

**ATTESTATION REPORT
OF
DOUGLAS COUNTY COURT**

JANUARY 1, 2021, THROUGH DECEMBER 31, 2021

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Issued on September 13, 2022

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DOUGLAS COUNTY COURT

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DOUGLAS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Douglas 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 significant deficiency.

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 Balances:*** Six case balances, totaling \$7,575, did not have documentation to support that follow-up was performed.
3. ***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. 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. Additionally, staff could create and issue orders affixed with the Judge's signature in the JUSTICE (Judicial User System to Improve Court Efficiency) application without formal documentation to support that the Judge approved the order. That same staff had access to court receipts and were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE. We further noted that Douglas County Court access had been given to two other Clerk Magistrates who were not employees of the County Court.

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 have noted this comment in previous examinations.

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. We also recommend the Supreme Court implement procedures to ensure that each Judge's approval of orders is formally documented.

County Court's Response: During the exit meeting, the court was not informed of which Clerk Magistrates have access to Douglas County Court. There are Clerk Magistrates who are Extra Duty Specialists who, through their responsibilities, have access to other courts. In a follow-up discussion, the Clerk Magistrates were identified. The two CMs that were given access to Douglas County were CMs who physically traveled to Douglas County to fill our 50% shortage of bailiffs. The CMs performed bailiff duties in the courtroom. This access was reasonable, and the court does not concur with this as a published finding.

During the exit findings reference was made regarding the ability to apply a Judge's signature to an Order. The court tried to explain DOCKET (the courtroom software used) and the details regarding that.

The Administrative Office of the Courts and Probation (AOC) understands that there is a risk related to the ability of someone other than the judge applying the judge's signature to an order within the DOCKET subsystem of JUSTICE, the court's case management system. This level of access is granted only to employees who work directly with the judges in and outside of the courtroom and only with the judge's approval and oversight. This electronic signature process is put into place to digitize and streamline the court process. The AOC has determined no further action will be taken at this time, based on an evaluation of the level of risk, current IT priorities and resources, and a review of compensating controls and practices.

APA Response: The two Clerk Magistrates had access to Douglas County Court even when they were not physically present. When employees of other courts have access to Douglas County Court, there is a greater risk of possible errors or irregularities; further supporting the lack of segregation of duties issue. In addition, the APA has had multiple detailed discussions with the Supreme Court staff and have an adequate understanding of DOCKET.

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Monthly Case Balances**

During testing of 25 case balances, we noted that 6, totaling \$7,575, listed in the Monthly Case Balance Report did not have documentation on file to support that follow-up was performed timely, if at all, to resolve those balances.

- One case balance of \$5,000 was for a bond received in September 2000. There has been no follow up on the case.
- One case balance was the result of a bond that was ordered applied to fines and costs in March 2020. The remaining amount of \$325 was to be refunded to the defendant at the same time but has not been disbursed.
- For two case balances, each for \$225, the bonds held were ordered to be released per a District Court order in October 2021; however, the balances have not been disbursed.
- One case balance of \$900 was received in August 2021; however, it was noted that the case was dismissed in September 2021 because the wrong person was cited. The Court had not performed any follow up procedures on this amount.
- One case balance of \$900 was for a bond received in March 2019. The last activity in the case was a note in May 2019 that stated a warrant was issued because the defendant that appeared was not the real defendant.

Good internal controls require procedures to ensure that supporting documentation for case balances is kept on file for subsequent inspection.

Without such procedures, there is an increased risk that funds received by the County Court will not be paid to the appropriate recipients in a timely manner.

We recommend the implementation of procedures to ensure that the County Court maintains adequate documentation to support the timely follow-up of case balances.

County Court's Response:

- *This case involves an appeal where the bond is in place and the party has an active warrant. We will present this to the Presiding Judge for guidance.*
- *This money has a judgement lien on it and the matter requires a hearing. We will get with the Presiding Judge for guidance.*
- *This court never received notification from District Court. This bond was an overage collected by corrections. In the future, if this occurs again the court will send all moneys to District Court.*
- *The court does acknowledge that it is in possession of the \$900 that should be processed either through unclaimed property as a 'Wrong Party' or a forfeiture. The court will solicit guidance from the Presiding Judge.*
- *The court does acknowledge that it is in possession of \$900 that should be processed either through unclaimed property as a 'Wrong Party' or a forfeiture. The court will solicit guidance from the Presiding Judge.*

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Overdue Balances

During testing of 25 overdue balances listed in the Overdue Case Account reports, we found that the County Court failed to take action – such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible – to ensure collection and/or resolution of 3 of those balances, totaling \$1,810.

Two of the three balances at issue, totaling \$1,735, had probation ending in September 2021; however, no follow-up was done on either balance. After the Auditor of Public Accounts (APA) inquired, it was determined that the order discharging probation was never submitted. When the order was subsequently submitted in June 2022, the costs were waived. The third balance, for \$75, had a notice to pay sent in October 2021, but no follow-up had been done since. After the APA inquired, it was again determined that the order discharging probation was never submitted. When the order was subsequently submitted in June 2022, all but \$30 of the costs were waived.

The County Court has several balances outstanding for non-waivable \$1 and \$4 court costs. As of May 31, 2022, there were 4,572 cases with a \$1 balance due, totaling \$4,572, and 3,331 cases with a \$4 balance due, totaling \$13,324. All of the \$4,572 is due for cases dating back to 2003 and older, with some as old as 1993. The majority of the \$13,324 is due for cases dating back to 2003 and older.

We noted also that there were 701 cases with a \$30 balance due for probation enrollment, totaling \$21,030.

As of May 31, 2022, overdue balances, excluding restitution judgments, totaled \$1,414,265.

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 should be taken to collect and/or resolve the overdue balances listed therein.

Without such periodic reviews, there is an increased risk of overdue balances either lacking proper follow-up action or having been previously resolved and no longer needing to be designated as overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure the proper collection and/or resolution of the overdue balances listed therein – including a determination regarding the appropriate action for cases with balances due for several years, especially those over 25 years old.

County Court's Response: The court appreciates this continued finding that we have discussed over the years. The court acknowledges that any fees and monies associated with an Order from probation should be diligently worked and the court will put forth additional effort and resources to accomplish this.

With regard to probation fees and non-waiverable costs, the court has the following response:

- *Enrollment Fee – The court makes significant effort to collect the enrollment fee upfront, immediately after court at the window. The window staff informs the defendant that the \$30 enrollment fee is due at that time. Many times, the defendant has no money in their possession. In addition, defendants are encouraged by sources outside of Douglas County Court to not pay this fee, as a warrant cannot be issued if the fee is not paid. This is unlike the fines and cost. Therefore, the court disagrees with this as a published finding as the court has no recourse or other options to either collect the money or have it waived.*
- *With regard to the \$1 and \$4 non-waiverable court costs, the court does not agree that this should be a published finding. The non-waiverable costs are associated with cases from 2003 or older and some as old as 1993. Due to the aged nature of the cases, it is unreasonable to expect the court to attempt to collect monies from over 19 years ago.*

DOUGLAS COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Overdue Balances (Concluded)

APA Response: We continue to recommend the Court work with the judges and the Administrative Office of the Courts and Probation to address the probation fees and non-waiverable costs for the thousands of overdue case balances, some of which are over 29 years old. The Court itself acknowledges the aged nature of the cases and that it is unreasonable to attempt to collect the monies, which further supports our recommendation to find a solution regarding these costs.



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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 calendar year ending December 31, 2021. The County Court's management is responsible for the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions, 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the calendar year ending December 31, 2021, 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; noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions; fraud that is material, either quantitatively or qualitatively, to 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. 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 Schedule of Changes in Assets and Liabilities Arising from Cash Transactions 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 of Changes in Assets and Liabilities Arising from Cash Transactions 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. Janssen", with a long horizontal flourish extending to the right.

September 6, 2022

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2021

	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
ASSETS				
Cash and Deposits	\$ 2,211,418	\$ 19,781,819	\$ 19,597,045	\$ 2,396,192
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 59,847	\$ 1,777,953	\$ 1,785,593	\$ 52,207
Law Enforcement Fees	978	123,735	123,890	823
State Judges Retirement Fund	5,930	732,203	731,420	6,713
Court Administrative Fees	6,024	818,044	817,804	6,264
Legal Services Fees	4,813	528,429	528,920	4,322
Due to County Treasurer:				
Regular Fines	19,747	2,154,238	2,160,536	13,449
Overload Fines	50	36,776	36,826	-
Regular Fees	434	279,319	278,982	771
Petty Cash Fund	3,535	-	-	3,535
Municipality Fines	7,451	625,515	626,905	6,061
Due to Municipalities:				
Regular Fees	5,874	91,389	91,229	6,034
Trust Fund Payable	2,096,735	12,614,218	12,414,940	2,296,013
Total Liabilities	\$ 2,211,418	\$ 19,781,819	\$ 19,597,045	\$ 2,396,192

The accompanying notes are an integral part of the schedule.

DOUGLAS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Year Ending December 31, 2021

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 Custodial 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 Custodial Funds are maintained, and the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions has 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.