

**ATTESTATION REPORT
OF
NANCE COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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Issued on May 18, 2023

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NANCE COUNTY COURT

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NANCE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Nance 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. ***Monthly Report Review:*** The Monthly Case Balance Report and Overdue Case Account Report were not reviewed timely to ensure the balances therein were correct and current 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. The County Court declined to respond.

NANCE 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 Nance County Court access had also been given to three other Clerk Magistrates who were not employees of the Nance County Court.

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.

2. Monthly Report Review

The Monthly Case Balance Report and the Overdue Case Account Report were not reviewed timely to ensure the balances therein were correct and current to ensure collection and/or resolution of such balances. During the review of the Monthly Case Balance Report, we noted the following:

- For one criminal case tested, the defendant completed sentence in October 2022; however, the bond held, totaling \$225, had not been paid out at the time of fieldwork in April 2023, almost six months later.
- For two traffic cases tested, the Court had received payment for fines and costs; however, the balances were not applied appropriately to the amounts owed, totaling \$141, and instead were held on the cases. The balances on these two cases have been held for over 10 months without any follow-up action taken. One of these cases also appeared on the Overdue Case Account Report with an overdue balance totaling \$124.

During the review of the Overdue Case Account Report, we tested four overdue balances, totaling \$128, and noted that none of those balances had subsequent action taken to ensure their collection and/or resolution, as follows:

- For one criminal case tested, with an overdue balance totaling \$17, the Court received notice in 2019 that the defendant was deceased; however, the reimbursement of non-waiverable fees had not been waived.
- For two criminal cases tested, with overdue balances totaling \$110, the defendants sat out all costs in jail in 2018 and 2019; however, the costs had not been waived.
- For one criminal case tested, no action on the case had been noted since August 2020; however, the defendant still owes payment for the Crime Victim Fund totaling \$1.

NANCE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Monthly Report Review (Concluded)

Good internal control and sound business practices require procedures to ensure an ongoing, timely review of the Monthly Case Balance Report and the Overdue Case Account Report to determine what action should be taken to collect or otherwise resolve the balances listed therein.

Without such procedures, there is an increased risk that the balances may either lack proper follow-up action or have been previously resolved.

We recommend the County Court implement an ongoing, timely review of the Monthly Case Balance Report and the Overdue Case Account Report to ensure timely collection and/or resolution of balances listed therein.



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NANCE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Nance County Court
Fullerton, Nebraska 68638

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

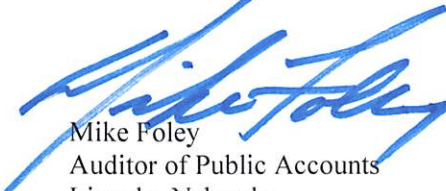
In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar years ending December 31, 2021, and December 31, 2022, are based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material 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.

May 15, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

NANCE COUNTY COURT
FULLERTON, 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
ASSETS				
Cash and Deposits	\$ 3,508	\$ 62,277	\$ 60,368	\$ 5,417
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 493	\$ 9,265	\$ 9,232	\$ 526
Law Enforcement Fees	38	478	470	46
State Judges Retirement Fund	292	4,042	3,960	374
Court Administrative Fees	258	5,498	5,380	376
Legal Services Fees	206	2,501	2,461	246
Due to County Treasurer:				
Regular Fines	575	11,095	11,170	500
Regular Fees	-	1,095	1,078	17
Petty Cash Fund	70	-	-	70
Municipality Fines	-	-	-	-
Trust Fund Payable	1,576	28,303	26,617	3,262
Total Liabilities	\$ 3,508	\$ 62,277	\$ 60,368	\$ 5,417

The accompanying notes are an integral part of the Schedule.

NANCE COUNTY COURT
FULLERTON, 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	\$ 13,483	\$ 75,509	\$ 85,484	\$ 3,508
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,227	\$ 12,798	\$ 14,532	\$ 493
Law Enforcement Fees	60	488	510	38
State Judges Retirement Fund	393	3,655	3,756	292
Court Administrative Fees	340	4,228	4,310	258
Legal Services Fees	316	2,548	2,658	206
Due to County Treasurer:				
Regular Fines	1,550	14,600	15,575	575
Regular Fees	21	785	806	-
Petty Cash Fund	70	-	-	70
Municipality Fines	-	125	125	-
Trust Fund Payable	8,506	36,282	43,212	1,576
Total Liabilities	\$ 13,483	\$ 75,509	\$ 85,484	\$ 3,508

The accompanying notes are an integral part of the schedule.

NANCE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Nance 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 Nance 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.