



**Audit of the
Superior Court of California,
County of Yolo**

AUDIT SERVICES REPORT

FEBRUARY 2015



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

This report contains confidential material for the sole use of the intended recipient(s). Any review, use, distribution, or disclosure to others is strictly prohibited until the audit report is accepted by the Judicial Council.

For authorization to distribute this report to any other parties please contact:

Mr. John A. Judnick
Principal Manager, Audit Services
Judicial Council of California
Phone: (415) 865-7450
E-mail: john.judnick@jud.ca.gov

Superior Court of California, County of Yolo

Table of Contents

MANAGEMENT SUMMARY i

STATISTICS vii

FINANCIAL STATEMENTS..... ix

PURPOSE AND SCOPE xiv

TIMING AND REVIEWS WITH MANAGEMENT xv

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration 1

- Organization
- Responsibilities and Authority

2. Fiscal Management and Budgets 11

- Financial Management
- Budget Development, Monitoring, and Reporting
- Payroll & Timekeeping

3. Fund Accounting..... 15

4. Accounting Principles and Practices..... 16

- Accounting Principles
- Revenues and Expenditures
- General Ledger
- Grant Accounting and Administration

5. Cash Collections 23

- Cash Handling
- Enhanced Collections

6. Information Systems 39

- Business Continuity
- IS Security
- Revenue Collection and Distribution

7. Banking and Treasury 51

- Banking Services
- Investments
- Trust Fund

8. Court Security 53

9. Procurement 54

- Procurement and Encumbrances
- Administration and Documentation

10. Contracts 56

- Contracts
- Memorandums of Understanding
- Contract Administration

11. Accounts Payable..... 61

- Vendor Invoice and Claim Processing
- Judge and Employee Travel Expense Reimbursement
- Business Meal Expenses
- Petty Cash

12. Fixed Assets Management 68

13. Audits 69

14. Records Retention 70

15. Domestic Violence 71

16. Exhibits 74

17. Bail 75

APPENDIX A

Issue Control Log..... 76

MANAGEMENT SUMMARY

Introduction

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

The audit of the Superior Court of California, County of Yolo (Court) was initiated by Audit Services in July 2014. Depending on the size of the court, the audit process typically involves three or four audit cycles encompassing the following primary areas:

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

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

Compliance with the 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 Audit Services believes that FISMA may not apply to the judicial branch, Audit Services understands that FISMA represents good public policy and conducts 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.

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

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

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

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

Audit Issues Overview

This audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that Audit Services did not consider significant enough to include in the report, but were nonetheless communicated to court management. The audit identified 131 issues (42 considered minor and only reported in Appendix A of this report) with the majority of the issues being in cash collections (42), information systems (26), and accounts payable (17). At the time of our exit with the Court, 46 of the 131, or 35% of the issues indicated corrective action completed of which 23 were in cash collections and eight in accounts payable. The Court subsequently represented to Audit Services that it completed corrective action for a significant number of additional issues. Audit Services provided the Court with opportunities to respond to all the issues identified in this report and included these responses in the report to provide the Court's perspective. The Court disagreed with two issues, "agreed in part" with fourteen, and had five issues which were repeats from the prior audit. Additionally, for two of the Court's responses Audit Services provided comments to provide clarity and perspective. Audit Services did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

Although the audit identified other 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. In addition, the Court needs to improve its oversight of fiscal and administrative areas to ensure consistency in procurement, accounts payable, and revenue distribution. These issues are summarized below:

Some Court Judicial and Executive Benefits Need To Be Reconsidered (Issue 1.1)

The Court did not follow the intent and spirit of the Judicial Council's *Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefit* (Interim Procedures).

Specifically, the Court paid court-funded supplemental judicial benefits in 2014 that exceeded the court-funded supplemental judicial benefits it paid to judges as of July 1, 2008. This increase was the result of the Court deciding in December 2012 to assume the county-paid supplemental judicial benefits the county planned to eliminate beginning in January 2013 for two judges and continuing thereafter through 2017 for the remainder of the judges.

Additionally, the Court paid judges what is in effect a court-funded cash allowance benefit that is based on the cost of a mid-range PPO health plan. However, contrary to the Judicial Council's Interim Procedures, the Court does not restrict these payments solely to pay or reimburse judges for their actual documented health plan costs, nor encourage judges to accept only the actual cost of the intended activities.

Further, although for 2014 the Court suspended the prior years' increases to the court-funded supplemental judicial benefits that it authorized subsequent to July 1, 2008, its November 2013 administrative order left open the possibility for the Presiding Judge or a majority of judges to revisit this administrative order and increase these court-funded supplemental judicial benefits beyond the July 1, 2008, levels again in the future contrary to the Judicial Council's Interim Procedures.

Also, Court executive staff benefits include county-paid insurance benefits that may create a perception of a potential conflict of interest, such as when Court executives receive county-paid benefits and make or participate in making court business decisions that involve the county, as when negotiating or signing MOUs between the Court and county.

The Court agreed with the recommendations and responded that it will immediately comply with the Interim Procedures. Additionally, the Court indicated that it has sent a letter requesting that the County annually bill the Court for the county paid executive benefits.

Better Accounting and Reporting of Financial Transactions is Needed (Issue 4.1)

Internal and external users of court financial information depend on reliable court financial data and reports to obtain the information they need to evaluate court finances. Accordingly, the FIN Manual, establishes uniform guidelines and accounting principles for courts to follow when gathering, summarizing, and reporting accounting information associated with the fiscal operations of each court. Our review determined that the Court does not always properly account for and report its financial transactions. Specifically, the Court did not always retain information to sufficiently support the amounts it reported in its June 30, 2014, financial statements. For example, we noted the following:

- Although the Court reported lease expenditures, we could not vouch the total amount reported because it did not provide the schedules needed to support how these total expenditures tie to its general ledger expenditure account balances.
- The Court's fiscal year 2013-14 accrual and adjusting entries revealed a revenue recognition error and an adjusting entry that was not sufficiently supported.
- The Court does not enter purchase orders in its automated accounting system to establish encumbrances and reserve fund balance for all of its contracts and agreements. In addition, it recorded legally restricted revenues in the general fund instead of in a special revenue fund.

- The Revenue Collected in Advance general ledger account had a large balance at the close of fiscal year 2013-14, but the Court could not provide information regarding the types of revenue that constitute the balance.
- Several of the June 30, 2014, general ledger accounts had abnormal balances—asset and expenditure accounts are normally debit balances, whereas liability and revenue accounts are normally credit balances.

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

The Court Could Strengthen Some Cash Handling Procedures (Issue 5.1)

To protect the integrity of the court and its employees and to promote public confidence, the FIN Manual provides courts with uniform guidelines, such as the following, for handling cash transactions:

- receiving and accounting for payments from the public;
- securing change funds, unprocessed payments, or other valuable documents by housing them in a safe or vault;
- assuring appropriate segregation of duties that will help safeguard trial court assets by assigning work so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties;
- verifying beginning of the day cash and balancing end-of-the-day collections to the CMS;
- use of manual receipts when the automated accounting system fails; and
- depositing of daily collections which requires an employee (preferably a supervisor or higher-level manager), other than the person who prepares the deposit, to sign and date the deposit slip verifying that the cash receipts have been deposited in total.

If court procedures differ from the procedures in the FIN Manual, courts must document and obtain JCC approval of their alternative procedures to be considered valid for audit purposes.

Our review of the court's cash handling practices and associated documents found that the Court could follow more consistent cash handling and accounting practices and could strengthen its procedures. For example, we observed the following:

- Unprocessed mail payments and other unprocessed civil filings left unsecured overnight on an employee's desk.
- The Court did not always implement business processes with adequate segregation of duties. Specifically, at all four cash collection locations we reviewed, cashiers who received and processed payments also verified each other's daily balancing and closeout results at the end of the day, and also prepared their own deposits and verified each other's deposits without sufficient supervisory oversight.
- At three of the four cash collection locations reviewed, the Court used a till form instead of a beginning cash verification log.
- At all four cash collection locations reviewed, a supervisor or senior clerk does not verify each cashier's daily collections to the end-of-day closeout report as required by the FIN Manual. Instead, the Court allows cashiers to verify each others' daily collections and the end-of-day closeout reports. The senior clerk later compares only the paperwork completed

by the cashiers to the CMS report and initials the paperwork to indicate that the paperwork agrees.

- The Court does not properly secure, control, and account for its handwritten receipts (manual receipts).
- The Court does not consistently follow the suggested FIN Manual procedures for processing and tracking the payments received through the mail.
- At two cash collection locations, a fiscal office employee gathers all of the individual deposit bags that cashiers prepared the night before and places them into a larger deposit bag for the courier to pick up, but does not compare the daily deposit totals to an aggregated CMS report to ensure that each cashier who entered collections prepared a deposit.
- The cash collection location supervisors do not conduct a secondary review and verification of the individual or aggregated bank deposits. Instead, the Court allows cashiers to verify each other's end-of-day collections and deposits without the required supervisory verification or sufficient supervisory oversight.

The Court agreed with most of the recommendations and indicates taking corrective action to address the noted issues. However, it does not agree its current practice for preparing and verifying its end-of-day cashier deposits violates the relevant FIN Manual policies. To provide clarity and perspective, we included comments within the body of the report after the response by the Court.

Enhanced Collections Efforts Could Be More Efficient and Effective (Issue 5.3)

Penal Code requires the Judicial Council to adopt guidelines for a comprehensive program to collect the moneys owed for forfeitures, fines, penalties, fees, and assessments imposed by court order. Our review of the Court's enhanced collections program determined that although the Court operates a comprehensive collections program, it could improve the efficiency, effectiveness, and internal controls over its collection efforts. Specifically, the Court refers cases with delinquent amounts to its third-party collection agency after it works the case for approximately 160 days. However, the Court policy of working cases for 160 days before referral is not always efficient and effective because it continues to work cases for at least 160 days even though the monthly notices to delinquent parties are returned undeliverable and it cannot contact the party by telephone, or the party fails to pay as promised. Further, we noted that it does not impose the civil assessments and does not refer cases to its collection agency in a timely manner.

Also, the Court does not receive sufficient information from the collection agency to determine whether the commission fees it pays are accurate. Specifically, the collection and commission report the Court receives from the collection agency does not provide the information the Court needs to determine which commission fee applies.

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

The Court Needs to Better Distribute Its Collections (Issue 6.2)

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 (UB&PS) issued by the Judicial Council to calculate and distribute these court collections to the appropriate State and local funds.

Our review of the Court calculations and distributions of collections noted an internal control weakness, as well as various calculation and distribution errors. For example, we noted that the Court does not sufficiently restrict access to the CMS financial code tables it configures to calculate and distribute collections. The Court also imposes local penalties that are not supported by County Board of Supervisors resolutions. Further, some of the distribution codes the Court uses do not accurately correspond to their respective distribution components or entities. In addition, the Court made various calculation and distribution errors, including not transferring the 2% State Automation amount from the State Restitution Fine, incorrectly distributing the \$15 fee for collecting the restitution fine to the Court instead of to the County, and distribution variances that indicate the Court calculates incorrect distributions for various base fine, penalties, and surcharges. Further, the Court calculated incorrect distributions for the various traffic, health and safety, and fish and game cases reviewed.

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

Agreements and Stronger Invoice Review Are Needed for Some County-Provided Services (Issue 10.1)

Government Code requires a court to enter into a contract with the county to define the services the court desires to receive from the county and the services the county agrees to provide to the court. Our review revealed that the Court does not have a current MOU with the County for all the county-provided services it receives. Moreover, which County MOUs and provisions remain current and valid is unclear as the Court has several MOUs and related amendments with the County that span several years during which time both parties added and rescinded various provisions. Further, although the County invoices included sufficient support for the costs charged, the Court did not consistently match its payments to an MOU, and not all payments reviewed were for allowable court operation costs. Specifically, two of the Court payments to the County did not match to a current and active MOU, nor were the county-provided services specifically identified in any MOU. Moreover, the Court executed an MOU to fund a County program and made the associated payments; however, payments to fund a county program are not an allowable court operations costs and, therefore, not an allowable use of court operations funds.

The Court agreed with most of the recommendations and indicates taking corrective action to address the noted issues. However, the Court disagrees that its MOU with the County was for unallowable court operations costs. The Court asserts it entered the MOU with the County after the Presiding Judge returned from a “Beyond the Bench” conference, and that the activities supported by the funding to the County was a collaborative training benefitting all partners in the juvenile court and that was built on the model developed at the conference. To provide clarity and perspective, we included comments within the body of the report after the response by the Court.

STATISTICS

The Superior Court of California, County of Yolo (Court), operates from five court locations in the city of Woodland. The Court has 10 judges, a full-time, and a part-time subordinate judicial officer, and employs approximately 102 court staff to fulfill its operational and administrative activities. It incurred total trial court expenditures of more than \$12.9 million for the fiscal year that ended June 30, 2014.

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 2013–2014, the Court received some services from the County of Yolo (County). For instance, the Court received County-provided services such as janitorial, civil drug testing, insurance, and dependency counsel services. At the time of our review, the County-provided janitorial and civil drug testing services were not specifically covered under a Court-County Memorandum of Understanding (MOU). Also, County-provided insurance and dependency counsel services were covered in separate MOUs, and the Court received court security services from the County Sheriff that were covered in the Court-Sheriff MOU.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2015)	209,393
<small>Source: California Department of Finance</small>	
Number of Court Locations	5
Number of Courtrooms	13
<small>Source: Superior Court of California, County of Yolo</small>	
Number of Case Filings in FY 2012–2013:	
Criminal Filings:	
▪ Felonies	1,692
▪ Non-Traffic Misdemeanor	2,537
▪ Non-Traffic Infractions	225
▪ Traffic Misdemeanors	2,934
▪ Traffic Infractions	25,031
Civil Filings:	
▪ Civil Unlimited	706
▪ Motor Vehicle PI/PD/WD	113
▪ Other PI/PD/WD	47

<ul style="list-style-type: none"> ▪ Other Civil Complaints & Petitions ▪ Small Claims Appeals ▪ 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"> ▪ Probate ▪ Mental Health ▪ Appeals ▪ Habeas Corpus Criminal 	<p>534</p> <p>12</p> <p>1,667</p> <p>456</p> <p>657</p> <p>1,416</p> <p>320</p> <p>0</p> <p>196</p> <p>4</p> <p>216</p> <p>54</p> <p>29</p> <p>0</p>
Source: Judicial Council of California's 2014 Court Statistics Report	
Judicial Officers as of June 30, 2013:	
Authorized Judgeships	11
Authorized Subordinate Judicial Officers	2.4
Source: Judicial Council of California's 2014 Court Statistics Report	
Court Staff as of FY 2013-2014:	
Total Authorized FTE Positions	102
Total Filled FTE Positions	102
Total Fiscal Staff	4
Source: Superior Court of California, County of Yolo	
Select FY 2013-2014 Financial Information:	
Total Financing Sources	\$11,413,920
Total Expenditures	\$12,905,619
Total Personal Services Costs	\$8,361,305
Total Temporary Help Costs	\$672
Source: FY 2013–2014 Quarterly Financial Statements – Fourth Quarter	
FY 2013–2014 Average Daily Collections	\$54,254
Source: Superior Court of California, County of Yolo	

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

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

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

The comparative prior fiscal year 2012–2013 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers. Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

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

- **Governmental**
 - **General** – Used as the primary 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**

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

- **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore

cannot be used to support the government's own programs.”¹ Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.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 funds included here are:
- Civil Filing Fees Fund – 450000
 - Treasury Fund – 910000

¹ GASB Statement No. 34, paragraph 69.

² GASB Statement No. 34, paragraph 12.

**Superior Court of California, County of Yolo
 Trial Court Operations Fund
 Balance Sheet
 (Unaudited)**

As of June 30,							
2014							
	Governmental Funds				Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue Non-Grant	Grant	Capital Project			
ASSETS							
Operations	\$ (501,060)	\$ 364,154	\$ 0	\$ 272	\$ 0	\$ (136,634)	\$ (45,982)
Payroll	\$ 0	\$ 0				\$ 0	\$ 0
Jury	\$ 14,142					\$ 14,142	\$ 14,142
Revolving							
Other							
Distribution							
Civil Filing Fees					\$ 0	\$ 0	\$ 0
Cash on Hand	\$ 1,535					\$ 1,535	\$ 1,535
Cash with County	\$ 0					\$ 0	\$ 0
Cash Outside of the AOC					\$ 3,430,681	\$ 3,430,681	
Total Cash	\$ (485,383)	\$ 364,154	\$ 0	\$ 272	\$ 3,430,681	\$ 3,309,724	\$ (30,305)
Short Term Investment							
Investment in Financial Institution	\$ 2,024,962				\$ 1	\$ 2,024,964	\$ 3,211,328
Total Investments	\$ 2,024,962				\$ 1	\$ 2,024,964	\$ 3,211,328
Accrued Revenue	\$ 1,466	\$ 40	\$ 0	\$ 0		\$ 1,506	\$ 1,775
Accounts Receivable - General			\$ 0			\$ 0	\$ 206,659
Dishonored Checks							
Due From Employee	\$ 0					\$ 0	\$ 0
Civil Jury Fees							
Due From Other Funds	\$ 322,635					\$ 322,635	\$ 440,928
Due From Other Governments	\$ 27,217	\$ 284,676				\$ 311,893	\$ 370,757
Due From Other Courts					\$ 0	\$ 0	\$ 0
Due From State	\$ 238,503	\$ 4,046	\$ 71,246			\$ 313,795	\$ 291,678
Trust Due To/From							
Distribution Due To/From							
Civil Filing Fee Due To/From							
General Due To/From							
Total Receivables	\$ 589,820	\$ 288,762	\$ 71,246	\$ 0	\$ 0	\$ 949,828	\$ 1,311,797
Prepaid Expenses - General							
Salary and Travel Advances							
Counties							
Total Prepaid Expenses							
Other Assets							
Total Other Assets							
Total Assets	\$ 2,129,400	\$ 652,916	\$ 71,246	\$ 272	\$ 3,430,682	\$ 6,284,516	\$ 4,492,819
LIABILITIES AND FUND BALANCES							
Accrued Liabilities	\$ 237,945	\$ 6,749	\$ 317			\$ 245,011	\$ 119,171
Accounts Payable - General	\$ 146,326	\$ 349	\$ 254	\$ 0	\$ 0	\$ 146,929	\$ 292
Due to Other Funds	\$ 0	\$ 253,395	\$ 69,240			\$ 322,635	\$ 440,928
Due to Other Courts							
Due to State	\$ 97,721					\$ 97,721	\$ 37,446
TC145 Liability					\$ 0	\$ 0	\$ 323,017
Due to Other Governments	\$ 581					\$ 581	\$ 1,984
AB145 Due to Other Government Agency							
Due to Other Public Agencies							
Interest					\$ 1	\$ 1	\$ 6
Miscellaneous Accts. Pay. and Accrued Liab.							
Total Accounts Payable and Accrued Liab.	\$ 482,573	\$ 260,493	\$ 69,811	\$ 0	\$ 1	\$ 812,878	\$ 922,843
Civil							
Criminal							
Trust Held Outside of the AOC					\$ 3,430,681	\$ 3,430,681	
Trust Interest Payable							
Miscellaneous Trust							
Total Trust Deposits					\$ 3,430,681	\$ 3,430,681	
Accrued Payroll	\$ 28,463	\$ 1,654	\$ 1,435			\$ 31,553	\$ 0
Benefits Payable	\$ 39,229	\$ 0				\$ 39,229	\$ 106,945
Deferred Compensation Payable	\$ 7,965	\$ 0				\$ 7,965	\$ 0
Deductions Payable	\$ 125,285	\$ 0				\$ 125,285	\$ 196,822
Payroll Clearing	\$ 178,418	\$ 22,292				\$ 200,709	\$ 139,758
Total Payroll Liabilities	\$ 379,360	\$ 23,946	\$ 1,435			\$ 404,741	\$ 443,526
Revenue Collected in Advance	\$ 438,438					\$ 438,438	\$ 438,438
Liabilities For Deposits	\$ 22,499					\$ 22,499	\$ 21,034
Jury Fees - Non-Interest							
Fees - Partial Payment & Overpayment							
Uncleared Collections	\$ 0					\$ 0	\$ 0
Other Miscellaneous Liabilities							
Total Other Liabilities	\$ 460,937					\$ 460,937	\$ 459,472
Total Liabilities	\$ 1,322,869	\$ 284,439	\$ 71,246	\$ 0	\$ 3,430,682	\$ 5,109,236	\$ 1,825,841
Total Fund Balance	\$ 806,531	\$ 368,477	\$ 0	\$ 272		\$ 1,175,279	\$ 2,666,978
Total Liabilities and Fund Balance	\$ 2,129,400	\$ 652,916	\$ 71,246	\$ 272	\$ 3,430,682	\$ 6,284,516	\$ 4,492,819

Source: Phoenix Financial System

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

	2013-2014				2012-2013			
	Governmental Funds				Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue		Capital Projects				
		Non-Grant	Grant					
REVENUES								
State Financing Sources								
Trial Court Trust Fund	\$ 8,502,112	\$ 48,552			\$ 8,550,664	\$ 8,516,305	\$ 6,645,047	\$ 6,528,039
Improvement and Modernization Fund	\$ 28,527				\$ 28,527	\$ 25,604	\$ 28,646	\$ 25,608
Judges' Compensation (45.25)	\$ 75,637				\$ 75,637	\$ 75,000	\$ 82,500	\$ 82,500
Court Interpreter (45.45)	\$ 524,562				\$ 524,562	\$ 450,006	\$ 428,699	\$ 577,194
Civil Coordination Reimbursement (45.55)								
MOU Reimbursements (45.10 and General)	\$ 497,926				\$ 497,926	\$ 504,911	\$ 456,923	\$ 527,601
Other Miscellaneous	\$ 210,076				\$ 210,076	\$ 210,076	\$ 423,424	\$ 128,079
	\$ 9,838,840	\$ 48,552			\$ 9,887,392	\$ 9,781,902	\$ 8,065,239	\$ 7,869,021
Grants								
AB 1058 Commissioner/Facilitator			\$ 322,160		\$ 322,160	\$ 348,071	\$ 355,161	\$ 348,071
Other AOC Grants			\$ 10,825		\$ 10,825	\$ 11,065	\$ 3,651	\$ 6,878
Non-AOC Grants								
			\$ 332,985		\$ 332,985	\$ 359,136	\$ 358,812	\$ 354,949
Other Financing Sources								
Interest Income	\$ 8,509	\$ 141		\$ 0	\$ 8,650	\$ 10,000	\$ 12,323	\$ 18,000
Investment Income								
Donations	\$ 3,150				\$ 3,150		\$ 1,800	
Local Fees	\$ 274,362				\$ 274,362	\$ 328,400	\$ 401,200	\$ 415,500
Non-Fee Revenues	\$ 175,972				\$ 175,972	\$ 141,621	\$ 119,945	\$ 35,600
Enhanced Collections		\$ 692,080			\$ 692,080	\$ 836,585	\$ 781,850	\$ 858,104
Escheatment								
Prior Year Revenue	\$ (275,002)	\$ 275,002	\$ (15,988)		\$ (15,988)		\$ (18,026)	
County Program - Restricted								
Reimbursement Other	\$ 53,690				\$ 53,690	\$ 50,000	\$ 32,043	\$ 6,000
Sale of Fixed Assets								
Other Miscellaneous	\$ 1,628				\$ 1,628		\$ 84	
	\$ 242,308	\$ 967,224	\$ (15,988)	\$ 0	\$ 1,193,543	\$ 1,366,606	\$ 1,331,219	\$ 1,333,204
Total Revenues	\$ 10,081,148	\$ 1,015,776	\$ 316,997	\$ 0	\$ 11,413,920	\$ 11,507,644	\$ 9,755,270	\$ 9,557,174
EXPENDITURES								
Personal Services								
Salaries - Permanent	\$ 4,697,451	\$ 260,470	\$ 212,617		\$ 5,170,539	\$ 5,009,769	\$ 5,184,516	\$ 4,924,911
Temp Help	\$ 672				\$ 672			
Overtime	\$ 89				\$ 89		\$ 139	
Staff Benefits	\$ 2,944,186	\$ 143,107	\$ 102,712		\$ 3,190,005	\$ 3,283,846	\$ 3,457,328	\$ 3,362,574
	\$ 7,642,398	\$ 403,577	\$ 315,329		\$ 8,361,305	\$ 8,293,615	\$ 8,641,983	\$ 8,287,485
Operating Expenses and Equipment								
General Expense	\$ 516,515	\$ 854	\$ 8,812		\$ 526,180	\$ 557,550	\$ 261,122	\$ 300,375
Printing	\$ 39,448	\$ 444			\$ 39,892	\$ 19,000	\$ 20,725	\$ 24,475
Telecommunications	\$ 63,249				\$ 63,249	\$ 165,800	\$ 49,852	\$ 78,200
Postage	\$ 75,118	\$ 61,679			\$ 136,796	\$ 124,250	\$ 119,013	\$ 136,650
Insurance	\$ 5,605				\$ 5,605	\$ 3,200	\$ 5,406	\$ 3,500
In-State Travel	\$ 6,996		\$ 1,246		\$ 8,242	\$ 5,950	\$ 5,168	\$ 8,725
Out-of-State Travel								
Training	\$ 2,345		\$ 650		\$ 2,995	\$ 5,450	\$ 9,741	\$ 4,350
Security Services	\$ 392,196		\$ 10,308		\$ 402,504	\$ 509,300	\$ 492,355	\$ 505,000
Facility Operations	\$ 512,381	\$ 0			\$ 512,381	\$ 424,203	\$ 268,407	\$ 255,800
Utilities	\$ 13,904				\$ 13,904	\$ 13,000	\$ 12,580	\$ 20,000
Contracted Services	\$ 1,797,274	\$ 182,773	\$ 4,960		\$ 1,985,007	\$ 2,224,975	\$ 1,487,456	\$ 1,728,292
Consulting and Professional Services	\$ 9,116				\$ 9,116	\$ 2,850	\$ 2,788	\$ 3,700
Information Technology	\$ 193,462				\$ 193,462	\$ 463,845	\$ 286,407	\$ 114,500
Major Equipment	\$ 177,095				\$ 177,095	\$ 0	\$ 0	\$ 20,000
Other Items of Expense	\$ 1,859				\$ 1,859	\$ 1,000	\$ 1,094	\$ 600
	\$ 3,806,561	\$ 245,749	\$ 25,976		\$ 4,078,287	\$ 4,520,373	\$ 3,022,114	\$ 3,204,167
Special Items of Expense								
Grand Jury								
Jury Costs	\$ 115,321				\$ 115,321	\$ 132,800	\$ 99,558	\$ 118,200
Judgements, Settlements and Claims								
Debt Service								
Other	\$ 350,706				\$ 350,706			
Capital Costs								
Internal Cost Recovery	\$ (83,259)	\$ 42,754	\$ 40,505		\$ 0	\$ 0	\$ 0	\$ 0
Prior Year Expense Adjustment							\$ 7,255	
	\$ 382,769	\$ 42,754	\$ 40,505		\$ 466,027	\$ 132,800	\$ 106,813	\$ 118,200
Total Expenditures	\$ 11,831,728	\$ 692,080	\$ 381,810		\$ 12,905,619	\$ 12,946,788	\$ 11,770,910	\$ 11,609,852
Excess (Deficit) of Revenues Over Expenditures	\$ (1,750,581)	\$ 323,695	\$ (64,814)	\$ 0	\$ (1,491,699)	\$ (1,439,144)	\$ (2,015,640)	\$ (2,052,678)
Operating Transfers In (Out)	\$ (64,814)		\$ 64,814		\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)								
Beginning Balance (Deficit)	\$ 2,621,925	\$ 44,782	\$ 0	\$ 272	\$ 2,666,978	\$ 2,666,978	\$ 4,682,618	\$ 4,682,618
Ending Balance (Deficit)	\$ 806,531	\$ 368,477	\$ 0	\$ 272	\$ 1,175,279	\$ 1,227,834	\$ 2,666,978	\$ 2,629,940

Source: Phoenix Financial System

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

	2013-2014					2012-2013	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:							
Judges & Courtroom Support	\$ 3,094,266	\$ 401,021		\$ 3,495,286	\$ 3,618,146	\$ 3,516,393	\$ 3,866,345
Traffic & Other Infractions	\$ 470,132	\$ 28,443		\$ 498,575	\$ 487,116	\$ 427,173	\$ 486,274
Other Criminal Cases	\$ 525,618	\$ 36,041		\$ 561,659	\$ 558,092	\$ 491,468	\$ 544,010
Civil	\$ 304,681	\$ 9,699		\$ 314,379	\$ 361,775	\$ 332,891	\$ 364,185
Family & Children Services	\$ 426,160	\$ 95,039		\$ 521,199	\$ 464,714	\$ 500,927	\$ 426,911
Probate, Guardianship & Mental Health Services	\$ 64,782	\$ 88,177		\$ 152,959	\$ 161,321	\$ 150,041	\$ 157,541
Juvenile Dependency Services	\$ 21,136	\$ 354,750		\$ 375,886	\$ 370,563	\$ 335,306	\$ 364,323
Juvenile Delinquency Services	\$ 27,628	\$ 15,589		\$ 43,217	\$ 44,505	\$ 32,497	\$ 43,824
Other Court Operations	\$ 503,221	\$ 11,624		\$ 514,846	\$ 501,653	\$ 444,264	\$ 426,759
Court Interpreters	\$ 125,053	\$ 418,584		\$ 543,637	\$ 450,006	\$ 491,577	\$ 577,194
Jury Services	\$ 138,682	\$ 94,442	\$ 115,321	\$ 348,446	\$ 297,791	\$ 259,595	\$ 280,993
Security		\$ 409,123		\$ 409,123	\$ 496,700	\$ 514,771	\$ 530,860
Trial Court Operations Program	\$ 5,701,358	\$ 1,962,532	\$ 115,321	\$ 7,779,212	\$ 7,812,382	\$ 7,496,903	\$ 8,069,219
Enhanced Collections	\$ 403,577	\$ 245,749		\$ 692,080	\$ 767,616	\$ 781,850	\$ 858,104
Other Non-Court Operations	\$ 76,973	\$ 1,462		\$ 78,435	\$ 88,255	\$ 88,280	\$ 111,689
Non-Court Operations Program	\$ 480,550	\$ 247,212		\$ 770,516	\$ 855,871	\$ 870,130	\$ 969,793
Executive Office	\$ 948,738	\$ 23,888	\$ 350,706	\$ 1,280,579	\$ 735,651	\$ 1,366,997	\$ 742,884
Fiscal Services	\$ 398,517	\$ 67,362		\$ 465,880	\$ 486,947	\$ 492,514	\$ 515,582
Human Resources	\$ 308,986	\$ 46,059		\$ 355,045	\$ 342,945	\$ 332,627	\$ 256,276
Business & Facilities Services		\$ 930,586		\$ 930,586	\$ 1,568,295	\$ 383,712	\$ 378,000
Information Technology	\$ 523,156	\$ 800,647		\$ 1,323,803	\$ 1,144,697	\$ 828,027	\$ 678,098
Court Administration Program	\$ 2,179,396	\$ 1,868,543	\$ 350,706	\$ 4,355,891	\$ 4,278,535	\$ 3,403,877	\$ 2,570,840
Expenditures Not Distributed or Posted to a Program							
Prior Year Adjustments Not Posted to a Program							
Total	\$ 8,361,305	\$ 4,078,287	\$ 466,027	\$ 12,905,619	\$ 12,946,788	\$ 11,770,910	\$ 11,609,852

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 Yolo (Court) has:

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

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, financial accounting and reporting, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2013–2014.

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

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on March 12, 2014.

The entrance meeting was held with the Court on June 18, 2014.

Audit fieldwork commenced on July 28, 2014.

Fieldwork was completed in February 2015.

Preliminary audit results were communicated and discussed with Court management during the course of the review. Review and discussion of the draft audit report issues with Court personnel was held on the following dates:

July 2, 2015

- Shawn C. Landry, Court Executive Officer
- Cathleen Berger, Deputy Court Executive Officer
- Leanne Sweeney, Court Financial Officer

- Darcy Henderson, Human Resources Manager

August 4, 2015

- Hon. Kathleen M. White, Presiding Judge
- Hon. Steven M. Basha, Assistant Presiding Judge
- Hon. David Rosenberg
- Shawn C. Landry, Court Executive Officer

Audit Services received the Court's final management responses to the audit issues and recommendations on August 31, 2015. Audit Services incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review on October 5, 2015. On September 1, 2015, the Court indicated that another exit was not necessary before AS presented the report to the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch and then the Judicial Council.

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

Dawn Tomita, Senior Auditor (auditor-in-charge)
Eduardo Duran, Auditor II
Lorraine De Leon, Auditor II
Steven D. Lewis, Auditor I
Mami Nakashita, Auditor I

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Revenue				
** 833000-PROGRAM 45.25 - REIMBU	75,637.00	82,500.00	(6,863.00)	-8.32%
Expenditures				
* 906300 - SALARIES - JUDICIAL	530,261.24	521,970.58	8,290.66	1.59%
* 920500 - DUES AND MEMBERSHIPS	2,200.00	2,725.00	(525.00)	-19.27%
* 933100 - TRAINING	2,995.00	9,741.00	(6,746.00)	-69.25%

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

- Expense restrictions 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.
- 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.

The following issues are associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

1.1 Some Court Judicial and Executive Benefits Should Be Reconsidered

Background

The Judicial Council of California (Judicial Council), the governing body of the California court system, was established by the California Constitution (Constitution) and has policy and rule-making authority over the California courts, including the trial courts. The duties and responsibilities of the Judicial Council are defined by the Constitution and State statute. The Constitution directs the Judicial Council to make recommendations annually to the Governor and the Legislature, and adopt rules of court administration, practice, and procedure. Consistent with this directive, the Judicial Council operates by adopting rules, policies, and procedures. The rule-making authority is constitutionally derived, and the policy- and procedure-making authority stems primarily from statute. The Judicial Council also establishes advisory committees and task forces to assist in its decision making.

The Lockyer-Isenberg Trial Court Funding Act of 1997 requires the trial courts to assume new responsibilities for fiscal management and to be accountable for their use of public resources. Consistent with its constitutional authority, the requirements of the Lockyer-Isenberg Trial Court Funding Act of 1997, and other legislation, the Judicial Council has established financial rules that allow and require the trial courts to operate responsibly.

With respect to the operation and fiscal management of the trial courts, the Judicial Council has the responsibility and authority to:

- a. Adopt a budget and allocate funding for the trial courts.
- b. Adopt policies and procedures governing practices and procedures for budgeting in the trial courts.
- c. Maintain appropriate regulations for recordkeeping and accounting by the courts in consultation with the State Controller.
- d. Adopt rules ensuring that, upon written request, the trial courts provide, in a timely manner, information relating to the administration of the courts, including financial information.
- e. Prepare budget requests for the courts and oversee the allocation and management of the court system's budget.
- f. Allocate resources in a manner that enables the trial courts to carry out their functions, and promote the implementation of statewide policies, efficiencies and cost saving measures in court operations.
- g. Adopt a schedule for allocating funds to individual trial courts.

To address ongoing concerns over the legal authority for supplemental judicial benefits, the Judicial Council, the Legislature, and the Governor worked to enact legislation in 2009 to

authorize supplemental judicial benefits. As a result, Government Code Section (GC) 68220 provides that judges who received supplemental judicial benefits from the county or the court, or both, as of July 1, 2008, shall continue to receive supplemental benefits from the county or the court on the same terms and conditions as were in effect on July 1, 2008. In addition, GC 68222 provides that nothing in the act shall require the Judicial Council to increase funding to a court for the purpose of paying judicial benefits or obligate the State or the Judicial Council to pay for benefits previously provided by the county or the court.

Consistent with this legislation regarding supplemental judicial benefits, in April 2009, after public comment and vetting, the Judicial Council adopted *Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits* (Interim Procedures). The Judicial Council adopted the Interim Procedures to provide for further accountability and to enhance public trust and confidence in the court system by regulating the supplemental benefits paid by courts, and requiring courts that provide such benefits to keep records and report practices. The Interim Procedures require record keeping of and reporting on supplemental judicial benefits, establish a presumption that cash allowances generally be in the nature of payment for or reimbursement of expenses, and prohibit new court-funded benefits or an increase in any existing court-funded benefits. The following is a summary of the six interim procedures adopted by the Judicial Council:

1. Courts must have and maintain documentation that shows the total cost to the court of court-funded supplemental judicial benefits, the source of money used to pay the court-funded supplemental benefits, and the per judge cost of court-funded supplemental benefits. In addition, courts must report this information to the Judicial Council by June 30, 2009, and thereafter as requested.
2. Courts must have and maintain documentation that shows the eligibility requirements, identity of the payee, date and method by which the judicial benefit was established, the terms and conditions applicable to each benefit and method by which established, and any documentation evidencing establishment. In addition, courts must report this information to the Judicial Council by June 30, 2009, and thereafter as requested.
3. Courts must not increase either the level of any supplemental judicial benefit or the total amount per judge paid by the court for supplemental judicial benefits above the actual level of, and court expenditures per judge for, benefits as of July 1, 2008. Money that was previously used to provide unrestricted cash allowances or cash-in-lieu benefits may be used to pay the increased costs of other benefits.
4. Courts that provide a car allowance to judges must not also provide mileage reimbursement to the same judges absent clear evidence that the car allowance was established with the intent that it be in addition to mileage reimbursement.
5. Courts that provide other cash allowance benefits to judges for a specified purpose must restrict payment of that allowance to payment or reimbursement of actual documented expenditures absent clear evidence that the benefit was established with the intent that it be paid regardless of whether the activities related to the specified purpose are

undertaken. In the later situation, courts should encourage judges to accept only the actual cost of activities that the cash allowance is intended to support. For example, a cash allowance for professional development should be provided to pay for professional development activities that are undertaken, as opposed to providing a lump-sum cash payment regardless of whether such activities are undertaken.

6. Courts must not establish any new judicial benefit and must not assume the cost or otherwise pay for a county-paid judicial benefit if the county terminates funding for or provision of a judicial benefit.

As mentioned above, the Judicial Council received and considered public comments before adopting the 2009 Interim Procedures. The Presiding Judge of the California Superior Court, County of Yolo (Court), at that time expressed the view of the Court that the Interim Procedures exceeded the powers delegated to the Judicial Council by Government Code section 68220. In particular, the Presiding Judge noted that Government Code section 68220 provides, by its express language, that judges shall continue to receive supplemental benefits from the county or court, or both, then paying benefits on the same terms and conditions as were in effect on July 1, 2008. The Judicial Council considered all of the comments and recognized the concerns expressed but approved the procedures to further accountability of and public trust and confidence in the court system.

Further, the FIN Manual provides that courts must maintain the highest standard of ethics and level of integrity to inspire public confidence and trust in the court system. Consistent with this tenet, the FIN Manual, Policy No. 1.03, requires courts to maintain effective internal control systems as an integral part of their management practices. An effective system of internal controls minimizes the court's exposure to risks and negative perceptions.

Issues

Our review of the Court's payroll processing included a review of the judicial benefits paid to judges and the benefits the Court approved for the executive unit staff. Our review found that the Court paid court-funded supplemental judicial benefits that are not consistent with Judicial Council policies and procedures, and some benefits it approved for the executive unit staff may be perceived as creating potential conflicts for executive staff. Specifically, our review noted the following:

1. The supplemental judicial benefits the Court paid to judges are not consistent with the Judicial Council's *Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits*. Specifically, contrary to the Judicial Council's Interim Procedures, the Court paid court-funded supplemental judicial benefits to judges in 2014 that exceed the court-funded supplemental judicial benefits it paid to judges as of July 1, 2008. In addition, although the Court reported the larger portion of these supplemental judicial benefits to the Judicial Council as bundled health benefits, it actually pays judges these amounts in the form of a court-issued paycheck and does not restrict these payments solely to pay or reimburse actual documented health plan expenditures. The Court previously suspended for 2014 the prior years' increases in court-funded supplemental judicial benefits that exceeded the amounts it paid to judges as of July 1, 2008, but left open the possibility that it may again

increase these court-funded supplemental judicial benefits beyond the July 1, 2008, levels in the future.

Although the total supplemental judicial benefits paid by the Court to its judges in 2014 equaled the total for the same benefits in 2008, our review revealed that the Court paid court-funded supplemental judicial benefits to judges in 2014 that exceed the court-funded supplemental judicial benefits it paid to judges as of July 1, 2008. According to the Court, the following are the supplemental judicial benefits it paid to its 10 judges in 2008 and in 2014, respectively:

2008 Supplemental Judicial Benefits	County-Funded Share	Court-Funded Share	Total Costs for 10 Judges
Benefit Package	40,400	130,346	170,746
Matching Contribution to 457 Plan	0	5,000	5,000
Life and Supplemental Insurance	0	600	600
Total	40,400	135,946	176,346

2014 Supplemental Judicial Benefits	County-Funded Share	Court-Funded Share	Total Costs for 10 Judges
Benefit Package	30,300	140,446	170,746
Matching Contribution to 457 Plan	0	5,000	5,000
Life and Supplemental Insurance (a)	0	600	600
Total	30,300	146,046	176,346

(a) According to the Court, Yolo County has not yet billed or reported these insurance costs to the Court.

As shown above, although the total costs of the 2014 supplemental judicial benefits equaled the 2008 total costs for these same benefits, the Court increased the court-funded share of the 2014 supplemental judicial benefits by \$10,100, or \$1,010 per judge, when compared to similar amounts in 2008. This increase was isolated to the Benefit Package benefit, and was the result of a December 2012 decision by the Presiding Judge (PJ) and judges to continue to pay the supplemental judicial benefits that the county planned to eliminate for each judge beginning in January 2013. Specifically, according to the notes to a December 2012 judges meeting, after the county notified the Court that it would eliminate the county-paid benefits for two specific judges beginning in January 2013 and continuing thereafter through 2017 for the remainder of the judges, the Court judges and PJ discussed and decided that the Court shall pay the amount of the benefit previously paid by the county as the notice of elimination becomes effective as to each judge. According to the Court, its decision was made to maintain pay parity among the Court's judges.

However, this increase in court-funded judicial benefits is inconsistent with the Judicial Council's Interim Procedures regarding court-funded judicial benefits. Specifically, procedure 6 of the Judicial Council's Interim Procedures provides, in part, that courts must not assume the cost or otherwise pay for a county-paid judicial benefit if the county terminates funding for or provision of a judicial benefit.

In addition, although the Court reported this supplemental judicial Benefit Package benefit to the Judicial Council as bundled health benefits, it actually pays judges these benefits in the

form of a court-issued paycheck. According to the Court, this is a continuation of the manner in which the county previously paid such benefits to judges and county department heads before the Trial Court funding Act. However, the Court does not restrict the court-funded payments to pay or reimburse judges, or encourage judges to use the court-funded payments, for actual documented health plan expenditures which is not consistent with the Judicial Council's Interim Procedures. Specifically, in 2009 the Court reported the judicial Benefit Package benefit to the Judicial Council as supplemental bundled health benefits even though the State already offers health, dental, and vision benefits to judges. According to the Court's November 2013 Administrative Order, the amount of this supplemental judicial benefit, the Benefit Package, is equal to the cost of a mid-range Preferred Provider Organization (PPO) health plan based on a family of two or more. However, the Court does not pay for the costs of a PPO health plan; instead, it combines these judicial Benefit Package payments with other earnings and pays judges these benefits in the form of a court-issued paycheck.

Furthermore, the Court does not restrict these payments solely to pay or reimburse judges for their actual documented health benefits or expenditures, or encourage judges to accept only the actual cost of the intended activities, as indicated in procedure 5 of the Judicial Council's Interim Procedures. The payroll register shows that in addition to electing to use a small portion of these payments to pay their premiums for enhanced health plan benefits, judges used most of these payments to pay for other personal items such as personal taxes, pension costs, deferred compensation, and other payments, with any residual amounts deposited into each judge's respective saving or checking accounts. Therefore, after small deductions for elective health plan-related premium costs, judges use any amounts remaining of their Benefit Package payments for other personal purposes, with residual amounts deposited into the judges' respective saving or checking accounts.

We asked the Court how it restricts, if at all, the use of the court-funded judicial benefit payments that the Court pays to judges. Specifically, we asked whether the Court restricts the use of these payments solely to pay or reimburse actual documented health plan expenditures, or does it allow judges to use these payments for whatever purpose they chose. The Court responded that it does not restrict the use of the judicial benefit. The Court added that it was a continuation of the manner in which the benefits had been categorized and paid by the county before the Trial Court Budget Act. Additionally, the Court stated that it responded in 2009 to the judicial benefits survey that there was no prior requirement that the benefit be used solely for medical costs. As a result, the Court reported the court-funded portion of the supplemental judicial Benefit Package as bundled health benefits instead of primarily as a cash allowance benefit. Further, contrary to procedure 5 of the Judicial Council's Interim Procedures, it also allows judges to use these court-funded judicial benefit payments for whatever purpose they choose, without restriction, regardless of their actual health plan costs.

In addition, for 2014 the Court suspended the prior years' annual increases to the supplemental judicial Benefit Package that it authorized subsequent to July 1, 2008, and reverted the 2014 Benefit Package amount to the July 1, 2008, levels. However, its administrative order suspending the prior years' increases also allows the PJ or a majority of

judges to request revisiting the administrative order in the future. The Court stated that the judges cut their benefits in response to a statewide fiscal crisis and to avoid laying-off employees.

Therefore, in addition to assuming the costs of supplemental judicial benefits that the county ceased providing, and providing what essentially is an unrestricted cash payment to judges as a supplemental benefit without encouraging judges to accept payment only to cover or reimburse the cost of health benefits actually incurred, the Court increased the per-judge amount it spent on supplemental judicial benefits beyond the July 1, 2008, level. Specifically, subsequent to the Judicial Council adoption of the Interim Procedures regarding court-funded supplemental judicial benefits, Court judges decided to increase the court-funded share of the judicial Benefit Package beyond the amount it paid to judges as of July 1, 2008, contrary to Judicial Council’s interim procedure 3. According to its November 2013 Court Administrative Order, the then PJ expressed the perspective of the Court that the Judicial Council’s Interim Procedures prohibiting increases in the court-funded judicial benefits above the actual level of court expenditure per judge as of July 1, 2008, exceeded the powers delegated to the Judicial Council by statute. Therefore, according to the Court, it continued to pay the supplemental judicial benefits using the same terms and conditions that existed for its judicial Benefit Package benefit on July 1, 2008, which was using the cost of a mid-range PPO as the benchmark for the amount of the judicial Benefit Package payment. This judicial benefit payment is cash sufficient to purchase a mid-range PPO should a judge elect to spend it for that purpose. Since the county share of this judicial Benefit Package benefit was fixed at \$40,400 annually, when the benchmark costs of a mid-range PPO went up, the Court funded the associated Benefit Package payment increase. The following table shows the total court-funded share of the judicial Benefit Package payments for 10 judges and any respective annual increase, and the per judge amounts of the same information, from 2008 through 2014.

Calendar Year	Total Court-Funded Share of Benefit Package	Total Increase (Decrease) From 2008	Per Judge Court-Funded Share of Benefit Package	Per Judge Increase (Decrease) from 2008
2008	130,346	0	13,035	0
2009	129,974	(372)	12,997	(37)
2010	139,616	9,270	13,962	927
2011	152,661	22,315	15,266	2,232
2012	152,661	22,315	15,266	2,232
2013	198,710	68,365	19,871	6,836
2014	140,446	10,100	14,045	1,010

Source: Calculated using amounts from the Court-provided Judges Unit Benefit Sheets and subtracting the county-funded annual share of \$40,400 from 2008 to 2012 and \$30,300 from 2013 to 2014.

As discussed earlier, although for 2014 the Court suspended its prior years’ increases to the court-funded supplemental judicial Benefit Package benefit, it left open the possibility for increasing these benefits again in the future. Specifically, the November 2013 Court Administrative Order suspended the annual increases to the court-funded judicial Benefit Package payments that the Court authorized and paid to judges subsequent to July 1, 2008. Thus, except for the previously discussed benefit payments that the court assumed after the county ceased paying its full share, the Court reverted the 2014 court-funded Benefit Package

payments to the levels that existed on July 1, 2008. However, this 2013 Administrative Order also allows the PJ or a majority of sitting judges to request in the future that this Administrative Order be revisited, leaving open the possibility that the Court may again increase these court-funded judicial benefits beyond the July 1, 2008, levels in the future.

The Administrative Order recited the history of the local benefits, the unresolved issue of differing judicial benefits from county to county, the disparity of pay between judges in the same county as a result of the unresolved statewide benefits issue, and the court's need to review this issue annually as statewide policy developed. We asked the Court how it ensures that it will continue to follow, in the future, the intent and spirit of the 2009 Judicial Council's *Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits*. The Court responded that it will continue to follow the direction received from the PJ in the 2013 Court Administrative Order. As noted above, the Court's November 2013 Administrative Order, which was adopted with the unanimous consent of all of the Court's judges, suspended recent benefit increases and thereby reduced the level of supplemental judicial benefits to the level in place on July 1, 2008. This action was taken according to the Court solely to reduce the severe economic impacts on the Court's operations and Court staff and to avoid layoffs as a result of significant budget cuts to the Judicial Branch by the Governor and the Legislature. The Court's judges believed then and continue to believe that the supplemental judicial benefits that judges at this Court have been receiving since 1997 are lawful until the Judicial Council's Judicial Recruitment and Retention Working Group completes its assigned task of addressing the differences in supplemental judicial benefits received by Superior Court judges throughout California and there is legislation enacted to implement the recommendation of this Working Group.

The Court has therefore stated that under its analysis of the law, it has adhered to the express language of Government Code section 68220 and continued the payment of supplemental judicial benefits on the same terms and conditions which were in effect on July 1, 2008. In reviewing the issue of supplemental judicial benefits, the Court believes that it is also essential to note that the Judicial Council Executive and Planning Committee and the chairs of the Policy Coordination and Liaison Committee and the Rules and Projects Committee recognized that the phrase "on the same terms and conditions" was amenable to other interpretations. Although there was agreement that the phrase could be interpreted to permit a court to pay for increased expense associated with a particular benefit as to the cost of providing that benefit increased, the final conclusion was that the more reasonable interpretation of the phrase is that a court may *not* increase the amount it pays for a specific benefit, unless additional judges are appointed. Furthermore, in conjunction with the adoption of the Interim Procedures and to address the differences in supplemental judicial benefits provided by various courts throughout California, the Judicial Council tasked the Judicial Recruitment and Retention Working Group with analyzing and discussing a solution to these differences. To date, no changes to the statutory framework related to judicial compensation or supplemental benefits has been enacted since SB X2 11. Thus, these inter-county differences in supplemental judicial benefits remain in place.

As a result of the above discussion, whether the Court will continue to follow the intent and spirit of the Judicial Council's Interim Procedures regarding court-funded supplemental judicial benefits remains uncertain.

2. Our review also found that the Court approves some benefits for court executive staff that may result in at least an appearance of potential conflicts. According to the Executive Unit Benefit Summary sheet, these executive benefits include county-paid life insurance and county-paid accidental death and dismemberment insurance which the Court also provides to executives in equal amounts. Although the Court was unable to provide information from the county that we requested regarding the cost of this insurance, even if minimal, these county-paid benefits to Court executives may, at least on the surface, create a perception of a potential conflict of interest. For example, when Court executives receive county-paid benefits and make or participate in making court business decisions that involve the county, such as when negotiating or signing MOUs between the Court and the county, an appearance of a potential conflict of interest may result, even if the court executives have no control over the cost or implementation of the historical county benefit.

Recommendations

To ensure it maintains and follows an effective internal control system as an integral part of its payroll processing practices, including following applicable Judicial Council policy, the Court should consider the following:

1. Follow the intent and spirit of the Judicial Council's Interim Procedures regarding court-funded supplemental judicial benefits by doing the following:
 - a. Reduce the Court-funded supplemental judicial benefits to the July 1, 2008, levels by eliminating any Court-funded payments that supplant any supplemental judicial benefits that the county terminates.
 - b. Encourage judicial officers to accept payment or reimbursement for only the actual costs of documented health plan-related expenditures, which is the basis of the Court-funded supplemental judicial Benefit Package, instead of accepting a cash-allowance payment regardless of the health plan-related activities undertaken.
 - c. Revisit and revise its November 2013 Administrative Order to prohibit any future increases in Court-funded supplemental judicial benefits beyond the July 1, 2008, levels.
2. Revisit the Executive Unit Benefit Summary sheet to eliminate county-provided benefits to Court executives, such as the county-paid life insurance and the county-paid accidental death and dismemberment insurance benefits, that may create the perception of a potential conflict of interest when Court executives make or participate in making Court business decisions that involve the county, such as when negotiating and signing MOUs between the Court and the county.

Superior Court Response By: Hon. Kathleen M. White, Presiding Judge
Date: October 23, 2015

The response below addresses the audit recommendations as follows:

1. a. Response: Agreed. Effective immediately, the Court-funded supplemental judicial benefits have been reduced to meet the requirement that they not exceed the July 1, 2008 levels and any Court-funded payments that supplant any supplemental judicial benefits that the county terminates are eliminated.

1. b. Response: Agreed. At the special judges' meeting on October 19, 2015, all judges were encouraged to accept payment or reimbursement for only the actual costs of documented health plan-related expenditures, which is the basis of the Court-funded supplemental judicial Benefit Package, instead of accepting a cash-allowance payment regardless of the health plan-related activities undertaken.

1. c. Response: Agreed. The November 2013 Administrative Order has been rescinded and superseded by Administrative Order 2015-28 (amended), which remains in effect pursuant to the 2009 Judicial Council Interim Procedures regarding Judicial Benefits and in accordance with these audit recommendations. The amended administrative order reflects the 2009 Interim Procedures and prohibits future increases in Court-funded supplemental judicial benefits beyond the July, 1 2008 levels.

2. Response: Agreed. Although the Yolo Court has no control over this issue – it is a county-controlled artifact of the prior county funding of courts, the court executive office will send a letter requesting that the county annually bill for the group benefit.

2. Fiscal Management and Budgets

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
120050 S/T INVEST-LAIF	1,644,660.59	2,790,845.92	(1,146,185.33)	-41.07%
120051 S/T INVEST-CAP SHARE	380,303.11	420,482.04	(40,178.93)	-9.56%
Liabilities				
375001 ACCRUED PAYROLL	31,552.56	-	31,552.56	100.00%
Expenditures				
* 900300 - SALARIES - PERMANENT	4,640,277.37	4,662,545.57	(22,268.20)	-0.48%
* 903300 - TEMP HELP	672.00	-	672.00	100.00%
* 906300 - SALARIES - JUDICIAL	530,261.24	521,970.58	8,290.66	1.59%
* 908300 - OVERTIME	88.98	138.56	(49.58)	-35.78%
** SALARIES TOTAL	5,171,299.59	5,184,654.71	(13,355.12)	-0.26%
* 910300 - TAX	378,703.66	365,796.48	12,907.18	3.53%
* 910400 - HEALTH INSURANCE	1,461,172.42	1,709,743.27	(248,570.85)	-14.54%
* 910600 - RETIREMENT	1,146,806.21	1,127,866.37	18,939.84	1.68%
* 912400 - DEFERRED COMPENSATIO	20,840.34	19,546.65	1,293.69	6.62%
* 912500 - WORKERS' COMPENSATIO	125,269.00	110,734.00	14,535.00	13.13%
* 912700 - OTHER INSURANCE	44,861.92	44,648.14	213.78	0.48%
* 913800 - OTHER BENEFITS	12,351.50	78,993.12	(66,641.62)	-84.36%
** STAFF BENEFITS TOTAL	3,190,005.05	3,457,328.03	(267,322.98)	-7.73%
*** PERSONAL SERVICES TOTAL	8,361,304.64	8,641,982.74	(280,678.10)	-3.25%

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

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

The following issue is associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

2.1 The Court Needs to Improve Its Payroll Processing Practices

Background

Because courts must maintain the highest standard of ethics and level of integrity to inspire public confidence and trust in the court system, the FIN Manual, Policy No. 1.03, requires courts to maintain effective internal control systems as an integral part of their management practices. An effective system of internal controls minimizes the court's exposure to risks and negative perceptions. The components of an effective system of internal controls include, but are not limited to, the following:

1. Comprehensive policies and procedures for court employees to follow in performing their duties;
2. Appropriate supervision to assure that approved procedures are followed;
3. Sufficient internal review to ensure that all financial transactions are properly and accurately recorded and reported; and
4. Approval and proper authorization and documentation to provide evidence of effective control over its assets by court employees acting within the scope of their authority.

Issues

Our review of the Court's payroll processing practices included a review of the personnel policies and procedures that the Court documented in its June 2005 Personnel Policy Manual, and a review of selected payroll transactions. Our review found that its personnel policies and procedures are generally consistent with an effective system of internal controls; however, our review of the Court's payroll processing practices identified the following weaknesses or deficiencies:

1. Although the Court uses an automated time keeping system, it does not require exempt employees to use this system to record time worked and leave taken, nor does it require exempt employees to prepare and sign equivalent hardcopy time records. Instead, for payroll processing purposes, the Court's Human Resources (HR) office staff use the time-off information the exempt employees may have emailed to HR and enter this time-off information in the automated time keeping system to prepare these time records on behalf of the exempt employees. Moreover, the appropriate level supervisors or managers also do not review and approve these HR prepared time records for exempt employees. As a result, the Court cannot be sure that its accounting for the time worked and leave taken by exempt employees is complete and accurate.
2. In addition, our review of the leave used and accrued for nine selected employees found that the vacation accrual rates for two did not agree to the vacation accrual rates indicated by their respective 2014 benefit summary sheets. Specifically, the vacation accrual rates for a management employee and a subordinate judicial officer do not agree with the rates

authorized in their respective 2014 benefit summary sheets that the Court Executive Officer (CEO) approved in November 2013. Instead, the vacation accrual rates HR entered into the payroll system for these two employees are the vacation accrual rates from an August 2012 CEO approved salary and benefit change authorization form. However, because Court policy requires the CEO to approve employee benefit sheets annually prior to implementation, and because the CEO approved the 2014 benefit summary sheets for employees subsequent to the 2012 authorization form, the 2014 benefit summary sheets would provide the most current and effective leave accrual rates to enter into the payroll system to calculate the vacation leave accrual for these court employees. As a result, the vacation leave accrual rates HR entered and used in the payroll system do not reflect the current CEO-approved vacation leave accrual rates for these two Court employees.

3. Further, the Court processed and paid one-time lump-sum payroll payments without appropriate written authorization for the payments. These one-time lump-sum payments to both represented and non-represented employees totaled nearly \$75,000. Specifically, in June 2014 the Court was in the process of negotiating its new labor agreements with represented employees covering the three-year period from July 1, 2014, through June 30, 2017. The Court's tentative 2014 agreements with employee union representatives provided for, upon union ratification and Court approval, a one-time lump-sum loyalty service credit payment to be paid to each member of the bargaining unit on the payroll period ending June 28, 2014. The loyalty service credit was based on years of service and ranged from \$100 to \$1,400. However, the Court HR office and Accounting office proceeded to process and pay these loyalty service payments in June 2014, even though the CEO did not execute and sign the 2014 labor agreements with represented employees until November 2014.

Similarly, the Court HR office and Accounting office also processed and paid one-time lump-sum loyalty service payments in June 2014 to unrepresented employees and supervisors, excluding the CEO, also without the written authorization of the CEO or Presiding Judge. Like the represented employees, these loyalty payments were also based on years of service and ranged from \$250 to \$1,500.

Recommendations

To ensure it maintains and follows an effective internal control system as an integral part of its payroll processing practices, the Court should consider the following:

1. Require all employees, including exempt employees, to prepare time records by entering their time worked and leave taken in its automated time keeping system. Alternatively, these employees may prepare hardcopy timesheets certifying their time worked and leave taken each pay period and submit these timesheets to their appropriate level supervisors for review and approval. In addition, the appropriate level supervisors should review and sign their approval of these electronic or hardcopy timesheets after ensuring they are complete and accurate. The Court's HR office should ensure timesheets are appropriately prepared, approved, and submitted before processing the respective payroll and distributing pay.
2. The HR office should ensure it enters the most current approved leave accrual rates in the payroll processing system. In addition, the Fiscal office should review annually, after the

benefit summaries are approved and entered in the payroll system, the leave accruals processed by the payroll system to ensure the system calculates appropriate leave accruals that reflect the most current approved leave accrual rates.

3. Provide training and instruction to HR and Accounting office staff to ensure that any special payroll payments, such as the employee loyalty service payments or leave buy-back payments, are supported by an active signed labor agreement or written authorization by the PJ or CEO prior to payment processing.

Superior Court Response By: Leanne E. Sweeney, CFO

Date: 7/10/2015

1. The Court agrees that documentation for supervisor review of exempt employee leave time could be improved. The Court currently requires all exempt staff to submit a report to HR and their respective manager any leave time used during each pay period. The Court will modify its process to also require exempt staff to report to HR and their respective manager even if no leave time was used. Managers will be required to respond with their approval or any necessary changes. If a response from a manager is not received, HR will follow up with the manager in a timely manner.

Date of Corrective Action: September 30, 2015

Responsible Person(s): Darcy Henderson, HR Manager

2. The Court agrees its annual benefit summary sheet did not provide comprehensive details of the vacation accrual for all employment periods. This summary sheet has been updated to note the future anniversary dates with changes in accrual rates.

Date of Corrective Action: July 1, 2015

Responsible Person(s): Darcy Henderson, HR Manager

3. The Court agrees it did not have a signed authorization from the PJ or CEO prior to processing and paying the one-time loyalty service credit for the represented and unrepresented employees. The HR Manager discussed the specific employees with the CEO and DCEO, and received approval making a written note of record of this approval on the meeting agenda. While every step of the negotiation process was closely monitored by the CEO, the Court recognizes the need to ensure a proper authorizing signature is obtained prior to processing and paying special payroll items such as these.

Date of Corrective Action: June 30, 2015

Responsible Person(s): Darcy Henderson, HR Manager

3. Fund Accounting

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Fund Balance				
535001 RESERVE FOR ENCUMBR	686,045.37	690,064.70	(4,019.33)	-0.58%
551001 FUND BAL-NON SPEND	508.92	508.16	0.76	0.15%
552001 FUND BAL-RESTRICTED	273,554.54	590,018.00	(316,463.46)	-53.64%
552002 FUND BAL-COMMITTED	1,733,286.00	528,119.36	1,205,166.64	228.20%
553001 FUND BAL-ASSIGNED	659,629.01	3,563,972.95	(2,904,343.94)	-81.49%
615001 ENCUMBRANCES	(686,045.37)	(690,064.70)	4,019.33	-0.58%
** Fund Balances	2,666,978.47	4,682,618.47	(2,015,640.00)	-43.05%
Revenue				
** 837000-IMPROVEMENT FUND - REI	28,526.89	28,646.17	(119.28)	-0.42%
Transfer				
*** 701100 OPERATING TRANSFERS IN	(724,813.57)	(35,385.40)	(689,428.17)	1948.34%
*** 701200 OPERATING TRANSFERS OU	724,813.57	35,385.40	689,428.17	1948.34%

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

There were no issues associated with this section to report to management.

4. Accounting Principles and Practices

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
130001 A/R-ACCRUED REVENUE	1,505.55	1,774.98	(269.43)	-15.18%
131204 A/R-FRM AOC-CUST	-	206,658.86	(206,658.86)	-100.00%
140014 GEN-DUE FROM SPECREV	322,634.79	440,927.55	(118,292.76)	-26.83%
150001 A/R - DUE FM OTH GOV	311,893.46	370,756.79	(58,863.33)	-15.88%
152000 A/R-DUE FROM STATE	313,794.58	291,678.42	22,116.16	7.58%
* Receivables	949,828.38	1,311,796.60	(361,968.22)	-27.59%
Revenues				
** 812100-TCTF - PGM 10 OPERATIO	8,550,664.00	6,645,046.64	1,905,617.36	28.68%
** 816000-OTHER STATE RECEIPTS	210,076.00	423,424.00	(213,348.00)	-50.39%
** 821000-LOCAL FEES REVENUE	274,362.04	401,199.95	(126,837.91)	-31.61%
** 821200-ENHANCED COLLECTIONS -	692,080.32	781,849.89	(89,769.57)	-11.48%
** 822000-LOCAL NON-FEES REVENUE	175,971.95	119,944.70	56,027.25	46.71%
** 823000-OTHER - REVENUE	4,777.59	1,884.05	2,893.54	153.58%
** 825000-INTEREST INCOME	8,649.75	12,322.88	(3,673.13)	-29.81%
** 831000-GENERAL FUND - MOU/REI	7,735.00	1,400.00	6,335.00	452.50%
** 832000-PROGRAM 45.10 - MOU/RE	490,191.08	455,523.14	34,667.94	7.61%
** 833000-PROGRAM 45.25 - REIMBU	75,637.00	82,500.00	(6,863.00)	-8.32%
** 834000-PROGRAM 45.45 - REIMBU	524,562.00	428,699.44	95,862.56	22.36%
** 838000-AOC GRANTS - REIMBURSE	332,984.67	358,812.23	(25,827.56)	-7.20%
** 860000-REIMBURSEMENTS - OTHER	53,689.62	32,043.04	21,646.58	67.55%
** 890000-PRIOR YEAR REVENUE	(15,988.09)	(18,026.00)	2,037.91	-11.31%
Expenditures				
* 999900 -PRIOR YEAR EXPENSE AD	-	7,254.69	(7,254.69)	-100.00%

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

The following issue is associated with this section and considered significant enough to bring to management's attention.

4.1 The Court Needs to Better Account For and Report Its Financial Transactions

Background

Internal and external users of court financial information depend on reliable court financial data and reports to obtain the information they need to evaluate court finances. Accordingly, the FIN Manual, Policy No. FIN 5.01, establishes uniform guidelines and accounting principles for courts to follow when gathering, summarizing, and reporting accounting information associated with the fiscal operations of each court. This policy requires courts to comply with the basic principles of accounting and financial reporting that apply to government units. It also requires that courts execute and account for financial transactions in conformity with generally accepted accounting principles and legal requirements.

Specifically, FIN 5.01, 3.0, requires trial courts to execute and account for financial transactions in conformity with generally accepted accounting principles (GAAP) and legal requirements. As a government entity, a court must maintain both fiscal and operational accountability over the funds it is responsible for overseeing. The users of court financial information, whether they are internal or external to the court, depend upon reliable financial data and reports issued by the

court to obtain the information they need to evaluate the court's finances. Conformance to GAAP assures uniformity in financial reporting and provides a reasonable degree of comparability between trial court and state financial reports.

FIN 5.01 identifies various accounting principles on financial resources recognition, expenditure recognition, inter-fund transfers, encumbrances, financial reporting, and year-end procedures. For example, FIN 5.01, 6.3, regarding financial resources recognition, provides guidelines and examples for recording funds received as revenues, reimbursements, or abatements. Specifically, since the trial court derives most of its revenues from state funding and local fees, revenues can be accurately measured and expected to be available within a reasonable amount of time to pay for current liabilities. Therefore, courts must recognize revenues during the current fiscal year when they become both measurable and available to finance expenditures of the current period. Whereas funding received for services provided to other entities are recorded as reimbursements; and refunds, rebates, certain employee payments, and other limited situations are recorded as abatements that reduce the original expenditure general ledger account.

In addition, FIN 5.01, 6.4, regarding expenditure recognition, requires courts to recognize expenditures in the fiscal year during which goods are received or services are rendered. Courts may use the cash basis of recognizing expenditures throughout the year and must accrue appropriate amounts at fiscal year-end. If material expenditures are excluded from the financial records, it is preferred that courts recognize expenditure accruals on a quarterly basis. Each fiscal year should bear its fair share of on-going expenditures.

FIN 5.01, 6.8, provides year-end procedures for courts to account for revenues not yet received or expenditures not yet paid as of the last day of the fiscal year (June 30). During year-end closing, courts must review all revenue accounts, including entitlements and local revenues, and accrue revenues not received but which are both measurable and available. With respect to expenditure and related liability accruals, courts must accrue for goods received or services rendered but not paid as of June 30. The Judicial Council provides additional instructions each fiscal year to assist courts with the year-end closing process.

FIN 5.01, 6.7.2, requires courts to prepare and submit external financial reports, including *State Comprehensive Annual Financial Report (CAFR)* information and *Quarterly Financial Statements*. The CAFR information is a compilation of worksheets that are annually submitted to the State Controller's Office (SCO) once the financial statements for each court are complete. The CAFR includes some GAAP adjustments that are not stated in the court's financial statements. Each year the Judicial Council issues detailed instructions to courts for the preparation and submission of CAFR information.

Issues

To determine whether the Court properly classified, recorded, and reported its financial transactions, we reviewed its fiscal year 2013-14 financial statements, general ledger (GL) account balances, and its accounting treatment of a limited number of financial transactions selected for review during the audit. Our review determined that the Court does not always properly account for and report its financial transactions. Specifically, we noted the following:

1. Our review of the Court's FY 2013-14 financial statements (CAFR) revealed that it did not always retain information to sufficiently support the amounts it reported. For example, we attempted to vouch certain reported amounts to the Court's general ledger to determine the basis for the information reported in the Court's June 30, 2014, CAFR and noted the following:
 - a. The Court reported lease expenditures totaling \$72,192 in Schedule 2 of its fiscal year 2013-14 CAFR; however, the Court did not provide the schedules needed to support how this total ties to the Court's general ledger expenditure account balances; therefore, we could not vouch the total amount reported.
 - b. Similarly, the Court reported fixed asset additions of \$126,395 in Report 18 of its fiscal year 2013-14 CAFR; however, the Court also did not provide the schedules needed to support how its reported additions to fixed assets tie to the expenditures recorded in its major equipment general ledger expenditure account; therefore, we could not vouch these reported additions. Although we informed the Court during our audit in December 2014 of this issue and provided our attempt to vouch the reported amount to the general ledger expenditure accounts, it did not provide its analysis supporting its reported amount until April 2015, which was too late in the audit process for us to review.
2. Our review of the Court's fiscal year 2013-14 adjusting and accrual entries revealed the following revenue recognition error and an adjusting entry that was not sufficiently supported:
 - a. The Court did not recognize and accrue revenue that was both measurable and available within 60-days after fiscal year-end to pay its fiscal year 2013-14 expenditures. Specifically, at the close of fiscal year 2013-14, the Court did not accrue as revenue its fiscal year 2013-14 Trial Court Trust Fund Distribution #14 totaling \$87,000. As a result, the Court understated both its fiscal year 2013-14 revenues and its June 30, 2014, ending fund balance.

According to the Court, it did not accrue the Distribution #14 revenue for fiscal year 2013-14 in the fiscal year to which it pertains because it has historically recorded this revenue in the subsequent fiscal year. The Court subsequently indicated that after some dialog with the audit team, it agreed that it should accrue Distribution #14 as suggested.

- b. Also, at the close of fiscal year 2013-14, the Court executed an adjusting entry in its accounting system that was not sufficiently supported, and that resulted in the transfer of prior year revenues from its general fund to a special revenue fund. Specifically, these prior year revenues represented the 2% Automation Replacement Funding (2% Automation) that the Judicial Council allocated and distributed to the Court in prior years. These 2% Automation monies are restricted by statute for specific purposes, including the development of administrative systems and their associated training and maintenance costs. Although the Court initially recorded this restricted revenue in

prior years to its general fund without a WBS element code to track the revenue and associated expenditures, it recorded an adjusting accounting entry in fiscal year 2013-14 to move \$275,002 in prior year revenues from its general fund to its 2% Automation special revenue fund. However, the Court did not provide any analysis to justify the prior year revenue adjustment, other than the prior year schedules showing the Judicial Council distributions to the Court of its 2% Automation allocations.

According to the Court, it made this adjustment to correct accounting errors that occurred from fiscal year 2006-07 through 2011-12. It indicates it reviewed the transaction and document header text fields for certain general ledger expenditure transactions recorded in the general fund to detect any mention of the expenditure being designated as from the 2% Automation funding. Lacking any evidence to support the expenditure of the 2% Automation funding, the Court believes the most appropriate accounting treatment is to consider the 2% Automation funding intact.

However, other than its cursory review of the descriptions in text fields as described above, the Court did not prepare nor provide any substantive analysis to establish to an objective reviewer that its transfer of revenues from the general fund to a restricted fund was appropriate. Specifically, the Court did not initially use a WBS element code to separately track in its accounting system the prior year 2% Automation revenue within the general fund. Instead, it commingled these restricted prior year revenues with its general fund moneys. Further, since it did not recognize the need to establish a WBS element code to separately track these restricted prior year revenues in its accounting system, it is also not reasonable to expect in retrospect that it would add notes in text fields to identify individual expenditures as 2% Automation expenditures. The Court provided no analysis to demonstrate that it performed a good faith examination of prior years' expenditures and did not find any expenditure that qualified as 2% Automation expenditures.

In contrast, for example, our cursory review of its FY 2013-14 expenditure transactions noted that the Court spent approximately \$285,000 on document imaging, \$108,000 for a CMS portal, and \$40,000 on touch screen kiosks. Although these expenditures were in fiscal year 2013-14, these expenditures suggest that the Court made expenditures that qualify for use of the 2% Automation funding before recording its adjusting entry in the accounting system.

3. The Court's accounting treatment for its financial transactions was not always appropriate or complete. Our review of selected transactions revealed the following:
 - a. The Court does not enter purchase orders in its automated accounting system to establish encumbrances for all contracts and agreements. Therefore, it does account for and does not reserve fund balances in its financial system for these financial commitments.

- b. The Court recorded legally restricted revenues of \$7,880 for Custody/Visitation and Mediation Fees in the general fund instead of in a special revenue fund. Moreover, the Court did not use a WBS element code to track these restricted revenues and their associated expenditures in the accounting system.
- c. The Court's Revenue Collected in Advance general ledger account had a balance of \$438,438 at the close of fiscal year 2013-14. However, the Court could not provide information regarding the types of revenue that constitute the balance even though this account has had a balance since the Court went onto the Phoenix Financial System in FY 2004-05.
- d. Several of the Court's June 30, 2014, general ledger accounts had abnormal balances—asset and expenditure accounts are normally debit balances, whereas liability and revenue accounts are normally credit balances. For example, the Pooled Cash asset account had a credit balance of \$666,875 in fund #110001, and the Civil Jury Reimbursement revenue account had a debit balance of \$6,310 in fund #120001. Other liability, revenue, and expenditure general ledger accounts had smaller abnormal balances.

Recommendations

To ensure it properly classifies, records, and reports its financial transactions, the Court should consider the following:

1. Establish accounting procedures to ensure all reported amounts in the CAFR are supported by appropriate source documents, such as supplementary accounting schedules or analyses that support the reported amounts.
2. Follow the required FIN Manual policies regarding trial court revenue recognition and ensure that revenue is recorded in the appropriate fiscal year. Also, ensure that accounting adjustments, including prior year accounting adjustments, are supported by sufficient analyses to appropriately justify the adjustments to an objective reviewer.
3. Require that the accounting treatment of financial transactions is in accordance with the FIN Manual and Generally Accepted Accounting Principles. Specifically, ensure that all contracts and agreements are entered as purchase orders in its accounting system to encumber and reserve fund balance, and that transactions are consistently recorded to the appropriate general ledger accounts and the proper funds within the accounting system. At fiscal year end, the Court should review and correct, if appropriate, accounts with abnormal balances.

Superior Court Response By: Leanne E. Sweeney, CFO

Date: 7/10/2015

1. The Court agrees it should always retain information to sufficiently support the amounts reported in the CAFR. The Court's CFO will review supporting general ledger documentation and amounts reported prior to submitting the CAFR and retain the documentation together with a copy of the CAFR that was submitted.

2. The Court agrees.
 - a. The Court agrees the revenue accrual for Distribution #14 should be measurable prior to the closing of the books for the fiscal yearend and will implement this change into the June 30, 2015 closing of the books.
 - b. The Court agrees it should retain supporting documentation and analysis performed to justify its adjusting entries.
3. The Court agrees it should increase its use of purchase orders in the accounting system to encumber and reserve fund balance and that its transactions should be consistently recorded to the appropriate general ledger accounts and the proper funds within the accounting system. The Court's accounting staff is working with the JCC Procurement and General Ledger staff to implement these changes.

Date of Corrective Action: June 30, 2015

Responsible Person(s): Leanne Sweeney, CFO

5. Cash Collections

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Cash Accounts				
100000 POOLED CASH	335,032.67	72,205.73	262,826.94	364.00%
100025 DISB CHECK-OPERATIONS	(444,765.24)	(108,832.78)	(335,932.46)	308.67%
100027 DISB OUTGOING EFT	(26,901.51)	(9,355.36)	(17,546.15)	187.55%
113000 CASH-JURY FUND	14,142.00	14,142.00	0.00	0.00%
119001 CASHONHAND-CHNGEFUND	1,535.00	1,535.00	0.00	0.00%
120002 CASH OUTSIDE OF AOC	3,430,680.64	-	3,430,680.64	100.00%
120050 S/T INVEST-LAIF	1,644,660.59	2,790,845.92	(1,146,185.33)	-41.07%
120051 S/T INVEST-CAP SHARE	380,303.11	420,482.04	(40,178.93)	-9.56%
** Cash and Cash Equivalents	5,334,687.26	3,181,022.55	2,153,664.71	67.70%
130001 A/R-ACCRUED REVENUE	1,505.55	1,774.98	(269.43)	-15.18%
131204 A/R-FRM AOC-CUST		206,658.86	(206,658.86)	-100.00%
952599 CASHIER SHORTAGES	249.53	134.94	114.59	84.92%
* 952500 - CASH DIFFERENCES	249.53	134.94	114.59	84.92%

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

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

We also reviewed selected monetary and non-monetary transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed controls over manual receipts to determine whether adequate physical controls existed, periodic oversight was performed, and other requisite controls were being followed.

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

The following issues are associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

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, 6.1.1, states that the preferred method for securing change funds, unprocessed payments, or other valuable documents is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer. Procedures that courts must follow include distributing safe combinations to as few persons as possible and requiring court employees to memorize the combination and not keep it in legible form. Courts should change the combination when known to an excessive number of court employees, employees who know the combination leave court employment, court employees no longer require knowledge of the combination to perform their duties, or on a periodic basis defined by the court.

FIN Manual, Policy No. FIN 1.03, 6.3.3 (6), discusses appropriate segregation of duties that will help safeguard trial court assets. Specifically, work must be assigned to court employees in such a fashion that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties. Duties that must not be assigned to only one individual include:

- Receiving cash and also establishing or modifying case files without appropriate supervisor review and approval, other than updating cash balance for payments received
- Receiving money and preparing cash settlement reports.
- Receiving money and preparing bank reconciliations.
- Receiving payments by mail and also establishing or modifying case files without appropriate supervisor review and approval.

Also, 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. Also, a court must not establish a change fund in excess of \$100 unless it has a safe, vault or cash box that is adequate to safeguard the cash. Further, 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. The policy indicates that courts should require cashiers to secure these funds in individually locked drawers or bags. Cashiers must verify the receipt of their beginning cash funds with their supervisor, and evidence this verification in a log signed by the cashier and supervisor for each such receipt. Any beginning cash discrepancies must be resolved before the cashier starts his or her daily cash collection duties.

Similarly, FIN 10.02, 6.3.10, 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, returning the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

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 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.

Also, 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 random surprise cash counts on all trial court staff that handle payments in the normal course of their duties. The purpose of the random surprise cash counts, an independent balancing of a cash drawer or register, is 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 random surprise cash counts should be conducted at least quarterly and as frequently as monthly.

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

- 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 Payment Receipt Log. The log 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 received should be attached to the log showing that the total amount received matches the total amount entered on the log. Afterwards, the person logging the mail payments signs the log. The log and payments are then delivered to a designated cashier for entry in the accounting system.
- After the checks and money orders have been entered into the accounting system, an accounting system report will be reconciled against the Payment Receipt Log to ensure that all payments were entered. The Payment Receipt Log will be included in the daily closeout documentation.

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 designee that lists by age any payment that has not been processed for 30 days.

When depositing daily collections, the FIN Manual, Policy No. FIN 13.01, 6.3, indicates courts will adhere to the following guideline in determining when to deposit receipts. Specifically, all court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to \$1,000 in coin and paper currency, or \$10,000 in any combination of coin, paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first. Additionally, the policy requires an employee (preferably a supervisor or higher-level manager), 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 records found that the Court could follow more consistent cash handling and accounting practices and could strengthen its procedures in the following areas:

1. **Physical Security** – The Court did not always follow FIN Manual policies designed to safeguard collections. Specifically, at one location the change fund and extra cashier’s money bag were stored in a lockable drawer in the operations manager’s office, instead of secured in the safe. While at another location, we observed unprocessed mail payments and other unprocessed civil filings left unsecured overnight on an employee’s desk, instead of secured in a safe or locking file cabinet.
2. **Segregation of Duties** – The Court did not always implement business processes with adequate segregation of duties. Specifically, at all four locations we reviewed, cashiers who received and processed payments also verified each other’s daily balancing and closeout results at the end of the day, instead of a supervisor performing this end-of-day verification. In addition, these same cashiers also prepared their own deposits and verified each other’s deposits without supervisory oversight or verification of the deposit. Further, at two locations, cashiers who receive and process payments at the cashiering window also process mail payments for which the Court does not prepare a log or other record of the payments received in the mail. At a different location, employees who open mail and drop box payments also process and enter those same payments into the CMS, also without a log or other record of the payments received. At one location, cashiers who receive and enter payments also maintain the change fund. At this same location, a lead clerk who occasionally works as a back-up cashier may at times enter payments and also perform the incompatible duties of voiding payment transactions and verifying cashier closeouts.
3. **Beginning of Day Processing** – Cash collection location business opening processes were not always compliant with the FIN Manual. Specifically, at three of the four cash collection locations reviewed, the Court uses the “Daily Deposit Cover Sheet Cashier/Clerk” till form instead of a beginning cash verification log. In addition, only the senior clerk initials the form instead of both the senior clerk and the cashier initialing and dating the form to acknowledge verification of the cash received at the beginning of the work day. Furthermore, at two of the four cash collection locations, the senior clerk counts and verifies the beginning cash amount, not the cashier who is assuming responsibility for the cash.
4. **End of Day Processing** – At all four cash collection locations reviewed, a supervisor or senior clerk does not verify each cashier’s daily collections to the end-of-day closeout report. Instead, the Court allows cashiers who receive and enter payments throughout the day to also verify each others’ daily collections and the end-of-day closeout reports. The senior clerk later compares only the paperwork completed by the cashiers to the CMS report, and once the senior clerk verifies that the paperwork agrees, the senior clerk initials the paperwork to indicate that the paperwork agrees.
5. **Handwritten Receipts** – The Court does not properly secure, control, and account for its handwritten receipts (manual receipts.) Specifically, although the fiscal office maintains the unissued manual receipt books and the completely used manual receipt books that divisions return, it leaves the books unsecured throughout the day. Moreover, our review of the manual receipt books maintained by the fiscal office found three unissued manual receipt books that the fiscal office did not list on its manual receipt issuance log. Further, three manual receipt books we observed while reviewing cash collection locations were not listed

on the fiscal office manual receipt book issuance log, while another book we observed at a cash collection location was listed on the issuance log but did not indicate it was issued nor the date it was issued. Further, although the fiscal office listed on its manual receipt issuance log two manual receipts books as issued to the criminal division, we could not locate and, therefore, could not review these two manual receipt books in the criminal division.

In addition, the fiscal office is not accurately tracking and reviewing the completely used manual receipt books that divisions return. Specifically, the fiscal office did not record the correct date in the “date received” column for three of the six books we selected to review from its list of completely used and returned manual receipt books. Moreover, two of five used and returned manual receipt books that we reviewed contained unused manual receipts that were not marked “VOID.” Also, one of the five returned manual receipt books was not listed on the fiscal office list of used and returned manual receipts.

Similarly, our review of manual receipts at the four cash collection locations found that none of the cash collection location supervisors maintain an accounting, such as on a manual receipt books log, of when and to whom they issued manual receipt books, including details regarding the use of the manual receipts within the books. Furthermore, the supervisors at two of the four cash collection locations do not retain control over the manual receipt books; instead, the cashiers who receive and process payments also maintain control over the manual receipt books. Moreover, the cash collection location supervisors at three of the four cash collection locations do not adequately monitor the use of manual receipts. For example, two locations had skipped and unused manual receipts that were not marked “void”, and one of these locations also had manual receipts that were used out of sequence. This later location also did not have a process to account for all of the used manual receipts and allowed staff to use manual receipts to track and bill copy orders from other agencies instead of using the manual receipts solely to acknowledge payments received but not yet entered in the accounting system. A third location did not review the completely used manual receipt books that are returned to the fiscal office nor periodically review the issued manual receipts to ensure the payments were promptly entered into the accounting system. At this third location, we also noted three missing manual receipts for which the Court could not determine or explain why they were missing.

6. Surprise Cash Counts – The Court does not conduct the required surprise cash counts. Although the Court asserted it conducted surprise cash audits, at the time of our review, these surprise cash audits consisted of the fiscal officer observing the end-of-day closeout or the beginning-of-day opening processes. The cash audits did not consist of the fiscal officer taking possession of the cash drawer from a cashier at a random time and day, and independently counting and balancing the collections to a system report while in the presence of the cashier.
7. Mail Payments – The Court does not consistently follow the suggested FIN Manual procedures for processing and tracking the payments received through the mail. Specifically, two of the four cash collection locations do not consistently use a two-person team to open the mail that may contain mail payments. Moreover, all four of the cash collection locations reviewed did not maintain the suggested mail payments receipt log to log and establish a

record of the payments received in the mail. Not using two-person teams to open mail and not maintaining a mail payments receipt log leaves the Court at risk of unknowingly losing payments received in the mail.

8. Deposits - At two cash collection locations, a fiscal office employee gathers all of the individual deposit bags that cashiers prepared the night before and places them into a larger deposit bag for the courier to pick up. However, when consolidating the individual deposit bags into one aggregated deposit bag for the courier, the employee does not compare the daily deposit totals to an aggregated CMS report to ensure that each cashier who entered collections prepared a deposit. Instead, the employee only compares the closeout paperwork accompanying each individual deposit to its respective deposit slip to ensure the paperwork agrees. Moreover, as indicated earlier in issue 2 and 4 above, not only do the cash collection location supervisors not verify the end-of-day collections and system report with each cashier, they also do not conduct a secondary review and verification of the individual or aggregated bank deposits. Instead, the Court allows cashiers to verify each other's end-of-day collections and deposits without supervisory oversight.

Recommendations

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

1. Ensure that change funds, extra cashier bags, unprocessed payments, and other valuable documents are secured in an available safe or vault when not in use.
2. Ensure that it sufficiently segregates the work assigned to employees at each cash collection location so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties. When the Court cannot achieve appropriate segregation of duties due to staffing limitations, Court management should document the alternate control methods it applies to mitigate the associated risks.
3. Establish a business opening process that requires cashiers to count and verify the receipt of their beginning cash funds with their supervisor, and that requires the cashier and supervisor to initial and date a beginning cash receipt log to acknowledge receipt and verification of the beginning cash amount.
4. Establish an end-of-day closeout process that requires each cashier to turn in their daily report, collections, and starting cash to the supervisor, and verify the daily collections and the end-of-day report with the supervisor. Afterwards, the cashier and supervisor should initial and date the end-of-day closeout report to acknowledge their verification of the daily collections with the report.
5. Require that the fiscal office and each cash collection location properly secure, control, and monitor the manual receipt books. Specifically, a supervisor or designated employee of the fiscal office and each cash collection location should secure and control the manual receipt books when not in use. Additionally, these supervisors or designated employees should monitor and maintain an accounting of the manual receipt books, including the receipt books

issued, to whom the receipt books were issued, the date issued, the employees returning the books, the receipts used within each book, and the date on which the receipt books are returned.

6. Execute surprise cash counts, at least quarterly, that consist of a manager, supervisor, or fiscal officer, who does not have direct responsibility for processing payments, taking possession of the cash drawer from a cashier during the normal course of their duties at a random time and day, and independently counting and balancing the collections to a system report while in the presence of the cashier. A record of the surprise cash counts should be maintained for audit and management purposes.
7. Establish a process whereby mail is opened by two-person teams and any payments received in the mail are logged on a mail payments receipt log to establish a record of the payments received in the mail. Furthermore, to properly segregate conflicting duties, the Court should not assign individuals who open mail and log mail payments to also process and enter those same mail payments into the CMS.
8. Establish cash handling procedures where payment processing, settlement, and deposit preparation are properly segregated. Specifically, in addition to the earlier recommendation number 4, bank deposits should be counted by one person and verified by another (preferably a supervisor or higher level management) immediately prior to tendering the deposit to the bank courier. Deposits should not transfer hands after verification except to the courier who issues a written receipt. Furthermore, the total deposit for a given location should be reconciled to the total CMS report for that location to ensure that the daily deposit is complete.
9. If the Court cannot implement the FIN Manual procedures and process payments as recommended, it should prepare alternative procedure requests and submit them to the AOC for approval. 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: Leanne E. Sweeney, CFO

Date: 7/10/2015

1. The Court agrees the extra cashier bag and change fund should be secured in a vault at the end of each business day. The Supervisor or Lead Clerk of the department will include the extra cashier bag and change fund with the other cashier bags in the nightly transport to the Court's vault. The Court agrees its unprocessed mail payments and other unprocessed civil filings should not be left overnight in an unsecured location. The Court will locate a locking cabinet for securing the unprocessed payments and filings overnight.

Date of Corrective Action: 04/23/2015

Responsible Person(s): Pamela Frasier, Operations Manager

2. The Court agrees.

Daily Cash Balancing – The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and Operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or operations manager on a daily basis.

Mail Payments Processing – The new Yolo Courthouse will have a designated mail room and staff available to solely open and distribute the mail. Checks will be restrictively endorsed upon opening of the mail. Mail that includes payment will be grouped by processing department (Traffic, Civil, Criminal, Collections) and delivered to the appropriate Supervisor for assigning to staff for processing and oversight.

Lead Clerk as Backup Cashier – The Court agrees. However, it is important to note that these occurrences are rare and isolated. The Court makes every effort to appropriately staff all locations so that incompatible duties are not assigned to a single person. There are rare situations where the number of unplanned absences on the same day reduces staff below the minimum required to maintain the separation of duties.

The new Yolo Courthouse will eliminate the need for any employee to perform incompatible duties due to the co-location of all clerks processing money, along with lead clerks and supervisors.

Date of Corrective Action: August 2015

Responsible Person(s): Leanne E. Sweeney, CFO

3. The Court agrees. The clerk should perform the beginning cash count and verification. The clerk and lead/supervisor will both sign the log to acknowledge the opening change bag cash count.

Date of Corrective Action: 04/23/2015

Responsible Person(s): Leanne E. Sweeney, CFO

4. The Court agrees. The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or operations manager on a daily basis. The Court will submit an alternate procedure request to the JCC.

Date of Corrective Action: August 2015

Responsible Person(s): Leanne E. Sweeney, CFO

5. The Court agrees. Shortly after the discrepancies were noted, the fiscal division immediately reviewed all used and unused manual receipt books to update the comprehensive log. Additionally, all cash collection locations were reviewed for the manual receipt books in use

and were updated on the comprehensive log. Additionally, the Court is developing a control log for each manual receipt book issued to a department for use in that department. The control log will be maintained by the lead clerk or supervisor, noting the date issued and returned, who issued to, and sign-off required that the book was checked for appropriate use, including the marking of unused receipts "VOID".

Date of Corrective Action: November 2014
Responsible Person(s): Leanne E. Sweeney, CFO

6. The Court agrees. At the time of the audit, the fiscal officer did not take possession of the cash drawer from a cashier and independently count and balance the drawer to the CMS report. In January 2015, the surprise cash count procedure was modified to include taking possession of the cash drawer from a cashier and independently counting and balancing the drawer to the CMS report.

Date of Corrective Action: 01/06/2015
Responsible Person(s): Leanne E Sweeney, CFO

7. The Court agrees it does not consistently utilize a two-person team to open mail that may contain payments. The new Yolo Courthouse will have a designated mail room and staff available to solely open and distribute the mail. Checks will be restrictively endorsed upon opening of the mail. Mail that includes payment will be grouped by processing department (Traffic, Civil, Criminal, Collections) with a calculator tape to sum up the dollar value of each group, and delivered to the appropriate Supervisor for assigning to staff for processing and oversight. The calculator tape will be initialed by the staff present during the opening and grouping process, and shall be retained by the assigning Supervisor to aid in the investigation of any discrepancy.

Date of Corrective Action: August 2015
Responsible Person(s): Pamela Frasier, Operations Manager

8. **Fiscal Employee Deposit Consolidation** – The Court agrees in part. The fiscal office employee was not comparing each daily deposit to an aggregated CMS report at the time of deposit preparation. On March 19, 2015, the fiscal office employee began comparing each daily deposit to an aggregated CMS report at the time of deposit preparation. The Court disagrees that its practice violates the relevant standard with regard to deposits transferring hands after verification. The individual clerk deposits are completely enclosed in sealed bank bags after the verification process and those sealed bags are placed, by the fiscal office employee, into a larger sealing bank bag in order to keep them together for the armored car service to pick up and deliver to the bank.

End of Day Verification – The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and Operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or Operations manager on a daily basis.

CMS Report by Location – The Court’s CMS is not capable of producing a report by location, so one consolidated report is used by the same fiscal office employee for comparing each daily deposit. The new Yolo courthouse will house all cash collection activities at a single location.

Date of Corrective Action: August 2015
Responsible Person(s): Leanne E. Sweeney, CFO

9. The Court agrees and will prepare alternative procedure requests to submit to the JCC for approval.

Date of Corrective Action: August, 2015
Responsible Person(s): Leanne E. Sweeney, CFO

Audit Services Comments on Court Response

To provide clarity and perspective, Audit Services is commenting on the Court’s response to recommendation 8 above.

Fiscal Employee Deposit Consolidation – Although we are pleased to see that the Court’s response indicates it now compares each cashier’s daily deposit to an aggregated CMS report at the time of consolidating the individual sealed cashier deposits into a larger sealed bank bag for the courier, the Court’s response provides some incomplete information. Specifically, as we report in issue 8 above, the fiscal employee would only compare the paperwork accompanying each individual sealed cashier deposit to the aggregated CMS report to ensure the paperwork agrees. Moreover, as indicated above, not only do the cash collection location supervisors not verify the end-of-day collections and system report with each cashier, they also do not review and verify each cashier’s preparation of the bank deposit or the aggregated bank deposits. Instead, the Court allows cashiers to verify each other’s end-of-day collections and deposits without supervisory oversight, then to enclose these deposits in sealed bank bags precluding further review and verification by the supervisor or the fiscal office employee before the fiscal office employee consolidates the individual deposits into the larger sealed bank bag for pick up by the armored car service. As a result, the Court cannot identify and investigate potential deposit discrepancies until at least two days later, when instead the Court could compel the responsible supervisor to verify the collections during the end-of-day closeout and balancing process as required by the FIN Manual, and verify the associated cashier-prepared deposit to identify and resolve potential discrepancies before the individual deposits are sealed in the bank bag for the next day’s consolidation of the deposit bags and delivery to the bank. We informed the Court during the audit of the potential risks inherent with its current practice, but its response indicates a willingness to accept these potential risks.

5.2 The Court Needs to Ensure the Prompt Collection of Civil Fees it Allows Parties to Pay in Installments

Background

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

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

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

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

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

Issues

Our review of civil cases in which the Court allowed parties to pay civil filing fees in installments found that the Court does not always void or suspend the filings nor take action to collect the required civil filing and administrative fees when the required civil fees are not paid

as agreed. Specifically, our review of 10 civil cases, for which the Court allowed a party to pay the required civil filing fees in installments, found five open cases with overdue payments. The payments on these cases ranged from 4 to 22 months overdue. However, the Court allowed the cases to proceed without taking action to void or suspend the proceedings, or to compel the parties to pay, even though the parties were not making the installment payments as agreed. For one of these five cases with overdue payments, the party paid the overdue civil fees in full nine months after going delinquent and subsequent to our inquiries to the Court regarding the payment status of the selected cases.

Similarly, for another three cases, the Court allowed the cases to proceed and close without collecting the required civil fees. For one case, the Court decided the case one day after the date the party agreed to make the first installment payment, and although the party made some payments, the party subsequently discontinued making the remaining installment payments. For a second case the Court decided the case after the first installment payment, and the party subsequently discontinued paying the remaining installments. For the third case, the Court decided the case even though the party had made no payments and was delinquent with the agreed installment payments.

For all eight cases noted above, in addition to not issuing an order to recover the initially waived civil fees and court costs, and the legal documents needed to recover these fees and costs, the fees for issuing the legal documents, the \$25 administrative fee, and the cost of collection, the Court also did not refer the cases with delinquent civil fees and costs to collections for enhanced collection efforts.

Recommendations

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

1. Develop and implement a process to monitor and collect on all civil installment payment plans. If the parties do not make the required payments as agreed, the Court should notify the judge of the delinquent payments so that the judge can compel the responsible parties to pay the required civil fees prior to the commencement of a trial or hearing, further court proceedings, or final disposition of the case.
2. Develop and implement a process to promptly issue court orders to recover the civil fees and costs the Court initially waived and allowed the party to pay in installments, and the legal documents needed to collect the initially waived fees and costs, the fees for issuing the legal documents, the \$25 administrative fee, and any other cost to serve and collect on the judgment from the parties who did not pay the required civil fees and court costs.
3. Initiate collection proceedings to collect the required civil fees and court costs due to the Court for the cases noted above, and for any civil case the Court allowed to proceed or conclude and for which the responsible parties did not pay the required civil fees and court costs.

Superior Court Response By: Leanne E. Sweeney

Date: 04/24/2015

The Court agrees. The Court has developed and implemented procedures to address the following: monitoring the collection of civil fees so the judge can be notified of delinquent payment status prior to commencement of a trial or hearing; court orders issued to recover the civil fees and any associated costs; and initiation of collection proceedings for enhanced collection efforts.

Date of Corrective Action: 04/24/2015

Responsible Person(s): Pamela Frasier, Operations Manager

5.3 The Court Could Improve Its Enhanced Collections Program

Background

Penal Code section 1463.010(a) requires the Judicial Council to adopt guidelines for a comprehensive program concerning the collection of moneys owed for forfeitures, fines, penalties, fees, and assessments imposed by court order. In addition, as part of its guidelines, the Judicial Council may establish standard agreements for entities to provide collection services. Section (b) requires courts and counties to maintain the collection program that was in place on January 1, 1996, unless otherwise agreed to in writing by the court and county. The program may be in whole or in part staffed and operated in the court itself, in the county, or contracted with a third party. Also, in carrying out its collection program, each superior court and county is required to develop a cooperative plan to implement the Judicial Council guidelines. Section (c) requires the Judicial Council to develop performance measures and benchmarks to review the effectiveness of the cooperative superior court and county collection programs operating pursuant to this section. Further it requires each superior court and county to jointly report on an annual basis to the Judicial Council the information requested in a reporting template.

Issues

To review the Court's enhanced collections program, we interviewed collections staff to understand the Court's process for collecting moneys owed on delinquent cases, reviewed the Court's contract and billings with a third party collection agency, and reviewed selected delinquent cases worked in calendar year 2014. Our review determined that although the Court operates a comprehensive collections program, it could improve the efficiency, effectiveness, and internal controls over its collection efforts as follows:

1. The Court's enhanced collections efforts could be more efficient and effective. According to the Court, its procedures are to refer cases with delinquent amounts to its third-party collection agency after the Collections Unit staff works the case for approximately 160 days. However, our review found that the Court policy of working cases for 160 days before referral to its third-party collection agency is not always efficient. The Collections Unit continues to work cases for at least 160 days even though the monthly notices to delinquent parties are returned undeliverable and it cannot contact the party by telephone, or the party promises to pay by a certain date but fails to pay. Further, the Collections Unit does not impose civil assessments and does not refer cases to its collection agency in a timely manner.

Specifically, for nine of the ten delinquent cases reviewed, the Collections Unit worked the cases but did not impose the failure-to-pay civil assessments until from 100 to more than 650 days after the cases went delinquent. In addition, it kept the cases from between 174 days to 781 days before it referred the cases to its third party collection agency.

For example, for one delinquent case reviewed, the first installment payment was due on September 27, 2013, so the Court began to send monthly statements to the defendant on August 29, 2013, the month before the first payment was due. After not receiving the first payment, the Court called the defendant and on October 8, 2013, the defendant informed the collections staff that he was on house arrest and would pay both the September and October payments on October 31, 2013; however, the defendant never paid. In late November, the Court called the defendant and the defendant informed collections staff that he was not working, but promised to pay something the next day, November 27, 2013. The case history notes indicate that during this call, collections staff informed the defendant that he was three payments behind and that this was the last courtesy call to him, and if the payment is not received this month, a failure to pay assessment would be added. The collections staff continued to send monthly statements and sent a failure-to-pay civil assessment notice on February 5, 2014; however, it did not receive any payments by March 6, 2014, the 160th day after the first payment went delinquent. It was not until April 23, 2014, and May 13, 2014, that the Court received the only installment payments from this defendant. Nevertheless, collections staff did not refer the delinquent case to its third party collection agency until September 3, 2014, or 342 days after the defendant was first delinquent on making payments, well in excess of the Court's 160 day policy to work delinquent cases before referral to its third party collection agency.

Similarly, for another case, the Court sent monthly statements to the defendant for more than two years, from May 20, 2012, through July 21, 2014. The case history report noted a majority of these statements as not deliverable as addressed, or unable to forward. The case history also indicates the Court called the defendant on August 8, 2012, but noted only a message stating that the subscriber is not accepting calls. The notes indicate the last phone call made to the defendant was on October 10, 2012, but the clerk noted that the recording indicated the number was no longer in service. Nevertheless, the Court continued to send monthly statements that were returned undeliverable, and did not impose the failure-to-pay civil assessment until May 5, 2014, or 684 days after the defendant's first payment became delinquent in June 2012. Moreover, the collections staff did not refer this case to the Court's third party collection agency until August, 7, 2014, or 781 days after the defendant was first delinquent on making payments, well in excess of the Court's 160 day policy.

2. Although the Court indicates it performs a reasonableness check of the commissions the collection agency charged on a sample of accounts, it does not receive sufficient information from the collection agency to determine whether the commission fees it pays are accurate. Specifically, the collection and commission report the Court receives from the collection agency does not provide the information the Court needs to determine which commission fee applies. The report does not identify how long each account has been delinquent; therefore, the Court cannot know which progressively increasing commission rate applies to each account. The report also does not identify payments for victim restitution or restitution fines,

if any, for which the collection agency commission rates are fixed at 15 percent and 10 percent, respectively.

Recommendations

To ensure its comprehensive collections program is operating in the most effective and efficient manner, the Court should consider the following:

1. Formalize its in-house collection policies and procedures and ensure that they focus on effective procedures to satisfy operational objectives. Specifically, the procedures should ensure the timely imposition of failure-to-pay civil assessments, prompt reporting to DMV of defendants who fail to pay, and a shorter and more reasonable day-limit for working delinquent cases in-house before referral to outside collection agencies. In addition, collections staff should promptly refer to outside collection agencies those delinquent cases that have been worked in-house, but no payments have been received, require skip tracing, or where a party has failed to make a promised payment, thus ensuring that the in-house collection efforts are focused on the most collectible delinquent cases.
2. Establish an adequate process for reviewing outside collection agency billings to ensure that the commissions the collection agency charged are correct prior to payment. Specifically, the Court should request and obtain reports from the outside collection agency that provide it with sufficient information for it to adequately review and validate the commissions charged.

Superior Court Response By: Leanne E. Sweeney CFO

Date: 05/27/15

1. The Court agrees. The Court has reviewed the collection process and found that the original intent of the program is not how it is being administered. The Court will make modifications to establish a program that is most effective and efficient. It will include timely imposition of civil assessments and prompt reporting to DMV.
2. The Court agrees and will work with the third party agency to develop an appropriate system of reporting so the fees charged can be verified and validated before payment.

Date of Corrective Action: 09/30/2015

Responsible Person(s): Leanne Sweeney CFO

6. Information Systems

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
943201 IT MAINTENANCE	34,233.88	33,169.91	1,063.97	3.21%
943202 IT MAINT - HARDWARE	10,955.36	1,425.00	9,530.36	668.80%
943203 IT MAINT - SOFTWARE	2,698.79	11,665.71	(8,966.92)	-76.87%
* 943200 - IT MAINTENANCE	47,888.03	46,260.62	1,627.41	3.52%
943501 IT REPAIRS & SUPPLIES	270.01	3,534.85	(3,264.84)	-92.36%
943502 IT S/W & LIC FEES	145,303.71	236,611.65	(91,307.94)	-38.59%
* 943500 - IT REPAIRS/SUPPLIES/	145,573.72	240,146.50	(94,572.78)	-39.38%
** INFORMATION TECHNOLOGY (IT) T	193,461.75	286,407.12	(92,945.37)	-32.45%

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

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

The following issues are associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

6.1 The Court Needs to 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 DMV Information Security Agreement (DMV ISA). 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. The Courts play an important role by reporting abstracts of convictions and failures to appear (FTA), which are used to identify and control problem drivers. DMV ISAs 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. In addition to the DMV ISA, the courts also apply for authorization to update DMV records by completing a Government Requester Account Application and Agreement (Agreement). The Agreement states the purpose of the account and contains provisions covering information use, general security requirements, and audit requirements.

Before DMV allows courts to access and update sensitive and confidential DMV data, DMV requires each court to agree to certain conditions spelled out in the DMV ISA and Agreement. For example, DMV may require courts to agree to the following conditions in the DMV ISA and Agreement:

- Maintain a current list of individuals who are authorized to access electronic DMV files.
- Establish security procedures to protect DMV information from unauthorized access, including ensuring that each employee having access to DMV records signs an individual security statement which must be re-certified annually.
- Review information system accounts at least annually.
- Employ the concept of least privilege, allowing users only the authorized accesses (and processes) necessary to accomplish authorized business functions.
- Produce monthly audit records that contain sufficient information to establish the following: (a) the date and time of the DMV information request, (b) the identity of the end user making the request to DMV, (c) the type of information requested, (d) the search criteria used for the request, (e) the purpose of the request, and (f) the transaction and information code.
- Review and analyze DMV information system audit records for indications of inappropriate or unusual activity, at least monthly.
- Maintain monthly records of each request for information for a period of two (2) years from the date of the request.
- Allow audits or inspections by DMV authorized employees at court premises for the purpose of determining compliance with the terms of the DMV ISA and Agreement.

Additionally, the DMV ISAs and Agreements may include terms and conditions that allow DMV to immediately cancel the agreements 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 sensitive and confidential DMV data identified the following exceptions:

1. The Court does not adequately ensure that court employees with access to sensitive DMV data annually sign and date the DMV required Information Security Statements (INF 1128). Specifically, at the time of our review, the Court provided a list of 51 user-IDs that it assigned to employees and configured to allow access to sensitive and confidential DMV data. However, of the 51 court employees allowed this access, three did not have on file the DMV required INF 1128 form. Further, of the 48 court employees with an INF 1128 form on file, twenty-one did not provide complete information on their forms, and five of the twenty-one also did not date their forms so we could not determine when the employees signed the form and whether the forms were current. In addition, two employees had forms on file, but the forms were outdated.

In January 2015, we informed the Court of the three employees without the DMV required INF 1128 form on file and the two employees with outdated forms. In April 2015, the Court provided forms for two of the three employees with missing forms, stating that they located the forms with the supervisor. However, the Court did not address the location of the missing form for the third employee, a commissioner, nor why each of the two employees with outdated forms did not have a signed current form on file.

2. In addition, the Court does not adequately ensure that access to sensitive and confidential DMV data is restricted to only those employees needing access to perform their job duties. Specifically, the Court's approved DMV Agreement indicates the Court applied for authorization to update DMV records for vehicle/vessel registration and driver license/identification card for the purpose of "criminal and traffic person check." The Court did not include other non-criminal/traffic division activities when it completed and submitted its DMV application and obtained DMV approval to access and update the DMV records.

However, the Court's list of DMV user ID accounts that it configured to access DMV records indicate that some of these accounts are assigned to employees from the Jury, Civil, and Family Law Divisions, along with Civil and Family Law courtroom clerks. When we inquired with the Court regarding the business need for accessing sensitive and confidential DMV records by these non-criminal/traffic divisions, the Court provided only a broad response. Specifically, the Court stated that it wanted to make it clear that employees outside of the traffic and criminal divisions who it gave access to DMV records have a legitimate business purpose for the access; however, it did not specifically identify this business purpose. Moreover, as we discuss in the next issue, the Court does not monitor employee electronic access to DMV data for unusual or inappropriate inquiry or update activity, so it cannot provide reasonable assurance that access to sensitive DMV data is only for legitimate business purposes.

In regards to access to DMV data by courtroom clerks, the Court stated that the courtroom clerks are responsible for dispositions of all convictions, which require them to have DMV access. While this statement is generally accurate for courtroom clerks in the traffic and criminal divisions, courtroom clerks in the civil and family law divisions are typically not responsible for dispositions of traffic and criminal convictions and, therefore, would not require DMV record access. Similarly, the Court stated that Jury Services staff access DMV data to verify juror addresses. However, this is not a business purpose it identified in its Agreement with DMV. Also, the Court did not address the business need for the one commissioner with access to sensitive and confidential DMV data, in addition to why this individual does not have on file a signed and dated DMV required INF 1128 form.

3. Furthermore, the Court does not monitor electronic access to DMV data for unusual or inappropriate inquiry or update activity, such as through monthly or periodic review of systems-generated exception reports. At the time of our review, we requested copies of the queries the Court used to monitor and review employee access to DMV data and for unusual or inappropriate inquiry or update activity. On September 23, 2014, the Court informed us that it would need the assistance of its software vendor with the DMV queries. Therefore, on September 30, 2014, we asked the Court to confirm our understanding that the Court does not generate exception reports to monitor and address unusual or inappropriate DMV query and transaction activity by employees. However, as of April 2015, the Court did not provide the requested exception reports or confirm that it does not generate and use such reports to monitor and review employee access to DMV data for unusual or inappropriate inquiry or update activity.
4. In our review of related fail to appear cases, for all six cases reviewed where the defendant failed to appear in court and with a violation reportable to DMV, the Court did not report an FTA to DMV. The Court asserts that these vehicle code infractions are not a mandatory court appearance. However, upon review of the back of the Notice to Appear that the defendant signed when cited, the citation states that in all infraction cases, the defendant must do one or more of the following: Pay the fine, appear in court, contest the violation, correct the violation (when applicable), request traffic school (when applicable), or request a trial by written declaration. In five of the six cases, the case history does not indicate that the defendants took any of the six actions listed above, including appear in court by the date and time promised on the front of their signed Notice to Appear citation. For the sixth case, the case history indicates that the defendant requested a continuance, then later requested a review of the installment payments, but never appeared in court as promised.

In addition, the Court also asserted that since the defendant was found guilty in absentia and sentenced, then no FTA would apply or be reported, and the amount due on the case would be transferred to the accounts receivable side for collection. However, for all six cases, the time from when the defendant failed to appear in court to the time when the defendant was found guilty in absentia ranged from between 102 days to as many as 758 days after the defendant failed to appear. During that time, although the Court imposed the FTA civil assessment, it did not report the FTA hold to DMV.

5. Similarly, in our review of eight cases where the defendant failed to pay and with a violation reportable to DMV, we noted two cases for which the Court did not report an FTP to DMV. For one case, the case history indicates that the defendant appeared at Court on March 13, 2014, to make a payment and indicated returning the next day to make full payment on the case; however, the defendant did not return. According to the case history, the Court imposed the \$300 FTP civil assessment on April 8, 2014, but did not subsequently report the FTP to DMV nor refer the case to the Collections Unit as of the case history report date of November 12, 2014, or 7 months after imposing the FTP civil assessment.

For the second case, the case history indicates that the defendant was to begin making monthly payments on June 12, 2014, but the defendant did not make the agreed payments. On July 14, 2014, the Court imposed the \$300 FTP civil assessment, but the case history does not indicate that the Court reported the FTP to DMV as of the case history report date of October 27, 2014, or 3 months after imposing the FTP civil assessment.

Recommendations

To ensure it meets the conditions required by DMV for access to sensitive DMV data, and reports the information DMV needs to identify and control problem drivers in carrying out its motor vehicle and driver license program responsibilities, the Court should consider the following:

1. Assign one Court employee the responsibility for ensuring that all individuals with access to sensitive and confidential DMV data have on file a current signed and dated Information Security Statement (INF 1128) form. This responsibility includes ensuring that all individuals complete, sign, and date an INF 1128 form before the Court configures the individual's user ID account with access to DMV data, and ensuring that all individuals with an existing user ID account with access to DMV data recertify their individual INF 1128 form each year. This individual should also be responsible for retaining all INF 1128 forms on file for audit purposes.
2. Re-evaluate its current process for adding CMS user security profiles to ensure that electronic access to sensitive and confidential DMV data is consistent with its agreements with DMV and commensurate with each individual's current job responsibilities. In addition, establish a process to annually or periodically review the list of user ID accounts with DMV data access and restrict accounts to only those individuals who, consistent with the approved DMV agreement, need access to this sensitive and confidential DMV data to perform their current job assignments.
3. Develop and implement a process to monitor electronic access to DMV data for unusual or inappropriate inquiry or update activity, such as through monthly or periodic review of systems-generated exception reports, to ensure access to sensitive and confidential DMV data was for a legitimate business purpose and to address any inappropriate activity. The Court should investigate whether its current CMS system is capable of generating exception reports that it can use for this purpose.

4. Develop and implement a process to promptly report to DMV a failure to appear when a defendant fails to take one of the available actions stated, and by the date and time promised, on their signed Notice to Appear citation, or alternatively at the time the Court elects to impose the FTA civil assessment.
5. Similarly, develop and implement a process to promptly report to DMV a failure to pay forthwith or in accordance with the terms of a payment plan agreement, or alternatively at the time the Court elects to impose the FTP civil assessment.

Superior Court Response By: Leanne Sweeney CFO

Date: 6/8/15

1. The Court agrees. The responsibility for ensuring all individuals with access to DMV data has been assigned to a Court Employee who will retain all INF 1128 forms on file for audit purposes.
2. The Court agrees in part. The Court will identify in its next agreement with DMV all of its legitimate business purposes, as determined by the Court. The Court has a written policy determining which staff are granted access to sensitive DMV data. The policy addresses the periodic review of the list of user ID accounts with DMV.
3. The Court agrees. The Court has recently implemented a new CMS and will work with the vendor and DMV to identify reports and/or procedures that will enable the Court to monitor for inappropriate use of sensitive DMV data by staff.
4. The Court agrees in part. The Court has an existing procedure for processing non-mandatory court appearances and subsequent notification to DMV for FTA. This procedure is time-intensive but because of the crippling budget reductions the Court developed a priority matrix for case processing. Critical processes like bench warrants on felony matters and domestic violence restraining orders take priority over an FTA on a traffic matter.
5. The Court disagrees. The Court has an existing procedure for promptly reporting to DMV a failure to pay. Additionally, the Court has developed a process for periodical supervision and monitoring to identify delinquent accounts that have not been reported to DMV so those reports can be submitted to DMV.

Date of Corrective Action: Items 1, 2, and 3 – 12/31/2015; Items 4 and 5 – 9/30/2015

Responsible Person(s): Items 1, 2, and 3 – Giancarlo Esposito; Items 4 and 5 – Christy Galindez

6.2 The Court Needs to Better Distribute Its Collections Consistent with Statutes and Guidelines

Background

State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. In addition to State statutes and local ordinances, 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*

(UB&PS) 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 JALAN as its case management system (CMS) for all case types. JALAN has the fiscal capability to automatically calculate the required distributions of the monies the Court collects using Court-configured financial code tables. The Court uses the raw summary distribution data from the CMS to compile and report the monthly distribution amounts for the TC-31 and TC-145 remittances to the State.

To determine whether the Court distributed its collections in accordance with applicable statutes and guidelines, we reviewed the Court's distributions of selected case collections from January 1, 2014, to July 31, 2014. We focused our review on high-volume cases, such as Speeding and Red Light, and on cases with violations involving complex or special distributions, such as Driving Under-the-Influence (DUI) and cases disposed with traffic school. We also reviewed the most recent SCO revenue audit issued in June 2011 regarding the distribution of Court collections, to identify any revenue calculation or distribution issues needing special attention.

Our review of the Court calculations and distributions of collections noted the following internal control weakness, as well as calculation and distribution errors:

1. The Court does not sufficiently restrict access to the CMS financial code tables it configures to calculate and distribute collections. Specifically, according to the Court, it provides access to its financial code tables to the fiscal office staff responsible for updating the distributions in these tables. However, the Court indicates it also provides access to these tables to lead clerks, supervisors, and managers. Because these financial code tables are used by the CMS system to perform the complex calculations and distributions of collections, when the Court does not sufficiently restrict access to these tables to only those staff responsible for maintaining and updating the distributions in these tables, it is at risk that calculation and distribution errors may occur from unauthorized changes to these tables.
2. We also found that the Court imposes local penalties that are not supported by County Board of Supervisors (BOS) resolutions. Specifically, the Court imposes and distributes \$2.50 of the GC 76000 \$7 local penalty to the Criminal Justice Facility Fund. However, the Court provided BOS resolutions that authorize only \$2.00 to this particular fund. In addition, the Court could not locate and provide copies of the BOS resolutions that support its imposition and distribution of both the GC 76000.5 – Additional EMS penalty and the PC 1463.14(b) – DUI Lab Test penalty. As a result, the Court calculations and distributions of local penalties are not consistent with the penalties authorized by the BOS.
3. The 11 digit distribution codes the Court uses to report the distribution of its collections consist of a combination of a three digit fund code, a two digit division code, a two digit program code, and a four digit account code. Our review of Court distributions noted that some of the distribution codes the Court uses do not accurately correspond to their respective

distribution components or entities. Specifically, for six cases, the Court used a distribution code with a four digit account code that incorrectly describes the base fine distribution as a PC 1463.27 DV fee. In addition, for seven cases, the Court used a distribution code with a two digit division code that incorrectly indicates the GC 76104.7 DNA Additional Penalty is distributed to the County instead of to the State.

Further, for nine cases, the Court used one distribution code for the Immediate and Critical Needs Account (ICNA) and the State Court Facilities Construction Fund (SCFCF) components of the GC 70372 State Court Construction Fund Penalty, and could not demonstrate how this amount is appropriately distributed to the respective components later in the distribution process. Similarly, for a Domestic Violence (DV) case, the Court used one distribution code for the separate DV RO Reimbursement Fund and the Training/Education Fund distribution amounts, but also could not demonstrate how this amount is appropriately distributed to their corresponding funds later in the distribution process.

When the Court uses distribution codes that do not accurately describe or correspond to the correct distribution components or entities, the Court is at risk that its collections will not be accurately reported and appropriately distributed to the intended recipients.

4. For two cases with misdemeanor convictions, the Court did not transfer the 2% State Automation amount from the PC 1204.4(b) State Restitution Fine. Moreover, the Court incorrectly distributed the \$15 PC 1202.4(l) fee for collecting the restitution fine to the court instead of to the County. This later distribution error occurred because the CFO reads the separate victim restitution statute and the state restitution fine statute out of context.
5. Although the Court captures small rounding variances in a separate distribution code, our review also found nine cases with various distribution variances that ranged from one cent to 92 cents. However, these distribution variances, which are larger than typical rounding errors, indicate the Court calculates incorrect distributions for various base fine, penalties, and surcharges, and offsets the resulting total variance against the 2% State Automation distribution.
6. For two traffic infraction bail forfeiture cases reviewed, the Court calculated incorrect distributions. Specifically, for a red light bail forfeiture case, the Court incorrectly excluded the Emergency Medical Air Transportation (EMAT) penalty from the 30% Red Light Allocation calculation. In addition, the Court also incorrectly transferred the 2% State Automation amount from the 20% State Surcharge. The 2% State Automation transfer is applicable to fines, penalties, and forfeitures, but is not applicable to fees nor surcharges, such as the 20% State Surcharge.

For a speeding bail forfeiture case, the Court used two separate distribution codes for the county base fine distribution and, as noted earlier in issue number 3 above, one of these codes describes the distribution as a PC 1463.27 DV fee instead of a base fine distribution.

7. The Court also calculated incorrect distributions for two traffic infraction cases disposed with traffic school, a speeding traffic school case and a red light traffic school case. Specifically,

for both traffic school cases, the Court incorrectly transferred the GC 68090.8 2% State Automation amount from the EMAT portion of the Traffic Violator School (TVS) fee. The transfer of the 2% State Automation amount is applicable to fines, penalties, and forfeitures. However, when traffic cases, except for child seat cases, are disposed with traffic school, these fines and penalties are converted to a TVS fee. Therefore, the 2% State Automation transfer is no longer applicable when these fines and penalties are converted to a TVS fee, such as when the EMAT penalty is converted to a part of the TVS fee.

In addition, for both traffic school cases, the Court incorrectly distributed the EMAT penalty, net of 2%, to the State. Specifically, for the speeding traffic school case, the Court incorrectly distributed the EMAT penalty, net of 2%, to the State from the EMAT portion of the TVS fee that is distributed to the county. For the red light traffic school case, the Court incorrectly distributed the EMAT penalty, net of 2%, to the State from the 30% Red Light Allocation amount. As indicated earlier, when a case is disposed with traffic school, the EMAT penalty is converted to a part of the TVS fee. This TVS fee is distributed to the county after any applicable allocations and specific distributions.

8. For a health and safety case, the Court imposed the \$10 VC 40508.6 DMV Administrative assessment even though the Court did not convict the defendant for a Vehicle Code (VC) violation on this case. According to the CFO, it is her understanding that this is a system generated entry, not a clerk initiated entry. The CFO stated that she would discuss the issue with the IS team to clarify why the system initiated this DMV Administrative assessment in this case without a VC conviction. However, the CFO never provided the results of her discussion with the IS team regarding why the system initiated this assessment without a VC conviction.
9. For a fish and game case, the Court did not impose the additional \$15 FG 12021 Secret Witness penalty.

Recommendations

To ensure its calculation and distribution of fines, fees, penalties, and other assessments are consistent with applicable statutes and guidelines, the Court should consider the following:

1. Restrict access to the financial code tables to only those staff responsible for configuring and updating the distributions in these tables.
2. Request from the County the current and active BOS resolutions that support its imposition and distribution of the GC 76000 local penalties and other local penalties. If after reviewing these BOS resolutions the Court determines that its assessment or distribution of the local penalties is not consistent with current and active BOS resolutions, the Court should adjust its assessments and distributions accordingly.
3. Review and adjust its distribution codes to ensure that they accurately correspond to their respective distribution components or entities. Specifically, for the distribution code with a four digit account code that incorrectly describes the base fine distribution as a PC 1463.27 DV fee, the Court should correct the distribution code or use a distribution code with a four

digit account code that describes the distribution as a base fine distribution. In addition, for the distribution code with a two digit division code that incorrectly indicates the GC 76104.7 DNA Additional Penalty is distributed to the County instead of to the State, the Court should correct the distribution code to identify these collections as penalties distributed to the State.

Further, the Court should consider using two distribution codes to appropriately distribute the respective amounts for the ICNA and the SCFCF components of the GC 70372 State Court Construction Fund Penalty. Similarly, for DV cases, the Court should consider using two distribution codes to appropriately distribute the respective amounts of the DV fee to the DV RO Reimbursement Fund and the Training/Education Fund. Alternatively, if the Court elects to not use two distribution codes to distribute the above noted penalty and fee to their appropriate and respective amounts, the Court should ensure that these amounts are appropriately distributed to their respective accounts or funds later in the distribution process, and document this process for future audit purposes.

4. Update its JALAN financial code tables to transfer the 2% State Automation amount from the PC 1204.4(b) State Restitution Fine. Also, update its distribution code for the \$15 PC 1202.4(l) administrative fee for collecting the State Restitution Fine to distribute this fee to the County, when and if the County collects this particular fine.
5. Investigate the various distribution variances that are offset against the 2% State Automation distribution, and refine any base fine, penalty, and surcharge distribution calculations to eliminate or minimize the variances to rounding errors.
6. Update its JALAN financial code tables to apply the 30 percent Red Light allocation to the GC §76000.10 \$4 EMAT penalty for Red Light bail forfeiture cases. Also, update the financial code tables to exclude the 20% State Surcharge from the 2% State Automation transfer. Further, instead of using two separate distribution codes for the County base fine, consider using one distribution code that accurately describes the distribution as a county base fine distribution.
7. For cases disposed with traffic school, except child seat traffic school cases, update its JALAN financial code tables to exclude the GC 68090.8 2% State Automation transfer from the fines and penalties that are converted to a TVS fee. Specifically, the Court should not transfer the 2% State Automation amount from the EMAT portion of the TVS fee.

Also, correct the financial code tables to not distribute the EMAT penalty, net of 2%, to the State when the case is disposed with traffic school, except for child seat traffic school cases. The EMAT penalty becomes a part of the TVS fee and is therefore no longer available for distribution to the State from either the TVS fee or the Red Light allocation amounts.

8. Update its JALAN financial code tables to ensure that the \$10 VC 40508.6 DMV Administrative assessment is assessed only on cases where a defendant is convicted of a subsequent VC violation.

9. Update its JALAN financial code tables to impose the additional \$15 FG 12021 Secret Witness penalty on fish and game cases, except when not applicable, such as when a defendant provides proof of license valid at the time of the citation.

Superior Court Response By: Leanne Sweeney CFO

Date: 6/17/15

1. The Court agrees. The Court was using a CMS that did not have the ability to limit access to the Financial Code Table to specific users. However, the newly implemented CMS has the ability to restrict access and privileges by Court User Groups. Only Administrators, Managers and Supervisors can make changes to the Financial Code Table in the new CMS.
2. The Court agrees in part. The Court does not currently have a copy of the most recent BOS resolutions for local penalties and the accounting manager at Yolo County was unable to locate the resolutions without knowing the specific date each of the resolutions were adopted. However, the Court's revenue distribution was audited by the State Controller's Office in 2008/2009 and was found to be in compliance. The Court will contact the State Controller's Office audit division to obtain copies of the local penalties approved by the BOS, if available, in order to determine compliance with the resolutions. The Court will also establish a policy and process with Yolo County to annually obtain the most recently approved BOS resolutions related to local penalties.
3. The Court agrees in part. The descriptions attached to the four character segment of the account codes can be further clarified by looking to the associated two character segment of the account code. The Court believes the linking of the two and four character segments provides an adequate description. The Court's new CMS allows for the GL account code string (xx-xx-xx-xxxx) to be uniformly described as a whole, rather than describing the individual segments. Additionally, the GC 76104.7 DNA Additional Penalty was set up with a GL account code string indicating a distribution to the county, the description clearly identifies "DNA State GC 76107.7" in the remittance to the county. The Court's new CMS will allow for a quick update to change the GL account code string so that it is more apparent this penalty is to be remitted to the State. The Court will work with the county's accounting manager to ensure the respective amounts for the ICNA and the SCFCF components of the GC 70372 as well as the DV fee are properly distributed to their respective accounts or funds later in the distribution process.
4. The Court agrees. The financial code distribution for the PC 1204.4(b) State Restitution fine has been updated to transfer the 2% State Automation account. The financial code distribution for the PC 1202.4(l) administrative fee will be updated when a new GL account string is created for the proper distribution to the county.
5. The Court agrees. The Court periodically reviews the distribution variances associated with rounding errors and makes adjustments to the distributions as needed. The Court's newly implemented CMS allows for greater control over rounding errors. The old CMS was limited to percentages rounded to the fourth decimal place, the new CMS does not limit the decimal to the fourth place. The Court will continue its periodic review of the distribution variances and fine tune them in the new CMS.

6. The Court agrees in part. The Court's new CMS is better designed to properly distribute the 30 percent Red Light allocation. The distribution of the 20% State Surcharge has already been excluded from the 2% State Automation transfer. However, the Court notes that small rounding errors have been adjusting the 20% State Surcharge. These small rounding errors will be adjusted during the periodic review of distribution variances.
7. The Court agrees. The Court's new CMS is better designed to properly distribute traffic school cases and will exclude the GC 68090.8 2% State Automation transfer.
8. The Court agrees. The erroneous system generated entry for the \$10 VC 40508.6 will be tested in the newly implemented CMS and proper adjustments will be made.
9. The Court agrees. The \$15 FG 12021 Secret Witness penalty on fish and game cases has been clarified with staff who enter fines on cases so that the penalty will be added when appropriate.

Responsible Person(s): Leanne E. Sweeney, CFO

Date of Corrective Action: 9/30/2015

7. Banking and Treasury

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
100000 POOLED CASH	335,032.67	72,205.73	262,826.94	364.00%
100025 DISB CHECK-OPERATIONS	(444,765.24)	(108,832.78)	(335,932.46)	308.67%
100027 DISB OUTGOING EFT	(26,901.51)	(9,355.36)	(17,546.15)	187.55%
113000 CASH-JURY FUND	14,142.00	14,142.00	0.00	0.00%
119001 CASHONHAND-CHNGEFUND	1,535.00	1,535.00	0.00	0.00%
120002 CASH OUTSIDE OF AOC	3,430,680.64	-	3,430,680.64	100.00%
120050 S/T INVEST-LAIF	1,644,660.59	2,790,845.92	(1,146,185.33)	-41.07%
120051 S/T INVEST-CAP SHARE	380,303.11	420,482.04	(40,178.93)	-9.56%
** Cash and Cash Equivalents	5,334,687.26	3,181,022.55	2,153,664.71	67.70%
301001 A/P - GENERAL	414.18	-	414.18	100.00%
301002 A/P - GR/IR	(43,513.86)	-	(43,513.86)	100.00%
301004 A/P - ELECTRONIC PAY	3,000.62	292.37	2,708.25	926.31%
314014 SPECREV-DUE TO GEN	322,634.79	440,927.55	(118,292.76)	-26.83%
321501 A/P DUE TO STATE	97,721.00	37,445.65	60,275.35	160.97%
321600 A/P - TC145 LIABILITY	-	323,016.52	(323,016.52)	-100.00%
322001 A/P-DUE OTHER GVTS	580.90	1,983.64	(1,402.74)	-70.72%
323010 TREAS INTEREST PAY	1.22	6.36	(5.14)	-80.82%
330001 A/P - ACCRUED LIAB	245,011.13	119,170.75	125,840.38	105.60%
** Accounts Payable	812,877.70	922,842.84	(109,965.14)	-11.92%
341001 ADVANCE REVENUE	438,437.97	438,437.97	0.00	0.00%
351003 LIABFORDEP-STALE OPS	22,499.17	21,034.25	1,464.92	6.96%
353090 FUNDS OUTSIDE AOC	3,430,680.64	-	3,430,680.64	100.00%
Revenues				
** 825000-INTEREST INCOME	8,649.75	12,322.88	(3,673.13)	-29.81%
Expenditures				
920301 MERCHANT FEES	32,538.13	79,591.05	(47,052.92)	-59.12%
920302 BANK FEES	4,121.60	3,900.33	221.27	5.67%

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

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

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

8. Court Security

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
* 934500 - SECURITY	402,504.03	492,355.42	(89,851.39)	-18.25%
* 941100 - SHERIFF	7,840.00	1,540.00	6,300.00	409.09%

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

There were no issues associated with this section to report to management.

9. Procurement

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
* 920300 - FEES/PERMITS	37,809.73	84,279.38	(46,469.65)	-55.14%
* 920500 - DUES AND MEMBERSHIPS	2,200.00	2,725.00	(525.00)	-19.27%
* 920600 - OFFICE EXPENSE	77,421.58	38,696.92	38,724.66	100.07%
* 921500 - ADVERTISING	5,671.75	5,973.41	(301.66)	-5.05%
* 921700 - MEETINGS, CONFERENCE	471.30	2,321.39	(1,850.09)	-79.70%
* 922300 - LIBRARY PURCHASES AN	26,304.07	29,519.04	(3,214.97)	-10.89%
* 922600 - MINOR EQUIPMENT - UN	339,804.55	43,686.27	296,118.28	677.83%
* 922700 - EQUIPMENT RENTAL/LEA	27,900.02	49,247.00	(21,346.98)	-43.35%
* 922800 - EQUIPMENT MAINTENANC	6,020.56	3,301.88	2,718.68	82.34%
* 923900 - GENERAL EXPENSE - SE	2,576.90	1,371.80	1,205.10	87.85%
* 924500 - PRINTING	39,891.55	20,724.91	19,166.64	92.48%
* 925100 - TELECOMMUNICATIONS	63,249.47	49,851.60	13,397.87	26.88%
* 926200 - STAMPS, STAMPED ENVE	136,796.43	119,013.38	17,783.05	14.94%
* 928800 - INSURANCE	5,604.62	5,406.05	198.57	3.67%
* 933100 - TRAINING	2,995.00	9,741.00	(6,746.00)	-69.25%
* 934500 - SECURITY	402,504.03	492,355.42	(89,851.39)	-18.25%
* 935200 - RENT/LEASE	457,696.62	203,381.07	254,315.55	125.04%
* 935300 - JANITORIAL	51,079.10	52,508.36	(1,429.26)	-2.72%
* 935400 - MAINTENANCE AND SUPP	3,284.58	10,088.75	(6,804.17)	-67.44%
* 935500 - GROUNDS	-	540.00	(540.00)	-100.00%
* 935700 - OTHER FACILITY COSTS	-	173.19	(173.19)	-100.00%
* 935800 - OTHER FACILITY COSTS	320.32	1,715.41	(1,395.09)	-81.33%
* 938200 - CONSULTING SERVICES	4,328.68	12,002.00	(7,673.32)	-63.93%
* 938300 - GENERAL CONSULTANT A	476,321.74	108,900.61	367,421.13	337.39%
* 938500 - COURT INTERPRETER SE	420,063.77	335,717.63	84,346.14	25.12%
* 938600 - COURT REPORTER SERVI	128,230.87	83,949.51	44,281.36	52.75%
* 938700 - COURT TRANSCRIPTS	187,362.45	208,233.29	(20,870.84)	-10.02%
* 938800 - COURT APPOINTED COUN	335,870.00	316,752.00	19,118.00	6.04%
* 938900 - INVESTIGATIVE SERVIC	4,274.00	4,023.75	250.25	6.22%
* 939000 - COURT ORDERED PROFES	122,457.88	99,840.22	22,617.66	22.65%
* 939100 - MEDIATORS/ARBITRATOR	117,490.16	89,709.10	27,781.06	30.97%
* 939200 - COLLECTION SERVICES	177,602.78	228,327.87	(50,725.09)	-22.22%
* 939800 - OTHER CONTRACT SERVI	11,005.00	-	11,005.00	100.00%
* 943200 - IT MAINTENANCE	47,888.03	46,260.62	1,627.41	3.52%
* 943500 - IT REPAIRS/SUPPLIES/	145,573.72	240,146.50	(94,572.78)	-39.38%
* 952300 - VEHICLE OPERATIONS	1,609.31	959.36	649.95	67.75%

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

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

10. Contracts

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures - Contracted Services				
* 938200 - CONSULTING SERVICES	4,328.68	12,002.00	(7,673.32)	-63.93%
* 938300 - GENERAL CONSULTANT A	476,321.74	108,900.61	367,421.13	337.39%
* 938500 - COURT INTERPRETER SE	420,063.77	335,717.63	84,346.14	25.12%
* 938600 - COURT REPORTER SERVI	128,230.87	83,949.51	44,281.36	52.75%
* 938700 - COURT TRANSCRIPTS	187,362.45	208,233.29	(20,870.84)	-10.02%
* 938800 - COURT APPOINTED COUN	335,870.00	316,752.00	19,118.00	6.04%
* 938900 - INVESTIGATIVE SERVIC	4,274.00	4,023.75	250.25	6.22%
* 939000 - COURT ORDERED PROFES	122,457.88	99,840.22	22,617.66	22.65%
* 939100 - MEDIATORS/ARBITRATOR	117,490.16	89,709.10	27,781.06	30.97%
* 939200 - COLLECTION SERVICES	177,602.78	228,327.87	(50,725.09)	-22.22%
* 939800 - OTHER CONTRACT SERVI	11,005.00	-	11,005.00	100.00%
Expenditures - County Provided Services				
942901 CNTY - OTHER SERV	1,276.04	1,248.30	27.74	2.22%

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

The following issue is associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

10.1 The Court Needs Agreements for Some County-Provided Services and Needs to Strengthen its Review of County Invoices

Background

Government Code section 77212 requires a court to enter into a contract with the county to define the services the court desires to receive from the county and the services the county agrees to provide to the court. A Memorandum of Understanding (MOU) may serve as the contract between the county and the court. An MOU is a written record that outlines the terms of an agreement or transaction between government entities. Because of the historical relationship between courts and counties, MOUs are commonly used to establish agreements between the two entities.

To assist courts with preparing, reviewing, negotiating, and entering into MOUs with other government entities, the Judicial Branch Contracting Manual, Chapter 8, Appendix C, provides uniform guidelines for courts to follow. For example, it outlines key elements that MOUs for county-provided services must contain such as the basic contract elements (cost, schedule, scope of work, and terms and conditions.) Further, it refers courts to review California Rules of Court, Rule 10.810, which lists allowable and unallowable court costs, when negotiating the MOU or reviewing county invoices.

Further, when processing county invoices for payment, FIN Policy 8.01 and FIN Policy 8.02 provide uniform guidelines for courts to use. These guidelines include procedures for preparing invoices for processing, matching invoices to procurement documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Issues

To obtain an understanding of the types of services the Court receives from the County and the manner in which it pays for these services, we interviewed appropriate Court personnel and reviewed any MOUs between the Court and County, as well as County invoices paid by the Court. Our review revealed the following:

1. The Court does not have a current MOU with the County for all the county-provided services it receives, with the exception of insurance policies and a separate agreement for dependency counsel services. Moreover, which County MOUs and provisions are still active is unclear. Specifically, although the Court has several MOUs and related amendments with the County, because these MOUs and amendments are numerous and span several years during which both parties added and rescinded various provisions, which components of the MOUs and amendments remain current and valid is unclear.
2. Further, although the County invoices included sufficient support for the costs charged, the Court did not consistently match its payments to an MOU. Moreover, not all payments to the County were for allowable court operation costs. Specifically, we noted the following:
 - a. Two of the five payments reviewed that the Court made to the County did not match to a current and active MOU, nor were the county-provided services specifically

identified in any MOU. Specifically, one of these payments was to the County general services department for janitorial supplies. Although the Court provided a real estate transfer MOU between the County of Yolo, the Judicial Council, and the Court, and asserts that this MOU pertains to its payment for janitorial supplies, this MOU did not specifically address janitorial services and supplies. Rather, this MOU established certain rights and responsibilities among the parties with regard to certain real estate. It does not address the scope and cost of janitorial services and supplies that the County agreed to provide or supply to the Court and that the Court agreed to pay.

For the second payment, the Court paid the County probation department for county-provided civil drug testing services. Although the County invoice provided sufficient details to support the civil drug testing services provided, these county-provided services are not specifically identified in any MOU.

- b. The Court also made payments under one MOU to provide the County with funds to procure services that are not allowable court operations costs and, thus, are not an allowable use of court operations funds. Specifically, the Court entered into an initial \$10,000 MOU and a subsequent \$5,000 amendment with the County probation department to provide the County with funds to hire a contractor to educate schools within the County about reducing expulsions. The Court paid a total of \$15,000 from its court operations fund to provide the County with these funds, but the MOU did not provide that the costs must be California Rules of Court, Rule 10.810, allowable court operations costs. Although the desire of the Court to help the County keep students in school is commendable, its payments to fund a County program are not for county-provided services to the Court, not a California Rules of Court, Rule 10.810, allowable court operations cost, nor an allowable use of court operations funds.

Recommendations

To ensure the Court adequately protects its best interests, receives and pays only for the services it agreed to receive from the County, pays costs that are reasonable and allowable, and follows established accounts payable guidelines, it should consider the following:

1. Enter into an MOU with the County that is consistent with the Judicial Branch Contracting Manual and that clearly states the county-provided services the Court agrees to receive from the County, including the cost for those services, schedule, scope of work, and associated terms and conditions. Further, ensure that all MOUs with the County provide that the costs the Court agrees to pay the County must be California Rules of Court, Rule 10.810, allowable court operations costs.
2. Provide training and instruction to accounts payable staff to ensure that all payments to the County are matched to an active MOU prior to payment, and that payments are for allowable court operations costs as defined in California Rules of Court, rule 10.810.

Superior Court Response By: Leanne E. Sweeney, CFO

Date: 7/10/2015

1. The Court agrees it has several MOUs with the County that span many years and contain numerous amendments. However, the Court's imminent move to the new Yolo Courthouse will require the Court to reevaluate all MOUs with Yolo County to determine which services will continue and which will be terminated. New MOUs will be developed to address the continuing needs of the Court.

Responsible Person(s): Cathleen Berger, Deputy CEO
Date of Corrective Action: December 2015

2. The Court disagrees in part.
 - a. The Court agrees the real estate transfer MOU with the County is ambiguous regarding the janitorial services and supplies. The Court's upcoming move to the new Yolo Courthouse will end the need for several of the agreed upon services, eliminating the need for entering into a new MOU with the County for the facility related services. The Court agrees it did not have a formal written agreement in effect for Civil Drug Testing services with Yolo County Probation during the period under audit. However, Family Code Section 3041.5 provides the Court is required to order drug testing as it relates to custody and visitation of a minor. Probation initially agreed to provide the service at no charge and subsequently began charging the court for the testing. In April of 2014 the Court discontinued using Probation for the service and now refers litigating parties to an outside agency for which parties pay for the service, rather than the Court.

Responsible Person(s): Cathleen Berger, Deputy CEO
Date of Corrective Action: December 2015

- b. The Court disagrees its MOU with the County was for unallowable court operations costs. The Court entered the MOU with the County Probation Department after the Presiding Judge returned from the "Beyond the Bench" conference in December 2013. Chief Justice Tani Cantil-Sakayue personally invited the Presiding Judges of the Juvenile Courts to participate, stating "This issue is of great importance to me. I believe that our juvenile court judges can play a key role in keeping at-risk children and youth in school and out of Court." The activities supported by this funding were beyond the scope of ordinary probation services. This was a collaborative training developed by Probation, benefitting all partners in the juvenile court and that was built on the model developed at the "Beyond the Bench" conference.

Audit Services Comments on Court Response

To provide clarity and perspective, Audit Services is commenting on the Court's response to recommendation 2.b above.

The Court payments described in issue 2.b above to fund a County program were, in effect, an unallowable grant award to the County from its court operations fund. The Court's response in 2.b above summarily dismisses the unallowable use of its court operations fund without citing a reference that indicates grant awards to fund a county program are an

allowable use of the court operations fund. As we state above, although the desire of the Court to help the County keep students in school is commendable, its payments to fund a County program are nonetheless not a CRC, Rule 10.810, allowable court operations cost and, therefore, not an allowable use of the court operations fund. As a result, not only did the terms of this MOU with the County not provide that the costs be CRC, Rule 10.810, allowable court operations costs, the Court also risks that such unallowable grant award payments to fund a County program may be questioned as a potential gift of public court funds.

11. Accounts Payable

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30			
	2014	2013	\$ Inc. (Dec)	% Change
Liabilities				
** Accounts Payable	812,877.70	922,842.84	(109,965.14)	-11.92%
** Current Liabilities	4,296,358.46	902,997.84	3,393,360.62	375.79%
Reimbursements -Other				
** 860000-REIMBURSEMENTS - OTHER	53,689.62	32,043.04	21,646.58	67.55%
Expenditures				
* 920300 - FEES/PERMITS	37,809.73	84,279.38	(46,469.65)	-55.14%
* 920500 - DUES AND MEMBERSHIPS	2,200.00	2,725.00	(525.00)	-19.27%
* 920600 - OFFICE EXPENSE	77,421.58	38,696.92	38,724.66	100.07%
* 921500 - ADVERTISING	5,671.75	5,973.41	(301.66)	-5.05%
* 921700 - MEETINGS, CONFERENCE	471.30	2,321.39	(1,850.09)	-79.70%
* 922300 - LIBRARY PURCHASES AN	26,304.07	29,519.04	(3,214.97)	-10.89%
* 922600 - MINOR EQUIPMENT - UN	339,804.55	43,686.27	296,118.28	677.83%
* 922700 - EQUIPMENT RENTAL/LEA	27,900.02	49,247.00	(21,346.98)	-43.35%
* 922800 - EQUIPMENT MAINTENANC	6,020.56	3,301.88	2,718.68	82.34%
* 923900 - GENERAL EXPENSE - SE	2,576.90	1,371.80	1,205.10	87.85%
* 924500 - PRINTING	39,891.55	20,724.91	19,166.64	92.48%
* 925100 - TELECOMMUNICATIONS	63,249.47	49,851.60	13,397.87	26.88%
* 926200 - STAMPS, STAMPED ENVE	136,796.43	119,013.38	17,783.05	14.94%
* 928800 - INSURANCE	5,604.62	5,406.05	198.57	3.67%
* 929200 - TRAVEL- IN STATE	8,242.02	5,167.70	3,074.32	59.49%
* 933100 - TRAINING	2,995.00	9,741.00	(6,746.00)	-69.25%
* 934500 - SECURITY	402,504.03	492,355.42	(89,851.39)	-18.25%
* 935200 - RENT/LEASE	457,696.62	203,381.07	254,315.55	125.04%
* 935300 - JANITORIAL	51,079.10	52,508.36	(1,429.26)	-2.72%
* 935400 - MAINTENANCE AND SUPP	3,284.58	10,088.75	(6,804.17)	-67.44%
* 935500 - GROUNDS	-	540.00	(540.00)	-100.00%
* 935700 - OTHER FACILITY COSTS	-	173.19	(173.19)	-100.00%
* 935800 - OTHER FACILITY COSTS	320.32	1,715.41	(1,395.09)	-81.33%
* 936100 -UTILITIES	13,904.00	12,579.64	1,324.36	10.53%
* 938200 - CONSULTING SERVICES	4,328.68	12,002.00	(7,673.32)	-63.93%
* 938300 - GENERAL CONSULTANT A	476,321.74	108,900.61	367,421.13	337.39%
* 938500 - COURT INTERPRETER SE	420,063.77	335,717.63	84,346.14	25.12%
* 938600 - COURT REPORTER SERVI	128,230.87	83,949.51	44,281.36	52.75%
* 938700 - COURT TRANSCRIPTS	187,362.45	208,233.29	(20,870.84)	-10.02%
* 938800 - COURT APPOINTED COUN	335,870.00	316,752.00	19,118.00	6.04%
* 938900 - INVESTIGATIVE SERVIC	4,274.00	4,023.75	250.25	6.22%
* 939000 - COURT ORDERED PROFES	122,457.88	99,840.22	22,617.66	22.65%
* 939100 - MEDIATORS/ARBITRATOR	117,490.16	89,709.10	27,781.06	30.97%
* 939200 - COLLECTION SERVICES	177,602.78	228,327.87	(50,725.09)	-22.22%
* 939800 - OTHER CONTRACT SERVI	11,005.00	-	11,005.00	100.00%
* 952300 - VEHICLE OPERATIONS	1,609.31	959.36	649.95	67.75%
* 965100 - JUROR COSTS	115,321.41	99,558.42	15,762.99	15.83%

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

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

The following issue is associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

11.1 The Court Needs to Improve Its Procedures for Reviewing and Approving Travel Expenses

Background

Government Code section 69505(a) requires trial court judges and employees to follow the procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council for reimbursement of business-related travel. The Judicial Council approves the Administrative Office of the Courts (AOC) Travel Rate Guidelines that provide specific information regarding the 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 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, 6.3.2, 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, 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 reimbursement 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 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 \$ 8
Lunch	Not to Exceed \$12
Dinner	Not to Exceed \$20
Incidentals	Not to exceed \$ 6

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

Policy Number FIN 8.03, 6.1.6, states a request for a lodging exception is allowed for business travel when lodging above the maximum rate is the only lodging available, or when it is cost-effective. An Exception Request for Lodging form and supporting documentation must be submitted and approved in advance of the travel by the appointing power designee (Presiding Judge or designee). Under no circumstances may an appointing power designee approve his or her own Exception Request for Lodging form. Additionally, the criteria for considering exceptions requires a good faith effort to locate lodging with rates that are within the maximum rates, and includes attaching to the exception request form a list of at least three moderately priced establishments contacted, the dates contacted, the rates available, and other contact information. The appropriate approval level is responsible for ensuring the reasonableness and completeness of the form, and shall return the form unprocessed if incomplete or inadequately justified. A copy of the approved form must be attached to the respective travel expense claim on file with accounting. If advance approval is not obtained, the traveler shall be reimbursed only for the specified maximum rate plus tax and surcharges.

Policy Number FIN 8.03 also provides the Judicial Branch Travel Guidelines, which state that to be eligible for lodging, incidentals, and meal reimbursement, expenses must be incurred in excess of 25 miles from headquarters. As previously cited, Policy Number FIN 8.03, 3.0, states that all exceptions to the Judicial Branch Travel Guidelines must be submitted in writing and have prior approval in accordance with the alternative procedures guidelines established in Policy Number FIN 1.01, 6.4 (4).

Issues

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding its current travel expense reimbursement practices. We also reviewed selected travel expense transactions between July 2013 and June 2014. Our review determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted the following in our review of ten travel expense reimbursements:

1. The appropriate approval-level supervisors or managers did not always sign the travel expense claims to demonstrate their oversight and approval of the claimed travel expenses. Specifically, for one of the ten travel expense claim forms reviewed, the travel expense claim form submitted for reimbursement of travel expenses by the Court Executive Officer (CEO) was signed approved by the assistant CEO instead of by the CEO's appropriate approval-level supervisor or manager, the Presiding Judge(PJ).

2. Claimants did not always submit sufficient information with their travel expense claim forms when requesting reimbursement for the travel expenses they incurred while on official court business. For example, the claimant for one of the six travel expense claim forms reviewed claimed reimbursement for mileage expenses, but did not provide their residence address, even though not a judge, to allow reviewers to determine whether the mileage claimed was the lesser of the mileage from home or headquarters to the business destination.
3. The Court also does not always require its employees to obtain prior written approval for certain travel expenses. Specifically, of the three travel expense claims reviewed where the claimants requested reimbursement of overnight lodging expenses, one claimant exceeded the \$120 per night maximum rate allowed for lodging, but did not obtain prior written approval by the PJ on an Exception Request for Lodging form that would provide the documentation required to support the justification for exceeding the maximum lodging rates. In addition, this claimant also used and claimed the more expensive hotel valet parking instead of using and/or claiming other less costly methods of overnight parking that were available to the claimant.

Although the Court asserts that the total lodging expenses reimbursed to this claimant was less than the total cost of the overnight stay, including the \$16 in room taxes and \$28 in resort fees, the “resort fee” is a personal expense of the claimant, not a court business expense. When subtracting the \$16 in room taxes from the \$150 total the Court reimbursed the claimant for the overnight stay, the overnight lodging expenses of \$134 exceeded the \$120 maximum rate allowed per night. Therefore, the claimant needed to submit an Exception Request for Lodging form, along with the required supporting documents, for approval in advance of the travel, and attach this approved form with the respective travel expense claim.

Moreover, after a closer look at this travel event to investigate the Court’s assertions, we found three additional lodging expenses for court staff that also traveled to attend the same out-of-town event. Unlike the first claimant, these three travelers paid their individual lodging expenses using their respective assigned court credit cards. Although these three travelers stayed overnight at a different hotel, the \$146 per night lodging expense also exceeded the \$120 per night maximum rate allowed for lodging. We followed up with the Court and asked it to provide copies of the Exception Request for Lodging forms, and required supporting documents, that the PJ or CEO approved prior to the travel for these three travelers. However, the Court could not provide these exception request forms to justify and demonstrate that the travelers made and documented a good faith effort to locate lodging with rates within the maximum rates, and that the PJ or designee reviewed and approved in advance these higher lodging rates that exceeded the maximum allowed rate.

4. For two of the ten travel expense claim forms reviewed, court supervisors and accounts payable staff did not adequately review the claims, resulting in the Court inappropriately reimbursing claimants for incidental expenses that are not allowed. Specifically, the claimants claimed incidental expenses on the first and second day of travel for a one-night

overnight travel trip. However, actual incidental expenses of up to \$6 per day are allowed, but only after the first 24 hours of travel.

Recommendations

To ensure its travel expenses comply with the Judicial Branch travel expense reimbursement policy and procedures, and are an appropriate and necessary use of public funds, the Court should consider the following:

1. Require the employee's appropriate approval-level, such as the employee's immediate supervisor or above, to review and sign approval on travel expense claim forms before the Court accounts payable staff process the travel expense claim forms for payment.
2. Require that all Court employees and officials who travel on Court business provide the information and documents necessary to allow reviewers to properly review and approve allowable travel expenses. Training and instructions provided to court staff should include information on how to properly complete the Travel Expense Claim form, as well as the documents that are required or needed to appropriately support the claimed travel expenses.
3. Require employees who cannot find overnight lodging at rates that are within the maximum lodging rates allowed to submit, for advance approval by the PJ or designee, an Exception Request for Lodging form along with the required supporting documents and attach this form to the respective travel expense claim. The requestor must not approve his or her own exception form, and must provide the required supporting documentation to justify the exception request to approve lodging expenses that exceed the maximum allowed lodging rates.

If the exception form and required supporting documents are not submitted and approved in advance, the accounting office should reimburse lodging expenses only up to the maximum lodging rates allowed, or require employees to repay the Court for lodging overcharges individuals charged to the Court credit card.

4. 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 review and approve allowable travel expenses, including instructions on FIN Manual travel expense reimbursement requirements, allowable travel expenses, and maximum reimbursement limits.

Superior Court Response By: Leanne E. Sweeney, CFO

Date: 07/10/2015

1. The Court agrees. The Court was relying on the presiding judge's delegation of duties. The Court's policy on travel approval for the CEO has been changed and the Presiding Judge approves all CEO travel claims.

Date of Corrective Action: 04/03/2015

Responsible Person(s): Shawn C. Landry, CEO

2. The Court agrees. The Court has provided additional training to staff on ensuring travel claim forms are complete and in compliance with TEC instructions prior to payment.

Date of Corrective Action: 04/23/2015

Responsible Person(s): Leanne E. Sweeney, CFO

3. The Court agrees. The Court does research lodging options to comply with the reimbursement limits but was not using the Exception Request for Lodging form to document its reasoning for allowing travel reimbursement above the guidelines. The Court will notify all potential travelers of the need for advance preparation of the Exception Request for Lodging form and train approving supervisors, managers and fiscal staff to limit the reimbursement of claims to the travel guidelines unless the Exception Request for Lodging form is completed and accompanying the claim.

Date of Corrective Action: 04/23/2015

Responsible Person(s): Leanne E. Sweeney, CFO

4. The Court agrees. The Court has provided additional training to staff on ensuring travel claim forms are complete and in compliance with TEC instructions, such as the \$6 incidental expenses being reimbursable for each complete 24 hour period, prior to payment.

Date of Corrective Action: 04/23/2015

Responsible Person(s): Leanne E. Sweeney, CFO

12. Fixed Assets Management

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
922601 MINOR EQUIP-NON-IT	2,048.20	-	2,048.20	100.00%
922603 OFFICE FURN-MINOR	-	5,158.33	(5,158.33)	-100.00%
922605 MODULAR FURN-MINOR	-	22,145.71	(22,145.71)	-100.00%
922610 COMPUTER ACCESSORIES	6,175.38	5,283.83	891.55	16.87%
922611 COMPUTER	229,264.70	(718.78)	229,983.48	-31996.37%
922612 PRINTERS	38,450.40	21.32	38,429.08	180248.97%
922699 MINOR EQUIPMENT	63,865.87	11,795.86	52,070.01	441.43%
* 922600 - MINOR EQUIPMENT - UN	339,804.55	43,686.27	296,118.28	677.83%
945301 MAJOR EQUIP - NON-IT	11,701.83	-	11,701.83	100.00%
946601 MAJOR EQUIPMENT - IT	165,392.77	-	165,392.77	100.00%
* 945200 - MAJOR EQUIPMENT	177,094.60	-	177,094.60	100.00%

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

13. Audits

Background

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

We reviewed prior audits conducted of the Court to obtain an understanding of the issues identified and to assess during the course of this audit whether the Court appropriately corrected or resolved these issues. Specifically, external consultants previously reviewed the Court and issued their report dated July 2008. The review covered several functional areas, including court administration, fiscal management, cash handling, revenues and expenditures, information systems, exhibit room administration and security, and court building physical security. The review reported issues and recommendations in management over funds held in trust, controls over the case management system access, fine distributions through the case management system, and cash handling. Issues from the July 2008 report that the Court did not correct or resolve and that resulted in repeat issues in various sections of this report may be identified as “repeat” issues in Appendix A.

Also, the State Controller’s Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Yolo County for the period July 1, 2002, to June 30, 2008. During its audit of the Court’s Revenue Distribution, the SCO reported that the Court did not properly distribute traffic violator school bail, incorrectly distributed the State Penalty Fund revenue, did not correctly distribute the fish and game revenues, and incorrectly distributed 30 percent of the new emergency medical services and DNA penalties from red-light traffic violations. Issues not yet corrected or repeat issues are identified in the Information Systems section of Appendix A to this report.

Repeat issues from the prior audit are identified in Appendix A to this report as “repeat” issues. In addition, issues from our review of revenue distribution are reported in section 6 of this report.

14. Records Retention

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
935203 STORAGE	32,474.62	30,067.07	2,407.55	8.01%

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

Record retention issues associated with this section were reported in the Fiscal Management, Accounting Principles and Practices, and Accounts Payable sections in this report. For example, not retaining support for accounting adjustments, not retaining support for certain amounts reported at year-end, and not retaining the bi-weekly payroll to general ledger reconciliations.

15. Domestic Violence

Background

In June 2003, the Joint Legislative Audit Committee (JLAC) requested Audit Service 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, Audit Services agreed to test the assessment of fines and fees 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 selected certain criminal domestic violence cases with convictions and reviewed their corresponding CMS and case file information to determine whether the Court assessed the statutorily mandated fines and fees.

The following issue is associated with this section and considered significant enough to bring to management's attention.

15.1 The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fines and Fees

Background

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

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

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

- Penal Code (PC) 1202.4 (b) State Restitution Fine
Effective January 2013, courts must impose a separate and additional State Restitution Fine of not less than \$280 for a felony conviction and not less than \$140 for a misdemeanor conviction in every case where a person is convicted of a crime. Effective

January 2014, the minimum State Restitution Fine amounts for felonies and misdemeanor convictions increased to \$300 and \$150, respectively. Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record. Inability to pay is not considered a compelling and extraordinary reason not to impose this restitution fine, but may be considered only in assessing the amount of the fine in excess of the minimum.

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

Issues

Our review of 30 criminal DV cases disposed from July 2013 through June 2014 found that the Court did not always impose the correct fines and fees. Specifically, our review noted the following exceptions:

- For the 20 DV cases reviewed where the Court sentenced the defendant to probation, the Court did not consistently impose the correct minimum DV Fee pursuant to PC 1203.097(a)(5). Specifically, for 11 of the 20 applicable cases, the court ordered a \$400 DV Fee instead of the \$500 minimum DV Fee. In addition, for one of the 20 cases, the Court waived the DV Fee but did not state on the record the reason for waiving the fee.
- Also, for two of the 20 applicable cases where the defendant was sentenced to probation, the Court did not order the Probation Revocation Fine pursuant to PC 1202.44.
- For three of the 29 applicable DV cases reviewed with criminal convictions, the Court did not impose the correct Court Operations and Criminal Conviction Assessments pursuant to

PC 1465.8 and GC 70373, respectively. Specifically, for each of these three cases, the Court imposed assessments for only one conviction even though each case had multiple criminal convictions. In addition, for one of the 29 cases with criminal convictions, the Court did not impose the required Court Operations and the Criminal Conviction Assessments.

Recommendations

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

1. Ensure that courtroom staff refer to an updated bench schedule of minimum fines and fees to assist judicial officers in assessing the correct DV fine and fee amounts. In addition, it should consider inserting these updated minimum fine and fee amounts on the official order of probation forms to further help ensure the assessment of correct fine and fee amounts.
2. Document in DV case minute orders, and also its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the Court did not impose the statutory minimum fines and fees.

Superior Court Response By: Leanne E. Sweeney, CFO

Date: 04/24/2015

The Court agrees. The Court has since updated and fully implemented its own form noting the correct DV fine and fee amounts and notified the Probation Department in July 2014 of the change to ensure the correct fee is consistently imposed. Additionally, the Court has updated its Sentencing Guidelines and Clerk Desk Reference manuals as a reminder of the need to document reasons for waiving the DV on the record.

Date of Corrective Action: 04/22/2015

Responsible Person(s): Liisa Hancock, Assistant Operations Manager

16. Exhibits

Background

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

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

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

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

17. Bail

Background

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

California Rules of Court (CRC) 3.1130(a) indicate that 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 understand the Court's processes in establishing and tracking bail as well as validating posted bail bonds. We also reviewed the Court's Uniform Bail Schedule and selected case files where bail was posted to determine compliance with CRC and applicable Penal Code Sections.

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

APPENDIX A

**Superior Court of California,
County of Yolo**

Issue Control Log

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

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

Audit Services will periodically contact the Court to follow-up on the status of the corrective efforts indicated by the Court.

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration								
		1.1		Some Court Judicial and Executive Benefits Should Be Reconsidered					
			11	Contrary to the Judicial Council <i>Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits</i> , the Court paid court-funded supplemental judicial benefits in 2014 that exceeded the court-funded supplemental judicial benefits it paid to judges as of July 1, 2008. This increase was the result of the PJ and Court judges deciding in December 2012 to assume the county-paid supplemental judicial benefits the county planned to eliminate beginning in January 2013 for two judges and continuing thereafter through 2017 for the remainder of the judges.	I		Agreed. Effective immediately, the Court-funded supplemental judicial benefits have been reduced to meet the requirement that they not exceed the July 1, 2008 levels and any Court-funded payments that supplant any supplemental judicial benefits that the county terminates are eliminated.	Hon. Kathleen M. White, Presiding Judge	October 23, 2015
			11	The Court pays judges what is in effect a court-funded cash allowance benefit that is based on the cost of a mid-range PPO health plan. However, contrary to the Judicial Council <i>Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits</i> , the Court does not restrict these payments solely to pay or reimburse judges for their actual documented health plan costs, nor encourage judges to accept only the actual cost of the intended activities.	I		Agreed. At the special judges' meeting on October 19, 2015, all judges were encouraged to accept payment or reimbursement for only the actual costs of documented health plan-related expenditures, which is the basis of the Court-funded supplemental judicial Benefit Package, instead of accepting a cash-allowance payment regardless of the health plan-related activities undertaken.	Hon. Kathleen M. White, Presiding Judge	October 23, 2015
			11	Although for 2014 the Court suspended the prior years' increases to the court-funded supplemental judicial benefits that it authorized subsequent to July 1, 2008, except for the payments it assumed after the county stopped paying its full share, its November 2013 administrative order left open the possibility for the PJ or a majority of judges to revisit this administrative order and increase these court-funded supplemental judicial benefits beyond the July 1, 2008, levels again in the future contrary to the Judicial Council <i>Interim Procedures for Administration of Court-Funded Supplemental Judicial Benefits</i> .	I		Agreed. The November 2013 Administrative Order has been rescinded and superseded by Administrative Order 2015-28 (amended), which remains in effect pursuant to the 2009 Judicial Council Interim Procedures regarding Judicial Benefits and in accordance with these audit recommendations. The amended administrative order reflects the 2009 Interim Procedures and prohibits future increases in Court-funded supplemental judicial benefits beyond the July, 1 2008 levels.	Hon. Kathleen M. White, Presiding Judge	October 23, 2015
			11	Court executive staff benefits include county-paid insurance benefits that may create a perception of a potential conflict of interest, such as when Court executives receive county-paid benefits and make or participate in making court business decisions that involve the county, as when negotiating or signing MOUs between the Court and county.	I		Agreed. Although the Yolo Court has no control over this issue – it is a county-controlled artifact of the prior county funding of courts, the court executive office will send a letter requesting that the county annually bill for the group benefit.	Hon. Kathleen M. White, Presiding Judge	October 23, 2015
			Log	Although we did not note any case that was under submission for more than 90 days before a ruling, because court staff do not promptly enter the submission and ruling dates in CMS and because the CMS report used to prepare the submitted list only captures a one-month window of time with no overlap to include prior periods, some cases that were taken under submission and that should have been listed as pending on the submitted list were not listed. Specifically, for one submitted list reviewed, we noted 2 cases that were taken under submission and that should have been listed as pending, but were missed because the CMS report the court staff used to prepare the submitted list did not include these 2 cases as the under submission date was entered after the CMS report was generated.	I		As noted, there were no findings of any case under submission for more than 90 days before a ruling. Due to workload demands there may be periodical delays in CMS entries to note the cases under submission, the Court Analyst does review prior periods to make sure future reports include cases that may have been missed in a prior month report due to the processing delay. The Court considers its current review practice sufficient to capture and report on cases under submission within an acceptable time frame.	Rocio Vega, Court Analyst	N/A
			Log	One case reviewed had a ruling date entered in the CMS that was different than the ruling date reflected in case file records.	C		This was one clerical error that was later corrected in the CMS. However, the report actually submitted to the PJ included the appropriate ruling date.	Rocio Vega, Court Analyst	N/A

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
2	Fiscal Management and Budgets							
		2.1	The Court Needs to Improve Its Payroll Processing Practices					
		10	Exempt employees do not prepare and sign time records. Instead, HR prepares these time records on behalf of the exempt employees using the time-off information these exempt employees may have emailed to HR. Further, the appropriate level supervisors or managers also do not review and approve these HR prepared time records. As a result, the Court does not maintain sufficient and appropriate records to properly and reliably account for the time worked and leave taken by exempt employees.	I		The Court agrees that documentation for supervisor review of exempt employee leave time could be improved. The Court currently requires all exempt staff to submit a report to HR and their respective manager any leave time used during each pay period. The Court will modify its process to also require exempt staff to report to HR and their respective manager even if no leave time was used. Managers will be required to respond with their approval or any necessary changes. If a response from a manager is not received, HR will follow up with the manager in a timely manner.	Darcy Henderson, HR Manager	September 2015
		10	The vacation accrual rates for 2 of 10 employees reviewed do not agree to the vacation accrual rates indicated by their respective 2014 approved benefit summary sheets. Specifically, the vacation accrual rates for a management employee and a SJO employee do not agree with their respective 2014 benefit summary sheets that the CEO approved in November 2013. Instead, the vacation accrual rates HR entered into the payroll system for these two employees are the vacation accrual rates from an August 2012 CEO approved salary and benefit change authorization form. However, because Court policy requires the CEO to annually approve the employee benefit sheets prior to implementation, and because the CEO approved the 2014 benefit summary subsequent to the 2012 authorization form, the 2014 CEO approved benefit summary sheets would provide the effective vacation accrual rates that the HR office should have used and entered into the payroll system to accrue vacation leave for these court employees.		C	The Court agrees its annual benefit summary sheet did not provide comprehensive details of the vacation accrual for all employment periods. This summary sheet has been updated to note the future anniversary dates with changes in accrual rates.	Darcy Henderson, HR Manager	July 2015
		10	The tentative labor agreements between the Court and represented employees provided for a one-time lump-sum loyalty service payment in June 2014. However, the Presiding Judge or CEO did not sign and execute these agreements until November 2014. Nevertheless, the Court HR office and Fiscal office proceeded to process and pay the bonuses in June 2014 without a fully executed labor agreement or the written authorization of the Presiding Judge or the CEO.		C	The Court agrees it did not have a signed authorization from the PJ or CEO prior to processing and paying the one-time loyalty service credit for the represented and unrepresented employees. The HR Manager discussed the specific employees with the CEO and DCEO, and received approval making a written note of record of this approval on the meeting agenda. While every step of the negotiation process was closely monitored by the CEO, the Court recognizes the need to ensure a proper authorizing signature is obtained prior to processing and paying special payroll items such as these.	Darcy Henderson, HR Manager	June 2015
		10	The Court HR office and Accounting office also proceeded to process and pay one-time lump-sum loyalty service payments to unrepresented employees and supervisors, excluding the CEO, in June 2014 without the written authorization of the Presiding Judge or the CEO.		C	The Court agrees it did not have a signed authorization from the PJ or CEO prior to processing and paying the one-time loyalty service credit for the represented and unrepresented employees. The HR Manager discussed the specific employees with the CEO and DCEO, and received approval making a written note of record of this approval on the meeting agenda. While every step of the negotiation process was closely monitored by the CEO, the Court recognizes the need to ensure a proper authorizing signature is obtained prior to processing and paying special payroll items such as these.	Darcy Henderson, HR Manager	June 2015
		Log	Although it asserts it prepared the reconciliations, the Court does not keep a complete record of its reconciliation of the bi-weekly payroll to the general ledger accounts. According to the CFO, these reconciliations are prepared, but were not previously retained.	I		The Court agrees and will retain an electronic copy of the document with tick marks for items reconciled. The reconciliation workbook will be noted for each pay period that the documents have been compared and agreed.	Leanne E. Sweeney, CFO	August 2015
		Log	The Court could not provide a copy of the work order it executed with its payroll provider. According to the Judicial Council master agreement with the payroll provider, the Court and payroll provider must execute a work order for the payroll services the Court agreed to receive and the costs it agreed to pay.	I		The Court provided a copy of the work order prepared by the payroll provider. However, this work order was not in the format shown in the Example Work Order contained within Amendment 11 of 17, dated March of 2007. For all future service level changes on Judicial Council Master Agreements, the Court will be sure to review all amendments to ensure compliance with all requirements.	Darcy Henderson, HR Manager	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Although the Court indicates it has procedures to ensure that the payroll reports agree to the employee names in the payroll system, it does not have procedures, such as periodically hand-distributing checks or check stubs to respective employees, to ensure that it is not paying fictitious employees.	I		All new employees are assigned an employee number in the payroll system. The Fiscal Department's review and preparation of the General Ledger entry includes vouching all new employee numbers to a signed Personnel Action Form (PAF). The PAF is signed by (1) the new employee, (2) HR Manager, and (3) Manager or Supervisor of the hiring department. A copy of each PAF is retained by the Fiscal Department. Only employees with paper paychecks are hand delivered a pay envelope. All employees with Direct Deposit are provided an electronic copy of the check stub, not handed a paper copy. The Court considers its current level of review adequate to quickly identify any fictitious employees in the payroll system.	Leanne E. Sweeney, CFO, and Darcy Henderson, HR Manager	N/A
3	Fund Accounting		No issues to report.					
4	Accounting Principles and Practices							
		4.1	The Court Needs to Better Account For and Report Its Financial Transactions					
		5	In the fiscal year 2013-14 CAFR Schedule 2, the Court reported total lease expenditures of \$72,192 for the fiscal year; however, the Court could not provide information to verify this amount to the corresponding general ledger expenditure accounts.	I		The Court agrees it should always retain information to sufficiently support the amounts reported in the CAFR. The Court's CFO will review supporting general ledger documentation and amounts reported prior to submitting the CAFR and retain the documentation together with a copy of the CAFR that was submitted.	Leanne E. Sweeney, CFO	June 2015
		5	For fiscal year 2013-14, the Court reported fixed asset additions of \$126,395 on its CAFR report 18 - Fixed Assets; however, the Court could not fully demonstrate how the reported fixed asset additions traced to its Major Equipment general ledger expense accounts. When we first asked the Court for information, in December 2014, regarding the amounts we could not trace to its Major Equipment general ledger expense account, it did not provide the requested information. However, subsequently, in April 2015, the Court provided documentation that facilitated vouching all reported equipment additions to the general ledger accounts.	I		See above response.	Leanne E. Sweeney, CFO	June 2015
		5	The Court did not record a \$87,000 revenue accrual for TCTF Distribution #14 at the close of fiscal year 2013-14 even though at June 30, 2014, these revenues were measurable and available per FIN Manual policy.	I		The Court agrees the revenue accrual for Distribution #14 should be measurable prior to the closing of the books for the fiscal yearend and will implement this change into the June 30, 2015 closing of the books.	Leanne E. Sweeney, CFO	June 2015
		5	In fiscal year 2013-14, the court executed an adjusting entry in its accounting system to move \$275,000 in prior years' revenues from the general fund to a special revenue fund for its 2 percent Automation Replacement Funding allocations. According to the Court, it made the adjusting entry to correct accounting errors from prior fiscal years 2006-07 through 2011-12. However, the Court did not provide documentation, such as an expenditure analysis for each prior fiscal year, to demonstrate that it searched and found no expenditures that qualified for use of its 2 percent automation funding to support that the amounts transferred from the general fund to the special revenue fund were therefore appropriate. Specifically, the Court provided an analysis of its 2 percent automation allocations and associated year to year changes in total fund balance, but did not provide a corresponding expenditure analysis showing that it did not make any prior year expenditures that would qualify for use of its 2 percent automation monies.	I		The Court agrees it should retain supporting documentation and analysis performed to justify its adjusting entries.	Leanne E. Sweeney, CFO	July 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		5	The court does not always create contract purchase orders within the accounting system to encumber and reserve its available fund balance.	I		The Court agrees it should increase its use of purchase orders in the accounting system to encumber and reserve fund balance and that its transactions should be consistently recorded to the appropriate general ledger accounts and the proper funds within the accounting system. The Court's accounting staff is working with the JCC Procurement and General Ledger staff to implement these changes.	Leanne E. Sweeney, CFO	June 2015
		5	The court recorded in its general fund \$7,880 of special revenue that included Custody/Visitation revenues and Mediation Fee revenues, both restricted by statute. These restricted revenues should be recorded in Fund 120021 - Special Revenue Fund - Other, and the revenue and associated expenditures should be tracked in its accounting system using WBS elements.	I		See above response.	Leanne E. Sweeney, CFO	June 2015
		5	General ledger account #341001 - Revenue Collected in Advance had a balance of \$438,438 at the close of fiscal year 2013-14. However, the Court could not provide evidence to establish the types of revenue that constitute the balance. The account has had a balance since the Court went onto the Phoenix Financial System in FY 2004-05.	I		See above response.	Leanne E. Sweeney, CFO	June 2015
		5	At June 30, 2014, several general ledger accounts had abnormal account balances at year-end. For example, asset account #100000 Pooled Cash had a credit balance of \$660,875 in fund #110001; liability account #374706 Benefits Payable Flex SPE had a debit balance of \$376 in fund #110001; revenue account #821120 Other Court Local Fees had a debit balance of \$403 in fund #120001; revenue account #861010 Civil Jury Reimbursement had a debit balance of \$6,310 in fund #120001; expenditure account #921702 Meeting and Conference had a credit balance of \$233 in fund #110001; and expenditure account #921704 Special Events had a credit balance of \$32 in fund #120001.	I		See above response.	Leanne E. Sweeney, CFO	June 2015
5	Cash Collections							
	5.1		The Court Could Strengthen Some of Its Cash Handling Procedures					
		1	At one cash collection location, the change fund and extra cashier's money bag are kept in a lockable drawer in the operations manager's office, instead of secured in the payment center safe.		C	The Court agrees the extra cashier bag and change fund should be secured in a vault at the end of each business day. The Supervisor or Lead Clerk of the department will include the extra cashier bag and change fund with the other cashier bags in the nightly transport to the Court's vault.	Pamela Frasier, Operations Manager	April 2015
		1	At one cash collection location, unprocessed mail payments and other unprocessed civil filings remain unsecured overnight on an employee's desk instead of secured in a safe or lockable filing cabinet.		C	The Court agrees its unprocessed mail payments and other unprocessed civil filings should not be left overnight in an unsecured location. The Court will locate a locking cabinet for securing the unprocessed payments and filings overnight.	Pamela Frasier, Operations Manager	April 2015
		1	At all cash collection locations, instead of a designated lead or supervisor performing the end-of-day closeout verification, the cashiers who receive and enter payments also verify each other's daily balancing and closeout results at the end of the day .		I	The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and Operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or operations manager on a daily basis.	Leanne E. Sweeney, CFO	August 2015
		1	At all cash collection locations, the cashiers who receive and enter payments in the CMS also prepare their own bank deposits with no supervisory review and verification of the deposit. Specifically, supervisors do not observe the clerks preparing the deposit nor do they recount the currency and checks to ensure the deposit is intact prior to being sealed in the deposit bag.		I	See above response.	Leanne E. Sweeney, CFO	August 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	At two cash collection locations, cashiers who receive and enter payments at the cashiering window also process mail payments for which the Court does not maintain a log or record of the payments received in the mail.	I		The new Yolo Courthouse will have a designated mail room and staff available to solely open and distribute the mail. Checks will be restrictively endorsed upon opening of the mail. Mail that includes payment will be grouped by processing department (Traffic, Civil, Criminal, Collections) and delivered to the appropriate Supervisor for assigning to staff for processing and oversight.	Leanne E. Sweeney, CFO	August 2015
		1	At one cash collection location, employees who open mail and drop box payments also process and enter those same payments into the CMS.	I		See above response.	Leanne E. Sweeney, CFO	August 2015
		1	At one cash collection location, although the lead clerk is a secondary backup cashier, there may be times when she is entering payments and performing incompatible duties, such as voiding payment transactions and verifying cashier closeouts.	I		The Court agrees. However, it is important to note that these occurrences are rare and isolated. The Court makes every effort to appropriately staff all locations so that incompatible duties are not assigned to a single person. There are rare situations where the number of unplanned absences on the same day reduces staff below the minimum required to maintain the separation of duties. The new Yolo Courthouse will eliminate the need for any employee to perform incompatible duties due to the co-location of all clerks processing money, along with lead clerks and supervisors.	Leanne E. Sweeney, CFO	August 2015
		1	At one cash collection location, the cashiers who receive and enter payments also maintain the change fund.	I		See above response.	Leanne E. Sweeney, CFO	August 2015
		1	At three cash collection locations, the Court uses the "Daily Deposit Cover Sheet Cashier/Clerk" till form instead of a beginning cash verification log. In addition, only the senior clerk initials the form instead of both the senior clerk and the cashier initialing and dating the form to acknowledge verification of the beginning cash amount.		C	The Court agrees. The clerk should perform the beginning cash count and verification. The clerk and lead/supervisor will both sign the log to acknowledge the opening change bag cash count.	Leanne E. Sweeney, CFO	April 2015
		1	At two cash collection locations, the senior clerk instead of the cashier counts and verifies the beginning cash amount.		C	See above response.	Leanne E. Sweeney, CFO	April 2015
		1	At all cash collection locations, the senior clerk does not count and verify the end-of-day cash collections to the closeout reports. Instead, the senior clerk only compares the paperwork completed by the cashiers to the CMS till report. Once the senior verifies that all the paperwork agrees, the senior clerk initials the paperwork to indicate that the paperwork agrees.	I		The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or operations manager on a daily basis. The Court will submit an alternate procedure request to the JCC.	Leanne E. Sweeney, CFO	August 2015
		1	The Fiscal Office leaves the unused manual receipt books and the completely used manual receipt books that are returned by divisions unsecured throughout the day.		C	The Court agrees. Shortly after the discrepancies were noted, the fiscal division immediately reviewed all used and unused manual receipt books to update the comprehensive log. Additionally, all cash collection locations were reviewed for the manual receipt books in use and were updated on the comprehensive log. Additionally, the Court is developing a control log for each manual receipt book issued to a department for use in that department. The control log will be maintained by the lead clerk or supervisor, noting the date issued and returned, who issued to, and sign-off required that the book was checked for appropriate use, including the marking of unused receipts "VOID".	Leanne E. Sweeney, CFO	November 2014
		1	Three unissued manual receipt books maintained by the Fiscal Office were not listed on its Manual Receipt Issuance log.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	Three manual receipt books we reviewed while reviewing the Court's cash collection areas were not listed on the Fiscal Office's manual receipt book issuance log, while another book we reviewed while reviewing cash collection areas was listed on the log but did not indicate it was issued nor the date it was issued.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	Two manual receipt books on the Fiscal Office issue log were listed as issued to the criminal division; however, we were not able to locate and review these two manual receipt books in the criminal division.		C	See above response.	Leanne E. Sweeney, CFO	November 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	The Fiscal Office is not accurately recording the date the completely used manual receipt books are returned. Specifically, three of six books selected from the list of completely used manual receipt books that were returned to the Fiscal Office did not log a date or did not log the correct date in the "Date received" column.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	Two of five manual receipt books we reviewed that divisions returned to the Fiscal Office as completely used contained unused manual receipts that were not marked "VOID."		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	One of five manual receipt books we reviewed that divisions returned to the Fiscal Office as completely used was not listed on the Fiscal Office's Used Manual Receipts log.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At all cash collection locations, the Court does not maintain a manual receipt log to track to whom and when it issued manual receipt books.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At two cash collection locations, instead of the supervisor retaining control and oversight of the manual receipt books, the cashiers who receive and enter payments also maintain control over the manual receipt books. (Repeat)		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At two cash collection locations, manual receipts were skipped and unused, but not marked void. At one division, manual receipts were also used out of sequence.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At one cash collection location, the Court does not have a process to account for all of the used manual receipts.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At one cash collection location, manual receipts are used to bill and track copy orders from other agencies instead of using the manual receipts solely to acknowledge payments received but not yet entered in the CMS.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At one cash collection location, the collections senior clerk does not review the completed manual receipt books that are returned to Fiscal, nor does the senior clerk periodically review the issued manual receipts to ensure the payments were promptly entered into the CMS.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At one cash collection location, three manual receipts were missing from the manual receipt book and the court could not determine or explain why they were missing.		C	See above response.	Leanne E. Sweeney, CFO	November 2014
		1	At the time of our review, although the Court's surprise cash count consisted of observing the closeout process, it did not conduct the surprise cash counts required by the FIN Manual, consisting of an independent balancing of a cash drawer or register by a supervisor, manager, or fiscal officer.		C	The Court agrees in part. At the time of the audit, the fiscal officer did not take possession of the cash drawer from a cashier and independently count and balance the drawer to the CMS report. In January 2015, the surprise cash count procedure was modified to include taking possession of the cash drawer from a cashier and independently counting and balancing the drawer to the CMS report.	Leanne E. Sweeney, CFO	January 2015
		1	At two cash collection location, the Court does not consistently use a two-person team to open mail that may contain mail payments.	I		The Court agrees it does not consistently utilize a two-person team to open mail that may contain payments. The new Yolo Courthouse will have a designated mail room and staff available to solely open and distribute the mail. Checks will be restrictively endorsed upon opening of the mail. Mail that includes payment will be grouped by processing department (Traffic, Civil, Criminal, Collections) with a calculator tape to sum up the dollar value of each group, and delivered to the appropriate Supervisor for assigning to staff for processing and oversight. The calculator tape will be initialed by the staff present during the opening and grouping process, and shall be retained by the assigning Supervisor to aid in the investigation of any discrepancy.	Pamela Frasier, Operations Manager	August 2015
		1	At all cash collection locations, the Court does not maintain the suggested Payments Receipts Log to log and maintain a record of the payments received in the mail.	I		See above response.	Pamela Frasier, Operations Manager	August 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	At two cash collection locations at the main courthouse, an employee from the Fiscal Division gathers all the individual deposit bags that the cashiers prepared the night before and places them into a larger deposit bag for the courier to pick up. However, when consolidating the individual deposit bags into one deposit bag for the courier, the employee does not compare the daily deposit totals to an associated CMS report to ensure that each employee who posted payments to the CMS on the previous day prepared and made a deposit. Instead, only the closeout paperwork accompanying each individual deposit is compared to the respective deposit slip to ensure the paperwork agrees. Specifically, the employee consolidating the deposits into one bag runs two calculator tapes showing the total per the individual deposit bags and the total per the "Daily Deposit Cover Sheet Cashier/Clerk" till forms. The employee then compares the two calculator tapes to ensure the totals agree. Although, the Court asserted it compared the individual deposits to a CMS report, we noted that the time stamp on the CMS report indicated it was run after we observed the court consolidate the individual deposit bags into one bag, instead of prior to consolidating the individual deposits to more promptly identify and investigate any cash deposit discrepancies.		C	The Court agrees in part. The fiscal office employee was not comparing each daily deposit to an aggregated CMS report at the time of deposit preparation. On March 19, 2015, the fiscal office employee began comparing each daily deposit to an aggregated CMS report at the time of deposit preparation. The Court disagrees that its practice violates the relevant standard with regard to deposits transferring hands after verification. The individual clerk deposits are completely enclosed in sealed bank bags after the verification process and those sealed bags are placed, by the fiscal office employee, into a larger sealing bank bag in order to keep them together for the armored car service to pick up and deliver to the bank.	Leanne E. Sweeney, CFO	March 2015
		1	The Court does not conduct a secondary review of the aggregated bank deposits before transfer to the courier.	I		See above response.	Leanne E. Sweeney, CFO	N/A
		1	At all cash collection locations, instead of a lead or supervisor verifying cashier deposits, cashiers prepare their own deposits and verify and approve each others' deposits.	I		The new Yolo Courthouse will consolidate all cash collection activities into a single location within the courthouse, with all lead clerks, supervisors, and Operations managers immediately nearby. This will make it logistically possible for every clerk's cash count and independent verification to be performed under the direct supervision of a lead clerk, supervisor, or Operations manager on a daily basis.	Leanne E. Sweeney, CFO	August 2015
		5.2	The Court Needs to Ensure the Prompt Collection of Civil Fees it Allows Parties to Pay in Installments					
		2	Five of ten civil payment plans reviewed are open cases with overdue payments; however, the Court has not taken action to suspended the proceedings or compel the party to pay the delinquent amounts due.		C	The Court agrees. The Court has developed and implemented procedures to address the following: monitoring the collection of civil fees so the judge can be notified of delinquent payment status prior to commencement of a trial or hearing; court orders issued to recover the civil fees and any associated costs; and initiation of collection proceedings for enhanced collection efforts.	Pamela Frasier, Operations Manager	April 2015
		2	The Court allows parties in civil cases to pay the required civil filing fees in installments; however, for three of ten civil cases reviewed with payment plans, the Court either allowed the cases to proceed even though the parties were not making the agreed installment payments or allowed the cases to close without collection of the required civil fees, and did not refer the delinquent amounts to collections.		C	See above response.	Pamela Frasier, Operations Manager	April 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
	5.3		The Court Could Improve Its Enhanced Collections Program					
		7	The Court's enhanced collection efforts could be more efficient and effective. According to the CFO, the Court's procedures are to refer cases with delinquent amounts to the collection agency after the Collections Unit works the case for approximately 160 days. However, our review found that the Court policy of working cases for 160 days before referral is not efficient. Specifically, the Collections Unit continues to work accounts for at least 160 days even though the monthly notices are returned undeliverable and it cannot contact the party by telephone, or the party promises to pay by a certain date but fails to pay. Further, the Collections Unit does not impose civil assessments and does not refer cases to its collection agency in a timely manner. Specifically, for nine of ten delinquent cases reviewed, the Collections Unit did not impose the civil assessments until from 100 to more than 650 days after the cases went delinquent, and kept the cases from between 174 days to 781 days before it referred the cases to its third party collection agency.	I		The Court agrees. The Court has reviewed the collection process and found that the original intent of the program is not how it is being administered. The Court will make modifications to establish a program that is most effective and efficient. It will include timely imposition of civil assessments and prompt reporting to DMV.	Leanne E. Sweeney, CFO	September 2015
		7	Although the Court indicates it performs a reasonableness check of the commissions the collection agency charged on a sample of accounts, it cannot know if the commission fees it pays are accurate as the collections and commission report the Court uses does not provide sufficient information to determine which commission fee applies. Specifically, the report does not identify how long each account has been delinquent; therefore, the Court cannot know which progressively increasing commission rate applies to each account. Also, the report does not identify payments for victim restitution or restitution fines, if any, for which the collection agency commission rates are fixed at 15 percent and 10 percent, respectively.	I		The Court agrees and will work with the third party agency to develop an appropriate system of reporting so the fees charged can be verified and validated before payment.	Leanne E. Sweeney, CFO	September 2015
		Log	The Court does not schedule an official annual training for cashiering staff and supervisors on the proper handling of counterfeit currency.	I		The Court currently has a cash handling policy addressing the proper handling of counterfeit currency. All cashiers are required to read the policy and acknowledge in writing they have read and understand the policy. The policy was most recently updated in April 2015 and presented to all cashiering staff. The Court will design a training for cashiering staff and supervisors on the proper handling of counterfeit currency as an annual update.	Leanne E. Sweeney, CFO	April 2016
		Log	One of ten overpayments greater than \$10 reviewed was not refunded in a timely manner. Specifically, a party overpaid in December 2013, but the Court did not refund the overpayment until nine months later in September 2014 after our inquiries regarding the disposition of overpayments.	I		The Court's new Collections Supervisor and Collections Senior Clerk have been working together to improve the oversight and review of collections division functions, such as timely refunds of overpayments. The new procedures are currently being tested to ensure accuracy and completeness.	Christy Galindez, Operations Supervisor Traffic & Collections	December 2015
		Log	The Court is distributing overpayments of less than \$10 to the County instead of depositing these overpayments in its court operations fund as miscellaneous revenue.		C	The Court has corrected the coding so the overpayments of less than \$10 will be deposited in its court operations fund as miscellaneous revenue.	Leanne E. Sweeney, CFO	June 2015
		Log	In four of five civil NSF cases reviewed where the Court has not received payment of the \$25 NSF Administrative Fee several months past the due date; the Court has not referred the amounts due to collections.	I		The Court's new Collections Supervisor and Collections Senior Clerk have been working together to improve the procedures for recovering NSF Administrative Fees on civil cases.	Christy Galindez, Operations Supervisor Traffic & Collections	December 2015
		Log	The Court uses a third party collection agency under a Judicial Council master agreement. However, the Court did not complete a participation agreement with the collection agency until November 2014 after our request for a copy of the participation agreement.		C	The participation agreement has been properly completed, albeit late, and requires no further action at this time. The Court maintains a log of contract expiration dates and will periodically monitor for determining action needed.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	November 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	For one of two applicable cases reviewed that had a DMV hold, the Court did not release the DMV hold until after our inquiry with the Court. Specifically, the Court entered the paid in full payment in the CMS in July 2014, but the Court did not release the hold until more than 7 months later in February 2015 after our inquiry regarding the hold on this particular case.	I		The Court's new Collections Supervisor and Collections Senior Clerk have been working together to improve the oversight and review of traffic and collections division functions, such as timely release of DMV holds. The new procedures are currently being tested to ensure accuracy and completeness.	Christy Galindez, Operations Supervisor Traffic & Collections	December 2015
6	Information Systems							
	6.1		The Court Needs to Better Distribute Its Collections Consistent with Statutes and Guidelines					
		9	The Court does not sufficiently restrict access to the financial code tables. Specifically, the Court indicates it also provides access to these tables to the lead clerks, supervisors, and managers instead of limiting access to the fiscal office staff responsible for updating the distributions in these tables. (Repeat)	I		The Court agrees. The Court was using a CMS that did not have the ability to limit access to the Financial Code Table to specific users. However, the newly implemented CMS has the ability to restrict access and privileges by Court User Groups. Only Administrators, Managers and Supervisors can make changes to the Financial Code Table in the new CMS.	Leanne E. Sweeney, CFO	June 2015
		9	The Court imposes and distributes \$2.50 of the GC 76000 \$7 local penalty to the Criminal Justice Facility Fund. However, the Court provided Board of Supervisors resolutions that authorize only \$2.00 to this Criminal Justice Facility Fund.	I		The Court agrees in part. The Court does not currently have a copy of the most recent BOS resolutions for local penalties and the accounting manager at Yolo County was unable to locate the resolutions without knowing the specific date each of the resolutions were adopted. However, the Court's revenue distribution was audited by the State Controller's Office in 2008/2009 and was found to be in compliance. The Court will contact the State Controller's Office audit division to obtain copies of the local penalties approved by the BOS, if available, in order to determine compliance with the resolutions. The Court will also establish a policy and process with Yolo County to annually obtain the most recently approved BOS resolutions related to local penalties.	Leanne E. Sweeney, CFO	September 2015
		9	The Court was not able to provide copies of the Board of Supervisor resolutions to support its imposition and distribution of the GC 76000.5 – Additional EMS penalty or the PC 1463.14(b) – DUI Lab Test penalty.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For six cases, the Court used a distribution code that does not correspond to the distribution component. Specifically, the distribution code describes the distribution as a PC 1463.27 DV fee instead of a base fine distribution.	I		The Court agrees in part. The descriptions attached to the four character segment of the account codes can be further clarified by looking to the associated two character segment of the account code. The Court believes the linking of the two and four character segments provides an adequate description. The Court's new CMS allows for the GL account code string (xx-xx-xx-xxxx) to be uniformly described as a whole, rather than describing the individual segments. Additionally, the GC 76104.7 DNA Additional Penalty was set up with a GL account code string indicating a distribution to the county, the description clearly identifies "DNA State GC 76107.7" in the remittance to the county. The Court's new CMS will allow for a quick update to change the GL account code string so that it is more apparent this penalty is to be remitted to the State. The Court will work with the county's accounting manager to ensure the respective amounts for the ICNA and the SCFCF components of the GC 70372 as well as the DV fee are properly distributed to their respective accounts or funds later in the distribution process.	Leanne E. Sweeney, CFO	September 2015
		9	For seven cases, the Court used a distribution code that does not correspond to the distribution entity. Specifically, the GC 76104.7 DNA Additional Penalty distribution code incorrectly indicates that the distribution is to the county instead of to the State.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For nine cases, the Court used one distribution code for the ICNA and SCFCF components of the GC 70372 State Court Construction Fund Penalty, and could not demonstrate how this amount is appropriately split to the respective components later in the distribution process.	I		See above response.	Leanne E. Sweeney, CFO	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		9	For a DV case, the Court used one distribution code for the DV RO Reimbursement Fund & Train/Education Fund amounts, but could not demonstrate how this amount is appropriately split to the respective funds later in the process.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For two cases, the Court did not transfer the 2 percent State Automation amount from the PC 1204.4(b) State Restitution Fine. (Repeat)	I		The Court agrees. The financial code distribution for the PC 1204.4(b) State Restitution fine has been updated to transfer the 2% State Automation account. The financial code distribution for the PC 1202.4(l) administrative fee will be updated when a new GL account string is created for the proper distribution to the county.	Leanne E. Sweeney, CFO	September 2015
		9	For two cases, the Court incorrectly distributed the \$15 PC 1202.4(l) fee for collecting the restitution fine to the court instead of to the county. This occurred because the CFO reads the separate victim restitution and state restitution fine statutes out of context.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For nine cases, we found various variances ranging from between .92 cents to one cent. The variances indicate incorrect Court distribution calculations for various base fine, penalties, and surcharges, with the resulting total variance offset against the 2% State Automation distribution. (Repeat)	I		The Court agrees. The Court periodically reviews the distribution variances associated with rounding errors and makes adjustments to the distributions as needed. The Court's newly implemented CMS allows for greater control over rounding errors. The old CMS was limited to percentages rounded to the fourth decimal place, the new CMS does not limit the decimal to the fourth place. The Court will continue its periodic review of the distribution variances and fine tune them in the new CMS.	Leanne E. Sweeney, CFO	September 2015
		9	For a red light bail forfeiture case, the Court incorrectly excluded the EMAT Penalty from the 30% Red Light Allocation calculation.	I		The Court agrees in part. The Court's new CMS is better designed to properly distribute the 30 percent Red Light allocation. The distribution of the 20% State Surcharge has already been excluded from the 2% State Automation transfer. However, the Court notes that small rounding errors have been adjusting the 20% State Surcharge. These small rounding errors will be adjusted during the periodic review of distribution variances.	Leanne E. Sweeney, CFO	September 2015
		9	For a red light bail forfeiture case, the Court incorrectly transferred the 2% State Automation amount from the 20% State Surcharge. The 2% State Automation transfer is applicable to fines, penalties, and forfeitures, not to the 20% State Surcharge.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For a speeding bail forfeiture case, the Court used two distribution codes for the county base fine distribution; moreover, one of these codes describes the distribution as a PC 1463.27 DV fee instead of a base fine distribution.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For two traffic school cases, the Court incorrectly transferred the GC 68090.8 2% State Automation amount from the EMAT portion of the TVS fee. The 2% State Automation is applicable to fines, penalties, and forfeitures, but is no longer applicable when the EMAT penalty is converted to a part of the TVS fee.	I		The Court agrees. The Court's new CMS is better designed to properly distribute traffic school cases and will exclude the GC 68090.8 2% State Automation transfer.	Leanne E. Sweeney, CFO	September 2015
		9	For a speeding traffic school case, the Court incorrectly distributed the EMAT penalty, net of 2%, to the State. The EMAT penalty is a part of the TVS fee that is distributed to the county.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For a red light traffic school case, the Court incorrectly distributed the EMAT Penalty to the State from the 30% Red Light Allocation amount. When disposed with traffic school, the EMAT penalty is converted to a part of the TVS fee that is distributed to the county after the 30% allocation and specific distributions.	I		See above response.	Leanne E. Sweeney, CFO	September 2015
		9	For a health and safety case, the Court assessed the \$10 DMV Administrative fee even though the Court did not convict the defendant for any vehicle code violations on this case. According to the CFO, it is her understanding that this is a system generated fee entry, not a clerk initiated fee entry. The CFO states that she will discuss the issue with the IS team to clarify why the system initiated this fee in this case.	I		The Court agrees. The erroneous system generated entry for the \$10 VC 40508.6 will be tested in the newly implemented CMS and proper adjustments will be made.	Leanne E. Sweeney, CFO	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		9	For a fish and game case, the Court did not impose the additional \$15 FG 12021 Secret Witness penalty.		C	The Court agrees. The \$15 FG 12021 Secret Witness penalty on fish and game cases has been clarified with staff who enter fines on cases so that the penalty will be added when appropriate.	Leanne E. Sweeney, CFO	December 2014
	6.2		The Court Needs to Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records					
		8	The Court did not ensure all employees with DMV access had a current completed and signed Information Security Statement on file. Specifically, three employees did not have any form on file. Twenty-one had a current form on file, but missing information such as the government entity representative, name of government, and where it was executed. Five of twenty-one also did not date their forms so we could not determine whether the employee signed the form in 2014. Two employees had forms but they were outdated.	I		The Court agrees. The responsibility for ensuring all individuals with access to DMV data has been assigned to a Court Employee who will retain all INF 1128 forms on file for audit purposes.	Giancarlo Esposito, IT Manager	December 2015
		8	Some employees who did not work in the traffic or criminal divisions had access to sensitive DMV data. However, it was not clear that these non-traffic/criminal division employees needed access to DMV data to perform their current assigned job duties. We asked the Court for information regarding the business need for these employees' access to sensitive DMV data. However, as of March 2015, the Court has not provided the requested information.	I		The Court agrees in part. The Court will identify in its next agreement with DMV all of its legitimate business purposes, as determined by the Court. The Court has a written policy determining which staff are granted access to sensitive DMV data. The policy addresses the periodic review of the list of user ID accounts with DMV.	Giancarlo Esposito, IT Manager	December 2015
		8	The Court does not generate exception reports to monitor for inappropriate DMV queries or transactions by employees who access sensitive DMV data. (Repeat)	I		The Court agrees. The Court has recently implemented a new CMS and will work with the vendor and DMV to identify reports and/or procedures that will enable the Court to monitor for inappropriate use of sensitive DMV data by staff.	Giancarlo Esposito, IT Manager	December 2015
		8	For six of six cases reviewed where the defendant failed to appear in court and with a violation reportable to DMV, the Court did not report a FTA hold to DMV.	I		The Court agrees in part. The Court has an existing procedure for processing non-mandatory court appearances and subsequent notification to DMV for FTA. This procedure is time-intensive but because of the crippling budget reductions the Court developed a priority matrix for case processing. Critical processes like bench warrants on felony matters and domestic violence restraining orders take priority over an FTA on a traffic matter.	Christy Galindez, Operations Supervisor Traffic & Collections	September 2015
		8	For two of eight cases reviewed where the defendant failed to pay and with a violation reportable to DMV, the Court did not report a FTP hold to DMV.	I		The Court disagrees. The Court has an existing procedure for promptly reporting to DMV a failure to pay. Additionally, the Court has developed a process for periodical supervision and monitoring to identify delinquent accounts that have not been reported to DMV so those reports can be submitted to DMV.	Christy Galindez, Operations Supervisor Traffic & Collections	September 2015
		Log	Although the Court provided its COOP identifying periodic testing it plans to conduct, the results of its testing was vague and did not include all the testing that was outlined in its plan.	I		The Court has found that the COOP is not operationally helpful. It is also very labor intensive to update and not user-friendly to navigate. As such, the Court has developed a separate emergency plan that has been tested and is effective. The Court will be developing a new plan after the facility move that will address emergency situations and will be tested. Depending on staffing resources, the Court may update the COOP.	Rocio Vega, Court Analyst	June 2016
		Log	One court employee has two CMS user IDs with DMV access. According to the IT manager, the purpose for the two CMS user IDs is to allow the court employee the ability to work on both the "court side" and the "accounts receivable" side of the CMS concurrently. Specifically, it eliminates the need for this court employee to sign out of one side to work on the other side. Also, this employee is the only user with access to both sides and with DMV connectivity via Court and AR side. This court employee could accomplish their business function with DMV connectivity via Court or AR side but is allowed to do both based on convenience rather than necessity.	I		The Court's new Case Management System will eliminate the "court side" and "Accounts Receivable side" issue as only a single database will exist. The Court will provide access to DMV services for its users in accordance with its authorization matrix.	Giancarlo Esposito, IT Manager	June 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	For four cases, the Court captured minor rounding errors in an "Other Miscellaneous" distribution code, and distributed these amounts to the Court's general fund.	I		The Court's current CMS utilizes percentages to allocate fines to the proper distribution codes. The system will allow no more than four decimal places, causing small rounding errors (pennies) to arrive at the correct fine amount.	Leanne E. Sweeney, CFO	September 2015
7	Banking and Treasury							
		Log	Our reviewed of the bank statements from January to June 2014 identified 18 checks that exceeded \$15,000. Of these eighteen checks, one check for \$119,129, that was not payable to the State Treasurer or another state agency, had only one authorized court signature instead of the required two.		C	The noted exception occurred during a change over in staff. The fiscal staff now responsible for mailing signed checks has received training on checks requiring dual signatures. Additionally, the specific written guidance for the dual signature requirement has been posted inside the check signing courier envelope as a constant reminder of the requirement.	Leanne E. Sweeney, CFO	October 2014
		Log	The Court does not maintain on file a list of current employees who are authorized to sign checks, including names, types of check payments authorized to sign, dollar limits, and an example of the authorized employee's signature.	I		The Court does maintain a copy of the list of authorized signers it provides to the banking institution. Additionally, the Court maintains written guidance for the dual signature requirement in its check signing courier envelope. With the next change of check signers, the Court will keep a signed copy of the authorization sent to the bank for examples of employee signatures.	Leanne E. Sweeney, CFO	January 2016
8	Court Security		No issues to report.					
9	Procurement							
		Log	Seven of ten purchase card transactions reviewed were not supported by a completed and approved purchase requisition.	I		The Court will develop a formal written purchase requisition to use for purchase card transactions.	Leanne E. Sweeney, CFO	July 2015
		Log	One purchase card that the Court used to pay travel expenses was not designated to pay only travel expenses as the Court also used it to pay for other office expenses, such as to purchase headsets.	I		The Court recently participated in an information session by the California State DGS to introduce Courts to the State's travel payment system and plans to explore using this program for travel expenses.	Leanne E. Sweeney, CFO	January 2016
10	Contracts							
		10.1	The Court Needs Agreements for Some County-Provided Services and Needs to Strengthen its Review of County Invoices					
		6	The Court does not have a current and active MOU with the County for county-provided services, with the exception of insurance policies and a separate agreement for dependency counsel services. Although the Court has several MOUs and related amendments with the county, because these MOUs and amendments are numerous and span several years while adding and rescinding various provisions, which components are still current and valid is not clear.	I		The Court agrees it has several MOUs with the County that span many years and contain numerous amendments. However, the Court's imminent move to the new Yolo Courthouse will require the Court to reevaluate all MOUs with Yolo County to determine which services will continue and which will be terminated. New MOUs will be developed to address the continuing needs of the Court.	Cathy Berger, Deputy CEO	December 2015
		6	Two of five County payments reviewed did not match to a current and active MOU, nor were the county-provided services specifically identified in any MOU.	I		See above	Cathy Berger, Deputy CEO	December 2015
		6	Court payments to the county Probation Department under an MOU are not an allowable use of court funds. Specifically, one \$10,000 payment and a subsequent \$5,000 payment from the court operations fund to the county Probation Department under a Work Program Services MOU are not for county-provided goods or services to the Court. Instead, the Court paid the county a total of \$15,000 to hire a contractor to educate schools within the county about reducing expulsions. Although the desire of the Court to help keep students in school is commendable, this county program cost is not an allowable California Rules of Court, rule 10.810, court operations cost.	I		The Court disagrees its MOU with the County was for unallowable court operations costs. The Court entered the MOU with the county Probation Department after the Presiding Judge returned from the "Beyond the Bench" conference in December 2013. Chief Justice Tani Cantil-Sakayue personally invited the Presiding Judges of the Juvenile Courts to participate, stating "This issue is of great importance to me. I believe that our juvenile court judges can play a key role in keeping at-risk children and youth in school and out of Court." The activities supported by this funding were beyond the scope of ordinary probation services. This was a collaborative training developed by Probation, benefitting all partners in the juvenile court and that was built on the model developed at the "Beyond the Bench" conference.	Cathy Berger, Deputy CEO	N/A

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court's MOU with the County for dependency counsel services does not include the State Auditor audit rights clause.	I		The Court will update its contract review checklist to include verifying the inclusion of the State Auditor audit rights clause.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	Two of five contracts reviewed did not state an end date in the contract term.	I		The Court will update its contract review checklist to include verifying the inclusion of the contract end date.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	One of five contracts reviewed did not include a clause addressing contract change/modification.	I		The Court will update its contract review checklist to include verifying the inclusion of the clause addressing contract change/modification.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	Two of five contracts reviewed did not include an availability of funds clause.	I		The Court will update its contract review checklist to include verifying the inclusion of the availability of funds clause.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	Two of five contracts reviewed did not include a non-discrimination certification clause.	I		The Court will update its contract review checklist to include verifying the inclusion of the non-discrimination certification clause.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	Two of five contracts reviewed did not include contractor's certification of compliance with National Labor Relations Board orders.	I		The Court will update its contract review checklist to include verifying the inclusion of contractor's certification of compliance with National Labor Relations Board orders.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	One of four contracts reviewed did not include a certification that the contractor is qualified to do business in the state of California.	I		The Court will update its contract review checklist to include verifying the certification that the contractor is qualified to do business in the State of California.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
		Log	One of four contracts reviewed did not include the State Auditor audit rights clause.	I		The Court will update its contract review checklist to include verifying the inclusion of the State Auditor audit rights clause.	Leanne E. Sweeney, CFO, and Kara Walker-Clarkson, Court Analyst	July 2015
11 Accounts Payable								
	11.1		The Court Needs to Improve Its Procedures for Reviewing and Approving Travel Expenses					
		3	One of the ten travel expense claims reviewed was not signed approved by an appropriate level supervisor. Specifically, the traveler was the CEO and the travel expense form was signed approved by the assistant CEO instead of by the PJ.		C	The Court agrees. The Court was relying on the presiding judge's delegation of duties. The Court's policy on travel approval for the CEO has been changed and the Presiding Judge approves all CEO travel claims.	Shawn C. Landry, CEO	April 2015
		3	One of the six travel expense claims reviewed which claimed mileage reimbursement and was not a judge's claim did not provide the residence address in order to determine whether the mileage claimed was the lesser of the mileage from home or headquarters to the business destination.		C	The Court agrees. The Court has provided additional training to staff on ensuring travel claim forms are complete and in compliance with TEC instructions prior to payment.	Leanne E. Sweeney, CFO	April 2015
		3	One of the three travel expense claims for reimbursement of hotel costs exceeded the maximum allowance of \$120 per night for lodging, and did not include an approved exception request for lodging form to justify exceeding the maximum lodging allowance. After investigating the Court's assertion that it reimbursed less than the total lodging, taxes, and resort fees incurred by the claimant, we found three additional travelers who also exceeded the \$120 maximum per night lodging rate allowance. These travelers charged the lodging expenses to the court credit card and also did not include an approved exception request for lodging form.		C	The Court agrees. The Court does research lodging options to comply with the reimbursement limits but was not using the Exception Request for Lodging form to document its reasoning for allowing travel reimbursement above the guidelines. The Court will notify all potential travelers of the need for advance preparation of the Exception Request for Lodging form and train approving supervisors, managers and fiscal staff to limit the reimbursement of claims to the travel guidelines unless the Exception Request for Lodging form is completed and accompanying the claim.	Leanne E. Sweeney, CFO	April 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	Seven of the ten travel expense claims reviewed claimed meal and incidental expenses; however, for two claims, the travelers claimed incidental expenses on the first and second day of travel, instead of only after the first 24 hours of travel.		C	The Court agrees. The Court has provided additional training to staff on ensuring travel claim forms are complete and in compliance with TEC instructions, such as the \$6 incidental expenses being reimbursable for each complete 24 hour period, prior to payment.	Leanne E. Sweeney, CFO	April 2015
		3	Six of the ten travel expense claims reviewed claimed parking expense and provided a receipt. However, for one of these six, the traveler used more expensive valet parking instead of other less costly methods of parking available to the traveler.		C	See above response.	Leanne E. Sweeney, CFO	April 2015
		Log	Three of the ten travel expense claims reviewed were for reimbursement of hotel costs, and one of these three did not include the required zero-balance hotel receipt.		C	The Court has provided additional training and instruction to all fiscal staff for reviewing travel claims for completeness.	Leanne E. Sweeney, CFO	November 2014
		Log	For one of the ten business expenses reviewed, the Court used court operations monies to buy supplies for a "Take Your Child to Work Day" event. Although the Court was able to demonstrate a formal and well-organized event, the Court was unable to demonstrate written approval of the event and the associated expenses by the PJ or the CEO for these activities that are not regular court operations.		C	The Court has implemented procedures to ensure proper written authorization by the PJ or CEO is retained for expenditures such as "Take Your Child to Work Day".	Leanne E. Sweeney, CFO	November 2014
		Log	For two of the ten business expenses reviewed, the Court paid for business-related meals but could not provide a business-related meal expense form, note, or email to demonstrate advance approval by the PJ or the CEO for the business-related meals. Further, the Court did not document and retain a record of the agenda or list of attendees. Therefore, we were unable to determine whether the meals were within the allowable timeframes and maximum reimbursement limits required by the FIN Manual. Although the Court has a standard business-related meal expense form, the Court did not complete the form for these business-related meals because, according to the CFO, the Court was later reimbursed by the California Trial Courts Consortium (CTCC) for the lunch that the Court initially paid. Further, the original receipts were given to the CTCC treasurer, and the Court did not retain copies of the receipts. Nevertheless, because the Court used its court operations fund to initially pay for these business-related meal expenses, it was required to follow its court procedures and the FIN Manual requirements that relate to business-meal expense reimbursements.		C	For any future meetings of the CTCC the Court will work with the CTCC treasurer to pay for the meals directly.	Leanne E. Sweeney, CFO	November 2014
		Log	Two payment transactions reviewed were booked to the wrong general ledger accounts.	I		The Court has implemented a quarterly review process for general ledger entries to assist in identifying and correcting any incorrect general ledger coding of expenditures.	Leanne E. Sweeney, CFO	June 2015
		Log	One payment transaction reviewed was an expenditure for kitchen appliances, which are not CRC Rule 10.810 allowable court operations expenditures.	I		The Court based its decision for this purchase on the GAO Legal Opinion circulated by email on 1/7/2014 to Trial Court Finance Officers, as a forwarded item from JCC Internal Audit Services Sr. Audit Manager. In the body of the email was the reasoning behind Internal Audit Services decision to not cite courts for purchases of kitchen appliances. The Court considers this documentation to justify the expenditures. A copy of the email was provided to the audit team.	Leanne E. Sweeney, CFO	N/A
		Log	The CEO did not complete and approve a Change of Custodian form when the petty cash custodian last changed.	I		The Court's petty cash fund is used so infrequently that it has been determined to end the use of a petty cash fund, and return the cash to the Court's operations bank account.	Leanne E. Sweeney, CFO	July 2015
		Log	Although the petty cash fund is more than \$201, the petty cash funds are not counted at least quarterly as required by the FIN Manual.	I		See above response.	Leanne E. Sweeney, CFO	July 2015
		Log	The Court did not prepare a petty cash voucher form for four small postage-related reimbursements in June and May 2014.	I		See above response.	Leanne E. Sweeney, CFO	July 2015
		Log	The petty cash fund is not counted by a person who is organizationally independent from the petty cash custodian. Specifically, the petty cash fund is counted by the petty cash custodian and by an employee who is supervised by the petty cash custodian.	I		See above response.	Leanne E. Sweeney, CFO	July 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The petty cash fund is not the lowest amount sufficient to meet the needs of the Court. Specifically, the documented 2014 petty cash fund disbursements total less than \$10 indicating that the \$276 petty cash fund is not only an odd amount, it is also too large.	I		See above response.	Leanne E. Sweeney, CFO	July 2015
		Log	The petty cash custodian disbursed \$6 in coin to the civil division in June 2014 for the purpose of creating a sub-petty cash fund for the civil division to pay postage for when mail is returned due to insufficient postage. However, disbursing petty cash funds to create a sub-petty cash fund is not an appropriate use of the petty cash fund.	I		See above response.	Leanne E. Sweeney, CFO	July 2015
		Log	The Court has not replenished the petty cash fund since at least 2005 resulting in at least \$5 in postage expense remaining unrecorded in the accounting records since at least 2005.	I		See above response.	Leanne E. Sweeney, CFO	July 2015
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues to report.					
14	Records Retention		Record retention issues are reported within other sections.					
15	Domestic Violence	15.1	The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fines and Fees					
		4	In 11 of 20 applicable cases where the defendant was sentenced to probation, the Court did not impose the correct minimum DV fee pursuant to PC 1203.097(a)(5).		C	The Court agrees. The Court has since updated and fully implemented its own form noting the correct DV fine and fee amounts and notified the Probation Department in July 2014 of the change to ensure the correct fee is consistently imposed. Additionally, the Court has updated its Sentencing Guidelines and Clerk Desk Reference manuals as a reminder of the need to document reasons for waiving the DV on the record.	Liisa Hancock, Assistant Operations Manager	April 2015
		4	In 1 of 20 applicable cases where the defendant was sentenced to probation, the Court waived the DV fee but did not state on the record the reason for waiving the fee.		C	See above response.	Liisa Hancock, Assistant Operations Manager	April 2015
		4	In 2 of 20 applicable cases where the defendant was sentenced to probation, the Court did not order the Probation Revocation Fine pursuant to PC 1202.44.		C	See above response.	Liisa Hancock, Assistant Operations Manager	April 2015
		4	In 3 of 29 applicable cases reviewed, the Court did not impose the correct Court Operations and Criminal Conviction Assessments pursuant to PC 1465.8 and GC 70373, respectively.		C	See above response.	Liisa Hancock, Assistant Operations Manager	April 2015
		4	In 1 of 29 applicable cases reviewed, the Court did not impose the Court Operations nor the Criminal Conviction Assessments pursuant to PC 1465.8 and GC 70373, respectively.		C	See above response.	Liisa Hancock, Assistant Operations Manager	April 2015
16	Exhibits	Log	For one of the five exhibits selected to review, the exhibits listing did not indicate the location of the exhibit item.	I		The item that did not have the location listed on the exhibit log was a clerk oversight. The clerk was in the process of pulling exhibits for purging and relocated the exhibits. The correct procedure is to immediately update the exhibit log when exhibits are moved or checked out. The Court is in the process of converting over to a new case management system that has the ability to track exhibit movement. All exhibit movement will be listed in the new case management system with includes location.	Julie Burton, Operations Supervisor	August 2015

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
17	Bail								
			Log	Although the Court maintains a manual log with minimal information of new case filings/bail bonds awaiting the filing of a complaint by the District Attorney, it does not maintain a surety bond register. Once the information is available, the Court could add the additional bail bond and case number information to this manual log and then use the log to also track and reconcile the bail bonds received to the CMS.	I		The Court's manual log is intended only as a monitoring method for time-sensitive cases for which the Court has not yet received a filing to enter into its CMS. Once a case is initiated in the CMS, there is no longer a need to update the manual log because all necessary information will be retained in the CMS. The information is promptly lined out on the log. Requiring staff to provide updates to this log would be an unnecessary duplication of efforts.	Pamela Frasier, Operations Manager	N/A
			Log	The Court could not provide documentation demonstrating that the Countywide Felony / Misdemeanor Schedule of Bail is prepared, revised, and adopted annually by the judges pursuant to PC 1269b(c).		C	The Court reviews and approves the bail schedule yearly. One year the bench approved no changes. The Court did not update the cover page but in the future, if the bench agrees to make no changes the cover page will be updated reflecting the no changes.	Cathy Berger, Deputy CEO	March 2015