



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 23, 2019

Keny Tidyman, Chairperson
Village of Edison
P.O. Box 144
Edison, NE 68936

Dear Chairperson Tidyman:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Edison (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 that the claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for October 17, 2017:

Name	Description	Amount
TVPPD		\$ 640.78
One Call Con.		\$ 8.25
Arapahoe Mirror		\$ 96.67
Hemelstrand's		\$ 20.97
Emken Bookkeeping		\$ 350.00
Black Hills Energy		\$ 92.30
Bishop Electric		\$ 264.46
MNTS		\$ 50.00
Pub. Health Environ Lab		\$ 157.00
IRS		\$ 2,300.27
NE Dept of Rev.		\$ 947.94
U.C. Fund		\$ 82.62
Schaben San.		\$ 1,341.32
Village Uniform		\$ 46.88
ATC Comm.		\$ 111.56
Janet Warner		\$ 470.98
Gerald Stevens		\$ 2,469.03

Name	Description	Amount
Gerald Stevens		\$ 45.00
Am AG Lab		\$ 243.50
Kent Tidyman		\$ 140.00
Terry Draper		\$ 20.00
Kami Soncksen		\$ 80.00
Joanna Ellis		\$ 110.00
Todd Abraham		\$ 120.00
Annette McCann		\$ 130.00
NE Rural Water		\$ 100.00
US Cellular		\$ 26.14
Sherrie Manley		\$ 37.50
TVPPD		\$ 826.50
Ag Valley		\$ 172.34
Total		\$ 11,502.01

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: The village clerk will include the purpose of all claims from this point forward.

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 \$3,932.95, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Claim Date	Name/Vendor	Amount	Check #	Cleared Date	Days Paid Before Approval
10/17/2017	NE Dept of Rev.	\$ 947.94	5592	10/16/2017	1
10/17/2017	Janet Warner	\$ 470.98	5597	10/11/2017	6
10/17/2017	Gerald Stevens	\$ 2,469.03	5598	10/11/2017	6
10/17/2017	Gerald Stevens	\$ 45.00	5611	10/11/2017	6
Total		\$ 3,932.95			

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: It has always been the understanding that claims are required to be approved prior to payment. The meeting needed to be changed to a later date and village clerk paid the payments that were due so they would not be late payments and included them in the claim sheet for the next board meeting and they were approved. It is now understood that they need to be paid late instead of paying before the approval. This will be corrected for all future payments.

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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.

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 fluid and elegant, with the first letters of each name being capitalized and prominent.

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

cc: Janet Warner, Village Clerk