



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

December 29, 2021

Tim Becker, Chairperson
Valley Township Knox County
87860 530 Ave.
Winnetoon, NE 68789

Dear Chairperson Becker:

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

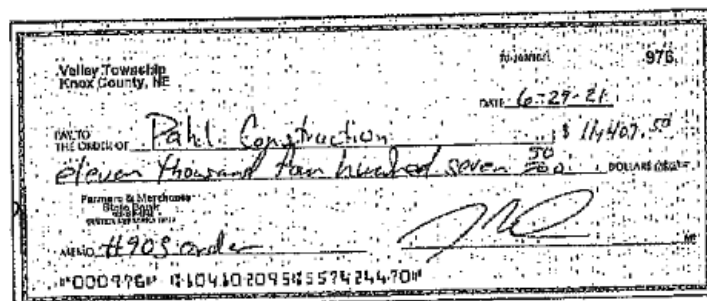
While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational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

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

Comments and Recommendations

1. 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.



Check 976, Amount \$11,407.50 On 7/7/2021

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.

2. Negative Fund Balances

Per the Township’s audit waiver request form, the APA noted that the Township had deficit fund balances at the beginning and end of the fiscal year 2021. The table below summarizes the negative fund balances.

Date	Fund Balance
6/30/2020	\$(5,653.61)
6/30/2021	\$(5,990.82)

Good internal control and sound accounting practices require procedures to ensure that Township fund balances are sufficient to cover fully all disbursements approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Township fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

Without such procedures, there is an increased risk of not only insufficient Township fund balances but also the resultant inability to cover fully all disbursements approved by the Board.

We recommend the Township Board implement procedures to ensure the Board is apprised regularly of each Township fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

* * * * *

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