



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Dennis VanLaningham, Chairperson  
Village of Clatonia  
P.O. Box 82  
Clatonia, NE 68328

Dear Chairperson VanLaningham:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Clatonia (Village) for the fiscal year ending 2020. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, 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 Unapproved Claims

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified eight payments, totaling \$1,985.68, which were paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payments are included in the table below:

Check Date	Name/Vendor	Amount	Check #	Cleared Date
1/27/2020	IRS	\$ 887.78	ACH	1/27/2020
1/29/2020	NE Workforce	\$ 16.76	ACH	1/29/2020
1/29/2020	NEB Dept Revenue	\$ 256.87	ACH	1/29/2020
1/29/2020	NEB Dept Revenue	\$ 355.86	ACH	1/29/2020
1/23/2020	USPS	\$ 3.15	ACH	1/23/2020
1/24/2020	Sams Club	\$ 205.26	ACH	1/24/2020
1/21/2020	Janice Janola	\$ 100.00	2392	1/24/2020
1/21/2020	Nalam German	\$ 160.00	2401	1/28/2020
<b>Total</b>		<b>\$ 1,985.68</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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated September 16, 2019, which can be found on the APA's website.

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.

**2. Payment of Claim Prior to Board Approval**

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that one Village check, totaling \$14,190, was issued before the underlying claim was approved by the Board.

The table below provides a summary of the premature payment:

Approval Date	Name/Vendor	Amount	Check Written Date	Days Paid Before Approval
1/6/2020	Hart Floors	\$ 14,190.00	12/30/2019	7

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2020) 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.

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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.

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, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov.**

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor