

**ATTESTATION REPORT
OF
SIOUX COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on June 29, 2017

SIoux COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1 - 2
<u>Financial Section</u>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Period July 1, 2015, to December 31, 2016	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2015	6
Notes to Financial Schedules	7

SIOUX COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Sioux County Court, we noted a certain deficiency and other operational matters that are presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

Segregation of Duties

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and to 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 that the office of the County Court lacked a 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 included this comment in previous examinations. We consider this to be a material weakness.

The following errors were noted:

- One non-case receipt of \$149 did not have timely follow-up action taken by the Court to resolve the balance.
- Access to and use of a signature stamp was not limited to the individual whose name was on the stamp.

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

Clerk Magistrate's Response:

Segregation of Duties: The Sioux County Court is similar to many of the other rural county courts in Nebraska, in that there is not a full time employee working in the court on a daily basis. I am the only employee of the court and only travel to Harrison one day per month for regular court business, unless additional court appearances are necessary as determined by the judge. If an individual appears in the Sioux County Court on a day that I am not there, then in that event the Sioux County Clerk/District Court Clerk could accept payment of fines for example and would mail those funds to me in Chadron where I am also the Dawes County Clerk Magistrate. I would process and receipt for those funds and deposit the same in the court's bank which has a branch office here in Chadron.

SIoux COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

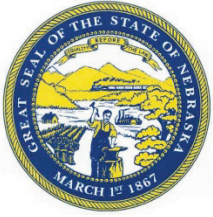
While I am not unmindful of your concerns about segregation of duties, with limited personnel an adequate segregation of duties is not possible.

Non-case Receipt: The Court received payment for a traffic ticket. The actual ticket was never filed by the Sioux County Attorney or the ticket was issued in some other county other than Sioux County. After receiving payment for the ticket I waited thinking that the County Attorney would file the ticket so I could complete processing this case. Nothing was ever filed. I will immediately return to the defendant the funds being held by the court for this ticket and will be more diligent in follow up action in the event something similar occurs in the future.

Signature Stamp: With the permission of Judge Harford, I have access to his signature stamp. Judge Harford presides in Dawes, Sheridan and Sioux County, and there have been limited occasions where I have needed his signature on documents when he is not physically present and it is not practical to get his signature by any other means. Judge Harford requires that I contact him for permission before I can use his signature stamp. I never have nor will ever use his signature stamp without his express permission in advance.

It should be noted this report is critical in nature, as it contains only our comment and recommendation on the area 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 an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



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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 the Sioux County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. The County Court's management is responsible for the Schedules based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedules are based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015, are based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

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, abuse that is 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 that finding, along with the views of management, is described in the Comment 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.

June 23, 2017



Craig Kubicek, CPA, CFE
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Lincoln, Nebraska

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

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 4,025	\$ 50,269	\$ 51,425	\$ 2,869
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 449	\$ 12,499	\$ 12,654	\$ 294
Law Enforcement Fees	34	529	531	32
State Judges Retirement Fund	123	2,098	2,091	130
Court Administrative Fees	156	2,022	2,061	117
Legal Services Fees	136	1,935	1,950	121
Due to County Treasurer:				
Regular Fines	950	16,705	16,955	700
Overload Fines	-	1,075	1,075	-
Regular Fees	-	157	157	-
Trust Fund Payable	2,177	13,249	13,951	1,475
Total Liabilities	\$ 4,025	\$ 50,269	\$ 51,425	\$ 2,869

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, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and Deposits	\$ 1,534	\$ 22,039	\$ 19,548	\$ 4,025
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ (307)	\$ 4,982	\$ 4,226	\$ 449
Law Enforcement Fees	5	295	266	34
State Judges Retirement Fund	16	1,021	914	123
Court Administrative Fees	29	1,151	1,024	156
Legal Services Fees	26	1,045	935	136
Due to County Treasurer:				
Regular Fines	75	7,370	6,495	950
Overload Fines	-	350	350	-
Regular Fees	-	192	192	-
Trust Fund Payable	1,690	5,633	5,146	2,177
Total Liabilities	<u>\$ 1,534</u>	<u>\$ 22,039</u>	<u>\$ 19,548</u>	<u>\$ 4,025</u>

The accompanying notes are an integral part of the schedule.

SIOUX COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

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, 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 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 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 2016). 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.