



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 18, 2019

Jeanette Bennett, Chairperson
Village of Malmo
P.O. Box 24
Malmo, NE 68040

Dear Chairperson Bennett:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Malmo (Village). However, while performing our review to determine whether to approve the audit waiver, the APA noted certain internal control or compliance matters, or other operational issues, within the Village. The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that a majority of the claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for December 4, 2017:

Name/Vendor	Description	Amount
Wahoo Sanitation		\$ 721.58
Wahoo Utilities		\$ 1,862.70
NE Public Health	test	\$ 330.00
Gunner Vanek	Mow	\$ 160.00
Wahoo Newspaper		\$ 26.08
Northeast NE Telep		\$ 65.43
Jeanette Bennett		\$ 535.00
JoAnn Simanek		\$ 400.00
Jeanie Hasenkamp		\$ 475.00
Chad Hall		\$ 475.00
Martin Chvatal		\$ 400.00
Mitch Snow		\$ 100.00
Jennifer Chvatal		\$ 100.00
Jack Fisher		\$ 100.00
Chris Simanek		\$ 100.00
Darren Martin		\$ 50.00
Nathan Fries		\$ 25.00

Name/Vendor	Description	Amount
Fred Proskovec	Mow	\$ 200.00
Steele Law Office		\$ 1,092.50
Butler PPD		\$ 670.93
Gary Swartz		\$ 484.84
Total		\$ 8,374.06

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires publication of the Board’s official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that the Board’s official proceedings describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

Village Response: At the public meeting we go over all checks written and discuss the claims for the residents that come to the meeting.

2. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the General Fund had a deficit fund balance of \$5,618.67 as of September 30, 2018.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village Board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

Village Response: We go over a hand out at every meeting that the board members get showing the balance of funds which shows the village with a cash balance of \$48,742.26 in the bank, at certain times some of the bills come in before the revenue comes in, so all the board members know.

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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 Village'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 Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal responses received have been incorporated into this letter. Such responses have been objectively evaluated and recognized, as appropriate, in the letter. Any response indicating that corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Village 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 regarding the above information, please contact our office.

Sincerely,



Mary Avery
Special Audits and Finance Manager
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cc: Gary Swartz, Village Clerk
Nebraska Accountability and Disclosure Commission