



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Marjorie Renz, Chairperson  
Village of Hardy  
PO Box 65  
Hardy, NE 68943

Dear Chairperson Renz:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Hardy (Village) for the fiscal year ending 2022. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), 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 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 \$7,072, 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
Federal Deposit	\$443.34	06/23/22	05/24/22	30
Aurora Coop	\$310.69	06/23/22	06/21/22	2
Dearborn Life Insurance	\$37.84	06/23/22	06/06/22	17
Outdoor Power	\$22.00	06/23/22	06/21/22	2
Municipal Supply	\$377.38	06/23/22	06/21/22	2
Betka Plumbing	\$2,369.68	06/23/22	06/22/22	1
Superior Utilities	\$1,044.35	06/23/22	06/16/22	7
Logan Christianity	\$34.83	06/23/22	06/21/22	2
Figgins Construction	\$1,598.30	06/23/22	06/22/22	1
Superior Ace Hardware	\$72.85	06/23/22	06/22/22	1
Village of Hardy	\$100.00	06/23/22	06/15/22	8
Wages	\$161.61	06/23/22	06/21/22	2
IRS	\$499.13	06/23/22	06/22/22	1
<b>Total</b>	<b>\$7,072.00</b>			

Neb. Rev. Stat. § 17-614(1)(a) (Reissue 2022) 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 17, 2022, 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.

## **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 23, 2022, 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 23, 2022:

*(First Published June 23, 2022  
in The Superior Express)*  
**Village of Hardy  
Proceedings**

A meeting of the Board of Trustees of the Village of Hardy, Nebraska was held on the fourteenth day of June, 2002 at 5:00 p.m. at the Village fire hall. All trustees were present to answer roll call. Board Chairperson Renz publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy posted in the fire hall.

The minutes of the May 10, 2022 meeting was approve by majority vote. The May Treasurer’s Report was approved by majority vote. The following claims were approved for payment:

Federal Deposit 443.34, Superior Publishing 18.87, Aurora Co-op 310.69, Dearborn Life Insurance 37.84, Outdoor Power 22.00, One Call 7.36, Municipal Supply 377.38, Betka Plumbing 2,369.68, South Central Public Power 821.84, Sam Clark 123.56, Superior Utilities 1,044.35, Nebraska Public Health Lab 30.00, Logan Christiancy 34.83, Figgins Construction 1,598.30, Superior Ace Hardware 72.85, Village of Hardy 100.00; Employee Wages 2,379.50

Clark gave the delinquent water report. Meeting adjourned.

A complete text of minutes, resolutions, and ordinances are on file in the Village office and are available for public inspection.

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Neb. Rev. Stat. § 19-1102 (Reissue 2022) 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.

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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