

**ATTESTATION REPORT
OF
DOUGLAS COUNTY COURT**

JANUARY 1, 2017, THROUGH DECEMBER 31, 2017

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Issued on April 23, 2018

DOUGLAS COUNTY COURT

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DOUGLAS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Douglas 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. **Monthly Case Balance Review:** Adequate documentation was not on file to support the review of case balances, with corrective action taken when necessary, to resolve issues.
2. **Overdue Balances:** The County Court did not review its overdue balances on an ongoing, timely basis 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.

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Monthly Case Balance Review

For 8 of 30 case balances tested, we noted that outstanding warrants existed on the case; however, the warrants were issued over five years prior, and no documentation was available to support the review of these cases since the issuance.

Good internal control requires procedures for an ongoing, detailed review of monthly financial reports, including appropriate documentation to support such review.

Without these procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the County Court implement procedures for an ongoing, detailed review of all monthly financial reports, resolving any unattached and/or unusual balances in a complete, accurate, and timely manner. The review and resolution of these balances should be appropriately documented by the County Court.

County Court's Response: The court does not disagree with the findings. For clarification, the onsite observations made by the auditing team made reference to bonds that were posted, a client failed to appear, a warrant was issued, yet the bond was not forfeited. While the bond money was still held in an interest bearing account, the court does recognize the importance of forfeiting the bonds in a more timely manner. Upon receiving the information regarding this observation, the Judicial Administrator has met with all of the Judges (individually) and all of the cases have been reviewed and bonds forfeited. Many of the cases were from retired Judges, that the incoming Judge was unaware of. The court will continue to work this matter monthly, with status requests to the Judges quarterly.

2. Overdue Balances

During testing of 30 overdue balances, 16, totaling \$4,401, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances. As of April 25, 2017, overdue balances, excluding restitution judgments, totaled \$2,161,072. As of April 7, 2018, overdue balances, excluding restitution judgments, totaled \$2,025,151, a decrease of \$135,921 or 6%.

Good internal control and sound business practices require procedures for an ongoing, timely review of the Overdue Case Account reports to determine what action should be taken to collect or otherwise resolve overdue balances.

Without such procedures, there is an increased risk that overdue balances may either not have proper follow-up action taken or have been previously resolved and should no longer be designated as overdue. A similar comment was included in prior reports.

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Overdue Balances (Concluded)

We recommend the County Court implement procedures for an ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

County Court's Response: The court does not disagree with the report's note, "During testing of 30 overdue balances, 16, totaling \$4,401, did not have subsequent action taken by the County Court, such as the issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances." A review of the cases provided by the audit team revealed that the cases identified consisted of time pay agreements that were issued by Judges, no longer with the court. However, because of the status of the case, JUSTICE shows "No Judge Assigned", thus the cases were not being closely monitored, compared to others that are assigned to a Judge. The court has submitted a query request to the Business Analysts to obtain an all-inclusive list of aged cases that show "No Judge Assigned". This will provide a valuable tool to thoroughly address this area, starting with the cases where "No Judge Assigned" is designated.

The court is committed to continuing its positive efforts in addressing items identified by the annual audits. An example of these positive efforts is represented by the report's comment, "As of April 25, 2017, overdue balances, excluding restitution judgments, totaled \$2,161,072. As of April 7, 2018, overdue balances, excluding restitution judgments, totaled \$2,025,151, a decrease of \$135,921 or 6%." This observation follows the 2017 audit comment, "As of April 25, 2017, overdue balances, excluding restitution judgments, totaled \$2,161,072, a decrease of \$95,008 or 4%. We have noted this issue in previous examinations." The court embraces the observations and are committed to continued improvement on our position and processes. (Emphasis added by author.)



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DOUGLAS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Douglas County Court
Omaha, Nebraska 68183

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Douglas County Court as of and for the period January 1, 2017, to December 31, 2017. 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 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 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 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 for the period January 1, 2017, to December 31, 2017, 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 no findings that are required to be reported under *Government Auditing Standards*.

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.

April 20, 2018



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

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

For the Fiscal Year Ended December 31, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2017</u>
ASSETS				
Cash and Deposits	\$ 1,872,958	\$ 24,908,854	\$ 23,527,091	\$ 3,254,721
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 48,288	\$ 2,045,949	\$ 2,018,667	\$ 75,570
Law Enforcement Fees	6,030	192,029	195,564	2,495
State Judges Retirement Fund	27,609	877,586	892,599	12,596
Court Administrative Fees	33,622	1,083,444	1,100,302	16,764
Legal Services Fees	19,515	745,603	754,791	10,327
Due to County Treasurer:				
Regular Fines	52,985	3,191,781	3,195,063	49,703
Overload Fines	2,350	64,718	64,393	2,675
Regular Fees	2,516	232,145	232,826	1,835
Petty Cash Fund	3,535	-	-	3,535
Due to Municipalities:				
Regular Fines	12,061	816,071	817,034	11,098
Regular Fees	7,920	129,774	128,747	8,947
Trust Fund Payable	<u>1,656,527</u>	<u>15,529,754</u>	<u>14,127,105</u>	<u>3,059,176</u>
Total Liabilities	<u>\$ 1,872,958</u>	<u>\$ 24,908,854</u>	<u>\$ 23,527,091</u>	<u>\$ 3,254,721</u>

The accompanying notes are an integral part of the schedule.

DOUGLAS COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Period Ended December 31, 2017

1. Criteria

A. Reporting Entity

The Douglas 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 Douglas 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.