



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 16, 2019

Rick Vollman, Chairperson
Village of Douglas
110 Main Street
P.O. Box 67
Douglas, NE 68344

Dear Chairperson Vollman:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Douglas (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. Payment of Claims Prior to Board Approval

During our comparison of the Village's bank account details to claims approved by the Village Board (Board), the APA noted that two Village electronic payments, totaling \$1,188.75, were made before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

Approval Date	Name/Vendor	Description	Amount	Cleared Date	Days Paid Before Approval
11/13/2017	IRS	Payroll Taxes	\$ 859.93	11/7/2017	6
11/13/2017	NE Dept of Revenue	Sales Tax	\$ 328.82	11/8/2017	5
Total			\$ 1,188.75		

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 automatic payments to the Internal Revenue Service and the Nebraska Department of Revenue were made prematurely before the claims were approved. The Clerk will not pay these until after they are approved at the meeting.

2. Payment of Unapproved Claims

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified a number of checks, totaling \$1,749.39, which were paid but not included on the claims listing to be approved by the Board.

Those disbursements are summarized in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
11/20/2017	Chris Hladik	\$ 798.92	13271	11/21/2018
11/20/2017	CBS ... (illegible)	\$ 350.00	13272	11/29/2018
11/22/2017	Douglas ... (illegible)	\$ 327.01	13273	12/12/2018
11/27/2017	Dav ... (illegible)	\$ 140.15	13274	12/15/2018
11/27/2017	Windstream	\$ 133.31	13275	12/6/2018
Total		\$ 1,749.39		

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: Check #13271 is a salary check that is approved by ordinance and we were told by our attorney that preapproval was not needed. Check #13272 for a park sign was discussed by the board, but no formal action was taken. Check #13273 & #13274 were to Douglas Fire and Douglas Rescue for their portion of sales tax. We have an ordinance that authorizes 1/2 of 1% of the local option sale & use tax to go towards funding the departments. Check #13275 to Windstream is approved by a motion to pay ahead of the board meeting to meet the due date. At our last board meeting we approved a resolution that lists expenditures that are preapproved for payment. In the future all claims will be listed on the claims for audit form and paid after board approval.

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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".

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

cc: Vicki Focken, Village Clerk