



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 28, 2022

Alvin Kloke, Chairperson
Maple Township Dodge County
1585 County Road 14 Boulevard
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 2022. **That request has been approved.**

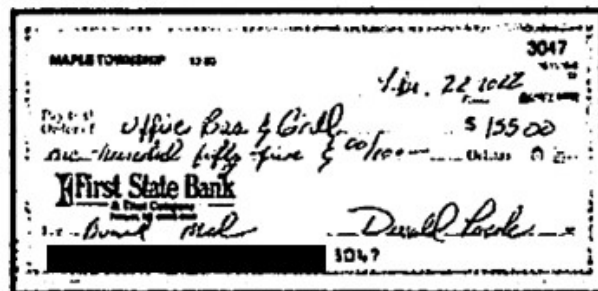
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the Township.

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

Comments and Recommendations

1. Appreciation Dinner and Purchase of Alcohol

During the review of the Township's bank statements for fiscal year 2022, the APA observed the following check written to the Office Bar & Grill, a restaurant in Hooper, Nebraska, totaling \$155.



AMT: 155.00 SEQ: 80301460
CK: 3047 DT: 03/02/22 ST: Paid

According to the Township's Treasurer, this purchase was for a meal for the three Township Board members, two of their spouses, two children, and the Township maintainer operator. The APA obtained a copy of the Office Bar & Grill receipt associated with this payment, which showed \$20.74 of this purchase was for alcoholic beverages, as shown below.



The purchase of alcohol with public funds is prohibited by Neb. Rev. Stat. § 13-2203(2) (Reissue 2022), which permits the governing body of a local government to purchase, among other things, only nonalcoholic beverages.

Additionally, the APA questions the Township’s authority to pay for the meals of the spouses and children of the Board members. The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Townships, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Reissue 2022).

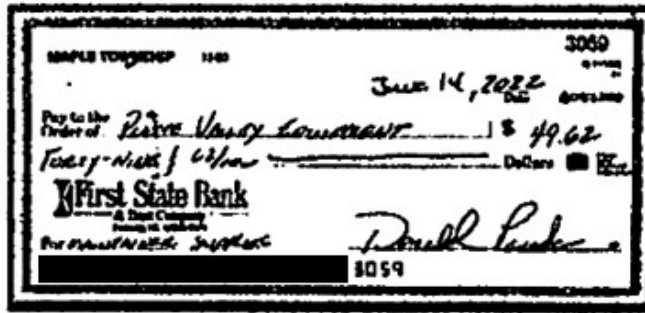
Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Section 13-2203(2)(iii) allows the Township to provide one recognition dinner each year for “elected and appointed officials, employees, or volunteers of the local government.” Purchases of meals for spouses and children are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal controls require procedures to ensure all Township expenditures are allowable and appropriate. When such procedures do not exist, there is not only an increased risk of noncompliance with State statute, but also an increased risk of the loss, misuse, or theft of Township funds

We recommend the Township implement procedures to ensure Township funds are expended for purchases allowed by State statute.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2022 audit waiver request. From those statements, the APA noted that three Township checks written during the examination period contained only one signature. An example of such checks is shown below.



AMT: 49.62 SEQ: 80300170
CK: 3059 DT: 06/23/22 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 2022) 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.

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 15, 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 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,

Mark Avery, CPA
Assistant Deputy Auditor