



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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Joe Srajhans, Chairperson
Madison Township Fillmore County
PO Box 384
Geneva, NE 68361

Dear Chairperson Srajhans:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Madison Township Fillmore 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. Payment of Claims Prior to Board Approval

During our comparison of the Township's bank account details to claims approved by the Board, the APA noted that the following checks, totaling \$20,665.10, were issued before the underlying claims were approved by the Board.

Approval Date	Name/Vendor	Amount	Check #	Check Date
9/16/2020	Geneva Dirt Works	\$ 6,772.50	1064	6/30/2020
9/16/2020	First National Bank	\$ 778.00	1065	9/1/2020
9/16/2020	Fillmore Co Shop	\$ 614.60	1066	9/10/2020
9/16/2020	Geneva Dirt Works	\$ 12,500.00	1067	9/10/2020
	Total	\$ 20,665.10		

The Township Board is required to approve claims against the Township as set out in Neb. Rev. Stat. § 23-255 (Reissue 2012), which 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.

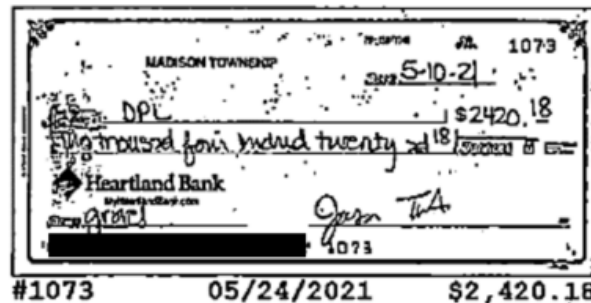
Furthermore, good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

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

We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

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.



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 that reads "Mark Avery". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor