

**ATTESTATION REPORT
OF
LOGAN COUNTY COURT**

JULY 1, 2012 THROUGH JUNE 30, 2014

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Issued on May 12, 2015

LOGAN COUNTY COURT

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LOGAN COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Logan 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. ***Erroneous Suspension:*** The County Court did not have procedures in place to ensure the complete and accurate posting of payment to the correct case.

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.

LOGAN 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.

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 Logan County Court is a one person Court and there is not an adequate process available at this time to provide another person to conduct or review (on a daily basis) the financial transactions of the Court.

There is a good likelihood that with the creation of Extra Duty Specialists and access to the Court's financial documents on-line that the next time the Court is audited the separation of duties will not be an issue.

2. Erroneous Suspension

Sound accounting practices require procedures to be in place to ensure the complete, accurate, and timely posting of defendant payments to their respective cases.

During testing, it was noted that one traffic case balance tested, in the amount of \$248, had been paid in full but applied to the incorrect case by the County Court, subsequently resulting in the erroneous suspension of the defendant's license.

Without adequate controls in place to ensure the complete, accurate, and timely posting of defendant payments to their respective cases, there is an increased risk of errors, omissions, and/or irregularities not being detected and/or resolved in a timely manner.

We recommend the County Court implement procedures to ensure the complete, accurate, and timely posting of defendant payments to their respective cases.

LOGAN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Erroneous Suspension** (Concluded)

County Court's Response: There are no reports nor is there a process that allows the Court to identify cases in which the money is credited to the wrong case. Obviously this occurred due to inattention of the clerk posting the payment. Once posted, it would be nearly impossible for the clerk to know the error occurred until the defendant contacts the court asking why they received a notice of suspension.

In this instance the original receipt was posted on August 3, 2012, to the wrong case but was identified and corrected on September 14, 2012. The Auditor states that the defendant's license was suspended; however, it's more likely, given the short time frame, that the defendant received a Notice of Suspension from the DMV and not an actual Suspension. It actually takes approximately 45 days for a suspension to actually occur.

I am not minimizing the seriousness of the error; obviously we need to be more attentive when processing cases, especially when receipting monies.



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LOGAN COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Logan County Court as of and for the fiscal years ended June 30, 2014, and June 30, 2013. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

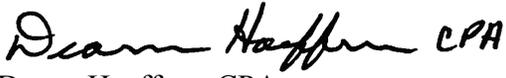
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, 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 Logan County Court, as of June 30, 2014, and June 30, 2013, 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 4, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor

LOGAN COUNTY COURT
STAPLETON, 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	\$ 6,141	\$ 63,367	\$ 60,493	\$ 9,015
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 662	\$ 8,831	\$ 8,657	\$ 836
Law Enforcement Fees	98	995	1,012	81
State Judges Retirement Fund	276	2,936	2,963	249
Court Administrative Fees	694	4,249	4,639	304
Legal Services Fees	317	3,220	3,261	276
Due to County Treasurer:				
Regular Fines	2,668	22,819	24,202	1,285
Overload Fines	-	400	400	-
Regular Fees	2	177	162	17
Trust Fund Payable	1,424	19,740	15,197	5,967
Total Liabilities	<u>\$ 6,141</u>	<u>\$ 63,367</u>	<u>\$ 60,493</u>	<u>\$ 9,015</u>

The accompanying notes are an integral part of the schedule.

LOGAN COUNTY COURT
STAPLETON, 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	\$ 5,804	\$ 47,954	\$ 47,617	\$ 6,141
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 416	\$ 6,450	\$ 6,204	\$ 662
Law Enforcement Fees	66	954	922	98
State Judges Retirement Fund	170	2,811	2,705	276
Court Administrative Fees	307	4,266	3,879	694
Legal Services Fees	201	3,091	2,975	317
Due to County Treasurer:				
Regular Fines	1,865	23,553	22,750	2,668
Overload Fines	325	750	1,075	-
Regular Fees	17	810	825	2
Trust Fund Payable	2,437	5,269	6,282	1,424
Total Liabilities	<u>\$ 5,804</u>	<u>\$ 47,954</u>	<u>\$ 47,617</u>	<u>\$ 6,141</u>

The accompanying notes are an integral part of the schedule.

LOGAN COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2014, and June 30, 2013

1. Criteria

A. Reporting Entity

The Logan 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 Logan 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.