



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 30, 2023

Arlo Thayer, Chairperson  
Village of Bladen  
P.O. Box 37  
Bladen, NE 68928

Dear Chairperson Thayer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Bladen (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. Potential Scam Payments

During the review of the Village's bank statements received with the fiscal year 2022 audit waiver request, the APA noted two payments, totaling \$2,119, made during fiscal year 2022 out of the Village's Emergency Fund bank account that appear to be payments to potential scam websites for the purpose of SAM.gov renewal.

SAM is an acronym that stands for the System for Award Management. Per the U.S. General Services Administration website (gsa.gov), SAM.gov is used for "registering to do business with the federal government, listing contract opportunities, capturing contractor performance, viewing contract data, searching assistance listings, reporting subcontracts, and more." Per the SAM.gov website, there is no cost to use SAM.gov, as shown below.

### About This Site

#### What is SAM.gov?

The System for Award Management (SAM.gov) is an official website of the U.S. Government. There is no cost to use SAM.gov. You can use this site to:

Because of this information, the APA requested documentation from the Village to support these payments. The APA was provided the following receipt from the Federal Processing Registry for the payment of \$499 dated December 6, 2021.

**Federal Processing Registry**  
 36181 East Lake Rd. Suite 210  
 Palm Harbor, FL 34685 US  
 accounting@federalprocessingregistry.com  
 https://federalprocessingregistry.com



## Receipt

**Received From**  
 Gretchen Mastrodonato  
 Bladen, Village Of  
 211 n main st  
 BLADEN, NE 68928 USA

**Date:** 12/06/2021

**Reference No:** 63405669423


Invoice Number	Invoice Date	Due Date	Original Amount	Balance	Payment
11043	12/06/2021	12/06/2021	499.00	499.00	499.00
<b>Memo:</b>			<b>Amount Credited:</b>		<b>\$0.00</b>
			<b>Total:</b>		<b>\$499.00</b>

The APA was also provided the following email containing an order receipt from the Federal Contracting Center for the payment of \$1,620 dated June 27, 2022.

- □

↩ Reply
↩ Reply all
→ Forward
📁 Archive
🗑 Delete
⋮

**Order Receipt**

 **support@federalcontractingcenter.com** <support@federalcontract...>  
 6/27/2022 9:13 AM

To: bladenclerk@gmail.com

**Order# 2806**

Thank you for your order!

Your order details are below:

BILLING INFORMATION	ORDER SUMMARY			
<b>Payment Information</b> Visa xxxxxxxxxxxx4014  village of bladen BLADEN, VILLAGE OF VILLAGE OF BLADEN 211 n main st Bladen, NE 68928 United States  P:(402) 756-1369	<b>Order Items</b> <table border="1"> <tr> <td>3 SAM Registration &amp; DSBS <b>Description:</b></td> <td>1</td> <td>\$1,620.00</td> </tr> </table> Sub Total: \$1,620.00 <b>Order Total: \$1,620.00</b>  <b>Payment Summary</b> Today <b>Amount</b> \$1,620.00	3 SAM Registration & DSBS <b>Description:</b>	1	\$1,620.00
3 SAM Registration & DSBS <b>Description:</b>	1	\$1,620.00		

Based off the support provided, the APA performed the following procedures, and noted the following issues.

- Both receipts were received from email addresses ending in “.com”. The vast majority of communications from federal or state governments will come from email addressing ending in “.gov”.
- Per the Better Business Bureau website, Federal Processing Registry and Federal Contracting Center have received multiple complaints regarding similar potential fraud/scams.
  - The Federal Processing Registry has multiple complaints stating the company sends several renewal notices and requests payment of \$499 to renew SAM registration. Many of these

complaints have gone unanswered by the company, though a few have received responses stating the company charges for services rendered similar to accounting firms that charge to do taxes.

- The Federal Contracting Center has only a couple complaints, both of which were answered by the company. However, the responses indicate they disclose their entity as a non-Government entity and that their emails are a solicitation.
- The Village stated no service was provided by these entities.

The APA questions the propriety of the payments when SAM.gov is free to use. Based off the above information, the APA believes that these charges are possible fraud/scam charges. Per the Village Clerk, the Village was made aware that SAM renewals can be performed free of charge using the SAM.gov website at their trainings.

Good internal control and sound accounting practices require procedures to ensure that the Village only pays for legitimate services or products and verifies the identity of the vendor or agency prior to payment. Without such procedures, there is an increased risk of theft, loss, and/or misuse of Village funds.

We recommend the Village implement procedures to ensure all payments are to legitimate companies and agencies for actual services or products. We also recommend the Village consult and work with the proper authorities and the bank regarding these questionable transactions. The Village should implement procedures to recover or otherwise account for any missing funds.

## 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 13, 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 13, 2022:

CLAIMS: Kory McCracken, \$50.00, R&M Disposal \$2109.00, Black Hills Energy \$350.43 Glenwood \$219.44, SCPPD \$1020.36, Timm's Service \$321.11, One Call Concepts \$8.84 Century Lumber, \$14.04, Blue Hill Leader \$96.12, NE Public Health Lab \$45.00, SOS Portable Toilets, Inc. \$110.78, Red Cloud Chief, \$122.24, Nebraska Rural Water Assoc. Valve upkeep \$250.00, Barco Products, Cantilever, screws, \$145.62, NE Dept of Environmental Energy, Interest Payment \$2576.04, Cell Phone \$40.00, Mileage \$53.76, Wages \$2799.40.

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 March 21, 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. 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 \$4,822.02, 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:

<b>Name/Vendor</b>	<b>Check Date</b>	<b>Amount</b>	<b>Check #</b>
Bumper.com	06/13/22	\$13.44	ACH
RocketLaw	06/13/22	\$39.99	ACH
Amazon.com	06/14/22	\$31.64	ACH
Iowa Pump Works	06/15/22	\$2,175.00	16096
Norder Supply Inc	06/15/22	\$281.86	16097
Intuit	06/16/22	\$49.59	ACH
NE Public Health Environmental Lab	06/22/22	\$15.00	16107
USPS	06/23/22	\$26.95	ACH
Amazon.com	06/23/22	\$150.78	ACH
Thrasher Food Center	06/24/22	\$74.67	ACH
Nebraska Rural Water Association	06/28/22	\$100.00	16105
Amazon.com	06/29/22	\$79.00	ACH
Federal Contracting Center	06/29/22	\$1,620.00	ACH
Amazon.com	06/30/22	\$71.97	ACH
USPS	07/06/22	\$29.95	ACH
USPS	07/07/22	\$26.95	ACH
Amazon.com	07/11/22	\$35.23	ACH
<b>Total</b>		<b>\$4,822.02</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 March 21, 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.

**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 one Village check, totaling \$45, was issued before the underlying claim was approved by the Board.

The table below provides a summary of the premature payment:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
NE Public Health Lab	\$45.00	06/13/22	06/07/22	6

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.

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