



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 19, 2024

Miles Stagemeyer, Chairperson
Verdigris Township Holt County
P.O. Box 124
Page, NE 68766

Dear Chairperson Stagemeyer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Verdigris Township Holt 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 7, 2024, meeting minutes for the Township Board (Board). Those minutes reflect the Board's approval of Township expenditures; however, the following electronic payments were not included with the listing of expenditures approved by the Board:

Payment Date	Name/Vendor	Amount
5/10/2024	Emme Sand & Gravel	\$ 531
5/30/2024	Intuit Payroll	593
Total		\$ 1,124

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.

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 Dual Authorized Signatures

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2024 audit waiver request. From those statements, the APA noted that seven Township checks issued during the examination period lacked the dual signatures required by law. An example of such checks is shown below:



Per discussion with the Township bookkeeper, these checks are issued through the Township’s online banking account. The bookkeeper enters the information into the banking system and the bank issues the physical check. The APA questions this process as the Township’s bookkeeper, who is not a member of the Township Board, is the only individual that issues such payments from the Township bank account.

Nebraska law requires both the Clerk and the Chairperson of the 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.

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.

3. Lack of Oversight for Aid Payments

During review of the Township’s bank statements obtained as part of the audit waiver request, the APA noted that the Township makes an annual aid payment of \$2,500 to the Page Cemetery Association. According to the Township, this money is used to maintain Page Cemetery and the road that leads to the cemetery.

No documentation could be provided to support that these aid payments are being used both for an allowable governmental purpose and as intended by the Board.

Good internal controls require procedures to ensure that Township aid payments are used both for an allowable governmental purpose and as intended by the Board. Without such procedures, there is an increased risk for the loss or misuse of Township 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 November 17, 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 Township Board implement procedures to ensure that aid payments are used both for an allowable governmental purpose and as intended by the Board.

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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