



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. Lack of Claim Purpose**

During our comparison of the Village’s bank account details to claims approved by the 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 December 5, 2017:

<b>Name</b>	<b>Description</b>	<b>Amount</b>
Lancaster Rural Water		\$ 750.00
Uribe Refuse		\$ 1,828.21
Norris Public		\$ 1,215.51
Black Hills Energy		\$ 72.25
NE Public Health		\$ 168.00
Voice News		\$ 39.56
Menards		\$ 592.14
Verizon		\$ 48.18
Intuit		\$ 8.44
Midwest Labs		\$ 755.06
NL Driveway		\$ 250.00
Ne Div of Health		\$ 143.75
Municipal Supply		\$ 329.86
Tod Stertz		\$ 80.00
Adv Auto Parts		\$ 233.78
F&M Bank	Petty cash	\$ 50.00
Rita Shea	Phone & Reimburse	\$ 65.10
Olsson Assoc		\$ 3,000.00
Transformation Mkting		\$ 260.00
Payroll and Payroll Taxes		\$ 5,650.66
<b>Total</b>		<b>\$ 15,540.50</b>

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.

### 3. 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 payments, totaling \$15,308.31, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Claim Date	Name	Amount	Payment Type	Cleared Date
12/5/2017	Lancaster Rural Water	\$ 750.00	EFT	11/14/2017
12/5/2017	Uribe Refuse	\$ 1,828.21	#4013	11/27/2017
12/5/2017	Norris Public	\$ 1,215.51	EFT	11/20/2017
12/5/2017	Black Hills Energy	\$ 72.25	EFT	11/9/2017
12/5/2017	NE Public Health	\$ 168.00	#4011	11/21/2017
12/5/2017	Voice News	\$ 39.56	#4014	11/20/2017
12/5/2017	Menards	\$ 592.14	#4000/#4008	11/21/2017
12/5/2017	Verizon	\$ 48.18	EFT	12/4/2017
12/5/2017	Midwest Labs	\$ 755.06	#4001	11/13/2017
12/5/2017	NL Driveway	\$ 250.00	#4010	11/24/2017
12/5/2017	Municipal Supply	\$ 329.86	#4009	11/21/2017
12/5/2017	Adv Auto Parts	\$ 233.78	#4017	11/22/2017
12/5/2017	F&M Bank	\$ 50.00	#4016	11/15/2017
12/5/2017	Rita Shea	\$ 65.10	#4007/#4003	11/15/2017
12/5/2017	Olsson Assoc	\$ 3,000.00	#4012	11/20/2017
12/5/2017	Tranformation Mkting	\$ 260.00	#4023	11/30/2017
12/5/2017	Payroll & Payroll Taxes	\$ 5,650.66	Numerous	<b>Note</b>
<b>Total</b>		<b>\$ 15,308.31</b>		

**Note:** All payroll and payroll tax payments cleared prior to Board approval.

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.

**4. Payment of Unapproved Claims**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified multiple checks, totaling \$5,652.80, which were paid but not included on the claims listing to be approved by the Board.

These disbursement are summarized in the table below:

<b>Name</b>	<b>Amount</b>	<b>Payment Type</b>	<b>Cleared Date</b>
Black Hills Energy	\$ 99.36	EFT	12/11/2017
Lancaster Rural Water	\$ 852.00	EFT	12/12/2017
IRS	\$ 1,254.38	EFT	12/15/2017
Norris Public	\$ 1,254.96	EFT	12/20/2017
Board of Public Works	\$ 405.00	4035	12/15/2017
Mattson Ricketts Law Firm	\$ 182.02	4036	12/14/2017
Midwest Laboratories	\$ 16.80	4037	12/14/2017
Nebraska Public Health Environmental Lab	\$ 332.00	4038	12/18/2017
Nebraska Rural Water Association	\$ 100.00	4039	12/22/2017
Sapp Bros Petroleum	\$ 842.70	4040	12/14/2017
Voice News	\$ 11.78	4041	12/14/2017
Nebraska Rural Water Association	\$ 100.00	4042	12/22/2017
Menards	\$ 102.99	4043	12/22/2017
Tractor Supply Credit Plan	\$ 22.42	4044	12/18/2017
Rita Shea	\$ 76.39	4028	12/15/2017
<b>Total</b>	<b>\$ 5,652.80</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 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.

**5. Village Funds**

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Village reported balances and activity only under the General Fund column. However, as certain receipts, such as highway allocation monies, are restricted for street or road purposes, the Village must report these monies under a separate restricted fund, such as the Street Fund, unless these monies are reimbursing certain street or road expenditures out of the General Fund.

Good internal control requires procedures to ensure that all Village funds, along with their respective activities, are reported correctly on the Village’s audit waiver request form.

Without such procedures, there is an increased risk of not only loss, misuse, or theft of Village monies but also a lack of transparency regarding the financial activity and position of the Village.

We recommend the Board implement procedures to ensure all Village funds, along with their respective activities, are reported correctly on the Village's audit waiver request form.

*Overall Village Response: The board will address all these recommendations and make changes as suggested.*

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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,



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cc: Pam Pickard, Village Clerk