

**ATTESTATION REPORT  
OF  
SCOTTS BLUFF COUNTY COURT  
JANUARY 1, 2018, THROUGH DECEMBER 31, 2019**

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**Issued on March 19, 2020**

SCOTTS BLUFF COUNTY COURT

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## SCOTTS BLUFF COUNTY COURT

### COMMENT AND RECOMMENDATION

During our examination of the Scotts Bluff 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 could not 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 attestations.

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 Scotts Bluff County Court has to the best of our ability, implemented procedures to segregate duties between staff. We currently have one vacant staff position, so therefore duties and responsibilities are distributed among the nine staff members we employ at the present time. During the time frame of this audit, two staff members were also providing staff support to two small courts within our district on a regular basis. The procedures we have in place, 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 Scotts Bluff 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.**

SCOTTS BLUFF 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.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### SCOTTS BLUFF COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Scotts Bluff County Court  
Gering, Nebraska 69341

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 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. Janssen", with a long horizontal flourish extending to the right.

March 11, 2020

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska

SCOTTS BLUFF 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
<b>ASSETS</b>				
Cash and Deposits	\$ 222,433	\$ 1,839,545	\$ 1,829,976	\$ 232,002
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 15,964	\$ 196,148	\$ 197,961	\$ 14,151
Law Enforcement Fees	926	13,438	13,203	1,161
State Judges Retirement Fund	5,076	70,041	69,353	5,764
Court Administrative Fees	6,219	93,937	93,816	6,340
Legal Services Fees	3,964	54,889	54,311	4,542
Due to County Treasurer:				
Regular Fines	20,427	301,423	292,078	29,772
Overload Fines	-	1,975	1,575	400
Regular Fees	3,673	36,256	37,560	2,369
Petty Cash Fund	400	-	-	400
Municipality Fines	3,829	46,710	45,200	5,339
Due to Municipalities:				
Regular Fees	289	5,229	5,449	69
Trust Fund Payable	161,666	1,019,499	1,019,470	161,695
<b>Total Liabilities</b>	<b>\$ 222,433</b>	<b>\$ 1,839,545</b>	<b>\$ 1,829,976</b>	<b>\$ 232,002</b>

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF 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
<b>ASSETS</b>				
Cash and Deposits	\$ 231,490	\$ 1,669,953	\$ 1,679,010	\$ 222,433
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 16,762	\$ 183,486	\$ 184,284	\$ 15,964
Law Enforcement Fees	1,186	14,180	14,440	926
State Judges Retirement Fund	6,195	75,022	76,141	5,076
Court Administrative Fees	8,502	101,616	103,899	6,219
Legal Services Fees	4,868	58,512	59,416	3,964
Due to County Treasurer:				
Regular Fines	24,214	339,927	343,714	20,427
Overload Fines	250	4,925	5,175	-
Regular Fees	1,581	18,205	16,113	3,673
Petty Cash Fund	400	-	-	400
Municipality Fines	4,974	41,411	42,556	3,829
Due to Municipalities:				
Regular Fees	300	5,274	5,285	289
Trust Fund Payable	162,258	827,395	827,987	161,666
<b>Total Liabilities</b>	<b>\$ 231,490</b>	<b>\$ 1,669,953</b>	<b>\$ 1,679,010</b>	<b>\$ 222,433</b>

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

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

**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 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.