

**ATTESTATION REPORT  
OF  
GRANT COUNTY COURT**

**JULY 1, 2009 THROUGH JUNE 30, 2011**

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**Issued on February 27, 2012**

# GRANT COUNTY COURT

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# GRANT COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of Grant County Court, we noted certain deficiencies in internal control that we consider to be a material weakness and other operational matters that are presented here.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

1. ***Segregation of Duties:*** Considered to be a material weakness, one individual was capable of handling all phases of a transaction from beginning to end.
2. ***Bond Assignments:*** The County Court did not consistently document assignments authorizing the application of bond proceeds to the defendant's fines and/or court costs.

More detailed information on the above items is provided hereafter. 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 them an opportunity to review the report and to respond to the comments and recommendations included in this report. The County Court declined to respond.

# GRANT COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

### 1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court had a lack of segregation of duties as one person was capable of handling all aspects of processing transactions from beginning to end. 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.

### 2. Bond Assignments

Neb. Rev. Stat. § 29-901 (Reissue 2008) related to the execution of an appearance bond, requires the return of the bond deposit or bond deposit proceeds to the defendant upon various circumstances such as the performance of the defendant's appearance(s), declined and/or dismissed prosecution, bond reduction, etc. Financial Procedures Manual Bail/Bonds Checklist No. 9, *How to Apply a Bond to Pay Fines, Costs, Etc.*, as issued by the Office of the Nebraska State Court Administrator, requires defendant and/or assignee signature authorization for assignment of bond deposit and/or proceeds to fines, costs, restitution, other judgments, etc. Lastly, good internal control requires county courts have adequate procedures in place to ensure statutory compliance.

The County Court did not consistently document assignments through Judge's journal entries or defendant's written documentation of their elections to assign their bond deposits or proceeds to fines and/or court costs. Two of three adjustments tested were bond assignments to fines and/or court costs which were not supported by written assignments from defendants or Judge's journal entries.

When bond assignments are not consistently documented in writing, there is an increased risk of defendants subsequently disputing such assignments.

We recommend the County Court implement procedures to ensure all assignments of defendant bond deposits or proceeds are consistently documented.



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### GRANT COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Grant County Court as of and for the fiscal years ended June 30, 2011, and June 30, 2010. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Grant County Court as of June 30, 2011, and June 30, 2010, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedules and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We performed our examination to express an opinion on whether the Schedules are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule 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 the finding, along with the views of management, is described in the Comments Section of the report.

This report is intended solely for the information and use of management, the Supreme Court, others within the County Court, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

January 18, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

**GRANT COUNTY COURT**  
**HYANNIS, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 924	\$ 9,661	\$ 8,622	\$ 1,963
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 36	\$ 1,583	\$ 1,400	\$ 219
Law Enforcement Fees	2	201	174	29
State Judges Retirement Fund	16	626	554	88
Court Administrative Fees	20	990	883	127
Legal Services Fees	16	714	613	117
Due to County Treasurer:				
Regular Fines	-	4,470	3,995	475
Regular Fees	-	90	89	1
Trust Fund Payable	834	987	914	907
Total Liabilities	<u>\$ 924</u>	<u>\$ 9,661</u>	<u>\$ 8,622</u>	<u>\$ 1,963</u>

The accompanying notes are an integral part of the schedule.

**GRANT COUNTY COURT**  
**HYANNIS, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and Deposits	\$ 1,870	\$ 12,169	\$ 13,115	\$ 924
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 100	\$ 2,193	\$ 2,257	\$ 36
Law Enforcement Fees	12	180	190	2
State Judges Retirement Fund	48	694	726	16
Court Administrative Fees	54	826	860	20
Legal Services Fees	52	734	770	16
Due to County Treasurer:				
Regular Fines	500	5,575	6,075	-
Regular Fees	-	209	209	-
Trust Fund Payable	1,104	1,758	2,028	834
Total Liabilities	\$ 1,870	\$ 12,169	\$ 13,115	\$ 924

The accompanying notes are an integral part of the schedule.



**GRANT COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Year Ended June 30, 2011, and June 30, 2010

**1. Criteria**

**A. Reporting Entity**

The Grant 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 Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The Schedules do 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 Grant County.

**B. Basis of Accounting**

The accounting records of the County Court Agency Funds are maintained, and the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions have 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. Likewise, disbursements are shown as deductions to assets and 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 2008). 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.