



# Attestation Report of the Nebraska Supreme Court July 1, 2003, through June 30, 2004

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## Report Highlights

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The Nebraska Supreme Court, Nebraska's highest court, was established in 1867 and is located in Lincoln. The Supreme Court consists of a chief justice selected at large and six judges selected from six districts in Nebraska. The Constitution assigns the Supreme Court general administrative authority over all courts in the state. This authority is exercised by the Chief Justice as head of the judicial branch and includes promulgation of uniform rules of practice and procedures for all courts. The Supreme Court is also responsible for regulating the practice of law, including the admission to practice and the discipline of lawyers, and is the recipient entity for State general fund monies directed towards the judicial branch of government. Our report includes the Supreme Court itself, the Court of Appeals, the County Court System, the District Court System, and the State Probation System.

Our report included 8 Comments and Recommendations listed below:

1. Payroll Issues: There were several issues related to payroll processing, including a lack of adequate internal controls, lack of adequate timesheets to record hours worked, lack of record retention of electronic messages, non-compliance with Supreme Court policies related to leave, lack of compliance with Federal regulations, employees who were not earning leave, and employees who were not contributing to the State Employees Retirement Plan.

2. Internal Control Over Expenditures: Two individuals could approve transactions they had prepared which did not allow for an adequate segregation of duties. There also was a lack of a review of the general ledger detail report and a lack of adequate documentation for certain transactions.

3. Internal Control Over Revenues: There was a lack of segregation of duties over the receipt process. There was no review of the general ledger detail report. Receipts were not deposited in accordance with statutory requirements.

4. Travel: There was a lack of compliance with Internal Revenue Service (IRS) regulations related to meal expenses. There were unreasonable lodging expenses compared to the Federal General Services Administration (GSA) per diem guidelines, mileage expenses were not reasonable, reimbursement requests were not filed timely or were not properly approved, use of permanently assigned State vehicles

may not have been cost efficient, and there was a lack of adequate preaudit of travel documents.

5. Contracts: The Supreme Court did not enter contracts into the State accounting system as required by statute, contracts were not signed or did not contain specific language, contracts were not reviewed by legal counsel prior to execution, and there was not evidence of adequate monitoring of contracts.

6. Cash Fund Balance: The Supreme Court Reports Cash Fund had a fund balance on hand that could cover in excess of one year's expenditures.

7. Internal Control Over Fixed Assets: There was a lack of segregation of duties over the fixed asset process. One individual was responsible for all phases of a transaction from beginning to end. There was not a proper review of reports generated by the system. Two assets on the fixed asset listing could not be located. One asset in the Supreme Court offices could not be traced to the fixed asset listing. Four items were not properly tagged as property of the State of Nebraska. Items purchased were not properly coded in the accounting system or did not get properly added to the fixed asset listing.

8. Nebraska Information System (NIS) and Accounting Procedures: Significant concerns or areas where improvement to NIS is needed to ensure NIS integrity and operation efficiency were identified.

We have detailed our findings in the Comments and Recommendations section of the report, which can be found at [www.auditors.state.ne.us](http://www.auditors.state.ne.us).

**Supreme Court Cases Disposed**

