

**ATTESTATION REPORT
OF
SIOUX COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2018

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Issued on May 28, 2019

SIoux COUNTY COURT

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SIoux COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Sioux County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is 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. ***Monthly Report Review:*** The Monthly Case Balance Report and the Non-Case Receipts Report were not reviewed; therefore, proper corrective action was not taken in order to resolve any issues noted.

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. Where no response has been included, the County Court declined to respond. 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.

SIoux 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 to 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. 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 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 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.

2. Monthly Report Review

The APA found the following issues related to the County Court's failure to properly review monthly financial reports, including the Monthly Case Balance Report and the Non-Case Receipts Report:

- One probate case incurred \$23 in costs on June 7, 2017, which were paid on June 9, 2017. However, the County Court failed to apply the receipt of the costs to the case in its system until February 7, 2019; therefore, the costs were shown as outstanding for approximately eight months when they had actually been paid.
- The County Court failed to resolve four case balances in a timely manner, as follows:
 - One case balance of \$144 for restitution was received on August 23, 2018; however, it was not forwarded to the plaintiff until February 7, 2019.
 - Another case balance of \$50 for restitution was received on October 1, 2018; however, it was not forwarded to the plaintiff until February 7, 2019.
 - The third case balance of \$75 for an overpayment was received on September 24, 2018; however, the County Court failed to refund the money until February 7, 2019.
 - The fourth case balance of \$6 for an overpayment was received on February 27, 2017; however, the County Court failed to refund the money until April 20, 2018.
- There are times when the County Court receives funds prior to a case filing or for cases that are never filed. These are considered non-case receipts. The County Court held a \$99 non-case receipt from November 14, 2018, until April 3, 2019.

SIoux COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Monthly Report Review (Concluded)

Good internal control requires the County Court to have procedures for an ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and the Non-Case Receipts Report to ensure the proper resolution of outstanding balances on hand.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report and the Non-Case Receipts Report, and resolve any unattached and/or unusual balances in a complete, accurate, and timely manner.

Clerk Magistrate's Response: I am the Clerk Magistrate of both the Sioux and Dawes County Courts. The case-load of the Dawes County Court is substantially greater than the minimal number of cases handled annually in the Sioux County Court. The majority of my time is spent on handling Dawes County court cases and supervising two other court staff. Even though I receive monthly Case Balance Reports and Non-Case Receipts Reports for the Sioux County Court cases, I have occasionally, as reflected in this audit, failed to timely process case balances as required. I appreciate having this issue brought to my attention and will be more diligent in reviewing the monthly reports and resolving the case balances more promptly.



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SIoux COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Sioux County Court
Harrison, Nebraska 69346

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Sioux County Court as of and for the calendar years ending December 31, 2017, and December 31, 2018. 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 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 an 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 calendar years ending December 31, 2017, and December 31, 2018, 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 all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. 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 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.

The purpose of this report is to express an opinion on the Schedules 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.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

May 24, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
ASSETS				
Cash and Deposits	\$ 1,528	\$ 29,284	\$ 29,077	\$ 1,735
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 141	\$ 3,124	\$ 3,088	\$ 177
Law Enforcement Fees	17	245	232	30
State Judges Retirement Fund	70	1,207	1,137	140
Court Administrative Fees	68	1,326	1,277	117
Legal Services Fees	70	1,001	951	120
Due to County Treasurer:				
Regular Fines	499	6,375	6,224	650
Overload Fines	-	275	275	-
Regular Fees	-	75	75	-
Trust Fund Payable	663	15,656	15,818	501
Total Liabilities	\$ 1,528	\$ 29,284	\$ 29,077	\$ 1,735

The accompanying notes are an integral part of the schedule.

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

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 2,869	\$ 17,442	\$ 18,783	\$ 1,528
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 294	\$ 3,645	\$ 3,798	\$ 141
Law Enforcement Fees	32	249	264	17
State Judges Retirement Fund	130	1,175	1,235	70
Court Administrative Fees	117	1,058	1,107	68
Legal Services Fees	121	1,010	1,061	70
Due to County Treasurer:				
Regular Fines	700	7,075	7,276	499
Overload Fines	-	25	25	-
Regular Fees	-	194	194	-
Trust Fund Payable	1,475	3,011	3,823	663
Total Liabilities	\$ 2,869	\$ 17,442	\$ 18,783	\$ 1,528

The accompanying notes are an integral part of the schedule.

SIOUX COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Calendar Years Ending December 31, 2017, and December 31, 2018

1. Criteria

A. Reporting Entity

The Sioux 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 Sioux 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 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.