

**ATTESTATION REPORT  
OF  
DUNDY COUNTY COURT**

**JANUARY 1, 2024, THROUGH DECEMBER 31, 2024**

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**Issued on April 4, 2025**

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

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DUNDY COUNTY COURT

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## DUNDY COUNTY COURT

### COMMENT AND RECOMMENDATION

During our examination of the Dundy County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

This comment and recommendation is intended to improve the internal control over financial reporting and operational efficiencies in the following area:

#### **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, 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 noted further that Dundy County Court access had been given also to 10 other Clerk Magistrates, 1 Senior Assistant Clerk, 1 Records Clerk/Cashier, 1 County Courtroom Clerk, and 3 other State Employees who were not employees of the Dundy County Court.

The following errors were noted:

- The citation for one case was entered incorrectly into JUSTICE. According to the citation, \$125 in State fines and \$49 in court costs were assessed, totaling \$174. The defendant paid the full amount of \$174; however, due to staff not recording the citation completely, \$100 in State fines was improperly considered an overpayment and refunded to the defendant.
- In August 2021, an order waiving court costs deemed uncollectable was issued for one case. The County Court did not record the waiver, however, and the case showed a \$50 overdue balance as of January 31, 2025. After being made aware of this issue, the County Court recorded a waiver for \$32 in costs; nevertheless, the case continued to show an incorrect overdue balance of \$18.

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 consider this to be a material weakness.

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. Additionally, we recommend the County Court implement procedures to ensure court activity is recorded properly in JUSTICE in a timely manner.

## DUNDY COUNTY COURT

### COMMENT AND RECOMMENDATION

(Concluded)

#### *County Court Response:*

##### *Segregation of Duties*

*The Administrative Office of the Courts and Probation (AOCB) 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 AOCB has determined that all clerk magistrates will have the authority to operate all financial functions of a court.*

##### *DOCKET*

*The Administrative Office of the Courts and Probation (AOCB) understands 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 AOCB 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.*

##### *Non-Judicial Branch Access to JUSTICE*

*Response from the AOCB: Access by the three non-Judicial Branch individuals was approved by the State Court Administrator and Deputy Director for Information Technology.*

*Dundy County Court staff plans to work financial reports on a monthly basis to minimize risk of errors in the future.*

It should be noted this report is critical in nature as it contains only our comment and recommendation on the area 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 comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



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### DUNDY COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

Dundy County Court  
Benkelman, Nebraska 69021

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Dundy County Court as of and for the calendar year ending December 31, 2024. 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.

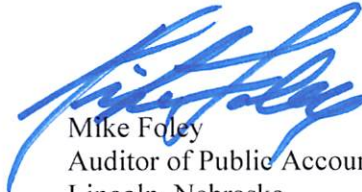
In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2024, is based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

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 a certain finding that is required to be reported under *Government Auditing Standards*, and that finding, along with the views of management, is described in the Comment 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 3, 2025



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska

**DUNDY COUNTY COURT**  
**BENKELMAN, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**CUSTODIAL FUNDS**

For the Fiscal Year Ended December 31, 2024

	Balance January 1, 2024	Additions	Deductions	Balance December 31, 2024
<b>ASSETS</b>				
Cash and Deposits	\$ 5,973	\$ 93,219	\$ 92,375	\$ 6,817
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ (731)	\$ 6,447	\$ 5,438	\$ 278
Law Enforcement Fees	25	758	714	69
State Judges Retirement Fund	197	5,353	5,069	481
Court Administrative Fees	127	3,052	2,899	280
Legal Services Fees	126	3,015	2,879	262
Due to County Treasurer:				
Regular Fines	1,034	20,178	19,167	2,045
Overload Fines	1,900	18,750	18,100	2,550
Regular Fees	-	289	289	-
Petty Cash Fund	30	-	-	30
Trust Fund Payable	3,265	35,377	37,820	822
Total Liabilities	\$ 5,973	\$ 93,219	\$ 92,375	\$ 6,817

The accompanying notes are an integral part of the Schedule.



DUNDY COUNTY COURT  
**NOTES TO FINANCIAL SCHEDULE**  
For the Calendar Year Ending December 31, 2024

**1. Criteria**

**A. Reporting Entity**

The Dundy 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 Dundy 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.