

**ATTESTATION REPORT
OF
SARPY COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2016

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on May 8, 2017

SARPY COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1 - 2
<u>Financial Section</u>	
Independent Accountant's Report	3 - 4
Financial Schedule:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Period July 1, 2015, to December 31, 2016	5
Notes to Financial Schedule	6

SARPY COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Sarpy County Court, we noted a certain deficiency and other operational matters that are presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

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 had a lack of segregation of duties, as 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 noted this comment in previous examinations. We consider this to be a material weakness.

A lack of segregation of duties was indicated by the following errors:

- Access to signature stamps was not limited to the individual whose name is on the stamp. The Court removed this access in April 2016, after the fiscal year 2015 examination.
- The Court made no attempt to refund a \$50 overpayment received on a traffic case.
- One of 15 overdue case balances tested, totaling \$83, did not have appropriate follow-up procedures performed to collect the amount owed.
- The Court receipted \$20,000 twice in error. The duplicate receipt was entered on December 19, 2016, and was not corrected until January 4, 2017.

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:

- *Access to signature stamp: We have discontinued the use of signature stamps and the Judges are signing all documents. This was started in March of 2016 which falls within the time frame of this audit. This has since been taken care of.*

SARPY COUNTY COURT

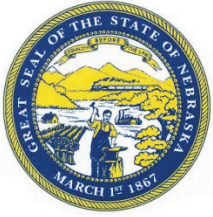
COMMENT AND RECOMMENDATION

(Concluded)

- \$50.00 overpayment: *This was moved into the unclaimed property instead of being actively returned to the defendant. I have done more training and this is not our practice and should not happen again.*
- \$83.00 follow-up: *This file was on a defendant who was in the Nebraska Department of Corrections with a projected release date of 7-20-2020, a note was on the ROA for a reminder for my staff. He received a discretionary parole on 11-18-2016 and we had not checked on it. We did send him a notice and did receive payment, so it has been taken care of.*
- Receipting \$20,000 twice in error: *My office received a bond via wire transfer and the communication between the accounting clerk and the clerk that receives the bond was unclear, they had both done a noncase receipt for the amount and it was not caught until month end balancing was taking place. This happened to take place at year end. Also there is no report to stop such an error until you try to balance at the end of the month. Training has been done to ensure this will not happen again.*

It should be noted this report is critical in nature, as it contains only our comment and recommendation on the area 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 comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

SARPY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Sarpy County Court as of and for the period July 1, 2015, to December 31, 2016. The County Court's management is responsible for the Schedule based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule 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 Schedule is 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 Schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Sarpy County Court as of and for the period July 1, 2015 to December 31, 2016 is 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, and abuse that are material to the Schedule 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 Schedule is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule 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 the finding, along with the views of management, is described in the Comment 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, 2017


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

SARPY COUNTY COURT
PAPILLION, 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	\$ 1,282,174	\$ 5,708,090	\$ 6,205,704	\$ 784,560
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 39,594	\$ 696,054	\$ 691,568	\$ 44,080
Law Enforcement Fees	3,480	60,328	60,354	3,454
State Judges Retirement Fund	11,707	247,619	245,127	14,199
Court Administrative Fees	22,258	407,308	407,212	22,354
Legal Services Fees	12,451	222,794	221,684	13,561
Due to County Treasurer:				
Regular Fines	80,218	1,337,778	1,342,815	75,181
Overload Fines	1,775	62,975	57,300	7,450
Regular Fees	11,301	170,797	172,721	9,377
Petty Cash Fund	200	-	-	200
Due to Municipalities:				
Regular Fines	525	8,405	8,080	850
Regular Fees	-	-	-	-
Trust Fund Payable	1,098,665	2,494,032	2,998,843	593,854
Total Liabilities	\$ 1,282,174	\$ 5,708,090	\$ 6,205,704	\$ 784,560

The accompanying notes are an integral part of the schedule.

SARPY COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Period Ended December 31, 2016

1. Criteria

A. Reporting Entity

The Sarpy 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 Schedule 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 Schedule does 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 Sarpy County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Schedule 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.