



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 29, 2019

Kesha Eldridge, Chairperson
Village of Jansen
P.O. Box 82
Jansen, NE 68377

Dear Chairperson Eldridge:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Jansen (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 a majority of 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 August 6, 2018:

Name	Description	Amount
Fairbury Journal News		\$ 53.83
Fairbury Light & Water		\$ 842.13
Frontline Water Systems		\$ 902.02
Midwest Laboratories		\$ 253.57
Nebraska Public Health Env. Lab.		\$ 49.00
Ron Duensing		\$ 481.67
Scherbarth Ace		\$ 322.10
Schmidts, Inc.		\$ 1,557.50
SEND D		\$ 310.00
Starr Plumbing		\$ 838.95
Swett's Farm & Home		\$ 255.00
T.O Haas		\$ 121.98
Verizon Wireless		\$ 25.91
Pam Keller	Desk & Chair	\$ 25.00
Walmart	Ink & paper	\$ 60.94
Christina Koenig	Paycheck	\$ 451.21
Utility collection fee	Bank	\$ 36.65
	Total	\$ 6,587.46

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 spoken to my clerk and in the future she will make sure to include claim purposes for each item presented for approval in the published minutes.

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 two Village checks, totaling \$85.94, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Name	Check #	Claim Date	Cleared Date	Amount	Days Paid Before Approval
Pam Keller	1720	8/6/2018	7/26/2018	\$ 25.00	11
Walmart	1721	8/6/2018	7/26/2018	\$ 60.94	11
Total				\$ 85.94	

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: The two items you listed had verbal approval to purchase from each board member prior to purchasing the office desk and printer ink and paper. We have already modified the way we purchase office supplies and now have an account to get our supplies from and these are not paid until after board approval. I have enclosed a treasurer's report from September 2018 showing at the bottom a request to purchase section so the board can approve purchases in advance. The items are ordered but not paid until the following board meeting giving the board a chance to approve the bill prior to paying for the items.

3. Payment of Unapproved Claims

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified one check, totaling \$962.70, which was paid but not included on the claims listing to be approved by the Board.

Name	Check #	Check Date	Amount
Stanton	1735	8/14/2018	\$ 962.70

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: I have attached the minutes of August 6, 2018 showing that the board did approve contracting propane and chose how many gallons to purchase and the rate per gallon for the contract. I also have attached the Treasurer's report from the following month September 2018 showing the amount paid and noting it was approved to purchase at the August meeting. I believe this documentation will show this item was in fact approved by the board.

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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 black ink that reads "Mary Avery". The signature is written in a cursive style with a large, looping initial "M" and a long, sweeping tail on the "y".

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

cc: Tifannie Schoenrock, Village Clerk