

**ATTESTATION REPORT
OF
DODGE COUNTY COURT**

JANUARY 1, 2023, THROUGH DECEMBER 31, 2023

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Issued on April 16, 2024

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Audit Staff Working On This Examination

Kris Kucera, CPA, CFE – Assistant Deputy Auditor

Adam Hohensee – Auditor II

Jay Kannapareddy – Auditor

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Nebraska Auditor of Public Accounts

State Capitol, Suite 2303

P.O. Box 98917

Lincoln, Nebraska 68509

Phone: 402-471-2111

DODGE COUNTY COURT

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DODGE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Dodge County Court, we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comment #2 (“Overdue Balances”) and Comment #3 (“Improper or Unsupported Action Taken”), which are considered to be significant deficiencies, and 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.
3. ***Improper or Unsupported Action Taken:*** For nine truncations tested, the County Court failed to take correct or supported action.
4. ***Unclaimed Property:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old, as required by State statute.

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.

DODGE 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 noted further that Dodge County Court access had been given also to eight other Clerk Magistrates who were not employees of the Dodge County Court.

The following errors were noted:

- Three cases each did not have \$2 in seal fees assessed to their respective District Court case when the cases were bound over and, therefore, do not show as due by the defendant. Two of these cases also did not claim the \$2 fee from the County when the cases were bound over.
- The County Court could not locate the case files for two cases with balances of \$2 and \$9 due to overpayments. In addition to being unable to find the physical files, the County Court had no documents for either case imaged in its case management system.

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 issue 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 Response:

- *The Administrative Office of the Court and Probation accepts that there is a risk from one person having authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialist review court records and provide assistance to county courts if there are discrepancies. However, the Judicial Branch does not have the financial and human resources to mitigate all risks related to segregation of duties sufficient to meet current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOCF has determined that all Clerk Magistrates will have the authority to operate all financial functions of a court.*
- *The eight Clerk Magistrates that had Dodge County Court access was due to Dodge County needing assistance in the office as the previous Dodge County Clerk Magistrate resigned in May 2023. Districts worked together as a team to help assist Dodge County during the time of change. The Court contacted IT division to get the Clerk Magistrates who no longer assist in Dodge County off and no longer have access. Court is working with IT on removing the appropriate Clerk Magistrates.*

DODGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Segregation of Duties** (Concluded)

- *Dodge County Court staff are trained to not claim costs right away when a case is bound over to District Court. District Court accepts the case first and adds the additional fees before the Clerk Magistrate or the records clerk who handles the financial department claims those costs.*
- *Dodge County Court has changed their filing system as soon as the previous Clerk Magistrate resigned in May 2023. The new filing system has been successful.*

2. **Overdue Balances**

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

During testing of 10 overdue balances, 6, totaling \$3,436, did not have subsequent action taken 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 the balances.

We noted the following:

- One overdue case balance of \$920 had no action performed on the case since the time pay agreement ended in August 2023.
- One overdue case balance of \$670 had not been followed up on since April 2023. Additionally, the case also had \$1,500 in restitution owed to another defendant who had previously paid the joint restitution; however, there was no court order directing the \$1,500 to be paid to the other defendant.
- One overdue case balance of \$630 was incorrect because probation costs of \$580 should have been waived in July 2023 when probation was revoked. Additionally, it was noted that the \$17 of non-waiverable fees had not been claimed to the County. Finally, the County Court was not following up on the overdue balance, as the last activity on the case was in September 2023.
- One overdue case balance of \$540 was incorrect. The case was initially assessed with \$50 in court costs and \$580 in probation fees in October 2022. In January 2023, the defendant's probation was revoked and, therefore, all but \$210 in probation costs and \$50 in court costs should have been waived. Additionally, the order noted that the defendant still owed \$50 of court costs and \$540 of probation costs. However, the most that could be due per State statute would be \$50 for court costs and \$160 for probation costs, which includes the offender assessment fee, the probation enrollment fee, four months of monthly probation fees and four months of drug testing fees. Lastly, no follow-up was performed by the County Court since February 2023.
- One overdue case balance, totaling \$450, was incorrect. The case was initially assessed with \$50 in court costs and \$400 in probation costs. A February 2023 order extended probation 12 months, resulting in additional probation costs, totaling \$360, which should have been added to the case but were not entered into the case management system. Then, in June 2023, the defendant's probation was revoked, and all probation costs of \$760 should have been waived. The remaining balance should have been \$50 for court costs. Lastly, no follow-up was performed by the County Court since June 2023.
- One overdue case balance of \$226 was correct. In January 2024, however, it was noted that the defendant served jail time toward the amount due, but this was not waived until after the auditor inquired in March 2024.

DODGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

2. **Overdue Balances** (Concluded)

As of February 28, 2024, overdue balances, excluding restitution judgments, totaled \$148,338.

Neb. Rev. Stat. § 29-2262.06(1) (Reissue 2016) states the following:

Except as otherwise provided in this section, whenever a district court or county court sentences an adult offender to probation, the court shall require the probationer to pay a one-time administrative enrollment fee and thereafter a monthly probation programming fee.

Additionally, § 29-2262.06(3) provides, in relevant part, the following:

The court shall establish the administrative enrollment fee and monthly probation programming fees as follows:

(3) Adult probationers placed on either probation or intensive supervision probation and participants in non-probation-based programs or services shall pay a one-time administrative enrollment fee of thirty dollars. The fee shall be paid in a lump sum upon the beginning of probation supervision or participation in a non-probation-based program or service;

(b) Adult probationers placed on probation shall pay a monthly probation programming fee of twenty-five dollars, not later than the tenth day of each month, for the duration of probation[.]

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

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

County Court Response:

- *The Dodge County Court now schedules all proceedings in docket and will be heard in court, including time pays. This will ensure a case does not get missed and all cases are being handled properly.*
- *The Dodge County court will enter separate restitution orders and will not order joint restitution for any other future court proceedings.*
- *Staff have been trained to review the Overdue Case Account Report to ensure timely collections and/or resolution of overdue balances.*
- *Staff are coordinating with the jail and sheriff to ensure commitments are returned in a timely manner.*

3. **Improper or Unsupported Action Taken**

We noted nine transactions or cases that were not handled in accordance with the requirements of the Supreme Court Procedures Manual or applicable State statutes, or lacked support for their disposition, as follows:

- One case had restitution in the amount of \$2,240 waived, but there was no supporting documentation available for the waiver of restitution, as permitted by Neb. Rev. Stat. § 29-2285 (Reissue 2016).

DODGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Continued)

3. **Improper or Unsupported Action Taken** (Continued)

- One check for \$1,750 was written to the defendant in November 2023. This amount was incorrect because it should have been for \$1,300. The check was voided in the system in December 2023, therefore, and a stop pay was also issued. However, the stop pay was issued incorrectly, and the check subsequently cleared the bank. The County Court has not been able to recapture the money. Despite the fact that the defendant had already received a payment for \$1,750, the County Court issued a second check to the defendant for \$1,300 in December 2023. The County Court appropriately did not send the second check to the defendant; however, it is unclear as to why the second check was issued.
- One case had a balance due of \$990. In March 2023, probation was revoked, and the County Court waived \$1,003 of probation and court costs. However, the correct amount that should have been waived was \$940, and \$50 in court costs should have been due. The incorrect probation costs appear to have been entered originally into the system, as more costs were waived than ordered.
- For one case, the County Court applied \$900 of a bond held to restitution without the consent of the defendant.
- One case had \$653 in fines and costs waived due to the defendant having been credited for serving time in jail; however, there was no support to show that the defendant served time in jail to be applied toward fines and costs.
- For one case, the County Court applied \$100 of a bond held to fines; however, this was done without the approval of the defendant, which is required by Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2022).
- One case was noted having a written order for restitution due of \$79; however, the County Court assessed \$84 in the case. After the auditor inquired, the County Court corrected the written record to show that \$84 of restitution was ordered.
- For one case, the County Court applied \$49 of a bond held to court costs; however, the bond was assigned, meaning that it should not have been used for court costs under Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2022).
- One case had \$49 of court costs waived; however, there was no order to support that the costs should have been waived.

Neb. Rev. Stat. § 29-2206(3) states the following:

As an alternative to a lump-sum payment or as an alternative or in conjunction with installment payments, the court or magistrate may deduct costs from a bond posted by the offender to the extent that such bond is not otherwise encumbered by a valid lien, levy, execution, or assignment to counsel of record or the person who posted the bond. As an alternative to a lump-sum payment or as an alternative or in conjunction with installment payments, the court or magistrate may, with the consent of the offender, deduct fines from a bond posted by the offender to the extent that such bond is not otherwise encumbered by a valid lien, levy, execution, or assignment to counsel of record or the person who posted the bond.

(Emphasis added.) Good internal controls and sound accounting practices requires procedures to ensure that proper action is taken on cases in accordance with the requirements of the Supreme Court Procedures Manual and applicable State statutes. Such procedures also require adequate supporting documentation to be on file for all costs assessed or waived.

DODGE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

3. Improper or Unsupported Action Taken (Concluded)

Without such procedures, there is an increased risk for the loss or misuse of funds or noncompliance with the requirements of the Supreme Court Procedures Manual or applicable State statutes.

We recommend the County Court implement procedures to ensure: 1) all actions taken on cases are in compliance with the requirements of the Supreme Court Procedures Manual or applicable State statutes; and 2) documentation is on file to support any costs assessed or waived on the case.

County Court Response:

- *Dodge County Court staff are trained to make sure bond assignments are being completed correctly and are given consent by the defendant as to where the bond should be applied.*
- *Dodge County Court staff are trained to not waive any fines/court costs unless there is a Judges order. Only Clerk Magistrate, Assistant Clerk and financial records clerk who is allowed to waive any costs when there is a order from the Judge.*

4. Unclaimed Property

Per Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act (Act), intangible personal property held by a court and unclaimed for more than three years is presumed to be abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) of the Act requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

During testing we noted the following:

- Outstanding checks held by the County Court were not followed up on properly, resulting in 32 of those checks, totaling \$3,159, being outstanding for over three years. Contrary to State statute, however, those checks were not remitted to the State Treasurer as abandoned property.
- The County Court failed to follow up on 6 of 15 case balances tested, totaling \$1,209, to ensure proper and timely resolution of those balances, including remitting abandoned property to the State Treasurer. All six balances were due to the State Treasurer in November 2023.

Good internal controls and sound business practices require an ongoing, timely review of the Monthly Case Balance Report to determine the appropriate follow-up action for resolving the balances listed therein.

Without such procedures, there is an increased risk of non-compliance with State statute.

We recommend the implementation of procedures to ensure all property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by State statute. This would include implementing procedures to ensure the Monthly Case Balance Report is reviewed in a timely manner.

County Court Response

- *Policies have been put in place to ensure monthly reports are being reviewed and property will be appropriately returned.*



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

DODGE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Dodge County Court
Fremont, Nebraska 68025

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Dodge County Court as of and for the calendar year ending December 31, 2023. 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, 2023, 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.

April 12, 2024



Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

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

For the Calendar Year Ended December 31, 2023

	Balance January 1, 2023	Additions	Deductions	Balance December 31, 2023
ASSETS				
Cash and Deposits	\$ 317,766	\$ 1,972,577	\$ 1,962,671	\$ 327,672
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,085	\$ 161,494	\$ 158,295	\$ 14,284
Law Enforcement Fees	1,088	14,221	14,209	1,100
State Judges Retirement Fund	6,147	90,046	87,402	8,791
Court Administrative Fees	11,344	149,802	149,429	11,717
Legal Services Fees	3,904	54,027	53,206	4,725
 Due to County Treasurer:				
Regular Fines	34,537	455,951	461,479	29,009
Overload Fines	2,975	37,201	38,400	1,776
Regular Fees	3,335	53,605	49,102	7,838
Petty Cash Fund	300	-	-	300
Municipality Fines	95	6,007	5,712	390
 Due to Municipalities:				
Regular Fees	17	8	25	-
Trust Fund Payable	242,939	950,215	945,412	247,742
Total Liabilities	\$ 317,766	\$ 1,972,577	\$ 1,962,671	\$ 327,672

The accompanying notes are an integral part of the Schedule.

DODGE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Calendar Year Ending December 31, 2023

1. Criteria

A. Reporting Entity

The Dodge 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 Dodge 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.