



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 15, 2021

Alvin Kloke, Chairperson
Maple Township Dodge County
1585 County Road 14 Blvd
Ames, NE 68621

Dear Chairperson Kloke:

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

However, the Township's amount of expenditures for the fiscal year ending June 30, 2021, does exceed our normal threshold of \$500,000 for granting a waiver of the audit requirement. The Township reported \$821,929 for the fiscal year end 2021. Due to the Township's submission of supporting documentation for two large, low-risk type expenditures, totaling \$704,313, which accounted for a large percentage of the current year's expenditures, we were able to consider, for this year, the Township's financial activity to be low-risk enough to grant the audit waiver request.

While the Nebraska Auditor of Public Accounts audit filing requirements have been waived for fiscal year 2021, as noted above, **the Township should be alert for and consider whether a "Federal Single Audit" may be required for the fiscal year ended June 30, 2021, or possibly in future years. Per Federal Requirements, when an entity expends \$750,000 or more of Federal dollars in a fiscal year, a "Federal Single Audit" is required. The Township should work with any Federal Agency, and/or State Agency passing through Federal dollars to the Township, to analyze the disbursements for the fiscal year ended 2021 and determine if those disbursements will relate as the underlying expense for any future federal receipts/reimbursements.**

Additionally, 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 9, 2020, and January 12, 2021, 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.”

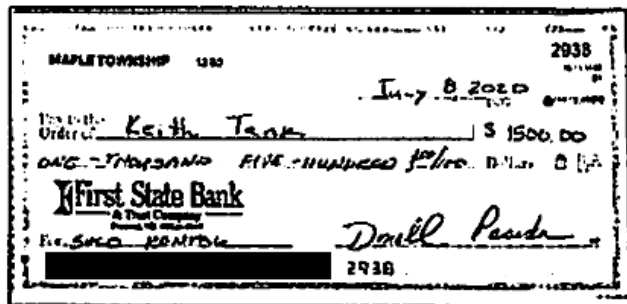
Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves all expenditures and business transactions of the Township prior to payment. Those same procedures should ensure also that the Board documents such approval in its meeting minutes, 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 all Township checks written during the examination period contained only one signature. An example of such checks is shown below.



AMT: 1,500.00 ADR: 80301450
CK: 2938 DT: 07/13/20 ST: Paid

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,

A handwritten signature in black ink, appearing to read "Mark Avery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor