

**ATTESTATION REPORT
OF
CHEYENNE COUNTY COURT**

JANUARY 1, 2020, THROUGH DECEMBER 31, 2021

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Issued on July 29, 2022

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CHEYENNE COUNTY COURT

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CHEYENNE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Cheyenne County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards*: Comment #1, "Segregation of Duties," which is considered to be a material weakness.

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.

CHEYENNE 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 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 sufficient segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE. We further noted that County Court access had also been given to two other Clerk Magistrates within the district who were not employees of the County Court.

Additionally, we noted the following errors:

- Sufficient documentation was not on file to support one voided receipt for \$450, which the County Court designated as a duplicate payment. The original receipt on this case was recorded on April 7, 2021. Almost a month later, on May 3, 2021, a second receipt was recorded as a cash payment received for a bond. Even though the second receipt was voided, the Court failed to adequately document why the second receipt was initially entered.
- One case had documentation on file noting \$315 of costs were to be waived due to jail time served in September 2020; however, the receipt waived \$369 of costs. After APA inquiry, amended documentation was provided in April 2022, noting the correct amount of jail time served was \$369.
- One case noted \$268 of costs were waived due to jail time served; however, there was no documentation on file to support the jail time was served.

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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented.

County Court's Response: The Administrative Office of the Courts and Probation (AOCP) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.

CHEYENNE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

1. Segregation of Duties (Concluded)

The Administrative Office of the Courts and Probation (AOC) understands that there is a risk related to the ability of someone other than the judge applying the judge's signature to an order within the DOCKET subsystem of JUSTICE, the court's case management system. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process is put into place to digitize and streamline the court process. The AOC has determined no further action will be taken at this time, based on an evaluation of the level of risk, current IT priorities and resources, and a review of compensating controls and practices.

2. Overdue Balances

As detailed below, the County Court failed to take action, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure the collection and/or resolution of five overdue balances tested, totaling \$1,047:

- For one case, \$17 of non-waiverable fees was assessed in January 2017 and had not been claimed to the County as of March 2022.
- For the two other cases, \$17 and \$12 were due, but the last correspondence regarding those amounts had been in May 2021.
- For the remaining two cases, totaling \$1,001, the last actions regarding those overdue amounts ranged from August 2020 to August 2021.

Four of the five balances, totaling \$1,030, were subsequently deemed uncollectible by the Judge in April and May 2022, after APA inquiry.

As of March 31, 2022, overdue balances, excluding restitution judgments, totaled \$36,231.

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

Without such procedures, there is an increased risk that overdue balances may either lack proper follow-up action or have been previously resolved and should no longer be reflected as overdue.

We recommend the County Court implement an ongoing, timely review of its overdue case balances to ensure the timely collection and/or resolution thereof.

County Court's Response: I was hired to the position of Clerk Magistrate on February 21, 2022. I was not in office during the time frame that this audit addresses. I plan to review the Overdue Balances on monthly basis to address any amounts that are overdue. I will also have the additional benefit of a financial specialist to work through any questions I may have.



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CHEYENNE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Cheyenne County Court
Sidney, Nebraska 69162

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Cheyenne County Court as of and for the calendar years ending December 31, 2020, and December 31, 2021. The County Court's management is responsible for the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2020, and December 31, 2021, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance. 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 Comments Section of the report.

The purpose of this report is to express an opinion on the Schedules 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.

July 27, 2022

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

CHEYENNE COUNTY COURT
 SIDNEY, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 46,544	\$ 585,441	\$ 568,180	\$ 63,805
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,942	\$ 66,691	\$ 66,412	\$ 4,221
Law Enforcement Fees	335	4,616	4,365	586
State Judges Retirement Fund	1,753	26,177	24,656	3,274
Court Administrative Fees	1,923	28,657	27,697	2,883
Legal Services Fees	1,382	18,666	17,930	2,118
Due to County Treasurer:				
Regular Fines	9,597	140,706	135,383	14,920
Overload Fines	-	1,426	451	975
Regular Fees	610	13,046	13,443	213
Petty Cash Fund	75	-	-	75
Municipality Fines	398	6,134	6,192	340
Due to Municipalities:				
Regular Fees	84	1,264	1,348	-
Trust Fund Payable	26,445	278,058	270,303	34,200
Total Liabilities	\$ 46,544	\$ 585,441	\$ 568,180	\$ 63,805

The accompanying notes are an integral part of the schedule.

CHEYENNE COUNTY COURT
 SIDNEY, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
CUSTODIAL FUNDS

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 56,157	\$ 439,579	\$ 449,192	\$ 46,544
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 6,944	\$ 52,426	\$ 55,428	\$ 3,942
Law Enforcement Fees	381	4,334	4,380	335
State Judges Retirement Fund	2,029	21,551	21,827	1,753
Court Administrative Fees	1,913	24,410	24,400	1,923
Legal Services Fees	1,448	16,842	16,908	1,382
Due to County Treasurer:				
Regular Fines	12,672	130,548	133,623	9,597
Overload Fines	100	473	573	-
Regular Fees	667	9,262	9,319	610
Petty Cash Fund	75	-	-	75
Municipality Fines	609	6,628	6,839	398
Due to Municipalities:				
Regular Fees	-	516	432	84
Trust Fund Payable	29,319	172,589	175,463	26,445
Total Liabilities	\$ 56,157	\$ 439,579	\$ 449,192	\$ 46,544

The accompanying notes are an integral part of the schedule.

CHEYENNE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2020, and December 31, 2021

1. Criteria

A. Reporting Entity

The Cheyenne 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 Custodial 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 Cheyenne County.

B. Basis of Accounting

The accounting records of the County Court Custodial 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.