



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Duane Reiman, Chairperson
Butte Township Boyd County
48072 900 Road
Butte, NE 68722

Dear Chairperson Reiman:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Butte Township Boyd County (Township) for the fiscal year ending 2023. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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. Approval of Payments Outside of Public Meeting

The APA requested meeting minutes for the Township Board that reflect the Board's approval of Township expenditures. According to the Township, the Board only meets occasionally, and Township expenditures are often approved via phone call or informal visit. The APA questions this practice as the approval of claims is being conducted outside of a public meeting.

As a public body, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. § 84-1407 (Reissue 2014) et seq. Neb. Rev. Stat. § 84-1409(2) (Cum. Supp. 2022) defines a meeting, in relevant part, as follows:

Meeting means all regular, special, or called meetings, formal or informal, of any public body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the public body.[.]

(Emphasis added.) Neb. Rev. Stat. § 84-1411(1)(a) (Cum. Supp. 2022) states the following:

Each public body shall give reasonable advance publicized notice of the time and place of each meeting as provided in this subsection. Such notice shall be transmitted to all members of the public body and to the public.

Additionally, Neb. Rev. Stat. § 84-1413 (Cum. Supp. 2022) states, in relevant part, the following:

(1) Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.

(2) 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.

Furthermore, good internal controls require procedures to ensure that all Township business is conducted at public meetings, as required by State law.

Without such procedures, there is an increased risk of the loss or misuse of public funds as well as a possible violation of the Open Meetings Act.

We recommend the Township Board implement procedures to ensure that all Township business is conducted at public meetings, as required by State law.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the Township's bank accounts from its fiscal year 2023 audit waiver request. From those statements, the APA noted that all Township checks written during the examination period contained only one signature. Additionally, all checks issued from the Township Library bank accounts are signed by an individual that is not a member of the Township Board. Examples of such checks are shown below.



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

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 23, 2022, 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 require dual signatures, from both the Clerk and the Chairperson, on all Township checks, as required by law.

3. Potentially Disallowed Purchases

Our review of the bank statements obtained from the Township's audit waiver request revealed the following payments, totaling \$1,167, made out of the Township Library's bank accounts:

Account	Check Number	Check Date	Name/Vendor	Amount	Description
Library Checking	1797	11/2/2022	Butte Community Club	\$ 25	Comm. Club Xmas
Library Checking	1798	11/4/2022	Butte Legion	1,000	Donation
Library Checking	1852	11/28/2022	Ellwangers	55	Xmas Gift - Norman
Library Checking	Cash Withdrawal	11/28/2022	Cash	40	Cash
Library Land Rent	Cash Withdrawal	4/14/2023	Cash	30	Cash – Andrea's Birthday
Library Land Rent	Cash Withdrawal	6/8/2023	Cash	17	Theresa's Birthday
Total				\$ 1,167	

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Townships, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Reissue 2022).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations and Christmas or birthday gifts are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure compliance with the provisions of the Act.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of Township funds.

We recommend the Board implement procedures to ensure all Township expenditures are allowable under State statute, including the provisions of the Act.

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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