



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 8, 2023

Corey R. Steel, State Court Administrator
Nebraska Supreme Court
Nebraska State Capitol, Suite 1211
Lincoln, Nebraska 68509

Dear Mr. Steel:

This letter is provided pursuant to American Institute of Certified Public Accountants (AICPA) Auditing Standards AU-C Section 265.A17, which permits the early communication of audit findings due to their significance and the urgent need for corrective action. The audit work addressed herein was performed as part of the fiscal year ended June 30, 2023, Annual Comprehensive Financial Report (ACFR) audit. This communication is based on our audit procedures through June 30, 2023. Because we have not completed our audit of the fiscal year 2023 ACFR, additional matters may be identified and communicated in our final report.

In planning and performing our audit of the State's financial statements as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the State's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses and significant deficiencies may exist that were not identified.

We noted certain internal control or compliance matters related to the activities of the Supreme Court, or other operational matters, which are presented below for your consideration. The following comments and recommendations, which have been discussed with the appropriate members of the Supreme Court, are intended to improve internal control or result in other operating efficiencies.

Draft copies of this letter were furnished to the Supreme Court to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this letter. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, the auditor does not express an opinion on them. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The following are our comments and recommendations for the year ended June 30, 2023.

1. Court Order Approval

The Judge Staff role in the Judicial User System to Improve Court Efficiency (JUSTICE) was assigned to 312 user IDs. This role granted users the ability to create and issue Judge-signed court orders through the DOCKET module in JUSTICE. As a result, these users were able to create and issue orders affixed with the Judge's signature without formal documentation to support that the Judge approved the order. Additionally, in some instances, the same court staff may also have had access to court receipts and been able to record non-monetary transactions (e.g., waiving fines) in JUSTICE.

Supreme Court had a process whereby access to this role was formally requested; however, for 2 of 25 users tested with the Judge Staff role, the Supreme Court could not provide the request form supporting the access granted.

The JUSTICE application is the Supreme Court's case and financial management system for Nebraska trial courts and DOCKET is a module within JUSTICE used to issue court orders that are affixed with the Judge's signature.

A good internal control plan requires procedures to ensure that there is proper documentation of those who formally approved court orders. In addition, good internal controls require the Supreme Court to maintain documentation to support that access granted was requested and approved.

The lack of such procedures increases the risk of an improper order being entered and not identified in a timely manner. Additionally, this absence of accountability could create a lack of segregation of duties because staff with the ability to issue court orders may also handle court receipts and waive fines.

A similar comment has been noted since the fiscal year 2021 ACFR audit.

We recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented, and we also recommend the Supreme Court review the impact that the current lack of such procedures may have on the segregation of duties at its courts. Additionally, we recommend the Supreme Court strengthen procedures to ensure request forms for system access are maintained.

Supreme Court Response: The Administrative Office of the Courts and Probation (AOC) understands 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 Judicial Branch 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. Since the FY22 ACFR Early Management Letter, the AOC has modified JUSTICE so that the user ID of persons that access cases in DOCKET can be reviewed. This will be a detective tool if inappropriate use of DOCKET is found. However, due to current and planned IT priorities and resources, and a review of compensating controls and practices, the AOC has determined that action to significantly reduce the risk further cannot be undertaken at this time.

2. Probation System Access

The Supreme Court utilizes a case management application, NPACS, to track probationer information. Additionally, another application, Service Provider, is used to create and approve payments to vendors for services provided to probationers. In order to access those applications, a user must be granted access as requested by his or her supervisor. During testing of access to the Supreme Court's probation applications, we noted the following:

- Three of 16 users, with the ability to grant user access to NPACS, no longer required this access as they had terminated employment with the State. The three users terminated employment with the Supreme Court in August 2019, August 2020, and November 2022.

- For 3 of 25 users with the NPACS Super User role, it was determined they no longer required this access. All were active employees with the Supreme Court; however, these employees no longer required this elevated role.
- For three of eight terminated users tested, access to Service Provider was not removed in a timely manner. The three users had the ability to approve and invalidate service referrals. For two of the employees, access was removed 99 and 171 days after termination. For the other employee, the Supreme Court could not provide information as to when user access was removed.

Nebraska Information Technology Commission (NITC) Technical Standards and Guidelines, Information Security Policy 8-701 (July 2017), “Auditing and compliance; responsibilities; review,” states the following, in relevant part:

An agency review to ensure compliance with this policy and applicable NIST SP 800-53 security guidelines must be conducted at least annually.

National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5 (December 2020), “Security and Privacy Controls for Information Systems and Organizations,” Access Control 6 (AC-6), Least Privilege, states, in part, the following:

Employ the principle of least privilege, allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.

Good internal controls require procedures to ensure that access to the Supreme Court’s probation applications is restricted to those who require it as part of their job, and such access is removed in a timely manner after employment is terminated.

Without such procedures, there is an increased risk of inappropriate access to State resources.

We recommend the Supreme Court strengthen procedures to ensure access to NPACS and Service Provider is removed in a timely manner. We also recommend the Supreme Court periodically review users with NPACS Super User access to ensure that such access is required.

Supreme Court Response: The AOCF will work on and consider improvements in our termination process for internal and external NPACS and Service Provider users, including Super User access.

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Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Supreme Court and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Supreme Court.

This interim communication is intended solely for the information and use of the Supreme Court, the Governor and State Legislature, others within the Supreme Court, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not suitable for any other purpose. However, this communication is a matter of public record, and its distribution is not limited.



Zachary Wells, CPA, CISA
Assistant Deputy Auditor