

**ATTESTATION REPORT  
OF  
LINCOLN COUNTY COURT**

**JANUARY 1, 2023, THROUGH DECEMBER 31, 2023**

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LINCOLN COUNTY COURT

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## LINCOLN COUNTY COURT

### SUMMARY OF COMMENTS

During our examination of the Lincoln 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”) and #3 (“Improper, Untimely, or Unsupported Action Taken”), which are considered to be significant deficiencies, 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.
3. ***Improper, Untimely or Unsupported Action Taken:*** For nine transactions tested, the County Court failed to: 1) address the balances held or due in a timely manner; 2) take action in accordance with Supreme Court procedures; or 3) maintain support for the final disposition of the moneys.

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.

LINCOLN 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 Lincoln County Court access had been given also to eight other Clerk Magistrates who were not employees of the Lincoln 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 is not 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 (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, in order 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.*

*We have documentation supporting the approval by the Judges to affix their signatures by the Clerk Magistrates of the 11<sup>th</sup> District and the local staff.*

**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 the Overdue Case Account reports, we noted that five of nine overdue balances tested, totaling \$8,485, 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 five balances, totaling \$8,485, were for liquidated damages due to the Nebraska Game and Parks Commission. The details of these cases are provided below:

LINCOLN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Overdue Balances** (Concluded)

Case	Amount Due	Date of Last Case Activity	Date of Last Payment
1	\$5,000	8/2/2023	None Noted
2	\$500	8/2/2023	None Noted
3	\$960	8/2/2023	10/13/2022
4	\$2,000	8/2/2023	None Noted
5	\$25	8/2/2023	None Noted
Total	\$8,485		

As of January 31, 2024, overdue balances, excluding restitution judgments, totaled \$30,676.

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 have noted this comment in the previous examination.

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: It is the position of the Administrative Office of the Courts and Probation (AOCP) 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.**

3. **Improper, Untimely or Unsupported Action Taken**

We tested nine transactions that were either not addressed in a timely manner, were not handled in accordance with Supreme Court procedures, or lacked support for their final disposition, as follows:

- One civil case tested had a judgment balance due, totaling \$1,181, that was ordered vacated on January 12, 2023; however, the Court did not enter a non-monetary receipt to vacate the balance until November 22, 2023, or 10 months later.
- Five non-case receipts tested, totaling \$696, were not refunded in a timely manner. All five receipts were held for over four months prior to follow-up action being taken.

LINCOLN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. **Improper, Untimely or Unsupported Action Taken** (Concluded)

- One traffic case tested had an overdue balance, totaling \$1, from January 2022; however, no follow-up action was taken on the case until August 2023, or over one and a half years later, when an order deeming the amount due as uncollectable was filed.
- One criminal case tested included \$750 in probation fees that was ordered revoked on February 9, 2023. Upon revocation, the Court entered a non-monetary receipt for \$30 of the fees and deleted the remaining fees from the case, contrary to probation revocation procedures outlined in the Supreme Court's Procedures manual.
- One non-monetary receipt tested, totaling \$322, was entered for jail time served by a defendant; however, the return commitment filed by the County jail did not support the full waiver of the fees, resulting in \$22 that were waived without support.

Good internal control and sound accounting practices require procedures to ensure that proper action on balances held or due on cases is completed in a timely manner and in accordance with the Supreme Court Procedures Manual. Such procedures also require documentation to be on file to support the waiver of any fees.

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

We recommend the County Court implement procedures to ensure: 1) all actions taken are in compliance with the Supreme Court Procedures Manual; 2) all actions are taken in a timely manner; and 3) documentation is on file to support the waiver of any fees

*County Court Response: All issues noted have been resolved or corrected. Policies and checklists have been reviewed with staff.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### LINCOLN COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

Lincoln County Court  
North Platte, Nebraska 69101

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Lincoln 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 28, 2024



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

**LINCOLN COUNTY COURT**  
**NORTH PLATTE, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL FUNDS**

For the Calendar Year Ended December 31, 2023

	Balance January 1, 2023	Additions	Deductions	Balance December 31, 2023
<b>ASSETS</b>				
Cash and Deposits	\$ 207,665	\$ 1,774,171	\$ 1,790,004	\$ 191,832
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 15,448	\$ 147,373	\$ 151,868	\$ 10,953
Law Enforcement Fees	1,199	14,559	14,636	1,122
State Judges Retirement Fund	8,554	105,842	104,971	9,425
Court Administrative Fees	9,159	103,524	103,849	8,834
Legal Services Fees	5,035	60,225	60,268	4,992
Due to County Treasurer:				
Regular Fines	25,404	319,148	323,528	21,024
Overload Fines	3,874	62,845	60,170	6,549
Regular Fees	3,827	26,368	29,359	836
Petty Cash Fund	600	-	-	600
Municipality Fines	788	13,846	12,722	1,912
Due to Municipalities:				
Regular Fees	68	2,907	2,900	75
Trust Fund Payable	133,709	917,534	925,733	125,510
<b>Total Liabilities</b>	<b>\$ 207,665</b>	<b>\$ 1,774,171</b>	<b>\$ 1,790,004</b>	<b>\$ 191,832</b>

The accompanying notes are an integral part of the Schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Lincoln 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 Lincoln 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.