

**BOARD OF COUNTY COMMISSIONERS
SARPY COUNTY, NEBRASKA
RESOLUTION DIRECTING THE SARPY COUNTY SURVEYOR TO COMPLY WITH OPERATIONAL
AND INTERNAL CONTROL RECOMMENDATIONS**

WHEREAS, pursuant to Neb. Rev. Stat. §23-104(6) (Reissue 1997), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. §23-103 (Reissue 1997), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, the firm of Orizon CPA's was retained by the Sarpy County Board of Commissioners to assist the Sarpy County Highway Department in identifying improvements in operations and internal controls; and,

WHEREAS, Orizon CPA's has provided a report detailing specific recommendations that will lead to enhanced operations and internal controls.

NOW THEREFORE BE IT RESOLVED By the Sarpy County Board of Commissioners that the Sarpy County Surveyor is directed to comply with each and every recommendation in the Orizon CPA's report.

BE IT FURTHER RESOLVED, that the Sarpy County Surveyor is directed to work with County Administrator, Mark Wayne, to establish a timeline for the implementation of the recommendations and to ensure that the recommendations are implemented in a timely manner.

BE IT FURTHER RESOLVED, that requests for reimbursement from parties participating in road construction projects shall be made on a monthly basis.

DATED this 10th day of February, 2009

MOVED by Tom Richards, seconded by Pat Thomas, that the above Resolution be adopted. Carried.

YEAS:

NAYS:

ABSENT:

[Handwritten signatures for yeas: Tom Richards, Pat Thomas, and others]

none

none

ABSTAIN:

none



Renee Fausman
County Clerk *Asst Chief Deputy*

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January 6, 2009

Brian E. Hanson
Sarpy County Fiscal Administrator
1210 Golden Gate Drive, Suite 1129
Papillion, NE 68046

We appreciate the opportunity to assist you in identifying and improving operations and internal controls for the Roads Department of Sarpy County, Nebraska (the "Roads Department"). Our engagement was not designed to provide assurance on internal controls, but to note certain matters involving internal controls and their operation. Accordingly, we do not express an opinion on the effectiveness of the Roads Department's internal control. We are, however, submitting for your consideration, related recommendations designed to assist the Roads Department to make internal control improvements and achieve operational efficiencies.

Memorandum I that accompanies this letter summarizes our observations and recommendations regarding these matters.

The comments and observations contained in this report are a by-product of the engagement, the cost justification and other aspects of our suggestions have not been fully evaluated; management should make these evaluations. Therefore, certain suggestions and recommendations related to internal control policies and procedures may not be practical to implement. However, it is important for management to be aware of them and we encourage their consideration.

Our comments deal exclusively with operations, accounting and record keeping systems, and procedures, and should not be regarded as reflecting on the integrity or capabilities of anyone employed by Sarpy County. Also, our comments have been restricted to weaknesses noted and suggested means of improvement and are not intended as commentary on the various favorable aspects of the Roads Department procedures and systems.

We appreciate the opportunity to serve you. We also appreciate the cooperation we have received from County personnel in connection with developing these recommendations. This information is intended solely for the use of the management of Sarpy County and those charged with governance and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Jodi L. Rinne".

Jodi L. Rinne, CPA
For the Firm

MEMORANDUM I

1. Procedures Manual – Roads Department of Sarpy County, Nebraska (the “Roads Department”) should develop a procedures manual covering all aspects of their processes. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted efforts, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely records. A well devised procedures manual can help to ensure that all projects are handled consistently and in a timely manner and that records are produced in the form desired by management. It may take some time and effort to develop a comprehensive manual; however, we believe this time will be more than offset by the improvement in procedures and efficiencies and by time saved later in training and supervising personnel.
2. Project Tracking – Currently, the Roads Department tracks the status of outstanding projects by electronically storing copies of past invoices. Although having copies of these invoices does allow for monitoring, a more efficient way of tracking would be to maintain all the information of all the projects in a single spreadsheet (or in software specifically designed for this purpose). The spreadsheet would contain the original estimates, amounts paid to contractors, reimbursement requested and received, and the dates correlating to each of the previous items. Changes in estimates and authorizations of changes in estimates could also be kept here to ensure that material changes in estimates are authorized by the state prior to being paid by the County. An example of a spreadsheet is attached.

The Roads Department currently records all project receipts in a ledger simply stating the amount of receipts received, but does not track receipts (reimbursements) per project. This could be enhanced using the recommended project tracking and associating the receipts to the specific project rather than compiled as a total. This would allow for anyone to be able to quickly see the financial status of a project.

3. Reimbursements – Reimbursements are received from other agencies, such as an SID, a City, or from the State when Sarpy County is the lead agent on a project. Reimbursements received from an SID or a city includes a copy of the invoice sent by the Roads Department making it easy to determine what the monies received are for while reimbursements from the State contain little to no information.

Reimbursement requests to the State are generally sent by the Roads Department through e-mail, including the project number and control number, as required by the State. Reimbursements from the State are wired directly into Sarpy County's bank account and reconciled by the Treasurer's office. Therefore, it would be in the County's best interest if reimbursement requests were carbon copied to an appropriate person in the Treasurer's office and/or the fiscal administrator. This would allow the Treasurer's office to be alert for a payment coming from the State since often little to no information is provided with payments. Currently when monies are receipted in by the Treasurer's office the receipt may travel through several hands before being properly coded because of the lack of knowledge of what the payment is for.

The Roads Department should contact the State and request that payments be designated by the project number and control number, or that the State include a copy of the e-mail or invoice requesting payment.

There is currently no policy determining how often reimbursement is requested from an SID, a City, or the State. The current practice is to request reimbursement every third or fourth pay estimate they receive from the contractors, about every three months. A policy should be instituted by the Board of Commissioners determining requirements of how often reimbursement should be requested.

4. Back-up – The Roads Department generally uses paper files as their primary record-keeping medium. Although this provides a great audit trail, it also puts their sole records at risk if a fire, tornado, or other disaster were to occur. The Roads Department should scan documents into an electronic medium when received or sent using a pre-determined filing system to allow them quicker access and safer records.
5. Implementation – A plan to correct the above noted deficiencies should be determined by the Board of Commissioners comprising of phases with related implementation dates. The Board of Commissioners should then appoint an individual to monitor implementation.

