

Audit of Nebraska Supreme Court Released

For Immediate Release

Thursday June 13, 2013

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State Auditor Mike Foley has completed an audit of the Nebraska Supreme Court and has found multiple accounting and financial deficiencies. Among the more notable of the 19 report findings are the following:

- State agencies must operate within the budget established by the Legislature, as approved by the Governor. However, during fiscal year 2012, the Supreme Court incurred expenses roughly \$220,000 above its 2012 appropriation limit and covered those excess expenditures with funds from fiscal year 2013 – a practice that is contrary to law.
- As noted in prior audit reports, the Court continued its longstanding practice of not providing vacation or sick leave benefits to its law clerks despite clear statutory language requiring such benefits for all full-time State employees. After the issue was raised again in this most recent audit, the Court agreed to discontinue its practice of improperly denying mandatory employee benefits to its law clerks.
- The Court operated contrary to State law by not processing and documenting all contracts for services through the State's accounting system. The Court also awarded a computer services contract in excess of \$665,000 without using competitive bidding, which is contrary to good management practices.
- The auditors identified over \$3,800 of improper travel expenses. Most of this was due to unnecessary hotel expenses for Court employees.
- The Court charged the Federal government over \$271,000 for Court employees' work on Federally-funded grant projects but failed to document properly that the hours were actually worked, as required by the Federal granting agencies.
- The Court owns fixed assets with an historical cost of well over \$700,000 and is required by State statute to conduct an annual inventory of all of its assets. The Court disregards this statutory requirement, and the auditors identified many thousands of dollars of assets that were not properly recorded in the State's accounting system – as well as multiple State assets that could not be located. This serious lack of internal control over State property increases the risk that assets purchased with taxpayer dollars may be lost or stolen.

Auditor Foley observed, "I am grateful for the Court's full cooperation during the audit and its commitment to making improvements in the areas identified."

The audit report may be found in its entirety on the State Auditor's web page at:

http://www.auditors.nebraska.gov/APA_Reports/2013/SA5-06122013-January_1_2012_through_December_31_2012_Attestation_Report.pdf