



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 24, 2021

Travis Keller, Chairperson
Village of Rulo
PO Box 126
Rulo, NE 68431

Dear Chairperson Keller:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Rulo (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. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that 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 January 13, 2020:

Claims & Treasurer's Report-Shannon Homeyer: Bletscher Trucking \$227.48; FC Utilities \$1986.03; Farm & City Supply \$222.02; Hamilton Recycling \$50.00; Harmon's \$741.00; Mr. Automotive \$28.70; NE Public Health Dept. \$100.00; OPPD \$1245.99; Sapp Bros. \$69.92; Sapp Bros. \$95.56; SENDD Membership \$327.00; SNC \$47.98; Whetrock \$356.38. Motion made by Nathan Popejoy to approve the claims, seconded by Melissa Coonce, Claims approved unanimously.

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2020) 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 city clerk or village clerk in every city or village 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 city council or village board of trustees within thirty days after any meeting of the city council or village board of trustees. The publication shall be in a legal newspaper in or of general circulation in the city or village, 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.

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 26, 2019, which can be found on the APA’s website.

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.

2. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified 16 payments, totaling \$5,625.39, 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
1/2/2020	Intuit Payroll	\$ 474.75	ACH	1/2/2020
1/10/2020	Box Payment	\$ 15.00	ACH	1/10/2020
1/13/2020	Travis Keller	\$ 92.35	7265	1/22/2020
1/13/2020	Shannon Homeyer	\$ 636.16	7266	1/16/2020
1/13/2020	Nathan Popejoy	\$ 46.17	7267	1/23/2020
1/13/2020	Melissa Coonce	\$ 46.17	7268	1/14/2020
1/13/2020	Robert W Atkinson, CPA	\$ 1,087.00	7271	1/22/2020
1/13/2020	Becky Shmonds	\$ 46.17	7269	2/10/2020
1/13/2020	Gloven Johnson	\$ 303.22	4167	1/23/2020
1/13/2020	Wolfen Printing	\$ 73.71	4169	1/21/2020
1/13/2020	Steve Johnson	\$ 1,475.00	4170	1/23/2020
1/12/2020	Shannon Homeyer	\$ 453.63	4171	1/16/2020
1/4/2020	Jordan Keller	\$ 440.96	2530	1/7/2020
1/13/2020	Iowa Tribe of Kansas and Nebraska	\$ 68.18	2531	1/31/2020
1/13/2020	Marz Farm Equipment	\$ 11.08	2532	1/22/2020
1/25/2020	Jordan Keller	\$ 355.84	2535	1/31/2020
Total		\$ 5,625.39		

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.

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 26, 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.

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 four Village checks, totaling \$1,643.39, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Approval Date	Name/Vendor	Amount	Check Date	Days Paid Before Approval
1/13/2020	Bletscher Trucking	\$ 227.48	12/5/2019	39
1/13/2020	NE Public Health Dept	\$ 100.00	12/5/2019	39
1/13/2020	OPPD	\$ 1,245.99	12/5/2019	39
1/13/2020	SAPP Bros	\$ 69.92	12/5/2019	39
Total		\$ 1,643.39		

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.

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 26, 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.

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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