



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 20, 2024

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 2023. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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. Possible Conflict of Interest

The APA received the Village Board of Trustees (Board) meeting minutes, along with the accompanying claims listings, for these dates: December 12, 2022; April 10, 2023; and September 11, 2023. From that documentation, the APA identified a potential conflict of interest involving the actions of Board members Chris Ibsen and Zach Goering.

According to the April 10, 2023, meeting minutes, Mr. Ibsen appears to have failed to abstain from voting on a reimbursement claim, totaling \$75.02. An excerpt from those minutes is provided below:

APPROVAL OF TREASURER'S REPORT, RECEIPTS & DISBURSEMENTS
Anderson moved, seconded by Goering to approve the treasurer's report and disbursements as follows:

Aqua Systems	32.96	Water Filtration at Comm Center
BMG Accountants	125.00	Professional Services
Capital City Refuse	58.99	Sanitation Monthly Service
Chris Ibsen	75.02	Concession Stand Supplies
Dept of Revenue	553.66	Sales & Use Tax
Farmers Coop	513.62	Propane
Gana Trucking	34.00	Trees Hauled
Hoffschneider Law	500.00	Professional Services
Internal Revenue Service	512.64	941 EFTPS
Kinetic 38.27	38.27	Internet/Phones Comm Center
LRW	1221.00	Utilities
NE Environmental Lab	15.00	Water Lab Testing
NPPD	651.40	Feb Village Utilities
One Call Concepts	9.56	One Call
Payroll	2047.81	Monthly Payroll
Phil Goering	1500.00	Water Operator Services
Quickbooks Online	27.50	Quickbooks Financials
SiteOne Landscape	165.61	Baseball Field Supplies
State Bank of Table Rock	10.00	ACH Fees
True Value	103.34	Bathroom Supplies Concession Stand
Verizon 98.42 +	185.15	Water/Sewer GIS System
Voice News	198.19	Publication & Print

Voting aye: Anderson, Hemenway, Ibsen, Ossowski, Goering. Motion carried.

During further review of the Village's bank statements, we noted two more instances of a possible conflict of interest involving Mr. Ibsen and Mr. Goering, as shown in the table below:

Name	Date Approved	Amount Paid
Chris Ibsen	12/12/2022	\$ 62.89
Zach Goering	9/11/23	\$ 52.46

The APA acquired excerpts from the Board's meeting minutes, dated December 12, 2022, and September 11, 2023, showing that both Mr. Ibsen and Mr. Goering approved their own reimbursement claims:

December 12, 2022, Meeting Minutes

APPROVAL OF TREASURER'S REPORT, RECEIPTS & DISBURSEMENTS

Hemenway moved, seconded by Anderson to approve the treasurer's report and disbursements as follows:

ABC Pest Control	69.55	Community Center
Allison Egger	75	Refund for Rental of Comm Center
Amazon	160.84	Vacuum Cleaner for Comm Center
Aqua Systems	127.67	Water Filtration at Comm Center
BMG Accountants	125.00	Professional Services
Capital City Refuse	58.99	Sanitation Monthly Service
Chris Ibsen	62.89	Flags & Paint for Park (Home Depot)
Climatech Heating	150.00	Comm Center Heater Issues
DAS Central Finance	150.00	Continuing Ed Charges
Dept of Revenue	507.48	Sales & Use Tax
Dept of Revenue	4119.00	Keno Income Tax Keno Acct
Farmers Coop	232.92	Propane
Hoffschneider Law	180.00	Professional Services
Internal Revenue Service	499.80	941 EFTPS
John Henry's	588.22	Comm Center Heater Issues
Kinetic	191.47	Internet/Phones Comm Center
NPPD	537.39	Nov Village Utilities
NPPD	602.13	Dec Village Utilities
LRW	2013.00	Water Utilities
NE Environmental Lab	50.00	Water Lab Testing
Payroll	2073.98	Monthly Payroll
Phil Goering	1500.00	Water Operator Payment
State Bank of Table Rock	10.00	ACH Fees
State of Nebraska	2607.25	Hwy Alloc
True Value	15.49	Comm Center Supplies
Verizon	186.62	Water/Sewer GIS System
Voice News	63.54	Publication & Print

Voting aye: Anderson, Hemenway, Ibsen, Ossowski. Motion carried.

September 11, 2023, Meeting Minutes

APPROVAL OF TREASURER'S REPORT, RECEIPTS & DISBURSEMENTS

Goering moved, seconded by Ossowski to approve the treasurer's report and disbursements as follows:

Aqua Systems	96.00	Kinetic	191.59
BMG Accountants	2550.00	LRW	1923.00
BOK Financial	9053.75	NE Environmental Lab	15.00
BOK Financial	32366.25	NPPD	563.41
Capital City Refuse	58.99	On The Hill	480.00
Dept of Revenue (change amt)	618.43	Payroll	2105.99
Dept of Revenue	25.01	Spencer Mow & Trim	400.00
Farmers Coop (change amt)	295.01	Bank of Table Rock	10.00
Hoffschneider Law	500.00	Verizon	98.42
InterGrade Inc.	11,740.00	Voice News	268.83
Internal Revenue Service	516.85	Z Goering	52.46
Intuit QuickBooks	27.50	John Deere Equipment	16250.00

Voting aye: Anderson, Hemenway, Ibsen, Ossowski, Goering. Motion carried.

The apparent failure of Mr. Ibsen and Mr. Goering to abstain from voting on the above motions gives rise to concerns regarding possible violations of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2022).

To start, Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2021) states the following:

A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.

The penalty for violating the above-cited conflict of interest statute is set out in subsection (7) thereof, as follows:

[A]ny person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.

Furthermore, Neb. Rev. Stat. § 49-1499.03(2) (Reissue 2021) provides the following:

(a) Any person holding an elective office of a city or village not designated in section 49-1493 and any person holding an elective office of a school district who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:

(i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict;

(ii) Deliver a copy of the statement to the person in charge of keeping records for the city, village, or school district who shall enter the statement onto the public records of the city, village, or school district; and

(iii) Except as otherwise provided in subsection (3) of this section, abstain from participating or voting on the matter in which the person holding elective office has a conflict of interest.

(b) The person holding elective office may apply to the commission for an opinion as to whether the person has a conflict of interest.

(Emphasis added.) Good internal control requires procedures to ensure compliance with the applicable provisions of the Act.

Without such procedures, there is an increased risk for both statutory violations and the loss of Village funds.

We recommend the Board implement procedures to ensure compliance with the applicable provisions of the Act. Because the issue addressed herein constitutes a possible violation of the Act, we are forwarding this information to the Nebraska Accountability and Disclosure Commission for further review.

2. Lack of Dual Signatures

The APA obtained the bank statements for the Village's accounts from its fiscal year 2023 audit waiver request. From these statements, the APA noted that the Village wrote one check during the examination period that contained only one signature, as shown below.



State statute requires Village checks to be signed by both the Chairperson of the Board and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Reissue 2022) 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.

(Emphasis added.) 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 for not only failure to comply with State statute but also loss and/or misuse of Village funds.

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.

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 claims, totaling \$74,572.52, 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 #
ABC Termite & Pest	4/13/23	\$ 69.55	ACH
Revolution Wraps	4/17/23	277.51	ACH
Revolution Wraps	4/17/23	277.51	ACH
Revolution Wraps	4/17/23	277.51	ACH
Revolution Wraps	4/17/23	277.51	ACH
Azure Vantage	4/20/23	72.00	ACH
Municipal Supply Inc	4/21/23	2,691.48	ACH
Capital City Refuse	4/24/23	112.99	ACH
Revolution Wraps	4/24/23	277.51	ACH
Revolution Wraps	4/24/23	277.51	ACH
Revolution Wraps	4/24/23	277.51	ACH
Revolution Wraps	4/24/23	277.51	ACH
Frankie Green	4/21/23	44.80	ACH
NE Income Tax	4/11/23	2,250.00	ACH
Windstream	4/11/23	154.62	ACH
Bank of Oklahoma	4/17/23	66,957.00	ACH
Total		\$ 74,572.52	

Neb. Rev. Stat. § 17-614(1)(a) (Supp. 2023) 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 authorized 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 23, 2023, 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 authorized 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 claims, totaling \$952.14, 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
Capital City Refuse	\$ 58.99	4/10/23	3/22/23	19
NPPD	651.40	4/10/23	3/27/23	14
Gana Trucking	34.00	4/10/23	4/3/23	7
Voice News	198.19	4/10/23	4/3/23	7
One Call Concepts	9.56	4/10/23	4/5/23	5
Total	\$ 952.14			

Neb. Rev. Stat. § 17-614(1)(a) (Supp. 2023) 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 authorized 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 23, 2023, 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 authorized by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

5. 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 April 10, 2023, and noted that the claims listed therein included descriptions of their respective purposes. However, upon further investigation while reviewing possible conflicts of interest, it was noted that meeting minutes from May 2023 through the present did not include such descriptions.

The following image of the Village’s claims listing for September 11, 2023, is illustrative of the other listings, from May 2023 onward, that all lacked the requisite expenditure descriptions:

APPROVAL OF TREASURER'S REPORT, RECEIPTS & DISBURSEMENTS

Goering moved, seconded by Ossowski to approve the treasurer's report and disbursements as follows:

Aqua Systems	96.00	Kinetic	191.59
BMG Accountants	2550.00	LRW	1923.00
BOK Financial	9053.75	NE Environmental Lab	15.00
BOK Financial	32366.25	NPPD	563.41
Capital City Refuse	58.99	On The Hill	480.00
Dept of Revenue (change amt)	618.43	Payroll	2105.99
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Farmers Coop (change amt)	295.01	Bank of Table Rock	10.00
Hoffschneider Law	500.00	Verizon	98.42
InterGrade Inc.	11,740.00	Voice News	268.83
Internal Revenue Service	516.85	Z Goering	52.46
Intuit QuickBooks 27.50	27.50	John Deere Equipment	16250.00

Voting aye: Anderson, Hemenway, Ibsen, Ossowski, Goering. Motion carried.

Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022) of the Open Meetings Act, which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2014, Cum. Supp. 2022), requires political subdivisions and other public entities to “keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.” (Emphasis added.)

Additionally, 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.) Additionally, good internal control and sound accounting practices require procedures to ensure that the Board’s meeting minutes describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with State statute 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 both the Board’s meeting minutes and the “official proceedings” required to be published afterwards.

* * * * *

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,

A handwritten signature in black ink that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Mark Avery, CPA
Assistant Deputy Auditor