



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

October 29, 2025

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 2025. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), 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. Payment of Claims Prior to Board Approval

During our comparison of the Township's bank account details to claims approved by the Township Board (Board), the APA noted that the following checks, totaling \$20,303, were issued before the underlying claims were approved by the Board.

Approval Date	Name/Vendor	Amount	Check #	Check Date	Days Paid Before Approval
5/13/2025	Card Services	\$ 100	1272	4/10/2025	33
5/13/2025	Card Services	61	1267	3/31/2025	43
5/13/2025	Arnold Insurance	11,611	1273	4/26/2025	17
5/13/2025	Paulsen, Inc.	3,064	1274	5/6/2025	7
5/13/2025	Custer County Highway Dept.	1,422	1275	5/6/2025	7
5/13/2025	Ace Hardware	4	1276	5/6/2025	7
5/13/2025	Employee 1	2,431	1277	5/6/2025	7
5/13/2025	Employee 2	84	1278	5/6/2025	7
5/13/2025	Arnold Insurance	1,526	1279	5/12/2025	1
Total		\$ 20,303			

Additionally, we noted that the following electronic payments, totaling \$2,389, were approved by the Board prior to payment; however, the actual amount paid exceeded the amount approved by the Board.

Approval Date	Name/Vendor	Payment Date	Amount Paid	Amount Approved	Amount Paid Over Amount Approved
4/8/2025	Nebraska Dept. of Revenue	4/15/2025	\$ 404	\$ 367	\$ 37
4/8/2025	Internal Revenue Service	4/15/2025 & 4/30/2025	1,899	1,562	337
4/8/2025	Broken Bow Utilities	5/1/2025	86	85	1
Totals			\$ 2,389	\$ 2,014	\$ 375

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 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.

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 19, 2024, 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 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.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2025 audit waiver request. From those statements, the APA noted that three Township checks written during the examination period contained only one signature, as shown below.



Nebraska law requires both the Clerk and the Chairperson of the Township Board (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.

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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