



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 19, 2024

Robert Harrold, Chairperson
Broken Bow Township Custer County
79776 Road 440
Broken Bow, NE 68822

Dear Chairperson Harrold:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Broken Bow Township Custer County (Township) for the fiscal year ending 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2024 Neb. Laws, L.B. 1143, § 3), 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 May 14, 2024, meeting minutes for the Township Board (Board). Those minutes fail to reflect the Board's approval of any Township Cemetery expenditures. According to Township officials, the expenditures of the Township Cemetery are approved by the Cemetery Board, but not the Township Board as required by State statute.

Nebraska law requires the 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; 2023 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. § 84-1413(1) (Cum. Supp. 2022) public bodies, including the Board, 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 12, 2023, 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. 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 electronic payments, totaling \$1,970, were issued before the underlying claims were approved by the Board.

Approval Date	Name/Vendor	Amount	Payment Date	Days Paid Before Approval
5/14/2024	Nebraska Department of Revenue	\$ 392	4/12/2024	32
5/14/2024	Internal Revenue Service	1,437	4/12/2024	32
5/14/2024	Internal Revenue Service	52	4/30/2024	14
5/14/2024	Broken Bow Utilities	89	5/1/2024	13
Total		\$ 1,970		

Nebraska law requires the Board to approve all claims, besides Township Library 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 duty necessarily entails the Board’s approval of all expenditures of Township funds prior to their 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 prior to payment and are adequately documented in the minutes of the meeting during which they are 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 that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor