

**ATTESTATION REPORT
OF
SARPY COUNTY COURT**

JANUARY 1, 2020, THROUGH DECEMBER 31, 2020

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Issued on May 12, 2021

SARPY COUNTY COURT

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SARPY COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Sarpy 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. ***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.

SARPY 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 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 may not be possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge.

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: Authorizations have been adjusted in JUSTICE so that the Judicial Administrator can review reports that a member of the management team needs to be reviewing.

2. Overdue Balances

Good internal control and sound business practices require the Overdue Case Account reports of the County Court to be reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect and/or resolve the overdue balances reflected therein. Additionally, good internal control and sound business practices require procedures to ensure that the balances owed to the County Court are correct.

During testing of 15 overdue balances, two balances, totaling \$1,074, lacked subsequent action by the County Court, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of those balances. As of February 26, 2021, overdue balances, excluding restitution judgments, totaled \$180,841. Additionally, during testing, one balance tested was incorrect. The balance included \$21 to reimburse the County for waivable fees, but the County had paid only \$17.

Without a regular review of the Overdue Case Account reports, there is an increased risk that overdue balances listed therein may either not have proper follow-up action taken or have been previously resolved and should no longer be shown as overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of the overdue balances listed therein. Additionally, we recommend the County Court strengthen procedures to ensure amounts recorded as due to the County Court are correct.

County Court's Response: Overdue case balance report is reviewed timely by the office accounting clerk and by the Judicial Administrator.

- a. *\$774 was on the overdue case balance report, we were waiting on the Probation office to file the termination paperwork to close out the case. Probation was reminded again that we needed this paperwork and it did get filed and the balance was taken care of.*
- b. *\$300 in liquidated damages was outstanding on the case balance report since 2012. A Judges order dated 5-8-2012 states "Liquidated damages to be forced in civil proceedings". Presiding Judge Wester does not believe that Neb Rev. Stat. 37-613, applies in this case.*

SARPY COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Overdue Balances** (Concluded)

c. \$21.00 was entered incorrectly and was adjusted to \$17.00

APA Response: The case balance for \$300 of liquidated damages arose from a conviction under Neb. Rev. Stat. § 37-613 (Cum. Supp. 2020). Subsection (3) of that statute says, in relevant part, the following:

In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise.



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SARPY COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Sarpy County Court
Papillion, Nebraska 68046

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 calendar year ending December 31, 2020. 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 calendar year ending December 31, 2020, 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 all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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.

The purpose of this report is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

May 7, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2020

	Balance January 1, 2020	Additions	Deductions	Balance December 31, 2020
ASSETS				
Cash and Deposits	\$ 591,277	\$ 3,078,196	\$ 3,000,581	\$ 668,892
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 34,499	\$ 318,391	\$ 321,048	\$ 31,842
Law Enforcement Fees	3,191	30,355	30,708	2,838
State Judges Retirement Fund	16,641	161,965	163,624	14,982
Court Administrative Fees	20,205	206,182	209,703	16,684
Legal Services Fees	13,213	130,122	131,227	12,108
Due to County Treasurer:				
Regular Fines	60,083	617,980	618,819	59,244
Overload Fines	4,976	35,999	39,626	1,349
Regular Fees	6,947	72,959	71,477	8,429
Petty Cash Fund	200	-	-	200
Municipality Fines	300	8,583	8,243	640
Trust Fund Payable	431,022	1,495,660	1,406,106	520,576
Total Liabilities	\$ 591,277	\$ 3,078,196	\$ 3,000,581	\$ 668,892

The accompanying notes are an integral part of the schedule.

SARPY COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Year Ending December 31, 2020

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 or collected. 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 2018) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.