



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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November 16, 2023

Randy Reznicek, Chairperson
Union Township Dodge County
1571 County Road 2
North Bend, NE 68649

Dear Chairperson Reznicek:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Union Township Dodge County (Township) for the fiscal year ending 2023. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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 3, 2023, meeting minutes for the Township Board. Those minutes reflect the Board's approval of Township expenditures; however, the following checks, totaling \$6,127, were not included among the list of payments approved by the Township Board.

Name/Vendor	Amount	Check #	Check Date
Hunke Oil & Propane	\$ 1,440	5092	4/3/2023
Internal Revenue Service	1,060	EFT	4/14/2023
Verizon	38	EFT	4/25/2023
Bank Service Charge	2	EFT	4/28/2023
Payroll	3,587	EFT	4/28/2023
Total	\$ 6,127		

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 to 84-1414 (Reissue 2014, Cum. Supp. 2022). 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 28, 2022, which can be found on the APA’s website. However, this issue does not appear to have been 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. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2023, actual expenditures exceeded the Township’s adopted budget by \$258,021. No amendment was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2022) states, in relevant part, the following:

No expenditure during any fiscal year or biennial period shall be made in excess of the amounts indicated in the adopted budget statement, except as authorized in section 13-511, or by state law. Any officer or officers of any governing body who obligates funds contrary to the provisions of this section shall be guilty of a Class V misdemeanor.

Neb. Rev. Stat. § 13-511 (Reissue 2022) sets out the procedures for amending the adopted budget accordingly.

When expenditures are made in excess of the amounts budgeted with no appropriation adjustments by the Board to address those excesses, the Township is noncompliant with State statute, further increasing the risk for loss and/or misuse of 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 28, 2022, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

We recommend the Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid expenditures that exceed the amount budgeted and amending the budget as required when such excess expenditures are unavoidable.

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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 written in a cursive style with a long, sweeping underline that extends to the right.

Mark Avery, CPA
Assistant Deputy Auditor