

**ATTESTATION REPORT
OF
PLATTE COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on May 23, 2017

PLATTE COUNTY COURT

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PLATTE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Platte 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. ***Petty Cash/Change Fund:*** The County Court change fund was not properly approved and noted in the County Budget Message.

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.

PLATTE 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.

The following errors were noted:

- Access to signature stamps is not limited to the individual whose name is on the stamp.
- One \$500 supersedeas bond was not paid out in a timely manner upon mandate being received.

We recommend the County Court and the Nebraska State Court Administrator review these situations. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

County Court's Response: In our court, each clerk is responsible for their own cash drawer and they balance it daily. After the Clerk has balanced their drawer, a co-worker will also count their deposit, verifying that it is correct and then initial the "Daily Balance by Cash Drawer" document for that individual.

On the following morning, the Clerk Magistrate will take all monies and prepare the deposit. Please note that the Clerk Magistrate does not issue any receipts, unless an emergency presents itself. In the Clerk Magistrate's absence, another staff person who has no responsibility to write checks or balance the end of the month bank statements will prepare the deposit. The deposit is then taken to the bank by another staff person and each deposit is noted in a bank book and initialed by the bank personnel.

Regarding the end of the month balancing, this is currently shared by three staff who trade off the task. So one individual does not clear checks and balance the bank account every month, it rotates thru the three employees.

The Clerk Magistrate is the only one to sign the checks upon looking them over, as they are prepared by one of two staff who trade off the responsibility. So one person will prepare the checks and only the Clerk Magistrate can sign. The last check and balance to the system is that the court has an assigned, unbiased Financial Specialist who monitors our financial records.

PLATTE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

1. Segregation of Duties (Concluded)

Access to signature stamps was also noted as a concern. We do have a Judge's signature stamp that is used in our office for limited purposes. These functions were set out by Judge Frank Skorupa and provided to the AOC on Nebraska State Court Form AD2:02 on October 11, 2016. This is still our Court's policy.

The notation regarding the \$500.00 supersedeas bond was a situation where the regular Civil clerk was on vacation when the Mandate was filed, the clerk handling the filing did not realize a Bond was connected to the case. The Civil clerk was watching the Overdue Bond Report, but was unaware the Mandate was filed, she was assuming that since she had not seen it, that it was still under appeal. Also, when the appealing party did not request the return of the Bond, it was overlooked. The Bond was returned immediately when brought to our attention and education was conducted with the clerk who initially handled the Mandate.

2. Petty Cash/Change Fund

During testing, it was noted that the County Court holds \$200 received from the County for making change in each cash drawer.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Despite the above statutory requirement, the County Court's change fund was neither formally established by the County Board nor reported in the County budget document.

When the County's petty cash funds are not properly authorized by the County Board and disclosed in the budget message of the County budget document, the County is not in compliance with State statute.

We recommend the County Court work with the County Board to have its change fund properly approved and reported in the County Budget Message.

County Court's Response: The initial cash funds were held here in the office prior to my appointment in 1994. Then in 2003 they were entered into JUSTICE and accounted for in the computer system. In 2014, we added two cash drawers because of two new staff in our front office. This amount of \$40.00 was received thru a claim to the County Board, which the Board approved at that time.

I was unaware a "Resolution" was required, but I have now secured one from the County Board. The monies held by each clerk have always been reported to the State Auditor and have shown monthly on our "Holding Account Report."



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PLATTE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Platte 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 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 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.

May 18, 2017



Craig Kubicek, CPA, CFE
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Lincoln, Nebraska

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

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 148,960	\$ 1,433,465	\$ 1,445,069	\$ 137,356
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,540	\$ 189,170	\$ 188,561	\$ 12,149
Law Enforcement Fees	834	13,835	14,088	581
State Judges Retirement Fund	2,883	59,570	59,682	2,771
Court Administrative Fees	4,965	103,357	103,777	4,545
Legal Services Fees	3,007	52,869	53,218	2,658
Due to County Treasurer:				
Regular Fines	19,149	300,154	307,791	11,512
Overload Fines	500	9,450	9,875	75
Regular Fees	3,403	38,148	40,498	1,053
Petty Cash Fund	200	-	-	200
Due to Municipalities:				
Regular Fines	1,625	33,401	33,775	1,251
Regular Fees	600	13,142	13,283	459
Trust Fund Payable	100,254	620,369	620,521	100,102
Total Liabilities	\$ 148,960	\$ 1,433,465	\$ 1,445,069	\$ 137,356

The accompanying notes are an integral part of the schedule.

PLATTE COUNTY COURT
COLUMBUS, 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	\$ 136,071	\$ 996,937	\$ 984,048	\$ 148,960
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,516	\$ 142,235	\$ 142,211	\$ 11,540
Law Enforcement Fees	1,104	10,560	10,830	834
State Judges Retirement Fund	3,532	37,346	37,995	2,883
Court Administrative Fees	6,371	74,120	75,526	4,965
Legal Services Fees	3,904	39,232	40,129	3,007
Due to County Treasurer:				
Regular Fines	23,859	240,611	245,321	19,149
Overload Fines	1,150	6,425	7,075	500
Regular Fees	5,145	24,174	25,916	3,403
Petty Cash Fund	-	200	-	200
Due to Municipalities:				
Regular Fines	3,260	23,655	25,290	1,625
Regular Fees	-	10,438	9,838	600
Trust Fund Payable	76,230	387,941	363,917	100,254
Total Liabilities	<u>\$ 136,071</u>	<u>\$ 996,937</u>	<u>\$ 984,048</u>	<u>\$ 148,960</u>

The accompanying notes are an integral part of the schedule.

PLATTE 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 Platte 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 Platte 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.