



# 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

July 29, 2019

Don Schaldecker, Chairperson  
Village of Grafton  
P.O. Box 71  
Grafton, NE 68365

Dear Chairperson Schaldecker:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Grafton (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 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 Claim Purpose**

During our comparison of the Village's bank account details to claims approved by the Village Board (Board), the APA noted one claim to Manning and Associates, for \$1,375, listed in the Board's published official proceedings for September 4, 2018, lacked a description of its purpose.

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires publication of the Board's official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

*It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.*

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that the Board's official proceedings describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in the Board's official proceedings and published in accordance with State statute.

*Village Response: I have checked what you had outlined and did see I left off the purpose for the Manning payment in September, which was drafting of our budget.*

## **2. Payment of Unapproved Claims**

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified numerous payments, totaling \$1,337.50, which were paid but not included on the claims listing to be approved by the Board.

Those unapproved disbursements are summarized in the table below:

<b>Name</b>	<b>Payment Type</b>	<b>Date</b>	<b>Amount</b>
USPS	EFT	9/4/2018	\$ 7.90
IRS	EFT	9/5/2018	\$ 961.02
Amazon	EFT	9/6/2018	\$ 164.85
USPS	EFT	9/10/2018	\$ 3.75
Network Solutions	EFT	9/13/2018	\$ 79.98
USPS	EFT	9/24/2018	\$ 120.00
<b>Total</b>			<b>\$ 1,337.50</b>

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 Village payments, either by check or automatic withdrawal, 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: I will from here forward include all Electronic withdrawls, which were not included in the minutes but the board has signed off on them all and I have all the receipts.*

\* \* \* \* \*

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 black ink that reads "Mary Avery". The signature is written in a cursive style with a large, looped initial "M".

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

cc: Suzanne Keenan, Village Clerk/Treasurer