



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 28, 2022

Cory Peterson, Chairperson  
Triumph Township Custer County  
79739 Arnold River Road  
Callaway, NE 68825

Dear Chairperson Peterson:

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

The APA obtained a copy of the April 20, 2022, meeting minutes for the Township Board. Those minutes fail to reflect the Board's approval of any Township expenditures. Additionally, the APA noted the following motion in the September 15, 2022, meeting minutes:

**Motion by Cory to give Marion Chesley, treasurer permission to pay all bills due to the township for the next year, checks will be co-signed by Chris Pandorf. Chris 2<sup>nd</sup>. Vote all yes no nay. Motion passed**

However, Nebraska law requires the Township Board to approve all claims against the Township. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2022) 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) (Cum. Supp. 2022) 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.

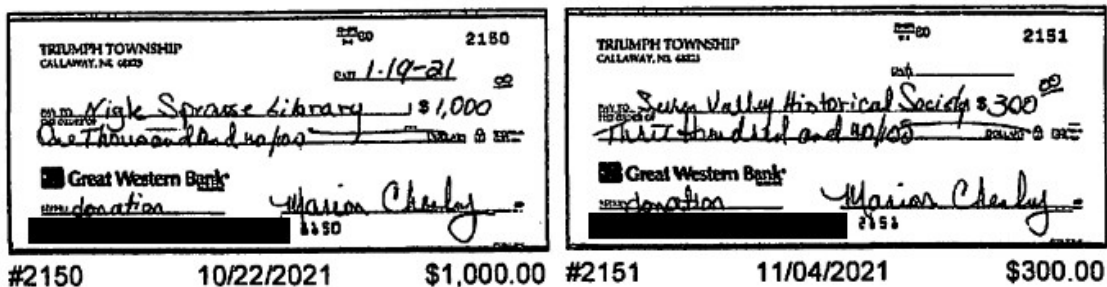
Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of public funds.

A similar issue was identified by the APA in a prior review and was disclosed to the Township in the APA's letter dated December 29, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

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 Agreements

During review of the Township's bank statements obtained as part of the audit waiver request, the APA noted the following checks written for donations:



Additionally, the APA noted the following motions in the September 15, 2022, meeting minutes for the Township Board:

**Motion by Chris to pay the increase in rent for the meetings at the Library to \$1750. a year. 2<sup>nd</sup> Cory vote all yes no nay. Motion passed**

**Motion by Chris to pay the Seven Valley Historical Society \$300. A year for the research of the Cemeteries. 2<sup>nd</sup> Cory. Vote all yes, no nay motion passed.**

According to the Township Clerk, the Township Board holds its meetings at the Nigel Sprouse Library (Library) and makes an annual contribution as a way of renting the space for meetings. Additionally, the Township makes an annual contribution to the Seven Valley Historical Society (Society) as the Society continuously conducts research and helps to make plot maps of the Township cemeteries. The Township was unable to provide any formal agreements with the Library or Society to support these payments. Additionally, the Township was unable to provide documentation to support if these payments of public funds were used for allowable government purposes.

Good internal controls require procedures to ensure that formal agreements are in place between the Township and entities that it provides aid to. Such agreements should also ensure that the aid payments are used for allowable government expenditures.

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

We recommend that the Township Board implement procedures to ensure that formal agreements are in place between the Township and entities that it provides aid to. Such agreements should also ensure that the aid payments are used for allowable government expenditures.

\* \* \* \* \*

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", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor