

**ATTESTATION REPORT
OF
VALLEY COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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VALLEY COUNTY COURT

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VALLEY COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Valley 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. ***Unclaimed Property:*** Contrary to State statute, the County Court did not report and remit to the State Treasurer trust balances that were over three years old.
3. ***Unsupported Action Taken:*** For three receipts tested, the County Court lacked support for the disposition of the moneys held.

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.

VALLEY 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 Valley County Court access had also been given to 10 other Clerk Magistrates who were not employees of the Valley County Court.

The following errors were noted:

- The County Court did not issue receipts upon collection for two checks tested, totaling \$248. These checks were deposited into the bank account on August 9, 2022; however, they were not receipted into the system for a period ranging from 6 to 9 days after collection.
- The County Court did not deposit cash and checks received, totaling \$298, in a timely manner. The Court received the moneys on August 19, 2022; however, a bank deposit was not made until August 26, 2022. Within the seven-day period, the County Court made two deposits to the bank of moneys received after August 19, 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. We further recommend the County Court implement procedures to ensure all cash and checks collected are recorded in the accounting system immediately upon receipt and are deposited in a timely manner.

County Court's Response: I was not clerk magistrate in the Valley County Court Office until March 1, 2022. In that respect, I feel that the findings that were brought up prior to me actually working here should not reflect on me and I don't feel I should be marked for them.

2. Unclaimed Property

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

VALLEY COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Unclaimed Property (Concluded)

During the audit, it was noted that four checks, totaling \$347, were outstanding for over three years. The checks were dated ranging from June 2018 through June 2019. One check, totaling \$200, was due to the State Treasurer by November 1, 2021; however, it was sent in October 2022. The remaining three checks, totaling \$147, were due by November 1, 2022; however, they were still being held as of fieldwork in June 2023.

We recommend the County Court work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

County Court's Response: I was not clerk magistrate in the Valley County Court Office until March 1, 2022. In that respect, I feel that the findings that were brought up prior to me actually working here should not reflect on me and I don't feel I should be marked for them.

3. Unsupported Action Taken

We tested three receipts that lacked support for the disposition of the moneys held, as follows:

- One bond held was applied to fines and court costs of \$250; however, no documentation was on file to support the application of the bond to amounts owed.
- One bond held was applied to probation fees and court costs of \$100; however, no documentation was on file to support the application of the bond to amounts owed.
- One non-monetary receipt tested, totaling \$41, contained court costs and sheriff fees that were waived upon revocation of probation; however, no documentation was on file to support the waiver.

Good internal control and sound accounting practices require procedures to ensure that documentation is on file to support the application of bonds to fines and costs and the waiver of any amounts due.

Without such procedures, there is an increased risk for the loss or misuse of funds.

We recommend the County Court implement procedures to ensure documentation is on file to support the application of bonds to fines and costs and the waiver of any amounts due.

County Court's Response: I was not clerk magistrate in the Valley County Court Office until March 1, 2022. In that respect, I feel that the findings that were brought up prior to me actually working here should not reflect on me and I don't feel I should be marked for them.



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VALLEY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Valley County Court
Ord, Nebraska 68862

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

July 7, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

VALLEY COUNTY COURT
ORD, 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	\$ 36,210	\$ 184,929	\$ 182,824	\$ 38,315
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,067	\$ 18,836	\$ 20,691	\$ 1,212
Law Enforcement Fees	118	1,451	1,450	119
State Judges Retirement Fund	846	8,875	8,928	793
Court Administrative Fees	678	8,823	8,935	566
Legal Services Fees	478	5,707	5,744	441
Due to County Treasurer:				
Regular Fines	2,976	38,263	39,164	2,075
Overload Fines	300	850	1,150	-
Regular Fees	220	1,562	1,748	34
Petty Cash Fund	100	-	-	100
Municipality Fines	-	1,050	1,050	-
Trust Fund Payable	27,427	99,512	93,964	32,975
Total Liabilities	\$ 36,210	\$ 184,929	\$ 182,824	\$ 38,315

The accompanying notes are an integral part of the Schedule.

VALLEY COUNTY COURT
ORD, 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	\$ 38,344	\$ 183,061	\$ 185,195	\$ 36,210
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,403	\$ 19,354	\$ 17,690	\$ 3,067
Law Enforcement Fees	65	1,030	977	118
State Judges Retirement Fund	315	6,302	5,771	846
Court Administrative Fees	409	7,093	6,824	678
Legal Services Fees	270	4,331	4,123	478
Due to County Treasurer:				
Regular Fines	2,495	31,548	31,067	2,976
Overload Fines	-	1,075	775	300
Regular Fees	234	1,879	1,893	220
Petty Cash Fund	100	-	-	100
Municipality Fines	100	500	600	-
Trust Fund Payable	32,953	109,949	115,475	27,427
Total Liabilities	\$ 38,344	\$ 183,061	\$ 185,195	\$ 36,210

The accompanying notes are an integral part of the schedule.

VALLEY COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Valley 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 Valley 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.