

**ATTESTATION REPORT
OF
BANNER COUNTY COURT**

JANUARY 1, 2018, THROUGH DECEMBER 31, 2019

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Issued on March 19, 2020

BANNER COUNTY COURT

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BANNER COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Banner County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

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.

The County Court's system lacks an adequate segregation of duties. Therefore, employees with system access are able to perform all procedures without a secondary individual being required to approve those transactions. Additionally, the County Court lacked a sufficient segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. In an attempt to address the concern, the County Court established compensating procedures to segregate duties between staff and perform secondary reviews of reports and bank reconciliations. However, the compensating procedures were either not followed, as the assigned duties were not always performed by the appropriate staff, or were unable to be verified, as the secondary reviews were not documented.

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 may not be 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 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: The functions of the Banner County Court are performed remotely by the nine staff members of the Scotts Bluff County Court. The Banner County Court has to the best of our ability, implemented procedures to segregate duties between staff. These procedures include restrictions on employees with regard to issuing certain types of receipts, voiding and adjusting receipts, issuing checks, balancing cash drawers, reconciling bank statements and reviewing reports. Certain employees have authority to issue cash receipts and other employees have authority to issue only non-monetary or non-cash receipts. The same employees are not allowed to do both. Only three employees are allowed to void or adjust receipts. Employees who issue cash receipts are not allowed to void any receipts. Only three employees are allowed to issue and sign checks. The employee who issues the check cannot be the employee who adjusted the receipt or issued the receipt connected to the check. Employees who issue cash receipts are not allowed to issue and sign checks. Cash drawers are counted, balanced and verified by two employees daily. Bank statements are reconciled by one employee and reviewed by a different employee. Employees who issue cash receipts are not allowed to reconcile the bank statements. Other financial reports are reviewed and verified by two employees. In addition to all of the aforementioned measures, a Nebraska Supreme Court financial specialist reviews and monitors the financial records of the Banner County Court on a regular basis.

APA Response: As noted above, the compensating controls established by the County Court were not performed by the appropriate staff and secondary reviews were not documented in order to support controls were in place.

BANNER COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

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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BANNER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Banner County Court
Gering, Nebraska 69341

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Banner County Court as of and for the calendar years ending December 31, 2018, and December 31, 2019. 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 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 calendar years ending December 31, 2018, and December 31, 2019, 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 all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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.

The purpose of this report is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

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

March 11, 2020

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash and Deposits	\$ 5,718	\$ 36,896	\$ 36,075	\$ 6,539
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 254	\$ 3,821	\$ 3,888	\$ 187
Law Enforcement Fees	49	482	506	25
State Judges Retirement Fund	210	2,124	2,231	103
Court Administrative Fees	354	2,016	2,282	88
Legal Services Fees	173	1,721	1,809	85
Due to County Treasurer:				
Regular Fines	1,126	14,140	14,491	775
Overload Fines	-	1,150	1,150	-
Regular Fees	-	1,588	1,571	17
Trust Fund Payable	3,552	9,854	8,147	5,259
Total Liabilities	\$ 5,718	\$ 36,896	\$ 36,075	\$ 6,539

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 10,515	\$ 75,839	\$ 80,636	\$ 5,718
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,509	\$ 10,051	\$ 11,306	\$ 254
Law Enforcement Fees	97	1,037	1,085	49
State Judges Retirement Fund	446	4,189	4,425	210
Court Administrative Fees	411	4,693	4,750	354
Legal Services Fees	362	3,560	3,749	173
Due to County Treasurer:				
Regular Fines	4,451	39,912	43,237	1,126
Overload Fines	-	1,050	1,050	-
Regular Fees	46	240	286	-
Trust Fund Payable	3,193	11,107	10,748	3,552
Total Liabilities	\$ 10,515	\$ 75,839	\$ 80,636	\$ 5,718

The accompanying notes are an integral part of the schedule.

BANNER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2018, and December 31, 2019

1. Criteria

A. Reporting Entity

The Banner 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 Banner 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 or collected. 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 2018) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.