

**ATTESTATION REPORT
OF
SCOTTS BLUFF COUNTY COURT
JULY 1, 2013 THROUGH JUNE 30, 2015**

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Issued on June 9, 2016

SCOTTS BLUFF COUNTY COURT

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SCOTTS BLUFF COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Scotts Bluff County Court, we noted certain deficiencies 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 following areas:

1. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

More detailed information on the above items is provided hereinafter. 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 management with 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 they will be verified in the next examination.

SCOTTS BLUFF COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. A system of internal control should include a 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 lacked a segregation of duties. Specifically, 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 included this comment in previous examinations. We consider this to be a material weakness.

The following errors were noted:

- Access to signature stamps is not limited to the individual whose name is on the stamp.
- There were seven instances of fines and costs not being applied timely, resulting in three erroneous suspensions of the individuals' licenses.
- There were six instances of bonds, totaling \$3,870, not being forfeited per court order or properly paid out in a timely manner upon resolution of the case.
- One \$73 duplicated payment received on a traffic case was not refunded timely.

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.

Clerk Magistrate's Response: Signature stamps have been kept in a locked cabinet and have been used under the supervision of the individual whose name is on the stamp. Management has discontinued the use of all signature stamps effective May 31, 2016. All signature stamps have been destroyed effective May 31, 2016. Management will review reports to ensure that fines and costs are applied in a timely manner and that case balances will be paid out in a timely manner. The hiring of a new accounting clerk in August 2015, and another additional part-time employee to assist in other areas has allowed management to spend more time monitoring reports.

2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

SCOTTS BLUFF COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

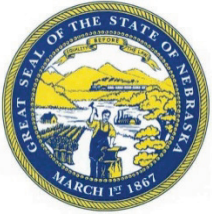
2. Overdue Balances (Concluded)

During testing of 15 overdue balances, 7, totaling \$2,890, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of April 28, 2016, overdue balances, excluding restitution judgments, totaled \$147,780.

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken or have been previously resolved and should no longer be reflected as being overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

Clerk Magistrate's Response: Management and staff continue to work on reviewing the overdue case account report. Judges issue warrants on cases with overdue balances on a regular basis. Orders declaring certain overdue balances as uncollectible are done on a regular basis. The hiring of a new accounting clerk in August 2015, and another additional part-time employee to assist in other areas has allowed more time to be devoted to pursuing and collecting overdue balances.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

SCOTTS BLUFF COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Scotts Bluff County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 the Scotts Bluff County Court, as of June 30, 2015, and June 30, 2014, 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 are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedules and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedules are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedules or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

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, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

May 24, 2016

Mark Avery, CPA
Audit Manager

SCOTTS BLUFF COUNTY COURT
SCOTTSBLUFF, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 268,145	\$ 1,758,993	\$ 1,750,867	\$ 276,271
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 20,298	\$ 225,749	\$ 221,758	\$ 24,289
Law Enforcement Fees	1,654	18,077	18,033	1,698
State Judges Retirement Fund	5,551	62,101	61,627	6,025
Court Administrative Fees	9,888	122,232	122,186	9,934
Legal Services Fees	5,839	64,167	64,120	5,886
Due to County Treasurer:				
Regular Fines	38,598	412,777	419,097	32,278
Overload Fines	2,950	17,124	19,449	625
Regular Fees	4,135	30,886	32,376	2,645
Petty Cash Fund	1,000	-	-	1,000
Due to Municipalities:				
Regular Fines	3,794	52,899	51,478	5,215
Regular Fees	177	2,989	3,149	17
Trust Fund Payable	174,261	749,992	737,594	186,659
Total Liabilities	\$ 268,145	\$ 1,758,993	\$ 1,750,867	\$ 276,271

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF COUNTY COURT
SCOTTSBLUFF, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and Deposits	\$ 242,608	\$ 1,985,370	\$ 1,959,833	\$ 268,145
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 18,299	\$ 217,836	\$ 215,837	\$ 20,298
Law Enforcement Fees	1,303	18,433	18,082	1,654
State Judges Retirement Fund	4,223	65,210	63,882	5,551
Court Administrative Fees	8,585	124,521	123,218	9,888
Legal Services Fees	4,773	66,511	65,445	5,839
Due to County Treasurer:				
Regular Fines	31,892	496,313	489,607	38,598
Overload Fines	1,000	13,275	11,325	2,950
Regular Fees	2,930	42,614	41,409	4,135
Petty Cash Fund	-	1,000	-	1,000
Due to Municipalities:				
Regular Fines	5,816	63,735	65,757	3,794
Regular Fees	126	4,767	4,716	177
Trust Fund Payable	<u>163,661</u>	<u>871,155</u>	<u>860,555</u>	<u>174,261</u>
Total Liabilities	<u>\$ 242,608</u>	<u>\$ 1,985,370</u>	<u>\$ 1,959,833</u>	<u>\$ 268,145</u>

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

1. **Criteria**

A. **Reporting Entity**

The Scotts Bluff 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, including 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 Scotts Bluff 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 as 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.