

**ATTESTATION REPORT
OF
SCOTTS BLUFF COUNTY COURT
JULY 1, 2011 THROUGH JUNE 30, 2013**

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Issued on April 24, 2014

SCOTTS BLUFF 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 Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2013	6
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2012	7
Notes to Financial Schedules	8

SCOTTS BLUFF COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Scotts Bluff County Court, we noted certain deficiencies and other operational matters that are presented here.

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. ***Monthly Report Review:*** The County Court did not review its case balances on an ongoing, timely basis to ensure disposition and/or resolution of such balances.

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 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.

SCOTTS BLUFF 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 the office of the County Court lacked a segregation of duties. Specifically, 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.

County Court's Response: The following procedures have been in place by Scotts Bluff County Court to insure proper segregation of duties: The accounting clerk never issues monetary receipts; the clerk magistrate and the assistant clerk review bank reconciliation completed by the accounting clerk; and the clerk magistrate and the assistant clerk alternate in balancing the cash drawers with the accounting clerk so the drawers are not always being counted by the same individual.

From this date forward: because the accounting clerk balances the cash drawers, she will no longer issue non-monetary receipts as well. This responsibility will be delegated to the assistant clerk or the clerk magistrate. The individual responsible for issuing non-monetary receipts will not be allowed to balance cash drawers.

2. Monthly Report Review

Good internal control requires the County Court to have procedures in place that provide an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report. In addition, sound accounting practices require procedures to be in place that ensure the complete, accurate, and timely posting of defendant payments to their respective cases.

During testing of 20 case balances for June 30, 2013, we noted 5 that did not have timely dispositions:

- Three traffic tickets were not applied to fees/fines for over two years.
- One closed case with a bond on file has not had any activity for over three years.
- One closed case with a bond on file has not had an attempt to return the bond since May 2013.

SCOTTS BLUFF COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Monthly Report Review (Concluded)

During testing of 20 case balances for June 30, 2012, we noted 4 that did not have timely dispositions:

- One traffic ticket was not applied to fees/fines for over two years.
- Two traffic tickets were not applied to fees/fines for over two months.
- One case with a bond on file for 14 years has not had follow-up activity to forfeit the bond.

When the County Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities that would not be detected and/or resolved in a timely manner.

We recommend the County Court perform an ongoing, detailed, and timely review of all monthly financial reports, including the Monthly Case Balance Report, to promptly identify and resolve unusual balances/receipts.

County Court's Response: These issues have been discussed with the individual employee responsible for reviewing the monthly case balance and measures have been taken to remedy the situation.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

SCOTTS BLUFF COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Scotts Bluff County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. 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 the Scotts Bluff County Court, as of June 30, 2013, and June 30, 2012, 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 are also required to obtain the views of management on those matters. 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 Schedules 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, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

April 3, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor

SCOTTS BLUFF COUNTY COURT
SCOTTS BLUFF, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash and Deposits	\$ 258,990	\$ 1,712,712	\$ 1,729,094	\$ 242,608
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 19,221	\$ 224,149	\$ 225,071	\$ 18,299
Law Enforcement Fees	1,864	18,204	18,765	1,303
State Judges Retirement Fund	7,202	65,324	68,303	4,223
Court Administrative Fees	10,628	119,164	121,207	8,585
Legal Services Fees	6,429	66,676	68,332	4,773
Due to County Treasurer:				
Regular Fines	26,940	405,063	400,111	31,892
Overload Fines	560	18,698	18,258	1,000
Regular Fees	1,447	26,038	24,555	2,930
Due to Municipalities:				
Regular Fines	5,204	51,270	50,658	5,816
Regular Fees	339	4,270	4,483	126
Trust Fund Payable	<u>179,156</u>	<u>713,856</u>	<u>729,351</u>	<u>163,661</u>
Total Liabilities	<u>\$ 258,990</u>	<u>\$ 1,712,712</u>	<u>\$ 1,729,094</u>	<u>\$ 242,608</u>

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF COUNTY COURT
SCOTTS BLUFF, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and Deposits	\$ 222,723	\$ 1,645,654	\$ 1,609,387	\$ 258,990
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 18,770	\$ 204,781	\$ 204,330	\$ 19,221
Law Enforcement Fees	1,245	16,543	15,924	1,864
State Judges Retirement Fund	4,566	62,418	59,782	7,202
Court Administrative Fees	7,979	111,015	108,366	10,628
Legal Services Fees	5,081	62,498	61,150	6,429
Due to County Treasurer:				
Regular Fines	27,148	320,746	320,954	26,940
Overload Fines	600	23,729	23,769	560
Regular Fees	1,749	21,644	21,946	1,447
Due to Municipalities:				
Regular Fines	4,342	46,802	45,940	5,204
Regular Fees	318	4,331	4,310	339
Trust Fund Payable	<u>150,925</u>	<u>771,147</u>	<u>742,916</u>	<u>179,156</u>
Total Liabilities	<u>\$ 222,723</u>	<u>\$ 1,645,654</u>	<u>\$ 1,609,387</u>	<u>\$ 258,990</u>

The accompanying notes are an integral part of the schedule.

SCOTTS BLUFF COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

1. **Criteria**

A. **Reporting Entity**

The Scotts Bluff 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, including 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 Scotts Bluff 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 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 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.