



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 25, 2022

Owen Anderson, Chairperson  
Village of Melbeta  
P.O. Box 73  
Melbeta, NE 69355

Dear Chairperson Anderson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Melbeta (Village) for the fiscal year ending 2021. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2021), 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 2021 audit waiver request. From these statements, the APA noted that five of the Village checks written during the examination period contained only one signature. An example of such checks is shown below.

VILLAGE OF MELBETA  
GENERAL FUND  
P.O. Box 73  
MELBETA, NE 69355

DATE 03/08/2021

PAY TO THE ORDER OF Waste Connections Inc. \$ 1,150.00

One thousand one hundred fifty and 00/100 DOLLARS

Waste Connections Inc.  
Scottsbluff District 3045  
PO Box 985177  
Dallas, TX 75208-0177

THE SIGNATURE REQUIRED

3045211

00 2190

Check 2390 Amount \$1,150.00 Date 4/13/2021

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.

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 the following checks, totaling \$11,084.85, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

<b>Name/Vendor</b>	<b>Amount</b>	<b>Approval Date</b>	<b>Check Date</b>	<b>Days Paid Before Approval</b>
NE Dept. Environmental Quality	\$ 9,552.25	1/13/21	12/9/20	35
Tri-State Sprinkler System LLC	\$ 100.00	1/13/21	12/9/20	35
Century Link	\$ 97.50	1/13/21	12/9/20	35
Susan Shagenberg	\$ 225.00	1/13/21	12/9/20	35
Shauna Abbott	\$ 225.00	1/13/21	12/9/20	35
Owen Anderson	\$ 195.00	1/13/21	12/9/20	35
Mary Gonzales	\$ 195.00	1/13/21	12/9/20	35
Cory Sutton	\$ 165.00	1/13/21	12/9/20	35
NPPD	\$ 330.10	1/13/21	1/12/21	1
<b>Total</b>	<b>\$11,084.85</b>			

Neb. Rev. Stat. § 17-614(1) (Supp. 2021) 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.

## **3. Lack of Adequate Supporting Documentation**

Our review of the bank statements obtained from the Village's audit waiver request revealed six checks to "VISA", totaling \$2,052.40. The APA contacted the Village to obtain the underlying supporting documentation for these checks; however, the Village did not provide a copy of the documentation to support that the funds disbursed pursuant thereto were indeed allowable and reasonable.

Neb. Rev. Stat. § 13-610(4) (Reissue 2012) requires all purchases with a political subdivision's purchasing card to be supported by an itemized receipt, as follows:

*An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

(Emphasis added.) Good internal control requires procedures to ensure proper documentation is maintained for all disbursement transactions, including purchases made with the Village's purchasing card.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also noncompliance with State statute.

We recommend the Village implement procedures to ensure proper documentation is maintained for all disbursement transactions, including purchases made with the Village's purchasing card.

#### **4. Duplicate Payment**

The Village paid VISA twice, resulting in a duplicate payment. The Village received a credit card statement showing that \$456 was due to VISA by February 17, 2021, and a check for \$456 was written to VISA on February 10, 2021. The Village later received a credit card statement showing that \$514 was due to VISA by March 17, 2021. This amount included the previous balance of \$456, \$55 of purchases, and \$3.43 in interest charged. A check for \$514 was written to VISA on March 6, 2021.

Good internal controls and sound business practices require procedures to ensure expenses are paid only once, and if a duplicate payment is discovered, those same controls and practices require procedures to ensure a credit or refund is obtained in a timely manner. Further, good internal controls require procedures to ensure unnecessary interest penalties are not paid.

Without such procedures, there is an increased risk for the loss of Village funds.

We recommend the Village implement procedures for not only preventing duplicate payments but also recouping them promptly when they occur. We further recommend the Village implement procedures to ensure unnecessary interest penalties are not paid.

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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