

**ATTESTATION REPORT  
OF  
DAWES COUNTY COURT**

**JANUARY 1, 2021, THROUGH DECEMBER 31, 2022**

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DAWES COUNTY COURT

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## DAWES COUNTY COURT

### SUMMARY OF COMMENTS

During our examination of the Dawes County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2 (“Overdue Balances”), which is considered to be a significant deficiency, and 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.
3. ***Monthly Case Balances:*** The County Court did not adequately review and take corrective action to resolve balances on the Monthly Case Balance Report.

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.

## DAWES 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 Dawes County Court access had also been given to one other Clerk Magistrate who was not an employee of the Dawes County Court.

The following errors were noted:

- In one case tested, \$12 in sheriff fees owed were waived without a corresponding order from the Judge deeming the amounts uncollectible.
- In one case tested, \$131 in fines and fees owed were deemed uncollectible and were ordered waived in August 2022; however, no action was taken to resolve the balance owed until December 2022.

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.*

#### 2. Overdue Balances

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

During testing of seven overdue balances, five, totaling \$6,994, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of February 28, 2023, overdue balances, excluding restitution judgments, totaled \$34,040.

## DAWES COUNTY COURT

During testing, the following was noted:

- Since November 2017, the Court has taken no action to collect or resolve one overdue case balance of \$5,000, which was assessed for liquidated damages due to the Nebraska Game and Parks Commission in March 2017.
- One overdue case balance of \$799 had a warrant recalled in March of 2022, but no other action has been taken on the case since.
- One overdue case balance of \$586 was the result of previous jail time served not being applied to the balance in the correct amount. A previous amount of \$135 had been applied in August 2020, but the full amount of \$721 should have been applied to the case – thus, eliminating the balance due. Upon inquiry by the Auditor of Public Accounts, the Court entered a non-monetary receipt in March 2023 to correct the balance.
- One case balance of \$560 had a warrant recalled in May 2020. There has been no other activity on the case since an unsatisfactory release from probation was filed in February 2021.
- One overdue case balance of \$49 was due to a case being dismissed in August 2018 at the defendant's cost, but no further action has occurred to follow up on this balance.

Neb Rev Stat. § 37-613(3) (Cum. Supp. 2020) states, in relevant part, the following:

*Such damages may be collected by the commission by civil action. In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise. Failure to obtain conviction on a criminal charge shall not bar a separate civil action for such liquidated damages. Damages collected pursuant to this section shall be remitted to the secretary of the commission who shall remit them to the State Treasurer for credit to the State Game Fund.*

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

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

*County Court's Response: The Dawes County Court handles over approximately 1000 traffic and criminal cases each year. I do try to review cases with overdue balances. Last year, I had implemented timely review of the Overdue Case Account report with my employees. This did not happen as planned. Regular review and proper follow-up of overdue case balances will greatly reduce the risk of this. Corrective action to collect or resolve all overdue balances will again be implemented, with timely follow-up by myself to ensure this is being done.*

### **3. Monthly Case Balances**

During testing of 12 balances on the Monthly Case Balance report, 4, totaling \$1,890, did not have adequate action taken by the Court Court to ensure proper and timely resolution of the balances. As of December 31, 2022, the County Court held \$31,235 in case balances.

## DAWES COUNTY COURT

During testing, the following was noted:

- One case had a \$900 balance, and a warrant was issued in October of 2021 because the defendant failed to appear; however, no further activity took place until April of 2022, when the bond held was ordered forfeited.
- One case had a \$315 balance, and a warrant was issued in October of 2020 because the defendant failed to appear; however, no further activity took place until October of 2022, when the bond held was ordered forfeited.
- For two case balances, totaling \$675, the bonds were not properly adjusted when accounting for the reimbursement of the \$17 of non-waivable fees after they were ordered forfeited, resulting in an extra \$17 being assessed and \$17 more being refunded to the defendant.

Good internal controls require the Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the County Court implement procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report.

*County Court's Response: In all cases listed, a balance was held and not properly applied, refunded, or forwarded in a timely manner. Going forward, the Court will closely monitor the Monthly Case Balance Report to ensure that adequate action is taken by the Court to ensure proper and timely resolution of balances.*



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### DAWES COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Dawes County Court  
Chadron, Nebraska 69337

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dawes County Court as of and for the calendar years ending December 31, 2021, and December 31, 2022. 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 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, 2021, and December 31, 2022, 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

May 9, 2023



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

**DAWES COUNTY COURT**  
**CHADRON, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL FUNDS**

For the Calendar Year Ended December 31, 2022

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
<b>ASSETS</b>				
Cash and Deposits	\$ 41,501	\$ 327,713	\$ 318,896	\$ 50,318
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 6,093	\$ 34,286	\$ 35,122	\$ 5,257
Law Enforcement Fees	277	3,445	3,593	129
State Judges Retirement Fund	1,626	19,566	20,398	794
Court Administrative Fees	1,272	16,605	16,996	881
Legal Services Fees	1,125	13,011	13,623	513
Due to County Treasurer:				
Regular Fines	6,493	81,867	84,429	3,931
Overload Fines	675	175	850	-
Regular Fees	945	8,443	4,894	4,494
Petty Cash Fund	225	-	-	225
Municipality Fines	475	8,865	9,090	250
Due to Municipalities:				
Regular Fees	100	1,118	1,101	117
Trust Fund Payable	22,195	140,332	128,800	33,727
Total Liabilities	\$ 41,501	\$ 327,713	\$ 318,896	\$ 50,318

The accompanying notes are an integral part of the Schedule.

**DAWES COUNTY COURT**  
**CHADRON, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 52,250	\$ 281,009	\$ 291,758	\$ 41,501
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,431	\$ 33,474	\$ 30,812	\$ 6,093
Law Enforcement Fees	258	3,202	3,183	277
State Judges Retirement Fund	1,323	15,812	15,509	1,626
Court Administrative Fees	1,183	15,298	15,209	1,272
Legal Services Fees	1,044	11,887	11,806	1,125
Due to County Treasurer:				
Regular Fines	7,047	92,190	92,744	6,493
Overload Fines	-	675	-	675
Regular Fees	566	5,850	5,471	945
Petty Cash Fund	225	-	-	225
Municipality Fines	535	6,631	6,691	475
Due to Municipalities:				
Regular Fees	67	2,134	2,101	100
Trust Fund Payable	36,571	93,856	108,232	22,195
Total Liabilities	\$ 52,250	\$ 281,009	\$ 291,758	\$ 41,501

The accompanying notes are an integral part of the schedule.

DAWES COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

For the Calendar Years Ending December 31, 2021, and December 31, 2022

**1. Criteria**

**A. Reporting Entity**

The Dawes 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 Dawes 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.