

**ATTESTATION REPORT  
OF  
SARPY COUNTY COURT**

**JANUARY 1, 2023, THROUGH DECEMBER 31, 2023**

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**Issued on April 15, 2024**

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SARPY COUNTY COURT

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SARPY COUNTY COURT

**SUMMARY OF COMMENTS**

During our examination of the Sarpy 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 (“Improper, Untimely, or Unsupported Action Taken”), which is considered to be a significant deficiency, 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. ***Improper, Untimely, or Unsupported Action Taken:*** For 10 transactions tested, the County Court failed to: 1) address the balances held or due in a timely manner; 2) take action in accordance with relevant regulations; or 3) maintain support for the final disposition of the moneys.

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, as 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.

The following error was noted:

- One voided check tested, totaling \$225, was voided in November 2023 because it was returned as undeliverable. The County Court did not maintain this voided check on file.

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. Lastly, we recommend the County Court implement procedures to ensure all voided checks are maintained on file.

*County Court Response: The Administrative Office of the Courts and Probation (AOCP) accepts that there is a risk from one person having the authority to initiate and complete financial transactions. To reduce the risk of improper transactions, court financial specialists 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 the current audit guidelines. As a result, in order to fulfill all statutory obligations, the AOCP has determined that all clerk magistrates will have the authority to operate all financial functions of a court.*

**2. Improper, Untimely, or Unsupported Action Taken**

We tested 10 transactions, totaling \$2,753, that were either not addressed in a timely manner, were not handled appropriately, or lacked support for their final disposition, as follows:

- Two criminal cases and one traffic case tested applied bonds held to fines, totaling \$300, and costs, totaling \$150; however, no support was on file to support the application of the bond to costs, such as an order from the Judge, or ensure the consent of the defendant prior to the application of the bond, as required by Neb. Rev. Stat. § 29-2206(3) (Cum. Supp. 2022).
- Two receipts tested, totaling \$675, were not applied to the associated cases in a timely manner. As of December 29, 2023, neither receipt had been so applied, despite the relevant information filed on the cases at least 85 days prior.

SARPY COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. **Improper, Untimely, or Unsupported Action Taken** (Concluded)

- Costs in the amount of \$180 were due on one criminal case tested; however, these costs were never ordered by the County Judge.
- Four investment accounts received interest, totaling \$1,448, in November 2022 and August 2023, that had not been received at the time of fieldwork in April 2024.

Section 29-2206(3) states the following, in relevant part:

*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 control and sound accounting practices require procedures to ensure that proper action on balances held or due on cases is completed in a timely manner and in compliance with relevant statutory requirements. Those procedures also require the timely receipt of any monies collected and documentation to be on file to support the application of any bonds held to fines and costs.

Without such procedures, there is an increased risk of non-compliance with State statute and the loss or misuse of funds.

We recommend the County Court implement procedures to ensure 1) all actions taken comply with applicable statutory requirements; 2) all actions are taken in a timely manner; and 3) documentation is on file to support the application of any bonds held to fines and costs.

*County Court Response: Although I disagree with some of the finding, most were clerk error, and more training will be done.*



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 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 15, 2024



Mike Foley  
Auditor of Public Accounts  
Lincoln, Nebraska



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

For the Calendar Year Ended December 31, 2023

	<u>Balance</u> <u>January 1,</u> <u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2023</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 1,866,767	\$ 4,427,837	\$ 4,657,386	\$ 1,637,218
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 32,189	\$ 418,206	\$ 421,290	\$ 29,105
Law Enforcement Fees	2,817	38,483	38,409	2,891
State Judges Retirement Fund	19,103	273,479	267,976	24,606
Court Administrative Fees	16,393	220,193	219,754	16,832
Legal Services Fees	11,761	161,872	160,208	13,425
Due to County Treasurer:				
Regular Fines	55,452	799,082	798,391	56,143
Overload Fines	1,050	33,275	34,200	125
Regular Fees	8,921	107,716	107,724	8,913
Petty Cash Fund	400	-	-	400
Municipality Fines	1,025	4,082	4,592	515
Due to Municipalities:				
Regular Fees	-	17	17	-
Trust Fund Payable	1,717,656	2,371,432	2,604,825	1,484,263
<b>Total Liabilities</b>	<u>\$ 1,866,767</u>	<u>\$ 4,427,837</u>	<u>\$ 4,657,386</u>	<u>\$ 1,637,218</u>

The accompanying notes are an integral part of the Schedule.

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

**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 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 Sarpy 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.