

**ATTESTATION REPORT  
OF  
BOX BUTTE COUNTY COURT  
JANUARY 1, 2023, THROUGH DECEMBER 31, 2023**

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**Issued on March 14, 2024**

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

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Damon Woehr – Auditor

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BOX BUTTE COUNTY COURT

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## BOX BUTTE COUNTY COURT

### SUMMARY OF COMMENTS

During our examination of the Box Butte County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2 (“Overdue Balances”), which is considered to be a significant deficiency, and 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. *Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis 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. 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.

## BOX BUTTE 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 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. Specifically, 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 noted further that Box Butte County Court access had been given also to two other Clerk Magistrates who were not employees of the Box Butte 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 noted this issue 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: While the Box Butte County Court realizes that authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated activities; the reality is that this is a 2.5 person office, which does not make that a possibility. The Court further realizes that the lack of personnel prohibiting the Court from having a proper internal control structure is based up on the size and caseload of Box Butte County. The Court recognizes that it would not be a financially sound decision for the Supreme Court to add more personnel and this area of concern has not changes, nor is it likely to change in the foreseeable future. The current personnel strive to ensure all duties are completed accurately and in a timely manner. There is also the additional benefit of a financial specialist reviewing the Court's work on a regular basis.*

*The Administrative Office of the Courts and Probation (AOCP) 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, to fulfill all statutory obligations, the AOCP 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 (AOCP) understand 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 AOCP 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.*

BOX BUTTE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

During testing of seven overdue balances, four of those, totaling \$2,447, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. The four balances, totaling \$2,447, were for liquidated damages due to the Nebraska Game and Parks Commission. The detail of these cases are noted below.

Case	Amount Due	Date of Last Case Activity	Date of Last Payment
1	\$461	3/22/2011	7/17/2008
2	\$900	5/3/2016	4/12/2010
3	\$750	7/14/2009	7/14/2009
4	\$336	8/8/2011	6/2/2011
Total	\$2,447		

As of January 31, 2024, overdue balances, excluding restitution judgments, totaled \$12,821.

Neb. Rev. Stat. § 37-613(3) (Cum. Supp. 2022) states the following, in relevant part:

*Such damages [for violating the Game Law] may be collected by the commission by civil action. In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise. Failure to obtain conviction on a criminal charge shall not bar a separate civil action for such liquidated damages. Damages collected pursuant to this section shall be remitted to the secretary of the commission who shall remit them to the State Treasurer for credit to the State Game Fund.*

Without a regular review of overdue case balances, there is an increased risk that such balances may either not have proper follow-up action taken or have been previously resolved and should no longer be reflected as overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure the timely collection and/or resolution of overdue balances.

*County Court Response: Those are liquidated damages and it is the position of the Administrative Office of the Courts and Probation (AOC) that Neb. Rev. Stat. §37-613 does not create a duty for a court to enforce collection of liquidated damages. Courts will remit any funds received to the Nebraska Game and Parks Commission.*

**APA Response: Pursuant to the plain language of § 37-613(3), the County Courts are required not only to enter judgment against the defendant for liquidated damages arising from a conviction for the illegal selling, purchasing, taking, or possessing of any wildlife but also to “collect such damages by execution or otherwise.” Both the entering of the judgment for liquidated damages and the collection thereof are statutorily mandated upon the County Court.**



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### BOX BUTTE COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Box Butte County Court  
Alliance, Nebraska 69301

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Box Butte County Court as of and for the calendar year ending December 31, 2023. The County Court's management is responsible for the Schedule 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 Schedule 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 perform the examination to obtain reasonable assurance about whether the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is 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 Schedule 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 Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2023, is 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to the Schedule 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions is presented in accordance with the criteria described above and not for the purpose

of expressing an opinion on the internal control over the Schedule 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule 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.

March 7, 2024



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska



**BOX BUTTE COUNTY COURT**  
**ALLIANCE, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL FUNDS**

For the Calendar Year Ended December 31, 2023

	<u>Balance</u> <u>January 1,</u> <u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2023</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 53,288	\$ 315,628	\$ 343,784	\$ 25,132
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,103	\$ 31,437	\$ 33,650	\$ 1,890
Law Enforcement Fees	217	3,066	3,066	217
State Judges Retirement Fund	1,754	24,043	23,660	2,137
Court Administrative Fees	1,194	15,198	15,114	1,278
Legal Services Fees	966	13,356	13,192	1,130
Due to County Treasurer:				
Regular Fines	4,121	59,771	60,993	2,899
Overload Fines	-	1,450	1,450	-
Regular Fees	-	10,965	10,708	257
Petty Cash Fund	200	-	-	200
Municipality Fines	-	120	120	-
Trust Fund Payable	40,733	156,222	181,831	15,124
<b>Total Liabilities</b>	<u>\$ 53,288</u>	<u>\$ 315,628</u>	<u>\$ 343,784</u>	<u>\$ 25,132</u>

The accompanying notes are an integral part of the Schedule.

BOX BUTTE COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULES**  
For the Calendar Year Ending December 31, 2023

**1. Criteria**

**A. Reporting Entity**

The Box Butte 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 Schedule 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 Schedule does 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 Box Butte County.

**B. Basis of Accounting**

The accounting records of the County Court Custodial Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has 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.