



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 24, 2022

Chris Ibsen, Chairperson
Village of Roca
P.O. Box 69
Roca, NE 68430-0069

Dear Chairperson Ibsen:

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

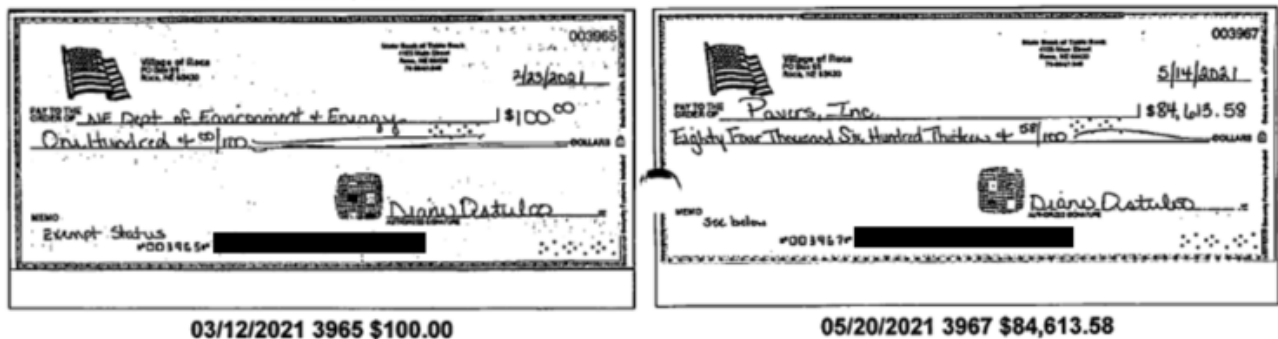
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2021), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Lack of Dual Signatures

The APA obtained the bank statements for the Village's accounts from its fiscal year 2021 audit waiver request. From these statements, the APA noted that all of the Village checks written during the examination period contained only one signature. Examples of such checks are shown below.



State statute requires Village checks to be signed by both the Board Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2020) provides the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements. Without such procedures, there is an increased risk of not only failure to comply with State statute but also the loss and/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 February 24, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

2. 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 June 14, 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 June 14, 2021:

APPROVAL OF TREASURER'S REPORT, RECEIPTS & DISBURSEMENTS

Anderson moved, seconded by Green to approve the treasurer's report, the receipts and disbursements as follows:
Deposits Total: Fees/Licenses/Permits 1335.00, Ballfield Banners 250.00, Keno 9604.09, Sales Tax 9428.64, Rec & Disb 5642.07, LRW 8952.46, NPPD Lease 3662.33 Disbursements: Payroll 2410.81, Aqua Sys 96.00, Environ Lab 15.00, Inspections 1280.00, Farmers Coop 311.22, Landscaping C Ibsen 400.00, Hoffschneider 100.00, Primetime Sporting 1527.19, BMG 100.00, Dept of Rev 573.27 Payroll Taxes, CCR 32.00, Windstream 177.07, Sam's Club 48.15, Sales & Use Tax 570.57 and 577.94, Pavers 84,613.58, Lovell 4000.00, NPPD 620.18, Voice News 46.29. Voting aye: Anderson, Green, Hemenway, Ossowski. Motion carried.

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 February 24, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

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.

3. 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 \$1,683, 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	Payment Date	Amount	Check #
Lancaster Rural Water	6/9/2021	\$ 1,413	EFT
Tausha Ostrander	6/14/2021	\$ 270	EFT
Total		\$ 1,683	

Neb. Rev. Stat. § 17-614(1) (2021 Neb. Laws, LB 285, § 4) 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 February 24, 2021, which can be found on the APA’s website. However, it does not appear this issue was corrected after the APA’s notification.

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. 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 the following checks, totaling \$93,693.46, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
Aqua Systems	\$ 96.00	6/14/2021	6/10/2021	4
Farmers Coop	\$ 311.22	6/14/2021	5/14/2021	31
Chris Ibsen	\$ 400.00	6/14/2021	5/14/2021	31
Hoffschneider Law	\$ 100.00	6/14/2021	5/17/2021	28
Primetime Sporting	\$ 1,527.19	6/14/2021	5/17/2021	28
Department of Revenue	\$ 573.27	6/14/2021	5/17/2021	28
Capital City Refuse	\$ 32.00	6/14/2021	5/18/2021	27
Windstream	\$ 177.07	6/14/2021	5/18/2021	27
Sam’s Club	\$ 48.15	6/14/2021	5/19/2021	26
Nebraska Department of Revenue	\$ 570.57	6/14/2021	5/19/2021	26
Nebraska Department of Revenue	\$ 577.94	6/14/2021	6/9/2021	5
Pavers	\$ 84,613.58	6/14/2021	5/14/2021	31
Lovell Excavating	\$ 4,000.00	6/14/2021	5/21/2021	24
NPPD	\$ 620.18	6/14/2021	6/1/2021	13
Voice News	\$ 46.29	6/14/2021	6/8/2021	6
Total		\$ 93,693.46		

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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated February 24, 2021, which can be found on the APA’s website. However, it does not appear this issue was corrected after the APA’s notification.

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