



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 30, 2019

Mike Lammers, Chairperson
Village of Riverton
P.O. Box 34
Riverton, NE 68972

Dear Chairperson Lammers:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Riverton (Village). However, while performing our review to determine whether to approve the audit waiver, 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 Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted a majority of 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 September 12, 2018:

Name	Description	Amount
Street Fund		
SPD		\$ 696.50
Black Hills Energy		\$ 64.13
NE Auditors		\$ 150.00
Debra Lucht	1/2 wages	\$ 230.87
Steve Rose	spraying and mowing	\$ 62.50
Pitstop		\$ 46.00
Franklin Co Sheriff		\$ 93.38
John Deere	mower blades	\$ 97.47
OK Tire	pickup tires	\$ 201.00
Water Fund		
Steve Rose	wages	\$ 230.88
SPD		\$ 342.00
R&R		\$ 13.47
Ne Public Health Labs		\$ 15.00
Midco	water tower repairs	\$ 1,000.00

Name	Description	Amount
Sewer Fund		
SPD		\$ 35.00
Transfer to sewer reserve		\$ 600.00
Schnuerle Seed	grazon	\$ 75.00
General Fund		
Transfer to sewer		\$ 1,412.50
Transfer to water		\$ 1,062.84
Transfer to street	July allocation	\$ 1,727.93
Mid Rivers		\$ 350.00
Black hills energy	1/2 city hall	\$ 64.14
Black Hills Energy	Fire Hall	\$ 249.12
R&M		\$ 480.00
Debra Lucht	1/2 wages	\$ 230.87
NE Auditors		\$ 150.00
SPD		\$ 68.50
Debra Lucht	postage reimburs	\$ 10.00
Don webber	cemetary mowing	\$ 350.00
Franklin Chronicle		\$ 136.28
Duncan Walker, Schenker, Daake		\$ 105.00
Gary Thompson	Emc Insurance	\$ 2,129.00
Total		\$ 12,479.38

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) 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 village or city clerk in every village or city 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 village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, 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.

2. Payment of Claim Prior to Board Approval

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted one Village check, totaling \$461.74, was issued before the underlying claim was approved by the Board. The table below provides a summary of this premature payment:

Name	Approval Date	Check #	Check Clear Date	Check Amount	Days Paid Before Approval
Debra Lucht	9/12/2018	2459	9/10/2018	\$ 461.74	2

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) 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.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified numerous payments, totaling \$6,707.93, which were paid but not included on the claims listing to be approved by the Board. These disbursements are summarized in the table below:

Name	Description	Payment Type	Payment Date	Amount
Franklin State Bank	IRS Tax Levy	Internal Counter Check	9/10/2018	\$ 5,472.93
USDA RD	DCFO Payment	EFT	9/4/2018	\$ 448.00
NE Dept of Envir. Quality	ACH Items	ACH	9/14/2018	\$ 700.00
Franklin State Bank	Statements	Internal Counter Check	9/4/2018	\$ 87.00
Total				\$ 6,707.93

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.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. The Village declined to respond.

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 regarding the above information, please contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Mary Avery". The signature is written in black ink and is positioned above the typed name and contact information.

Mary Avery
Special Audits and Finance Manager
Phone (402) 471-3686
mary.avery@nebraska.gov

cc: Debra Lucht, Village Clerk