



Audit of the
Superior Court Of California,
County of Stanislaus

REPORT OF
INTERNAL AUDIT SERVICES

APRIL 2012



ADMINISTRATIVE OFFICE
OF THE COURTS

FINANCE DIVISION
INTERNAL AUDIT SERVICES

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Superior Court of California, County of Stanislaus

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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 Administrative Office of the Courts (AOC), Internal Audit Services (IAS), began court audits in 2002.

The audit of the Superior Court of California, County of Stanislaus (Court) was initiated by IAS in October 2011. 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

IAS audits cover all four of the above areas. The audit process involves the 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. IAS conducted its first audit of the Court in FY 2005–2006. IAS followed up on issues identified in this prior audit to determine whether the Court adequately resolved previous issues.

Compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit process. The primary focus of a FISMA review is to evaluate the Court's internal control structure and processes. While IAS does not believe that FISMA applies to the judicial branch, IAS understands that it represents good public policy and conducts internal audits incorporating the following FISMA concepts relating to internal control:

- A plan of organization that provides segregation of duties appropriate for proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of authorization, record keeping, and monitoring that adequately provides effective internal control;
- An established system of practices to be followed in the performance of duties and functions; and
- Personnel of a quality commensurate with their responsibilities.

IAS believes that this audit provides the Court with a review that also accomplishes what FISMA requires.

IAS audits are designed to identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted in the **Audit Issues Overview** below. Although IAS audits do not emphasize or elaborate on areas

of compliance, we did identify examples in which the Court was in compliance with the FIN Manual and FISMA. Specifically, except for those issues reported in this report, some of the areas where IAS 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.
- A well documented system of authorization and recordkeeping for revenues and expenditures that provides effective accounting control.
- 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 that may perform periodic reviews of Court operations and practices, to ensure it implements prompt, appropriate, and effective corrective action.

Audit Issues Overview

This internal audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that IAS did not consider significant enough to include in the report, but were nonetheless communicated to court management. IAS 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. IAS 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 reportable issues, 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 policies and procedures and/or best practices. These issues are summarized below:

Distribution of Collections (Issue 6.1, on page 19)

The Court did not distribute certain collections as prescribed by statutes and guidelines. State statutes and local ordinances govern the distribution of the fees, fines, penalties, and other assessments that courts collect. Although the Court uses a case management system that does not have an integrated cashiering function, it uses a separate cashiering system that performs part of the required distributions. The Court performs the majority of the distributions through a manual process that includes the preparation of a monthly revenue summary report and a month-end cash statement wherein it reports monthly revenue distributions to the County.

According to the Court, the fines, penalties, and fees ordered in criminal cases—including DUI, reckless driving, DV, Health and Safety, and Fish and Game cases—are collected and distributed by the County Revenue and Recovery department; therefore, we did not test the revenue distributions for these case types. Also, because the CMS is not capable of generating a report listing cases by violation, the Court provided a report listing all traffic cases paid in full in

September 2011 from which we identified and selected certain case types for review. In addition, we spent time attempting to manually identify and select additional case types for review, but were unsuccessful; thus, we could not identify and select certain case types for review.

Our review of the Court's distributions for the cases we selected to review identified various calculation and distribution errors. For example, the Court's distribution spreadsheet for red light cases does not calculate correct distributions applicable to Red Light Bail Forfeiture cases. In addition, the Court's distribution of collections for red light traffic school cases does not take into account the special distributions applicable to Red Light Traffic School cases. Further, the Court's monthly revenue summary report did not reflect that the Court assessed the GC 68090.8 Two Percent State Automation fee on certain State and local penalties.

The Court agreed with the issues and recommendations, and indicated taking immediate steps to correct certain distributions and working with its system vendor to correct certain other distributions.

Travel Expense Reimbursements (Issue 11.1 on page 34)

The Court needs to improve its procedures for reviewing and approving travel expense claims. As stewards of public funds, courts are obligated to demonstrate responsible and economical use of public funds. Additionally, statute and policy requires trial court judges and employees to follow business-related travel reimbursement procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council. As such, the FIN Manual provides trial courts with policy and procedures-including rules and limits-for arranging, engaging in, and claiming reimbursement for travel expenses that employees incur while on official court business such as for meals connected with official court business. These rules and limits also apply to business-related travel by a contractor-for items such as air transportation, lodging, meals, personal vehicle usage, and rental vehicle usage-that must be addressed in a written agreement between the contractor and the court. Further, the contractor, vendor, or temporary agency staff business travel must be billed to the court on a company invoice in accordance with the guidelines noted in the contract with the court.

Although the FIN Manual provides uniform guidelines for courts to follow when processing travel expense claims (TEC) for payment, the Court did not always follow these guidelines. For instance, the appropriate-level supervisors did not always review and approve the TECs. In addition, the Court did not adequately review employee TECs and the associated travel expenses charged to the Court's purchase card. For example, for one TEC, the Court paid twice for a meal expense when it reimbursed the employee for a meal expense that the employee paid using the Court's purchase card. Moreover, the meal expense the employee charged to the Court's purchase card exceeded the dollar limit for dinner, but the Court did not note and question the excessive charge until we questioned this overcharge and the associated inappropriate claim for the meal expense reimbursement. For another TEC, an employee used the Court's purchase card to pay a lodging bill that included a movie rental charge, which is a personal travel expense and is unallowable. Further, the Court reimbursed a contractor for travel and conference costs that are not required by the contract and not directly related to performing the work agreed to in the contract.

The Court agreed with most of the issues and recommendations, and indicated taking action to communicate to staff and confirm acknowledgement of the travel policy. However, the Court did not agree that the Presiding Judge or a supervising judge should sign the travel expense claims of judges as it asserts that the current Delegation of Duties authorizes the Court Executive Officer or designee this approval authority. However, IAS does not believe that this delegation extends to the oversight and approval of judges' travel expense claims, just as it would not extend to the oversight and approval of judges' leave.

Business Meal Expenses (11.2 on page 37)

The FIN Manual defines the rules and limits trial courts must observe when arranging or claiming reimbursement for meals connected to official court business. To be reimbursable, these business meals must have the written advance approval of the PJ or authorized designee. All business meals must be supported by an original receipt, reflecting the actual costs incurred and a completed, approved business-related meal form, memo, or e-mail authorizing the expenditure in advance. Business meal expenses not approved in advance by the PJ or authorized designee will be considered a personal expense and will not be reimbursed or paid. In addition, business meal expenses are not authorized for informal meetings with existing or potential vendors.

Our review revealed that the Court needs to improve its procedures to adequately justify its business-related meal expenditures. Specifically, the Court did not require responsible staff to complete a business-related meal expense form, memorandum, or e-mail containing all the required pertinent information necessary to justify the business need for the meal, including the reason necessitating that business be conducted during a meal period, and the allowable expense amounts. As a result, without this information the Court could not adequately demonstrate that the meal expenses were a necessary and appropriate use of public funds and within allowable cost limits. For example, for one business-related meal expense, although the CEO pre-approved in writing the business meal expense for AOC employees visiting the Court, the business meeting did not meet the time and duration requirements necessary for an allowable business-related meal. In addition, although the CEO approved the use of Court funds to purchase meals for the visiting AOC employees, the CEO did not approve the payment of similar meals for the Court employees attending this same meeting. Also, for three business-related meal expense transactions, the Court also did not document prior written PJ or CEO approval of the business-related meal expense for a judge's investiture and a Court management retreat. For the third business-related meal expense transaction, although Court staff wrote on the vendor invoice indicating that the CEO approved the order, the Court could not demonstrate that the CEO pre-approved the business-related meal expense in writing as required.

The Court agreed with the issues and recommendations, and indicated that it will adopt the business-related meal expense procedures.

STATISTICS

The Superior Court of California, County of Stanislaus (Court), operates six locations in Modesto and one in Ceres. The Court has 23 judges and subordinate judicial officers and employs approximately 249 court staff to fulfill its administrative and operational activities. It incurred total trial court expenditures of more than \$27 million for the fiscal year that ended June 30, 2011.

Before 1997, courts and their respective counties worked within common budgetary and cost parameters—often the boundaries of services and programs offered by each blurred. The courts 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 delivery of county services necessary to operate each court.

For fiscal year 2010–2011, the Court received various services from the County of Stanislaus (County). For instance, the Court received County-provided services such as mailroom services. At the time of our review, all County-provided services were not covered under a Court-County memorandum of understanding (MOU). According to the Court, it made attempts to get an MOU in place, but the County does not believe it is necessary. The Court also received court security services from the County Sheriff that were covered under an MOU with the Sheriff.

The charts that follow contain general Court statistical information.

County Population (Estimated as of July 1, 2011)	518,461
Source: California Department of Finance	
Number of Court Locations	7
Number of Courtrooms	25
Source: Superior Court of California, County of Stanislaus	
Number of Case Filings in FY 2009–2010:	
Criminal Filings:	
▪ Felonies	7,108
▪ Non-Traffic Misdemeanor	5,193
▪ Non-Traffic Infractions	1,131
▪ Traffic Misdemeanors	9,244
▪ Traffic Infractions	69,156
Civil Filings:	
▪ Civil Unlimited	2,042
▪ Motor Vehicle PI/PD/WD	320
▪ Other PI/PD/WD	149
▪ Other Civil Complaints & Petitions	1,538
▪ Small Claims Appeals	35

<ul style="list-style-type: none"> ▪ Limited Civil ▪ Small Claims <p>Family and Juvenile Filings:</p> <ul style="list-style-type: none"> ▪ Family Law (Marital) ▪ Family Law Petitions ▪ Juvenile Delinquency – Original ▪ Juvenile Delinquency – Subsequent ▪ Juvenile Dependency – Original ▪ Juvenile Dependency – Subsequent <p>Other Filings:</p> <ul style="list-style-type: none"> ▪ Mental Health ▪ Probate 	<p>10,237</p> <p>1,814</p> <p>2,535</p> <p>6,697</p> <p>763</p> <p>284</p> <p>287</p> <p>5</p> <p>147</p> <p>523</p>
Source: Judicial Council of California's 2011 Court Statistics Report	
Judicial Officers as of June 30, 2010:	
Authorized Judgeships	22
Authorized Subordinate Judicial Officers	4
Source: Judicial Council of California's 2011 Court Statistics Report	
Select FY 2010-2011 Financial Information:	
Total Financing Sources	\$28,914,279
Total Expenditures	\$27,211,027
Total Personal Services Costs	\$19,587,893
Total Temporary Help Costs	\$ 77,213
Source: FY 2010-2011 Phoenix Financial System-Fourth Quarter	
Court Staff as of June 30, 2011:	
Total Authorized FTE Positions	271.45
Total Filled FTE Positions	249.00
Total Fiscal Staff	12.00
Source: FY 2010-2011 Quarterly Financial Statements – Fourth Quarter FY 2010-2011 Schedule 7A	
FY 2010-2011 Average Daily Collections	\$ 93,350
Source: Superior Court of California, County of Stanislaus	

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 2006-2012* 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 Administrative Office of the Courts (AOC) developed and established the statewide fiscal infrastructure project, Phoenix Financial System. The Superior Court of California, County of Stanislaus (Court), implemented this fiscal system and processes fiscal data through the AOC Trial Court Administrative Services Division that supports the Phoenix 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 2009–2010 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: Government, Proprietary and Fiduciary. The Court utilizes the following 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 included here are:
 - **Special Revenue**
 1. Small Claims Advisory Fund – 120003
 2. Dispute Resolution Fund – 120004
 3. Grand Jury Fund – 120005
 4. Enhanced Collections Fund – 120007
 5. Children’s Waiting Room Fund – 180005
 - **Grants**
 1. Assembly Bill (AB)1058 Family Law Facilitator Program – 1910581
 2. AB1058 Child Support Commissioner Program – 1910591
 3. Substance Abuse Focus Program – 1910601
- **Fiduciary**
 - **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.”¹ 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.” Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The funds used here is:
 - Trust – 320001

¹ GASB Statement No. 34, paragraph 69.

- **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 perfectly 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.² **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 fund included here is:
 - Civil Filing Fees Fund – 450000
 - Treasury Fund – 910000

² GASB Statement No. 34, paragraph 12.

**STANISLAUS SUPERIOR COURT
 TRIAL COURT OPERATIONS FUND
 BALANCE SHEET
 AS OF JUNE 30
 (UNAUDITED)**

	2011					2010	
	GOVERNMENTAL FUNDS			CAPITAL PROJECT FUND	FIDUCIARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	TOTAL FUNDS (Info. Purposes Only)
	General	Special Revenue					
		Special Revenue	Grant				
ASSETS							
Pooled Cash	\$ (2,041,106)	\$ 908,176	\$ 10,642	\$ 1,212,054	\$ 12,510	\$ 102,276	\$ 300,987
Operations	5,619	-	-	-	-	5,619	(528)
Payroll	(8,445)	-	-	-	-	(8,445)	(1,244)
Trust	-	-	-	-	2,072,831	2,072,831	1,384,464
Civil Filing Fees	-	-	-	-	-	-	-
Jury	19,517	-	-	-	-	19,517	19,517
On Hand	15,010	-	-	-	-	15,010	15,010
Distribution	(259,241)	(1,277)	(10,642)	(21,402)	(600)	(293,162)	(102,915)
Revolving	-	-	-	-	-	-	-
With County	-	-	-	-	-	-	-
Outside of AOC	-	-	-	-	-	-	-
Total Cash	\$ (2,268,646)	\$ 906,899	\$ -	\$ 1,190,652	\$ 2,084,741	\$ 1,913,646	\$ 1,615,291
Short Term Investment	\$ 9,292,215	\$ -	\$ -	\$ -	\$ 567,200	\$ 9,859,415	\$ 8,480,725
Total Investments	\$ 9,292,215	\$ -	\$ -	\$ -	\$ 567,200	\$ 9,859,415	\$ 8,480,725
Accrued Revenue	\$ 8,537	\$ 1,045	\$ -	\$ 1,405	\$ -	\$ 10,987	\$ (53,609)
Accounts Receivable	466	-	-	-	-	466	503
Civil Jury Fees	-	-	-	-	-	-	-
Due From Other Funds	979,693	-	-	-	-	979,693	828,763
Due From Other Gov.	304,097	239,040	-	-	-	543,137	447,985
Due From Other Courts	-	-	-	-	-	-	-
Due From State	402,442	30,493	864,890	-	-	1,297,825	1,259,211
Total Receivables	\$ 1,695,235	\$ 270,578	\$ 864,890	\$ 1,405	\$ -	\$ 2,832,108	\$ 2,482,853
Prepaid Expenses - General	\$ 6,971	\$ -	\$ -	\$ -	\$ -	\$ 6,971	\$ 6,971
Travel Advances	-	-	-	-	-	-	-
Total Prepaid Expenses	\$ 6,971	\$ -	\$ -	\$ -	\$ -	\$ 6,971	\$ 6,971
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 8,725,775	\$ 1,177,477	\$ 864,890	\$ 1,192,057	\$ 2,651,941	\$ 14,612,140	\$ 12,585,840
LIABILITIES AND FUND BALANCES							
Accrued Liabilities	\$ 516,951	\$ 81,969	\$ 21,576	\$ -	\$ -	\$ 620,496	\$ 394,743
General Accounts Payable	57,698	11,846	-	-	158	69,702	279,405
Due to Other Funds	-	165,420	812,676	-	1,597	979,693	828,763
TC145 Liability	-	-	-	-	578,932	578,932	586,660
Due to the State	12,526	-	30,605	64,207	-	107,338	54,666
Due to Other Governments	17,168	-	32	-	-	17,200	604,216
Treasury Interest Payable	-	-	-	-	20	20	44
Total Accounts Payable and Accrued Liab.	\$ 604,343	\$ 259,235	\$ 864,889	\$ 64,207	\$ 580,707	\$ 2,373,381	\$ 2,748,497
Civil - Condemnation	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
Civil - Unreconciled	-	-	-	-	17,294	17,294	17,294
Civil - Other	-	-	-	-	-	-	-
Civil - Interpleader	-	-	-	-	-	-	-
Civil - Appeal Transcripts	-	-	-	-	-	-	-
Civil - Small Claims	-	-	-	-	-	-	-
Civil - Eviction Deposit	-	-	-	-	-	-	-
Civil - Witness Fees	-	-	-	-	-	-	-
Civil - Interest Bearing	-	-	-	-	939,670	939,670	347,248
Civil - Non-Interest Bearing	-	-	-	-	816,593	816,593	684,446
Criminal - General, Traffic, Victim Rest.	-	-	-	-	267,735	267,735	294,943
Criminal - Fines Due to Others	-	-	-	-	-	-	-
Funds Held Outside of the AOC	-	-	-	-	-	-	-
Trust Interest Payable	-	-	-	-	12,099	12,099	11,373
Total Trust Deposits	\$ -	\$ -	\$ -	\$ -	\$ 2,053,391	\$ 2,053,391	\$ 1,355,304
Accrued Payroll	\$ 807,292	\$ -	\$ -	\$ -	\$ -	\$ 807,292	\$ 570,404
Accrued Benefits	-	-	-	-	-	-	-
Benefits Payable	(251,196)	-	-	-	-	(251,196)	(32,049)
Deferred Compensation Payable	-	-	-	-	-	-	-
Deductions Payable	-	-	-	-	-	-	(325)
Payroll Clearing	-	-	-	-	-	-	-
Total Payroll Liabilities	\$ 556,096	\$ -	\$ -	\$ -	\$ -	\$ 556,096	\$ 538,030
AB145 Due to Other Government Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements Collected	-	-	-	-	-	-	-
Revenue Collected in Advance	-	-	-	-	-	-	-
Liabilities For Deposits	471	-	-	-	12,917	13,388	20,679
Jury Fees - non-interest	-	-	-	-	-	-	-
Fees- partial payments and overpayments	-	-	-	-	4,925	4,925	15,625
Other miscellaneous	-	-	-	-	-	-	-
Total Other Liabilities	\$ 471	\$ -	\$ -	\$ -	\$ 17,842	\$ 18,313	\$ 36,304
Total Liabilities	\$ 1,160,910	\$ 259,235	\$ 864,889	\$ 64,207	\$ 2,651,940	\$ 5,001,181	\$ 4,678,135
Fund Balance - Restricted	\$ 161,890	\$ 918,242	\$ -	\$ 1,127,850	\$ -	\$ 2,207,982	\$ 2,777,542
Contractual	-	-	-	-	-	-	-
Statutory	-	-	-	-	-	-	-
Fund Balance - Unrestricted	7,395,592	-	-	-	-	7,395,592	4,976,686
Designated	7,383	-	-	-	-	7,383	153,477
Undesignated	-	-	-	-	-	-	-
Total Fund Balance	\$ 7,564,865	\$ 918,242	\$ -	\$ 1,127,850	\$ -	\$ 9,610,957	\$ 7,907,705
Total Liabilities and Fund Balance	\$ 8,725,775	\$ 1,177,477	\$ 864,890	\$ 1,192,057	\$ 2,651,941	\$ 14,612,140	\$ 12,585,840

SOURCE: Phoenix Financial System

**STANISLAUS SUPERIOR COURT
 TRIAL COURT OPERATIONS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30
 (UNAUDITED)**

	2011					2010		
	GOVERNMENTAL FUNDS			CAPITAL PROJECT FUND	TOTAL FUNDS <small>(Info. Purposes Only)</small>	BASELINE BUDGET	TOTAL FUNDS <small>(Info. Purposes Only)</small>	BASELINE BUDGET
	General	Special Revenue						
		Special Revenue	Grant					
REVENUES								
State Financing Sources:								
Trial Court Trust Fund	\$ 24,055,952	\$ 78,225	\$ -	\$ -	\$ 24,134,177	\$ 23,687,167	\$ 22,793,169	\$ 22,419,756
Trial Court Improvement Fund - Reimbursement	78,368	-	-	-	78,368	-	97,556	55,552
Trial Court Improvement Fund - Block	-	-	-	-	-	-	-	-
Judicial Administration Efficiency & Mod Fund	8,005	-	-	-	8,005	58,628	-	7,000
Judges' Compensation (45.25)	-	-	-	-	-	-	-	-
Court Interpreter (45.45)	675,277	-	-	-	675,277	639,862	671,504	581,000
Civil Coordination Reimbursement (45.55)	-	-	-	-	-	-	-	-
MOU Reimbursement (45.10 and General)	260,141	-	-	-	260,141	411,226	284,000	363,698
Other miscellaneous	-	-	-	-	-	-	-	-
	\$ 25,077,743	\$ 78,225	\$ -	\$ -	\$ 25,155,968	\$ 24,796,883	\$ 23,846,229	\$ 23,427,006
Grants:								
AB 1058 Commissioner/Facilitator	\$ -	\$ -	\$ 1,106,401	\$ -	\$ 1,106,401	\$ 1,093,206	\$ 1,060,182	\$ 1,093,206
Other AOC Grants	-	-	20,000	-	20,000	20,000	23,224	20,000
Non-State Grants	-	-	-	-	-	-	-	-
	\$ -	\$ -	\$ 1,126,401	\$ -	\$ 1,126,401	\$ 1,113,206	\$ 1,083,406	\$ 1,113,206
Other Financing Sources:								
Investment Income	\$ 37,357.00	\$ 4,213	\$ -	\$ 6,382	\$ 47,952	\$ 47,836	\$ 53,918	\$ 150,000
Donations	1,500	-	-	-	1,500	-	58,754	-
Local Fee and Non-fee Revenue	1,458,883	-	-	-	1,458,883	1,539,612	1,392,551	1,343,278
Enhanced Collections	-	560,440	-	-	560,440	346,671	352,571	250,000
Prior year adjustments	14,506	-	-	-	14,506	-	(340)	-
County Program - restricted	-	182,289	-	-	182,289	190,196	191,244	204,515
Reimbursement Other	366,341	-	-	-	366,341	339,943	347,949	326,625
Sale of Fixed Assets	-	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-	-	-
	\$ 1,878,587	\$ 746,942	\$ -	\$ 6,382	\$ 2,631,911	\$ 2,464,258	\$ 2,396,647	\$ 2,274,418
Total Revenues	\$ 26,956,330	\$ 825,167	\$ 1,126,401	\$ 6,382	\$ 28,914,280	\$ 28,374,347	\$ 27,326,282	\$ 26,814,630
EXPENDITURES								
Personal Services:								
Salaries and Wages	\$ 12,476,124	\$ 286,451	\$ 555,850	\$ -	\$ 13,318,425	\$ 12,860,976	\$ 12,863,420	\$ 12,234,688
Employee Benefits	5,893,955	129,916	245,599	-	6,269,470	6,269,289	5,938,314	6,107,193
	\$ 18,370,079	\$ 416,367	\$ 801,449	\$ -	\$ 19,587,895	\$ 19,130,265	\$ 18,801,734	\$ 18,341,881
Operating Expenses and Equipment:								
General Expense	\$ 544,140	\$ 14,185	\$ 23,793	\$ -	\$ 582,118	\$ 655,746	\$ 683,068	\$ 458,195
Printing	50,449	775	2,540	-	53,764	150,000	125,579	141,650
Communications	148,520	1,507	-	-	150,027	176,704	370,448	275,000
Postage	140,526	1,911	74	-	142,511	173,291	155,155	125,300
Insurance	5,698	-	-	-	5,698	12,600	11,805	10,300
In-State Travel	15,351	-	1,852	-	17,203	20,000	14,311	20,000
Out-of-State Travel	-	-	-	-	-	-	1,904	-
Training	32,736	-	5,340	-	38,076	55,000	14,755	40,000
Facilities Operations	521,980	-	133,532	248,225	903,737	1,064,293	950,598	1,086,322
Security Contractual Services	3,717,855	-	-	-	3,717,855	4,216,219	3,893,874	4,142,150
Utilities	581	-	-	-	581	93,000	97,251	111,000
Contracted Services	1,175,190	293,311	17,033	-	1,485,534	1,623,649	1,494,222	1,660,148
Consulting and Professional Services	38,266	-	-	-	38,266	43,785	64,284	73,000
Information Technology	463,699	30,400	-	-	494,099	690,770	593,650	615,818
Major Equipment	181,429	-	-	-	181,429	181,376	47,312	-
Other Items of Expense	4,842	-	-	-	4,842	5,130	3,309	4,000
	\$ 7,041,262	\$ 342,089	\$ 184,164	\$ 248,225	\$ 7,815,740	\$ 9,161,563	\$ 8,521,525	\$ 8,762,883
Special Items of Expense								
Grand Jury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Juror Costs	115,624	-	-	-	115,624	155,000	128,039	180,000
Debt Service/Penalties	-	-	-	-	-	-	-	-
Judgments, Settlements and Claims	-	-	-	-	-	-	-	-
Distributed Administration	(151,535)	-	151,535	-	-	-	-	-
Prior Year Adjustment to Expense	(308,230)	-	-	-	(308,230)	-	1,796	-
	\$ (344,141)	\$ -	\$ 151,535	\$ -	\$ (192,606)	\$ 155,000	\$ 129,835	\$ 180,000
Total Expenditures	\$ 25,067,200	\$ 758,456	\$ 1,137,148	\$ 248,225	\$ 27,211,029	\$ 28,446,828	\$ 27,453,094	\$ 27,284,764
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES								
	\$ 1,889,130	\$ 66,711	\$ (10,747)	\$ (241,843)	\$ 1,703,251	\$ 1,517,372	\$ (126,812)	\$ (470,134)
OPERATING TRANSFERS IN (OUT)								
	(25,468)	14,721	10,747	-	-	-	-	-
FUND BALANCES (DEFICIT)								
Beginning Balance (Deficit)	5,701,203	836,810	-	1,369,693	7,907,706	-	8,034,516	-
Ending Balance (Deficit)	\$ 7,564,865	\$ 918,242	\$ -	\$ 1,127,850	\$ 9,610,957	\$ 1,517,372	\$ 7,907,704	\$ (470,134)

SOURCE: Phoenix Financial System

**STANISLAUS SUPERIOR COURT
 TRIAL COURT OPERATIONS FUND
 STATEMENT OF PROGRAM EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30
 (UNAUDITED)**

	2011						2010		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Adjustment to Expense	TOTAL ACTUAL EXPENSE	BASELINE BUDGET	TOTAL ACTUAL EXPENSE	BASELINE BUDGET
PROGRAM EXPENDITURES:									
Judges and Courtroom Support	\$ 6,790,845	\$ 481,219			\$ (4,075)	\$ 7,267,989	\$ 6,445,471	\$ 7,031,649	\$ 6,462,320
Traffic & Other Infractions	1,340,359	149,771			(833)	1,489,297	1,781,735	1,310,844	1,818,033
Other Criminal Cases	1,975,714	59,233			(3,869)	2,031,078	1,933,518	1,966,666	1,961,749
Civil	2,028,705	85,349			(37)	2,114,017	1,555,787	2,159,490	1,781,906
Family and Children Services	1,435,496	687,944		151,535	(10,972)	2,264,003	3,242,308	2,348,042	3,168,334
Probate, Guardianship & Mental Health Services	265,717	2,053			(94)	267,676	340,954	350,604	342,187
Juvenile Dependency Services	-	-	-	-	-	-	-	1,343	-
Juvenile Delinquency Services	173	14,260			(116)	14,317	407,965	17,616	410,825
Other Support Operations	752,704	49,891			(957)	801,638	947,618	831,752	918,469
Court Interpreters	510,367	172,222			(97)	682,492	842,472	727,917	788,689
Jury Services	204,413	71,956	115,624	-	(255)	391,738	450,346	419,903	439,831
Security	-	3,726,002	-	-	(220,308)	3,505,694	4,244,141	3,895,015	4,168,535
Trial Court Operations Program	\$ 15,304,493	\$ 5,499,900	\$ 115,624	\$ 151,535	\$ (241,613)	\$ 20,829,939	\$ 22,192,315	\$ 21,060,841	\$ 22,260,878
Enhanced Collections	305,386	159,982		-	(3)	\$ 465,365	346,669	296,129	250,000
Other Non-Court Operations	46,469	36		-	-	46,505	48,196	43,026	42,515
Non-Court Operations Program	\$ 351,855	\$ 160,018	\$ -	\$ -	\$ (3)	\$ 511,870	\$ 394,865	\$ 339,155	\$ 292,515
Executive Office	1,555,358	27,239			199	\$ 1,582,796	\$ 756,033	\$ 1,238,528	\$ 752,376
Fiscal Services	737,393	461,472		(151,535)	(40,478)	1,006,852	1,627,886	1,142,807	761,960
Human Resources	733,257	45,379			(68)	778,568	546,946	743,383	519,723
Business & Facilities Services	-	809,165			302	809,467	1,096,584	1,050,823	1,069,857
Information Technology	905,539	812,567			(26,569)	1,691,537	1,832,199	1,877,555	1,627,455
Court Administration Program	\$ 3,931,547	\$ 2,155,822	\$ -	\$ (151,535)	\$ (66,614)	\$ 5,869,220	\$ 5,859,648	\$ 6,053,096	\$ 4,731,371
Prior year adjustment to expense	-	-	-	-		-	-		-
TOTAL	\$ 19,587,895	\$ 7,815,740	\$ 115,624	\$ -	\$ (308,230)	\$ 27,211,029	\$ 28,446,828	\$ 27,453,092	\$ 27,284,764

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 Stanislaus (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 audit work included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, fixed assets, financial accounting and reporting, case management, 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 2010–2011.

The Judicial Council in December 2009 adopted California Rule of Court 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 judicial administrative 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. As a result, 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 July 25, 2011.

The entrance meeting was held with the Court on August 10, 2011.

Audit fieldwork commenced on October 17, 2011.

Fieldwork was completed in December 2011.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary review of the audit results was held on June 26, 2012, with the following:

- Rebecca Fleming, Assistant Court Executive Officer
- Keri Brasil, Senior Accountant
- Zachary Stovall, Buyer

IAS received all but one of the Court's final management responses to the IAS recommendations on June 6, 2012. IAS incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the audit report for its review and comment on June 22, 2011. On July 20, 2012, the Court provided its final responses, comments and suggestions concerning its review of the audit report. It did not consider another review of the report necessary before IAS marked the completed audit report as "pending" Judicial Council acceptance.

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 is responsible 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 shall 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 concerning court governance.

The table below presents general ledger account balances from the Superior Court of California, County of Stanislaus (Court), that are considered associated with court administrative decisions. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
* 906300 - SALARIES - JUDICIAL OFFI	412,478.54	609,728.57	(197,250.03)	-32.35%
* 920500 - DUES AND MEMBERSHIPS	979.00	954.00	25.00	2.62%
* 933100 - TRAINING	38,075.88	14,754.79	23,321.09	158.06%
952001 JUDICIAL OFFICER ROBES	262.39	-	262.39	100.00%

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 tests. Primary tests included an evaluation of:

- Expense restrictions contained in *Operating Guidelines and Directives for Budget Management in the Judicial Branch* (operating guidelines). Requirements include 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.
- Notification requirements regarding lawsuits.
- 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 ensure that duties are sufficiently segregated.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

2. Fiscal Management and Budgets

Background

Trial courts must employ sound business, financial, and accounting practices to conduct its fiscal operations. To operate within the limitations of the funding approved and appropriated in the State Budget Act, courts should establish budgetary controls to monitor its budget on an ongoing basis to assure that actual expenditures do not exceed budgeted amounts. As personnel services costs account for more than half of many trial courts 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 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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Assets				
120050 SHORT TERM INVESTMENTS-LA	9,027,091.21	7,834,341.04	1,192,750.17	15.22%
120051 SHORT TERM INVESTMENTS-CA	832,324.26	646,384.08	185,940.18	28.77%
Liabilities - Payroll				
374702 BENEFITS PAYABLE-MEDICAL	(245,181.07)	(28,089.80)	(217,091.27)	-772.85%
374703 BENEFITS PAYABLE-DENTAL E	(2,298.65)	(2,007.28)	(291.37)	-14.52%
374704 BENEFITS PAYABLE-VISION E	-	3,330.28	(3,330.28)	-100.00%
374705 BENEFITS PAYABLE-LIFE EE	(3,458.82)	(7,282.31)	3,823.49	52.50%
374706 BENEFITS PAYABLE-FLEX SPE	-	1,980.78	(1,980.78)	-100.00%
374707 BENEFITS PAYABLE-LTD EE A	(257.30)	19.47	(276.77)	-1421.52%
375001 ACCRUED PAYROLL	807,291.60	570,404.47	236,887.13	41.53%
Expenditures - Payroll				
* 900300 - SALARIES - PERMANENT	12,825,098.50	12,206,769.88	618,328.62	5.07%
* 903300 - TEMP HELP	77,213.48	22,232.74	54,980.74	247.30%
* 906300 - SALARIES - JUDICIAL OFFI	412,478.54	609,728.57	(197,250.03)	-32.35%
* 908300 - OVERTIME	3,634.06	24,688.70	(21,054.64)	-85.28%
** SALARIES TOTAL	13,318,424.58	12,863,419.89	455,004.69	3.54%
* 910300 - TAX	968,083.04	940,508.15	27,574.89	2.93%
* 910400 - HEALTH INSURANCE	2,908,344.75	2,927,491.33	(19,146.58)	-0.65%
* 910600 - RETIREMENT	1,965,093.10	1,621,259.43	343,833.67	21.21%
* 912400 - DEFERRED COMPENSATION	41,781.43	45,157.09	(3,375.66)	-7.48%
* 912500 - WORKERS' COMPENSATION	221,208.00	163,559.00	57,649.00	35.25%
* 912700 - OTHER INSURANCE	131,799.56	198,014.15	(66,214.59)	-33.44%
* 913800 - OTHER BENEFITS	33,158.97	42,325.22	(9,166.25)	-21.66%
** STAFF BENEFITS TOTAL	6,269,468.85	5,938,314.37	331,154.48	5.58%
*** PERSONAL SERVICES TOTAL	19,587,893.43	18,801,734.26	786,159.17	4.18%

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

We also evaluated the Court's payroll controls through interviews with Court employees and review of payroll reports and reconciliation documents. We validated payroll expenditures for a sample of employees to supporting documentation, including timesheets, payroll registers,

withholding documents, and benefits administration files to determine whether timesheets were appropriately approved and payroll was correctly calculated. Furthermore, we reviewed the Court's Personnel Manual and bargaining agreements at a high level to determine whether differential pay, leave accruals, and various benefits were issued in accordance with these agreements.

There were no significant issues identified during this audit to report to management in this section.

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. FIN 3.01, 3.0, 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. FIN 3.01, 6.1.1 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. A set of governmental, fiduciary, and proprietary funds have been set up in the Phoenix Financial System to serve this purpose. Furthermore, the Judicial Council has approved a policy to ensure that courts are able to identify 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 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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Fund Balances				
552001 FUND BALANCE - RESTRICTED	2,777,542.53	3,854,598.84	(1,077,056.31)	-27.94%
553001 FUND BALANCE - ASSIGNED	4,976,686.00	4,179,916.96	796,769.04	19.06%
554001 FUND BALANCE - UNASSIGNED	153,478.00	-	153,478.00	100.00%
*** Fund Balances	7,907,706.53	8,034,515.80	(126,809.27)	-1.58%
Revenues				
** 836000-MODERNIZATION FUND - REIMB	8,004.65	-	8,004.65	100.00%
** 837000-IMPROVEMENT FUND - REIMB	78,368.21	97,556.08	(19,187.87)	-19.67%
841010 SMALL CLAIMS ADVISORY	11,949.33	12,836.06	(886.73)	-6.91%
841011 DISPUTE RESOLUTION	124,032.50	135,578.29	(11,545.79)	-8.52%
841012 GRAND JURY	46,307.02	42,829.63	3,477.39	8.12%
** 840000-COUNTY PROGRAM - RESTRICT	182,288.85	191,243.98	(8,955.13)	-4.68%
Expenditures				
939420 SMALL CLAIMS ADVISORY SER	26,669.66	39,999.79	(13,330.13)	-33.33%

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.

We also reviewed the Court's fiscal year-end fund balance reserves to determine whether they conform to the Judicial Council approved policy and are supported by the Court's financial statements.

There were no significant issues identified during this audit to report to management in this section.

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 AOC, 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 Trial Court Administrative Services Division (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 much of the accounting procedures have been centralized with TCAS, we kept our review of the Court's individual financial statements at a high level.

The Court receives various federal and state grants passed through to it from the AOC. Restrictions on the use of these funds and other requirements are documented in the grant agreements. The grants received by the Court are reimbursement type agreements that require it to document its costs to received payment. The Court must separately account for financing sources and expenditures for each grant. As a part of the annual single audit of the State of California performed by the Bureau of State Audits, the AOC 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 and how they were reviewed during this audit is contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Assets				
130001 A/R-ACCRUED REVENUE	10,987.38	(53,608.75)	64,596.13	120.50%
131201 ACCOUNTS RECEIVABLE (CUST	-	297.05	(297.05)	-100.00%
131202 A/R-DUE FROM OTHER GOVERN	-	3,417.73	(3,417.73)	-100.00%
131204 A/R-DUE FROM AOC (CUSTOME	632,353.74	673,105.23	(40,751.49)	-6.05%
131601 A/R - DUE FROM EMPLOYEE	465.80	206.44	259.36	125.63%
140001 BLOCK A/R - DUE FROM OTHE	-	828,763.27	(828,763.27)	-100.00%
140004 TRUST-DUE FROM OPERATIONS	-	(2,222.07)	2,222.07	100.00%
140011 OPERATIONS-DUE FROM TRUST	1,597.17	2,222.07	(624.90)	-28.12%
140014 GENERAL-DUE FROM SPECIAL	978,095.63	-	978,095.63	100.00%
150001 A/R - DUE FROM OTHER GOVE	543,136.75	444,567.12	98,569.63	22.17%
152000 A/R-DUE FROM STATE	665,471.50	586,106.35	79,365.15	13.54%
** Receivables	2,832,107.97	2,482,854.44	349,253.53	14.07%
** Prepaid Expenses	6,970.78	6,970.75	0.03	0.00%
Revenues				
** 812100-TCTF - PGM 10 OPERATIONS	24,134,176.65	22,793,169.35	1,341,007.30	5.88%
** 821000-LOCAL FEES REVENUE	1,458,882.77	1,392,551.25	66,331.52	4.76%
** 821200-ENHANCED COLLECTIONS REV	560,439.63	352,571.32	207,868.31	58.96%
823011 JUDGES VOLUNTARY DONATION	1,500.00	58,754.17	(57,254.17)	-97.45%

** 823000-OTHER - REVENUE	1,500.00	58,754.17	(57,254.17)	-97.45%
** 825000-INTEREST INCOME	47,951.94	53,918.13	(5,966.19)	-11.07%
** 831000-GENERAL FUND - MOU/REIMB	19,530.00	14,765.00	4,765.00	32.27%
** 832000-PROGRAM 45.10 - MOU/REIMB	240,611.38	269,235.09	(28,623.71)	-10.63%
** 834000-PROGRAM 45.45 - REIMBURSEM	675,277.00	671,503.50	3,773.50	0.56%
** 838000-AOC GRANTS REIMBURSEMENT	1,126,400.78	1,083,405.74	42,995.04	3.97%
861010 CIVIL JURY REIMBURSEMENT	46,397.40	37,265.84	9,131.56	24.50%
861011 MISCELLANEOUS REIMBURSE	319,943.73	310,683.28	9,260.45	2.98%
** 860000-REIMBURSEMENTS - OTHER	366,341.13	347,949.12	18,392.01	5.29%
** 890000-PRIOR YEAR REVENUE ADJUST	14,506.44	(339.58)	14,846.02	4371.88%
* 999900 -PRIOR YEAR EXPENSE ADJUST	(308,229.87)	1,795.81	(310,025.68)	-17263.84%

We compared year-end general ledger account balances between the prior two fiscal year trial balances and reviewed accounts with material balances that experienced significant variances from year-to-year. We also assessed the Court's procedures for processing and accounting trust deposits, disbursements, and refunds to determine whether it is adequate controls over trust funds. Additionally, we reviewed various FY 2010–2011 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant guidance.

There were no significant issues identified during this audit to report to management in this section.

5. Cash Collections

Background

Trial courts must collect and process revenue in a manner that protects the integrity of the court and its employees and promotes public confidence. Thus, trial courts should institute procedures and internal controls that assure safe and secure collection, and accurate accounting of all payments. The FIN Manual, FIN 10.02, provides uniform guidelines for trial courts to use in receiving and accounting for payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders. Additionally, FIN 10.01 provides uniform guidelines regarding the collection, processing, and reporting of these amounts.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Cash				
100000 POOLED CASH	102,275.87	300,986.78	(198,710.91)	-66.02%
100025 DISB CHECK-OPERATIONS	(292,561.73)	(102,914.62)	(189,647.11)	-184.28%
100026 DISB CHECK-TRUST	(600.00)	-	(600.00)	-100.00%
113000 CASH-JURY FUND	19,517.31	19,517.31	0.00	0.00%
118000 CASH-TRUST ACCOUNT	2,094,875.62	1,437,645.20	657,230.42	45.72%
118002 CASH TRUST IN-TRANSIT	3,466.00	1,193.26	2,272.74	190.46%
118100 CASH-TRUST CLEARING	(25,511.30)	(54,374.40)	28,863.10	53.08%
119001 CASH ON HAND - CHANGE FUN	15,009.85	15,009.85	0.00	0.00%

We visited all court locations with cash handling responsibilities. At each of these locations, we assessed various cash handling controls and practices through observations and interviews with Court operations managers and staff. Specific controls and practices reviewed include, but are not limited to, 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 systems transactions, and validated these transactions to supporting receipts, case files, and other documentation. In addition, we assessed controls over manual receipts to determine whether adequate physical controls existed, numerical reconciliation was periodically 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 monitored and timely referred to its collections agency, and that collections are timely posted and reconciled.

The following issues were considered significant enough to bring to management's attention. Appendix A contains additional minor issues associated with this section.

5.1 The Court Could Strengthen Some of Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and to promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This policy requires courts to institute procedures and internal controls that assure the safe, secure collection, and accurate accounting of all payments. For example, FIN 10.02, 6.3.1, states, in part, that courts may establish a change fund in each location that collects payments to provide cashiers currency and coin necessary to make change in the day-to-day cash collection operations of the court. The Court Executive Officer (CEO) or his or her designee must appoint a custodian for each change fund exceeding \$500 at each court location. The change fund custodian must have no other cash handling responsibilities. At the end of the business day, the change fund custodian, in the presence of a manager or supervisor, must verify that the change fund reconciles to that day's beginning balance.

In addition, FIN 10.02, 6.3.2, states that at the beginning of each day, cashiers receive a nominal amount of money to enable them to return change on cash transactions. Courts should require cashiers to secure these funds in individually locked drawers or bags. Cashiers must verify receipt of their beginning cash funds with their supervisor, evidenced in a log signed by the cashier and supervisor for each such receipt. Any beginning cash drawer/bag cash discrepancies must be resolved before the cashier starts his or her daily cash collection duties.

FIN 10.02, 6.3.8, also requires supervisory court staff to review and approve void transactions. Specifically, when notified by a cashier, the supervisor is responsible for reviewing and approving the void transaction. All void receipts should be retained, not destroyed.

Further, FIN 10.02, 6.3.9, states that in case the automated accounting system fails, the supervisor or designated employee will issue books of pre-numbered receipts and the cashier will issue customers a handwritten receipt. The supervisor issuing the receipt books will monitor and maintain an accounting of the receipt books, including receipt books issued and to whom, date issued, person returning the receipt book(s), the receipts used within each receipt book, and the date the receipt books are returned. Handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

FIN 10.02, 6.3.10, also states that at the end of the workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until the daily balancing and closeout processes are complete. Balancing and closeout include completing and signing the daily report, attaching a calculator tape for checks, turning in the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

In addition, FIN 10.02, 6.3.12, requires trial court supervisors, managers, or fiscal officers who do not have direct responsibility for processing payments to conduct periodic surprise cash counts on all trial court staff that handle payments in the normal course of their duties to assure that payment processing errors and irregularities do not go undetected. The frequency of the

surprise cash counts will depend on a number of factors including, the size of the court, the amount of currency processed, the number of checks and money orders processed, the overages and shortages at a particular court location, and the experience of the court staff involved. These surprise cash counts should be conducted at a minimum quarterly and as frequently as monthly.

Further, FIN 10.02, 6.4, provides courts with the following guidance for processing payments received through the mail:

- Checks and money orders received through the mail should be processed and entered into the court's cashiering system on the day they are received. Any exceptions are to be brought to the attention of a supervisor and processed as soon as practicable.
- A two-person team should be used to maintain accountability for payments received through the mail. Team members opening mail must not also enter the payments in the court's cashiering system. To avoid record keeping of payment exceptions outside of the court's cashiering system, all payments that cannot be immediately applied should be entered in the court's cashiering system as "suspense items", accounted for as a liability and deposited to a trust bank account until the payment can be properly applied.
- Checks and money orders received through the mail should be listed on a Payments Receipts Log sheet. The sheet should include a case number, person making the payment, check amount and number, date received, and person handling the check for each payment received. An adding machine tape of payments should be attached to the sheet showing that the total amount of payments received matches the total amount entered on the sheet.
- On a daily basis, trial court staff responsible for processing payments received through the mail must review all payments that are held over from a previous day's work to determine if any of the payments can be processed. A supervisor or manager must identify and log any payment that has been held for more than five calendar days without being processed. The log must specify the reason why the payment cannot be processed and must also specifically identify any cash payment being held in suspense for more than five calendar days. Further, a supervisor or manager must provide a report on at least a monthly basis to the Fiscal Officer listing by age any payment that has not been processed for more than 15 days. Similarly, a report must be provided to the Court Executive Officer or his or her designee that lists by age any payment that has not been processed for 30 days.

As a part of the process of depositing daily collections in the bank, the FIN Manual, Policy No. FIN 13.01, 6.3, requires, in part, that the coin and paper currency portion of any bank deposit be counted by one person and verified and initialed by a second person. Additionally, the policy requires an employee (preferably a supervisor or higher level of management), other than the person who prepares the deposit, to sign and date the deposit slip verifying the cash receipts have been deposited in total.

Finally, the FIN Manual, Policy No. FIN 1.01, 6.4 (4), requires courts to document and obtain AOC approval of their alternative procedures if court procedures differ from the procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the AOC will not be considered valid for audit purposes.

Issues

Our review of the Court's cash handling practices and associated documents at six Court locations found that some locations could follow more consistent cash handling and accounting practices and could strengthen their procedures in the following areas:

1. **Change Fund** – The Court has not established consistent accountability over its change funds. Specifically, three of the six Court locations we reviewed did not have a designated change fund custodian who is accountable and responsible for the change fund. Instead, more than one person or everyone at these three locations shared responsibility over the change fund. Further, at one of these three locations, the change fund is not counted and verified in the presence of a supervisor when it is counted at the beginning of the day, and is not counted and verified at the end of the day. We also observed that the clerk counting the change fund at this location did not unwrap and count the one-dollar bills bundled in stacks of \$20. Instead, the clerk assumed there were 20 one-dollar bills in those stacks. As a result, the Court is not ensuring adequate accountability and completeness of its change funds. For example, at another location, the Court verified that the \$1,865 change fund was \$10 short on September 13, 2011, and on September 23, 2011.
2. **Beginning of Day Processing** – The Court does not consistently require or record the counting and verification of beginning cash before the commencement of daily cash collection activities. Specifically, at three locations, the cashiers do not count and verify their beginning cash in the presence of a lead or supervisor before starting their daily cash collection activities. In addition, at two of these three locations, the supervisor also does not sign the beginning cash verification log. Further, at one of the three locations and at a fourth location, a cash verification log is not used to document that the cashiers received their cash bags and verified their beginning cash.
3. **Void Transactions** – The Court did not always follow its own procedures for documenting void transactions and could not always demonstrate that a supervisor reviewed and approved the void transactions. Specifically, although Court procedures require that the original and void receipts be attached to the daily closeout and balancing reports, 13 original and 5 void receipts were not attached to the daily closeout and balancing reports for the 17 void payment transactions we selected to review. In addition, for 10 of the 12 void payment transactions that had a copy of the void receipt attached to the daily closeout, the void receipts did not indicate who processed the void transactions in the system nor did a supervisor initial and date the void receipts to demonstrate appropriate supervisory review and approval of the void transactions.
4. **Handwritten Receipts** – Fiscal Services does not ensure it and its cash collection locations are adequately and consistently tracking and using handwritten receipt books. Specifically, we noted the following deficiencies during our review of handwritten receipts:

- a. Fiscal Services does not require locations to use a uniform style of handwritten receipts. Specifically, one cash collection location uses two different styles and another location uses three different styles of handwritten receipt books, including three-part, two-part, and un-numbered one-part handwritten receipts.
- b. Fiscal Services also does not track and account for the issuance of handwritten receipt books. For example, at the time of our review in October 2011, we noted one location had not returned to Fiscal Services a handwritten receipt book that the location had completely used over a year earlier in July 2010.

Further, at three locations, the supervisors or leads do not maintain a record of when and to whom they issued handwritten receipt books. Specifically, at two of the locations, although the supervisors secure the handwritten receipt books in a safe or locking container and issue the books to clerks when needed, they do not track when and which clerks received and subsequently returned the handwritten receipt books. Moreover, we observed that the supervisor at the third location kept the handwritten receipt book in an unlocked drawer at the front counter leaving it available for all clerks to access and use without supervisory oversight and control.

- c. In addition, responsible supervisors did not review handwritten receipt books to ensure they adequately accounted for all handwritten receipts. Specifically, two handwritten receipt books we reviewed at one location had 15 missing receipts, six from one book and nine from the other. At another location, two of the five books we reviewed had eight missing receipts, seven from one book and one from the other.

Supervisors also did not consistently ensure that clerks issued handwritten receipts in sequential order. Specifically, three locations had handwritten receipt books with skipped and unused handwritten receipts that were interspersed among issued receipts. In addition, the skipped and unused handwritten receipts at one of these locations were not always marked "VOID", but instead marked with just a slash mark; while the clerks at another location and a fourth location did not mark "VOID" on their skipped and unused handwritten receipts.

- d. Two locations also could not demonstrate that the payments associated with handwritten receipts were promptly entered in the cashiering system. Specifically, clerks do not attach the cashiering system receipt to the associated handwritten receipt; nor initial, date, and record the cashiering system receipt number on the handwritten receipt to demonstrate that the associated payment was processed and promptly entered in the cashiering system. At one location, the cashiering system receipt is placed in the case file since the Court's case management system is separate from the cashiering system and does not have an accounting screen that tracks the payments. However, when we attempted to

confirm that the clerks entered one of the handwritten receipts with a case number in the cashiering system, we could not locate the system receipt in the case file.

- e. Further, although it issues handwritten receipts and transfers its collections to Family Law for entry into the cashiering system, one location does not adequately document a record of the collections it transfers nor verify that Family Law entered these collections into the cashiering system. Specifically, instead of providing copies of the handwritten receipts and associated collections to Family Law for processing; the morning after the prior day's collection activities, the location annotates the case number and amount received for each payment on a note pad. It then delivers the note pad page and collections to Family Law for posting into the cashiering system. However, the location does not retain a copy of the note pad page or obtain a transfer receipt from Family Law of the collections it transferred. In addition, it does not secure a cashiering system receipt to document the collections Family Law entered into the system and that it can use to compare against its copy of the hand written receipts to verify that Family Law entered all the remitted collections into the system.
5. Daily Closeout Process – Responsible lead clerks or supervisors at four locations do not always verify the daily end-of-day closeout. In addition, at two of these four locations, although cashiers may verify each other's end-of-day closeout, they do not always perform this verification in the presence of the cashier.
 6. Surprise Cash Counts – The Court does not consistently conduct surprise cash counts. Specifically, the Court could not provide documentation to demonstrate that it conducted quarterly surprise cash counts at two locations. One location provided documentation showing that a cash count was performed in June 2011, but could not provide documentation showing surprise cash counts were conducted at least quarterly.
 7. Mail Payments – The Court does not consistently use two-person teams to open mail and does not use a log to make a record of the mail payments it receives. Specifically, three of the five Court locations that receive mail payments do not use two-person teams to open the mail that potentially contain payments. In addition, none of the five locations make a record of the mail payments they receive on a mail payment log to aid in tracking potentially missing mail payments. Moreover, two of three locations that do not use two-person teams to open mail and do not log mail payments, allow the employees who open the mail to also enter the mail payments in the cashiering system. Not using two-person teams to open mail and not logging mail payments may provide individuals who handle mail and subsequently process mail and counter payments on the same day with an opportunity to take money without being detected.
 8. Bank Deposits – Although the Court's Fiscal Services consolidates and prepares deposits centrally for all its locations, it does not require supervisory review and verification of the consolidated bank deposits. Specifically, Fiscal Services rotates among its staff the deposit preparation assignments and prepares a schedule identifying the staff person responsible for consolidating and preparing the daily deposits for the main courthouse and the staff person

responsible for preparing the daily deposits for the outlying locations. For the main courthouse, other fiscal staff assist the person assigned to prepare the deposit by counting and preparing a Daily Recap of the collections from each division at the main courthouse. Once the Daily Recaps are complete for the main courthouse, the staff person responsible for preparing the deposit will consolidate and recount all the cash, checks, and credit card receipts, and compare the consolidated collections to the cashiering system consolidated totals. Once the staff person confirms that the collections agree to the cashiering system totals, the staff person prepares a "Stanislaus County Deposit Permit" (deposit slip) for the amount to be deposited. The deposit slip is then wrapped around the cash and checks and placed in a sealable bag until the deposits for the outlying locations are complete. For the deposit of collections from each outlying location, a process similar to the one used for the main courthouse is used to prepare the deposits except that other fiscal staff assisting in counting the collections from each outlying location also prepare a deposit slip for each outlying location. Once all the deposits and deposit slips are completed for the main courthouse and the outlying locations, they are placed into the sealable bag and sealed. However, Fiscal Services does not require a supervisor to perform a final review of the consolidated deposits and deposit slips to ensure they are complete and accurate prior to being sealed in the bag for deposit with the County.

Recommendations

To ensure the safe and secure collection and accurate accounting of all payments, the Court should consider enhancing its procedures over cash handling operations as follows:

1. Require each location with a change fund to designate one employee as the change fund custodian. Ensure that the change fund custodians at each location do not perform other cash handling duties. Also, require change fund custodians at each location to count and reconcile their change fund at the beginning and end of the day in the presence of a supervisor or manager.
2. Require cashiers to count and verify their beginning cash in the presence of a lead or supervisor before starting daily cash collection activities. Also, require the cashiers and the lead or supervisor to sign a cash verification log to acknowledge that they counted and verified as complete the beginning cash issued to and received by the respective cashier.
3. Require supervisory staff to initial or sign all void receipts to demonstrate their review and approval of the void transactions, and require that the original and void receipts be retained on file for future reference.
4. Require all locations to use a uniform style of handwritten receipts. In addition, Fiscal Services should track and monitor the issuance and return of handwritten receipt books, and should require each location to return completely used handwritten receipt books to it for review and storage.

Further, Court location managers or supervisors should secure the handwritten receipt books when not in use and issue them to cashiers only when needed. Further, location managers or supervisors should verify that payments associated with handwritten receipts are promptly

entered in the cashiering system as soon as the system is restored. The manager or supervisor should acknowledge this verification by initialing or signing the handwritten receipt and ensuring that the corresponding system receipt is attached or recorded on the handwritten receipt. Also, managers or supervisors should review handwritten receipt books to ensure that cashiers issued handwritten receipts in sequential order and marked unused or skipped receipts with the word "VOID" in ink.

In addition, Court locations that transfer collections to other locations for entry in the cashiering system should document a record of the collections they transfer and also verify that these collections are promptly entered into the cashiering system.

5. Require supervisory or lead staff to be available at the time cashiers perform their daily closeout activities so that they can review and sign their approval on the closeout reports, including verifying cash collections in the presence of the cashier.
6. Establish a process requiring appropriate managers, supervisors, or fiscal staff without payment processing responsibilities to conduct surprise cash counts at each Court location on at least a quarterly basis.
7. Ensure that locations receiving mail payments use two-person teams to open the mail and record any mail payments on a mail payment log. Locations should also ensure that staff do not process unlogged mail payments while also collecting and processing payments at the front counter. In addition, locations should ensure they process mail payments by the next business day, maintain an aging schedule of unprocessed mail payments, and report to appropriate Court management the volume of mail payments not processed within 15 and 30 calendar days.
8. Require supervisors to review and verify the consolidated bank deposits and sign and date the bank deposit slips to demonstrate their verification of the deposit.
9. Prepare alternative procedure requests and submit them to the AOC for approval if the Court cannot implement the FIN Manual procedures and process payments as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: Keri Brasil Date: March 27, 2012

1. Agree. The Court Financial Officer will meet with the Court Operations Managers and the Clerical Supervisor's for each division to address the issue and provide them with corrective procedures by June 2012.
2. Agree. The Court Financial Officer will meet with the Court Operations Manager and the Clerical Supervisor's for each division to address the issue and provide them with corrective procedures by June 2012.

3. Agree. When the Court was made aware of the Void issue the Court Financial Officer immediately sent an email to the Clerical Supervisor's reminding them that they must sign all voided receipts and attach them to the original, which then must be turned into Fiscal along with the deposits. This corrective action was completed on October 19, 2011.
4. Agree. The Court Financial Officer immediately ordered new Manual Receipt books in November 2011, and assigned and distributed them to the different clerical divisions. We also provided instructions on how to complete the manual receipts. This corrective action was completed in November 2011.
5. Agree. The Court Financial Officer will be requesting to have alternative procedures in place for the daily balancing and closeout process by December 2012.
6. Agree. The Court Financial Officer and Fiscal Services will conduct quarterly surprise audits effective July 2012.
7. Agree. The Court Financial Officer will be requesting to have alternative procedures in place for the payments received through the mail by December 2012.
8. Agree. The Court Financial Officer will be requesting from the AOC the ability to have alternative procedures in place for the review and verification of the consolidated bank deposits by December 2012.

5.2 Court Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions Need Improvement

Background

The Code of Civil Procedure (CCP) requires courts to take certain actions when accepting check payments for civil filings and other services that are later returned unpaid or in an amount less than the required fee. According to CCP Section 411.20, when a payment for a civil action filing is made by check and the check is later returned without payment (dishonored), the court must mail a notice notifying the paying party of the following:

- The check has been returned to the court unpaid;
- The court has imposed an administrative fee for processing the returned check and providing the notice; and
- The filing fee and the administrative fee must be paid within 20 days of the date the notice was mailed.

In addition, if the court does not receive payment of the civil filing and administrative fee within 20 days of the date it mails the notice discussed above, it must void the filing. Further, if any trial or hearing is scheduled to be heard prior to the expiration of the 20-day period, the civil filing and administrative fees must be paid prior to the trial or hearing. Should the party fail to pay the civil filing and administrative fees prior to the expiration of the 20-day period, scheduled

trial, or hearing, whichever occurs first, the court must void the filing and proceed as if it had not been filed.

Issues

Our review of ten civil cases with dishonored check payments revealed that the Court did not always void the associated civil filings and allowed cases to proceed even though the responsible parties had not paid the required civil filing and administrative fees. Specifically, the Court did not void the filing and allowed two of the ten civil cases with dishonored check payments to proceed even though the responsible parties had not paid the required filing and administrative fees within the required 20-day period. For a third case with a dishonored check payment, the Court could not void the filing because the judge ruled on the case four days prior to the Court receiving notice from the bank of the dishonored check payment. Nevertheless, for all three cases, the Court could also not demonstrate that it had initiated collection proceedings on the amounts due although it had not yet received the required payments at the time of our review.

The Court allowed the above cases to proceed even though the required filing and administrative fees were not paid because the Court does not flag and track cases with dishonored check payments and void the filings when the required fees are not paid prior to the expiration of the 20-day period, scheduled trial, or hearing. Specifically, according to the Court's Fiscal Officer, when the bank dishonors a check and returns the check unpaid to the Court, Fiscal Services sends the responsible party a Collections Notice notifying them to pay the amount due with a money order or cashier's check within 10 business days of the letter. Fiscal Services also voids the payment transaction in the cashiering system and sends an e-mail notifying the Civil Division of the dishonored check payment. Fiscal Services forwards the dishonored check and void receipt to the Civil Division, and according to the Civil Division supervisor, it places the dishonored check in a sealed envelope within the case file. If the Civil Division later receives payment on a dishonored check, it returns the dishonored check to the responsible party and processes the payment without requiring further action. If Fiscal Services later receives payment on a dishonored check, it enters the payment in the cashiering system and notifies the Civil Division.

However, because the Civil Division does not flag and track cases with dishonored check payments, it does not void the associated filings when the Court does not receive the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first. Moreover, the Civil Division does not notify the judge of the dishonored check on a civil filing to allow the judge to compel the responsible parties to pay the required filing and administrative fees before commencement of a trial or hearing.

Recommendations

To ensure that the Court processes only civil action filings that are paid in full, it should consider the following:

1. Consistent with the requirements in the Code of Civil Procedure, increase the amount of time Fiscal Services allows responsible parties to pay the filing and administrative fees on dishonored check payments to 20 days from the date the dishonored check notice is mailed.

2. Establish procedures for the Civil Division to flag and track cases with dishonored check payments to ensure the responsible parties pay the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first. To better assist the Civil Division in this process, Fiscal Services should refine its procedures to provide the Civil Division with a copy of the letter it mails to the responsible party when it forwards the dishonored check to the Civil Division. In addition, the Civil Division should implement procedures to notify the judge of the dishonored check payment so that the judge can compel the responsible parties to pay the required fees prior to the commencement of a trial or hearing.
3. If the responsible parties do not pay the required filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the Civil Division should void the filing and proceed as if it had not been filed.
4. Initiate collection proceedings to collect the required filing and administrative fees due to the Court for any case it allowed to continue even though the responsible parties did not pay the required fees.

Superior Court Response By: Keri Brasil Date: March 28, 2012

1. Agree. The Court Financial Officer immediately changed the letters to reflect the correct Code of Civil Procedure 411.20(g). This corrective action was completed in August 2011.
2. Agree. The Court Financial Officer will meet with the Court Operation Manager's and the Supervisor's to develop a procedure to flag cases that have a dishonored check. The Court plans to have procedures in place by September 1, 2012.
3. Agree. The Court Financial Officer will meet with the Court Operation Manager's and the Supervisor's to develop a procedure to flag cases that have a dishonored check. The Court plans to have procedures in place by September 1, 2012.
4. Agree. The Court Fiscal Services currently has this process in place. A letter is sent to the individual responsible for the fees, which includes the administrative fee. After 90 days of no activity, the account, rather than the case, is forwarded to the County's Revenue Recovery division for the collections. For the accounts in question, the Court will review those accounts that have been forwarded to the County's Revenue Recovery Division effective September 1, 2012.

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, accounting 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 should it experience an unexpected system mishap. 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 contained in them.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
* 943200 - IT MAINTENANCE	43,125.55	134,461.80	(91,336.25)	-67.93%
* 943300 - IT COMMERCIAL CONTRACT	444,388.74	458,589.74	(14,201.00)	-3.10%
* 943400 - IT INTER-JURISDICTIONAL	6,085.16	598.09	5,487.07	917.43%
* 943500 - IT REPAIRS/SUPPLIES/LICE	500.00	-	500.00	100.00%
** INFORMATION TECHNOLOGY (IT) TOTAL	494,099.45	593,649.63	(99,550.18)	-16.77%
946601 MAJOR EQUIPMENT - IT	178,969.16	44,588.47	134,380.69	301.38%

We reviewed various IS controls through interviews with Court management, observation of IS storage facilities and equipment, and review of documents. Some of the primary reviews and tests conducted include:

- Systems backup and data storage procedures.
- Continuity and recovery 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 physical conditions of the computer rooms.
- Controls over Court staff access to Department of Motor Vehicles (DMV) records.
- Automated calculation and distribution of fees, fines, penalties, and assessments for a sample of criminal and traffic convictions.

The following issues were considered significant enough to bring to management's attention. Appendix A contains additional minor issues associated with this section.

6.1 The Court Needs to Improve Its Calculations and Distributions of Court Collections

Background

State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. Courts rely on the *Manual of Accounting and Audit Guidelines*

for Trial Courts – Appendix C issued by the State Controller’s Office (SCO Appendix C) and the *Uniform Bail and Penalty Schedule (UBS)* issued by the Judicial Council to calculate and distribute these court collections to the appropriate State and local funds. Courts use either an automated system, manual process, or a combination of both to perform the often complex calculations and distributions required by law.

Issues

Our review of the Court’s process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses TEAMS as its case management system (CMS) for all case types. However, because TEAMS does not have an integrated cashiering function, it uses CounterPoint as its separate cashiering system. The Court uses CounterPoint for part of the distributions, but performs the majority of the distributions through a manual process that includes preparation of a monthly revenue summary report and a month-end cash statement wherein it reports monthly revenue distributions to the County.

According to the Court, the fines, penalties, and fees ordered in criminal cases—including DUI, reckless driving, DV, Health and Safety, and Fish and Game cases—are collected by the County Revenue and Recovery department. Therefore, we did not test the revenue distributions for these case types.

Also, the CMS is not capable of generating a report listing cases by violation. Instead, the Court provided a report listing all traffic cases paid in full in September 2011. From this report, we identified and selected the following traffic case types for review:

- **Traffic Infraction (6 total)** – Red Light (2), Speeding (2), Child Seat (1), and Proof of Correction (1).

In addition, we spent more than two hours at the Court’s Traffic location manually looking through individual case files in an attempt to identify and select additional case types for review. However, we were unsuccessful and could not identify and select certain case types for review, including railroad bail forfeiture, railroad traffic school, and red light traffic school without the 30 percent allocation to red light fund, child seat bail forfeiture, unattended child, and proof of insurance cases.

For the six cases selected above, we reviewed whether the applicable fines, penalties, and fees were assessed correctly in each case. In addition, since the Court uses separate spreadsheets to perform additional manual distributions, we reviewed both the initial CounterPoint distributions and the additional spreadsheet distributions to determine whether it performed correct distributions for the applicable violations (i.e., city arrests, red light, TVS.)

Our review revealed the following distribution exceptions:

1. The Court's distribution spreadsheet for red light cases does not calculate correct distributions applicable to Red Light Bail Forfeiture cases. Specifically, the spreadsheet allocates 30 percent of the GC 76104.6 and GC 76104.7 DNA penalties, as well as the GC 76000.5 additional EMS penalty and the PC 1465.7 20 Percent State Surcharge, to the Red

Light fund even though these penalties and surcharge are excluded from the 30 percent allocation to the Red Light fund for Red Light Bail Forfeiture cases. The spreadsheet also does not allocate 30 percent from the \$4 GC 76000.10(c) EMAT penalty to the Red Light fund.

2. In addition, the Court's distribution of red light traffic school case collections does not take into account the special distributions applicable to Red Light Traffic School cases. Specifically, the Court incorrectly assesses the GC 68090.8 Two Percent State Automation fee to the Red Light Traffic School collections on its monthly revenue summary report. In addition, the Court incorrectly distributes the remaining amounts using the distribution spreadsheet for red light cases, which distributes collections for Red Light Bail Forfeiture cases. As a result, the spreadsheet distributes the PC 1464 State penalty and the GC 76104.6 and GC 76104.7 DNA penalties even though they are not distributed in Red Light Traffic School cases. In addition, the spreadsheet distributes full amounts to the GC 76100 Local Court Construction Fund and the GC 76104 Local Criminal Justice Facilities Fund even though it should distribute only one dollar to each of these two funds in Red Light Traffic School cases.
3. Further, the Court's monthly revenue summary report did not reflect that the Court assessed the GC 68090.8 Two Percent State Automation fee on the GC 76000.10(c) EMAT, GC 76104.6 DNA, and the one-of-ten portion of the GC 76104.7 additional DNA penalties. In addition, the Local Criminal Justice Facility and Local Courthouse Construction Fund line items did not cross-foot because the Court adjusted these distributions for the parking collections and traffic school cases. However, the Court doubled the traffic school adjustment and its methodology was flawed because the adjustment is not applicable to all traffic school cases, such as the Child Seat Traffic School cases.
4. The Court also does not correctly assess the VC 40508.6 \$10 Administrative fee for maintaining a record of the defendant's prior vehicle code convictions. Specifically, in four of the six cases we reviewed, the Court assessed this administrative fee even though the defendant had no prior vehicle code convictions on record. In addition, it assessed this administrative fee on another case where the prior vehicle code violation was dismissed. However, VC 40508.6 only allows the Court to assess this administrative fee on subsequent vehicle code convictions, not the initial conviction.
5. For the Red Light Traffic School case we reviewed, the Court used the same fee codes for the 30 percent allocation to the Red Light fund, the base fine, and the State and local penalties as a Red Light Bail Forfeiture case. As a result, we could not determine whether the Court performed all the special distributions applicable to Red Light Traffic School cases.
6. For the Speeding Traffic School case we reviewed, we could not determine whether the Court performed the special distributions applicable to Speeding Traffic School cases. For example it used the same EMAT penalty fee code as used on a Speeding Bail Forfeiture case, but the EMAT penalty should be distributed to the Traffic Violator School Fee on speeding traffic school cases.

7. Finally, for the Child Seat Traffic School case we reviewed, the Court used the same fee code for the State and local penalties, except the Local Courthouse Construction Fund and EMS penalties, as a regular traffic school case. However, Child Seat Traffic School cases are distributed the same as Child Seat Bail Forfeiture cases with the exception that Child Seat Traffic School cases include the \$49 TVS fee, the VC 11205 Traffic Monitoring fee, and the VC 11208(c) DMV Administrative fee. Further, the GC 76100 Local Courthouse Construction Fund and the GC 76104 EMS penalties, along with the PC 1465.7 20 Percent State Surcharge were calculated incorrectly.

Recommendations

To improve the accuracy of its calculations and distributions of Court collections, the Court should consider the following:

1. Modify its red light distribution spreadsheet to exclude the GC 76104.6 and GC 76104.7 DNA penalties, as well as the GC 76000.5 additional EMS penalty and the PC 1465.7 20 Percent State Surcharge, from its calculation of the 30 percent allocation to the Red Light fund. Conversely, include the GC 76000.10(c) EMAT penalty in its calculation of the 30 percent allocation to the Red Light fund.
2. Develop a second distribution spreadsheet to distribute collections from Red Light Traffic School cases in accordance with the special distributions specified in VC 42007.3. Specifically, the court should separately identify the Red Light Traffic School collections and not assess the GC 68090.8 Two Percent State Automation fee on these collections in its monthly revenue summary report. In addition, the Court should allocate 30 percent of these collections to the Red Light fund, and not distribute amounts to the PC 1464 State penalty and the GC 76104.6 and GC 76104.7 DNA penalties. Further, the spreadsheet should allocate only one dollar to each the GC 76100 Local Court Construction Fund and the GC 76104 Local Criminal Justice Facilities Fund.
3. Configure its monthly revenue summary report to calculate and assess the GC 68090.8 Two Percent State Automation fee on the GC 76000.10(c) EMAT, GC 76104.6 DNA, and the one-of-ten portion of the GC 76104.7 additional DNA penalties. It should also modify the report to ensure only applicable traffic school cases are included in its adjustment to the Local Criminal Justice Facility and Local Courthouse Construction Fund line items.
4. Assess the VC 40508.6 \$10 Administrative fee only on cases where the defendant has on record a prior Vehicle Code conviction.
5. Establish additional fee codes to ensure the special distributions applicable to Red Light Traffic School cases are performed.
6. Establish additional fee codes to ensure the special distributions applicable to Speeding Traffic School cases are performed.

7. Distribute Child Seat Traffic School cases the same as Child Seat Bail Forfeiture cases, with the exception that Child Seat Traffic School cases include the \$49 TVS fee, the VC 11205 Traffic Monitoring fee, and the VC 11208(c) DMV Administrative fee.

Superior Court Response By: Keri Brasil Date: March 28, 2012

1. Agree. The Court Financial Officer will review and correct the spreadsheet to calculate the distributions properly. The expected completion date is September 2012.
2. Agree. The Court Financial Officer will review and correct the spreadsheet to calculate the distributions properly. The expected completion date is September 2012.
3. Agree. The Court Financial Officer corrected this immediately upon notification and the corrected distribution was made effective January 1, 2012. This corrective action has been completed.
4. Agree. The Court Financial Officer has been made aware of the issue and the Court is holding off making any corrective actions due to a proposed legislative language changes made to the AOC from the Trial Court Efficiencies Working Group. Anticipated resolution is in January 2013.
5. Agree. The Court Financial Officer is currently working with the Cashiering system vendor to identify the Red Light Traffic School case distributions separately. The expected completion date is September 2012.
6. Agree. The Court Financial Officer is working with the Cashiering system vendor to correct the distributions for the Speeding violation with Traffic School. The expected completion date is September 2012.
7. Agree. The Court Financial Officer is working with the Cashiering system vendor to correct the distributions for the Child Seat Violations with Traffic School. This has been corrected on June 2012.

6.2 The Court Could Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records

Background

The California Department of Motor Vehicles (DMV) and California Superior Courts agree to cooperate and share information when each court enters into a mutually beneficial Memorandum of Understanding (MOU) with DMV. For example, courts need certain DMV data to assist them in determining appropriate judgments in traffic cases. Similarly, DMV needs certain traffic case information from each court to assist it in carrying out its motor vehicle and driver license program responsibilities. MOUs provide courts with the ability to access and update DMV data on-line, such as data in the DMV vehicle registration and driver license files.

Before DMV allows courts to access and update sensitive and confidential DMV data, DMV requires each court to agree to certain conditions in an MOU, such as the following:

- Maintain a current list of individuals who are authorized to access electronic DMV files.
- Allow audits or inspections by DMV authorized employees at court premises for the purpose of determining compliance with the terms of the MOU.
- Establish security procedures to protect DMV access information, including ensuring that each employee having access to DMV records signs an individual security statement which must be re-certified annually.
- Electronically log and store all DMV record access information for a period of two-years from the date of the transaction. The log information must be preserved for audit purposes and must include, at a minimum, the following: (a) transaction and information codes, (b) court code, (c) record identifiers, (d) individual user identifiers, and (e) date and time of transaction.

Additionally, MOUs may include a condition that allows DMV to immediately cancel the MOU and terminate court access to DMV data if a court, for example, negligently or intentionally misuses DMV data.

Issues

Although the Court understands and takes seriously its responsibility to keep DMV data secure and protected, our review of Court procedures to control and monitor access to DMV data identified the following exceptions:

1. The Court could not provide a signed executed copy of the MOU with DMV authorizing the Court to access DMV records. Although the Court has on file an old MOU with DMV, this MOU is not signed by DMV. In December 2011 the Court requested DMV to provide it with a copy of the executed MOU. However, the DMV notified the Court that it was unable to locate and provide a signed copy of the MOU between the Court and DMV.
2. In addition, the Court's current process does not adequately ensure that only individuals needing access to sensitive DMV data to perform their job duties are authorized and assigned DMV user IDs allowing them access to these sensitive DMV records. Specifically, the Court's list of DMV user IDs allowing authorized individuals to access DMV records included 18 Court employees that either did not require access to sensitive DMV data as a part of their job duties or no longer required this access. In addition, the Court assigned one DMV user ID to a user name that was listed as "unknown." According to the Court, it did or will be removing the access associated with these 19 DMV user IDs.

Further, the Court authorized and assigned DMV user IDs to three city police employees allowing them access to sensitive DMV data. In addition, the Court pays \$5 each month for each active DMV user ID authorized to access DMV data, including the DMV user IDs for the three city police employees. However, the Court could not explain why it authorized and assigned DMV user IDs for these non-Court employees nor explain how its expenditure of Court funds for city police employees is considered an allowable court operations cost. In

addition, although the Court was also paying for one user ID whose user name is “Unknown Owner=Z50DM,” according to the Court, it deleted this user ID subsequent to our review.

3. The Court also does not have a process that adequately ensures the required Information Security Statements (Form 1128) are signed and dated annually by Court and non-Court employees assigned DMV user IDs and allowing them access to sensitive DMV data. Specifically, of the 87 individuals named on the DMV user ID list, at least eight Court employees and three non-Court employees did not have a signed and/or dated Form 1128 on file at the time of our review. According to the Court, one employee is out on disability and not available to sign the form; two employees recently added the missing date to their forms; and two employees recently completed and dated their form. For the remaining three, the Court did not provide an explanation why it did not obtain signed forms from the three city police employees to whom it assigned DMV user IDs allowing them access to sensitive DMV data.
4. Finally, the Court does not have a process to monitor user access to sensitive DMV data to ensure access is only for a legitimate business purpose. According to the Court, this is not a feature that is currently programmed in its CMS.

Recommendations

To ensure it takes responsible steps to secure and protect sensitive DMV data, the Court should consider the following:

1. Take steps to execute a current MOU or agreement with DMV documenting the conditions of its agreement for accessing and updating DMV databases.
2. Assign one Court employee the responsibility for authorizing and assigning DMV user IDs. This Court employee could annually assess the list of individuals with DMV user ID accounts and restrict active accounts to only those individuals needing access to sensitive DMV data to perform their current job assignments.
3. Assign to the same Court employee, the responsibility for ensuring that all employees and non-employees with active DMV user ID accounts have on file a current signed and dated Information Security Statement (INF 1128) form. This includes ensuring that individuals complete, sign, and date an INF 1128 form before assigning them a new DMV user ID account, and ensuring that individuals with an existing active DMV user ID account recertify their INF 1128 form annually.
4. Investigate the availability and feasibility of using transaction logging software that can be used with the Court’s information systems, and that can assist it in developing and implementing a process for monitoring unusual staff activity in the DMV system to ensure this access to sensitive DMV data was for a valid Court business purpose.

Superior Court Response By: Zachary Stovall Date: June 6, 2012

1. Agree. The Court will work with the DMV to execute an MOU or agreement with DMV documenting the condition of its agreement for accessing and updating the DMV database by December 2012.
2. Agree. The Court is currently reviewing its policies and procedures regarding DMV access including the signing/tracking of the INF1128 form. After review, the Court will make any necessary changes on to how access to DMV is granted and tracked.

In addition, DMV Access via the Court MOU by the City of Modesto has been taking place since the late 1990s. The Court is working, in coordination with the City, to either execute an MOU to allow for continued access or will terminate access of all City employees via the Court DMV MOU.

3. Agree. See response number 2 above.
4. Agree. The Court met with the Information and Technology (IT) Department in May 2012 regarding the availability and feasibility of using transaction logging with the Court's information systems. The IT department indicated that it would not be able to use logging software to capture activity for users who access DMV. They said DMV would be the one that could log the activity as our users are going directly into the DMV system.

Date of Corrective Action: Currently working on with a planned completion date of 6/30/12.

Responsible Person(s): Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT.

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 the courts' control. The FIN Manual, 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. The Court receives interest income earned on funds deposited with the AOC Treasury. The Court deposits in AOC-established accounts allocations to the trial court for court operations; trust deposits for civil cases; and filing fees, most other civil fees, civil assessments, and court-ordered sanctions under AB 145. The Court opened a locally-managed bank account that is used as its revolving account.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Assets				
100000 POOLED CASH	102,275.87	300,986.78	(198,710.91)	-66.02%
100011 OPS DEPOSIT	-	500.00	(500.00)	-100.00%
100017 OPS OUTGOING EFT	5,618.69	-	5,618.69	100.00%
100025 DISB CHECK-OPERATIONS	(292,561.73)	(102,914.62)	(189,647.11)	-184.28%
100026 DISB CHECK-TRUST	(600.00)	-	(600.00)	-100.00%
100035 PR CHECK	(8,444.66)	(2,249.32)	(6,195.34)	-275.43%
100037 PR OUTGOING EFT	(0.02)	1,005.40	(1,005.42)	-100.00%
111100 BLOCK CASH-OPERATIONS CLE	-	(1,028.12)	1,028.12	100.00%
113000 CASH-JURY FUND	19,517.31	19,517.31	0.00	0.00%
118000 CASH-TRUST ACCOUNT	2,094,875.62	1,437,645.20	657,230.42	45.72%
118002 CASH TRUST IN-TRANSIT	3,466.00	1,193.26	2,272.74	190.46%
118100 CASH-TRUST CLEARING	(25,511.30)	(54,374.40)	28,863.10	53.08%
119001 CASH ON HAND - CHANGE FUN	15,009.85	15,009.85	0.00	0.00%
120050 SHORT TERM INVESTMENTS-LA	9,027,091.21	7,834,341.04	1,192,750.17	15.22%
120051 SHORT TERM INVESTMENTS-CA	832,324.26	646,384.08	185,940.18	28.77%
Accounts Payable				
301001 A/P - GENERAL	69,381.48	250,537.28	(181,155.80)	-72.31%
301002 A/P - CLEARING GR/IR ACCT	-	28,652.53	(28,652.53)	-100.00%
311401 BLOCK A/P - DUE TO OTHER	-	828,763.27	(828,763.27)	-100.00%
314011 TRUST-DUE TO OPERATIONS	1,597.17	-	1,597.17	100.00%
314014 SPECIAL REVENUE-DUE TO GE	978,095.63	-	978,095.63	100.00%
321501 A/P DUE TO STATE	107,338.36	54,666.00	52,672.36	96.35%
321600 A/P - TC145 LIABILITY	578,932.35	586,659.65	(7,727.30)	-1.32%
322001 A/P - DUE TO OTHER GOVERN	17,199.78	604,216.00	(587,016.22)	-97.15%
323001 A/P - SALES & USE TAX	319.71	214.73	104.98	48.89%
323010 TREASURY INTEREST PAYABLE	19.92	43.92	(24.00)	-54.64%
330001 A/P - ACCRUED LIABILITIES	620,496.76	394,742.89	225,753.87	57.19%
Current Liabilities				
351001 BLOCK LIABILITIES FOR DEP	-	9,364.00	(9,364.00)	-100.00%
351003 LIABILITIES FOR DEPOSITS	471.25	-	471.25	100.00%
353039 UNRECONCILED TRUST - CIVI	17,294.21	17,294.21	0.00	0.00%
353080 LIABILITIES FOR DEPOSITS	12,916.99	11,315.43	1,601.56	14.15%
353602 CIVIL TRUST-INTEREST BEAR	939,669.95	347,247.95	592,422.00	170.60%
353603 CIVIL TRUST- NON-INTEREST	816,592.54	684,445.68	132,146.86	19.31%
353606 CRIMINAL TRUST	267,734.55	294,942.55	(27,208.00)	-9.22%
353631 CIVIL TRUST - OVERPAYMENT	4,925.45	15,625.45	(10,700.00)	-68.48%
353699 CIVIL TRUST - INTEREST PA	12,099.46	11,373.47	725.99	6.38%

Revenues

825010 INTEREST INCOME	47,951.94	53,918.13	(5,966.19)	-11.07%
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Expenditures

920302 BANK FEES	13,720.52	21,753.68	(8,033.16)	-36.93%
939701 BANKING AND INVESTMENT SE	3,049.47	2,474.54	574.93	23.23%

As with other Phoenix courts, the Court relies on Trial Court Trust and Treasury Services for many banking services, such as performing monthly reconciliations of bank balances to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we only performed a high level review of the Court's banking and treasury procedures, including the following:

- Controls over check issuance and the safeguarding of check stocks for bank accounts under the Court's control (e.g. Revolving Account, local bank accounts).
- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether AOC approval was obtained prior to opening and closing bank accounts.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

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 the associated costs, and these services and costs are included in the MOU that also specifies the terms of payment. The Court entered into an MOU with the County Sheriff for court security services, including stationing bailiffs in courtrooms, staffing deputies at the weapons screening checkpoint located at the entrance to the courthouse, monitoring the perimeter of the security using a closed circuit television and door monitoring system, and retaining control of in-custodies transported to the courthouse.

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 AOC Emergency Response and Security (ERS) unit provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. ERS also has a template for courts to use in developing an Emergency Plan.

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 contained below

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
934504 PERIMETER SEC-CONTRCT (OT	219,582.73	243,294.57	(23,711.84)	-9.75%
934510 COURTROOM SECURITY-SHERIF	3,497,485.46	3,649,490.00	(152,004.54)	-4.17%
934512 ALARM SERVICE	786.40	1,089.45	(303.05)	-27.82%
941101 SHERIFF - REIMBURSEMENTS	19,530.00	18,690.00	840.00	4.49%
945204 WEAPON SCREENING X-RAY MA	1,376.00	-	1,376.00	100.00%
945207 SECURITY SURVEILLANCE - M	1,083.71	2,723.15	(1,639.44)	-60.20%

We reviewed the Court's security controls through interviews with Court management and county sheriff service providers, observation of security conditions, and review of documents. We also reviewed the Court's security agreements with the county sheriff, compared budgeted and actual security expenditures, and reviewed selected county sheriff invoices to determine whether costs billed are allowable by statute and comply with MOU requirements.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

9. Procurement

Background

The FIN Manual 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 purchases 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 documents approval by an authorized individual. The requestor identifies the correct account codes(s) and verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the superior court employee responsible for approving the purchase, verifying that the correct account codes(s) are specified, and assuring that funding is available. Depending on the type, cost, and frequency of the good or service to be purchased, trial court employees may need to perform varying degrees of comparison research to generate an appropriate level of competition so as to obtain the best value. Court employees may also need to enter into purchase orders, service agreements, or contracts to document the terms and conditions of its purchases.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
* 920200 - LABORATORY EXPENSE	711.00	668.97	42.03	6.28%
* 920500 - DUES AND MEMBERSHIPS	979.00	954.00	25.00	2.62%
* 920600 - OFFICE EXPENSE	169,141.71	127,478.36	41,663.35	32.68%
* 921500 - ADVERTISING	9,845.28	2,130.75	7,714.53	362.06%
* 921700 - MEETINGS, CONFERENCES, E	11,812.64	2,806.48	9,006.16	320.91%
* 922300 - LIBRARY PURCHASES AND SU	96,791.00	99,953.18	(3,162.18)	-3.16%
* 922600 - MINOR EQUIPMENT - UNDER	106,393.82	196,028.41	(89,634.59)	-45.73%
* 922700 - EQUIPMENT RENTAL/LEASE	138,182.13	137,791.57	390.56	0.28%
* 922800 - EQUIPMENT MAINTENANCE	6,152.08	58,631.22	(52,479.14)	-89.51%
* 923900 - GENERAL EXPENSE - SERVIC	25,848.93	29,585.89	(3,736.96)	-12.63%
* 924500 - PRINTING	53,764.28	125,579.19	(71,814.91)	-57.19%
* 925100 - TELECOMMUNICATIONS	150,026.20	370,447.78	(220,421.58)	-59.50%
* 926200 - STAMPS STAMPED ENVELOPE	102,510.42	125,154.99	(22,644.57)	-18.09%
* 926300 - POSTAGE METER	40,000.00	30,000.00	10,000.00	33.33%
* 928800 - INSURANCE	5,698.00	11,805.29	(6,107.29)	-51.73%
* 933100 - TRAINING	38,075.88	14,754.79	23,321.09	158.06%
* 934500 - SECURITY	3,717,854.59	3,893,874.02	(176,019.43)	-4.52%
* 935200 - RENT/LEASE	830,412.70	709,250.82	121,161.88	17.08%
* 935300 - JANITORIAL	147,808.10	142,898.11	4,909.99	3.44%
* 935400 - MAINTENANCE AND SUPPLIES	1,407.82	-	1,407.82	100.00%
* 935500 - GROUNDS	70.00	572.00	(502.00)	-87.76%
* 935600 - ALTERATION	(76,070.21)	97,876.74	(173,946.95)	-177.72%
* 935700 - OTHER FACILITY COSTS - G	108.38	-	108.38	100.00%
* 936100 - UTILITIES	581.36	97,251.19	(96,669.83)	-99.40%
* 938200 - CONSULTING SERVICES - TE	46,992.55	39,628.77	7,363.78	18.58%
* 938300 - GENERAL CONSULTANT	397,892.39	482,764.98	(84,872.59)	-17.58%
* 938500 - COURT INTERPRETER SERVIC	169,703.77	229,886.52	(60,182.75)	-26.18%
* 938600 - COURT REPORTER SERVICES	1,260.95	1,531.58	(270.63)	-17.67%
* 938700 - COURT TRANSCRIPTS	194,997.41	184,901.56	10,095.85	5.46%
* 938800 - COURT APPOINTED COUNSEL	-	3,247.00	(3,247.00)	-100.00%
* 939000 - COURT ORDERED PRO	70,175.00	70,055.60	119.40	0.17%
* 939100 - MEDIATORS/ARBITRATORS	436,284.77	439,731.36	(3,446.59)	-0.78%
* 939200 - COLLECTION SERVICES	137,341.12	-	137,341.12	100.00%

* 939400 - LEGAL	27,836.52	39,999.79	(12,163.27)	-30.41%
* 939700 - BANKING AND INVESTMENT S	3,049.47	2,474.54	574.93	23.23%
* 943200 - IT MAINTENANCE	43,125.55	134,461.80	(91,336.25)	-67.93%
* 943300 - IT COMMERCIAL CONTRACT	444,388.74	458,589.74	(14,201.00)	-3.10%
* 943400 - IT INTER-JURISDICTIONAL	6,085.16	598.09	5,487.07	917.43%
* 943500 - IT REPAIRS/SUPPLIES/LICE	500.00	-	500.00	100.00%
* 952000 - UNIFORM ALLOWANCE	262.39	-	262.39	100.00%
* 952300 - VEHICLE OPERATIONS	4,579.70	3,308.97	1,270.73	38.40%
* 945200 - MAJOR EQUIPMENT	181,428.87	47,311.62	134,117.25	283.48%

We reviewed the Court's procurement practices to determine whether purchasing, approval, receipt, and payment roles are segregated. We also performed substantive testing on selected purchases to determine whether the Court obtained approvals from authorized individuals, followed open and competitive procurement practices, and complied with other FIN Manual procurement requirements.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

10. Contracts

Background

The FIN Manual, FIN 7.01, establishes uniform guidelines for the trial court to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial court 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 contract principles and procedures that protect the interests of the court.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
* 938200 - CONSULTING SERVICES - TE	46,992.55	39,628.77	7,363.78	18.58%
* 938300 - GENERAL CONSULTANT	397,892.39	482,764.98	(84,872.59)	-17.58%
* 938500 - COURT INTERPRETER SERVIC	169,703.77	229,886.52	(60,182.75)	-26.18%
* 938600 - COURT REPORTER SERVICES	1,260.95	1,531.58	(270.63)	-17.67%
* 938700 - COURT TRANSCRIPTS	194,997.41	184,901.56	10,095.85	5.46%
* 938800 - COURT APPOINTED COUNSEL	-	3,247.00	(3,247.00)	-100.00%
* 939000 - COURT ORDERED PRO	70,175.00	70,055.60	119.40	0.17%
* 939100 - MEDIATORS/ARBITRATORS	436,284.77	439,731.36	(3,446.59)	-0.78%
* 939200 - COLLECTION SERVICES	137,341.12	-	137,341.12	100.00%
* 939400 - LEGAL	27,836.52	39,999.79	(12,163.27)	-30.41%
* 939700 - BANKING AND INVESTMENT S	3,049.47	2,474.54	574.93	23.23%
* 942100 - COUNTY-PROVIDED SERVICES	18,736.28	45,593.71	(26,857.43)	-58.91%

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

Further, we reviewed MOUs entered into with the County to determine whether they are current, comprehensive of all services currently 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 cost were reasonable.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

11. Accounts Payable

Background

The FIN Manual provides 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, superior court judges and employees may be required to travel in the course of performing their official duties, and may occasionally conduct official court business during a meal period. Courts may reimburse its judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business only within maximum reimbursement limits. Courts may also pay vendors' invoices or reimburse its judges and employees for the actual cost of business meals only when related rules and limits are met.

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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Liabilities				
301001 A/P - GENERAL	69,381.48	250,537.28	(181,155.80)	-72.31%
301002 A/P - CLEARING GR/IR ACCT	-	28,652.53	(28,652.53)	-100.00%
311401 BLOCK A/P - DUE TO OTHER	-	828,763.27	(828,763.27)	-100.00%
314011 TRUST-DUE TO OPERATIONS	1,597.17	-	1,597.17	100.00%
314014 SPECIAL REVENUE-DUE TO GE	978,095.63	-	978,095.63	100.00%
321501 A/P DUE TO STATE	107,338.36	54,666.00	52,672.36	96.35%
321600 A/P - TC145 LIABILITY	578,932.35	586,659.65	(7,727.30)	-1.32%
322001 A/P - DUE TO OTHER GOVERN	17,199.78	604,216.00	(587,016.22)	-97.15%
323001 A/P - SALES & USE TAX	319.71	214.73	104.98	48.89%
323010 TREASURY INTEREST PAYABLE	19.92	43.92	(24.00)	-54.64%
330001 A/P - ACCRUED LIABILITIES	620,496.76	394,742.89	225,753.87	57.19%
351001 BLOCK LIABILITIES FOR DEP	-	9,364.00	(9,364.00)	-100.00%
351003 LIABILITIES FOR DEPOSITS	471.25	-	471.25	100.00%
353039 UNRECONCILED TRUST - CIVI	17,294.21	17,294.21	0.00	0.00%
353080 LIABILITIES FOR DEPOSITS	12,916.99	11,315.43	1,601.56	14.15%
353602 CIVIL TRUST-INTEREST BEAR	939,669.95	347,247.95	592,422.00	170.60%
353603 CIVIL TRUST- NON-INTEREST	816,592.54	684,445.68	132,146.86	19.31%
353606 CRIMINAL TRUST	267,734.55	294,942.55	(27,208.00)	-9.22%
353631 CIVIL TRUST - OVERPAYMENT	4,925.45	15,625.45	(10,700.00)	-68.48%
353699 CIVIL TRUST - INTEREST PA	12,099.46	11,373.47	725.99	6.38%
Revenue				
861010 CIVIL JURY REIMBURSEMENT	46,397.40	37,265.84	9,131.56	24.50%
861011 MISCELLANEOUS REIMBURSE	319,943.73	310,683.28	9,260.45	2.98%
Expenditures				
* 920200 - LABORATORY EXPENSE	711.00	668.97	42.03	6.28%
* 920600 - OFFICE EXPENSE	169,141.71	127,478.36	41,663.35	32.68%
* 921500 - ADVERTISING	9,845.28	2,130.75	7,714.53	362.06%
* 921700 - MEETINGS, CONFERENCES, E	11,812.64	2,806.48	9,006.16	320.91%
* 922300 - LIBRARY PURCHASES AND SU	96,791.00	99,953.18	(3,162.18)	-3.16%
* 922700 - EQUIPMENT RENTAL/LEASE	138,182.13	137,791.57	390.56	0.28%

* 922800 - EQUIPMENT MAINTENANCE	6,152.08	58,631.22	(52,479.14)	-89.51%
* 922900 - EQUIPMENT REPAIRS	1,937.91	4,973.84	(3,035.93)	-61.04%
* 924500 - PRINTING	53,764.28	125,579.19	(71,814.91)	-57.19%
* 925100 - TELECOMMUNICATIONS	150,026.20	370,447.78	(220,421.58)	-59.50%
* 926200 - STAMPS STAMPED ENVELOPE	102,510.42	125,154.99	(22,644.57)	-18.09%
* 926300 - POSTAGE METER	40,000.00	30,000.00	10,000.00	33.33%
* 928800 - INSURANCE	5,698.00	11,805.29	(6,107.29)	-51.73%
* 929200 - TRAVEL- IN STATE	17,203.18	14,311.23	2,891.95	20.21%
* 931100 - TRAVEL OUT OF STATE	-	1,903.98	(1,903.98)	-100.00%
* 933100 - TRAINING	38,075.88	14,754.79	23,321.09	158.06%
* 935200 - RENT/LEASE	830,412.70	709,250.82	121,161.88	17.08%
* 935300 - JANITORIAL	147,808.10	142,898.11	4,909.99	3.44%
* 935400 - MAINTENANCE AND SUPPLIES	1,407.82	-	1,407.82	100.00%
* 935500 - GROUNDS	70.00	572.00	(502.00)	-87.76%
* 935600 - ALTERATION	(76,070.21)	97,876.74	(173,946.95)	-177.72%
* 935700 - OTHER FACILITY COSTS - G	108.38	-	108.38	100.00%
* 936100 -UTILITIES	581.36	97,251.19	(96,669.83)	-99.40%
* 938200 - CONSULTING SERVICES - TE	46,992.55	39,628.77	7,363.78	18.58%
* 938300 - GENERAL CONSULTANT	397,892.39	482,764.98	(84,872.59)	-17.58%
* 938500 - COURT INTERPRETER SERVIC	169,703.77	229,886.52	(60,182.75)	-26.18%
* 938600 - COURT REPORTER SERVICES	1,260.95	1,531.58	(270.63)	-17.67%
* 938700 - COURT TRANSCRIPTS	194,997.41	184,901.56	10,095.85	5.46%
* 938800 - COURT APPOINTED COUNSEL	-	3,247.00	(3,247.00)	-100.00%
* 939000 - COURT ORDERED PRO	70,175.00	70,055.60	119.40	0.17%
* 939100 - MEDIATORS/ARBITRATORS	436,284.77	439,731.36	(3,446.59)	-0.78%
* 939200 - COLLECTION SERVICES	137,341.12	-	137,341.12	100.00%
* 939400 - LEGAL	27,836.52	39,999.79	(12,163.27)	-30.41%
* 939700 - BANKING AND INVESTMENT S	3,049.47	2,474.54	574.93	23.23%
* 952000 - UNIFORM ALLOWANCE	262.39	-	262.39	100.00%
* 952300 - VEHICLE OPERATIONS	4,579.70	3,308.97	1,270.73	38.40%
* 965100 - JUROR COSTS	115,624.32	128,038.68	(12,414.36)	-9.70%

We assessed the Court's compliance with invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal staff involved in accounts payable. We also reviewed selected invoices and claims processed in FY 2010–2011 to determine whether 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. Furthermore, we reviewed a sample of travel expense claims and business meal expenses to assess compliance with *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. Appendix A contains additional minor issues associated with this section.

11.1 The Court Needs to 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 Administrative Office of the Courts (AOC) Travel Rate Guidelines is approved annually by the Judicial Council and provide 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 Number 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 AOC's Travel Rate Guidelines must be used. All exceptions to the Judicial Branch Travel 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 Number 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. Further, FIN 8.03, 6.3.1, states that when the use of a personal vehicle is approved for trial court business and the travel commences from home, reimbursed personal vehicle mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination. In addition, FIN 8.03, 6.1.1 states that travel costs incurred without written travel request approval may be subject to rejection when reimbursement is requested. Out-of-state or international travel requires the approval of the Presiding Judge (PJ) or written designee.

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 AOC Travel Rate Guidelines. Judges and employees who incur reimbursable business travel costs, must submit a completed travel expense claim (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 AOC 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:

MEALS	MAXIMUM REIMBURSEMENT
Breakfast	Not to Exceed \$ 6
Lunch	Not to Exceed \$10
Dinner	Not to Exceed \$18
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.

Further, FIN 8.03, 6.1.8, states that business-related travel by a contractor—for items such as air transportation, lodging, meals, personal vehicle usage, and rental vehicle usage—must be addressed in a written agreement between the contractor and the court. It also recommends that the court incorporate the negotiated travel guidelines and attach a copy of the guidelines to the agreement. Further, the contractor, vendor, or temporary agency staff business travel must be billed to the court on a company invoice in accordance with the guidelines noted in the contract with the court.

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 2010-2011. Our review determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted the following:

1. The employee's appropriate approval level, the employee's supervisor or manager, did not always sign the TECs to demonstrate supervisory review and approval of the claimed travel expenses. Specifically, for two of the ten claims we reviewed, the Court Executive Officer (CEO) approved the TECs even though the TECs were from a judge and commissioner who do not report directly to the CEO. In these instances, the appropriate approval levels for the TECs submitted by judges and commissioners are the PJ or a supervising judge.
2. Court supervisors and accounts payable staff did not adequately review employee TECs and the associated travel expenses charged to the Court's purchase card. As a result, for two of the ten TECs we reviewed, the Court reimbursed employees more than the amount allowed. Specifically, for one TEC, the Court paid twice for a meal expense when it reimbursed the employee \$18 for a meal expense that the employee paid using the Court's purchase card. Moreover, the meal expense the employee charged to the Court's purchase card exceeded the \$18 limit for dinner, but the Court did not note and question the excessive charge until we questioned this overcharge and the associated inappropriate claim for meal expense reimbursement. For another TEC, an employee used the Court's purchase card to pay a lodging bill that included a movie rental charge, which is a personal travel expense and is unallowable. The Court also did not note and question the movie rental charged to the Court's purchase card until we questioned this personal expense. As a result of our inquiries, the Court notified the employees of the unallowable costs and asked them to reimburse the Court. However, the employee that used the Court purchase card to pay the lodging bill is disputing the movie rental charge with the lodging establishment as the employee asserts a movie was never rented.
3. The Court reimbursed a contractor for travel and conference costs that are not required by the contract and not directly related to performing the work agreed in the contract. Specifically, although not required by the contract, the Court approved and paid a contractor's request for reimbursement of \$804 in conference and travel related expenses to attend a conference that the contractor indicated he would have attended at his own expense anyway because he was the treasurer, on the board, and had to present a report at the conference. Further, although

the contractor indicated that his attendance at the conference would also earn him minimum continuing legal education, the contract provisions make the contractor responsible for maintaining any required license at no expense to the Court. Available Court documents indicate that the Court also previously approved and paid for this contractor to attend this conference in 2009 and in the two previous years. Similar to the contractor's request on the more recent reimbursement, the contractor stated in April 2009 that he has to go to the conference because he is the treasurer and on the board, so he is waiting to see if the court would reimburse all or a portion of his expense.

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 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 of judicial officers. 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.
2. Provide instruction to managers, supervisors, and accounts payable staff, in addition to employees who travel on Court business, regarding the information and documentation necessary to properly review and approve allowable travel expenses. This instruction should include information on FIN Manual travel expense reimbursement requirements, AOC maximum reimbursement limits, what type of travel expenses are not allowed, and appropriate travel expense charges to the Court purchase cards. In addition, staff reviewing the charges to the Court purchase card used to charge travel expenses should ensure all charges are for travel expenses that meet the FIN Manual and AOC travel expense reimbursement requirements and limits.
3. Restrict contractor travel expense reimbursements to only those travel costs that are necessary to perform the required contract work and are addressed in a written agreement between the contractor and the court.

Superior Court Response By: Keri Brasil Date: March 28, 2012

1. Disagree. The Court Financial Officer has on file a current Delegation of Duties which authorizes the Court Executive Officer or designee this approval authority.
2. Agree. The Court Financial Officer (CFO) has a process in place. The Court Financial Officer and the Human Resources Director sent a notice to all employees to read the travel policy as well as requested signatures for their acknowledgement of the policy on April 2012.
3. Agree. The Court Financial Officer and the Human Resources Director sent a notice to all employees to read the travel policy as well as requested signatures for their acknowledgement of the policy on April 2012.

IAS Comments on Superior Court Response:

1. To provide clarity and perspective on the Court's response to issue and recommendation number 1, the FIN Manual requires judges to submit TEC's that are signed approved by the "judge's" appropriate approval level. Although the Court asserts that it has on file a Delegation of Duties which authorizes the CEO this approval authority, IAS does not believe, based on a review of relevant rules of court, that this delegation extends to the oversight and approval of judges' TEC's, just as it would not extend to the oversight and approval of judges' leave. IAS's review of relevant rules of court concludes that a judge's appropriate approval level would remain the PJ or a supervising judge. Specifically, according to Rules of Court, 10.603, the PJ is responsible for the oversight of judicial officers. In addition, although Rules of Court, 10.610, makes the CEO responsible for overseeing the non-judicial court operations, Rules of Court, 10.608, specifically requires judges to follow the directives of the PJ in matters of court management and administration. Therefore, although the PJ may delegate certain non-judicial duties to the CEO, because the PJ must exercise his or her judicial authority when overseeing judges, for example when approving judges' leave, IAS believes it is reasonable to conclude that a "judge's" appropriate approval level would remain the PJ or a supervising judge, not the CEO.

11.2 The Court Needs to Strengthen Its Business Meal Expense Procedures**Background**

The FIN Manual acknowledges that it is necessary for trial court judges and employees to occasionally conduct official court business during a meal. Thus, the FIN Manual, Policy No. FIN 8.05, defines the rules and limits that courts must observe when arranging or claiming reimbursement for meals associated with official court business. Specifically, to be reimbursable, these business meals must have the written advance approval of the presiding judge (PJ) or, if delegated in writing, the Court Executive Officer (CEO) or another judge. FIN 8.05, 6.2, states the following:

All business meal expenditures must be supported by an original receipt, reflecting the actual costs incurred and a completed-approved business-related meal expense form, memo, or e-mail authorizing the expenditure in advance. The business-related meal expense form, memo, or e-mail will include the following information:

- a. Date of the business meal(s).
- b. Scheduled start and end time of the meeting.
- c. Statement explaining the business purpose of the meeting.
- d. Category and duration of business meal. Example: Breakfast 8:00- 8:30 (30 min).
- e. Location/place of the business meal.
- f. Copy of the formal agenda, if applicable.
- g. List of expected attendees, their titles, and affiliations.

Business meal expenses not approved in advance by the PJ or his or her written delegate will be considered a personal expense and will not be reimbursed or paid. In addition, business meal expenses are not authorized for informal meetings or meetings with existing or potential vendors.

FIN 8.05, 6.4, also requires a business reason to keep the group together during the meal period. The court project manager or coordinator must explain on the business-related meal expense form why trial court business must be conducted during the meal period and could not be accomplished at any other time.

Allowable business meal expenses vary depending on when, where, and how many people are involved with the meal or function. For further information regarding the specific requirements for allowable business meal expenses, please see the following paragraphs in Policy No. FIN 8.05:

- 6.3, Business Meal Reimbursement via a Travel Expense Claim
- 6.4, Group Business Meals
- 6.5, Authorized Business Meal Timeframes
- 6.6, Authorized Business Meal Rates
- 6.7, Requests for Exceptions to Business Expense Guidelines
- 6.8, Unallowable Business Meal Expenses

Issues

To determine whether the Court followed the business meal expense rules required in the FIN Manual, we interviewed appropriate Court staff regarding its business-related meal expense reimbursement practices. We also reviewed selected business-related meal expense transactions from FY 2010-2011. Our review determined that the Court needs to improve its procedures to adequately justify its business-related meal expenditures. Specifically, we noted the following:

1. For all four business-related meal expense transactions we reviewed, the Court did not require responsible staff to complete a business-related meal expense form, memorandum, or e-mail containing all the required pertinent information necessary to justify the business need for the meal, including the reason necessitating that business be conducted during a meal period, and the allowable expense amounts. As a result, without this information the Court could not adequately demonstrate that the meal expenses were a necessary and appropriate use of public funds and within allowable cost limits.

For example, for one business-related meal expense, although the CEO pre-approved in writing the business meal expense for AOC employees visiting the Court, the business meeting did not meet the time and duration requirements necessary for an allowable business-related meal. Specifically, according to the limited information on available Court documents, the Court purchased meals for eight AOC employees visiting the Court for a noon to 1:30 p.m. meeting. However, the FIN Manual requires that for a meal during the lunch hour to be a permissible business meal, the business function must begin no later than 11:00 a.m., last for at least three hours, and continue at least one hour after lunch. In addition, although the CEO approved the use of Court funds to purchase meals for the visiting AOC employees, the CEO did not approve the payment of similar meals for the Court employees attending this same meeting. Without a business-related meal expense form containing the pertinent information necessary to justify the business need for this meeting

during the lunch hour leaves doubt regarding whether the Court adequately demonstrated that these meal expenses were a necessary and appropriate use of public funds.

2. In addition, for the other three business-related meal expense transactions, the Court also did not document prior written PJ or CEO approval of the business-related meal expense. One was associated with a judge's investiture and another was associated with a Court management retreat. For the third business-related meal expense transaction, although Court staff wrote on the vendor invoice indicating that the CEO approved the order, the Court could not demonstrate that the CEO pre-approved the business-related meal expense in writing as required.

Recommendations

To ensure its business meal expenses are consistent with the AOC business meals policy and procedures and an appropriate and necessary use of public funds, the Court should consider the following:

1. Adopt business-related meal expense procedures that require use of a business-related meal expense form, or alternate document, to record the information required by the FIN Manual to justify the necessity of the business meal, including the reason necessitating that business be conducted during a meal period, and allowable expense amounts. In addition, the supporting meeting agenda and sign-in logs to document the nature of the business meeting and participants should be attached to the business-related meal expense form when applicable. (See FIN Manual Policy No. FIN 8.05, Section 7.0 for a sample form.)
2. Require advance written approval by the PJ, or written designee, of the business-related meal expense form, or alternate document, to demonstrate that the PJ or written designee reviewed and approved the proposed expense as an appropriate and necessary use of public funds.

Superior Court Response By: Keri Brasil Date: March 28, 2012

1. Agree. The Court Financial Officer will adopt the business-related meal expense procedure and form by December 2012.
2. Agree. See response number 1 above.

11.3 The Court Should Strengthen Some of Its Petty Cash Procedures

Background

Trial courts may use a petty cash fund to streamline the purchase of certain supplies and services, but must follow certain control procedures to ensure it is used appropriately and not misused. Specifically, the FIN Manual, Policy No. FIN 8.04, 3.0, states that a petty cash fund may be established when the court needs to keep a small amount of cash on hand to purchase low-value supplies and services—such as stamps, postage, parking, and cab fare needed for official court business—that cannot be practically purchased by other means. The maximum petty cash purchase is \$100 unless advance approval from the Court Executive Officer is obtained.

Also, FIN 8.04, 6.2 requires the Court Executive Officer to appoint a custodian who is personally responsible for the safekeeping, disbursement, and accounting for petty cash. The petty cash custodian must have no other cash handling responsibilities and must keep the petty cash funds separate from all other monies.

In addition, FIN 8.04, 6.3, states that checks be made payable to the custodian of the petty cash fund when establishing and replenishing the fund. In addition, it states that the petty cash fund should be kept to the lowest amount that is sufficient to meet the needs of the court. The authorized fund shall not exceed \$200, except that funds up to \$750 may be authorized where a fund of lesser size would normally require replenishment more often than once a month and a safe, vault, or money chest adequate to safeguard the petty cash fund is available.

Further, FIN 8.04, 6.8, states that when custody of a petty cash fund is transferred to another custodian, a personal review of the fund will be made by the employees directly concerned, and a Petty Cash Change of Custodian Form should be completed for the approval by the Court Executive Officer. The purpose of this form is to document the change of custodian, that the total cash and receipts equal the specified amount of the fund, and that the new custodian is aware of his or her specific responsibilities related to custody of the fund.

Issues

To determine whether the Court uses and maintains its petty cash fund consistent with the requirements and guidelines in the FIN Manual, we interviewed the petty cash custodian and reviewed the purchases made using the petty cash fund between July 2010 and June 2011. Our review revealed the following:

1. The Court used the petty cash fund for other than its intended purpose. Specifically, the Court used the petty cash fund to purchase items that are not allowable court operations costs. For example, the Court used the petty cash fund to purchase items such as cakes, refreshments, and dining supplies associated with the separate retirement functions it undertook in honor of two judges and one commissioner, which are not allowable court operations cost. In addition, the Court used the petty cash fund to purchase lunches and refreshments for eight visiting AOC employees, which are questionable meal costs because the associated meeting did not meet the duration and time requirements for a business-related meal nor could the Court demonstrate PJ pre-approval of this business-related meal. Further, the Court used the petty cash fund to pay for refreshments and supplies related to a judge's investiture.
2. In addition, the petty cash fund custodian performs other cash handling duties. Specifically, the petty cash fund custodian also assists fiscal staff in preparing the centralized deposits of daily court collections.
3. Further, the Court does not make the checks to replenish the petty cash fund payable to the petty cash custodian as required by the FIN Manual. Instead, the Court makes these checks payable to the Court, thus diminishing the petty cash custodian's personal responsibility and accountability over the petty cash fund.

4. The Court's \$500 petty cash fund is excessive given the infrequent and low dollar amount of the purchases made with the petty cash fund. Specifically, the monthly total expenditures of the petty cash fund averaged only \$120 per month over an 11-month period. Therefore, the \$200 petty cash fund limit specified in the FIN Manual is sufficient to sustain these low average monthly total expenditures of the petty cash fund.
5. The Court also did not document a change in the petty cash custodian when it assigned responsibility over the petty cash fund duties to a new custodian on July 1, 2009. Specifically, the Court Fiscal Officer did not complete a Petty Cash Change of Custodian form for approval by the Court Executive Officer.

Recommendations

To ensure it uses its petty cash fund consistent with the petty cash procedures outlined in the FIN Manual, the Court should consider the following:

1. Restrict the use of the petty cash fund for the purchase of low-value supplies and services that cannot be practically purchased by other means and that are allowable court operations costs. Specifically, the Court should inform the petty cash custodian of their responsibility to carefully scrutinize the proposed petty cash fund purchases to ensure items such as meals, snacks, refreshments, and associated dining supplies are allowable court operations costs as defined by Rules of Court rule 10.810 and the FIN Manual.
2. Assign responsibility for the petty cash fund to a custodian who does not have other cash handling duties or responsibilities.
3. Require that the checks to replenish the petty cash fund be made payable to the assigned petty cash custodian who is personally responsible for the safekeeping, disbursement, and accounting for petty cash.
4. Reduce the petty cash fund to the \$200 limit specified in the FIN Manual, or the lowest amount possible that is sufficient to meet the needs of the Court.
5. Ensure that a Petty Cash Change of Custodian form is completed for approval by the Court Executive Officer whenever the Court assigns responsibility for the petty cash fund to a new custodian.

Superior Court Response By: Keri Brasil Date: March 8, 2012

1. Agree. The Court Financial Officer sent an e-mail to remind court employees of the approved guidelines April 2012.
2. Agree. The Court Financial Officer will assign the petty cash custodian responsibilities to someone who does not have other cash handling responsibilities by July 2012.
3. Agree. The Court Financial Officer will be requesting approval from the AOC for an alternative procedure to have the check made payable to Stanislaus County Superior Court c/o Petty Cash Custodian by December 2012.

4. Agree. The Court Financial Officer will change the petty cash limit to \$200 effective July 1, 2012.
5. Agree. The Court Financial Officer incorporated the Petty Cash Change of Custodian form with all future custodian changes, effective February 2012.

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 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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	11,444.57	87,504.13	(76,059.56)	-86.92%
922603 OFFICE FURNITURE - MINOR	2,980.65	18,592.83	(15,612.18)	-83.97%
922611 COMPUTER	57,288.03	57,432.06	(144.03)	-0.25%
922612 PRINTERS	16,887.61	16,356.29	531.32	3.25%
922614 SECURITY SURVEILLANCE - M	3,828.14	-	3,828.14	100.00%
922699 MINOR EQUIPMENT - UNDER \$	13,964.82	16,143.10	(2,178.28)	-13.49%
* 922600 - MINOR EQUIPMENT - UNDER	106,393.82	196,028.41	(89,634.59)	-45.73%
945204 WEAPON SCREENING X-RAY	1,376.00	-	1,376.00	100.00%
945207 SECURITY SURVEILLANCE - M	1,083.71	2,723.15	(1,639.44)	-60.20%
946601 MAJOR EQUIPMENT - IT	178,969.16	44,588.47	134,380.69	301.38%
* 945200 - MAJOR EQUIPMENT	181,428.87	47,311.62	134,117.25	283.48%

We evaluated compliance with FIN Manual requirements over fixed asset management, inventory control, software licensing control, and transfer and disposal practices through interviews with Court management and staff, and review of supporting documentation. Specific tests include:

- Determining the accuracy of the Court's reported fixed assets by comparing the information reported in the Comprehensive Annual Financial Report (CAFR) worksheet statements 18 and 19 to the supporting accounting records.
- Verification of supporting invoices for selected expenditures to ensure that expenditures were appropriately classified in the general ledger accounts.
- Review the completeness and accuracy of the asset inventory and software license listings and the most recent physical inventory of assets. Traced selected items on the listings to the physical item and vice-versa, including validation of the existence of selected major asset purchases through physical observation.
- Evaluated controls and procedures over disposal of fixed assets and inventory items.

There were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

13. Audits

Background

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. Courts, as part of their standard management practice, are to conduct their operations and account for their resources in a manner that will withstand scrutiny. During an audit, courts are to fully cooperate with the auditors to demonstrate accountability, efficient use of public resources, and compliance with all requirements. Courts are to investigate and correct substantiated audit findings in a timely fashion.

We reviewed prior audits of the Court to understand the issues identified and the actions the Court planned to address or resolve these issues. Specifically, external consultants completed a performance review of Court operations and issued a final report in September 2007. The external consultants reviewed several functional areas, including court administration; fiscal management; revenue and cash collections; procurement, contracts, and expenditures; information systems; exhibit room administration and security; court building security; and domestic violence. The report noted issues and recommendations in procurement, accounts payable, cash handling, information systems, contracts, revenue distribution, and other fiscal and operational areas. The Court took action to resolve some of the issues, and issues not yet corrected or repeat issues are identified in various sections of this report.

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Stanislaus County for the period July 1, 2001, through June 30, 2006. The SCO found that the Court did not properly distribute Traffic Violator School and Red-Light Violation fines, distributed the State Court Construction penalty without deducting the 2% Court Automation fee, inappropriately deducted the 2% Court Automation fee from convicted uninsured motorist cases, and did not properly distribute the Health and Safety-related bail forfeitures. Revenue distribution issues not yet corrected or repeat issues are identified in the Information Systems section of this report.

There were no significant issues identified during this audit to report to management in this section.

14. Records Retention

Background

The FIN Manual establishes uniform guidelines for the trial court to retain financial and accounting records. According to the FIN Manual, it is the policy of the trial court to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the court. The trial court 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 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 contained below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2011	2010		
Expenditures				
935203 STORAGE	46,987.30	45,242.82	1,744.48	3.86%

We assessed the Court’s compliance with the record retention requirements provided in statute and proceduralized 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 significant issues identified during this audit to report to management in this section.

15. Domestic Violence

Background

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

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 reviewed a selected sample of criminal domestic violence convictions, and reviewed corresponding CMS and case file information to determine whether the Court assessed the mandated fines and fees.

There were no significant issues identified during this audit to report to management in this section.

16. Exhibits

Background

Exhibits are oftentimes presented 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 should exercise different levels of caution depending on the types of exhibits presented. Compared to paperwork and other 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.

A best practice for trial courts is to establish written Exhibit Room Manuals (manual). These manuals normally define the term “exhibit” as evidence such as papers, documents, or other items produced during a trial or hearing and offered in proof of facts in a criminal or civil case. While some exhibits have little 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 such as stereo equipment. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared to guide and direct exhibit custodians in the proper handling of exhibits. Depending on the type and volume of exhibits, the manual at superior courts can be minimal in length or very extensive. Manuals would provide practices and procedures that direct exhibit custodians in the consistent and proper handling, storing, and safeguarding of evidence until final closure of the case.

We evaluated 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. We also validated selected exhibit record 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 no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

17. Bail

Background

In general, bail is used to ensure the presence of the 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. If someone is arrested on a criminal charge he may be held in custody until trial, unless he 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 bonds are issued by licensed "Bail Agents" who specialize in their underwriting and issuance and act as the appointed representatives of licensed surety insurance companies. California Rules of Court (CRC) 3.1130(a) outlines certain conditions for insurance companies to meet prior to being accepted or approved as a surety on a bond:

A 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 determine 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 were no significant issues identified during this audit to report to management in this section. Appendix A contains minor issues associated with this section.

APPENDIX A

Issue Control Log

**Superior Court of California,
County of Stanislaus**

Note:

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 that are complete at the end of the audit are indicated by the ‘C’ in the column labeled C. Issues that remain open at the end of the audit have an ‘I’ for incomplete in the column labeled I and have an Estimated Completion Date.

Internal Audit Services will periodically contact the court to monitor the status of the corrective efforts indicted by the court.

April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1 Court Administration								
		Log	Rather than rely on and use its CMS to track and generate a monthly Submitted Matters report, the Court uses a manual process to compile its monthly report. We did not note significant exceptions with its manual process. Nevertheless, should the Court decide in the future to use its CMS to generate a monthly Submitted Matters report, it would have to ensure that staff enter correct dates in its CMS to generate an accurate and complete monthly Submitted Matters report. For example, of the nine cases we selected to review from a Court generated CMS report of cases with submitted matters, we noted that three cases had incorrect completion dates, one had no completion date entered even though the matter was already decided, and three had incorrect submission dates.		C	Effective June, the court will generate monthly reports from the CMS system in conjunction with the manual reports to ensure the proper reporting and accuracy for Submitted Matters cases.	Patty Godfrey, Supervising Courtroom Clerk	June 2012
		Log	The Court's manual list of cases with causes under submission does not group the cases by the length of time the cause has been under submission, such as 30 through 60 days-old, 61 through 90 days-old, and over 90 days-old, as required by rules of court.		C	Cases under submission are not grouped by the time-line such as 30 through 60, 61 through 90, and over 90 days. However, every case is identified and the number of days are tracked under which judge the case is assigned to. The Court feels that we're in compliance with the rules of courts.	Patty Godfrey, Supervising Courtroom Clerk	April 2012
2 Fiscal Management and Budgets								
			No issues to report.					
3 Fund Accounting								
			No issues to report.					
4 Accounting Principles and Practices								
			No issues to report.					
5 Cash Collections								
	5.1		The Court Could Strengthen Some of Its Cash Handling Procedures					
		1	At three locations, no one individual is designated custodian of the change fund. Instead, everyone or more than one person rather than one responsible individual shares responsibility over the change fund.		C	1. Agree. The Court Assistant Executive Officer has met with the appropriate staff for each division to review the compliance requirements and has addressed as appropriately. To ensure and reinforce the polices, the Fiscal Dept will set-up follow-up meetings quarterly to ensure that the policies are in place and address those that are in non-compliance.	Court Financial Officer	June 2012
		1	At one location, the change fund is not counted at the end of the day. In addition, when it is counted at the beginning of the day, it is not verified in the presence of a supervisor.		C	See above response.	Court Financial Officer	June 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	At one location, the clerks do not always count the \$1 bills that are already bundled in stacks of \$20 when verifying the change fund at the beginning of the day.	C		See above response.	Court Financial Officer	June 2012
		1	At one location, the Court verified that the \$1,865 change fund was short \$10 on September 13, 2011, and on September 23, 2011.	C		See above response.	Court Financial Officer	June 2012
		1	At three locations, the clerks do not count and verify their beginning cash in the presence of a lead or supervisor before starting their daily cash collection activities.	C		1. Agree. The Court Assistant Executive Officer has met with the appropriate staff for each division to review the compliance requirements and has addressed as appropriately. To ensure and reinforce the policies, the Fiscal Dept will set-up follow-up meetings quarterly to ensure that the policies are in place and address those that are in non-compliance.	Court Financial Officer	June 2012
		1	At two locations, the supervisor does not sign the beginning cash verification log.	C		See above response.	Court Financial Officer	June 2012
		1	At two locations, a cash verification log is not used to document that the clerks received their cash bags and verified their beginning cash.	C		See above response.	Court Financial Officer	June 2012
		1	At one location, the original receipt was not attached with the daily closeout for 13 of the 17 void transactions we reviewed.	C		3. Agree. When the Court was made aware of the Void issue the Court Financial Officer immediately sent an email to the appropriate staff reminding them that they must sign all voided receipts and attach them to the original, which then must be turned into Fiscal along with the deposits. This corrective action was completed on October 19, 2011 and since it has been corrected Fiscal has already conducted audits on the Voids to ensure we're in compliance.	Court Financial Officer	October 2011
		1	At one location, a copy of the void receipt was not attached with the daily closeout for five of the 17 void transactions we reviewed.	C		See above response.	Court Financial Officer	October 2011
		1	At one location, although a copy of the void receipt was attached to the daily closeout, the void receipt did not indicate who processed the void in the system nor did a supervisor initial the void receipt to demonstrate appropriate supervisory review and approval for ten of the 17 void transactions we reviewed. (Repeat)	C		See above response.	Court Financial Officer	October 2011
		1	Two locations were using two or three different styles of manual receipt books.	C		4. Agree. The Court Fiscal Dept immediately ordered new Manual Receipt books in November 2011, and assigned and distributed them to the different clerical divisions. We also provided instructions on how to complete the manual receipts. The Fiscal Services Division has also created a log as to which Manual Receipt Book is assigned where and we will conduct quarterly audits of the Manual Receipt Books. This corrective action was completed in November 2011.	Court Financial Officer	November 2011
		1	One location was using manual receipt books that are one-part and not pre-numbered.	C		See above response.	Court Financial Officer	November 2011
		1	Fiscal does not monitor and track the issuance of manual receipt books.	C		See above response.	Court Financial Officer	November 2011
		1	At one location, a manual receipt book that was completely used as of July 2010 was not returned to Fiscal as of October 2011.	C		See above response.	Court Financial Officer	November 2011
		1	At three locations, the manual receipt books are not logged out when issued to the clerks or logged in when returned by the clerks.	C		See above response.	Court Financial Officer	November 2011
		1	One location does not secure the manual receipt books in a locked safe/drawer when not in use. (Repeat)	C		See above response.	Court Financial Officer	November 2011
		1	Two locations were missing manual receipts.	C		See above response.	Court Financial Officer	November 2011
		1	Three locations did not issue manual receipts in sequential order.	C		See above response.	Court Financial Officer	November 2011

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	One location did not always write "VOID" on the voided manual receipts, but instead used a slash mark.		C	See above response.	Court Financial Officer	November 2011
		1	Two locations did not mark "VOID" on skipped and unused manual receipts.		C	See above response.	Court Financial Officer	November 2011
		1	At two locations, the counterpoint receipt is not attached nor is supervisory review indicated on the manual receipt to demonstrate that the associated payment was processed and promptly entered in the cashiering system.		C	See above response.	Court Financial Officer	November 2011
		1	At one location, one manual receipt with a case number could not be vouched as being entered in the cashiering system because the CMS and cashiering systems are not integrated and the system receipt was not placed in the case file per the Court's procedures.		C	See above response.	Court Financial Officer	November 2011
		1	One location does not adequately document a record of the collections it transfers to Family Law and verify the posting of these collections into the cashiering system. Specifically, instead of providing a copy of the manual receipts as backup to the associated collections transferred to Family Law, the following morning IV-D tallies the manual receipts from the previous day collections on a note pad wherein it also annotates the case number and amount received for each payment. It then delivers the note pad page and the associated collections to Family Law for posting into the cashiering system. However, IV-D does not retain a copy of the note pad page nor obtain a transfer receipt from Family Law to document the collections remitted to Family Law. In addition, IV-D does not secure and compare a cashiering system receipt to its copy of the manual receipts to verify that Family Law entered all the collections IV-D transferred to Family Law.		C	See above response.	Court Financial Officer	November 2011
		1	At four locations, the daily end-of-day closeout is not always verified with a responsible lead or supervisor. Instead, at some locations, clerk's verify each other's closeout. (Repeat)	I		5. Agree. The Court Assistant Executive Officer has met with the appropriate staff for each division to review the compliance requirements. During the course of our meeting it was found that a lead and/or a supervisor are not always available so therefore the Court Financial Officer will be requesting to have alternative procedures in place for the daily balancing and closeout process to be handled by two cashiers immediately but no later than September 28, 2012. In the interim of the approval on the procedure, staffing will be adjusted to support the division effective August 1, 2012.	Court Financial Officer	September 2012
		1	At two locations, the verification of cashier's collections and closeout reports is not performed in the presence of the cashier.	I		See above response.	Court Financial Officer	September 2012
		1	At two locations, surprise cash counts are not conducted or performed at least quarterly.	I		6. Agree. The Court Assistant Executive Officer and Fiscal Services have met on this issue and they've established a quarterly schedule to conduct the quarterly surprise audits effective July 2012.	Court Financial Officer	July 2012
		1	At three locations, a two-person team is not used to open mail. (Repeat)	I		7. Agree. Due to staffing limitation, the Court Assistant Executive Officer will be requesting to have alternative procedures in place for the payments received through the mail. This request will be submitted no later than September 28, 2012. In the interim, temporary staffing changes will be put into place to support the appropriate divisions.	Court Financial Officer	September 2012
		1	At five locations, a mail payment log is not used.	I		See above response.	Court Financial Officer	September 2012
		1	At two locations, the employee who opens the mail also processes the mail payments in the cashiering system. (Repeat)	I		See above response.	Court Financial Officer	September 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		I	The court does not require supervisory review and verification of the prepared bank deposits.	I		8. Agree. The Court understands the requirement to have a Supervisor review and consolidate bank deposits but with the only one supervisor in the Fiscal Division this cannot be implemented. Therefore, the Court Assistant Executive Officer will be requesting an alternative procedure for the review and verification of the consolidated bank deposits immediately but no later than September 28, 2012.	Court Financial Officer	September 2012
		Log	Employees who are capable of adjusting transactions after the daily balancing and closeout process may also prepare the deposit.		C	This is correct and often times involves a lead or Supervisor who does not process payments throughout the day but does have the ability to process voids. They prepare the deposits the following mornings but the task is rotated among the leads and the Supervisors on a daily basis.	Keri Brasil, Senior Accountant	April 2012
		Log	Partly because it did not previously review the cash statement reconciliations, the Court has been unable to reconcile some older deposits to the County treasury deposit records.		C	The Court will attach all County Deposit Permits with the daily reports associated with the Cash Statement to ensure accountability and facilitate reconciliation.	Keri Brasil, Senior Accountant	April 2012
		Log	At one location, the Court does not keep the cash collection area secure. Specifically, it allows county employees to enter the cash collections work area during the day without restriction. Also, it allows attorneys to access this area so they may retrieve mail from a file.		C	This has been corrected and all monies are secured.	Keri Brasil, Senior Accountant	April 2012
		Log	At one location, the Court does not periodically change its safe combination. In addition, it could not provide documentation of the individuals having access to the safe combination and when it was last changed.		C	In March 2012, the Court changed the combinations and will periodically change the combinations effective July 2012.	Keri Brasil, Senior Accountant	March 2012
		Log	At two locations, clerks can setup new cases and process payments for the same transaction. In addition, the lead clerks can setup new cases, enter payments, and also void transactions.		C	An email was sent to notify all clerical supervisors when the court was made aware of this issue.	Keri Brasil, Senior Accountant	March 2012
		Log	At two locations, the posted civil fee waiver notice is smaller than the 8 1/2 x 11 inches required by Rules of Court.		C	The Court notified the Court Operation Managers and the corrections have been made to place all notices on 8 1/2 x 11 paper.	Keri Brasil, Senior Accountant, and the Court Operations Mgrs.	April 2012
		Log	At one location, although the change fund is secured in the safe within a metal box and in a bank bag, the metal box has a lid that does not lock and the bank bag does not have a locking mechanism.		C	Fiscal Services provided a locking box and banking bag.	Keri Brasil, Senior Accountant	June 2012
		Log	At one location, the lead or supervisor does not verify collections and closeout reports with clerks. Instead, the clerks verify each other's collections and closeout reports, then return the daily collections and closeout reports to the original clerks who will then take their cash bags and collections to the lead or supervisor to store until Fiscal picks up the cash bags.		C	The Court notified the Court Operation Managers and the corrections have been made to prevent future incidents.	Keri Brasil, Senior Accountant	April 2012
		Log	At one location, we observed a lead clerk leaving work without returning her cash bag to the supervisor. Although, the clerk left the cash bag in her locked drawer, the key to the drawer was left unattended at her desk.		C	The Court notified the Court Operation Managers and the corrections have been made to prevent future incidents.	Keri Brasil, Senior Accountant	April 2012
		Log	At one location, we observed the clerk that was verifying another clerk's end-of-day collections leaving the cash bag and collections unattended for a couple of minutes.		C	The Court notified the Court Operation Managers and the corrections have been made to prevent future incidents.	Keri Brasil, Senior Accountant	April 2012
		Log	One location did not note the case number on one of five manual receipts we reviewed.		C	The Court has updated their procedures and reminded the clerical staff immediately when they were made aware of the issue.	Keri Brasil, Senior Accountant	April 2012
		5.2	Court Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions Need Improvement					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		2	The Court does not send the required 20-day notice to the parties paying civil filings using checks that are later returned by the bank as NSF.		C	Agree. The Court Financial Officer immediately changed the letters to reflect the correct Code of Civil Procedure 411.20(g). This corrective action was completed in August 2011.	Court Financial Officer	August 2011
		2	In addition, if it does not receive payment within 20 days after the bank returned the NSF check, the Court does not strike the associated civil filing nor notify the judge that the party has not paid the required civil filing fees.	I		Agree. The Court Financial Officer will meet with the Court Operation Manager's and the Supervisor's to develop a procedure to flag cases that have a dishonored check. The Court plans to have procedures in place by September 1, 2012. Agree. The Court Fiscal Services currently has this process in place. A letter is sent to the individual responsible for the fees, which includes the administrative fee. After 90 days of no activity, the account, rather than the case, is forwarded to the County's Revenue Recovery division for the collections. For the accounts in question, the Court will review those accounts that have been forwarded to the County's Revenue Recovery Division effective September 1, 2012.	Court Financial Officer	September 2012
6	Information Systems							
		6.1	The Court Needs to Improve Its Calculations and Distributions of Court Collections					
		7	The Court's spreadsheet for distributing collections on red light cases does not correctly calculate and distribute the collections related to red light bail forfeiture cases. Specifically, the spreadsheet incorrectly allocates 30% of the GC 76104.6 and GC 76104.7 DNA penalties as well as the GC 76000.5 additional EMS penalty and the PC 1465.7 20% State Surcharge to the Red Light fund even though statute does not include these penalties in the 30% allocation to the Red Light fund for red light bail forfeiture cases.	I		Agree. The Court Financial Officer will review and correct the spreadsheet to calculate the distributions properly. The expected completion date is September 2012.	Court Financial Officer	September 2012
		7	The Court's spreadsheet for distributing collections on red light cases does not take into account the special distributions required for red light traffic school cases. Specifically, the spreadsheet distributes red light traffic school collections the same as red light bail forfeiture cases even though statute requires a special distribution for these red light traffic school cases. For example, the Court incorrectly allocates the amounts remaining, after the 30 percent allocation to the Red Light fund, of the PC 1464 State penalty and the GC 76104.6 and GC 76104.7 DNA penalties even though statute requires distribution of these remaining penalty amounts to the Traffic Violator School fund on red light traffic school cases. In addition, the spreadsheet allocates full amounts to the GC 76100 Local Court Construction Fund and the GC 76104 Local Criminal Justice Facilities Fund even though only one dollar is allocated to each of these two funds in red light traffic school cases.	I		Agree. The Court Financial Officer will review and correct the spreadsheet to calculate the distributions properly. The expected completion date is September 2012.	Court Financial Officer	September 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		7	The Court's monthly revenue summary report did not reflect that the GC 68090.8 2% Automation fee was assessed on the GC 76000.10(c) EMAT, GC 76104.6 DNA, and the \$1 of \$10 portion of the GC 76104.7 additional DNA penalties. In addition, the Local Criminal Justice Facility and Local Courthouse Construction Fund line items did not cross foot because the Court adjusted the distributions to these funds from parking collections and from traffic school cases. However, the Court doubled the traffic school adjustment and its methodology is slightly flawed because the adjustment is not applicable to all traffic school cases.		C	Agree. The Court Financial Officer corrected this immediately upon notification and the corrected distribution was made effective January 1, 2012. This corrective action has been completed.	Court Financial Officer	January 2012
		7	The Court incorrectly assessed the VC 40508.6 \$10 administrative fee for prior convictions in four of six cases we selected to review even though the defendant had no prior vehicle code convictions. In addition, it assessed the \$10 administrative fee on another case even though the prior vehicle code violation was dismissed.	I		Agree. The Court Financial Officer has been made aware of the issue and the Court is holding off making any corrective actions due to a proposed legislative language changes made to the AOC from the Trial Court Efficiencies Working Group. Anticipated resolution is in January 2013.	Court Financial Officer	January 2013
		7	For the Red Light Traffic School case we selected to review, the Court used the same fee code for the 30% Red Light allocation, the base fine, and the State and local penalties as a Red Light Bail Forfeiture case. As a result, we could not determine whether the Court performed the special distributions applicable to Red Light Traffic School cases.	I		Agree. The Court Financial Officer is currently working with the Cashiering system vendor to identify the Red Light Traffic School case distributions separately. The expected completion date is September 2012.	Court Financial Officer	September 2012
		7	For the Speeding Traffic School case we reviewed, we could not determine whether the Court performed the special distributions applicable to Speeding Traffic School cases. For example it used the same EMAT penalty fee code as used on a Speeding Bail Forfeiture case, but the EMAT penalty should be distributed to the Traffic Violator School Fee on speeding traffic school cases.	I		Agree. The Court Financial Officer is working with the Cashiering system vendor to correct the distributions for the Speeding violation with Traffic School. The expected completion date is September 2012.	Court Financial Officer	September 2012
		7	For the Child Seat Traffic School case reviewed, the Court used the same fee code for the State and local penalties, except the Local Courthouse Construction Fund and EMS penalties, as a regular traffic school case. However, Child Seat Traffic School cases are distributed the same as Child Seat Bail Forfeiture cases with the exception that Child Seat Traffic School cases include the \$49 TVS fee, the VC 11205 Traffic Monitoring fee, and the VC 11208(c) DMV administrative fee. Further, the GC 76100 Local Courthouse Construction Fund and the GC 76104 EMS penalties, along with the PC 1465.7 20% State Surcharge were calculated incorrectly.		C	Agree. The Court Financial Officer is working with the Cashiering system vendor to correct the distributions for the Child Seat Violations with Traffic School. This has been corrected on June 2012..	Court Financial Officer	June 2012
		6.2	The Court Could Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records					
		6	Although the Court has on file an old MOU with DMV, this MOU is not signed by DMV and the Court could not provide a signed executed copy of the MOU with DMV for access to DMV records.	I		Agree. The Court will work with the DMV to execute an MOU or agreement with DMV documenting the condition of its agreement for accessing and updating the DMV database by December 2012.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer;	December 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		6	The Court does not maintain current a list of employees requiring access to sensitive DMV data to perform Court business. Specifically, 18 user IDs were assigned to individuals that either did not require access to DMV data as a part of their job duties or no longer required access. In addition, one user ID was assigned to a user name that was listed as "unknown." According to the Court, it did or will be removing access for these 19 user IDs. (Repeat)	I	Agree. The Court is currently reviewing its policies and procedures regarding DMV access including the signing/tracking of the INF1128 form. After review, the Court will make any necessary changes on to how access to DMV is granted and tracked. In addition, DMV Access via the Court MOU by the City of Modesto has been taking place since the late 1990s. The Court is working, in coordination with the City, to either execute an MOU to allow for continued access or will terminate access of all City employees via the Court DMV MOU.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT	June 2012
		6	In addition, the Court's current list of employees requiring DMV access identified three user IDs for city police employees with access to sensitive DMV data. However, the Court could not explain why it, rather than the city police department, needed to provide access to sensitive DMV data to these three city police employees. Moreover, the Court pays \$5 each month for each user ID with access to DMV data but could not explain how this monthly court expenditure for the three city police employees is an allowable court operations cost.	I	See response above.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT	June 2012
		6	In addition to paying the costs to access DMV data for three city police employees, the Court was paying for one user ID whose user name is: "Unknown Owner=Z50DM". According to the Court, it has deleted this user ID.	I	See response above.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT	June 2012
		6	The Court did not have currently signed Information Security Statement forms (Form 1128) for eight individuals to whom it assigned user IDs allowing them access to sensitive DMV data. According to the Court, one employee is out on disability and not available to sign the form; two employees recently added the missing date to their forms; and two employees recently completed and dated their forms. For the remaining three, the Court did not provide an explanation why it did not obtain signed forms from the three city police employees to whom it assigned user IDs to access DMV data.	I	See response above.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT	June 2012
		6	The Court does not have a process to monitor user access to sensitive DMV data to ensure access is only for a legitimate business purpose. According to the Court, this is not a feature that is currently programmed in its CMS. (Repeat)	C	Agree. The Court met with the Information and Technology (IT) Department in May 2012 regarding the availability and feasibility of using transaction logging with the Court's information systems. The IT department indicated that it would not be able to use logging software to capture activity for users who access DMV. They said DMV would be the one that could log the activity as our users are going directly into the DMV system.	Rebecca Fleming, ACEO; Jeanine Bean, HR Director; Zachary Stovall, Buyer; Anthony Paradiso, Shaun Sweeney, and Gus Solidum, IT	May 2012
		Log	The Court has not entered into a MOU agreement with the County for services the Court anticipates requiring during the execution of its Business Continuity Plan (BCP).	C	The Court has a Resumption Plan in place instead of the BCP.	Brandi Christensen Facilities Support Services Specialist; Anthony Paradiso, Senior Information Technology Analyst	April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not periodically test its BCP.	I		The Court has not tested their Resumption Plan	Brandi Christensen Facilities Support Services Specialist; Anthony Paradiso, Senior Information Technology Analyst	April 2012
		Log	The BCP is not current and the Court self-reported that the methodology used to develop the BCP was lacking.	I		The Resumption plan has been updated and is in the process of being submitted through the AOC's COOP plan.	Brandi Christensen Facilities Support Services Specialist; Anthony Paradiso, Senior Information Technology Analyst	August 2012
		Log	The Court does not limit the number of concurrent log-ins.		C	This statement is correct for some applications. However the Court does have several other applications that we're limited to with the number licenses such as our Cashiering system, our Collection's program, and more.	Anthony Paradiso, Senior Information Technology Analyst	April 2012
		Log	The Court does not require visitors to sign an entry log when entering the computer room.	I		The Court is in the process of having a key card reader and video surveillance installed in which the server room will be monitored at all times.	Anthony Paradiso, Senior Information Technology Analyst	August 2012
		Log	The Court self-reported that it has an on-going issue with a leaky roof in the server room.	I		This is correct. Every time that it rains the roof leaks and this has been reported to maintenance each time.	Anthony Paradiso, Senior Information Technology Analyst	April 2012
7 Banking and Treasury								
		Log	The Court could not demonstrate that appropriate supervisory review and approval (supervisory signature or initials and date) was performed on its reconciliation of the jury bank account. (Repeat)		C	This has been corrected and effective May 2012 the supervisor will review and approve the bank reconciliations for the jury account.	Joe Yniquez, Supervising Jury Clerk	May 2012
		Log	The Court does not reconcile its trust spreadsheets to the associated bank account balances and accounting system general ledger account balances. (Repeat)		C	The Court's GL liaison handles most of this for the Court. However in June the Court has started the reconciliation process for the trust ledger to the system.	Keri Brasil, Senior Accountant	June 2012
8 Court Security								
		Log	At four locations, the video tapes from the Court's closed circuit TV system are not retained or archived. Per the Court, it is guaranteed only two weeks on video retrieval.		C	This correct. The Court has a digital video system that cannot be suppressed nor does it have the capability to perform a system back-up. However the Court is in the process of replacing the old system and the Court does have a policy in place that does not guarantee recordings past two weeks.	Brandi Christensen, Facilities Support Services Specialist	April 2012
		Log	At three locations, although the Court records the cash collection activities, it does not rotate the security camera tapes so that a tape is not recorded-over for at least one month.		C	The Court does not use tape and the memory is stored on the hard drive. Again, the Court is in the process of replacing the old system and the Court does have a policy in place that it will not guarantee any recordings past two weeks.	Brandi Christensen, Facilities Support Services Specialist	April 2012
		Log	At three locations, not all Court keys are stamped "Do Not Duplicate."		C	This is correct because not all Court locations are owned by the Courts and the keys are given to us by the owner's of the buildings.	Brandi Christensen, Facilities Support Services Specialist	April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court's MOU with the Sheriff does not provide sufficient details regarding the level nor the number of security personnel that the Sheriff will provide the Court at each of its locations.		C	The Court disagrees as the MOU does have the total number of personnel that are available at all times. As for the actual numbers of security personnel's provided to each location this changes based on the levels of security required each day.	Brandi Christensen, Facilities Support Services Specialist	April 2012
		Log	The Court's MOU with the Sheriff does not provide details regarding the actual costs of court security services. Instead, the MOU provides for a fixed monthly amount the Court agrees to pay the Sheriff.		C	The Court feels that they're in compliance as the only items that the sheriffs is allowed to bill for is the same items listed on the AOC's security surveys which the Court required the Sheriffs Finance Dept. to complete.	Brandi Christensen, Facilities Support Services Specialist	April 2012
		Log	The Court cannot be sure the Sheriff excludes unallowable costs from its billings because the Sheriff bills a fixed monthly amount without details or supporting documentation.		C	The Court feels that they're in compliance as the only items that the sheriffs is allowed to bill for is the same items listed on the AOC's security surveys which the Court required the Sheriffs Finance Dept. to complete.	Brandi Christensen, Facilities Support Services Specialist	April 2012
		Log	Because the Court pays the Sheriff a fixed monthly amount, the Court cannot and does not verify and assess the reasonableness of the Sheriff court security charges.		C	This was part of the agreement that the Court had with the Sheriffs Dept. However since the transfer of funding and responsibilities in FY 2011/2012, the Court no longer oversees the Security budget.	Brandi Christensen, Facilities Support Services Specialist	April 2012
9 Procurement								
		Log	The Court assigned the senior accountant with an R3 purchase approval level authority in SAP, which is purchase approval of up to \$10,000. However, per the Court's "Delegation of Authority For Purchases" memo, the senior accountant has no purchase approval authority.		C	The Court has updated its Delegation Authority to allow the Senior Accountant to have the authority to approve purchase orders up to \$10,000.	Zachary Stovall, Buyer	July 2012
		Log	The Court assigned two individuals two SAP user roles each, one user role is under their current last name and the other is under their former last name.		C	The Court will send a request to remove the duplicate user to the Phoenix Security group	Keri Brasil, Senior Accountant	July 2012
		Log	For five of the 30 transactions we reviewed, the Court could not provide evidence that a requisition was prepared for these transactions.		C	The Court will ensure copies of the purchase requisitions are included when multiple invoices are received.	Zachary Stovall, Buyer	June 2012
10 Contracts								
		Log	The Court did not have an executed contract with a vendor even though payments to this vendor totaled more than \$50,000 in fiscal year 2010-2011.	I		This is the Court's Multi-Business System vendor and we do not have an executed contract with the vendor. This vendor handles our Jury Summons and should we go out for RFP for another vendor the Court will ensure to have a contact in place. In meantime, the Court will prepare a sole source document to have on file.	Zachary Stovall, Buyer	August 2012
		Log	The Court does not have a written MOU with the County for the services the County provides the Court. (Repeat)	I		The Court has asked the County several times to develop an MOU and they've stated that there's no need for their services. In the meantime, the Court will continue to pursue for an MOU with the County.	Zachary Stovall, Buyer	July 2012
		Log	The Court did not send to the AOC copies of the letters it sent to the County terminating county provided benefits and telecommunications services with termination dates effective January 1, 2010, and October 30, 2009, respectively.		C	The Court wasn't aware that we're suppose to notify the AOC when any County services are cancelled such as the telecommunications. For any future cancellations the Court will be sure to contact the AOC respectively.	Zachary Stovall, Buyer	June 2012
11 Accounts Payable								
	11.1		The Court Needs to Improve Its Travel Expense Reimbursement Procedures					
		4	The Court did not question a meal charged to the Court's credit card until we inquired why it allowed the employee to use the Court credit card to charge a meal that exceeded the \$18 limit for dinner. Moreover, the Court paid twice for this meal expense when it also reimbursed the employee's \$18 expense claim for this same meal that the employee paid using the Court's credit card.		C	Agree. The Court Financial Officer (CFO) has a process in place. The Court Financial Officer and the Human Resources Director sent a notice to all employees to read the travel policy as well as requested signatures for their acknowledgement of the policy on April 2012.	Court Financial Officer and Human Resources Director	April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		4	The Court did not question a personal employee expense charged to the Court's credit card until we brought it to the Court's attention. Specifically, a Court employee used the Court's credit card to pay for lodging that included charges for a movie rental, which is an unallowable personal expense.	C	See above response.	Court Financial Officer and Human Resources Director	April 2012
		4	For three TECs, the appropriate level supervisor did not approve the TEC. Specifically, the PJ or a supervising judge did not approve the TECs for a judge and commissioner.	I	1. Disagree. The Court Financial Officer has on file a current Delegation of Duties which authorizes the Court Executive Officer under the California Rules of court 10.603 (C).	Court Financial Officer	N/A
		4	The Court reimbursed a contractor for travel and conference costs that are not directly related to performing the work agreed in the contract. Specifically, the Court paid \$804 of conference and travel related expenses for a contractor to attend a conference that the contractor indicated he would have attended at his own expense anyway because he was the treasurer, on the board, and had to present a report at the conference. Further, although the contractor indicated he would also earn MCLE credit, contract provisions make the contractor responsible for maintaining any required license at no cost to the Court.	C	3. Agree. The Court Fiscal Department will adhere to the agreement written on the contract immediately.	Court Financial Officer and Human Resources Director	April 2012
		Log	One Court employee did not submit an itemized lodging receipt when requesting travel expense reimbursement from the Court. Instead, the employee submitted a credit card sales receipt showing the total lodging costs charged to her personal credit card. Without an itemized lodging receipt, the Court cannot be sure it reimbursed the employee only allowable costs.	C	The Court does have a travel policy in place requesting an itemized receipt. The Court also re-sent the travel policy to all employees in April 2012.	Keri Brasil, Senior Accountant	April 2012
	11.2		The Court Needs to Strengthen Its Procedures Over Business Meal Expenses				
		5	For all four business-related meal expense we reviewed, the Court did not complete a business-related meal expense form. Completing a business-related meal form helps the Court ensure it includes the information necessary to justify the business meal and obtains pre-approval by the PJ. Information necessary to justify the business meal includes information such as the business purpose of the meeting, the reason why the meeting could only be conducted during a meal period, the time frames, duration, and location of the meeting, the attendees, the cost per attendee, and pre-approval by the PJ.	I	1. Agree. The Court Assistant Executive Officer will adopt the business-related meal expense procedure and form immediately.	Court Financial Officer	July-12
		5	For one business-related meal expense, there was no information such as the date, time, location, or duration of the meeting. Without this information, we could not determine whether the cost was for a morning or afternoon break and whether the Court met the associated requirements for snacks during breaks.	I	See above response.	Court Financial Officer	July-12
		5	For one business-related meal expense, although the business function did not meet the duration and time requirements for a business-related meal, the Court purchased lunch for eight AOC employees visiting the Court. Specifically, the business function did not meet the required minimum three hours in duration and did not continue at least one hour after lunch.	I	See above response.	Court Financial Officer	July-12
		5	For two of the four business-related meal expenses we reviewed, the Court could not demonstrate prior approval by the PJ.	I	See above response.	Court Financial Officer	July-12
	11.3		The Court Should Strengthen Its Petty Cash Procedures				

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	The Court used the petty cash fund to pay for unallowable costs. For example, four petty cash expenditures were associated with the separate retirement functions undertaken in honor of two judges and one commissioner, which is not an allowable court expense.	C	Agree. The Court Financial Officer sent an e-mail to remind court employees of the approved guidelines April 2012	Court Financial Officer	April 2012
		3	The Court also used the petty cash fund to purchase lunch for eight visiting AOC employees, which is questionable because the lunch did not meet the duration and time requirements for a business-related meal and was not pre-approved by the PJ.	C	See above response.	Court Financial Officer	April 2012
		3	The Court also used the petty cash fund to pay for refreshments and supplies related to a judge's investiture.	C	See above response.	Court Financial Officer	April 2012
		3	The Court does not restrict the petty cash custodian from performing other cash handling responsibilities, such as preparing the bank deposit.	C	Agree. The Court Financial Officer will assign the petty cash custodian responsibilities to someone who does not have other cash handling responsibilities by July 2012	Court Financial Officer	July 2012
		3	The check to replenish the petty cash fund is made payable to the Court instead of the petty cash custodian.	I	Agree. The Court Financial Officer will be requesting approval from the AOC for an alternative procedure to have the check made payable to Stanislaus County Superior Court c/o Rebecca J. Fleming by September 2012	Court Financial Officer	September 2012
		3	The petty cash fund is not kept at the lowest amount sufficient to meet the needs of the Court, even though a smaller amount would not cause the fund to be replenished more than once a month. For example, the petty cash fund totals \$500 whereas the average use of the petty cash funds over an 11 month period was only \$120 per month.	C	Agree. The Court Financial Officer has made the necessary changes to the petty cash fund and the limit is set at \$200.	Court Financial Officer	July 2012
		3	Although the Court assigned a new custodian of the petty cash fund on July 1, 2009, it did not document a change in the petty cash custodian. For example, the Court Fiscal Officer did not complete a Petty Cash Change of Custodian form for approval by the CEO.	C	Agree. The Court Financial Officer incorporated the Petty Cash Change of Custodian form with all future custodian changes, effective February 2012	Court Financial Officer	February 2012
		Log	For five of the 30 invoices we reviewed, the mailing address on the invoice was different than the address in the SAP vendor file.	C	The Court utilizes the addresses in SAP until we received notification from the vendor otherwise.	Keri Brasil, Senior Accountant	April 2012
		Log	For eight of the 30 invoices we reviewed, the Court could not demonstrate the invoice was properly reviewed and approved by an authorized individual. (Repeat)	C	The Court will properly review and request approval for all invoices immediately.	Keri Brasil, Senior Accountant	April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
12 Fixed Assets Management								
		Log	The Court does not affix property identification tags on tangible court assets immediately upon receipt and inspection of the purchased items, leaving an opportunity for untagged assets to be lost or stolen. For example, the Court stores on the third floor new boxed items which are not affixed with a property identification tag until the item is issued to a location. As a result, the Court does not enter a record in its property database to track these untagged Court assets.		C	This process has been changed and the Courts receiver now tags every tangible court assets after the goods have been accepted.	Ramiro Herrera, Support Services Assistant	April 2012
		Log	Although the Court asserts it performed a physical inventory of Court assets in 2009, it could not provide supporting documentation to demonstrate the results of its 2009 inventory and the resolution of any noted discrepancies.		C	The Court now maintain all of the asset records in the AOC Asset software.	Ramiro Herrera, Support Services Assistant	March 2012
		Log	The Court could not locate one of the five inventory items we selected to review from the Court's asset listing. According to the information available on the asset listing, the item was an IBM Typewriter located on the 1st floor of the Main Courthouse.		C	The item was located. We will keep track of the inventory items. Supervisors have been notified to let support services know when items are transferred.	Ramiro Herrera, Support Services Assistant	March 2012
		Log	Although the Court affixed prenumbered property identification tags on all six inventory items we selected to trace from the physical item to the asset listing, we could not trace four of the six inventory items because it did not enter them on its asset listing. Three of these four inventory items were IT assets, and one was a wood podium.		C	The zero beginning in the tag number was not entered. Effective March 2012, the entire inventory tag number will be entered.	Ramiro Herrera, Support Services Assistant	March 2012
		Log	Although we successfully traced the five fixed asset items we selected to trace from the Court's asset listing to the physical item, we could not trace to the asset listing one of the four fixed asset items we selected to trace from the physical item to the asset listing.		C	The zero beginning in the tag number was not entered. Effective March 2012, the entire inventory tag number will be entered.	Ramiro Herrera, Support Services Assistant	March 2012
		Log	The Court included non-fixed asset costs in the total additions to fixed assets amount it reported in its FY 2010-2011 year-end report of fixed assets. Specifically, the Court included in the \$196,248 total additions to fixed assets amount a minor office equipment purchase totaling less than \$5,000, a 3-year onsite repair service procurement totaling nearly \$1,000, and a remote technical support procurement totaling nearly \$2,000. As a result, the Court overstated its reported FY 2010-2011 year-end fixed assets by nearly \$8,000.		C	The Court will appropriately code the costs in the correct general ledger accounts	Zachary Stovall, Buyer	March 2012
		Log	The Court misclassified costs for one of the five invoices with fixed asset costs that we selected to review. Specifically, the Court recorded in the major equipment general ledger account costs for one invoice that included nearly \$2,000 of costs for remote technical support and costs of nearly \$1,000 for onsite repair support. Because these costs are for technical support and repair services rather than tangible fixed assets, the major equipment general ledger account is not the correct account in which to record and classify these costs.		C	The Court will appropriately code the costs in the correct general ledger accounts	Zachary Stovall, Buyer	March 2012
13 Audits			No issues to report.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
14	Records Retention		No issues to report.					
15	Domestic Violence		No issues to report.					
16	Exhibits							
		Log	Although the Court inspected the exhibit room after assigning the current custodian, it does not schedule periodic inspections of the exhibit room.	C		The Court has established a schedule of periodic inspections on a quarterly basis.	Michelle Bailey, Supervising Legal Clerk	February 2012
		Log	The Court does not conduct a periodic inventory of the exhibit room, such as annually. The last inventory was performed in September 2007. (Repeat)	C		The Court has established a yearly schedule to perform a full inventory audit.	Michelle Bailey, Supervising Legal Clerk	February 2012
		Log	For two cases closed in 1993, the Court has not taken steps to return the exhibits to the presenting party or appropriate agency.	C		The Court has taken the necessary steps to notify all party's and return their exhibits.	Michelle Bailey, Supervising Legal Clerk	February 2012
		Log	Although the Court issued an "Order for Release of Exhibits for Storage" for two cases in 2007 and 2008, it has not returned these exhibits to the appropriate agency.	C		The Court has taken the necessary steps to notify all party's and return their exhibits.	Michelle Bailey, Supervising Legal Clerk	February 2012
17	Bail							
		Log	The Court does not reconcile the bond register to the CMS.	I		The Courts CMS system is not capable of reconciling the bonds and would require additional programming as well as resources.	Technology and Criminal Supervisor	April 2012
		Log	For six of the ten cases we reviewed, we were unable to determine whether the jail calculated the correct amount of bail in accordance with the published bail schedule. Specifically, our calculations using the bail schedule on the Court's Website differed significantly from the amounts calculated by the jail. However, the Court would not confirm whether it agreed or disagreed with the jail's calculations for the bail that was posted. As a result, we could not determine the reasons for these discrepancies and whether any recommendations to address any miscalculations are appropriate.	I		The Court provided documentation of the bail schedule that have been adopted by the Court and the Jail. The date in footnote is the date that the Courts Criminal Team Committee adopted. However, the Court will investigate further the reasons for the reported bail discrepancies and, if necessary, take appropriate action to ensure the jail is using the most current bail schedule and applying it correctly.	The Courts Criminal Team	April 2012
		Log	Two of the ten bail bonds we reviewed were not signed by the bail agent, but still accepted by the Court.	C		Since the Court was made aware, we've taken the necessary steps to ensure that all bonds are signed by the bail agents.	Angie Gonzales, Supervising Legal Clerk	April 2012