

**ATTESTATION REPORT
OF
GRANT COUNTY COURT**

JULY 1, 2013 THROUGH JUNE 30, 2015

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Issued on June 20, 2016

GRANT COUNTY COURT

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GRANT COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Grant 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. ***Timeliness of Deposits and Use of Emergency (Manual) Receipts:*** All receipts were not deposited to the bank in a timely manner, and manual receipts were not entered into the Judicial User System to Improve Court Efficiency (JUSTICE) timely. JUSTICE is an application used by the county and district courts to record all financial and case activity. Additionally, manual receipts were written using unauthorized emergency receipt books, and receipts were only written if requested.

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.

GRANT 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 included this comment in previous examinations. We consider this to be a material weakness.

The following errors were noted:

- Four non-case receipts, totaling \$642, did not have action taken in a timely manner to resolve the balance.

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.

Clerk Magistrate's Response: Grant County is a small court employing only myself. I am physically in Grant County on the second Tuesday afternoon each month. When I am not there, the County Clerk accepts the Grant County mail and forwards it to me once a week. She also accepts payments for any traffic citations. I am responsible for issuing all receipts, making the deposits, and monthly bank reconciliation. Proper segregation of duties will always be on the court's audit.

In an effort to address the segregation of duties concern, I make sure the deposits match the JUSTICE total, and of course, the financial institution balances the deposits. The State Court Administrator has designated several "extra duty specialists" to review all of the county court financial transactions on a monthly basis.

Regarding the four non-case receipts, each were paid out to other counties because the money was received by Internet Payment in the wrong court. 3 of the 4 were paid out in 3 months. In a previous audit, it was suggested by the State Auditor that the non-case receipts be reviewed at least by the 6th month. Consistency with the State Auditor's Office would be beneficial to the courts. Currently, I review the non-case receipts weekly to ensure that they are paid out in a timely manner.

GRANT COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Timeliness of Deposits and Use of Emergency (Manual) Receipts

The Grant County Court Clerk Magistrate is also the Clerk Magistrate for the Box Butte County Court. The Clerk Magistrate is scheduled at the Grant County Court only one day per month, while the remaining days she is located at the Box Butte County Court. For those days the Clerk Magistrate is not at the Grant County Court, arrangements have been made with the Grant County Clerk to mail checks received to the Box Butte County Court. Any cash received is held by the Grant County Clerk until the Grant County Court Clerk Magistrate arrives at the Grant County Court for the one scheduled court day per month. During our review of receipt transactions for Grant County Court, we noted the following:

JUSTICE Receipts

Two JUSTICE receipts tested, totaling \$128, were deposited 7 to 15 business days after receipt.

Emergency Manual Receipts

During our testing of manual receipts, we noted the following:

- Three manual receipts, totaling \$244 in cash, were not entered timely into the JUSTICE system, nor were they deposited in the bank timely. The following table reflects the date money was received, date receipts were entered into JUSTICE, and the date receipts were deposited in the bank:

<u>Receipt Number</u>	<u>Date of Receipt</u>	<u>Date Entered into JUSTICE</u>	<u>Date Deposited in Bank</u>
812902	June 12, 2014	July 8, 2014	July 11, 2014
812903	June 12, 2014	July 8, 2014	July 11, 2014
812904	Nov. 10, 2014	Dec. 9, 2014	Dec. 16, 2014

- As noted above, the Grant County Clerk's office receipts monies on behalf of the Grant County Court when the Court is closed; however, an authorized emergency receipt book issued by the State Court Administrator's office is not being used.
- Not all monies received by the County Clerk's office for Grant County Court is receipted in the receipt book. A manual receipt is written only when one is specifically requested by the individual making the payment.

A good internal control plan and sound accounting practices require the following: 1) all deposits to the bank be made in a timely manner; 2) authorized pre-numbered manual receipt books be used; 3) receipts be issued for all monies received; and 4) manual receipts be entered timely into JUSTICE. Furthermore, the State Court Administrator's Emergency Receipt Book states, "These receipts are provided by the State Court Administrator. They are the only receipts that are authorized for use and to be used only when your system is inoperable"

GRANT COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

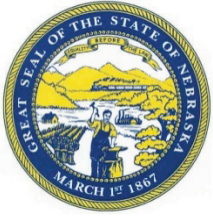
2. Timeliness of Deposits and Use of Emergency (Manual) Receipts (Concluded)

When deposits are not made in a timely manner, there is an increased risk of loss or misuse of funds. In addition, when emergency receipts are not entered timely into JUSTICE, authorized prenumbered receipt books are not used, and receipts are not written for all monies received, there is an increased risk of loss and/or misuse of funds.

We recommend the Grant County Clerk Magistrate work with the State Court Administrator to implement policies and procedures for the receipting and depositing of Court monies when the Court is closed. Those policies and procedures should include procedures to ensure receipts are entered into JUSTICE and deposited in the bank in a timely manner. In addition, we recommend only authorized manual receipt books be used and receipts be issued for all monies received.

Clerk Magistrate's Response: The arrangement of the Clerk Magistrate to have the County Clerk hold cash payments until a scheduled day in Grant County has been the acceptable practice for more than 16 years. During these 16+ years, the State Auditor has not made a recommendation that receipts issued by the County Clerk be from an authorized emergency receipt book issued by the Court Administrator's office, nor has the County Clerk been advised to issue a receipt for each cash or check payment received. Deposits have been made weekly for more than 16 years, which has also been an acceptable practice.

As of June 14, 2016, the Grant County Clerk is in possession of an authorized emergency receipt book which has been issued by the State Court Administrator's Office. The Grant County Clerk Magistrate will work with the State Court Administrator to implement policies and procedures for the receipting and depositing of the court's monies when the Grant County Court is closed.



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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 the Grant County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 Grant County Court, as of June 30, 2015, and June 30, 2014, 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 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.

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.

May 24, 2016



Don Dunlap, 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, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 8,523	\$ 11,870	\$ 18,569	\$ 1,824
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 302	\$ 2,019	\$ 2,238	\$ 83
Law Enforcement Fees	10	165	167	8
State Judges Retirement Fund	32	588	592	28
Court Administrative Fees	39	888	888	39
Legal Services Fees	35	569	570	34
Due to County Treasurer:				
Regular Fines	75	4,334	4,259	150
Overload Fines	-	75	75	-
Regular Fees	-	229	229	-
Trust Fund Payable	8,030	3,003	9,551	1,482
Total Liabilities	\$ 8,523	\$ 11,870	\$ 18,569	\$ 1,824

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, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Cash and Deposits	\$ 5,571	\$ 38,180	\$ 35,228	\$ 8,523
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 131	\$ 4,534	\$ 4,363	\$ 302
Law Enforcement Fees	19	256	265	10
State Judges Retirement Fund	50	861	879	32
Court Administrative Fees	450	1,049	1,460	39
Legal Services Fees	61	818	844	35
Due to County Treasurer:				
Regular Fines	550	9,001	9,476	75
Regular Fees	17	925	942	-
Trust Fund Payable	4,293	20,736	16,999	8,030
Total Liabilities	\$ 5,571	\$ 38,180	\$ 35,228	\$ 8,523

The accompanying notes are an integral part of the schedule.

GRANT COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

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, 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 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 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.