



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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February 23, 2023

Lynn Cook, Chairperson
Village of Elsie
103 Perkins Avenue
Elsie, NE 69134

Dear Chairperson Cook:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Elsie (Village) for the fiscal year ending 2022. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), 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.

Comment and Recommendation

Petty Cash Procedures

During our review, we noted that nine checks were made out to "Petty Cash." The APA requested supporting documentation for these payments and noted that the Village replenished the petty cash fund with either \$100 or \$200 checks. These checks were not based on the expenses incurred using the petty cash fund. Based on the documentation provided, it does not appear the Village reconciled the petty cash balance to a Board approved amount or reimburses the petty cash fund based on actual expenses.

Good internal controls require procedures to ensure that petty cash funds are maintained at an authorized amount, and any payments to replenish the fund are based on actual expenses.

Without such procedures, there is an increased risk of theft, loss, 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 March 22, 2022, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

We recommend the Village implement procedures to ensure that petty cash funds are maintained at an authorized amount, and any payments to replenish the fund are based on actual expenses.

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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,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor