



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Rick Novacek, Chairperson
Oak Creek Township Butler County
2421 County Road 29
Brainard, NE 68626

Dear Chairperson Novacek:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Oak Creek Township Butler County (Township) for the fiscal year ending 2021. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the Township.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Negative Bank Balance

While examining the Township bank statements, the APA noted that the Township's checking account had a negative balance four times during the year. The following table shows the periods that the bank balance was negative and the largest negative balance during each period. During the fiscal year, the Township incurred no overdraft fees.

Period	Largest Negative Balance
9/15/2020 - 9/17/2020	\$ 5,064.05
1/25/2021 - 1/26/2021	\$ 1,549.54
2/2/2021 - 2/16/2021	\$ 269.54
3/17/2021 - 3/18/2021	\$ 6.55

Good internal control and sound business practices require procedures to ensure that funds are available in the Township's bank account prior to payment. Without such procedures, additional fees can occur.

We recommend the Board implement procedures to ensure funds are available in the bank account prior to payment.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2021 audit waiver request. From those statements, the APA noted that one Township checks written during the examination period contained only one signature. An example of such check is shown below.



Nebraska law requires both the Clerk and the Chairperson of the Township Board to sign all checks approved by the Board. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2012) states, in relevant part, the following:

The town clerk shall draw and sign all orders upon the town treasurer for all money to be disbursed by the township, and all warrants upon the county treasurer for money raised for town purposes, or apportioned to the town by the county or state, and present the same to the chairman of the board, to be countersigned by him, and no warrant shall be paid until so countersigned.

(Emphasis added.) In addition, good internal controls and sound accounting practices require procedures to ensure that Township 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 or misuse of public funds.

We recommend the Board implement procedures to require dual signatures, from both the Clerk and the Chairperson, on all Township checks, as required by law.

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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 Township’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 Township.

This communication is intended solely for the information and use of the Township 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