



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

February 11, 2022

Brian Rowse, Chairperson
Village of Chambers
P. O. Box 143
Chambers, NE 68725

Dear Chairperson Rowse:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Chambers (Village) for the fiscal year ending 2021. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2021), 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 observed meeting minutes dated January 13, 2021, and 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, 2021:

5890	12/14/2020	PEGGY RICKARD	-200.00
5891	12/14/2020	BILL & LEANN SCHAAF	-200.00
5892	12/14/2020	NICKOLAS & KATIE WALDO	-100.00
5893	12/14/2020	JON SLADEK	-200.00
5894	12/14/2020	MICHAEL NOFFKE	-200.00
5895	12/14/2020	BRADY BAKER	-200.00
5896	12/14/2020	KATHY PAPKE	-200.00
5897	12/14/2020	JEN'S HANDIWORK	-90.00
5898	12/14/2020	95 West Express	-133.80
5899	12/14/2020	VIAERO WIRELESS	-189.62
5900	12/14/2020	McNally Law Office	-150.00
5901	12/14/2020	Great Western Gas	-687.87
5902	12/14/2020	One Call Concepts, Inc.	-3.07
5903	12/14/2020	VISA	-192.67
5904	12/14/2020	Niobrara Valley Electric	-1,803.58
5905	12/14/2020	SIX STAR SANITATION	-3,103.50
5906	12/14/2020	Village Market (cust)	-41.58
5907	12/14/2020	Green's Service	-160.00
5908	12/14/2020	Chambers Shopper	-75.00
5909	12/14/2020	K & M Telephone	-209.06
5910	12/14/2020	JEO Consulting Group, Inc.	-820.00
5911	12/14/2020	BLAIN PUMPING AND PLUMBING	-140.00
5912	12/14/2020	NE DEPART. OF ENVIRONMENT AND ENERGY	-2,310.30
5913	12/14/2020	NE DEPART. OF ENVIRONMENT AND ENERGY	-198.41
5914	12/14/2020	NEBRASKA SAFETY CENTER	-200.00
5915	12/14/2020	FAHRENHOLZ SERVICES, INC	-283.87
5916	12/14/2020	Lawrence Stubel	-100.00
		TOTAL	-12,192.33

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.

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 the following checks, totaling \$3,982.63, 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:

Name/Vendor	Check Date	Amount	Check #
Kraig Fahrenholz	12/22/2020	\$ 2,410.72	5917
Jo Harkins	12/22/2020	\$ 924.14	5919
Troy Tracy	12/22/2020	\$ 46.17	5950
Robert L Grubb	12/22/2020	\$ 36.17	5918
Maureen Metschke	12/22/2020	\$ 46.17	5948
Brian Rowse	12/22/2020	\$ 69.26	5949
Melissa Krysl	12/22/2020	\$ 450.00	5952
Total		\$ 3,982.63	

Neb. Rev. Stat. § 17-614(1) (Supp. 2021) 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.

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 a majority of the checks approved at the January 13, 2021, meeting, totaling \$11,602.33, were issued before the underlying claims were approved by the Board.

Neb. Rev. Stat. § 17-614(1) (Supp. 2021) 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.

4. Negative Fund Balance

On Exhibit A of the Village's audit waiver request form, the APA noted that the General fund had a deficit balance of \$20,279 as of September 30, 2021.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore placed in a position to take any action needed to resolve deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances, but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve the deficits therein.

5. Payment of Late Fees

During review of the Village’s credit card statements, the APA noted that the Village paid late fees and interest penalties to its credit card company during the periods tested. The following table details these charges.

Date	Vendor	Charge	Amount
5/2/2021	Visa	Late Fee	\$ 40.00
5/2/2021	Visa	Interest	\$ 18.33
8/1/2021	Visa	Late Fee	\$ 40.00
8/1/2021	Visa	Interest	\$ 12.02
Total			\$ 110.35

Good internal controls require procedures to ensure credit card billings are paid timely to avoid unnecessary late fees and interest penalties. Without such procedures, there is an increased risk for the loss of public funds.

We recommend the Village board implement procedures to ensure credit card billings are paid timely to avoid unnecessary late fees and interest penalties.

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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