

**ATTESTATION REPORT
OF
DUNDY COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on June 15, 2017

DUNDY COUNTY COURT

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DUNDY COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Dundy 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 #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 take ongoing, timely action on its overdue balances to ensure collection and/or resolution of such balances.

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.

DUNDY 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 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: Dundy County Court realizes that authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated activities, we also realize the lack of personnel prohibiting us from having proper internal control structure design is based upon the size and caseload of Dundy County.

We know that it would be a financial hardship on the taxpayers of the State of Nebraska to add more personnel to Dundy County to alleviate this issue.

Financial specialist are monitoring the financial records of Dundy County remotely.

The one person staff makes a conscious effort to ensure all duties are completed accurately and in a timely manner.

2. Overdue Balances

Good internal control and sound business practices require the County Court to take ongoing, timely action to collect and/or resolve overdue balances.

During testing of five overdue balances, totaling \$733, subsequent action had not been taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of April 27, 2017, overdue balances, excluding restitution judgments, totaled \$3,309.

Without timely action of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up taken, or the balances may have been previously resolved and should no longer be reflected as being overdue.

DUNDY COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Overdue Balances (Concluded)

We recommend the County Court implement taking appropriate action on its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

County Court's Response: The cases referred to in the testing were individuals who had moved and the court had tried to obtain new addresses but had not reported that information on JUSTICE. Overdue balances were discussed with the County Judge and he directed that additional time be used to collect said balances. The court does want to collect all of the fines and costs as ordered. Waiving and/or claiming the fines and costs is the last resort. The cases were reviewed again and the fines and costs were waived and/or claimed by an Order of the Dundy County Judge. The court will be diligently reviewing the overdue case balance report in a timely matter.



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DUNDY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Dundy County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. The County Court's management is responsible for the Schedules based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedules 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 plan and perform the examination to obtain reasonable assurance about whether the Schedules are 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 Schedules of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material misstatement of the Schedules, 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.

In our opinion, the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015, are 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 findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, abuse that is 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 that 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.



June 12, 2017

Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

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

For the Period July 1, 2015, to December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 16,029	\$ 149,981	\$ 146,334	\$ 19,676
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,267	\$ 17,904	\$ 17,718	\$ 1,453
Law Enforcement Fees	123	1,806	1,860	69
State Judges Retirement Fund	417	7,491	7,576	332
Court Administrative Fees	533	8,473	8,772	234
Legal Services Fees	390	6,455	6,601	244
Due to County Treasurer:				
Regular Fines	3,390	39,629	41,929	1,090
Overload Fines	3,700	39,099	33,456	9,343
Regular Fees	170	875	1,045	-
Petty Cash Fund	-	30	-	30
Due to Municipalities:				
Regular Fines	20	25	45	-
Trust Fund Payable	6,019	28,194	27,332	6,881
Total Liabilities	\$ 16,029	\$ 149,981	\$ 146,334	\$ 19,676

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2015

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
ASSETS				
Cash and Deposits	\$ 15,687	\$ 100,674	\$ 100,332	\$ 16,029
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,245	\$ 12,883	\$ 12,861	\$ 1,267
Law Enforcement Fees	122	1,091	1,090	123
State Judges Retirement Fund	384	3,804	3,771	417
Court Administrative Fees	1,317	6,440	7,224	533
Legal Services Fees	430	3,751	3,791	390
Due to County Treasurer:				
Regular Fines	2,911	29,436	28,957	3,390
Overload Fines	100	15,752	12,152	3,700
Regular Fees	17	878	725	170
Due to Municipalities:				
Regular Fines	50	295	325	20
Trust Fund Payable	<u>9,111</u>	<u>26,344</u>	<u>29,436</u>	<u>6,019</u>
Total Liabilities	<u>\$ 15,687</u>	<u>\$ 100,674</u>	<u>\$ 100,332</u>	<u>\$ 16,029</u>

The accompanying notes are an integral part of the schedule.

DUNDY COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

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 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 Dundy 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 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 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.