



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 1, 2019

Dan Crownover, Chairperson
Village of Unadilla
P.O. Box 87
Unadilla, NE 68454

Dear Chairperson Crownover:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Unadilla (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. Possible Conflict of Interest

The APA received Village Board (Board) meeting minutes and the accompanying claims listing for October 8, 2017. From this listing, the APA identified a potential conflict of interest involving the actions of Board Chairperson Dan Crownover.

According to the meeting minutes, it is unclear whether Mr. Crownover abstained from voting on the following claim:

Claim Date	Name/Vendor	Amount	Check #	Cleared Date
11/8/2017	Dan Crownover	\$ 166.23	7155	11/1/2017

An excerpt from the October 8, 2017, Board minutes is provided below:

Oelke made a motion to pay claims, Schomerus seconded, and motion carried 3-0.

The possible failure of Board Chairperson Dan Crownover to abstain from voting on the motion above gives rise to concerns regarding possible violations of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. § 49-1401 (Cum. Supp. 2018) et seq.

To start, Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2010) states the following:

A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.

The penalty for violating the above-cited conflict of interest statute is set out in subsection (7) thereof, as follows:

[A]ny person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.

Furthermore, Neb. Rev. Stat. § 49-1499.03(2) (Reissue 2010) provides the following:

(a) Any person holding an elective office of a city or village not designated in section 49-1493 and any person holding an elective office of a school district who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:

(i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict;

(ii) Deliver a copy of the statement to the person in charge of keeping records for the city, village, or school district who shall enter the statement onto the public records of the city, village, or school district; and

(iii) Abstain from participating or voting on the matter in which the person holding elective office has a conflict of interest.

(b) The person holding elective office may apply to the commission for an opinion as to whether the person has a conflict of interest.

(Emphasis added.) Good internal control requires procedures to ensure compliance with the applicable provisions of the Act.

Without such procedures, there is an increased risk for both statutory violations and the loss of Village funds.

We recommend the Board implement procedures to ensure compliance with the applicable provisions of the Act. Because the issue addressed herein constitutes a possible violation of the Act, we are forwarding this information to the Nebraska Accountability and Disclosure Commission.

Village Response: Our chairman does not vote on any matter unless there is a tie or we do not have enough board members at a meeting. We will from now on indicate that in our minutes from the meeting each month.

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 \$11,405.54, 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
11/8/2017	OPPD	\$ 2,897.00	7130	11/7/2017	1
11/8/2017	Menards	\$ 179.98	7131	11/1/2017	7
11/8/2017	Dwight Kastens	\$ 1,417.33	7132	11/1/2017	7
11/8/2017	Arlin Rohlf	\$ 290.90	7133	11/3/2017	5
11/8/2017	Rita Compton	\$ 143.37	7134	11/6/2017	2
11/8/2017	Barb Wilhelm	\$ 251.28	7135	11/2/2017	6
11/8/2017	Corinne Zahn	\$ 1,490.37	7136	11/1/2017	7
11/8/2017	NC Utilities	\$ 1,442.93	7137	11/3/2017	5
11/8/2017	RWD #3	\$ 1,696.95	7139	11/7/2017	1
11/8/2017	Zito Media	\$ 131.06	7140	11/7/2017	1
11/8/2017	Recyc Enterprises	\$ 200.00	7141	11/7/2017	1
11/8/2017	Syr. Do It Best	\$ 89.47	7142	11/7/2017	1
11/8/2017	Stutheit Impl.	\$ 24.67	7143	11/7/2017	1
11/8/2017	B&B Pump	\$ 24.67	7144	11/6/2017	2
11/8/2017	Municipal Supply	\$ 736.98	7146	11/6/2017	2
11/8/2017	Gen Fire & Safety	\$ 130.00	7147	11/6/2017	2
11/8/2017	Dan Crownover	\$ 92.35	7149	11/1/2017	7
11/8/2017	Dan Crownover	\$ 166.23	7155	11/1/2017	7
Total		\$ 11,405.54			

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: At our October meeting we will implement procedures on the payment of claims to address this.

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 \$1,258.79, which was paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payment are presented in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
11/15/2017	Capitol City Electric	\$ 1,258.79	7161	11/20/2017

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: We will address a procedure for the payment of claims and how they are handled in our October meeting.

4. Other Issues

On the Village’s audit waiver request form, the investment balance for the Village’s certificate of deposit had not been updated for five years, until a statement was requested by the APA.

Good internal control requires procedures to ensure all Village financial information is kept up to date and accurately reported on the Village’s audit waiver request form.

Without such procedures, there is not only an increased risk for the lack of transparency but also an increased possibility of the Village’s audit waiver being denied when such deficiencies are noted.

We recommend the Board implement procedure to ensure the Village’s audit waiver request form includes accurate financial information.

Village Response: For our investment balance our bank does not send us any paper work on this CD so we will request a history of the CD once or twice per year stating what was automatically added to this CD and keep it on file and entered into our QuickBooks.

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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: Corinne Zahn, Village Clerk
Nebraska Accountability and Disclosure Commission