



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Justin Hallman, Chairperson  
Ansley Township Custer County  
79279 Rd. 455  
Ansley, NE 68814

Dear Chairperson Hallman:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Ansley Township Custer 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. Payments Not Approved**

The APA obtained a copy of the September 15, 2020, meeting minutes for the Township Board. Those minutes fail to reflect the Board's approval of any Township expenditures.

Nebraska law requires the Township Board approve all claims. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2012) states the following, in relevant part:

*All claims and charges against the town, duly audited and allowed by the town board, shall be paid by order so drawn.*

(Emphasis added.) Properly discharging the above statutory duties necessarily entails the Board's approval of all expenditures of Township funds prior to the actual disbursement.

As a public body, moreover, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. § 84-1407 (Reissue 2014) et seq. Per Neb. Rev. Stat. § 84-1413(1) (2021 Neb. Laws, LB 83, § 13) public bodies, including Township Boards, are required to "keep minutes of all meetings," showing, among other things, "the substance of all matters discussed."

Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves all expenditures and business transactions of the Township prior to payment. Those same procedures should ensure also that the Board documents such approval in its meeting minutes, specifying the name of each payee, the exact amount of any disbursement, and the specific purpose of the payment.

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 implementation of procedures to ensure the Board approves all expenditures of Township funds prior to payment, and such approval is documented adequately in the Board’s meeting minutes.

**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 55 Township checks written during the examination period contained only one signature. Additionally, we noted all checks written from the Township’s Library and Cemetery accounts were signed by individuals other than the Township’s Clerk and Chairperson. Examples of such checks are 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.

**3. Board Member Compensation**

During review of the fiscal year 2021 audit waiver request for the Township, the APA noted that compensation, totaling \$4,100, was paid to Township Board member James Focken during fiscal year 2021 for FEMA management fee. However, the Township failed to provide documentation to support this compensation payments.

Neb. Rev. Stat. § 23-258 (Reissue 2012) includes “[t]he compensation of town officers for services rendered their respective towns” among the general expenditures authorized as “town charges.”

Additionally, Neb. Rev. Stat. § 23-224 (Reissue 2012) provides the following:

*The electors present at the annual town meeting shall have power:*

\* \* \* \*

*(8) To direct the raising of money by taxation, subject to approval by the county board . . . (e) for the compensation of town officers at the rate allowed by law and, when no rate is fixed for such amount, as the electors may direct[.]*

Good internal control requires procedures to ensure that any compensation paid to Board members is adequately supported, and the rate paid is approved by the electors at the annual town meeting, as required by State statute, and adequately documented in the minutes of the meeting during which the rate was approved.

Without such procedures, there is an increased risk for the loss or misuse of Township funds.

We recommend the Board implement procedures to ensure any compensation paid to Board members is adequately supported, and the rate paid is approved by the electors at the annual town meeting, as required by State statute, and adequately documented in the minutes of the meeting during which the rate was 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 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