



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 23, 2022

Nick Luebbert, Chairperson
Cuming Township Cuming County
2018 F Road
West Point, NE 68788

Dear Chairperson Luebbert:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Cuming Township Cuming County (Township) for the fiscal year ending 2022. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), 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 \$4,158, were issued before the underlying claims were approved by the Board.

Approval Date	Name/Vendor	Amount	Check #	Check Date	Days Paid Before Approval
3/9/2022	Bomgaars	\$ 65	4621	2/4/2022	33
3/9/2022	Farmers Pride	\$ 684	4622	2/8/2022	29
3/9/2022	Oelkers & Associates	\$ 275	4623	2/8/2022	29
3/9/2022	Nick Luebbert	\$ 808	4624	2/8/2022	29
3/9/2022	Oelkers & Associates	\$ 405	4625	2/8/2022	29
3/9/2022	Nebraska Department of Revenue	\$ 777	EFT	2/1/2022	36
3/9/2022	CCPPD	\$ 39	EFT	1/25/2022	43
3/9/2022	IRS	\$ 570	EFT	1/14/2022	54
3/9/2022	CCPPD	\$ 38	EFT	2/25/2022	12
3/9/2022	IRS	\$ 497	EFT	2/15/2022	22
	Total	\$ 4,158			

The Township Board is required to approve claims against the Township as set out in Neb. Rev. Stat. § 23-255 (Reissue 2022), 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 against the Township are approved by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

2. Board Member Compensation

During review of the fiscal year 2022 audit waiver request for the Township, the APA noted that compensation, totaling \$18,990, was paid to the Township Board Chairperson, Nick Luebbert, during fiscal year 2022. Chairperson Luebbert also serves as the Township maintainer operator. His pay rate was approved by the Township Board on June 10, 2020; however, this pay rate was not approved by voters at the annual meeting of the Township.

Neb. Rev. Stat. § 23-258 (Reissue 2022) 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 2022) 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 not only failure to comply with State statute but also 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,

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