

**ATTESTATION REPORT
OF
SIOUX COUNTY COURT**

JULY 1, 2008 THROUGH JUNE 30, 2010

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Issued on June 10, 2011

SIOUX COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<u>Financial Section</u>	
Independent Accountant's Report	4 - 5
Financial Schedule:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2010	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2009	7
Notes to Financial Schedules	8
<u>Government Auditing Standards Section</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of the Financial Schedules Performed in Accordance with <i>Government Auditing Standards</i>	9 - 10

SIoux COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Sioux County Court, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

1. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Monthly Report Review:*** The Monthly Case Balance Report and Report of Non-Case Receipts were not routinely reviewed, with corrective action taken when necessary to resolve issues.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the County Court.

Draft copies of this report were furnished to the County Court to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our auditors during the course of the examination.

SIoux COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court had a lack of segregation of duties as one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge.

We have noted this comment in previous examinations.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

County Court's Response: Segregation of duties does not exist for the most part in Sioux County Court, as I am the only person who does receipting and disbursing of funds. Court staff here in Alliance does assist in receipting money for Sioux County Court when I am not available.

2. Monthly Report Review

Good internal control requires the County Court have procedures in place which provide ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts. In addition, sound accounting practices require procedures be in place which ensure the complete and accurate posting of defendant payments to their respective cases. During testing of the June 30, 2009, and June 30, 2010, case balances and non-case receipts, the following was noted:

- A \$586 balance related to an appearance bond which had a judgment of forfeiture entered on January 27, 2010, and, as of May 26, 2011, had not yet been paid out to the County Treasurer.
- Non-case receipts were not followed up on in a timely manner. As of May 26, 2011, the County Court was carrying as non-case receipts, seven traffic citations, totaling \$886, dating from January 2010 through April 2011. These traffic citations were paid in full, but there was no filing of these citations by the County Attorney.

SIOUX COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Monthly Report Review (Concluded)

- In March 2010, a defendant made a \$458 internet payment paying his citation in full. The County Court did not apply the defendant's payment in a timely manner and, as a result, the defendant's drivers license was suspended in May 2010 for failure to appear. The County Court did subsequently apply the payment to fines/costs and send the Department of Motor Vehicles a compliance notice in January 2011; approximately ten months later.

When the County Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities which would not be detected and/or resolved in a timely manner.

We strongly recommend the County Court perform and document a detailed review of all monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts, and resolve unattached and/or unusual balances in a timely manner.

County Court's Response: The monthly report review will improve. The daily reports print on Friday of each week only. I go through the list of reports and print what I think are the reports that I need to keep for the auditor. I will print all of the reports from now on and review each one. The Sioux County Attorney is currently searching for the missing citations to correspond with payments received by the Court so those funds being held can be disbursed.



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SIoux COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Sioux County Court as of and for the fiscal years ended June 30, 2010, and June 30, 2009. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Sioux County Court as of June 30, 2010, and June 30, 2009, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2011, on our consideration of Sioux County Court's internal control over financial reporting (internal control) and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

May 26, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor

SIOUX COUNTY COURT
HARRISON, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS				
Cash and Deposits	\$ 8,942	\$ 24,521	\$ 28,332	\$ 5,131
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 618	\$ 3,620	\$ 4,022	\$ 216
Law Enforcement Fees	14	330	313	31
State Judges Retirement Fund	114	1,100	1,114	100
Court Administrative Fees	147	1,325	1,344	128
Legal Services Fees	72	1,296	1,245	123
Due to County Treasurer:				
Regular Fines	539	9,923	9,493	969
Regular Fees	(13)	946	982	(49)
Trust Fund Payable	<u>7,451</u>	<u>5,981</u>	<u>9,819</u>	<u>3,613</u>
Total Liabilities	<u>\$ 8,942</u>	<u>\$ 24,521</u>	<u>\$ 28,332</u>	<u>\$ 5,131</u>

The accompanying notes are an integral part of the schedule.

SIOUX COUNTY COURT
HARRISON, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash and Deposits	\$ 5,374	\$ 31,910	\$ 28,342	\$ 8,942
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 958	\$ 4,638	\$ 4,978	\$ 618
Law Enforcement Fees	30	282	298	14
State Judges Retirement Fund	176	1,167	1,229	114
Court Administrative Fees	132	1,405	1,390	147
Legal Services Fees	148	1,348	1,424	72
Due to County Treasurer:				
Regular Fines	965	11,581	12,007	539
Overload Fines	-	1,675	1,675	-
Regular Fees	(66)	823	770	(13)
Trust Fund Payable	3,031	8,991	4,571	7,451
Total Liabilities	\$ 5,374	\$ 31,910	\$ 28,342	\$ 8,942

The accompanying notes are an integral part of the schedule.

SIOUX COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2010, and June 30, 2009

1. Criteria

A. Reporting Entity

The Sioux County Court is established by State statute and is administratively operated through the Court Administrator's Office of the Nebraska Supreme Court, which is part of the State of Nebraska reporting entity. The Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The Schedules do not reflect the personal services expenses of the County Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Sioux County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions have been prepared, based on the accounting system and procedures prescribed by the Nebraska Supreme Court. Under this system of accounting, fines, fees, and receipts relating to trust funds are shown as additions to assets and as an increase in the related liability when received. Likewise, disbursements are shown as deductions to assets and a decrease in the related liability when a check is written.

2. Deposits and Investments

Funds held by the County Court are deposited and invested in accordance with rules issued by the Supreme Court as directed by Neb. Rev. Stat. § 25-2713 (Reissue 2008). Funds are generally consolidated in an interest-bearing checking account; however, the County Court may order certain trust funds to be invested separately. Any deposits in excess of the amount insured by the Federal Deposit Insurance Corporation are required by Neb. Rev. Stat. § 77-2326.04 (Reissue 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.



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SIoux COUNTY COURT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have examined the accompanying Schedules of Sioux County Court as of and for the years ended June 30, 2010, and June 30, 2009, and have issued our report thereon dated May 26, 2011. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered Sioux County Court's internal control over financial reporting (internal control) as a basis for designing our procedures for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the County Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedules will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the Comments Section of the report to be a material weakness: Comment Number 1 (Segregation of Duties).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sioux County Court's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain additional item that we reported to management of Sioux County Court in the Comments Section of this report as Comment Number 2 (Monthly Report Review).

The County Court's written response to the findings identified in our examination are described in the Comments Section of the report. We did not examine the County Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

May 26, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor