

**ATTESTATION REPORT
OF
WAYNE COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2022

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SUMMARY OF COMMENTS

During our examination of the Wayne 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:*** The County Court did not report and remit checks 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.

WAYNE 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 Wayne County Court access had also been given to four other Clerk Magistrates who were not employees of the Wayne County Court.

The following errors were noted:

- For one voided check on file, we noted that the Clerk Magistrate's signature was applied prior to the payee's information having been completed.

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 checks are not signed until all other information thereon has been completed.

County Court's 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.

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.

During the audit, it was noted that three checks, totaling \$242, were outstanding for over three years. The checks were dated ranging from January 2018 through May 2019. One check, totaling \$2, was due to the State Treasurer

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by November 1, 2021, while the remaining two checks, totaling \$240, were due by November 1, 2022. All three checks were still held at the time of fieldwork in April 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: This was a clerical oversight and the Outstanding Checks indicated in the report have been reviewed and have now been processed to Unclaimed Property. These outstanding checks will be submitted to the State Treasurer when Unclaimed Property is processed this year. This procedure has also been noted for future reference to avoid reoccurrence.



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WAYNE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Wayne County Court
Wayne, Nebraska 68787

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

May 25, 2023



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

WAYNE COUNTY COURT
WAYNE, 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	\$ 22,535	\$ 197,181	\$ 194,251	\$ 25,465
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,141	\$ 19,678	\$ 19,979	\$ 840
Law Enforcement Fees	191	2,247	2,310	128
State Judges Retirement Fund	990	12,598	12,834	754
Court Administrative Fees	745	22,624	21,100	2,269
Legal Services Fees	693	8,196	8,420	469
Due to County Treasurer:				
Regular Fines	6,141	81,818	82,006	5,953
Regular Fees	323	4,843	5,158	8
Petty Cash Fund	150	-	-	150
Municipality Fines	-	975	975	-
Due to Municipalities:				
Regular Fees	-	1,150	1,100	50
Trust Fund Payable	12,161	43,052	40,369	14,844
Total Liabilities	\$ 22,535	\$ 197,181	\$ 194,251	\$ 25,465

The accompanying notes are an integral part of the Schedule.

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WAYNE, 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	\$ 24,770	\$ 254,781	\$ 257,016	\$ 22,535
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,100	\$ 32,368	\$ 33,327	\$ 1,141
Law Enforcement Fees	158	3,053	3,020	191
State Judges Retirement Fund	852	14,062	13,924	990
Court Administrative Fees	825	19,021	19,101	745
Legal Services Fees	625	10,674	10,606	693
Due to County Treasurer:				
Regular Fines	5,074	94,045	92,978	6,141
Regular Fees	8	3,301	2,986	323
Petty Cash Fund	150	-	-	150
Municipality Fines	-	800	800	-
Due to Municipalities:				
Regular Fees	50	800	850	-
Trust Fund Payable	14,928	76,657	79,424	12,161
Total Liabilities	\$ 24,770	\$ 254,781	\$ 257,016	\$ 22,535

The accompanying notes are an integral part of the schedule.

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NOTES TO FINANCIAL SCHEDULES

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

1. Criteria

A. Reporting Entity

The Wayne 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 Wayne 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.