



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

August 9, 2024

Kerry Retzlaff, Chairperson  
Rushville Housing Authority  
303 Emmert Street #211  
Rushville, NE 69360

Dear Chairperson Retzlaff:

The Nebraska Auditor of Public Accounts (APA) has – in addition to releasing a letter dated August 5, 2024, which disclosed issues regarding alleged financial improprieties by the former Executive Director – reviewed the audit waiver request received from the Rushville Housing Authority (Authority) for the fiscal year ending 2022. **That request has 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.

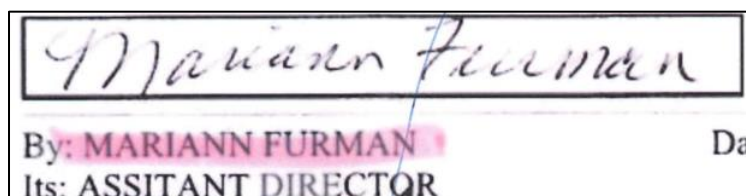
### Comment and Recommendation

#### Possible Conflict of Interest

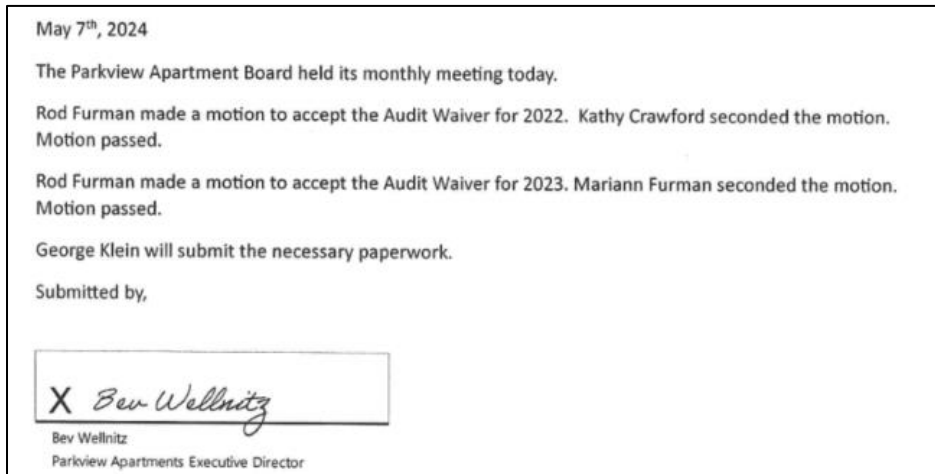
During the examination of the Authority’s general bank account statements for the period January 1, 2021, through February 29, 2024, the APA noted a possible conflict of interest related to Mariann Furman. While the approved audit waiver request period is calendar year 2022, we determined it was necessary to review the same period reviewed as part of the preliminary planning work noted in the APA’s separate letter to the Authority on August 5, 2024, which can be found on the APA’s website (<https://auditors.nebraska.gov/>). The following table summarizes the total amount paid to Ms. Furman during the period being examined.

Year	Amount
2021	\$ 8,651.80
2022	8,801.12
2023	8,057.70
2024	1,441.31
<b>Total</b>	<b>\$ 26,951.93</b>

A detailed listing of the payments made to Ms. Furman has been included as **Exhibit A** herein. Upon inquiring about these payments, the APA was made aware that Ms. Furman is both the Authority’s Assistant Director and an Authority Board of Commissioners (Board) member. Provided below is an excerpt taken from the Authority’s bank account signature card, which designates Ms. Furman as the Assistant Director:



Additionally, the APA received the May 7, 2024, Board meeting minutes that documented the Board’s approval of the fiscal year 2022 audit waiver request. An excerpt of the meeting minutes, which show Ms. Furman acting in her capacity as a Board member, is shown below:



Not only is Ms. Furman both a Board member and the Assistant Director of the Authority, but also her husband, Rod Furman, serves on the Board. From the documentation shown above, the APA identified potential concerns involving the actions of Board members Rod and Mariann Furman.

It is our understanding that Board members cannot receive any compensation nor employ any member of a housing agency official’s immediate family per the Nebraska Housing Agency Act (Act), which is set out at Neb. Rev. Stat. §§ 71-1572 to 71-15,170 (Reissue 2018, Cum. Supp. 2022).

To start, Neb. Rev. Stat. § 71-1576 (Reissue 2018) states, in relevant part, the following:

*Any local housing authority established under any prior Nebraska law relating to housing authorities and in existence on January 1, 2000, shall have continued existence as a housing agency under the Nebraska Housing Agency Act and shall thereafter conduct its operations consistent with the act.*

Neb. Rev. Stat. § 71-15,149 (Reissue 2018) provides definitions for both “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.*

Further, Neb. Rev. Stat. § 71-15,150(3) (Reissue 2018) 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.*

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.*

Moreover, 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. 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 issue addressed herein constitutes a possible violation of the Act, we are forwarding this information to the Sheridan County Attorney for further review.

\* \* \* \* \*

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,



Mark Avery, CPA  
Assistant Deputy Auditor

cc: Sheridan County Attorney

RUSHVILLE HOUSING AUTHORITY  
**Payments Made to Mariann Furman**  
 January 1, 2021, through February 29, 2024

**Exhibit A**

Date	Date Cleared	Check #	Payee	Memo	Amount
12/30/2020	1/15/2021	6434	Mariann Furman	December 2020	\$ 709.13
1/31/2021	2/11/2021	6441	Mariann Furman	Jan 2021	755.98
3/4/2021	3/12/2021	6448	Mariann Furman	Feb 2021 + 30 cell	650.58
no date	4/19/2021	6462	Mariann Furman	cell phone, overtime, March 2021	804.05
4/30/2021	5/28/2021	6471	Mariann Furman	April 2021 + cell phone	650.58
5/31/2021	6/16/2021	6480	Mariann Furman	May 21 + cell phone	692.93
6/30/2021	7/9/2021	6491	Mariann Furman	June + cell phone	789.54
7/31/2021	8/16/2021	6499	Mariann Furman		728.64
8/31/2021	9/20/2021	6502	Mariann Furman	Aug + cell phone	739.76
9/30/2021	10/22/2021	6512	Mariann Furman	9/2021 + 30 cell	728.06
11/22/2021	11/23/2021	6527	Mariann Furman		651.07
12/21/2021	12/22/2021	6537	Mariann Furman		751.48
1/12/2022	1/12/2022	6540	Mariann Furman		769.05
1/31/2022	2/11/2022	6546	Mariann Furman	Jan 2022	716.35
3/5/2022	3/8/2022	6552	Mariann Furman	Feb 2022	692.93
3/31/2022	4/4/2022	6564	Mariann Furman		692.93
4/30/2022	5/13/2022	6571	Mariann Furman	April 2022 + cell	739.76
5/31/2022	6/2/2022	6574	Mariann Furman	May 22 + cell phone	786.62
6/30/2022	7/20/2022	6585	Mariann Furman	June & Cell phone	716.35
7/31/2022	8/9/2022	6594	Mariann Furman	July	736.84
8/31/2022	9/14/2022	6598	Mariann Furman	Cell phone + August 2022	783.68
9/29/2022	9/30/2022	6609	Mariann Furman	Sept 2022 + cell phone	692.93
no date	11/10/2022	6620	Mariann Furman		728.06
11/28/2022	12/2/2022	6626	Mariann Furman	Nov 2022 + cell phone allowance	745.62
12/30/2022	1/4/2023	6636	Mariann Furman	Dec 2022/cell phone	710.49
2/3/2023	2/28/2023	6651	Mariann Furman	Jan 2023 + Cell phone	758.14
2/28/2023	3/13/2023	6654	Mariann Furman	Feb 2023 + cell phone	720.08
3/29/2023	4/10/2023	6663	Mariann Furman	March 2023	682.01
5/1/2023	5/5/2023	6684	Mariann Furman	April 2023 + cell	784.49
6/22/2023	6/23/2023	6700	Mariann Furman		775.72
6/28/2023	6/30/2023	6704	Mariann Furman	June + cell phone	737.65
8/1/2023	8/11/2023	6719	Mariann Furman	July + phone	717.16
9/30/2023	10/13/2023	6743	Mariann Furman	Sep 2023 + cell phone	737.65
10/31/2023	11/13/2023	6752	Mariann Furman	Oct 23 + cell phone	740.57
11/30/2023	12/5/2023	6762	Mariann Furman	Nov + cell	693.74
1/4/2024	1/9/2024	6773	Mariann Furman		693.74
2/1/2024	2/1/2024	6782	Mariann Furman		747.57
<b>Total</b>					<b>\$ 26,951.93</b>

Year/Color Legend	Number of Payments	Amount
FY2021 Payments	12	\$ 8,651.80
FY2022 Payments	12	8,801.12
FY2023 Payments	11	8,057.70
FY2024 Payments	2	1,441.31
<b>Totals</b>	<b>37</b>	<b>\$ 26,951.93</b>