

**ATTESTATION REPORT
OF
SALINE COUNTY COURT**

JULY 1, 2015, THROUGH DECEMBER 31, 2017

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Issued on May 30, 2018

SALINE COUNTY COURT

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SALINE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Saline County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is 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. ***Monthly Case Balance Review:*** The Monthly Case Balance Report was not reviewed, with corrective action being taken, when necessary, to resolve issues.

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.

SALINE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

We noted that the office of the County Court lacked a sufficient 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.

Additionally, we noted that access to signature stamps is not limited to the individual whose name is on the stamp. We have included this comment in previous examinations.

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and to 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 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 Saline County Court makes every effort to accomplish segregations of duties. With a staffing of 2.6 employees complete segregation of duties is unfortunately not possible. However, through a rotation of balancing, depositing, end of month reconciliation, and oversight by Financial Extra Duties Specialists every possible effort is made.

2. Monthly Case Balance Review

During the audit, the following was noted:

- One civil case was satisfied in November 2016; however, funds totaling \$492 were not returned until February 2017.
- For one criminal case, an overpayment of \$25 was received in April 2015; however, it was still being held at the time of the present audit fieldwork in May 2018.

Good internal control requires procedures for an ongoing, detailed review of monthly financial reports, as well as appropriate and timely action taken to resolve any unattached and/or unusual balances found.

Without such 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.

SALINE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Monthly Case Balance Review** (Concluded)

County Court's Response: Regarding the Civil case satisfied in 11/16 and funds not released until 02/17. When funds are received through an Electronic Payment, as these were, the JUSTICE system auto-generates the date in which funds may be dispersed. These funds/dates are reviewed by the Court each Wednesday throughout the month and released as appropriate.

Regarding the \$25 overpayment received in April of 2015 and not released until recently. These amounts are reviewed by the Court on a monthly basis through a report called the "Report of Non-Case Receipts." In this instance, the Court believed that these amounts had been adjusted to be paid out to the Unclaimed Property division based on the date and age of the receipt. This single occurrence has since been corrected.



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SALINE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Saline County Court
Wilber, Nebraska 68465

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Saline County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending December 31, 2017. 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 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, 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 24, 2018



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

SALINE COUNTY COURT
WILBER, 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	\$ 201,020	\$ 618,645	\$ 764,970	\$ 54,695
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,092	\$ 87,215	\$ 88,065	\$ 4,242
Law Enforcement Fees	422	6,891	6,951	362
State Judges Retirement Fund	1,763	30,159	30,380	1,542
Court Administrative Fees	2,483	53,444	53,995	1,932
Legal Services Fees	1,542	25,767	25,803	1,506
Due to County Treasurer:				
Regular Fines	8,996	197,767	195,573	11,190
Overload Fines	1,000	7,475	8,450	25
Regular Fees	351	29,589	29,457	483
Petty Cash Fund	200	-	-	200
Due to Municipalities:				
Regular Fines	300	5,215	5,465	50
Regular Fees	-	66	66	-
Trust Fund Payable	178,871	175,057	320,765	33,163
Total Liabilities	\$ 201,020	\$ 618,645	\$ 764,970	\$ 54,695

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 54,695	\$ 457,403	\$ 444,242	\$ 67,856
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,242	\$ 65,023	\$ 64,074	\$ 5,191
Law Enforcement Fees	362	5,381	5,384	359
State Judges Retirement Fund	1,542	24,179	23,866	1,855
Court Administrative Fees	1,932	34,337	33,914	2,355
Legal Services Fees	1,506	21,388	21,447	1,447
Due to County Treasurer:				
Regular Fines	11,190	160,361	160,031	11,520
Overload Fines	25	1,425	1,375	75
Regular Fees	483	18,571	17,615	1,439
Petty Cash Fund	200	100	-	300
Due to Municipalities:				
Regular Fines	50	1,460	1,510	-
Regular Fees	-	-	-	-
Trust Fund Payable	33,163	125,178	115,026	43,315
Total Liabilities	\$ 54,695	\$ 457,403	\$ 444,242	\$ 67,856

The accompanying notes are an integral part of the schedule.

SALINE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended December 31, 2017

1. Criteria

A. Reporting Entity

The Saline 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 Saline 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.