

**ATTESTATION REPORT
OF
GREELEY COUNTY COURT**

JANUARY 1, 2023, THROUGH DECEMBER 31, 2023

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Issued on April 3, 2024

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GREELEY COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<u>Financial Section</u>	
Independent Accountant's Report	4 - 5
Financial Schedule:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Custodial Funds - For the Calendar Year Ended December 31, 2023	6
Notes to Financial Schedule	7

GREELEY COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Greeley 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 (“Timely Remittance of Collections”), which is considered to be 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. ***Timely Remittance of Collections:*** The County Court did not remit balances collected for five months throughout the year 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.

GREELEY 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 Greeley County Court access had been given also to eight other Clerk Magistrates who were not employees of the Greeley 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 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.

County Court 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. **Timely Remittance of Collections**

Neb. Rev. Stat. §§ 33-107.01 and 33-107.03 (Reissue 2016), among others, contain a requirement for certain fees collected by the County Court to be remitted to the State Treasurer “within ten days” of the end of the month. As the County Court remits all fees collected to the State Treasurer in one check, it was determined that a due date “within ten days” was reasonable for all fees collected, regardless of a specific statutory requirement for each fee.

During testing, it was noted that fees collected for five months, totaling \$2,932, were not remitted to the State Treasurer within this timeframe. The delay was caused by the refund of a large 10% Bond Fee that had already been paid to the State Treasurer in December 2022. The County Court did not take any action to receive a refund of the excess paid to the State Treasurer for one year after the payment was made.

The details of the fees at issue are shown in the table below:

Month Collected	Amount Due	Due Date	Date Paid
December 2022	\$558	1/10/2023	7/3/2023
January 2023	\$442	2/10/2023	7/3/2023
August 2023	\$812	9/10/2023	10/2/2023
November 2023	\$880	12/10/2023	2/1/2024
December 2023	\$240	1/10/2024	2/1/2024
Total	\$2,932		

GREELEY COUNTY COURT
COMMENTS AND RECOMMENDATIONS
(Concluded)

2. **Timely Remittance of Collections** (Concluded)

When fees collected pursuant to § 33-107.01 and § 33-107.03, among others, are not remitted to the State Treasurer within 10 days following the month of collection, the County Court is not only noncompliant with State statute but also at an increased risk for the loss or misuse of funds.

We recommend the County Court implement procedures to ensure all fees collected are remitted promptly to the State Treasurer in accordance with State statute. We further recommend the County Court implement procedures to ensure timely follow-up action is taken on any excess payments made to the State Treasurer.

County Court Response: The Greeley County Clerk Magistrate has already taken steps to avoid this situation from happening again by requesting any and all refunds directly from the State Treasurer at the time of their order; instead of relying on the smaller court's unpredictable cash flow to balance the refunds.



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GREELEY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Greeley County Court
Greeley, Nebraska 68842

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

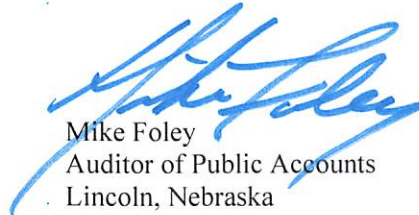
In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2023, is based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

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.

April 2, 2024



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

GREELEY COUNTY COURT
GREELEY, 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>
ASSETS				
Cash and Deposits	\$ 3,472	\$ 32,149	\$ 34,301	\$ 1,320
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ (788)	\$ 3,828	\$ 3,388	\$ (348)
Law Enforcement Fees	29	490	457	62
State Judges Retirement Fund	227	3,422	3,407	242
Court Administrative Fees	138	2,769	2,548	359
Legal Services Fees	144	2,070	1,937	277
Due to County Treasurer:				
Regular Fines	225	10,430	10,405	250
Regular Fees	418	43	459	2
Petty Cash Fund	20	-	-	20
Trust Fund Payable	<u>3,059</u>	<u>9,097</u>	<u>11,700</u>	<u>456</u>
Total Liabilities	<u>\$ 3,472</u>	<u>\$ 32,149</u>	<u>\$ 34,301</u>	<u>\$ 1,320</u>

The accompanying notes are an integral part of the Schedule.

GREELEY COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Year Ending December 31, 2023

1. Criteria

A. Reporting Entity

The Greeley 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 Greeley 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.