

**ATTESTATION REPORT
OF
DOUGLAS COUNTY COURT
JANUARY 1, 2024, THROUGH DECEMBER 31, 2024**

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on April 28, 2025

*The **Nebraska Auditor of Public Accounts Office** was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Mike Foley was elected in November 2006 and re-elected in November 2010 and November 2022 as the Nebraska Auditor of Public Accounts. He was sworn into office on January 5, 2023, and is Nebraska's 24th State Auditor.*

The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.

We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.

We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.

Audit Staff Working On This Examination

Kris Kucera, CPA, CFE – Assistant Deputy Auditor

Rachel Wittler, CPA, CFE – Audit Manager

Dennis Sugden – Audit Manager

Christian Swift, CPA – Auditor-In-Charge

Delani Fahey – Auditor II

Jay Kannapareddy – Auditor II

Kyla Davis – Audit Intern

Our reports can be found electronically at: auditors.nebraska.gov

Additionally, you may request them by contacting us at:

Nebraska Auditor of Public Accounts

State Capitol, Suite 2303

P.O. Box 98917

Lincoln, Nebraska 68509

Phone: 402-471-2111

DOUGLAS COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comment Section</u>	
Comment and Recommendation	1 - 2
<u>Financial Section</u>	
Independent Accountant's Report	3 - 4
Financial Schedule:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Custodial Funds - For the Calendar Year Ended December 31, 2024	5
Notes to Financial Schedule	6

DOUGLAS COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Douglas County Court, we noted a certain deficiency and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards* and is considered to be a material weakness.

This comment and recommendation is intended to improve the internal control over financial reporting and operational efficiencies in the following area:

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. We noted 70 employees of Douglas County Court with such access. Of those employees, we noted 34 who had access to court receipts and/or were able to record non-monetary transactions (e.g., waiving fines) in JUSTICE. We noted further that Douglas County Court access had been given also to six other Court employees and three State employees who were not employees of the Douglas County Court.

Additionally, the following errors were noted:

- One receipt tested, totaling \$225, was voided by the same employee who created the receipt.
- Three checks issued, totaling \$400, were paid to the incorrect party after an order reversing a judgment was filed on the case.
- Two cases tested had overdue balances, totaling \$178; however, these balances should have been waived previously in July 2017 after an order terminating probation was filed and October 2024 after an appeal was withdrawn.

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 checks are paid to the appropriate parties, and balances are waived appropriately after action of the Court.

County Court Response:

Response to Segregation of Duties:

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

DOUGLAS COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

segregation of duties sufficient to meet the 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 the court. That said, the court will continue to strive to better the operations of the court, safeguarding the handling of funds entrusted to it.

Response to staff's ability to affix Judge's signature to Orders:

The Court would like to note that the Administrative Office of the Courts and Probation (AOCF) has provided an Authority to Affix Judges' Signature(s) in Docket form. A signed copy is on file in Douglas County Court.

Response to Douglas County Access:

"Response from the AOCF: Access by the three non-Judicial Branch individuals was approved by the State Court Administrator and Deputy Director for Information Technology."

Answer to the following errors:

The court will continue to work reports in a timely manner. Last year, our accounting department was short staffed but has since become fully staffed. This will allow staff to provide the time and attention needed when reviewing reports and orders to ensure efficiency and accuracy. The accounting office will focus on reading the actual orders that involve money rather than adjusting the money due to an employee's direction.

It should be noted this report is critical in nature, as it contains only our comment and recommendation on the area 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 comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



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

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, 2024. 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, 2024, 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 Comment 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 24, 2025



Mike Foley
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 Fiscal Year Ended December 31, 2024

	Balance January 1, 2024	Additions	Deductions	Balance December 31, 2024
ASSETS				
Cash and Deposits	\$ 3,489,930	\$ 19,822,035	\$ 19,455,374	\$ 3,856,591
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 77,059	\$ 1,636,126	\$ 1,619,065	\$ 94,120
Law Enforcement Fees	1,393	129,090	124,860	5,623
State Judges Retirement Fund	11,002	1,167,422	1,123,951	54,473
Court Administrative Fees	8,671	863,370	833,763	38,278
Legal Services Fees	6,136	590,709	571,019	25,826
Due to County Treasurer:				
Regular Fines	31,418	2,034,537	1,983,535	82,420
Overload Fines	500	42,603	42,853	250
Regular Fees	8,268	201,295	211,094	(1,531)
Petty Cash Fund	3,535	-	-	3,535
Municipality Fines	7,843	452,788	440,310	20,321
Due to Municipalities:				
Regular Fees	4,605	66,190	66,765	4,030
Trust Fund Payable	3,329,500	12,637,905	12,438,159	3,529,246
Total Liabilities	\$ 3,489,930	\$ 19,822,035	\$ 19,455,374	\$ 3,856,591

The accompanying notes are an integral part of the Schedule.

DOUGLAS COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Calendar Year Ending December 31, 2024

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.