



Audit of the  
Superior Court of California,  
County of Humboldt

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AUDIT SERVICES REPORT

DECEMBER 2015



JUDICIAL COUNCIL  
OF CALIFORNIA

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LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

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**Superior Court of California, County of Humboldt**

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## MANAGEMENT SUMMARY

### Introduction

The Trial Court Funding Act of 1997 (Act) eliminated the requirement for county audits of the courts effective January 1, 1998. Since that time, the Superior Courts of California have undergone significant changes to their operations. These changes have also impacted their internal control structures, yet no independent reviews of their operations were generally conducted until the Judicial Council of California (Judicial Council), Audit Services, began court audits in 2002.

The audit of the Superior Court of California, County of Humboldt (Court), was initiated by Audit Services in August 2015. Depending on the size of the court, the audit process typically involves three or four audit cycles encompassing the following primary areas:

- Court administration
- Cash controls
- Court revenue and expenditure
- General operations

The audit process includes a review of the Court's compliance with California statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. Audit Services conducted the prior audit of the Court in FY 2007-2008. Audit Services followed up on the issues identified in this prior audit to determine whether the Court adequately resolved previous issues.

Compliance with the State Leadership Accountability Act (SLAA) is also an integral part of the audit process. The primary focus of a SLAA review is to evaluate an entity's internal control structure and processes based on the following concepts:

- A plan of organization that provides segregation of duties appropriate for the proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of policies and procedures adequate to provide compliance with applicable laws, criteria, standards, and other requirements;
- An established system of practices to be followed in the performance of duties and functions;
- Personnel of a quality commensurate with their responsibilities;
- An effective system of internal review; and
- A technology infrastructure to support the completeness, accuracy, and validity of information processed.

While Audit Services does not believe that SLAA applies to the judicial branch, compliance with SLAA represents good public policy, and most of the SLAA concepts are addressed in the FIN Manual. Since Audit Services reviews compliance with the FIN Manual, the audit process provides a review that also fulfills most of the SLAA requirements.

Audits conducted by Audit Services identify instances of non-compliance, such as with the FIN Manual and SLAA. Some of these instances of non-compliance are highlighted below in the **Audit Issues Overview**. Although audit reports do not emphasize or elaborate on areas of compliance, Audit Services did identify areas in which the Court was in compliance with the FIN Manual and SLAA. For example except for those issues reported in this report, some of the areas where Audit Services found the Court in compliance included the following:

- An organizational plan that provides for an effective segregation of duties to properly safeguard assets, including money from its collection to deposit.
- Management controls to monitor personnel in the performance of their duties and responsibilities.
- The ability to attract and retain quality personnel that are knowledgeable and motivated to take accountability and responsibility for the performance of their duties.

To enable the Court to continue to improve and strengthen its system of internal controls, it is important that the Court note those areas of noncompliance reported below and in the body of this report. The Court should actively monitor the issues reported in this audit, and any issues identified by its own internal staff, to ensure it implements prompt and appropriate corrective action.

### **Audit Issues Overview**

This audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that Audit Services did not consider significant enough to include in the report, but were nonetheless communicated to court management. Audit Services provided the Court with opportunities to respond to all the issues identified in this report and included these responses in the report to provide the Court's perspective. Audit Services did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

Although the audit identified other issues reported within this report, the following issues are highlighted for Court management's attention. Specifically, the Court needs to improve and refine certain procedures and practices to ensure compliance with statewide statutes, policies, and procedures. These issues are summarized below:

#### ***Closer Monitoring Could Help Ensure that Submitted Causes are Decided Timely (Issue 1.1)***

To promote a prompt judicial system, statute requires judicial officers to decide on case matters within 90 days after being submitted for a judicial decision, or risk not receiving their salary. In addition, to prevent submitted causes from remaining undecided for over 90 days, the California Rules of Court makes the PJ responsible for supervising and monitoring the number of causes under submission and ensuring that no cause under submission remains undecided and pending for longer than 90 days.

Our review of the Court-prepared submitted matters lists for the period September 2014 through September 2015 found that the Court's procedures do not always ensure that submitted matters

are decided within 90 days of being taken under submission. Specifically, one judge was publicly admonished for not ruling on several matters within 90 days after taking the matters under submission. Another two judges did not complete and issue their decisions on five other matters until at least 91 days to as many as 125 days after the judges took the matters under submission. Moreover, one of these judges also received their salaries when the judge signed inaccurate affidavits during the months that the cases remained undetermined and pending for more than 90 days.

Further, the Court could not demonstrate, such as with emails or other communications, that the PJ reviews the monthly list of cases with submitted matters, contacts judges with matters over 30 days to ensure the matters are timely ruled upon, or provides assistance to judges with matters under submission over 60 days. Therefore, we could not determine whether the PJ is proactively supervising and monitoring the number of causes under submission to ensure that no cause under submission remains undecided and pending for longer than 90 days.

The Court agreed with the recommendations and indicates taking corrective action to address the noted issues.

*The Court Needs to Better Track and Monitor Civil Fee Payment Plans (Issue 5.1)*

Before courts may process their civil filings, parties of civil cases must pay the required filing fees in full or be granted a fee waiver. Otherwise, when a party does not pay the required civil filing fees in full, the court must void the filing. Further, statute allows the court to execute on any order for payment of initially waived fees and costs in the same manner as on a judgment in a civil action.

Our review of civil cases in which the Court allowed parties to pay civil filing fees in installments found that the Court did not always send notice to the parties when the installments became delinquent. As a result, the Court did not always void or suspend the filings and allowed cases to continue until disposed and prior to receiving full payment of the required civil filing and administrative fees. It also did not take action to subsequently collect the required civil filing and administrative fees when the required civil fees were not paid as agreed.

Specifically, our review of civil cases for which the Court allowed parties to pay the required civil filing fees in installments, but the parties did not pay, found cases where the Court did not send a deficiency notice requiring parties to pay the required civil filing fees as agreed. Also, for another civil case, the Court sent the deficiency notice six months after the payment due became delinquent. In addition, for some the civil cases where the Court did not send or delayed sending a deficiency notice, the filings were not stricken and the civil cases were allowed to proceed. Further, the Court did not notify the judicial officer of the delinquent payments in these cases; consequently, the Court allowed these cases to proceed without full payment of the required civil filing fees. Finally, the Court does not have a process to refer delinquent civil payment plans to the county for collection. As a result, for all civil cases reviewed for which the Court allowed parties to pay the required civil filing fees in installments but the parties did not pay as agreed, the Court has not taken action to collect the civil and administrative fees due to the Court.

The Court agreed with the recommendations and indicates taking corrective action to address the noted issues.

*The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fee (Issue 15.1)*

Domestic violence (DV) is one of the leading causes of injuries to women in the United States. As a result, in 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding from state and federal sources, including funding from the fines ordered through judicial proceedings of DV cases. Legislative members expressed concerns about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result, the Joint Legislative Audit Committee requested that Audit Services conduct an audit of court-ordered fines and fees in certain DV cases. Audit Services agreed to review the statutory fines and fees in DV cases on an on-going basis.

Our review of criminal DV cases found that the Court did not always impose the correct Domestic Violence (DV) Fee. Specifically, for seven of the 20 DV cases reviewed where the Court ordered probation, case files indicate that the court did not order the minimum \$500 DV Fee. In addition, the Court ordered a \$400 DV Fee in three other cases instead of the \$500 minimum DV Fee. For all 10 cases, the case file records did not indicate that a court hearing found that the defendants did not have the ability to pay the minimum DV Fee.

The Court agreed with the recommendations and indicates taking corrective action to address the noted issues.



## STATISTICS

The Superior Court of California, County of Humboldt (Court) has 8 judges and subordinate judicial officers who handled more than 29,000 cases in FY 2013–2014. The Court operates one courthouse located in Eureka. The Court also holds judicial proceedings at the county juvenile detention facility daily, as well as in Garberville and Hoopa once per month. Further, the Court employed approximately 88 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total trial court expenditures of approximately \$8.4 million for the fiscal year ended June 30, 2015.

Before 1997, the Court and the County of Humboldt (County) worked within common budgetary and cost parameters—often the boundaries of services and programs offered by each blurred. The Court operated much like other County departments and, thus, may not have comprehensively or actively sought to segregate or identify the cost and service elements attributable to court operations and programs. With the mandated separation of the court system from county government, each entity had to reexamine their respective relationships relative to program delivery and services rendered, resulting in the evolution of specific cost identification and contractual agreements for the continued delivery of County services necessary to operate the Court.

For FY 2014–2015, the Court received various services from the County, including janitorial and benefit administration services, which were covered under a Memorandum of Understanding (MOU) with the County. However, the Court also received fingerprint processing and copy services for dependency attorneys, which were not covered under a MOU with the County. The Court also received court security services from the County, which was covered under a separate MOU.

The charts that follow contain general Court statistical information.

<b>County Population</b> (Estimated as of January 1, 2015)	134,398
<small>Source: California Department of Finance</small>	
<b>Number of Court Locations</b>	4
<b>Number of Courtrooms</b>	11
<small>Source: Superior Court of California, County of Humboldt</small>	
<b>Number of Case Filings in FY 2013–2014:</b>	
<b>Criminal Filings:</b>	
▪ Felonies	1,987
▪ Non-Traffic Misdemeanor	2,458
▪ Non-Traffic Infractions	2,497
▪ Traffic Misdemeanors	1,548
▪ Traffic Infractions	15,967

<p><b>Civil Filings:</b></p> <ul style="list-style-type: none"> <li>▪ Civil Unlimited 715</li> <li>▪ Limited Civil 1,080</li> <li>▪ Small Claims 404</li> </ul> <p><b>Family and Juvenile Filings:</b></p> <ul style="list-style-type: none"> <li>▪ Family Law (Marital) 501</li> <li>▪ Family Law Petitions 1,271</li> <li>▪ Juvenile Delinquency – Original 72</li> <li>▪ Juvenile Delinquency – Subsequent 48</li> <li>▪ Juvenile Dependency – Original 168</li> <li>▪ Juvenile Dependency – Subsequent 5</li> </ul> <p><b>Other Filings:</b></p> <ul style="list-style-type: none"> <li>▪ Probate 315</li> <li>▪ Mental Health 197</li> <li>▪ Appeals 20</li> <li>▪ Habeas Corpus Criminal 64</li> </ul> <p>Source: Judicial Council of California's 2015 Court Statistics Report</p>	
<p><b>Judicial Officers as of June 30, 2014:</b></p> <p>Authorized Judgeships 7</p> <p>Authorized Subordinate Judicial Officers 1</p> <p>Source: Judicial Council of California's 2015 Court Statistics Report</p>	
<p><b>Court Staff as of June 30, 2015:</b></p> <p>Total Authorized FTE Positions 94.25</p> <p>Total Filled FTE Positions 88.25</p> <p>Total Fiscal Staff 4</p> <p>Source: Fourth Quarter FY 2014–2015 Quarterly Financial Statements and FY 2015 – 2016 Schedule 7A</p>	
<p><b>Select FY 2014-2015 Financial Information:</b></p> <p>Total Revenues \$8,186,592</p> <p>Total Expenditures \$8,350,936</p> <p>Total Personal Services Costs \$5,908,302</p> <p>Total Temporary Help Costs \$0</p> <p>Source: Fourth Quarter FY 2014–2015 Quarterly Financial Statements</p>	
<p><b>FY 2014-2015 Average Daily Cash Collections</b> (As of June 30, 2015)</p> <p>Source: Superior Court of California, County of Humboldt</p>	\$13,041

## FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting. The GASB has further identified two essential components of accountability, fiscal and operational. **Fiscal accountability** is defined as:

The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year).

The *Strategic Plan for California's Judicial Branch 2006-2016* entitled *Justice in Focus* established, consistent with the mission statement of the Judicial Council, a guiding principle that states that "Accountability is a duty of public service" and the principle has a specific statement that "The Judicial Council continually monitors and evaluates the use of public funds." As the plan states, "All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively." For the courts, this means developing meaningful and useful measures of performance, collecting and analyzing data on those measures, reporting the results to the public on a regular basis, and implementing changes to maximize efficiency and effectiveness. Goal II of the plan is independence and accountability with an overall policy stated as:

Exercise the constitutional and statutory authority of the judiciary to plan for and manage its funding, personnel, resources, and records and to practice independent rule making.

Two of the detailed policies are:

1. Establish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards throughout the branch; and
2. Establish improved branch wide instruments for reporting to the public and other branches of government on the judicial branch's use of public resources.

Under the independence and accountability goal of *The Operational Plan for California's Judicial Branch, 2008 – 2011*, objective 4 is to "Measure and regularly report branch performance – including branch progress toward infrastructure improvements to achieve benefits for the public." The proposed desired outcome is "Practices to increase perceived accountability."

To assist in the fiscal accountability requirements of the branch, the Judicial Council developed and established the statewide fiscal infrastructure project, Phoenix Financial System, which is supported by the Judicial Council Trial Court Administrative Services. The Superior Court of California, County of Humboldt (Court), implemented and processes fiscal data through this financial system.

The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two fiscal years. The three schedules are:

1. Balance Sheet (statement of position);
2. Statement of Revenues, Expenditures, and Changes in Fund Balances (statement of activities); and
3. Statement of Program Expenditures (could be considered "product line" statement).

The fiscal year 2013–2014 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers. Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

There are three basic fund classifications available for courts to use: Governmental, Proprietary and Fiduciary. The Court uses the following fund classifications and types:

- **Governmental**
  - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
  - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
    - **Special Revenue**
      1. Small Claims Advisory – 120003
      2. Enhanced Collections – 120007
      3. Special Revenue Fund-Other – 120021
      4. 2% Automation – 180004
    - **Grants**
      1. Judicial Council Grants – 190100
- **Fiduciary**

Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held."

  - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs." <sup>1</sup> Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

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<sup>1</sup> GASB Statement No. 34, paragraph 69.

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government’s role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government’s own programs, such funds are specifically excluded from the government-wide financial statements.<sup>2</sup> **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The funds included here are:
  - Distribution Fund - 400000
  - Civil Filing Fees Fund – 450000

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<sup>2</sup> GASB Statement No. 34, paragraph 12.

Superior Court of California, County of Humboldt  
Trial Court Operations Fund  
As of June 30  
Balance Sheet  
(Unaudited)

	2015				2014	
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue Non-Grant	Grant			
<b>ASSETS</b>						
Operations	\$ (264,400)	\$ 232,096	\$ 95	\$ 34,480	\$ 2,271	\$ 733,767
Payroll						
Jury						
Revolving	\$ 10,000				\$ 10,000	\$ 10,000
Distribution	\$ 0			\$ 16,239	\$ 16,239	\$ 12,237
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust	\$ 0			\$ (66,610)	\$ (66,610)	\$ (2,320)
Cash on Hand	\$ 3,000				\$ 3,000	\$ 3,000
Cash with County						
Cash Outside of the JCC				\$ 11,394	\$ 11,394	\$ 995
Cash Equivalents	\$ 836,832			\$ 1,055,118	\$ 1,891,951	\$ 1,095,792
<b>Total Cash and Cash Equivalents</b>	<b>\$ 585,432</b>	<b>\$ 232,096</b>	<b>\$ 95</b>	<b>\$ 1,050,621</b>	<b>\$ 1,868,245</b>	<b>\$ 1,853,470</b>
Short-Term Investment						
Investments						
<b>Total Investments</b>						
Accrued Revenue	\$ 284	\$ 90		\$ 0	\$ 375	\$ 699
Accounts Receivable - General						
Dishonored Checks						
Due From Employee	\$ 1,182				\$ 1,182	\$ 543
Civil Jury Fees	\$ 0				\$ 0	\$ 0
Due From Other Funds	\$ 35,070		\$ 0	\$ 0	\$ 35,070	\$ 49,866
Due From Other Governments	\$ 26,821	\$ 1,555	\$ 41,604		\$ 69,980	\$ 86,315
Due From State	\$ 231,250	\$ 8,026	\$ 0		\$ 239,276	\$ 205,303
Trust Due To/From				\$ 1,008	\$ 1,008	\$ 2,422
Distribution Due To/From				\$ 0	\$ 0	\$ 0
Civil Filing Fee Due To/From						\$ 0
General Due To/From	\$ 16				\$ 16	\$ 460
<b>Total Receivables</b>	<b>\$ 294,623</b>	<b>\$ 9,671</b>	<b>\$ 41,604</b>	<b>\$ 1,008</b>	<b>\$ 346,906</b>	<b>\$ 345,608</b>
Prepaid Expenses - General	\$ 83,244				\$ 83,244	\$ 139,840
Salary and Travel Advances						
Counties						
<b>Total Prepaid Expenses</b>	<b>\$ 83,244</b>				<b>\$ 83,244</b>	<b>\$ 139,840</b>
Other Assets						
<b>Total Other Assets</b>						
<b>Total Assets</b>	<b>\$ 963,299</b>	<b>\$ 241,768</b>	<b>\$ 41,699</b>	<b>\$ 1,051,629</b>	<b>\$ 2,298,394</b>	<b>\$ 2,338,918</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accrued Liabilities	\$ 65,725	\$ 41	\$ 927		\$ 66,693	\$ 95,551
Accounts Payable - General	\$ 676	\$ 0	\$ 0	\$ 1,359	\$ 2,035	\$ 32,489
Due to Other Funds	\$ 0	\$ 1,514	\$ 33,556	\$ 1,024	\$ 36,093	\$ 52,748
Due to State	\$ 0				\$ 0	\$ 417
TC145 Liability				\$ 204,612	\$ 204,612	\$ 170,752
Due to Other Governments				\$ 0	\$ 0	\$ 0
AB145 Due to Other Government Agency				\$ 101,951	\$ 101,951	\$ 106,965
Due to Other Public Agencies	\$ 30,756		\$ 7,216	\$ 3,081	\$ 41,053	\$ 57,757
Interest				\$ 6	\$ 6	\$ 2
Miscellaneous Accts. Pay. and Accrued Liab.						
<b>Total Accounts Payable and Accrued Liab.</b>	<b>\$ 97,157</b>	<b>\$ 1,555</b>	<b>\$ 41,699</b>	<b>\$ 312,032</b>	<b>\$ 452,444</b>	<b>\$ 516,681</b>
Civil				\$ 416,612	\$ 416,612	\$ 645,981
Criminal				\$ 296,399	\$ 296,399	\$ 281,263
Trust Held Outside of the JCC				\$ 0	\$ 0	\$ 0
Trust Interest Payable				\$ 7,167	\$ 7,167	\$ 6,962
Miscellaneous Trust						
<b>Total Trust Deposits</b>				<b>\$ 720,178</b>	<b>\$ 720,178</b>	<b>\$ 934,207</b>
Accrued Payroll						
Benefits Payable	\$ 34,524				\$ 34,524	\$ 91,728
Deferred Compensation Payable	\$ 1,585				\$ 1,585	\$ 3,695
Deductions Payable	\$ 43,621				\$ 43,621	\$ 31,592
Payroll Clearing	\$ 125,092				\$ 125,092	\$ 148,891
<b>Total Payroll Liabilities</b>	<b>\$ 204,822</b>				<b>\$ 204,822</b>	<b>\$ 275,905</b>
Revenue Collected in Advance	\$ 477,714				\$ 477,714	\$ 0
Liabilities For Deposits	\$ 16,087			\$ 12,821	\$ 28,908	\$ 36,778
Jury Fees - Non-Interest				\$ 1,350	\$ 1,350	\$ 1,350
Fees - Partial Payment & Overpayment				\$ 5,248	\$ 5,248	\$ 2,919
Uncleared Collections	\$ 0			\$ 0	\$ 0	\$ (998)
Other Miscellaneous Liabilities						
<b>Total Other Liabilities</b>	<b>\$ 493,801</b>			<b>\$ 19,419</b>	<b>\$ 513,220</b>	<b>\$ 40,049</b>
<b>Total Liabilities</b>	<b>\$ 795,781</b>	<b>\$ 1,555</b>	<b>\$ 41,699</b>	<b>\$ 1,051,629</b>	<b>\$ 1,890,663</b>	<b>\$ 1,766,842</b>
<b>Total Fund Balance</b>	<b>\$ 167,518</b>	<b>\$ 240,213</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 407,731</b>	<b>\$ 572,076</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 963,299</b>	<b>\$ 241,768</b>	<b>\$ 41,699</b>	<b>\$ 1,051,629</b>	<b>\$ 2,298,394</b>	<b>\$ 2,338,918</b>

Source: Phoenix Financial System

**Superior Court of California, County of Humboldt  
Trial Court Operations Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year  
(Unaudited)**

	2014-2015				2013-2014		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
<b>REVENUES</b>							
<b>State Financing Sources</b>							
Trial Court Trust Fund	\$ 6,658,990	\$ 50,306		\$ 6,709,296	\$ 6,384,156	\$ 6,323,093	\$ 5,866,040
Improvement and Modernization Fund	\$ 17,826			\$ 17,826	\$ 17,826	\$ 17,826	\$ 17,826
Judges' Compensation (45.25)	\$ 52,500			\$ 52,500	\$ 52,500	\$ 52,500	\$ 52,500
Court Interpreter (45.45)	\$ 74,806			\$ 74,806	\$ 70,000	\$ 77,213	\$ 67,243
Civil Coordination Reimbursement (45.55)							
MOU Reimbursements (45.10 and General)	\$ 744,574			\$ 744,574	\$ 730,007	\$ 749,519	\$ 738,387
Other Miscellaneous	\$ 73,084			\$ 73,084	\$ 210,327	\$ 73,084	\$ 73,084
	\$ 7,621,780	\$ 50,306		\$ 7,672,086	\$ 7,464,816	\$ 7,293,235	\$ 6,815,080
<b>Grants</b>							
AB 1058 Commissioner/Facilitator			\$ 190,203	\$ 190,203	\$ 219,613	\$ 182,334	\$ 213,507
Other Judicial Council Grants			\$ 14,432	\$ 14,432	\$ 16,513	\$ 19,005	\$ 16,651
Non-Judicial Council Grants							
			\$ 204,635	\$ 204,635	\$ 236,126	\$ 201,339	\$ 230,158
<b>Other Financing Sources</b>							
Interest Income	\$ 3,201	\$ 0		\$ 3,201	\$ 5,800	\$ 5,803	\$ 6,556
Donations	\$ 5,223			\$ 5,223	\$ 2,270	\$ 2,266	\$ 50
Local Fees	\$ 50,250	\$ 59,915		\$ 110,165	\$ 115,910	\$ 115,899	\$ 134,371
Non-Fee Revenues	\$ 64,328			\$ 64,328	\$ 57,540	\$ 57,536	\$ 53,238
Enhanced Collections		\$ 9,570		\$ 9,570	\$ 11,140	\$ 11,142	\$ 11,982
Escheatment	\$ 105,613			\$ 105,613			
Prior Year Revenue	\$ 2,855	\$ (4)		\$ 2,851		\$ (6,200)	
County Program - Restricted		\$ 3,692		\$ 3,692	\$ 3,370	\$ 3,370	\$ 3,412
Reimbursement Other	\$ 4,252			\$ 4,252	\$ 5,362	\$ 8,427	\$ 10,606
Other Miscellaneous	\$ 975			\$ 975	\$ 790	\$ 788	\$ 4,390
	\$ 236,697	\$ 73,174		\$ 309,871	\$ 202,182	\$ 199,030	\$ 224,605
<b>Total Revenues</b>	<b>\$ 7,858,477</b>	<b>\$ 123,480</b>	<b>\$ 204,635</b>	<b>\$ 8,186,592</b>	<b>\$ 7,903,124</b>	<b>\$ 7,693,603</b>	<b>\$ 7,269,843</b>
<b>EXPENDITURES</b>							
<b>Personal Services</b>							
Salaries - Permanent	\$ 3,807,851	\$ 10,123	\$ 103,309	\$ 3,921,283	\$ 3,733,338	\$ 4,119,442	\$ 4,013,549
Temp Help							
Overtime	\$ 7,665		\$ 37	\$ 7,702	\$ 10,000	\$ 7,381	\$ 10,000
Staff Benefits	\$ 1,927,207	\$ 4,829	\$ 47,281	\$ 1,979,317	\$ 2,280,027	\$ 1,939,141	\$ 2,224,777
	\$ 5,742,723	\$ 14,952	\$ 150,627	\$ 5,908,302	\$ 6,023,365	\$ 6,065,964	\$ 6,248,326
<b>Operating Expenses and Equipment</b>							
General Expense	\$ 361,728		\$ 14,675	\$ 376,403	\$ 399,648	\$ 363,528	\$ 281,623
Printing	\$ 31,649			\$ 31,649	\$ 58,398	\$ 50,297	\$ 37,254
Telecommunications	\$ 42,356		\$ 94	\$ 42,451	\$ 66,600	\$ 50,873	\$ 24,332
Postage	\$ 64,685	\$ 2,779		\$ 67,464	\$ 63,200	\$ 63,151	\$ 65,212
In-State Travel	\$ 14,191		\$ 2,560	\$ 16,751	\$ 19,025	\$ 15,913	\$ 22,201
Out-of-State Travel							
Training	\$ 870		\$ 745	\$ 1,615	\$ 1,750	\$ 940	\$ 2,267
Security Services	\$ 129,993		\$ 8,477	\$ 138,469	\$ 131,582	\$ 124,107	\$ 123,999
Facility Operations	\$ 34,609		\$ 2,439	\$ 37,048	\$ 36,750	\$ 46,008	\$ 38,554
Contracted Services	\$ 1,230,390	\$ 1,816	\$ 5,488	\$ 1,237,694	\$ 1,231,027	\$ 1,276,287	\$ 1,297,388
Consulting and Professional Services	\$ 19,800			\$ 19,800	\$ 19,795	\$ 21,847	\$ 19,085
Information Technology	\$ 206,725	\$ 188		\$ 206,912	\$ 219,529	\$ 222,711	\$ 232,922
Major Equipment	\$ 173,250			\$ 173,250	\$ 132,983	\$ 33,539	\$ 19,106
Other Items of Expense	\$ 125			\$ 125		\$ 182	
	\$ 2,310,370	\$ 4,783	\$ 34,478	\$ 2,349,631	\$ 2,380,287	\$ 2,269,383	\$ 2,163,943
<b>Special Items of Expense</b>							
Grand Jury							
Jury Costs	\$ 98,242			\$ 98,242	\$ 84,637	\$ 84,637	\$ 80,227
Judgements, Settlements and Claims							
Other							
<b>Capital Costs</b>							
<b>Internal Cost Recovery</b>	\$ (30,928)	\$ 802	\$ 30,125	\$ 0	\$ 0	\$ 0	\$ 0
<b>Prior Year Expense Adjustment</b>	\$ (5,238)			\$ (5,238)	\$ (13,089)	\$ (3,020)	
	\$ 62,076	\$ 802	\$ 30,125	\$ 93,003	\$ 71,548	\$ 81,616	\$ 80,227
<b>Total Expenditures</b>	<b>\$ 8,115,169</b>	<b>\$ 20,537</b>	<b>\$ 215,230</b>	<b>\$ 8,350,936</b>	<b>\$ 8,475,200</b>	<b>\$ 8,416,964</b>	<b>\$ 8,492,496</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>\$ (256,692)</b>	<b>\$ 102,942</b>	<b>\$ (10,596)</b>	<b>\$ (164,345)</b>	<b>\$ (572,076)</b>	<b>\$ (723,361)</b>	<b>\$ (1,222,653)</b>
<b>Operating Transfers In (Out)</b>	<b>\$ (21,563)</b>	<b>\$ 10,967</b>	<b>\$ 10,596</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fund Balance (Deficit)</b>							
Beginning Balance (Deficit)	\$ 445,772	\$ 126,303	\$ 0	\$ 572,076	\$ 572,076	\$ 1,295,437	\$ 1,295,437
Ending Balance (Deficit)	\$ 167,518	\$ 240,213	\$ 0	\$ 407,731	\$ 0	\$ 572,076	\$ 72,784

Source: Phoenix Financial System

Superior Court of California, County of Humboldt  
 Trial Court Operations Fund  
 Statement of Program Expenditures  
 For the Fiscal Year  
 (Unaudited)

	2014-2015							2013-2014	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
<b>PROGRAM EXPENDITURES:</b>									
Judges & Courtroom Support	\$ 2,372,803	\$ 408,677		\$ 0	\$ 6,031	\$ 2,787,511	\$ 2,991,706	\$ 2,759,161	\$ 3,001,830
Traffic & Other Infractions	\$ 524,365	\$ 54,215		\$ 0	\$ 97	\$ 578,677	\$ 553,663	\$ 595,141	\$ 522,038
Other Criminal Cases	\$ 495,258	\$ 34,116		\$ 0	\$ 63	\$ 529,437	\$ 528,537	\$ 554,433	\$ 524,286
Civil	\$ 489,016	\$ 31,202		\$ 16,573	\$ 62	\$ 536,853	\$ 427,720	\$ 590,393	\$ 450,680
Family & Children Services	\$ 648,915	\$ 96,429		\$ 0	\$ (909)	\$ 744,435	\$ 434,687	\$ 739,328	\$ 442,601
Probate, Guardianship & Mental Health Services		\$ 124,839				\$ 124,839	\$ 221,209	\$ 129,101	\$ 248,358
Juvenile Dependency Services	\$ 41,708	\$ 608,289		\$ 0	\$ 5	\$ 650,002	\$ 683,205	\$ 692,725	\$ 683,698
Juvenile Delinquency Services	\$ 41,706	\$ 2,377		\$ 0	\$ 5	\$ 44,088	\$ 62,387	\$ 60,023	\$ 60,477
Other Court Operations		\$ 125				\$ 125	\$ 24,235	\$ 182	\$ 26,125
Court Interpreters		\$ 80,940				\$ 80,940	\$ 76,546	\$ 83,022	\$ 83,131
Jury Services	\$ 88,295	\$ 128,924	\$ 98,242	\$ 0	\$ 10	\$ 315,471	\$ 270,043	\$ 290,654	\$ 325,213
Security		\$ 180,200				\$ 180,200	\$ 137,821	\$ 129,695	\$ 130,714
<b>Trial Court Operations Program</b>	<b>\$ 4,702,066</b>	<b>\$ 1,750,333</b>	<b>\$ 98,242</b>	<b>\$ 16,573</b>	<b>\$ 5,363</b>	<b>\$ 6,572,576</b>	<b>\$ 6,411,759</b>	<b>\$ 6,623,858</b>	<b>\$ 6,499,150</b>
Enhanced Collections							\$ 11,003		
Other Non-Court Operations									
<b>Non-Court Operations Program</b>							<b>\$ 11,003</b>		
Executive Office	\$ 249,402	\$ 14,090		\$ 0	\$ 35	\$ 263,528	\$ 375,765	\$ 264,133	\$ 371,754
Fiscal Services	\$ 265,765	\$ 62,961		\$ 0	\$ 48	\$ 328,775	\$ 306,754	\$ 367,007	\$ 332,195
Human Resources	\$ 151,240	\$ 85,519		\$ 0	\$ 178	\$ 236,937	\$ 174,253	\$ 208,461	\$ 181,302
Business & Facilities Services	\$ 186,649	\$ 219,883		\$ (16,573)	\$ (4,152)	\$ 385,808	\$ 406,324	\$ 400,450	\$ 409,623
Information Technology	\$ 353,179	\$ 216,844		\$ 0	\$ (6,711)	\$ 563,312	\$ 789,343	\$ 553,055	\$ 698,472
<b>Court Administration Program</b>	<b>\$ 1,206,236</b>	<b>\$ 599,298</b>		<b>\$ (16,573)</b>	<b>\$ (10,602)</b>	<b>\$ 1,778,360</b>	<b>\$ 2,052,438</b>	<b>\$ 1,793,106</b>	<b>\$ 1,993,346</b>
Expenditures Not Distributed or Posted to a Program	\$ 0	\$ 0		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Year Adjustments Not Posted to a Program									
<b>Total</b>	<b>\$ 5,908,302</b>	<b>\$ 2,349,631</b>	<b>\$ 98,242</b>	<b>\$ 0</b>	<b>\$ (5,238)</b>	<b>\$ 8,350,936</b>	<b>\$ 8,475,200</b>	<b>\$ 8,416,964</b>	<b>\$ 8,492,496</b>

Source: Phoenix Financial System



## **PURPOSE AND SCOPE**

The purpose of this review was to determine the extent to which the Superior Court of California, County of Humboldt (Court) has:

- Designed and implemented an internal control structure that can be relied upon to ensure the reliability and integrity of information; compliance with policies, procedures, laws and regulations; the safeguarding of assets; and the economical and efficient use of resources.
- Complied with the Trial Court Financial Policies and Procedures Manual and the Court's own documented policies and procedures.
- Complied with various statutes and Rules of Court.

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, financial accounting and reporting, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2014–2015.

The Judicial Council in December 2009 adopted California Rule of Court Rule 10.500 with an effective date of January 1, 2010, that provides for public access to non-deliberative or non-adjudicative court records. Final audit reports are among the court records that are subject to public access unless an exemption from disclosure is applicable. The exemptions under rule 10.500 (f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. Therefore, any information considered confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

## **TIMING AND REVIEWS WITH MANAGEMENT**

The entrance letter was issued to the Court on August 17, 2015.

The entrance meeting was held with the Court on August 17, 2015.

Audit fieldwork commenced on August 31, 2015.

Fieldwork was completed in December 2015.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on May 3, 2016, with the following Court management:

- Kim Bartleson, Court Executive Officer
- Andrew Lund, Court Finance Manager

Audit Services received the Court's final management responses to the audit recommendations on April 20, 2016, and final management responses to the Appendix A log items on April 29, 2016. Audit Services incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on May 2, 2016. On May 3, 2016, Audit Services received the Court's final comments and suggestions concerning its review of the audit report and indicated it did not consider another review of the report necessary before Audit Services presented the report to the Judicial Council.

The audit assignment was completed by the following audit staff under the supervision of Robert Cabral, Audit Supervisor:

Joe Azevedo, Senior Auditor (auditor-in-charge)  
Steve Lewis, Auditor  
Mami Nakashita, Auditor

## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

#### Background

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Within the boundaries established by the Judicial Council, each trial court has the authority and responsibility for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity and professionalism. All employees must also operate within the specific levels of authority that may be established by the trial court for their positions.

California Rules of Court (CRC) and the *Trial Court Financial Policy and Procedures Manual* (FIN Manual) established under Government Code section (GC) 77001 and adopted under CRC 10.804, respectively, specify guidelines and requirements for court governance.

The table below presents the Superior Court of California, County of Humboldt (Court), general ledger account balances that are considered associated with court administration. A description of the areas reviewed and how we reviewed them is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Revenue</b>				
833010 PROGRAM 45.25-JUDGES SALA	52,500.00	52,500.00	0.00	0.00%
<b>Expenditures</b>				
906303 SALARIES - COMMISSIONERS	154,682.60	152,555.02	2,127.58	1.39%
906311 SALARIES - SUPERIOR COURT	52,500.00	52,500.00	0.00	0.00%
920500 - DUES AND MEMBERSHIPS	2,315.00	2,373.25	(58.25)	-2.45%
933100 - TRAINING	1,615.00	940.00	675.00	71.81%

We assessed the Court's compliance related to trial court management, including duties of the presiding judge (PJ), duties of the court executive officer (CEO), and management of human resources, with CRC and FIN Manual requirements through a series of questionnaires and review of records. Primary areas reviewed included an evaluation of the following:

- Expense restrictions included in *Operating Guidelines and Directives for Budget Management in the Judicial Branch* (operating guidelines), such as restrictions on the payment of professional association dues for individuals making over \$100,000 a year.
- Compliance with CRC relating to cases taken under submission.
- Approval requirements regarding training.

Additionally, we obtained an understanding of the Court's organizational structure and reviewed the cash handling and fiscal responsibilities of Court personnel to determine whether duties are sufficiently segregated.

**The following issue was considered significant enough to bring to management's attention in this report. An additional minor issue is included in Appendix A to this report.**

## **1.1 Closer Monitoring Could Help Ensure that Submitted Causes are Decided Timely**

### **Background**

To promote a prompt judicial system, statute requires judicial officers to decide on case matters within 90 days after being submitted for a judicial decision, or risk not receiving their salary. Specifically, Government Code Section 68210 states that no judge of a court of record shall receive his salary unless he shall make and subscribe before an officer entitled to administer oaths, an affidavit stating that no cause before him remains pending and undetermined for 90 days after it has been submitted for a decision.

To prevent submitted causes from remaining undecided for over 90 days, California Rule of Court 10.603(c)(3) makes the PJ responsible for supervising and monitoring the number of causes under submission and ensuring that no cause under submission remains undecided and pending for longer than 90 days. As an aid in accomplishing this goal, this rule requires the PJ to take certain actions, including the following:

- Require each judge to report to the PJ all causes under submission for more than 30 days, including each cause under submission for 30 through 60 days, 61 through 90 days, or over 90 days,
- Compile and circulate monthly to each judge of the court a complete list of all causes under submission, including the name of each judge, a list of causes under submission before each judge, and the length of time each cause has been under submission,
- Contact each judge who has a cause under submission for over 30 days and discuss ways to ensure that the cause is timely decided,
- Consider providing assistance to a judge who has a cause under submission for over 60 days.

### **Issue**

Our review of the Court-prepared submitted matters lists for the period September 2014 through September 2015 found that the Court's procedures do not always ensure that submitted matters are decided within 90 days of being taken under submission. Specifically, one judge was publicly admonished for not ruling on several matters within 90 days after taking the matters under submission. Another two judges did not complete and issue their decisions on five other matters until at least 91 days to as many as 125 days after the judges took the matters under submission.

Moreover, contrary to the intent of State law, one of these judges also received their salary when the judge signed inaccurate affidavits during the months that the cases remained undetermined and pending for more than 90 days. The Court submitted these affidavits to the Judicial Council of California, Finance Division (JCC Finance), resulting in JCC Finance processing the judge's salary even though cases with undetermined causes remained pending for more than 90 days during those months.

Further, the Court could not demonstrate, such as with emails or other communications, that the PJ reviews the monthly list of cases with submitted matters, contacts judges with matters over 30 days to ensure the matters are timely ruled upon, or provides assistance to judges with matters under submission over 60 days. Therefore, we could not determine whether the PJ is proactively supervising and monitoring the number of causes under submission to ensure that no cause under submission remains undecided and pending for longer than 90 days.

**Recommendation**

To help ensure the Court decides causes under submission within 90 days, the Court should consider the following:

1. Implement a process to document, such as through emails or other communications, the PJ's receipt and review of the monthly list of cases with submitted matters and the contacts and alerts the PJ makes to each judge who has a case with a matter under submission for over 30 days including the discussion of ways to ensure that the matter is decided in a timely manner, as well as ensuring that if a matter on a case remains undecided for more than 60 days, that the PJ considers whether the judge needs any assistance to ensure the matter is decided within 90 days as required by Rule of Court.

**Superior Court Response by: Kim M. Bartleson, CEO                      Date: January 15, 2016**

We agree with the issue. The corrective action that has been taken is consistent with the recommendations above which includes notification to the PJ, PJ then communicates directly with individual judges and monitors to ensure necessary resources are available to ensure decision within 90 days as required by Rule of Court. The PJ authorizes when pay affidavits are provided to the judges.

Date of Corrective Action: September 2015

Responsible Person(s): Judge Hinrichs, Presiding Judge, Deb Rogers, Judicial Secretary, and Drew Lund, Finance Manager

## 2. Fiscal Management and Budgets

### Background

Trial courts must employ sound business, financial, and accounting practices to conduct their fiscal operations. To operate within the funding appropriated in the State Budget Act and allocated to courts, courts should establish budgetary controls to monitor their budgets on an ongoing basis to ensure that actual expenditures do not exceed available amounts. As personnel services costs account for the majority of trial court budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and a process and procedures for requesting, evaluating, and approving new and reclassified positions.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Assets</b>				
120051 SHORT TERM INVESTMENTS-LAIF	763,366.19	520,627.61	242,738.58	46.62%
120051 SHORT TERM INVESTMENTS-CAPITAL SHARES	1,128,584.33	575,164.36	553,419.97	96.22%
<b>Liabilities</b>				
374001 PAYROLL CLEARING ACCOUNT	125,092.49	148,890.75	(23,798.26)	-15.98%
374101 RETIREMENT CONTRIBUTIONS	42,454.89	31,591.79	10,863.10	34.39%
374102 RETIREMENT BENEFITS - JUD	161.07	-	161.07	100.00%
374603 UNION DUES	1,004.69	-	1,004.69	100.00%
374702 BENEFITS PAYABLE-MEDICAL	30,869.55	90,013.46	(59,143.91)	-65.71%
374703 BENEFITS PAYABLE-DENTAL E	1,209.28	34.08	1,175.20	3448.36%
374704 BENEFITS PAYABLE-VISION E	940.61	689.03	251.58	36.51%
374705 BENEFITS PAYABLE-LIFE EE	504.91	(6.50)	511.41	7867.85%
374706 BENEFITS PAYABLE-FLEX SPE	999.93	997.61	2.32	0.23%
374801 DEFERRED COMPENSATION	1,585.00	3,695.00	(2,110.00)	-57.10%
<b>Expenditures</b>				
900301 SALARIES - PERMANENT	3,659,490.97	3,890,157.91	(230,666.94)	-5.93%
900320 LUMP SUM PAYOUTS	54,609.78	24,229.47	30,380.31	125.39%
906303 SALARIES - COMMISSIONERS	154,682.60	152,555.02	2,127.58	1.39%
906311 SALARIES - SUPERIOR COURT	52,500.00	52,500.00	0.00	0.00%
908301 OVERTIME	7,701.86	7,380.71	321.15	4.35%
<b>** SALARIES TOTAL</b>	<b>3,928,985.21</b>	<b>4,126,823.11</b>	<b>(197,837.90)</b>	<b>-4.79%</b>
910301 SOCIAL SECURITY INS & MED	219,647.96	234,267.90	(14,619.94)	-6.24%
910302 MEDICARE TAX	52,613.87	56,026.70	(3,412.83)	-6.09%
<b>* 910300 - TAX</b>	<b>272,261.83</b>	<b>290,294.60</b>	<b>(18,032.77)</b>	<b>-6.21%</b>
910401 DENTAL INSURANCE	40,535.99	42,245.61	(1,709.62)	-4.05%
910501 MEDICAL INSURANCE	636,730.00	641,419.93	(4,689.93)	-0.73%
910502 FLEXIBLE BENEFITS	2,359.76	2,003.71	356.05	17.77%
910503 RETIREE BENEFIT	40,140.00	37,850.96	2,289.04	6.05%
<b>* 910400 - HEALTH INSURANCE</b>	<b>719,765.75</b>	<b>723,520.21</b>	<b>(3,754.46)</b>	<b>-0.52%</b>
910601 RETIREMENT (NON-JUDICIAL	832,411.69	795,156.29	37,255.40	4.69%

912301 RETIREMENT (SUBORDINATE A	35,185.64	32,971.04	2,214.60	6.72%
* <b>910600 - RETIREMENT</b>	<b>867,597.33</b>	<b>828,127.33</b>	<b>39,470.00</b>	<b>4.77%</b>
* <b>912500 - WORKERS' COMPENSATION</b>	<b>94,866.00</b>	<b>66,003.00</b>	<b>28,863.00</b>	<b>43.73%</b>
913301 UNEMPLOYMENT INSURANCE	8,964.99	14,015.97	(5,050.98)	-36.04%
913501 LIFE INSURANCE	5,753.97	6,643.00	(889.03)	-13.38%
913601 VISION CARE INSURANCE	7,183.51	7,614.07	(430.56)	-5.65%
* <b>912700 - OTHER INSURANCE</b>	<b>21,902.47</b>	<b>28,273.04</b>	<b>(6,370.57)</b>	<b>-22.53%</b>
913899 OTHER BENEFITS	2,923.20	2,923.20	0.00	0.00%
* <b>913800 - OTHER BENEFITS</b>	<b>2,923.20</b>	<b>2,923.20</b>	<b>0.00</b>	<b>0.00%</b>
** <b>STAFF BENEFITS TOTAL</b>	<b>1,979,316.58</b>	<b>1,939,141.38</b>	<b>40,175.20</b>	<b>2.07%</b>
*** <b>PERSONAL SERVICES TOTAL</b>	<b>5,908,301.79</b>	<b>6,065,964.49</b>	<b>(157,662.70)</b>	<b>-2.60%</b>

We assessed the Court's budgetary controls by obtaining an understanding of how the Court's annual budget is approved and monitored. In regards to personnel services costs, we compared actual to budgeted expenditures, and performed a trend analysis of prior year personnel services costs to identify and determine the causes of significant cost increases.

We also evaluated the Court's payroll controls through interviews with Court employees, and review of payroll reports and reconciliation documents. For selected employees, we validated payroll expenditures to supporting documents, including payroll registers, timesheets, and personnel files to determine whether work and leave time were appropriately approved and pay was correctly calculated. In addition, we reviewed the Court's Personnel Manual and employee bargaining agreements to determine whether any differential pay, leave accruals, and various benefits were made in accordance with court policy and agreements.

**There were no issues associated with this area to report to management.**

### 3. Fund Accounting

#### Background

Trial courts must account for their receipt and use of public funds using the fund accounting and reporting standards published by the Government Accounting Standards Board. To assist courts in meeting this objective, the FIN Manual provides guidelines for courts to follow. Specifically, the FIN Manual requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. The FIN Manual also defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. The Judicial Council Phoenix Financial System includes governmental, fiduciary, and proprietary funds to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Fund Balance</b>				
535001 RESERVE FOR ENCUMBRANCES	24,212.63	305,314.61	(281,101.98)	-92.07%
551001 FUND BALANCE - NON SPENDA	83,243.50	139,839.79	(56,596.29)	-40.47%
552001 FUND BALANCE - RESTRICTED	240,212.75	126,303.47	113,909.28	90.19%
552002 FUND BALANCE - COMMITTED	24,212.63	305,314.61	(281,101.98)	-92.07%
553001 FUND BALANCE - ASSIGNED	60,062.21	618.00	59,444.21	9618.80%
615001 ENCUMBRANCES	(24,212.63)	(305,314.61)	281,101.98	92.07%
<b>*** Fund Balances</b>	<b>407,731.09</b>	<b>572,075.87</b>	<b>(164,344.78)</b>	<b>-28.73%</b>
<b>Revenue</b>				
** 837000-IMPROVEMENT FUND - REIMBUR	17,826.00	17,826.00	0.00	0.00%
** 840000-COUNTY PROGRAM - RESTRICTED	3,692.00	3,370.00	322.00	9.55%
<b>Expenditures</b>				
*** 701100 OPERATING TRANSFERS IN	(243,490.14)	(337,545.07)	94,054.93	27.86%
*** 701200 OPERATING TRANSFERS OUT	243,490.14	337,545.07	(94,054.93)	-27.86%

To determine whether the Court is properly accounting for its financial resources and expenditures in separate funds, we reviewed the trial balance of the Court's general fund and grant funds and certain detailed transactions, if necessary.

**There were no issues associated with this area to report to management.**



#### 4. Accounting Principles and Practices

##### Background

Trial courts must accurately account for use of public funds, and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts use these accounting guidelines and are required to prepare various financial reports and submit them to the Judicial Council, as well as preparing and disseminating internal reports for monitoring purposes.

Since migrating onto the Phoenix Financial System, the Court receives, among other things, general ledger accounting, analysis, and reporting support services from the Judicial Council Trial Court Administrative Services (TCAS). Some of the benefits of the Phoenix Financial System are consistent application of FIN Manual accounting guidelines, and the ability to produce quarterly financial statements and other financial reports directly from the general ledger. Since the financial reporting capabilities are centralized with TCAS, our review of court financial statements is kept at a high level.

Courts may also receive various federal and state grants either directly or passed through to it from the Judicial Council. Restrictions on the use of these grant funds and other requirements may be found in the grant agreements. The grants courts receive are typically reimbursement-type grants that require them to document and report costs to receive payment. Courts must separately account for the financing sources and expenditures associated with each grant. As a part of the annual Single Audit the State Auditor conducts for the State of California, the Judicial Council requests courts to list and report the federal grant awards they received.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Assets</b>				
130001 A/R-ACCRUED REVENUE	374.67	698.50	(323.83)	-46.36%
131601 A/R - DUE FROM EMPLOYEE	1,182.11	542.72	639.39	117.81%
140002 TRUST-DUE FROM DISTRIBUTI	1,008.00	2,422.00	(1,414.00)	-58.38%
140011 OPERATIONS-DUE FROM TRUST	1.71	10.41	(8.70)	-83.57%
140012 OPERATIONS-DUE FROM DISTR	13.89	449.62	(435.73)	-96.91%
140014 GENERAL-DUE FROM SPECIAL	35,069.77	49,866.20	(14,796.43)	-29.67%
150001 A/R - DUE FROM OTHER GOVE	69,979.87	86,315.40	(16,335.53)	-18.93%
152000 A/R-DUE FROM STATE	239,275.84	205,303.41	33,972.43	16.55%
<b>** Receivables</b>	<b>346,905.86</b>	<b>345,608.26</b>	<b>1,297.60</b>	<b>0.38%</b>
172001 PREPAID EXPENSES	83,243.50	139,839.62	(56,596.12)	-40.47%
<b>** Prepaid Expenses</b>	<b>83,243.50</b>	<b>139,839.62</b>	<b>(56,596.12)</b>	<b>-40.47%</b>
<b>*** Accounts Receivable</b>	<b>430,149.36</b>	<b>485,447.88</b>	<b>(55,298.52)</b>	<b>-11.39%</b>

**Revenue**

** 812100-TCTF - PGM 10 OPERATIONS	6,709,295.69	6,323,093.34	386,202.35	6.11%
** 816000-OTHER STATE RECEIPTS	73,084.00	73,084.00	0.00	0.00%
** 821000-LOCAL FEES REVENUE	110,165.09	115,898.89	(5,733.80)	-4.95%
** 821200-ENHANCED COLLECTIONS - REV	9,570.44	11,141.79	(1,571.35)	-14.10%
** 822000-LOCAL NON-FEES REVENUE	64,327.81	57,535.55	6,792.26	11.81%
** 823000-OTHER - REVENUE	111,811.26	3,054.71	108,756.55	3560.29%
** 825000-INTEREST INCOME	3,201.22	5,802.60	(2,601.38)	-44.83%
** 831000-GENERAL FUND - MOU/REIMBUR	31,802.83	51,308.00	(19,505.17)	-38.02%
** 832000-PROGRAM 45.10 - MOU/REIMBU	712,771.47	698,210.89	14,560.58	2.09%
** 833000-PROGRAM 45.25 - REIMBURSEM	52,500.00	52,500.00	0.00	0.00%
** 834000-PROGRAM 45.45 - REIMBURSEM	74,806.00	77,212.68	(2,406.68)	-3.12%
** 838000-AOC GRANTS - REIMBURSEM	204,634.64	201,338.85	3,295.79	1.64%
** 860000-REIMBURSEMENTS - OTHER	4,252.48	8,426.62	(4,174.14)	-49.54%
** 890000-PRIOR YEAR REVENUE	2,850.58	(6,200.47)	9,051.05	145.97%

**Expenditures**

* 999900 -PRIOR YEAR EXPENSE	(5,238.38)	(3,020.21)	(2,218.17)	-73.44%
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We compared general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. We also assessed the Court's procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2013–2014 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

**There were minor issues associated with this area that are included in Appendix A to this report.**

## 5. Cash Collections

### Background

Trial courts must collect and process payments in a manner that protects the integrity of the court and its employees and promotes public confidence. Thus, trial courts should institute procedures and other internal controls that assure the safe and secure collection, and accurate accounting of all payments. The FIN Manual provides uniform guidelines for trial courts to use when collecting, processing, accounting, and reporting payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Cash Accounts</b>				
100000 POOLED CASH	104,712.92	793,080.49	(688,367.57)	-86.80%
100011 OPS DEPOSIT	851.82	116.40	735.42	631.80%
100017 OPS OUTGOING EFT	(787.00)	-	(787.00)	-100.00%
100025 DISB CHECK-OPERATIONS	(96,912.39)	(59,429.84)	(37,482.55)	-63.07%
100027 DISB OUTGOING EFT	(5,593.86)	-	(5,593.86)	-100.00%
100131 DIST DEPOSIT	19,630.50	12,657.00	6,973.50	55.10%
100132 DIST CREDIT CARD DEPOSIT	2,670.00	378.00	2,292.00	606.35%
100137 DIST OUTGOING EFT	(6,061.37)	(798.00)	(5,263.37)	-659.57%
100151 TRUST DEPOSIT	6,754.00	797.00	5,957.00	747.43%
100157 TRUST OUTGOING EFT	(9,076.45)	-	(9,076.45)	-100.00%
100165 TRUST DISBURSEMENT CHECK	(64,288.00)	(3,117.33)	(61,170.67)	-1962.28%
114000 CASH-REVOLVING	10,000.00	10,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUN	3,000.00	3,000.00	0.00	0.00%
120002 CASH OUTSIDE OF JUDICIAL	11,394.44	994.78	10,399.66	1045.42%
<b>Overages/Shortages</b>				
823004 CASHIER OVERAGES	492.35	390.90	101.45	25.95%
952599 CASHIER SHORTAGES	124.90	181.50	(56.60)	-31.18%

We visited selected court locations with cash handling responsibilities and assessed various cash handling processes and practices through observations and interviews with Court managers and staff. Specific processes and practices reviewed include the following:

- Beginning-of-day opening.
- End-of-day closeout, balancing, and reconciliation.
- Bank deposit preparation.
- Segregation of cash handling duties.
- Access to safe, keys, and other court assets.
- Physical and logical security of cashiering areas and information systems.

We also reviewed selected monetary and non-monetary transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed

controls over manual receipts to determine whether adequate physical controls existed, periodic oversight was performed, and other requisite controls were being followed.

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are identified, monitored, and promptly referred to its collections agency, and that collections received are promptly and accurately recorded and reconciled to the associated case.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.**

## **5.1 The Court Needs to Better Track and Monitor Civil Fee Payment Plans**

### **Background**

Before courts may process their civil filings, parties of civil cases must pay the required filing fees in full or be granted a fee waiver. Otherwise, when a party does not pay the required civil filing fees in full, the court must void the filing. Nonetheless, Government Code (GC) Section 68630 allows courts to grant initial fee waivers for individuals who cannot afford to pay their civil filing fees and who apply for an initial fee waiver. GC 68632 directs courts to initially grant permission to proceed without paying court fees and costs because of an applicant's financial condition. Applicants eligible for an initial fee waiver include an applicant who is receiving public benefits under certain programs, an applicant whose monthly income is 125 percent or less of the current poverty guidelines, an applicant who cannot pay court fees without using moneys that normally would pay for the common necessities of life for the applicant and the applicant's family, and a person who files a petition for appointment of a fiduciary in a guardianship or conservatorship when the financial condition of the conservatee or ward meets the standards for a fee waiver.

If the court finds that that an applicant can pay a portion of the court fees, or can pay over a period of time or some other arrangement, without using moneys that normally would pay for the common necessities of life for the applicant and the applicant's family, GC 68632 (c) allows courts to grant such an applicant a partial initial fee waiver to pay a portion of the court fees, or to pay over a period of time or some other arrangement.

If the court denies the initial fee waiver application in whole or in part, GC 68634 (g) requires the applicant to pay the court fees and costs, or make the partial payment ordered by the court, within 10 days after notice of the denial. If the applicant does not pay on time, the court shall void the papers that the applicant filed without payment of court fees.

After granting an initial fee waiver in whole or in part, GC 68636 allows the court, before or at the time of final disposition of the case, to require the applicant to appear at a court hearing to provide reasonable evidence to support the eligibility for the fee waiver. If the court determines that the applicant was not entitled to or is no longer eligible for the initial fee waiver, the court may order the person to pay to the court immediately, or over a period of time, all or part of the court fees and costs.

Further, GC 68638 allows the court to execute on any order for payment of initially waived fees and costs in the same manner as on a judgment in civil action. The court may issue an abstract of judgment, a writ of execution, or both for the recovery of initially waived fees and costs as ordered; the fees for issuing the abstract of judgment, writ of execution, or both; a \$25 administrative fee; and an amount for serving and collecting on the judgment.

### **Issues**

Our review of civil cases in which the Court allowed parties to pay civil filing fees in installments found that the Court did not always send notice to the parties when the installments became delinquent. As a result, the Court did not always void or suspend the filings and allowed cases to continue until disposed prior to receiving full payment of the required civil filing and administrative fees. It also did not take action to collect the required civil filing and administrative fees when the required civil fees were not paid as agreed.

Specifically, our review of ten civil cases for which the Court allowed parties to pay the required civil filing fees in installments, but the parties did not pay, found six cases where the Court did not send a deficiency notice requiring parties to pay the required civil filing fees as agreed. Also, for a seventh civil case, the Court sent the deficiency notice six months after the payment due became delinquent.

In addition, for two of the six civil cases where the Court did not send a deficiency notice, as well as the one civil case where the Court sent the deficiency notice six months after the payment became delinquent, the filings were not stricken and the civil cases were allowed to proceed. Further, the Court did not notify the judicial officer of the delinquent payments in these three cases; consequently, the Court allowed these cases to proceed without full payment of the required civil filing fees. In fact, for one of these three civil cases, the Court ruled in favor of the non-paying party. Regardless, the Court did not take action to void or suspend the civil proceedings, or to compel the parties to pay, even though the parties did not make the installment payments as agreed.

Further, the Court does not have a process to refer delinquent civil payment plans to the county Office of Revenue and Recovery for collection. As a result, for all ten civil cases reviewed for which the Court allowed parties to pay the required civil filing fees in installments but the parties did not pay as agreed, the Court has not taken action to collect the civil and administrative fees due to the Court.

### **Recommendations**

To ensure the prompt collection of the civil fees it allows parties to pay in installments, the Court should consider enhancing its oversight and procedures as follows:

1. Establish and follow a formal written process to monitor and collect on all civil installment payment plans. If the parties do not make the required payments as agreed, the Court should notify the judge of the delinquent payments so that the judge can compel the responsible parties to pay the required civil fees prior to the commencement of a trial or hearing, further court proceedings, or final disposition of the case.

2. Develop and implement a process to promptly issue court orders to recover the civil fees and costs the Court initially waived and allowed the party to pay in installments, and the legal documents needed to collect the initially waived fees and costs, the fees for issuing the legal documents, the \$25 administrative fee, and any other cost to serve and collect on the judgment from the parties who did not pay the required civil fees and court costs as agreed.
3. Initiate collection proceedings to collect the required civil fees and court costs due to the Court for the cases noted above, and for any civil case the Court allowed to proceed or conclude and for which the responsible parties did not pay the required civil fees and court costs.

**Superior Court Response by: Kim M. Bartleson, CEO**

**Date: February 4, 2016**

The Court agrees that the monitoring of delinquencies in civil fee payment plans needs to be improved. However, there are mitigating factors with respect to this Issues Memorandum. First, since 2008 there have been staff shortages due to the ongoing budget crisis making statutory compliance monitoring a difficult, if not impossible task. Second, the cost to modify the Court's existing case management system in order for delinquent civil collections to be adequately monitored is cost prohibitive. **NOTE: The court is in the process of acquiring a different case management system which will have this capability.**

The Court will develop and implement a formal policy to:

- Monitor civil fee payment plans and send notices of unpaid civil fees due to parties.
- Notify parties when delinquent on payment plans.
- Document court file for the judicial officer's information.
- Make orders available to judicial officers to recover unpaid fees.
- Strike pleadings for unpaid civil fees.

Date of Corrective Action: June 1, 2016.

Responsible Person(s): Kim Bartleson, CEO

## 6. Information Systems

### Background

Courts make wide use of information technology (IT) to support their court operations. For example, courts use IT services to operate and maintain automated case management systems, cashiering systems, and local area networks. Because these information systems are integral to daily court operations, courts must maintain and protect these systems from interruptions and must have plans for system recovery from an unexpected system failure. Additionally, because courts maintain sensitive and confidential information in these systems, courts must also take steps to control and prevent unauthorized access to these systems and the information included in them.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures</b>				
943201 IT MAINTENANCE	28,751.95	28,116.08	635.87	2.26%
* <b>943200 - IT MAINTENANCE</b>	<b>28,751.95</b>	<b>28,116.08</b>	<b>635.87</b>	<b>2.26%</b>
943301 IT COMMERCIAL CONTRACTS	1,687.50	3,031.25	(1,343.75)	-44.33%
* <b>943300 - IT COMMERCIAL CONTRACT</b>	<b>1,687.50</b>	<b>3,031.25</b>	<b>(1,343.75)</b>	<b>-44.33%</b>
943501 IT REPAIRS & SUPPLIES	1,557.70	3,939.28	(2,381.58)	-60.46%
943502 IT SOFTWARE & LICENSING F	158,687.83	174,477.82	(15,789.99)	-9.05%
943503 COMPUTER SOFTWARE	16,227.41	13,146.30	3,081.11	23.44%
* <b>943500 - IT REPAIRS/SUPPLIES/LICE</b>	<b>176,472.94</b>	<b>191,563.40</b>	<b>(15,090.46)</b>	<b>-7.88%</b>
** <b>INFORMATION TECHNOLOGY (IT) TOTAL</b>	<b>206,912.39</b>	<b>222,710.73</b>	<b>(15,798.34)</b>	<b>-7.09%</b>
946601 MAJOR EQUIPMENT - IT	132,613.66	33,538.67	99,074.99	295.41%

We reviewed various information system (IS) controls through interviews with Court management, observation of IS facilities and equipment, and review of records. Some of the primary areas reviewed include the following:

- Systems backup and data storage procedures.
- Recovery and continuity plans and procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the environmental conditions of the computer rooms.
- Access controls to the Department of Motor Vehicles (DMV) database records.
- Automated distribution calculations of collected fines, penalties, fees, and assessments for selected criminal and traffic violations.

**There were minor issues associated with this area that are included in Appendix A to this report.**

## 7. Banking and Treasury

### Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under court control. The FIN Manual, Policy No. FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located, including interest income on funds deposited in the Judicial Council established bank accounts. Courts typically deposit in Judicial Council established accounts allocations for court operations, civil filing fees, and civil trust deposits. Courts may also deposit monies with the county, including collections for criminal and traffic fines and fees, and bail trust deposits.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Assets</b>				
100000 POOLED CASH	104,712.92	793,080.49	(688,367.57)	-86.80%
100011 OPS DEPOSIT	851.82	116.40	735.42	631.80%
100017 OPS OUTGOING EFT	(787.00)	-	(787.00)	-100.00%
100025 DISB CHECK-OPERATIONS	(96,912.39)	(59,429.84)	(37,482.55)	-63.07%
100027 DISB OUTGOING EFT	(5,593.86)	-	(5,593.86)	-100.00%
100131 DIST DEPOSIT	19,630.50	12,657.00	6,973.50	55.10%
100132 DIST CREDIT CARD DEPOSIT	2,670.00	378.00	2,292.00	606.35%
100137 DIST OUTGOING EFT	(6,061.37)	(798.00)	(5,263.37)	-659.57%
100151 TRUST DEPOSIT	6,754.00	797.00	5,957.00	747.43%
100157 TRUST OUTGOING EFT	(9,076.45)	-	(9,076.45)	-100.00%
100165 TRUST DISBURSEMENT CHECK	(64,288.00)	(3,117.33)	(61,170.67)	-1962.28%
114000 CASH-REVOLVING	10,000.00	10,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUN	3,000.00	3,000.00	0.00	0.00%
120002 CASH OUTSIDE OF JUDICIAL	11,394.44	994.78	10,399.66	1045.42%
120050 SHORT TERM INVESTMENTS-LA	763,366.19	520,627.61	242,738.58	46.62%
120051 SHORT TERM INVESTMENTS-CA	1,128,584.33	575,164.36	553,419.97	96.22%
<b>*** Cash and Cash Equivalents</b>	<b>1,868,245.13</b>	<b>1,853,470.47</b>	<b>14,774.66</b>	<b>0.80%</b>
<b>Liabilities</b>				
301001 A/P - GENERAL	2,035.17	30,125.40	(28,090.23)	-93.24%
301004 A/P - ELECTRONIC PAYABLES	-	2,363.69	(2,363.69)	-100.00%
314002 DISTRIBUTION-DUE TO TRUST	1,008.00	2,422.00	(1,414.00)	-58.38%
314011 TRUST-DUE TO OPERATIONS	1.71	10.41	(8.70)	-83.57%
314012 DISTRIBUTION-DUE TO OPERA	13.89	449.62	(435.73)	-96.91%
314014 SPECIAL REVENUE-DUE TO GE	35,069.77	49,866.20	(14,796.43)	-29.67%
321501 A/P DUE TO STATE	-	417.00	(417.00)	-100.00%
321600 A/P - TC145 LIABILITY	204,611.76	170,751.67	33,860.09	19.83%
323010 TREASURY INTEREST PAYABLE	5.97	2.16	3.81	176.39%
330001 A/P - ACCRUED LIABILITIES	-	95,551.13	(95,551.13)	-100.00%
330002 A/P - ACCRUED LIABILITIES	66,693.27	-	66,693.27	100.00%
<b>*** Accounts Payable</b>	<b>309,439.54</b>	<b>351,959.28</b>	<b>(42,519.74)</b>	<b>-12.08%</b>



341001 REVENUE COLLECTED IN ADVA	477,713.97	-	477,713.97	100.00%
351002 LIABILITIES FOR DEPOSITS	3,225.00	3,025.00	200.00	6.61%
351003 LIABILITIES FOR DEPOSITS	12,861.73	23,230.12	(10,368.39)	-44.63%
353002 CIVIL TRUST-CONDEMNATION	329,828.10	560,348.40	(230,520.30)	-41.14%
353004 JURY FEES- NON-INTEREST B	1,350.00	1,350.00	0.00	0.00%
353006 CRIMINAL - GENERAL	79,874.00	28,014.00	51,860.00	185.12%
353017 CIVIL TRUST - FAMILY LAW	15.00	60.00	(45.00)	-75.00%
353022 CIVIL TRUST - COURT REPOR	86,768.78	85,573.08	1,195.70	1.40%
353031 OVERPAYMENT OF FEES	5,248.06	2,919.00	2,329.06	79.79%
353050 AB145 DUE TO OTHER GOVERN	101,950.86	106,964.72	(5,013.86)	-4.69%
353051 CRIMINAL FINES DUE TO OTH	216,525.42	253,249.38	(36,723.96)	-14.50%
353052 DUE TO OTHER PUBLIC AGENC	41,053.17	57,756.64	(16,703.47)	-28.92%
353080 LIABILITIES FOR DEPOSITS	12,820.83	10,522.86	2,297.97	21.84%
353999 TRUST INTEREST PAYABLE	7,166.52	6,962.39	204.13	2.93%
<b>Revenue</b>				
** 825000-INTEREST INCOME	<b>3,201.22</b>	<b>5,802.60</b>	<b>(2,601.38)</b>	<b>-44.83%</b>
<b>Expenditures</b>				
920302 BANK FEES	5,830.08	7,107.93	(1,277.85)	-17.98%

Many courts rely on the Judicial Council Treasury Unit for many banking services, such as performing monthly bank reconciliations to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we reviewed only the following procedures associated with funds not deposited in bank accounts established by the Judicial Council, including funds on deposit with the County:

- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether Judicial Council approval was obtained prior to opening and closing bank accounts.

**There were minor issues associated with this area that are included in Appendix A to this report.**

## 8. Court Security

### Background

Appropriate law enforcement services are essential to trial court operations and public safety. Accordingly, each court enters into a memorandum of understanding (MOU) with the county sheriff for court security services, such as bailiff services and perimeter security services. The sheriff specifies the level of security services it agrees to provide, and these services are typically included in an MOU.

Additionally, each court must prepare and implement a comprehensive court security plan that addresses the sheriff's plan for providing public safety and law enforcement services to the court in accordance with the Superior Court Law Enforcement Act of 2002. The Judicial Council Office of Security (OS) provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. OS also has a template for courts to use in developing an Emergency Plan.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures</b>				
934504 PERIMETER SECURITY-CONTRA	137,830.04	123,873.48	13,956.56	11.27%
934512 ALARM SERVICE	639.00	234.00	405.00	173.08%
* <b>934500 - SECURITY</b>	<b>138,469.04</b>	<b>124,107.48</b>	<b>14,361.56</b>	<b>11.57%</b>
941101 SHERIFF - REIMBURSEMENTS	11,800.00	11,847.00	(47.00)	-0.40%
* <b>941100 - SHERIFF</b>	<b>11,800.00</b>	<b>11,847.00</b>	<b>(47.00)</b>	<b>-0.40%</b>
945204 WEAPON SCREENING X-RAY MA	40,636.50	-	40,636.50	100.00%

We reviewed the Court's security controls through interviews with Court management and county sheriff service providers, observation of security conditions, and review of records. We also reviewed the Court's MOU with the County Sheriff for court security services, including the stationing of bailiffs in courtrooms and the control of in-custodies transported to the courthouse.

**There were minor issues associated with this area that are included in Appendix A to this report.**

## 9. Procurement

### Background

The Judicial Branch Contracting Manual (JBCM) provides uniform guidelines for trial courts to use in procuring necessary goods and services and to document their procurement practices. Trial courts must demonstrate that their procurement of goods and services are conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and to document approval of the procurement by an authorized individual. The requestor identifies the correct account codes, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager or supervisor authorized to approve the procurement. This court manager or supervisor is responsible for verifying that the correct account codes are specified and assuring that funds are available before approving the request for procurement. Depending on the type, cost, and frequency of the goods or services to be procured, trial court employees may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court employees may also need to prepare and enter the agreed terms and conditions into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures</b>				
* 920500 - DUES AND MEMBERSHIPS	2,315.00	2,373.25	(58.25)	-2.45%
* 920600 - OFFICE EXPENSE	48,058.28	56,913.14	(8,854.86)	-15.56%
* 921500 - ADVERTISING	15,228.70	8,981.61	6,247.09	69.55%
* 922300 - LIBRARY PURCHASES AND SU	67,853.51	62,952.22	4,901.29	7.79%
* 922600 - MINOR EQUIPMENT - UNDER	143,672.97	126,312.27	17,360.70	13.74%
* 922700 - EQUIPMENT RENTAL/LEASE	41,606.76	36,261.29	5,345.47	14.74%
* 922800 - EQUIPMENT MAINTENANCE	9,143.95	12,299.50	(3,155.55)	-25.66%
* 923900 - GENERAL EXPENSE - SERVIC	28,409.20	30,093.37	(1,684.17)	-5.60%
* 924500 - PRINTING	31,648.54	50,297.28	(18,648.74)	-37.08%
* 925100 - TELECOMMUNICATIONS	42,450.58	50,872.87	(8,422.29)	-16.56%
* 926200 - STAMPS, STAMPED ENVELOPE	48,279.41	45,501.30	2,778.11	6.11%
* 926300 - POSTAGE METER	19,184.81	17,650.04	1,534.77	8.70%
* 933100 - TRAINING	1,615.00	940.00	675.00	71.81%
* 934500 - SECURITY	138,469.04	124,107.48	14,361.56	11.57%
* 935200 - RENT/LEASE	22,002.57	21,053.42	949.15	4.51%
* 935300 - JANITORIAL	14,112.03	23,274.60	(9,162.57)	-39.37%
* 935400 - MAINTENANCE AND SUPPLIES	275.00	7.00	268.00	3828.57%
* 935800 - OTHER FACILITY COSTS - S	658.04	1,673.12	(1,015.08)	-60.67%
* 938200 - CONSULTING SERVICES - TE	41,000.62	38,622.28	2,378.34	6.16%
* 938300 - GENERAL CONSULTANT AND P	247,171.66	253,171.97	(6,000.31)	-2.37%
* 938500 - COURT INTERPRETER SERVIC	80,167.04	82,859.41	(2,692.37)	-3.25%
* 938600 - COURT REPORTER SERVICES	10,865.55	13,759.56	(2,894.01)	-21.03%

* 938700 - COURT TRANSCRIPTS	73,898.56	72,987.36	911.20	1.25%
* 938800 - COURT APPOINTED COUNSEL	629,441.24	656,490.44	(27,049.20)	-4.12%
* 938900 - INVESTIGATIVE SERVICES	1,226.00	1,120.00	106.00	9.46%
* 939000 - COURT ORDERED PROFESSIO	153,778.75	157,146.38	(3,367.63)	-2.14%
* 939400 - LEGAL	144.79	130.08	14.71	11.31%
* 943200 - IT MAINTENANCE	28,751.95	28,116.08	635.87	2.26%
* 943300 - IT COMMERCIAL CONTRACT	1,687.50	3,031.25	(1,343.75)	-44.33%
* 943500 - IT REPAIRS/SUPPLIES/LIC	176,472.94	191,563.40	(15,090.46)	-7.88%
* 945200 - MAJOR EQUIPMENT	173,250.16	33,538.67	139,711.49	416.57%

We reviewed the Court’s procurement procedures and practices to determine whether its approval, purchasing, receipt, and payment roles are adequately segregated. We also reviewed selected purchases to determine whether the Court obtained approvals from authorized individuals, followed open and competitive procurement practices, and complied with other applicable JCBM procurement requirements.

**The following issue was considered significant enough to bring to management’s attention in this report. Additional minor issues are included in Appendix A to this report.**

## 9.1 The Court Should Strengthen Some of Its Procurement Practices

### Background

With certain exceptions, the California Judicial Branch Contract Law (JBCL) requires that superior courts, as well as other judicial branch entities (JBEs), comply with provisions of the Public Contract Code (PCC) that are applicable to state agencies and departments related to the procurement of goods and services. PCC Section 19206 of the JBCL requires the Judicial Council to adopt and publish a Judicial Branch Contracting Manual (JBCM) incorporating procurement and contracting policies and procedures that JBEs must follow. The JBCM supersedes policy number FIN 6.01 of the Trial Court Financial Policies and Procedures Manual. In interpreting the requirements of the JBCM and applying those requirements in the context of their own local operations and specific procurements, JBEs should seek to achieve the objectives of PCC Section 100, including ensuring full compliance with competitive bidding statutes; providing all qualified bidders with a fair opportunity to enter the bidding process; and eliminating favoritism, fraud, and corruption in the awarding of public contracts. To meet the unique needs of the court and ultimately achieve the goals set forth in PCC Sections 100–102, each presiding judge has the authority to vary the Court’s application of any non-mandatory business or accounting practice set forth in the JBCM. Any variances should be documented in the court’s Local Contracting Manual.

Chapters 4 and 5 of the JBCM provide procurement requirements for competitive and non-competitive procurements, respectively. Additionally, Chapter 9, Section 9.2, of the JBCM discusses requirements for procurements using court purchase cards.

### Issues

To determine whether the Court follows the procurement policies and procedures in the JBCM, we interviewed Court management and staff regarding its procurement practices. We also

selected 20 payment transactions and 10 purchase card transactions for the period July 2014 through June 2015 to review the Court's associated procurement practices. During our review, we determined three of the payment transactions were not associated with a vendor procurement; therefore, we reviewed the procurements associated with the 17 payment transactions as well as the 10 purchase card transactions.

Our review revealed that the Court did not always follow the required Judicial Branch procurement policies and procedures. Specifically, we noted the following:

1. The Court could not demonstrate prior written purchase authorization for many of its procurements. Specifically, although the Court asserts that the approvals to initiate many of its purchases were verbal, the Court did not complete purchase requisitions for 12 of the 17 procurements reviewed to demonstrate this pre-authorization prior to commencement of the procurement process.

In addition, for 10 of the 17 procurements reviewed, the Court did not enter into the accounting system a purchase order to encumber and reserve its fund balance.

2. The Court also did not consistently follow the JBCM procurement requirements. Specifically, three of the 17 procurements reviewed did not fall within one of the JBCM non-competitive procurement categories and the Court could not provide solicitation documents to demonstrate that it followed competitive solicitation practices, nor could it provide an approved sole-source request document. Also, for five of eight non-IT procurements, the Court did not require the vendor to sign a Darfur Contracting Act certification.

### **Recommendations**

To ensure that it can demonstrate its prudent use of public funds when procuring goods and services, the Court should consider strengthening its procurement practices as follows:

1. Establish and implement procedures requiring the consistent use of fully completed and appropriately approved purchase requisitions prior to commencing its procurement of goods and services to adequately demonstrate the pre-authorization of its procurements. Also, ensure that purchase commitments over \$500 are entered as purchase orders in the accounting system to encumber and reserve its available fund balance.
2. Implement a practice to obtain and retain in its procurement files the documentation necessary to support its procurement activities, including justifications and approvals for sole source procurements and the Darfur Contracting Act vendor certifications for procurements of non-IT goods or services.

**Superior Court Response by: Kim M. Bartleson, CEO**

**Date: April 20, 2016**

With regard to item 1 of the Issues Memorandum, the Court partially agrees. In the future, the Court will document purchase authorizations more consistently. Of the 12 items referenced, 6 of them have written authorization from the CEO in the form of a signed quote, signed proposal, email, etc. and 1 was ordered by a judicial officer. The Court disagrees with the need to

encumber funds for every routine and varied expense such as making copies or monthly service payments.

With regard to item 2 of the Issues Memorandum, the Court partially disagrees. The Court did follow the JBCM procurement requirements. For the 3 items referenced, the Court failed to properly document either the competitive nature of the procurement or the sole source justification. In the future, the Court will be more consistent with its documentation of procurements. The Court acknowledges the absence of Darfur Contracting Act certifications for some local vendors.

Date of Corrective Action: April 2016.

Responsible Person(s): Drew Lund, Finance Manager, and Kim Bartleson, CEO.

## 10. Contracts

### Background

The Judicial Branch Contracting Manual establishes uniform guidelines for trial courts to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial courts must issue a contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to commit trial court resources to apply appropriate contract principles and procedures that protect the best interests of the court.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures – Contracted Services</b>				
* 938200 - CONSULTING SERVICES - TEMP	41,000.62	38,622.28	2,378.34	6.16%
* 938300 - GENERAL CONSULTANT AND P	247,171.66	253,171.97	(6,000.31)	-2.37%
* 938500 - COURT INTERPRETER SERVIC	80,167.04	82,859.41	(2,692.37)	-3.25%
* 938600 - COURT REPORTER SERVICES	10,865.55	13,759.56	(2,894.01)	-21.03%
* 938700 - COURT TRANSCRIPTS	73,898.56	72,987.36	911.20	1.25%
* 938800 - COURT APPOINTED COUNSEL	629,441.24	656,490.44	(27,049.20)	-4.12%
* 938900 - INVESTIGATIVE SERVICES	1,226.00	1,120.00	106.00	9.46%
* 939000 - COURT ORDERED PROFESS	153,778.75	157,146.38	(3,367.63)	-2.14%
* 939400 - LEGAL	144.79	130.08	14.71	11.31%
* 942100 - COUNTY-PROVIDED SERVICES	8,000.00	10,000.00	(2,000.00)	-20.00%

We reviewed selected contracts to determine whether they contain terms and conditions to adequately protect the Court's interest. We also evaluated the Court's contract monitoring practices through interviews with various Court personnel and review of selected contract files.

Further, we reviewed the Court MOUs with the County to determine whether they are current, comprehensive of all services received or provided, and contain all required terms and conditions. We also reviewed selected County invoices to determine whether the services billed were allowable and sufficiently documented and supported, and whether the Court appropriately accounted for the costs and had a process to determine if County billed cost were reasonable.

**There were minor issues associated with this area that are included in Appendix A of this report.**

## 11. Accounts Payable

### Background

The FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices, in-court service provider claims, and court-appointed counsel. All invoices and claims received from trial court vendors, suppliers, consultants and other contractors are routed to the trial court accounts payable department for processing. The accounts payable staff must process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

In addition, trial court judges and employees may be required to travel as a part of their official duties, and may occasionally conduct official court business during a meal period. Courts may reimburse their judges and employees for their reasonable and necessary travel expenses, within certain maximum limits, incurred while traveling on court business. Courts may also reimburse their judges and employees, or pay vendors, for the actual cost of providing business-related meals when certain rules and limits are met.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Liabilities</b>				
*** Accounts Payable	309,439.54	351,959.28	(42,519.74)	-12.08%
341001 REVENUE COLLECTED IN ADVA	477,713.97	-	477,713.97	100.00%
351002 LIABILITIES FOR DEPOSITS	3,225.00	3,025.00	200.00	6.61%
351003 LIABILITIES FOR DEPOSITS	12,861.73	23,230.12	(10,368.39)	-44.63%
353002 CIVIL TRUST-CONDEMNATION	329,828.10	560,348.40	(230,520.30)	-41.14%
353004 JURY FEES- NON-INTEREST B	1,350.00	1,350.00	0.00	0.00%
353006 CRIMINAL - GENERAL	79,874.00	28,014.00	51,860.00	185.12%
353017 CIVIL TRUST - FAMILY LAW	15.00	60.00	(45.00)	-75.00%
353022 CIVIL TRUST - COURT REPOR	86,768.78	85,573.08	1,195.70	1.40%
353031 OVERPAYMENT OF FEES	5,248.06	2,919.00	2,329.06	79.79%
353050 AB145 DUE TO OTHER GOVERN	101,950.86	106,964.72	(5,013.86)	-4.69%
353051 CRIMINAL FINES DUE TO OTH	216,525.42	253,249.38	(36,723.96)	-14.50%
353052 DUE TO OTHER PUBLIC AGENC	41,053.17	57,756.64	(16,703.47)	-28.92%
353080 LIABILITIES FOR DEPOSITS	12,820.83	10,522.86	2,297.97	21.84%
353999 TRUST INTEREST PAYABLE	7,166.52	6,962.39	204.13	2.93%
<b>Reimbursements - Other</b>				
** 860000-REIMBURSEMENTS - OTHER	4,252.48	8,426.62	(4,174.14)	-49.54%
<b>Expenditures</b>				
* 920600 - OFFICE EXPENSE	48,058.28	56,913.14	(8,854.86)	-15.56%
* 921500 - ADVERTISING	15,228.70	8,981.61	6,247.09	69.55%
* 922300 - LIBRARY PURCHASES AND SU	67,853.51	62,952.22	4,901.29	7.79%



* 922700 - EQUIPMENT RENTAL/LEASE	41,606.76	36,261.29	5,345.47	14.74%
* 922800 - EQUIPMENT MAINTENANCE	9,143.95	12,299.50	(3,155.55)	-25.66%
* 922900 - EQUIPMENT REPAIRS	13,322.69	19,134.56	(5,811.87)	-30.37%
* 924500 - PRINTING	31,648.54	50,297.28	(18,648.74)	-37.08%
* 925100 - TELECOMMUNICATIONS	42,450.58	50,872.87	(8,422.29)	-16.56%
* 926200 - STAMPS, STAMPED ENVELOPE	48,279.41	45,501.30	2,778.11	6.11%
* 926300 - POSTAGE METER	19,184.81	17,650.04	1,534.77	8.70%
* 929200 - TRAVEL- IN STATE	16,676.29	15,837.74	838.55	5.29%
* 929300 - OTHER TRAVEL EXPENSE	75.00	75.00	0.00	0.00%
* 933100 - TRAINING	1,615.00	940.00	675.00	71.81%
* 935300 - JANITORIAL	14,112.03	23,274.60	(9,162.57)	-39.37%
* 935400 - MAINTENANCE AND SUPPLIES	275.00	7.00	268.00	3828.57%
* 935800 - OTHER FACILITY COSTS - S	658.04	1,673.12	(1,015.08)	-60.67%
* 938200 - CONSULTING SERVICES - TE	41,000.62	38,622.28	2,378.34	6.16%
* 938300 - GENERAL CONSULTANT AND P	247,171.66	253,171.97	(6,000.31)	-2.37%
* 938500 - COURT INTERPRETER SERVIC	80,167.04	82,859.41	(2,692.37)	-3.25%
* 938600 - COURT REPORTER SERVICES	10,865.55	13,759.56	(2,894.01)	-21.03%
* 938700 - COURT TRANSCRIPTS	73,898.56	72,987.36	911.20	1.25%
* 938800 - COURT APPOINTED COUNSEL	629,441.24	656,490.44	(27,049.20)	-4.12%
* 938900 - INVESTIGATIVE SERVICES	1,226.00	1,120.00	106.00	9.46%
* 939000 - COURT ORDERED PROFESSION	153,778.75	157,146.38	(3,367.63)	-2.14%
* 939400 - LEGAL	144.79	130.08	14.71	11.31%
* 965100 - JUROR COSTS	98,241.64	84,636.66	13,604.98	16.07%

We assessed the Court's compliance with the invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal accounts payable staff. We also reviewed selected invoices and claims to determine whether the accounts payable processing controls were followed, payments were appropriate, and amounts paid were accurately recorded in the general ledger.

We also assessed compliance with additional requirements provided in statute or policy for some of these invoices and claims, such as court transcripts, contract interpreter claims, and jury per diems and mileage reimbursements. Further, we reviewed selected travel expense claims and business meal expenses to assess compliance with the *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.**

### 11.1 The Court Needs to Strengthen Its Invoice Review and Approval Procedures

#### Background

As stewards of public funds, courts have an obligation to demonstrate responsible and economical use of public funds. As such, the FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements.

Specifically, FIN 8.01 and FIN 8.02 provide uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are permitted to approve invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Additionally, accounts payable staff must apply other policies and procedures that are germane to accounts payable processing of invoices and claims, such as limits on reimbursements for professional dues as stated in FIN Manual Policy 8.03 and applicable Judicial Council policies such as the Payment Policies for Contract Court Interpreters.

### **Issues**

To determine whether the Court adheres to the applicable Judicial Branch invoice processing policies and procedures, we interviewed appropriate Court staff regarding its invoice processing practices. We also reviewed selected invoices and claims paid in fiscal year 2014-2015 and identified the following weaknesses and areas of noncompliance:

1. The Court did not consistently follow applicable Judicial Branch procedures for processing the 40 paid invoices and claims we selected to review. For example, we noted the following:
  - a. For nine invoices, the Court was unable to demonstrate how accounts payable staff matched and determined that the payment amount agreed with the payment terms in a procurement document. As a result, we also could not verify that the payment amount for eight of these nine invoices was appropriate.

The Court subsequently provided additional agreements or rate schedules supporting the amounts billed; therefore, we were able to verify the payment amount for all but four of the eight invoices we could not verify at the time of our initial review. Nevertheless, although the Court asserts that the invoices are reviewed and approved by other staff who know the applicable rates, the accounts payable staff also needed these agreements and rate schedules in their files so that they can perform their match and verification of the vendor invoice amounts to the agreed payment terms before processing the vendor invoices for payment.

- b. The Court paid three claims without the required claimant signature on the claim. In addition, for two of these three claims, the Court did not include an applicable court authorization document that indicates the services and associated payment rates it authorized. Consequently, the Court accounts payable staff were unable to demonstrate, and we were unable to determine, whether the claim payment amount was within any limits set by the Court. The Court subsequently provided a county hourly rate schedule for attorney services and a salary rate table for court reporter employees, and asserted that these documents provide the payment rates applicable to these two claimants. However, the Court did not provide a court authorization

- document, agreement, or local rule that specify these payment rates as the rates that apply for the services provided by each of these two claimants. Further, for one of these two claims, the claim did not indicate the associated case numbers and/or case names for which the claimant performed the services.
- c. For the two court interpreter claims reviewed, the Court paid a higher daily rate than authorized by the Judicial Council Payment Policies for Contract Court Interpreters. Although the Court asserts that it verbally pre-authorized the higher rates due to its need for the interpreter services, it did not document the unusual circumstance and the CEO's or designee's pre-authorization of the higher payment amounts. Also, for these two claims, the Court paid for the court interpreters' lodging expenses; however, the Court does not have a written policy addressing when it will pay for interpreter lodging expenses.
  - d. The Court also paid \$77 in late fees and interest on its fuel purchase card. However, the payment of late fees and interest is not a reasonable business purpose expense and is not an efficient use of public court funds.

### **Recommendations**

To ensure the Court can demonstrate responsible and economical use of public funds when processing invoices for payment, it should consider the following:

1. Provide training and instruction to accounts payable staff to ensure they follow the applicable Judicial Branch policies and procedures for processing invoices and claims for payment. For example, ensure that accounts payable staff match and verify that appropriate court staff received and accepted the goods and services, and that the items and rates billed agree with the terms of the associated procurement document, court authorization document, local rule, or Judicial Council payment policies, and that the expenditures are Rules of Court, Rule 10.810 allowable court operations costs before processing the invoice for payment. Also, ensure that all claims contain the required information, such as the claimant signature, the related case numbers and/or case names, and the appropriate court authorization documents outlining the services and payment rates authorized prior to payment processing. Further, ensure that accounts payable staff promptly process and expedite payments to avoid the payment of late fees or interest charges.

### **Superior Court Response by: Kim M. Bartleson, CEO**

**Date: April 20, 2016**

With regard to item 1a of the Issues Memorandum, the Court partially agrees. Of the 9 invoices referenced, 7 were paid according to the rates on the applicable contracts, procurement, negotiated, or other authorized documents. The Court agrees regarding the two interpreter payments.

With regard to item 1b of the Issues Memorandum:

The Court agrees that 3 claims did not have a vendor signature, and will require that in the future.

The Court disagrees that there was no Court authorization supporting payment rates and has provided supporting documentation.

The Court agrees that one invoice did not include the 20+ case numbers associated with it.

With regard to item 1c of the Issues Memorandum, the Court agrees. The Court will document the policy for reimbursing interpreters for travel expenses.

With regard to item 1d of the Issues Memorandum, the Court disagrees. The Court acknowledges that late fees and interest are not desirable. However, it does not follow that they are not an appropriate business expense. Court staff attempt to process all invoices expeditiously. However, invoices are sometimes received with two weeks or less to process. Other business necessities or Judicial Council Payment Policies sometimes prevent the Court from meeting the payment deadline. Examples are: if there is a delay obtaining documentation to verify all invoiced expenses are appropriate, or if payroll must be processed during the AP cycle, or if the manager who verifies and authorizes the payment is away for training, or if new AP staff are being trained.

The Court will keep and verify rate information for all vendors.

The Court will require all vendors to sign invoices and provide appropriate case numbers.

The Court will work to further reduce invoice processing time for vendors that charge late fees or interest.

Date of Corrective Action: October 1, 2016.

Responsible Person(s): Drew Lund, Finance Manager.

## **11.2 The Court Should Improve Its Travel Expense Reimbursement Procedures**

### **Background**

Government Code section 69505(a) requires trial court judges and employees to follow the procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council for reimbursement of business-related travel. The Judicial Branch Travel Rate Guidelines are approved annually by the Judicial Council and provides specific information regarding the current limitations that apply to allowable travel expenses.

The rules and limits for arranging, engaging in, and claiming reimbursement for travel on official court business are further specified in the FIN Manual. Specifically, Policy No. FIN 8.03, 3.0 states:

The trial court reimburse[s] its judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business within the limits of the trial court's maximum reimbursement guidelines. Under Government Code section 69505, the [Judicial Branch] Travel Rate Guidelines must be used. All exceptions to the Judicial Branch Travel [Rate] Guidelines, including any terms of an executed memorandum of understanding agreement by and between a recognized employee organization and a trial court, must be submitted in writing and have prior approval in accordance with alternative procedures guidelines established in Policy Number FIN 1.01, 6.4 (4).

Policy No. FIN 8.03, provides specific travel procedures for trial courts to follow. FIN 8.03, 6.3, states that it is necessary to document business travel expenses with original receipts showing the actual amounts spent on lodging, transportation, and other miscellaneous items. Specifically, lodging receipts must be on a pre-printed bill head with a zero balance showing. Further, FIN 8.03, 6.1.6 states that an Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the PJ or written designee when lodging above the maximum rate is the only lodging available or when it is cost-effective.

FIN 8.03, 6.3, further states that original receipts are needed for reimbursement of \$3.50 or more for other forms of transportation such as bus, train, taxi, etc. In addition, Policy No. FIN 8.03, 6.3.2, states, in part, that when travel commences from home, reimbursed mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination.

In addition, Policy Number FIN 8.03, 6.4, provides that reimbursable travel expenses are limited to the authorized, actual, and necessary costs of conducting the official business of the trial court and the limits established in the published Judicial Branch Travel Rate Guidelines. Judges and employees who incur reimbursable business travel costs, must submit a TEC form that notes the business purpose of the trip, includes only allowable expenses paid, is supported by required receipts, and is signed approved by the judge's or employee's appropriate approval level.

For example, travelers may be reimbursed for the actual costs of overnight lodging and meals consumed during business travel up to the maximum rates published in the Judicial Branch Travel Rate Guidelines. According to these travel rate guidelines, actual expenses for breakfast, lunch, dinner, and incidentals are limited to the following maximum rates for continuous travel of more than 24 hours:

<b>MEALS</b>	<b>MAXIMUM REIMBURSEMENT</b>
Breakfast	Not to Exceed \$ 8
Lunch	Not to Exceed \$12
Dinner	Not to Exceed \$20
Incidentals	Not to Exceed \$ 6

For travel of less than 24 hours, lunch and incidentals may not be claimed. However, breakfast may be claimed if travel begins one hour before normal work hours, and dinner may be claimed if travel ends one hour after normal work hours.

### **Issues**

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding current travel reimbursement practices. We also reviewed selected travel expense transactions in fiscal year 2014-2015. Our review determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted the following:

1. Of the 10 travel expense claims (TECs) reviewed where travelers requested reimbursement for a business travel meal, the traveler did not document the start and end times of the travel on one TEC. For a second TEC, the traveler claimed lunch even though the traveler documented the travel start time on the TEC as 3:30 p.m. For a third TEC, the traveler claimed dinner even though the traveler documented the travel end-time as 2:30 p.m. Because the reimbursement of business travel meals depends on the travel start and end times, travelers must provide their travel begin and end times on the TEC forms so that the approving supervisors and reviewers can evaluate the appropriateness of the request for business travel meal expense reimbursement. For all three TECs noted above, although the approving supervisors and reviewers may have questioned the missing or conflicting times for the business travel meal expenses the travelers claimed for reimbursement, the TECs did not have any notations to indicate that the approver or accounts payable staff requested the traveler to provide or clarify the travel start and end times to evaluate and support the reimbursement of the travel meal expenses.

In addition, for two of the 11 TECs reviewed where mileage was claimed, the Court did not demonstrate how it verified that the mileage claimed was reasonable. Specifically, for these two TECs, the traveler did not claim mileage for the lesser of the mileage between their designated headquarters or home and the business destination, resulting in potential overpayments of more than \$2 in each case. The Court asserts that this employee is a courtroom clerk who must report to the designated headquarters to retrieve case files prior to traveling to the satellite location and then return the files to headquarters afterward. However, the travel start time on the TEC indicates that the employee began travel at the regular work start time and neither the approving supervisor nor reviewer annotated the TEC to indicate that the employee started travel from headquarters rather than from home.

Also, for another two TECs, the travelers did not document their respective home addresses on the TECs; therefore, the Court could not demonstrate how the approving supervisor or reviewer determined that the mileage claimed was the lesser of the mileage between their designated headquarters or home and the business destination. The Court asserts that the home addresses of all employees are on file and accessible to accounts payable staff, and that these employees live farther away from the travel destination than the distance between the designated headquarters and the travel destination. Nevertheless, by not requiring travelers to fully complete their TEC forms with all necessary information, including their current home addresses, the approving supervisors and reviewers may not use the correct address to properly evaluate the mileage reimbursement claims thereby putting the Court at risk of overpaying mileage reimbursement claims.

2. For three of 13 TECs reviewed, the claimant's appropriate approval level did not sign the TEC to demonstrate supervisory review and approval of claimed travel expenses. Specifically, three judges' TECs were reviewed and approved by the Court Executive Officer (CEO). In these instances, the appropriate approval level for TECs submitted by judicial officers is the PJ or assistant PJ.

## **Recommendations**

To ensure it complies with the required AOC travel expense reimbursement policy and procedures, and to ensure its travel expenses are an appropriate and necessary use of public funds, the Court should consider the following:

1. Require that all Court employees and officials who travel on Court business provide the information and documentation necessary to allow for the proper review and approval of allowable travel expenses. Instruction should include how to properly complete the Travel Expense Claim form, as well as the importance of providing the appropriate documentation and information that is needed to support the claimed travel expenses. In addition, approving supervisors and reviewers should question travelers about any missing information that is necessary to evaluate the appropriateness of claimed expenses, and about any apparent conflicts in the information provided and the expenses claimed for reimbursement. Supervisors and reviewers should annotate the TEC with any additional information that is needed to clarify the propriety of the travel expenses.
2. Require appropriate level review and approval signatures on TEC forms from the employee's supervisor or above. If the TEC is submitted by a judicial officer, the PJ or a supervising judge would be the appropriate review and approval level who would sign the TEC approving the travel expenses. In addition, instruct Court accounts payable staff to not process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.

**Superior Court Response by: Kim M. Bartleson, CEO**

**Date: April 20, 2016**

With regard to item 1 of the Issues Memorandum, the Court agrees that the documentation on TEC forms needs to be complete and accurate to show the appropriateness of travel expenses. In the future, TEC forms will be completed properly and/or annotated with corrections. With regard to the mileage, travelers did in fact claim the appropriate mileage from their designated headquarters or home to the business destination. There was no overpayment.

The Court agrees with item 2 of the Issues Memorandum. In the future, all judicial TEC forms will be approved by the Presiding Judge or Assistant Presiding Judge.

Date of Corrective Action: February 2016.

Responsible Person(s): Debra Rogers, Travel Coordinator, and Drew Lund, Finance Manager.

## 12. Fixed Assets Management

### Background

The FIN Manual provides uniform guidelines for trial court to use when acquiring, capitalizing, monitoring, and disposing of assets. Specifically, trial courts must establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report all court assets. The primary objectives of the system are to:

- Ensure that court assets are properly identified and recorded,
- Ensure that court assets are effectively utilized, and
- Safeguard court assets against loss or misuse.

The table below presents the Court's general ledger account balances that are considered associated with this section.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures</b>				
922601 MINOR OFFICE EQUIPMENT/MA	-	365.00	(365.00)	-100.00%
922603 OFFICE FURNITURE - MINOR	136,967.71	34,497.17	102,470.54	297.04%
922610 COMPUTER ACCESSORIES	6,496.25	5,618.47	877.78	15.62%
922611 COMPUTER	-	54,455.32	(54,455.32)	-100.00%
922612 PRINTERS	-	11,694.23	(11,694.23)	-100.00%
922617 SECURITY SUPPLIES & EQUIP	209.01	410.93	(201.92)	-49.14%
922699 MINOR EQUIPMENT - UNDER \$	-	19,271.15	(19,271.15)	-100.00%
* <b>922600 - MINOR EQUIPMENT - UNDER</b>	<b>143,672.97</b>	<b>126,312.27</b>	<b>17,360.70</b>	<b>13.74%</b>
945204 WEAPON SCREENING X-RAY MA	40,636.50	-	40,636.50	100.00%
946601 MAJOR EQUIPMENT - IT	132,613.66	33,538.67	99,074.99	295.41%
* <b>945200 - MAJOR EQUIPMENT</b>	<b>173,250.16</b>	<b>33,538.67</b>	<b>139,711.49</b>	<b>416.57%</b>

**Due to audit planning considerations, we did not review this area.**



### 13. Audits

#### **Background**

Many legal requirements and restrictions surround the use of public resources that can lead to audits of trial court operations and finances. The court must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand the scrutiny of an audit. During an audit, courts must fully cooperate with the auditors and demonstrate accountability, efficient use of public resources, and compliance with all applicable requirements. Courts should strive to investigate and correct substantiated audit findings in a timely manner.

We reviewed prior audits conducted on the Court to obtain an overview of the types of issues identified and to assess during the course of this audit whether the Court appropriately corrected or resolved these issues. Specifically, Audit Services performed a review of the Court in 2008 that included a review of various fiscal and operational processes. Issues from the 2008 audit that the Court did not appropriately correct or resolve and that resulted in repeat issues may be identified in various sections of this report as “repeat” issues.

**There were no issues to report to management in this area. Issues that repeat from the prior audit are identified in Appendix A to this report as “repeat” issues.**

## 14. Records Retention

### Background

The FIN Manual establishes uniform guidelines for trial courts to follow in retaining financial and accounting records. According to the FIN Manual, it is the policy of trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, trial courts shall employ sound business practices that best serve the interests of courts. The trial courts shall apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2015	2014		
<b>Expenditures</b>				
935203 STORAGE	22,002.57	21,053.42	949.15	4.51%

We assessed the Court's compliance with the record retention requirements provided in statute and in the FIN Manual through a self-assessment questionnaire. Furthermore, we observed and evaluated the Court's retention of various operational and fiscal records throughout the audit.

**There were no issues to report to management in this area.**

## 15. Domestic Violence

### Background

The Joint Legislative Audit Committee (JLAC) approved an audit on the funding for domestic violence shelters based on a request from a member of the Assembly. In June 2003, JLAC instead requested that Audit Services conduct an audit of the court-ordered fines and fees in specified domestic violence cases in California. As a part of the March 2004 report, Audit Services agreed to review, on an ongoing basis, the court assessments of fines and fees in domestic violence cases.

We identified the statutory requirements for assessments of criminal domestic violence fines, fees, penalties, and assessments, and obtained an understanding of how the Court ensures compliance with these requirements. We also selected certain criminal domestic violence cases with convictions and reviewed their corresponding CMS and case file information to determine whether the Court assessed the statutorily mandated fines and fees.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.**

### 15.1 The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fee

#### Background

Domestic violence (DV) is one of the leading causes of injuries to women in the United States. A nationwide survey reported that nearly one-third of American women had reported being physically or sexually abused by their husbands or boyfriends at some time in their lives. Effects can also extend to the children of the victims, elderly persons, or any family members within the household.

In 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding not only from state and federal sources, they also receive funding from the fines and fees ordered through judicial proceedings of DV cases. Legislative members expressed concerns about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result, the Joint Legislative Audit Committee requested that Audit Services (AS) conduct an audit of court-ordered fines and fees in certain DV cases.

As a part of the audit report that AS issued in March 2004, AS agreed to review the fines and fees in DV cases on an on-going basis. For example, courts are required to impose or assess the following statutory fines and fees in DV cases:

- Penal Code (PC) 1202.4 (b) State Restitution Fine  
Courts must impose a separate and additional State Restitution Fine in every case where a person is convicted of a crime. Effective January 2014, the minimum State

Restitution Fine amounts for felonies and misdemeanor convictions increased to \$300 and \$150, respectively. Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record.

Inability to pay is not considered a compelling and extraordinary reason not to impose this restitution fine, but may be considered only in assessing the amount of the fine in excess of the minimum.

- PC 1202.44 (or PC 1202.45) Probation (or Parole) Revocation Restitution Fine  
Effective January 2005, courts must impose an additional Probation (or Parole) Revocation Restitution Fine in the same amount as the restitution fine imposed under PC 1202.4 (b) in every case in which a person is convicted of a crime and a probation (or parole) sentence is imposed. This additional fine is effective upon the revocation of probation or of a conditional sentence (or parole), and shall not be waived or reduced by the court, absent compelling and extraordinary reasons stated on record.
- PC 1203.097 Domestic Violence Fee  
If courts grant a person probation for committing a domestic violence crime, courts must include in the terms of probation a 36-month minimum period of probation and, effective January 2013, a \$500 Domestic Violence Fee. Courts may reduce or waive this fee if, after a hearing in court on the record, they find that the defendant does not have the ability to pay.
- PC 1465.8 (a)(1) Court Operations Assessment  
Courts must impose a \$40 Court Operations Assessment for each conviction of a criminal offense effective July 1, 2011.
- GC 70373 Conviction Assessment  
Courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction of a criminal offense effective January 1, 2009.

### **Issues**

Our review of 26 criminal DV cases disposed from July 2014 through June 2015 found that the Court did not always impose the correct Domestic Violence (DV) Fee. Specifically, our review noted the following exceptions:

- For the 20 DV cases reviewed where the Court sentenced the defendant to probation, the Court did not consistently impose the correct minimum DV Fee pursuant to PC 1203.097(a)(5). Specifically, for seven of the 20 applicable cases in which the Court ordered probation, case files indicate that the court did not order the minimum \$500 DV Fee, although for one of these seven cases, the CMS fiscal account summary reflects that the fee was ordered. In addition, the Court ordered a \$400 DV Fee in three other cases instead of the \$500 minimum DV Fee. For all 10 cases, the case file records did not indicate that a court hearing found that the defendants did not have the ability to pay the minimum DV Fee.

### **Recommendations**

To ensure it consistently imposes the statutorily required minimum fines and fees on criminal DV cases, the Court should consider the following:

1. Ensure that courtroom staff refer to an updated bench schedule of minimum fines and fees to assist judicial officers in assessing the correct DV Fee amount. In addition, it should consider inserting these updated minimum fine and fee amounts on the official order of probation forms to further help it ensure the assessment of correct DV Fee amounts. If the Court finds that the defendants do not have the ability to pay the minimum DV Fee, it should ensure that these court hearing findings are memorialized in the court case file records.

**Superior Court Response by: Kim M. Bartleson, CEO**

**Date: March 23, 2016**

The Court agrees with the Issues Memorandum. The Court has already provided updated bench schedules that include the correct DV Fee amount to the bench officers. The template for DV sentencing minutes already includes a line for this fee and a place to note the Court's finding of an inability to pay this fee. The Court will propose a DV script for the bench's consideration.

Date of Corrective Action: June 30, 2016.

Responsible Person(s): Kelly Nyberg, Operations Manager.

## 16. Exhibits

### **Background**

Exhibits are oftentimes presented as evidence in both criminal and civil cases. Trial courts are responsible for properly handling, safeguarding, and transferring these exhibits. Trial court and security personnel with these responsibilities are expected to exercise different levels of caution depending on the types of exhibits presented. For example, compared to paper documents, extra precautions should be taken when handling weapons and ammunition, drugs and narcotics, money and other valuable items, hazardous or toxic materials, and biological materials.

To ensure the consistent and appropriate handling of exhibits, some trial courts establish written exhibit room procedures manuals. These manuals normally define the term “exhibit” as evidence in the form of papers, documents, or other items produced during a trial or hearing and offered as proof of facts in a criminal or civil case. While some exhibits have little monetary value or do not present a safety hazard, such as documents and photographs, other exhibits are valuable or hazardous and may include: contracts or deeds, weapons, drugs or drug paraphernalia, toxic substances such as PCP, ether, and phosphorus, as well as cash, jewelry, or goods. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared and used to guide and direct exhibit custodians in the proper handling of exhibits. Depending on the type and volume of exhibits, court manuals can be brief or very extensive. Manuals would provide exhibit custodians with procedures and practices for the consistent and proper handling, storing, and safeguarding of evidence until final disposition of the case.

We evaluated Court controls over exhibit handling and storage by interviewing Court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas. In addition, we validated selected exhibit records and listings to actual exhibit items and vice-versa to determine whether all exhibit items have been accurately accounted for and to evaluate the efficacy of the Court’s exhibit tracking system.

**There were minor issues associated with this area that are included in Appendix A to this report.**

## 17. Bail

### Background

In general, bail is used to influence the presence of a defendant before the court and is most commonly submitted in the form of cash or a surety bond. Surety bonds are contracts guaranteeing that specific obligations will be fulfilled and may involve meeting a contractual commitment, paying a debt, or performing certain duties. Bail bonds are one type of surety bond. For example, if an individual is arrested on a criminal charge the court may direct the individual be held in custody until trial, unless the individual furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. "Bail Agents" licensed by the State of California specialize in underwriting and issuing bail bonds and act as the appointed representatives of licensed surety insurance companies.

California Rules of Court (CRC) 3.1130(a) indicate that corporation must not be accepted or approved as a surety on a bond or undertaking unless the following conditions are met:

- The Insurance Commissioner has certified the corporation as being admitted to do business in the State as a surety insurer;
- There is filed in the office of the clerk a copy, duly certified by the proper authority, of the transcript or record of appointment entitling or authorizing the person or persons purporting to execute the bond or undertaking for and in behalf of the corporation to act in the premises, and
- The bond or undertaking has been executed under penalty of perjury as provided in Code of Civil Procedures section 995.630, or the fact of execution of the bond or undertaking by the officer or agent of the corporation purporting to become surety has been duly acknowledged before an officer of the state authorized to take and certify acknowledgements.

Further, Penal Code Sections 1268 through 1276.5, 1305, and 1306 outline certain bail procedures for trial courts to follow such as annual preparation, revision, and adoption of a uniform countywide bail schedule and processes for courts to follow when bail is posted.

We interviewed Court managers and staff to understand the Court's processes in establishing and tracking bail as well as validating posted bail bonds. We also reviewed the County Uniform Bail Schedule and selected case files where bail was posted to determine compliance with CRC and applicable Penal Code Sections.

**There was a minor issue associated with this area that is included in Appendix A to this report.**

**APPENDIX A**

**Superior Court of California,  
County of Humboldt**

**Issue Control Log**

**The Issue Control Log summarizes the issues identified in the audit. Any issues discussed in the body of the audit report are cross-referenced in the “Report No.” column. Those issues with “Log” in the Report No. column are only listed in this appendix. Additionally, issues that were not significant enough to be included in this report were discussed with Court management as “informational” issues.**

**Those issues for which corrective action is considered complete at the end of the audit indicate a “C” in the column labeled C. Issues that remain open at the end of the audit indicate an “I” for incomplete in the column labeled I and include an Estimated Completion Date.**

**Audit Services will periodically follow-up with the Court to obtain updates on the status of the corrective efforts indicated by the Court.**

**December 2015**



FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>1 Court Administration</b>								
	<b>1.1</b>		<b>Closer Monitoring Could Help Ensure that Submitted Causes are Decided Timely</b>					
		<b>2</b>	The Court could not demonstrate, such as with emails or other communications, that the PJ reviews the monthly list of cases with submitted matters, contacts judges with matters over 30 days to ensure the matters are timely ruled on, or provides assistance to judges with matters under submission over 60 days.		<b>C</b>	We agree with the issue. The corrective action that has been taken is consistent with the recommendations which includes notification to the PJ, PJ then communicates directly with individual judges and monitors to ensure necessary resources are available to ensure decision within 90 days as required by Rule of Court. The PJ authorizes when pay affidavits are provided to the judges.	Judge Hinrichs, Presiding Judge, Deb Rogers, Judicial Secretary, Drew Lund, Finance Manager	September 2015
		<b>2</b>	For the monthly lists of cases with submitted matters reviewed from September 2014 through September 2015, we noted three judicial officers who did not render rulings within 90 days of the date the matters were taken under submission. Specifically, one judge was publicly admonished for not ruling on several matters within 90 days after taking the matters under submission, and two other judges also did not rule on three matters within 90 days after taking the matters under submission.		<b>C</b>	See response above.	Judge Hinrichs, Presiding Judge, Deb Rogers, Judicial Secretary, Drew Lund, Finance Manager	September 2015
		<b>2</b>	One judicial officer also signed and submitted monthly affidavits pursuant to Government Code 68210 declaring that no matters remained pending and undetermined that had been taken under submission by the judicial officer for decision for 90 days prior to the effective date of each affidavit even through the judicial officer had one case in September 2014 and one case in October 2014 with matters under submission over 90 days. Consequently, the judicial officer received his salary for those months in violation of the California Constitution.		<b>C</b>	See response above.	Judge Hinrichs, Presiding Judge, Deb Rogers, Judicial Secretary, Drew Lund, Finance Manager	September 2015
		<b>Log</b>	When a judge does not submit a signed monthly affidavit declaring under penalty of perjury that no submitted matter remains pending for more than 90 days, although less than three percent of a judge's salary, the Court does not notify the Finance Division to withhold that portion of a judge's salary that is paid through its payroll system and that is directly deposited in a judge's bank account.	<b>I</b>		It is anticipated that the Court will be ending bifurcated pay for the judicial officers. That will resolve this issue entirely.	Presiding Judge, Hinrichs	December 2016
<b>2 Fiscal Management and Budgets</b>			<b>No issues to report.</b>					
<b>3 Fund Accounting</b>			<b>No issues to report.</b>					
<b>4 Accounting Principles and Practices</b>								
		<b>Log</b>	In fiscal year 2014-15, the Court recorded statutorily restricted revenue of \$1,433 in Custody/Visitation-FLF Revenue and \$3,130 in Marriage License Revenue to its General Fund instead of in the 120021 Special Revenue Fund-Other.		<b>C</b>	Project Codes have been created and as of April 8, 2016 revenue is now being entered into the Special Revenue Fund.	Drew Lund, Finance Manager	April 2016
		<b>Log</b>	At the end of FY 2014-15, the Court had an abnormal credit balance of \$185,117 in the 100000-Pooled Cash general ledger account for its 110001-Trial Court Trust Fund.	<b>I</b>		It is our understanding that JCC staff will authorize LAIF & Capital Shares investments to be reclassified at year-end as if these investments are in Pooled Cash. Upon written authorization to that effect, we will reclassify those entries at year-end.	Drew Lund, Finance Manager	July 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		<b>Log</b>	Although the Court correctly reported its future capital lease commitments, it did not report copier lease expenditures totaling \$39,798 in the FY 2014-15 Non-SAP CAFR.	I		The expenses will be noted on the next Non-SAP CAFR.	Drew Lund, Finance Manager	July 2016
<b>5</b>	<b>Cash Collections</b>							
	<b>5.1</b>		<b>The Court Can Better Track and Monitor Civil Fee Payment Plans</b>					
		<b>1</b>	The Court did not send deficiency notices in six of the 10 civil cases reviewed for which the Court allowed a payment plan but the party did not subsequently pay. Further, the Court sent the deficiency notice six months after the payment due was delinquent in a seventh case.	I		The Court agrees that the monitoring of delinquencies in civil fee payment plans needs to be improved. However, there are mitigating factors with respect to this Issues Memorandum. First, since 2008 there have been staff shortages due to the ongoing budget crisis making statutory compliance monitoring a difficult, if not impossible task.	Kim Bartleson, Court Executive Officer	June 2016
		<b>1</b>	Filings were not stricken and cases allowed to proceed in three of the 10 civil cases reviewed for which the Court allowed a payment plan but the party did not pay as agreed. Further, the Court did not notify the judicial officer of the non-payment in these three cases; consequently, the Court allowed these cases to proceed without payment. In fact, for one of these three civil cases, the Court ruled in favor of the non-paying party.	I		Second, the cost to modify the Court's existing case management system in order for delinquent civil collections to be adequately monitored is cost prohibitive. NOTE: The court is in the process of acquiring a different case management system which will have this capability.  The Court will develop and implement a formal policy to: • Monitor civil fee payment plans and send notices of unpaid civil fees due to parties. • Notify parties when delinquent on payment plans. • Document court file for the judicial officer's information. • Make orders available to judicial officers to recover unpaid fees. • Strike pleadings for unpaid civil fees.	Kim Bartleson, Court Executive Officer	June 2016
		<b>1</b>	The Court does not have a process to refer delinquent civil payment plans to the county Office of Revenue and Recovery for collection. As a result, for all ten civil cases reviewed for which the Court allowed the party to pay civil filing fees in installments and the party did not pay as agreed, the Court has not taken action to collect the civil and administrative fees due to the Court.	I			Kim Bartleson, Court Executive Officer	June 2016
		<b>Log</b>	The Court does not bond or cover employees under a crime or theft insurance policy.	I		The Court will be participating in the JCC Risk Management Insurance Program.	Drew Lund, Finance Manager	July 2016
		<b>Log</b>	For one of the two NSF cases reviewed, the Court did not mail the required NSF deficiency notice. However, the case history shows that no filing or judicial action was taken subsequent to the NSF notice.	I		The Court has a policy and a procedure to mail NSF deficiency notices. The Court is reviewing the procedure with the clerks assigned those responsibilities.	Kelly Nyberg, Operations Manager	July 2016
		<b>Log</b>	As of November 2015, the Court could not provide a query of suspended or adjusted criminal or traffic fines or fees. Consequently, we could not verify whether a court order supports the validity of any suspended or adjusted criminal or traffic fines or fees.	I		The Court will run a suspended / adjusted payments report and spot check to ensure the suspended or adjusted amounts are supported by a judicial order.	Kelly Nyberg, Operations Manager	October 2016
		<b>Log</b>	The Court does not keep a record of the date the safe combination was last changed and of the court personnel with knowledge of the safe combination.		C	The Court has created a document to record this information.	Drew Lund, Finance Manager	April 2016
		<b>Log</b>	The Court has not always changed the safe combination when any court employee with knowledge of the safe combination leaves Court employment. The last time the Court changed the safe combination was in September 2012. (Repeat)		C	The Court has changed the combination of the Ops Safe and will change the combination when anyone with the combination leaves Court employment.	Drew Lund, Finance Manager	April 2016
		<b>Log</b>	The Senior Legal Processing Clerk verifies cashier closeout and end-of-day collections to the CMS and also performs the incompatible activity of preparing the daily deposit. (Repeat)		C	Court procedure has changed and Finance staff complete the cashier closeout process. Different Finance staff complete the deposit for that day.	Drew Lund, Finance Manager	December 2015
		<b>Log</b>	At the time of our review, the Court did not post near the civil cashier windows the civil fee waiver notice required by California Rules of Court.	I		The Court will configure an electronic display at the public windows that will include this notice.	Drew Lund, Finance Manager	July 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Although the change fund custodian counts the change fund in the presence of the CFO at the end of each day, the \$1,000 change fund is not counted at least monthly by someone other than the change fund custodian.		C	The Court has changed its process so someone other than the custodian counts the change fund at least once per month.	Drew Lund, Finance Manager	April 2016
		Log	The Change Fund Change of Custodian Form was not completed and approved by the CEO or designee when the change fund custodian last changed in September 2014.		C	The Court has completed a Change Fund Custodian Assignment Form and will again complete the form when the custodian responsibilities are reassigned.	Drew Lund, Finance Manager	April 2016
		Log	The Court acknowledged it does not perform the required random surprise cash counts.	I		Operations Managers will begin random surprise cash counts according to the Court's Cash Handling Policy & Procedures.	Kelly Nyberg, Operations Manager	July 2016
		Log	Court staff do not restrictively endorse the mail and drop box payment checks immediately upon opening the envelopes. Instead, cashiers restrictively endorse the checks when the payments are processed in the CMS the next business day.	I		Court Staff opening mail will be directed to restrictively endorse checks as soon as mail is opened or the drop box is emptied.	Kelly Nyberg, Operations Manager	July 2016
		Log	The Court does not reconcile the mail payments log to the CMS entries to ensure that all mail and drop box payments are promptly and accurately entered in the CMS to the appropriate case. (Repeat)		C	Cashiers entering mailed payments will record the CMS receipt number on the printed mail log and turn the printed mail log in during the cashout process at the end of the day.	Kelly Nyberg, Operations Manager	April 2016
		Log	The Court recovers the cost of enhanced collection activities, but is not in compliance with PC 1463.010. Specifically, the Court recovered approximately \$9,500 in enhanced collections costs in FY 2014-15, but could not furnish a cooperative plan with the County of Humboldt addressing the enhanced collections program. Such a cooperative plan is mandated by PC 1463.010(b) to implement the Judicial Council guidelines for a comprehensive collection program that may recover collections costs per PC 1463.007.	I		The Court is drafting an MOU with the County regarding the enhanced collections services the County provides.	Meara Hattan, Administrative Assistant	July 2016
		Log	The Court-County MOU does not address the County provided enhanced collections services. (Repeat)	I		The Court is drafting an MOU with the County for the enhanced collections services the County provides.	Meara Hattan, Administrative Assistant	July 2016
		Log	While the Court records paid-in-full amounts reported by the County in its CMS, the Court does not similarly record in the CMS the discharge of accountability amounts when reported by the County. According to the Court, it does not reflect the County discharge of accountability amounts in the CMS because it does not monitor delinquent accounts once referred to the County. Nevertheless, by not noting the discharge of accountability amounts in the CMS, the Court does not have a complete and accurate record of all court-ordered debt due, whether current or delinquent.	I		This is a historic system limitation and will be addressed with the acquisition of a new case management system. The Court is currently working with a number of other Courts on an RFP for a new CMS and on a BCP to fund that acquisition. The responsibility and timing of the acquisition is dependent upon the outcome of those two processes.	TBD	TBD
6	Information Systems							
		Log	At the time of our review, the Court's Security Committee was in the process of reviewing and approving the Court's evacuation plan. Consequently, the Court had not yet tested its evacuation plan.	I		The Court will be testing its evacuation plan at that time.	Gary Green, Human Resources Manager	July 2016
		Log	At the time of our review, the Court had not yet established an alternate back-up recovery site. The Court has been waiting for the County to enter into an agreement with a third party for a recovery site in order to piggy back off their agreement. However, as of November 2015, the County had not entered into an agreement.		C	The Court has established an alternate back-up recovery site.	Russ Catalan, Information Technology Manager	November 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Network system administrators use their unique accounts with administrative rights to perform all necessary work regardless of whether administrative rights are needed or not. The Court indicated it is working towards implementing a process where system administrators would log in with unique accounts with fewer rights when administrative rights are not needed to perform their job duties.	I		The Court will establish administrative logons for each administrator.	Russ Catalan, Information Technology Manager	July 2016
		Log	Computer room wires and cables are not secured to prevent a hazard. The Court IT manager indicated he submitted a purchase requisition to Court executive management for approval to purchase supplies needed for this project.	I		Wires and Cables will be secured.	Russ Catalan, Information Technology Manager	July 2016
		Log	At the time of our review, the Court could not provide a copy of its INF 1130 Government Requester Account Application it had submitted to DMV. The Court's IT director has requested a copy of the agreement from DMV.		C	The Court now has its INF 1130 Government Requester Account Application on file in IT	Russ Catalan, Information Technology Manager	March 2016
		Log	Of the ten FTA cases reviewed, one was not processed properly. Specifically, the case had an appear or pay date of 10/09/2014, but was not referred to the County for collection until 6/30/2015, or 264 days after the delinquency date. Furthermore, the charges were for a non-correctible registration violation and failure to present an address change to an officer, which are DMV reportable offenses. However, at the time of our review, the Court had not yet reported a DMV hold on the case. The Court took corrective action and reported the DMV hold once it was made aware of the oversight.	I		The Court will review the process for referring cases for collections and will routinely monitor the CMS to identify any such oversights in the future.	Kelly Nyberg, Operations Manager	July 2016
7	Banking and Treasury							
		Log	The Court does not ensure that the monthly bank reconciliation is signed and dated by both the preparer and the reviewer. In addition, due to staff shortages, the monthly bank reconciliation has not been prepared since September 2015.		C	All bank reconciliations are current. Those prepared locally are now signed by both the preparer and reviewer.	Drew Lund, Finance Manager	April 2016
		Log	The check register for the revolving bank account does not record sufficient information as it does not include the name of the payee and the amount of the check.	I		The revolving account check register will be adjusted to record the Payee and Amount of the checks being issued.	Drew Lund, Finance Manager	July 2016
		Log	The Court does not maximize interest earnings on local bank accounts. Specifically, two local bank accounts - Revolving and Garberville - do not earn interest.		C	The revolving account is under the BofA master agreement with the JCC and the Garberville account has been closed.	Drew Lund, Finance Manager	December 2015
		Log	Reconciling items for trust accounts in October 2015 were not cleared the following month per the Court's local policy.	I		The Court will work to clear all reconciling differences in the trust accounts.	Kelly Nyberg, Operations Manager; Drew Lund, Finance Manager	July 2016
		Log	The Court could not demonstrate, such as with stamped non-deliverable returned mail, its efforts to contact the lawful owners of the account funds prior to initiating its escheatment process.		C	The Court has amended its policy to better document its efforts to contact lawful owners prior to initiating the escheatment process.	Drew Lund, Finance Manager	April 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>8</b>	<b>Court Security</b>							
		<b>Log</b>	The Court has an illness and injury prevention manual that addresses workplace health and safety hazards. Also, although it was not sure whether each employee received a copy, the Court has a handout with procedures for employees to follow in the event of a bomb threat. However, the Court does not have an emergency manual that addresses procedures for employees to follow in the event of an emergency, such as a fire, earthquake, flood, or suspicious persons. As a result, court employees may not consistently know what actions to take should such an emergency occur.	<b>I</b>		The Court will develop and distribute to employees an emergency procedure manual.	Gary Green, Human Resources Manager	January 2017
		<b>Log</b>	Although the Court-County MOU states the level of court security services as that level supported by state funding and designates a sergeant responsible for court security, it nor the court security plan specify the number of Sheriff personnel that the state court security funding supports and that will be employed to provide security services to the Court.	<b>I</b>		The Court will include this information in the Court Security Plan.	Kim Bartleson, Court Executive Officer	October 2016
<b>9</b>	<b>Procurement</b>							
	<b>9.1</b>		<b>The Court Should Strengthen Some of Its Procurement Practices</b>					
		<b>3</b>	For 12 of 17 applicable purchases reviewed, the Court did not prepare a purchase requisition. <b>(Repeat)</b>		<b>C</b>	The Court partially agrees. In the future, the Court will document purchase authorizations more consistently. Of the 12 items referenced, 6 of them have written authorization from the CEO in the form of a signed quote, signed proposal, email, etc. and 1 was ordered by a judicial officer.	Kim Bartleson, Court Executive Officer, and Drew Lund, Finance Manager	April 2016
		<b>3</b>	For 10 of 17 applicable purchases reviewed, the Court did not enter in the accounting system a purchase order to encumber and reserve fund balance.	<b>I</b>		The Court disagrees with the need to encumber funds for every routine and varied expense such as making copies or monthly service payments.	Kim Bartleson, Court Executive Officer, and Drew Lund, Finance Manager	N/A
		<b>3</b>	Of the 17 applicable purchases reviewed, three purchases did not fall within one of the JBCM noncompetitive procurement categories and the Court could not provide solicitation documents to demonstrate that it followed competitive solicitation practices, nor could it provide an approved sole-source request document. <b>(Repeat)</b>		<b>C</b>	The Court partially disagrees. The Court did follow the JBCM procurement requirements. For the 3 items referenced, the Court failed to properly document either the competitive nature of the procurement or the sole source justification. In the future, the Court will be more consistent with its documentation of procurements.	Kim Bartleson, Court Executive Officer, and Drew Lund, Finance Manager	April 2016
		<b>3</b>	For five of eight applicable purchases reviewed, the Court did not require the vendor to sign the required Darfur Contracting Act Certification.		<b>C</b>	The Court acknowledges the absence of Darfur Contracting Act certifications for some local vendors.	Kim Bartleson, Court Executive Officer, and Drew Lund, Finance Manager	April 2016
		<b>Log</b>	The Court has not established written per-transaction and daily maximum limits for purchase card purchases.	<b>I</b>		The Court will establish and document a per-transaction and daily maximum limit for the Court purchase cards.	Drew Lund, Finance Manager	July 2016
		<b>Log</b>	The Court does not require travelers to forward travel-related documents to accounting that are necessary to properly review and validate purchase card charges. Specifically, although travelers may communicate and receive approval to travel from managers verbally or via email prior to travel, the Court does not complete and attach pre-approved travel documents, such as a pre-approved travel request form or email, and forward these documents to accounting for matching and confirming authorization of the travel charges on the purchase card statements.		<b>C</b>	The Court does require travelers to forward travel related documents to accounting that are necessary to properly review and validate purchase card charges. Travel packets completed prior to an employee's travel will now contain a signature line for the CEO or PJ authorizing the purchases. Operations Managers will use email to communicate assignments for the satellite locations to the Finance office.	Debra Rogers, Travel Coordinator	April 2016
		<b>Log</b>	For three of four applicable purchase card transactions reviewed for lodging expenses, the Court did not require the travelers to submit receipts to accounting to support the lodging expenses charged to the court purchase card.		<b>C</b>	The Court will follow up with travelers if they fail to turn in a hotel receipt with their other receipts.	Debra Rogers, Travel Coordinator	April 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The accounting system user role for one individual is not consistent with the Court's purchase requisition approval process. Specifically, the Court's approval process authorizes the court accountant to create purchase requisitions, but not approve purchase requisitions. However, the accounting system user roles allow the court accountant to create and also release purchase requisitions up to \$50,000 in the accounting system.		C	This was an oversight when roles changed due to a promotion. The accountant no longer has the system user role to create purchase requisitions.	Drew Lund, Finance Manager	November 2015
<b>10</b>	<b>Contracts</b>							
		Log	The Court does not ensure that its contract files include the current vendor certificates of insurance or licenses for each contract that requires them.	I		The Court will acquire the current certificates of insurance or licenses.	Drew Lund, Finance Manager	January 2017
		Log	The Court has not established a formal set of file integrity requirements, nor conducts an annual review of its contract files to ensure the completeness of its files.	I		The Court will conduct annual reviews and establish integrity requirements.	Drew Lund, Finance Manager	January 2017
		Log	For three of five contracts reviewed, the contracts were not signed by an authorized individual. Specifically, the value of the contracts ranged between \$75,000 and \$200,000 and were signed by the CEO instead of the PJ who is authorized to sign contracts greater than \$25,000.	I		Though the contracts were signed by the CEO, all three of the purchases in question were authorized in writing with signature by the PJ. The authorization documents will be amended to allow the PJ to delegate signing all contracts as long as they are properly approved.	Drew Lund, Finance Manager	May 2016
		Log	For one of five contracts reviewed, although the contract provides that the Court may terminate the contract for convenience, the contract did not include the provision allowing the Court to terminate the contract for cause.	I		All future contracts or contract updates will include a provision allowing the Court to terminate the contract for cause.	Drew Lund, Finance Manager	May 2016
		Log	For the one legal services contract reviewed, the contract did not include several certifications and provisions. Specifically, the contract did not include the provision that the contractor will not assist, promote, or deter union organizing activities; the certification that the contractor complies with Public Contract Code requirements for domestic partners; the certification that the contractor complies with the Child Support Compliance Act; the provision requiring the contractor to adhere to the Court's legal cost and billing guidelines, and legal budgets; and the provision requiring the contractor to submit to legal bill audits and law firm audits conducted by the Court's employees, designees, or legal cost control provider.	I		Section 17 of Attachment A of the contract details 'certifications, representations and warranties' including notice to unions and nondiscrimination relating to domestic partners. Adhering to the Court's legal costs, budgets, etc. are in Attachment B of the contract regarding payment terms. The Court will adjust the language of these provisions in future contracts.	Drew Lund, Finance Manager	May 2016
		Log	For the four contracts reviewed valued over \$10,000, the contracts did not contain the required California State Auditor audit rights provision.	I		For attorney services, this is in Section 15 of Attachment A of the contract. For the VOIP system and maintenance and investigator contracts, this is in Section 4 of Part B of the Standard Terms and Conditions incorporated by reference into the contract. For printing services, this is in Section 8 of the Master Agreement with the JCC (MA-200906). The Court will adjust the language of these provisions in future contracts.	Drew Lund, Finance Manager	May 2016
		Log	For three of five contracts reviewed, the Court did not establish a purchase order in the accounting system that is needed to encumber and reserve its fund balance for the contract commitments.	I		These contracts do not have set amounts and the expenses vary significantly from year to year. Case load dictates volume and expense. For contracts where an estimated value is reasonable, the Court will encumber funds.	Drew Lund, Finance Manager	July 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	For one of five contracts reviewed, although the contract file included a current certificate of insurance for general liability insurance, it did not include a certificate of insurance for workers comp, automobile, professional liability, and sexual misconduct. For two other contracts, the respective contract files did not contain certificates of insurance, and for one other contract, the certificate of insurance included in the file was expired. For the fifth contract, the contract file included current automobile insurance; however, the general liability and workers comp insurance certificates located in the file were expired.	I		The Court will update all insurance certificates for its contractors. For the investigator contract: auto insurance is in the file, she has no employees which makes the W.C. insurance a moot issue, and her business liability insurance should cover professional & sexual misconduct.	Drew Lund, Finance Manager	January 2017
		Log	The Court does not have a current agreement with its credit card processor. The credit card processor agreement the Court provided was executed in September 1997 for a term of five years upon implementation of contractor's credit card payment system.		C	A new contract has been signed.	Drew Lund, Finance Manager	April 2016
		Log	The Court does not have an agreement with the County for copy services provided by the County to dependency attorneys.	I		The Court will be terminating this service.	Drew Lund, Finance Manager	July 2016
		Log	The Court does not have an agreement with the County for fingerprint processing services provided by the County.	I		This service will be added to the Court/County MOU.	Drew Lund, Finance Manager	July 2017
		Log	The Court-County MOU does not include a provision specifying that the costs charged to the Court may not exceed the costs of providing similar services to county departments or special districts.	I		This will be added to the Court/County MOU.	Drew Lund, Finance Manager	July 2017
		Log	The Court-County MOU does not include a provision stating that costs charged to the Court may not contain cost items that are not otherwise allowable court operation costs as defined in California Rules of Court, Rule 10.810.	I		This will be added to the Court/County MOU.	Drew Lund, Finance Manager	July 2017
		Log	The Court-County MOU does not include a provision allowing the Judicial Council or its delegate to audit the county figures to ensure compliance with GC 77212 and determine the reasonableness of the indirect or overhead costs charged to the Court for IT or Other County-provided Services.	I		This will be added to the Court/County MOU.	Drew Lund, Finance Manager	July 2017
		Log	The Court-County MOU does not provide the anticipated services outcomes.	I		This will be added to the Court/County MOU.	Drew Lund, Finance Manager	July 2017
		Log	For two of five county invoices reviewed for copy services provided by the County to dependency attorneys, the Court could not demonstrate how it determined that the payment amount agreed with payment terms in a procurement document, such as in an MOU or a published price schedule.	I		The Court will be terminating this service.	Drew Lund, Finance Manager	July 2016
<b>11</b>	<b>Accounts Payable</b>							
		11.1	<b>The Court Needs to Strengthen Its Invoice Review and Approval Procedures</b>					
		5	Of the 40 invoices and claims reviewed, the Court was unable to demonstrate how it matched and determined that the payment amount agreed with the payment terms in a procurement document for nine invoices. As a result, we also could not verify that the payment amount for four of these nine invoices was appropriate. (Repeat)	I		The Court partially agrees. Of the 9 invoices referenced, 7 were paid according to the rates on the applicable contracts, procurement, negotiated, or other authorized documents. The Court agrees regarding the two interpreter payments. The Court will keep and verify rate information for all vendors.	Drew Lund, Finance Manager	October 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		5	Of the nine claims reviewed, the Court paid three claims without the required claimant signature on the claim.	I		The Court agrees that 3 claims did not have a vendor signature, and will require that in the future. The Court will require all vendors to sign invoices and provide appropriate case numbers.	Drew Lund, Finance Manager	October 2016
		5	Of the nine claims reviewed, the Court did not include an applicable court authorization document that indicates the services and associated payment rates it authorized for the two claims. Consequently, the accounts payable staff were unable to demonstrate, and we were unable to determine, whether the claim payment amount was within any limits set by the Court.	I		The Court disagrees that there was no Court authorization supporting payment rates and has provided supporting documentation.	Drew Lund, Finance Manager	N/A
		5	Of the nine claims reviewed, one claim did not include the applicable case numbers and case names.	I		The Court agrees that one invoice did not include the 20+ case numbers associated with it. The Court will require all vendors to sign invoices and provide appropriate case numbers.	Drew Lund, Finance Manager	October 2016
		5	For the two court interpreter claims reviewed, the Court paid a higher daily rate than authorized by the JCC Payment Policies for Contract Court Interpreters; however, the Court did not document the unusual circumstance and the CEO or designee did not pre-authorize the higher payment amounts. Also, for these two claims reviewed, the Court paid for the interpreters' lodging expenses; however, the Court does not have a written policy addressing when it will pay for interpreter lodging expenses.	I		The Court agrees. The Court will document the policy for reimbursing interpreters for travel expenses.	Drew Lund, Finance Manager	October 2016
		5	The Court paid \$77 in late fees and interest on its fuel purchase card. However, the payment of late fees and interest is not a reasonable business purpose expense and is not an efficient use of public court funds.	I		The Court disagrees. The Court acknowledges that late fees and interest are not desirable. However, it does not follow that they are not an appropriate business expense. Court staff attempt to process all invoices expeditiously. However, invoices are sometimes received with two weeks or less to process. Other business necessities or Judicial Council Payment Policies sometimes prevent the Court from meeting the payment deadline. Examples are: if there is a delay obtaining documentation to verify all invoiced expenses are appropriate, or if payroll must be processed during the AP cycle, or if the manager who verifies and authorizes the payment is away for training, or if new AP staff are being trained. The Court will work to further reduce invoice processing time for vendors that charge late fees or interest.	Drew Lund, Finance Manager	October 2016
		11.2	<b>The Court Should Improve Its Travel Expense Reimbursement Procedures</b>					
		4	Of the 13 travel expense claims reviewed, the travel expense claims for three judges were not approved by the appropriate level supervisor. Specifically, the CEO signed approving the judges' travel expense claims instead of the appropriate approval level supervisor for judges, the PJ or Assistant PJ.		C	The Court agrees. In the future, all judicial TEC forms will be approved by the Presiding Judge or Assistant Presiding Judge.	Debra Rogers, Travel Coordinator, and Drew Lund, Finance Manager	February 2016
		4	For one of 10 applicable travel expense claims reviewed where reimbursement for a meal was claimed, the traveler did not document the start and end times of the travel. For a second travel expense claim, the traveler claimed lunch even though the documented travel start time was 3:30 p.m. For a third travel expense claim, the traveler claimed dinner even though the documented travel end time was 2:30 p.m. However, the travel claims were not annotated to indicate that someone requested the travelers to provide or clarify the missing or conflicting travel start and end times to evaluate and support the travel meal expenses.		C	The Court agrees that the documentation on TEC forms needs to be complete and accurate to show the appropriateness of travel expenses. In the future, TEC forms will be completed properly and/or annotated with corrections. With regard to the mileage, travelers did in fact claim the appropriate mileage from their designated headquarters or home to the business destination. There was no overpayment.	Debra Rogers, Travel Coordinator, and Drew Lund, Finance Manager	February 2016



FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		4	For two of 11 applicable travel expense claims reviewed where mileage was claimed, the traveler did not claim the lesser of the distance between the traveler's designated headquarters or home and the business destination. (Repeat) Also, for another two travel expense claims, the traveler did not document the home address; therefore, the Court could not demonstrate how it determined the mileage claimed was the lesser of the distance between the traveler's designated headquarters or home and the business destination.		C	See response above.	Debra Rogers, Travel Coordinator, and Drew Lund, Finance Manager	February 2016
		Log	The Court does not have a documented process in place to ensure that its accounts payable unit matches and reconciles claims for court-ordered services to the original court authorizations for the services provided.	I		The Court will document its process.	Drew Lund, Finance Manager	October 2016
		Log	At the time of our review in September 2015, the Court's vendor invoice approval authorization list was not up to date, as it listed the former CEO and former assistant CEO.		C	Vendor Authorizations have been updated.	Drew Lund, Finance Manager	February 2016
		Log	At the time of our review, of the 40 invoices and claims reviewed, the vendor address on one invoice did not agree with the address in the accounting system vendor master file. Subsequent to our review, the court submitted a request to update the address in the accounting system vendor master file for this vendor. For another three vendor payments, the Court used the main vendor number rather than the sub-vendor number with the address that corresponds to the address on the vendor invoice.		C	The Court will use the sub-vendor numbers in the future.	Drew Lund, Finance Manager	April 2016
		Log	Of the 40 invoices and claims reviewed, one invoice did not contain evidence of payment approval.		C	The Court will ensure all payments have payment approval.	Drew Lund, Finance Manager	April 2016
		Log	Of the 40 invoices and claims reviewed, the Court was unable to demonstrate how it determined proof of receiving the goods/services for two invoices.		C	The Court will place goods/services receipt documentation with payment records.	Drew Lund, Finance Manager	April 2016
		Log	For two of 13 travel expense claims reviewed, the traveler did not document the purpose of the business trip on the TEC form.		C	The Court will follow up on incomplete TEC forms.	Drew Lund, Finance Manager	April 2016
		Log	For one of 10 applicable travel expense claims reviewed where reimbursement for a meal was claimed, the Court reimbursed the traveler for a glass of wine, which is an unallowable expense, that the traveler claimed as a part of dinner. When we inquired with the Court to confirm this was a glass of wine, it indicated the reimbursement was an error and immediately requested repayment from the traveler once it was made aware of the error.		C	The employee has reimbursed the Court for the error.	Drew Lund, Finance Manager	April 2016
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>15</b>	<b>Domestic Violence</b>							
		15.1	<b>The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fee</b>					
		6	Case file records indicate that the \$500 PC 1203.097(a)(5) Domestic Violence Fee was not ordered in seven of the 20 DV cases reviewed where probation was ordered, although for one of these seven cases, the CMS account summary reflects that the fee was ordered. <b>(Repeat)</b> For three other cases, a \$400 Domestic Violence Fee was ordered instead of the required \$500.	I		The Court agrees with the Issues Memorandum. The Court has already provided updated bench schedules that include the correct DV Fee amount to the bench officers. The template for DV sentencing minutes already includes a line for this fee and a place to note the Court's finding of an inability to pay this fee. The Court will propose a DV script for the bench's consideration.	Kelly Nyberg, Court Operations Manager	June 2016
		Log	For one of the 26 DV cases reviewed, although case file records indicate the Court ordered the PC 1202.44 Probation Revocation Restitution Fine, the PC 1202.4(b) State Restitution Fine, the PC 1465.8 Court Operations Fee, and the GC 70373 Criminal Conviction Assessment, the CMS fiscal account summary for this case does not reflect these court-ordered fines and fees. According to the Court, it does not collect felony fines and fees; therefore, it does not create a fiscal account summary in its CMS. However, by not recording felony fines and fees in its CMS, the Court does not maintain a complete and accurate record of the court-ordered debt it imposed and cannot track and enforce the payment of any remaining court-ordered debt during the term of probation to ensure the defendant fully met the conditions of probation.	I		This is a historic system limitation and will be addressed with the acquisition of a new case management system. The Court is currently working with a number of other Courts on an RFP for a new CMS and on a BCP to fund that acquisition. The responsibility and timing of the acquisition is dependent upon the outcome of those two processes.	TBD	TBD
<b>16</b>	<b>Exhibits</b>							
		Log	The Court does not conduct periodic inspections of its exhibit rooms, such as ensuring that the card key reader is functioning properly, ensuring appropriate documentation to track the movement of exhibits, and ensuring that exhibits are safe from fire, water, mold, and/or other hazards. <b>(Repeat)</b>	I		The Court will conduct periodic inspections of its exhibit rooms.	Janice Sousa, Department Manager	October 2016
		Log	The Court has not conducted an annual inventory of all exhibits since 2012, including verifying that all exhibits kept in the exhibit rooms match the exhibit inventory lists. <b>(Repeat)</b>	I		The Court will conduct annual inventories of all exhibits.	Janice Sousa, Department Manager	October 2016
		Log	The list of exhibits from homicide cases is not complete. Specifically, the Court inadvertently left off several exhibits from the exhibits list when it consolidated all homicide case exhibits to one room. The exhibit custodian indicated that the exhibit list would be corrected immediately.	I		The Court is correcting the list of exhibits from homicide cases.	Janice Sousa, Department Manager	October 2016
<b>17</b>	<b>Bail</b>							
		Log	The Court could not provide evidence that the 2015 uniform countywide bail schedule was adopted by a majority of the judges as required by Penal Code 1269b. According to the Court, the uniform countywide bail schedule is prepared annually, presented to judges, and approved either in a judges meeting or by the PJ. According to the Court, the PJ approved the 2015 bail schedule. However, the Court could not demonstrate that the bail schedule was presented to and adopted by the judges.	C		The bail schedule was circulated to the judges and, based on a polling of the judges, the Presiding Judge approved and signed the bail schedule.	Presiding Judge, Hinrichs	January 2015