA’s website.

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 Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified seven payments, totaling \$10,952.98, which were paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payments are included in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
1/23/2020	Nebr. Dept of Revenue	\$ 304.00	1017	1/31/2020
1/10/2020	Nebraska Municipal Clerks Assn	\$ 25.00	19946	1/31/2020
1/13/2020	Med Poe	\$ 46.18	19947	1/21/2020
1/17/2020	American Legal Publishing Corporation	\$ 650.00	19928	1/17/2020
1/10/2020	NE State Payment	\$ 4,710.22	ACH	1/10/2020
1/15/2020	Utilities - Bankdraft	\$ 2,446.94	ACH	1/15/2020
1/22/2020	NE State Payment	\$ 2,770.64	ACH	1/22/2020
Total		\$ 10,952.98		

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.

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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.

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, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov.**

Sincerely,



Mark Avery, CPA
Assistant Deputy Auditor