

**ATTESTATION REPORT  
OF  
GAGE COUNTY COURT**

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

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**Issued on June 12, 2023**

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## **Audit Staff Working On This Examination**

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GAGE COUNTY COURT

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## GAGE COUNTY COURT

### SUMMARY OF COMMENTS

During our examination of the Gage 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. ***Case Balance Issues:*** In several instances, case balances were incorrect, or the County Court failed to follow up on case balances and overdue amounts in a timely manner.
3. ***Unclaimed Property:*** The County Court did not report and remit trust balances over three years old to the State Treasurer, as required by State statute.

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.

## GAGE 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 Gage County Court access had also been given to three other Clerk Magistrates who were not employees of the Gage County Court.

The following errors were noted:

- Two receipts, totaling \$237 each, for two different cases were voided because the amount was to be receipted only once and split between cases. However, there was no support on file documenting how much each case was to receive.
- One receipt was issued waiving \$32 in restitution; however, there was no support on file ordering the restitution waived.
- One check for \$315 was issued in December 2021 and returned in the mail in December 2021; however, the check was not voided 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 Response: The Administrative Office of the Courts and Probation (AOC) 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 AOC has determined that all clerk magistrates will have the authority to operate all financial functions of a court.*

*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.*

## GAGE COUNTY COURT

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 1. **Segregation of Duties** (Concluded)

*Access to Gage County Court was given to three other Clerk Magistrates so that they could help process court filings as we hired and trained new personnel.*

*Response to the errors noted:*

- a. Going forward if we have to void a receipt, we will take a photo copy of the check and upload it to financial images. This will provide the supporting documentation requested.*
- b. We will make sure that receipts waiving restitution will not be issued in cases where the defendant's probation is revoked without an order signed by the judge.*
- c. We will make sure that when a check is returned in the mail and there is no forwarding address, we will void it immediately.*

#### 2. **Case Balance Issues**

Good accounting and internal controls require the County Court to follow up on cases and balances listed in the monthly JUSTICE reports, carefully apply all amounts ordered by the Judge to the system, and apply receipts for non-monetary actions appropriately.

During the audit, the following issues were noted:

- One case had a balance of \$585 for two bonds posted in 2019, but there has been no activity on the case since March 2020 – at which time a continuance was ordered until April 2020.
- One case tested originally had probation ordered with costs totaling \$750, of which \$295 was either ordered waived or was paid. After probation was revoked and any unpaid probation amounts were deemed uncollectable and to be waived, the County Court reduced the amounts due instead of issuing a receipt to waive the costs. Due to reducing the amounts owed instead of applying a receipt, the activity on the case is not adequately documented.
- One case had \$90 in drug testing fees waived due to the defendant paying the \$90 of drug testing fees on another of his cases. However, there was no documentation to support the waiving of these fees.
- The Auditor of Public Accounts noted that two receipts, one for \$149 received in May 2021 and another for \$124 received in September 2021, were not applied to a case and had no follow-up performed until January 2022 – at which time one receipt was applied to a case, and the other was refunded.
- In August 2021, one case balance of \$450 was ordered to be applied to fines and costs; however, the amount was not applied as ordered until January 2022.
- One case had \$49 in court fees assessed incorrectly to the plaintiff. In an attempt to correct the error, \$32 of waivable fees were waived without sufficient supporting documentation, and the remaining fees of \$17 were claimed to the County.
- One case with an overdue balance of \$49 had a “failure to comply” letter filed with the Department of Motor Vehicles in December 2020; however, the County Court has taken no further action since then.

GAGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Case Balance Issues (Concluded)

- In one instance, the County Court did not assess correctly \$10 in offender assessment costs ordered by the Judge to the defendant; consequently, those costs were never paid.

A similar finding was included in the previous examination.

We recommend the County Court implement procedures to ensure that transactions in a case are accurate and supported by sufficient documentation to ensure that case balances are correct. We recommend also the implementation of procedures to ensure that all cases and balances receive the proper follow-up.

*County Court Response: Response to the errors noted:*

- The case referred to was originally set for jury trial in April of 2020 but two weeks prior to the jury trial date a hearing was held. The pro se defendant waived his right to a speedy jury trial and the case was continued until further order of the Court. This was due to COVID19. The defendant was in a nursing home and during COVID19. If he left the facility, he would not be allowed back in.*
- We have reviewed the procedures manual regarding motions to revoke probation and realize the error that we made.*
- We have always been told that when a person is placed on probation on more than one case and those probation periods run concurrently, that person is to only pay drug testing fees and probation fees on one case. The automated probation orders allow you to waive the probation fees but not the drug testing fees. Going forward we will make sure that it is documented on the probation order that the drug testing fees are waived.*
- We did do follow-up on these two receipts the entire time we were holding the funds in trust. It took our county attorney that long to decide what he wanted to do with the two citations. We now make notes in these types of situations and upload those notes to financial images to provide documentation.*
- Failure to apply the \$450.00 to the fines and costs when it was originally ordered was a clerical error. The defendant was on probation at the time. The defendant was released from probation in January of 2023.*
- This was a clerical error. The complaint in this case was deleted from JUSTICE by mistake after the defendant was sentenced and before the fines and costs were paid. When the complaint was added back to the case and without the clerk realizing it, the court costs were automatically assessed back to the plaintiff. When the defendant came to pay, it did not show that he owed the costs so they were not collected from him. After one year the costs were automatically claimed to the county.*
- When failure to comply notices go out, the court takes no further action.*
- This was a clerical error. When the judge assessed the additional \$10.00 fees, the clerk handling the criminal cases at that time missed manually adding those fees to TCJDISP.*

GAGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

**3. Unclaimed Property**

Per Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act (Act), intangible personal property held by a court and unclaimed for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) of the Act requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

During the audit, it was noted that outstanding checks held by the County Court were not followed up on properly, resulting in 17 of those checks, totaling \$735, being outstanding for over three years. Contrary to State statute, however, those checks were not remitted to the State Treasurer as abandoned property by November 2021 or November 2022.

We recommend the implementation of procedures to ensure all property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by State statute.

*County Court Response: Response to the errors noted:*

- a. I take full responsibility for the outstanding checks mentioned. I have now voided those checks and the proceeds will be remitted to the State Treasurer this year.*





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### GAGE COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Gage County Court  
Beatrice, Nebraska 68310

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Gage 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 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.

June 2, 2023



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

GAGE COUNTY COURT  
BEATRICE, 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	\$ 254,750	\$ 807,457	\$ 760,540	\$ 301,667
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 5,143	\$ 83,319	\$ 81,961	\$ 6,501
Law Enforcement Fees	608	6,349	6,462	495
State Judges Retirement Fund	3,592	41,526	41,809	3,309
Court Administrative Fees	3,370	38,125	38,945	2,550
Legal Services Fees	2,427	26,229	26,601	2,055
Due to County Treasurer:				
Regular Fines	10,551	143,264	138,303	15,512
Overload Fines	275	3,975	4,250	-
Regular Fees	2,062	24,379	24,180	2,261
Petty Cash Fund	250	-	-	250
Municipality Fines	1,870	22,472	22,937	1,405
Due to Municipalities:				
Regular Fees	-	627	610	17
Trust Fund Payable	224,602	417,192	374,482	267,312
Total Liabilities	\$ 254,750	\$ 807,457	\$ 760,540	\$ 301,667

The accompanying notes are an integral part of the Schedule.

GAGE COUNTY COURT  
BEATRICE, 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	\$ 103,317	\$ 908,386	\$ 756,953	\$ 254,750
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 8,549	\$ 84,111	\$ 87,517	\$ 5,143
Law Enforcement Fees	391	6,445	6,228	608
State Judges Retirement Fund	2,218	36,650	35,276	3,592
Court Administrative Fees	2,519	42,741	41,890	3,370
Legal Services Fees	1,709	26,832	26,114	2,427
Due to County Treasurer:				
Regular Fines	7,431	139,658	136,538	10,551
Overload Fines	25	4,775	4,525	275
Regular Fees	1,493	24,399	23,830	2,062
Petty Cash Fund	250	-	-	250
Municipality Fines	1,703	20,896	20,729	1,870
Due to Municipalities:				
Regular Fees	100	979	1,079	-
Trust Fund Payable	76,929	520,900	373,227	224,602
Total Liabilities	\$ 103,317	\$ 908,386	\$ 756,953	\$ 254,750

The accompanying notes are an integral part of the schedule.

GAGE COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**

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

**1. Criteria**

**A. Reporting Entity**

The Gage 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 Gage 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.