



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 29, 2019

Wilfred Fredrick, Chairperson  
Village of Ashton  
P.O. Box 170  
Ashton, NE 68817

Dear Chairperson Fredrick:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Ashton (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 multiple Village checks, totaling \$1,509.77, 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
Ace Hardware	7923	12/4/2017	11/17/2017	\$ 25.64	17
Office Max	7924	12/4/2017	11/17/2017	\$ 249.77	17
BC/BS	ACH	12/4/2017	11/21/2017	\$ 1,234.36	13
<b>Total</b>				<b>\$ 1,509.77</b>	

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: In response to your draft letter we are going to implement new procedures to eliminate the payment of claims prior to Board approval by looking into a credit card system of payment.*

**2. Payment of Unapproved Claims**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one payment, totaling \$1,377.41, which was paid but not included on the claims listing to be approved by the Board.

Details of this unapproved payment are included in the table below:

Name	Check #	Cleared Date	Amount
BC/BS	ACH	12/21/2017	\$ 1,377.41

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 payment of the unapproved claim was caused by a clerical error on the minutes. We will be proof reading the minutes more closely in the future.*

\* \* \* \* \*

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, looped 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: Craig Kamler, Village Clerk