



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 23, 2023

Mark Tietz, Chairperson
Village of Carroll
P.O. Box 66
Carroll, NE 68723

Dear Chairperson Teitz:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Carroll (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 \$210.77, 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
Eastern Nebraska Telephone	\$45.00	06/08/22	05/11/22	28
Eastern Nebraska Telephone	\$165.77	06/08/22	05/11/22	28
Total	\$210.77			

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 11, 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 6, 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 6, 2022:

Bills presented were as follows:

NDEQ.....	17191.15
Hawkins, Inc.....	502.48
DHHS Environmental Lab.....	275.40
Nebraska Dept of Revenue, May.....	383.80
Waste Connections.....	2568.45
Northeast Nebraska Public Power Service, streets, water & lagoon.....	1645.92
Eastern Nebraska Telephone, lagoon.....	45.00
Eastern Nebraska Telephone, E911.....	165.77
Jamie Muhs, salary.....	400.00
Jamie Muhs (office supplies).....	235.00
Norene Klinger.....	58.00
Brian Erdmann, salary.....	450.00
American Broadband.....	115.00
Appear.....	110.00
Wayne Herald.....	50.49
City of Wayne, dispatch fee.....	126.67
Post Office.....	110.00
CopyWrite.....	100.10
Sargent Drilling.....	5790.38
Jacob Davis.....	800.00
Jacob Davis.....	145.86
Core & Main.....	341.29
One Call Concepts.....	3.58
Quality One Graphics.....	75.00
Sport Station.....	99.67

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.

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 11, 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 the purpose of each claim allowed is included in the Board's official proceedings and published in accordance with State statute.

3. 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 \$23,387, as of September 30, 2022.

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.

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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