

**ATTESTATION REPORT
OF
POLK COUNTY COURT
JULY 1, 2011 THROUGH JUNE 30, 2013**

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Issued on May 30, 2014

POLK COUNTY COURT

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POLK COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Polk 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. ***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.
3. ***Non-Monetary Receipt Documentation:*** Non-monetary receipts issued by the County Court lacked complete, accurate, and/or appropriate supporting documentation.

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. The County Court declined to respond.

POLK 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.

2. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

During testing of seven overdue balances, six, totaling \$908, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of May 10, 2014, overdue balances, excluding restitution judgments, totaled \$12,383.

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken or may have been previously resolved and should no longer be reflected as being overdue.

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

POLK COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. **Non-Monetary Receipt Documentation**

A good internal control plan requires consistent and adequate documentation of all issued receipts, including non-monetary receipts. Furthermore, sound accounting practices require all such receipts to be complete, accurate, and appropriate.

Two of 10 non-monetary receipts tested, totaling \$2,094, were not consistently documented. In one instance, the County Court had not obtained documentation to support a \$32 jail credit issued by the Court. In the second instance, the County Court had not obtained documentation to support the victim had received restitution paid in full by the defendant's insurance company.

When non-monetary receipts are not consistently documented and/or appropriate for the case, there is an increased risk of error.

We recommend the County Court implement procedures to ensure all receipts, including non-monetary receipts, are completely, accurately, and appropriately supported.



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POLK COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Polk County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

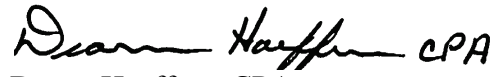
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, 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 Polk County Court, as of June 30, 2013, and June 30, 2012, 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 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 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 15, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor

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

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and Deposits	\$ 140,905	\$ 90,183	\$ 219,709	\$ 11,379
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,208	\$ 16,720	\$ 16,808	\$ 1,120
Law Enforcement Fees	110	1,172	1,210	72
State Judges Retirement Fund	383	4,713	4,757	339
Court Administrative Fees	784	10,360	10,200	944
Legal Services Fees	419	4,988	5,047	360
 Due to County Treasurer:				
Regular Fines	3,710	25,671	28,383	998
Overload Fines	225	1,075	1,300	-
Regular Fees	427	1,477	1,900	4
Petty Cash Fund	-	60	-	60
 Due to Municipalities:				
Regular Fines	-	175	175	-
Trust Fund Payable	133,639	23,772	149,929	7,482
Total Liabilities	\$ 140,905	\$ 90,183	\$ 219,709	\$ 11,379

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and Deposits	\$ 16,721	\$ 257,496	\$ 133,312	\$ 140,905
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,541	\$ 20,893	\$ 21,226	\$ 1,208
Law Enforcement Fees	104	1,440	1,434	110
State Judges Retirement Fund	388	5,722	5,727	383
Court Administrative Fees	857	14,560	14,633	784
Legal Services Fees	446	5,610	5,637	419
 Due to County Treasurer:				
Regular Fines	3,107	43,501	42,898	3,710
Overload Fines	325	1,650	1,750	225
Regular Fees	421	4,811	4,805	427
 Due to Municipalities:				
Regular Fines	-	120	120	-
Trust Fund Payable	9,532	159,189	35,082	133,639
Total Liabilities	\$ 16,721	\$ 257,496	\$ 133,312	\$ 140,905

The accompanying notes are an integral part of the schedule.

POLK COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

1. Criteria

A. Reporting Entity

The Polk 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 Polk 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.