



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 9, 2024

Roger Davis, Chairperson  
Hemingford Housing Authority – Wheatridge Court  
P.O. Box 263  
Hemingford, NE 69348

Dear Chairperson Davis,

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver requests received from the Hemingford Housing Authority – Wheatridge Court (Authority) for the fiscal years ending 2021 and 2022. **These requests have been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Authority.

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

## Comments and Recommendations

### 1. Possible Conflicts of Interest

The APA obtained the Authority's bank account statements for the period January 1, 2021, through December 31, 2023. During the examination of the statements, the APA identified the following possible conflict of interest issues.

#### *Employment of Executive Director's Relatives*

The APA noted several payments made to individuals who appear to be relatives of the Authority's Executive Director, Rhonda Swanson. The following table lists the payments made to those individuals during the period examined:

Account	Date	Type	Description	APA - Payee	Memo	Amount
0858	8/12/2021	Check	5617	Amy Swanson	Office	\$ 57.72
3201	10/26/2021	Check	5609 Share Draft	Amy Swanson	Sept – Oct office	46.17
3201	3/7/2022	Check	5667 Share Draft	Amy Swanson	Office Assistant	55.41
1097	4/12/2022	Check	1008	Amy Swanson	March wages	46.17
0858	6/10/2021	Check	5590	Dave Swanson	A/C reimbursement	406.59
0858	8/6/2021	Check	5615	Dave Swanson		100.00
3201	1/14/2022	Check	5645 Share Draft	Dave Swanson	Reimbursement for fridge	1,619.97
3201	3/4/2022	Check	5665 Share Draft	Dave Swanson	Snow removal	75.00
1097	6/16/2022	Check	1026	Dave Swanson	Parts for washer	96.45
1097	10/11/2022	Check	1078	Dave Swanson	Lights	361.96
1097	11/8/2022	Check	1091	Dave Swanson	Reimbursement - printer	310.28
1097	1/5/2023	Check	1114	Dave Swanson	Snow removal	145.56

Account	Date	Type	Description	APA - Payee	Memo	Amount
1097	3/17/2023	Check	1133	Dave Swanson	Snow removal & repair #2	75.00
3174	5/10/2021	Check	1006 Share Draft	Michael Swanson	\$95 SS/5.89 W/H 1.38	84.73
0858	6/15/2021	Check	5593	Michael Swanson	Labor	110.82
0858	7/12/2021	Check	5600	Michael Swanson	Hrs - 11.25 - rope - 15.00 carter's	117.05
0858	8/9/2021	Check	5616	Michael Swanson	July	121.97
3201	10/14/2021	Check	5608 Share Draft	Michael Swanson	Sept wages	73.88
3201	11/10/2021	Check	5618 Share Draft	Michael Swanson	Oct	69.22
3201	12/20/2021	Check	5632 Share Draft	Michael Swanson	Wages - maintenance	104.35
3201	1/11/2022	Check	5642 Share Draft	Michael Swanson	Maintenance	87.73
1097	5/11/2022	Check	1016	Michael Swanson	Wages for maintenance	166.23
1097	7/7/2022	Check	1038	Michael Swanson	Wages	110.82
1097	8/10/2022	Check	1051	Michael Swanson	July wages	40.63
1097	10/7/2022	Check	1074	Michael Swanson	Maintenance	33.25
1097	12/8/2022	Check	1101	Michael Swanson	Maintenance	33.25
1097	3/24/2023	Check	1135	Michael Swanson	Maintenance	83.11
1097	4/13/2023	Check	1143	Michael Swanson	Maintenance	96.97
1097	5/4/2023	Check	1150	Michael Swanson	Maintenance	221.64
1097	6/13/2023	Check	1164	Michael Swanson	Maintenance	258.58
1097	9/20/2023	Check	1191	Michael Swanson	Maintenance	55.41
1097	10/5/2023	Check	1205	Michael Swanson	Maintenance	138.52
1097	12/27/2023	Check	1231	Michael Swanson	Maintenance	83.11
<b>Total</b>						<b>\$ 5,487.55</b>

Upon inquiry, the APA received confirmation from Authority personnel that the individuals receiving the payments listed in the above table – Amy Swanson, Dave Swanson, and Michael Swanson – are indeed related to Ms. Swanson. A summary of each individual’s relation to Ms. Swanson is provided in the table below:

Name	Relationship	Position
Amy Swanson	Daughter-in-law	Office Assistant
Dave Swanson	Husband	Maintenance Worker
Michael Swanson	Son	Maintenance Worker

As the Executive Director of the Authority, it must be assumed that Ms. Swanson supervised the office and maintenance work performed by her relatives. Likewise, the APA is unaware of any written disclosure made by Ms. Swanson to the Authority’s Board of Commissioners (Board), as required by statute, regarding the hiring of her relatives.

The APA was informed that these individuals were hired because the Authority was unable to find other qualified candidates for those jobs. Nevertheless, given their relationship with Ms. Swanson, the hiring of these individuals appears to have created a potential conflict of interest.

***Employment of Roger Davies***

The APA’s review of Authority expenditures revealed two \$75 payments to Roger Davies, a member of the Board, for snow removal. As noted below, State statute prohibits a housing agency from employing “any commissioner for compensation or otherwise” during “his or her tenure or for a period of one year thereafter.”

The APA is unaware of any written disclosure, as also required by statute, made by Mr. Davies to the Authority’s Board regarding his hiring to remove snow.

***Approval of Donations to Board Members***

It should be noted also that Marla Wade, Roger Wade, and Roger Davies are all Board members and, as will be explained in **Comment and Recommendation Number 4** (“Accounting Procedures”), appear to have voted to approve donations to themselves.

The APA is unaware of any written disclosure, as required by statute, made by Mr. and Mrs. Wade or Mr. Davies to the Board, as required by statute, regarding their approval of the donations made to them.

The Nebraska Housing Agency Act (Act), which is set out at Neb. Rev. Stat. §§ 71-1572 to 71-15,170 (Reissue 2018, 2024 Neb. Laws, L.B. 840, §§ 6-14) prohibits the Authority from employing for compensation any immediate family member of one of its officials.

Neb. Rev. Stat. § 71-15,149 (2018) provides definitions for both the terms “Housing agency official” and “Immediate family,” as follows:

*For purposes of sections 71-15,149 to 71-15,157:*

*(1) Housing agency official means any representative of a housing agency or any director, officer, or employee of a resident management corporation or other resident organization who exercises authority or carries out responsibilities in connection with the housing agency's developments or any local government official who exercises authority or carries out responsibilities in connection with the housing agency's developments, including any member of such person's immediate family, any business entity or organization in which such person holds an interest, and any business partner of such person; and*

*(2) Immediate family includes spouses, children, siblings, and parents and includes stepparents or stepchildren, in-laws, and half sisters or half brothers.*

(Emphasis added). Neb. Rev. Stat. § 71-15,150(2) (2024 Neb. Laws, L.B. 840, § 14) provides the following:

*No housing agency official shall act in an official capacity in any matter in which such official has a direct or indirect financial or personal involvement. No housing agency official shall use his or her public office or employment to secure financial gain to such official.*

Further, § 71-15,150(3) states the following, in relevant part:

*Except as otherwise permitted by the provisions of sections 71-15,149 to 71-15,157, a housing agency shall not, with respect to any housing agency official, during his or her tenure or for a period of one year thereafter, either:*

\* \* \* \*

*(d) Employ any commissioner for compensation or otherwise;*

*(e) Employ any local government official, or any member of such official's immediate family, if such official's duties involve the exercise of authority relating to the housing agency; or*

*(f) Employ for compensation any member of the immediate family of a housing agency official, if such employment creates the relationship of direct supervisor or subordinate between family members or otherwise creates a real or apparent conflict of interest.*

(Emphasis added.) Neb. Rev. Stat. § 71-15,151 (Reissue 2018) provides the following:

*If (1) a housing agency official becomes involved in an activity or, through inheritance or other involuntary cause or circumstance, acquires an interest that violates any provision of sections 71-15,149 to 71-15,157 or (2) a local government official, after becoming employed by the agency, is requested to act in an official capacity with respect to a matter affecting his or her duties as an employee of the local housing agency, such housing agency or local government official shall immediately and fully disclose in writing to the housing agency's board of commissioners the circumstances giving rise to the conflict of interest. In the case of a local government official, such disclosure shall also be made to the local government served by such official. Upon receipt of any disclosure of actual or potential conflict of interest, a housing agency shall promptly cause such disclosure to be entered in the minutes of the housing agency.*

(Emphasis added.) Finally, Neb. Rev. Stat. § 71-15,155 (Reissue 2018) states the following:

*Material violation of any provision of sections 71-15,149 to 71-15,157 by a housing agency official shall, unless as otherwise provided in section 71-15,157, constitute misconduct in office.*

Good internal control requires procedures to ensure compliance with the applicable provisions of the Act, including the prohibition against an Authority official acting “in an official capacity in any matter in which such official has a direct or indirect financial or personal involvement.”

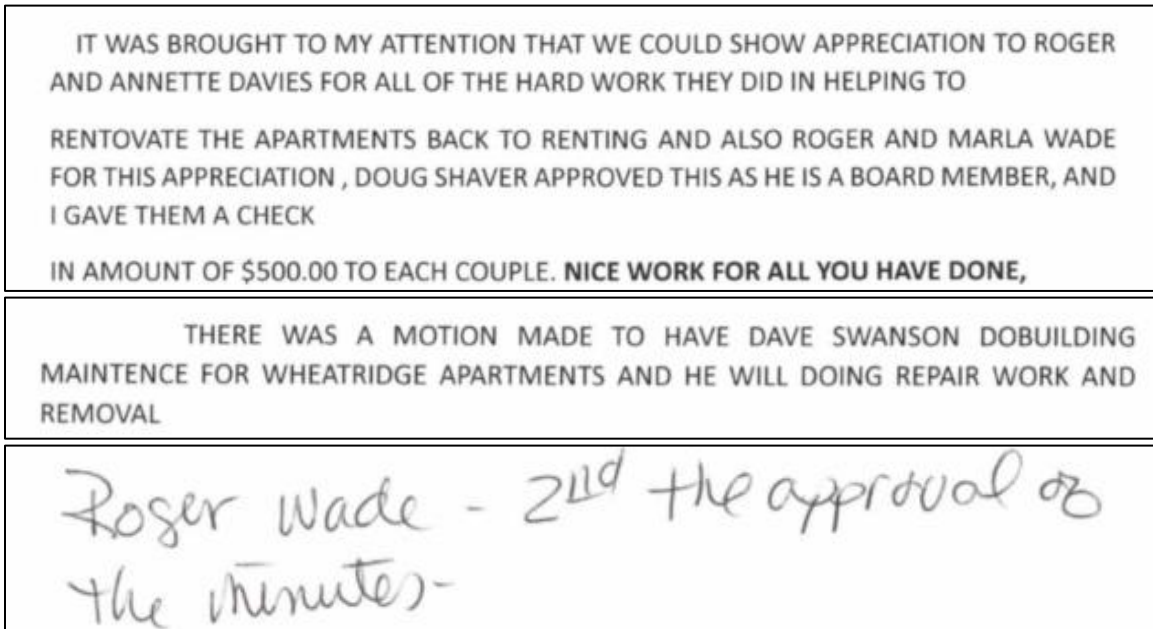
Without such procedures, there is an increased risk for both statutory violations and the loss of Authority funds.

We recommend the Board implement procedures to ensure compliance with the applicable provisions of the Act. Because the issues addressed herein constitute possible violations of the Act, we are forwarding this information to the Box Butte County Attorney for further review.

## 2. Possible Violation of the Open Meetings Act

The APA obtained a copy of the minutes for the June 14, 2021, meeting of the Authority’s Board. Those minutes fail to reflect how each Board member voted on specific issues.

Excerpts of the June 14, 2021, Board meeting minutes are shown below.



The Open Meetings Act (OM Act) is set out at Neb. Rev. Stat. § 84-1407 to 84-1414 (Reissue 2014; Cum. Supp. 2022; 2024 Neb. Laws, L.B. 43, § 21; 2024 Neb. Laws, L.B. 287, § 74; 2024 Neb. Laws, L.B. 399, § 4; 2024 Neb. Laws, L.B. 1370, § 8).

Per Neb. Rev. Stat. § 84-1408 (Reissue 2014), every “public body” in Nebraska is subject to the provisions of the OM Act.

Neb. Rev. Stat. § 84-1409 (Cum. Supp. 2022) defines a “public body” to include, for purposes of the OM Act, “governing bodies of all political subdivisions of the State of Nebraska.”

Neb. Rev. Stat. § 71-1575(16) (Reissue 2018) describes a local housing agency as follows:

*Local housing agency or agency means a public body, corporate and politic, previously established or to be established by a city or a county pursuant to the authority provided in the act, exercising necessary and essential governmental functions for the purposes stated in the act in matters of statewide concern, although its operations are local in nature. A local housing agency shall be a political subdivision of this state, independent from the city or county which established or establishes it or which may appoint some or all of its commissioners. Any reference in the act to a local housing agency includes a housing agency or a regional housing agency, unless the context clearly otherwise requires. The term local housing agency also includes any housing authority established under prior law[.]*

(Emphasis added.) Because the Authority is a political subdivision of the State, it is clear that its Board constitutes a “public body” subject to the provisions of the OM Act.

Among the applicable provisions of the OM Act is that found at Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022), which requires the Board to “keep minutes of all meetings,” showing, among other things, “the substance of all matters discussed.”

Additionally, subsection (2) of that same statute says the following:

*Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.*

(Emphasis added). Good internal controls require procedures to ensure the Board’s compliance with all applicable provisions of the OM Act, including the requirement for a roll call vote on any “question or motion duly moved and seconded.”

We recommend the Board implement procedures to ensure compliance with all applicable provisions of the OM Act, including the requirement for a roll call vote on any “question or motion duly moved and seconded.” Because the issue addressed herein constitutes a possible violation of the OM Act, we are forwarding this information to the Nebraska Attorney General’s office.

### **3. Questionable Reimbursement**

During review of the Authority’s bank account statements, the APA noted one reimbursement payment made to Rhonda Swanson in the amount of \$613.63. In response to our inquiry about this expense, the Authority provided the APA with four itemized Menards receipts. One of those four receipts, totaling \$69.70, showed that such items as crackers, Skittles, Starry Lemon Lime soda, Mountain Dew, and pretzels were purchased. An image of that receipt is shown below:



The APA questions whether Ms. Swanson should have been reimbursed for the beverage and food items purchased, totaling \$16.21, shown on the above receipt, as those expenditures do not appear to have been made for a public, as opposed to a private, purpose.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). Based upon the provisions of the Local Government Miscellaneous Expenditure Act (LGME Act), which is found at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; 2024 Neb. Laws, L.B. 1143, §1), the Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued three decades ago, the Guideline remains relevant to various Nebraska public entities.

The Guideline begins by setting out the following general rules for the proper handling of public funds:

- A) *The manner in which government does business sometimes is, and must be, different from the way that private industry does business.*
- B) *The government body expending public funds should always be able to articulate the statutory or other legal basis for the expenditure. “We’ve always done it this way” is not a legal basis.*
- C) *A government body expending public funds should always be able to articulate the public purpose served by the expenditure.*
- D) *Government resources are for government purposes only.*

Local housing agencies, such as the Authority, are not among the numerous political subdivisions made subject to the LGME Act. Consequently, neither the restrictions therein nor the information contained in the Guideline governs their expenditures.

Nevertheless, both the LGME Act and the Guideline offer sound directives for safeguarding public funds from waste and abuse – adherence to which would prove beneficial to the fiscal credibility of all public entities, regardless of technical legal status.

Good internal control requires procedures to ensure that any expenditure of Authority funds is made in strict compliance with formal policies that delineate the proper use of those monies. Without such procedures, there is an increased risk for abuse or loss of funds.

We recommend the implementation of procedures to ensure any expenditure of Authority funds is made in strict compliance with formal policies that delineate the proper use of those monies.

#### 4. Accounting Procedures

While examining the Authority’s bank statements for the period mentioned previously, the APA identified the following issues related to the Authority’s financial operations.

##### *Potentially Disallowed Purchases*

Our examination of the bank statements revealed that donations of Authority funds were made to both Roger and Marla Wade, as well as Roger and Annette Davies, totaling \$500 per couple.

An excerpt from the minutes for the June 14, 2021, meeting of the Authority’s Board, documenting these donations, is shown below:

IT WAS BROUGHT TO MY ATTENTION THAT WE NEEDED TO SHOW OUR APPRECIATION IN ROGER AND ANNETTE AND ROGER AND MARLA IN ALL THE HARD WORK THAT THEY HAVE DONE IN GETTING THE GRANTS AND THE APARTMENTS UP TO RENTING SO WE ( DOUG AND I) HAVE DECIDED TO GIVE A DONATION OF \$500.00 TO YOU FOR ALL TO ENJOY A SMALL VACATION. NICE WORK ON ALL YOU DO FOR THE APARTMENTS AND VOLUNTEERING YOUR TIME TO GET THEM RENOVATED.

Despite the obviously beneficent intentions behind them, the donations to Roger and Marla Wade and Roger and Annette Davies appear problematic nonetheless.

Neb. Rev. Stat. § 71-1575(16) (Reissue 2018) provides the following:

*Local housing agency or agency means a public body, corporate and politic, previously established or to be established by a city or a county pursuant to the authority provided in the act, exercising necessary and essential governmental functions for the purposes stated in the act in matters of statewide concern, although its operations are local in nature. A local housing agency shall be a political subdivision of this state, independent from the city or county which established or establishes it or which may appoint some or all of its commissioners. Any reference in the act to a local housing agency includes a housing agency or a regional housing agency, unless the context clearly otherwise requires. The term local housing agency also includes any housing authority established under prior law[.]*

(Emphasis added.) According to the Nebraska Supreme Court (Court), a political subdivision, like the Authority, “has only that power delegated to it by the Legislature, and we strictly construe a grant of power to a political subdivision.” *Prokop v. Lower Loup Nat. Res. Dist.*, 302 Neb. 10, 22, 921 N.W.2d 375, 388 (2019).

The Court elaborated, explaining that a political subdivision “possesses and can exercise the following powers and no others: first, those granted in express words; second, those implied in or incident to the powers expressly granted; and third, those essential to the declared objects and purposes of the district – not simply convenient, but indispensable.” *Id.* at 22-23, 921 N.W.2d at 388.

The APA is aware of no express or implied authority, statutory or otherwise, for the Authority to make donations of its funds. Consequently, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure that the Authority does not exceed its powers as a political subdivision of the State. Without such procedures, there is an increased risk for not only improper actions but also the loss of Authority funds.

We recommend the implementation of procedures to ensure the Authority does not exceed its powers as a political subdivision of the State.

**Payment of Sales Tax**

During examination of the Authority's bank account statements, the APA noted one payment to Menards, totaling \$3,930.73, for kitchen furnishings, including counter tops, kitchen drawers, cabinets, knobs, and other related items. Although the expenditure itself appears reasonable, the Authority improperly paid \$257.15, in Nebraska sales taxes, as shown below:

Sale Transaction		
Cust name: Davies, Roger		
SPECIAL ORDER	30194776	
25 5/16" W/BACKSPLASH -PICK	SEQ# 1 SB	
4864103 16.00 @17.97	297.62	
RIGHT 45 MITER DAF -PICK	SEQ# 2 SB	
4861388	16.68	
LAMINATE ECA-PICK	SEQ# 3 SB	
4861009	6.29	
LEFT 45 MITER DAF -PICK	SEQ# 4 SB	
4861385	16.99	
LAMINATE ECA-PICK	SEQ# 5 SB	
4861009	6.29	
LAMINATE ECA-PICK	SEQ# 6 SB	
4861009	6.29	
STRAIGHT CUT-PICK	SEQ# 7 SB	
4862581	5.29	
Laminate Installation Ki-PICK	SEQ# 8 SB	
4002303	62.90	
END OF ORDER		
SPECIAL ORDER	30194777	
TEMPLATE BY MAIL -PICK	SEQ# 1 SB	
4869701	34.85	
END OF ORDER		
SPECIAL ORDER	30194778	
9" TIER BASKET PULL-OUT -PICK	SEQ# 1	
4783918	74.99	
WL KLEARVUE VARSITA HAVEN-PICK		
5638335	7.99	
18X24 DRAWER KIT TALL -PICK		
4783828	84.29	
VARSTA HAVEN EDGE BMDING-PICK	SEQ# 4	
4783732 5 @32.85	164.25	
END OF ORDER		
SPECIAL ORDER	30194779	
28" X 36" COVER PANEL -PICK	SEQ# 1	
4784584	80.78	
18" X 30" DOOR SLAB PANE-PICK	SEQ# 2	
4784524	48.88	
24" X 30" DOOR SLAB PANE-PICK	SEQ# 3	
4784538	53.83	
18" X 10" DRNR SLAB PANE-PICK	SEQ# 4	
4784554	27.78	
36" X 5" DRNR SLAB PANE-PICK	SEQ# 5	
4784570	31.25	
9" X 30" DOOR SLAB PANE-PICK	SEQ# 8	
4784509	34.73	
13-1/8" X 30" DOOR SLAB -PICK	SEQ# 7	
4784501	38.19	
12" X 30" DOOR SLAB PANE-PICK	SEQ# 8	
4784500	38.19	
18" X 15" DOOR SLAB PANE-PICK	SEQ# 9	
4784518	2 @29.51	59.02
18" X 6" DRNR SLAB PANE-PICK	SEQ# 10	
4784522	2 @26.05	52.10
15" X 16" DOOR SLAB PANE-PICK	SEQ# 11	
4784504	2 @27.78	55.56
15" X 30" DOOR SLAB PANE-PICK	SEQ# 12	
4784510	2 @43.42	86.84
98" TOE KICK -PICK	SEQ# 13	
4783477	2 @22.61	45.22
18" X 28" DOOR SLAB PANE-PICK	SEQ# 14	
4784522	3 @34.73	104.19
18" X 15" DRNR SLAB PANE-PICK	SEQ# 15	
4784556	3 @29.51	88.53
14" X 32" COVER PANEL -PICK	SEQ# 18	
4784576	5 @40.87	203.35
END OF ORDER		
ORDER	65457	
18X24 DRAWER KIT MED -PICK		
DOOR STOP SINK CAB KIT -PICK		3.99
4783889		
24" W X 14"D X 3/4" SHELF-PICK		19.47
4783908		
30" W X 14"D X 30"H BOX -PICK		77.00
4780052		
3" CABINET SCREENS 50PK -PICK		8.49
2308285		
30" W X 14" B X 3/4" SHELF-PICK		21.83
4783510		
38" WX24" DX34-3/4" H BOX -PICK		88.84
4780074		
38" WX24" DX34-3/4" H BOX -PICK		248.38
4780078		
155 DEGREE HINGE -PICK		18.99
4783854		
12" W X 14" D X 30" H BOX -PICK		61.06
4780000		
9" WX24" DX34-3/4" H BOX -PICK		70.80
4780001		
11" X30"-2P DR SET SLB PN-PICK	SEQ# 19	99.33
4784544		
MEDIUM L BRACKET -PICK		4.84
4783858		
18" W X 14" D X 30" H BOX -PICK		88.75
4780020		
DRNR WALL SHLF 24" X3/4"-PICK		28.56
4783820	2 @14.28	
18X24 DRAWER KIT SHORT -PICK		108.16
4783806	2 @54.58	
CABINET CONNECTORS 12/BA-PICK		20.97
4783872	3 @6.99	
18X24 DRAWER KIT TALL -PICK		128.58
4783828	2 @64.29	
18" X24" DX34-3/4" H BOX -PICK		246.48
4780024	3 @82.16	
110 DEGREE HINGE -PICK		177.12
4783852	12 @14.76	
END OF ORDER		
TOTAL		3873.88
TAX SCOTTSSBLUFF-NE 7%		257.15
TOTAL SALE		3830.73
CHECK		3830.73
Check # 001225		
TOTAL NUMBER OF ITEMS =	106	
When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer or draft drawn from your account, or process the payment as a check transaction. You also authorize us to process credit adjustments, if applicable. For check specific inquiries please call 800-237-7850. For all other questions contact the store directly.		
SB = Special order items may be refunded at Menards sole discretion with a 25% restocking fee.		
See menards.com for return policy details		
THANK YOU, YOUR CASHIER, Julie		
15368 08 6780 12/01/23 09:58AM 3260		



In addition to the Menards payment, the APA noted reimbursements to individuals who had made purchases on behalf of Authority. Some of those reimbursement payments also included the sales tax amounts paid by those individuals.

Account	Date	Check #	APA - Payee	Memo	Amount	Sales Tax
1097	11/7/2022	1090	Rhonda Swanson	supplies	\$ 213.00	\$ 14.19
1097	8/21/2023	1185	Rhonda Swanson	supplies - menards	257.86	16.87
1097	12/20/2023	1233	Rhonda Swanson	supplies apt #16	613.63	40.37
3174	3/15/2023	1050	Marla Wade	menards paint/lights	200.00	14.49
0858	6/10/2021	5590	Dave Swanson	A/C reimbursement	406.59	26.60
<b>Totals</b>					<b>\$1,691.08</b>	<b>\$ 112.52</b>

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023), purchases made by the State or its political subdivisions, including housing agencies, are exempt from sales tax, as follows:

*Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any . . . housing agency as defined in section 71-1575 except for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project . . .*

(Emphasis added.) Good internal control requires procedures to ensure that sales taxes are not paid on Authority expenditures or reimbursable purchases made on behalf of the Authority. Without such procedures, there is an increased risk for not only abuse or loss of funds but also noncompliance with State statute.

We recommend the Authority implement procedures to ensure sales taxes are not paid on Authority expenditures or reimbursable purchases made on behalf of the Authority.

***Untimely Reimbursement of Expenses***

The APA noted a reimbursement payment made to Rhonda Swanson, the Executive Director, totaling \$613.63, that was not submitted in a timely manner. This reimbursement payment is listed in the table below:

Date	Check #	Payee	Memo	Amount
12/18/2023	1233	Rhonda Swanson	supplies apt #16	\$ 613.63

The APA observed four receipts for the reimbursement made on December 18, 2023. Two of those receipts were dated October 11, 2023, and October 30, 2023, respectively, for a total of \$36.37 and \$69.70. Those two purchases were made 69 and 50 days prior to the date Ms. Swanson was reimbursed.

It is our understanding that the Authority lacks any policies requiring expense reimbursement requests to be submitted within a certain timeframe.

Good internal controls require procedures to ensure that expense reimbursement requests are submitted within a timely manner. Without such procedures, there is an increased risk for abuse or loss of Authority funds.

We recommend the implementation of procedures or policies to ensure that expense reimbursement requests are submitted within a timely manner.

***Lack of Supporting Documentation***

When analyzing the Authority’s bank statements, the APA noted one cash withdrawal, totaling \$100, made on December 7, 2022. Despite the APA’s request, the Authority was unable to provide any supporting documentation for this withdrawal. The Authority did provide the APA, however, with the following explanation:

*[T]his money was withdrawn to pay [a Board member's] two grandchildren who helped mow, etc., around the property. There are not any invoices for this transaction and it is not known why a check wasn't written instead.*

Good internal controls require procedures to ensure that adequate documentation is maintained for all Authority expenditures. Without such procedures, there is an increased risk for the abuse and loss of funds.

We recommend the Authority ensure proper documentation is maintained for all disbursement transactions.

\* \* \* \* \*

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 Authority'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 Authority.

This communication is intended solely for the information and use of the Authority 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

cc. Nebraska Attorney General  
Box Butte County Attorney