



Audit of the Superior Court of California, County of Mendocino

REPORT OF AUDIT SERVICES

JULY 2013



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
Senior Manager, Audit Services
Judicial Council of California
Phone: (415) 865-7450
Fax: (415) 865-4337
E-mail: john.judnick@jud.ca.gov

Superior Court of California, County of Mendocino

Table of Contents

MANAGEMENT SUMMARY i

STATISTICS v

FINANCIAL STATEMENTS..... vii

PURPOSE AND SCOPE..... xiii

TIMING AND REVIEWS WITH MANAGEMENT xiii

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration 1

- Organization
- Responsibilities and Authority

2. Fiscal Management and Budgets 6

- Financial Management
- Internal Controls
- Budget Development, Monitoring, and Reporting
- Position Management
- Payroll and Timekeeping

3. Fund Accounting..... 8

4. Accounting Principles and Practices..... 9

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

5. Cash Collections 11

- Cash Handling
- Revenue Collection and Distribution
- Enhanced Collections

6. Information Systems 16

7. Banking and Treasury 22

- Banking Services
- Investments

8. Court Security 24

9. Procurement 25

- Procurement and Encumbrances
- Administration and Documentation

10. Contracts 29

- Contracts

- Memorandums of Understanding
- Contract Administration

11. Accounts Payable..... 32

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

12. Fixed Assets Management 42

13. Audits..... 43

14. Records Retention..... 44

15. Domestic Violence..... 45

16. Exhibits 48

17. Bail..... 49

APPENDIX

Issue Control Log..... 50

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 (JCC) directed Audit Services (AS) to begin court audits in 2002.

The audit of the Superior Court of California, County of Mendocino (Court), was initiated by AS in February 2013. Depending on the size of the court, the audit process typically includes two or three audit cycles encompassing the following primary areas:

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

AS audits cover all four of the above areas. The audit process involves a review of the Court's compliance with statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. AS performed a similar audit in Summer and Fall 2007.

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 AS does not believe that FISMA may apply to the judicial branch, AS understands that it represents good public policy and conducts internal audits incorporating the following FISMA concepts relating to internal control:

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

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

AS audits are designed to identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted in the

Audit Issues Overview below. Although AS audits do not emphasize or elaborate on areas of compliance, we did identify examples in which the Court was in compliance with the FIN Manual and FISMA.

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

Audit Issues Overview

This internal audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that AS did not consider significant enough to include in the report, but were nonetheless discussed and communicated to court management. AS 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. AS did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

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

The Court Needs to Improve its Calculation and Distribution of Certain Collections and its Imposition of Statutorily Required Domestic Violence Fines, Fees and Assessments REPEAT

Like many of its sister court systems statewide, AS found instances where the Court did not correctly apply certain fees, assessments, and penalties. For example:

- GC § 68090.8 - 2% State Automation is not applied to the GC § 76000.10 – Emergency Medical Air Transport (EMAT) penalty.
- Distribution percentage calculations are incorrect because the Court incorrectly accounted for the GC § 76000.10 \$4 EMAT penalty. The Court failed to subtract the \$4 penalty from the total fine before determining the proper denominator for percentage calculations of the base, penalties and surcharge.

In addition, again, like many of its sister courts, the Court sometimes imposed outdated amounts such as:

- The VC § 42007.3 Red Light traffic school distribution is incorrect because it used outdated distribution percentages against the current fines, penalties, fees and assessments. The outdated percentages did not include distributions to VC § 42007.1 \$49 TS fee, VC 1§ 1205.2(c) \$5 Court Traffic School, GC § 76104 Emergency Medical Services (EMS) penalty and the 30% red light allocation. It also incorrectly distributed to GC § 76100 \$1 Local Courthouse Construction Fund. All these errors

resulted in overstated distributions of VC § 42007 county Traffic Violator School, GC § 76000.5 EMS penalty, GC § 70372(a) State Court Facilities penalty and the PC § 1465.7 20% State surcharge.

- For three of the 14 domestic violence cases reviewed where probation was ordered, the PC 1202.4(b) State Restitution fine ordered was \$100 instead of the increased amount of \$120 for misdemeanor convictions that took effect January 1, 2012. Also, for the same three cases, the ordered PC 1202.44 Probation Revocation Restitution fine should have been \$120 instead of \$100 because of the increase to the State Restitution fine.

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

The Court needs to Strengthen its Invoice and Travel Reimbursement Review and Approval Procedures

Similarly, AS identified several opportunities for improvement in the Court's accounts payable function:

- For four of the 39 (ten percent) invoices and claims reviewed, the Court could not provide a purchase order or contract, and a fifth invoice did not contain specific details regarding the services provided. Therefore, we could not determine whether the payment for these five invoices was appropriate.
- Five of the 39 (13 percent) invoices and claims reviewed did not contain proof of receipt of goods or services received.
- Two of the 39 (five percent) invoices and claims reviewed did not contain evidence of review and approval by appropriate Court staff prior to payment.
- Four travel expense claims (TECs) did not contain evidence of review and approval by an appropriate-level supervisor. Also, while there was evidence of review and approval on a fifth TEC, this TEC was not approved by a supervisor at the appropriate level.

The Court stated it experienced significant turnover in the Accounting department in the last two years. The Court agreed with the audit recommendations and indicated it took corrective action to address the noted issues.

The Court Can Further Improve its Procurement Practices and its Contracts Must Contain all Legally Required Provisions and Certifications to Protect the Court's Interests

During AS' review, we identified several opportunities for improvement:

- Purchase requisitions were not completed for four of 16 procurements reviewed. Also, funds were not encumbered through a purchase order or contract for nine of 16 procurements reviewed.
- The court's courier service contract and office supplies blanket purchase order do not fall under one of the non-competitive bid procurement categories specified in JBCM,

Chapter 5. Therefore, both procurements should have gone through the competitive bidding process.

- All four contracts reviewed did not contain the contractor's certification of compliance with any orders issued by the National Labor Relations Board.
- One of four contracts reviewed did not contain a certification clause certifying compliance with antitrust claim requirements per Government Code § 4552-4554, a schedule listing the hourly, daily, weekly, or monthly cost of each person or job classification, a certification that the contractor is qualified to do business in California, and a provision that the contractor will not assist, promote, or deter union organizing activities.

The Court agreed with the audit recommendations and indicates taking corrective action to address the noted issues. Most significantly, the Court As of January 27, 2014, the Court entered into an intra-branch agreement with the Superior Court of California, County of Riverside for shared procurement services to assist in achieving and maintaining compliance with Judicial Branch Contract Law and Manual.

STATISTICS

The Court has eight judges and one part-time subordinate judicial officer who handled over 23,400 cases in FY 2010–2011. The Court operates one courthouse in Ukiah and one courthouse in Fort Bragg. In addition, it conducts hearings once every other month in Point Arena and Covelo. Further, the Court employed approximately 54 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total trial court expenditures of over \$6 million for the fiscal year ended June 30, 2012.

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

For FY 2010–2011, the Court received various services from the County. For instance, the Court received County provided services including, but not limited to financial, information technology, and mail services. All County-provided services are covered under a Memorandum of Understanding (MOU) with the County. It also received court security and collection services from the County under separate MOUs.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2013)	88,291
Source: California Department of Finance	
Number of Case Filings in FY 2010–2011:	
Criminal Filings:	
1. Felonies	1,010
2. Non-Traffic Misdemeanor	1,749
3. Non-Traffic Infractions	598
4. Traffic Misdemeanors	2,362
5. Traffic Infractions	13,823
Civil Filings:	
1. Civil Unlimited	211
2. Family Law (Marital)	478
3. Family Law Petitions	1,239
4. Probate	151
5. Limited Civil	1,131

6. Small Claims	310
Juvenile Filings:	
1. Juvenile Delinquency – Original	141
2. Juvenile Delinquency – Subsequent	103
3. Juvenile Dependency – Original	121
4. Juvenile Dependency – Subsequent	2
Source: Judicial Council of California's 2012 Court Statistics Report	
Number of Court Locations	2
Number of Courtrooms	8
Source: Superior Court of California, County of Mendocino	
Judicial Officers as of June 30, 2010:	
Authorized Judgeships	8.0
Authorized Subordinate Judicial Officers	0.4
Source: Judicial Council of California's 2012 Court Statistics Report	
Court Staff as of June 30, 2012:	
Total Authorized FTE Positions	64.95
Total Filled FTE Positions	58.65
Total Fiscal Staff	3
Source: Fourth Quarter FY 2011–2012 Quarterly Financial Statements and FY 2011 – 2012 Schedule 7A	
Select FY 2011-2012 Financial Information:	
Total Revenues	\$6,255,039
Total Expenditures	\$6,336,979
Total Personal Services Costs	\$5,158,134
Total Temporary Help Costs	\$0
Source: Fourth Quarter FY 2011–2012 Quarterly Financial Statements	
FY 2012-2013 Average Monthly Cash Collections (As of December 31, 2012)	\$133,344
Source: Superior Court of California, County of Mendocino	

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. GASB defines **Fiscal accountability** as follows:

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

The *Strategic Plan for California's Judicial Branch 2006-2012* entitled *Justice in Focus* established, consistent with the mission statement of the Judicial Council, a guiding principle that states that "Accountability is a duty of public service" and the principle has a specific statement that "The Judicial Council continually monitors and evaluates the use of public funds." As the plan states, "All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively." For the courts, this means developing meaningful and useful measures of performance, collecting and analyzing data on those measures, reporting the results to the public on a regular basis, and implementing changes to maximize efficiency and effectiveness. Goal II of the plan is independence and accountability with an overall policy stated as:

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

Two of the detailed policies are:

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

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

To assist in the fiscal accountability requirements of the branch, the Administrative Office of the Courts (AOC) developed and established the statewide fiscal infrastructure project, Phoenix Financial System. The Superior Court of California, County of Mendocino (Court), implemented this fiscal system and processes fiscal data through the AOC Trial Court

Administrative Services Division that supports the Phoenix Financial System. The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two fiscal years. The three schedules are:

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

The fiscal year 2011–2012 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers. Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

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

- **Governmental**
 - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
 - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
 - **Special Revenue**
 1. Small Claims Advisory – 120003
 2. Traffic Violator Fee – 120012
 - **Grants**
 1. AB1058 Family Law Facilitator – 1910581
 2. AB1058 Child Support Commissioner – 1910591
 3. Substance Abuse Focus – 1910601
 4. Access to Visitation – 1910611
- **Fiduciary**
 - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."¹ Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held."

¹ GASB Statement No. 34, paragraph 69.

Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

- Trust – 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 parties on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is perfectly appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.² **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The fund included here is:
 - Distribution - 400000
 - Civil Filing Fees Fund – 450000

² GASB Statement No. 34, paragraph 12.

**Superior Court of California, County of Mendocino
Trial Court Operations Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
(Unaudited)**

	For the month ended Jun						2010/11 Total Funds (Info. Purposes Only)
	Fiscal Year 2011/12						
	Governmental Funds			Proprietary Funds	Fiduciary Funds	Total Funds (Info. Purposes Only)	
General	Special Revenue						
	Non-Grant	Grant				Total Funds (Info. Purposes Only)	
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 5,149,909					\$ 5,149,909	\$ 6,953,228
Trial Court Improvement Fund	\$ 17,959					\$ 17,959	\$ 11,419
Judicial Administration Efficiency & Mod Fund							
Judges' Compensation (45.25)	\$ 46,767					\$ 46,767	\$ 57,000
Court Interpreter (45.45)	\$ 171,564					\$ 171,564	\$ 328,011
Civil Coordination Reimbursement (45.55)							
MOU Reimbursements (45.10 and General)	\$ 208,631					\$ 208,631	\$ 167,653
Other Miscellaneous	\$ 93,493					\$ 93,493	\$ 7,840
	\$ 5,688,323					\$ 5,688,323	\$ 7,525,151
Grants							
AB 1058 Commissioner/Facilitator			\$ 286,051			\$ 286,051	\$ 269,436
Other AOC Grants			\$ 45,112			\$ 45,112	\$ 64,729
Non-AOC Grants							
			\$ 331,162			\$ 331,162	\$ 334,165
Other Financing Sources							
Interest Income	\$ 2,367	\$ 8				\$ 2,374	\$ 3,415
Investment Income							
Donations	\$ 42					\$ 42	
Local Fees	\$ 65,095	\$ 11,754				\$ 76,849	\$ 109,242
Non-Fee Revenues	\$ 3,848					\$ 3,848	\$ 8,276
Enhanced Collections	\$ 9,607					\$ 9,607	\$ 7,173
Escheatment							
Prior Year Revenue							
County Program - Restricted		\$ 2,127				\$ 2,127	\$ 618
Reimbursement Other	\$ 4,670					\$ 4,670	\$ 8,389
Sale of Fixed Assets	\$ 4,820					\$ 4,820	\$ 155
Other Miscellaneous	\$ 131,217					\$ 131,217	\$ 2,807
	\$ 221,665	\$ 13,889				\$ 235,554	\$ 140,075
Total Revenues	\$ 5,909,988	\$ 13,889	\$ 331,162			\$ 6,255,039	\$ 7,999,391
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 3,058,612		\$ 199,020			\$ 3,257,632	\$ 3,485,722
Temp Help							\$ (26)
Overtime							
Staff Benefits	\$ 1,794,340		\$ 106,161			\$ 1,900,502	\$ 2,042,667
	\$ 4,852,953		\$ 305,181			\$ 5,158,134	\$ 5,528,363
Operating Expenses and Equipment							
General Expense	\$ 118,121		\$ 10,900			\$ 129,021	\$ 143,886
Printing	\$ 20,709		\$ 107			\$ 20,816	\$ 28,544
Telecommunications	\$ 40,365					\$ 40,365	\$ 41,455
Postage	\$ 41,671		\$ 1,163			\$ 42,834	\$ 45,409
Insurance	\$ 1,588					\$ 1,588	\$ 1,604
In-State Travel	\$ 3,815		\$ 1,685			\$ 5,500	\$ 6,496
Out-of-State Travel			\$ 1,327			\$ 1,327	\$ 311
Training	\$ 50		\$ 375			\$ 425	\$ 1,180
Security Services	\$ 242,087		\$ 4,990			\$ 247,076	\$ 1,032,431
Facility Operations	\$ 90,586					\$ 90,586	\$ 8,803
Utilities							
Contracted Services	\$ 438,131	\$ 15,979	\$ 37,115			\$ 491,225	\$ 464,399
Consulting and Professional Services	\$ 7,371					\$ 7,371	\$ 79,142
Information Technology	\$ 56,134					\$ 56,134	\$ 66,959
Major Equipment	\$ 0					\$ 0	\$ 68,188
Other Items of Expense	\$ 5,742					\$ 5,742	\$ 6,958
	\$ 1,066,370	\$ 15,979	\$ 57,662			\$ 1,140,010	\$ 1,995,765
Special Items of Expense							
Grand Jury							\$ 17
Jury Costs	\$ 38,834					\$ 38,834	\$ 23,379
Judgements, Settlements and Claims							
Debt Service							
Other							
Capital Costs							
Internal Cost Recovery	\$ (54,870)		\$ 54,870			\$ 0	\$ 0
Prior Year Expense Adjustment							
	\$ (16,036)		\$ 54,870			\$ 38,834	\$ 24,106
Total Expenditures	\$ 5,903,286	\$ 15,979	\$ 417,713			\$ 6,336,979	\$ 7,548,234
Excess (Deficit) of Revenues Over Expenditures	\$ 6,701	\$ (2,090)	\$ (86,551)			\$ (81,940)	\$ 451,157
Operating Transfers In (Out)	\$ (90,773)	\$ 4,222	\$ 86,551			\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 740,689	\$ 627	\$ 0			\$ 741,315	\$ 290,158
Ending Balance (Deficit)	\$ 656,617	\$ 2,759	\$ 0			\$ 659,375	\$ 741,315

Source: Phoenix Financial System

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

	For the month ended Jun						
	Fiscal Year 2011/12						2010/11
	Governmental Funds			Proprietary Funds	Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
General	Special Revenue						
	Non-Grant	Grant					
ASSETS							
Operations	\$ 52,887	\$ 6,980	\$ 0		\$ 50,091	\$ 109,959	\$ (101,155)
Payroll	\$ 0					\$ 0	\$ 0
Jury							
Revolving							
Other							
Distribution					\$ 0	\$ 0	\$ 14,059
Civil Filing Fees					\$ 400	\$ 400	\$ 0
Trust					\$ (967)	\$ (967)	\$ 50,108
Credit Card							
Cash on Hand	\$ 3,850					\$ 3,850	\$ 3,850
Cash with County					\$ 115,455	\$ 115,455	\$ 204,165
Cash Outside of the AOC							
Total Cash	\$ 56,737	\$ 6,980	\$ 0		\$ 164,979	\$ 228,697	\$ 171,026
Short Term Investment	\$ 601,417				\$ 126,542	\$ 727,959	\$ 1,063,409
Investment in Financial Institution							
Total Investments	\$ 601,417				\$ 126,542	\$ 727,959	\$ 1,063,409
Accrued Revenue	\$ 489	\$ 2			\$ 0	\$ 491	\$ 816
Accounts Receivable - General							
Dishonored Checks							
Due From Employee	\$ 7,691					\$ 7,691	\$ 3,224
Civil Jury Fees							
Trust							
Due From Other Funds	\$ 75,413					\$ 75,413	\$ 105,081
Due From Other Governments	\$ 0		\$ 0			\$ 0	\$ 30,000
Due From Other Courts	\$ 0				\$ 0	\$ 0	\$ 0
Due From State	\$ 120,081		\$ 76,066			\$ 196,147	\$ 285,211
Trust Due To/From					\$ 0	\$ 0	
Distribution Due To/From							
Civil Filing Fee Due To/From							
General Due To/From	\$ 22				\$ 0	\$ 22	\$ 38
Total Receivables	\$ 203,696	\$ 2	\$ 76,066		\$ 0	\$ 279,765	\$ 424,370
Prepaid Expenses - General	\$ 0					\$ 0	\$ 1,265
Salary and Travel Advances	\$ 0		\$ 0			\$ 0	\$ 0
Counties							
Total Prepaid Expenses	\$ 0		\$ 0			\$ 0	\$ 1,265
Other Assets							
Total Other Assets							
Total Assets	\$ 861,851	\$ 6,982	\$ 76,066		\$ 291,521	\$ 1,236,420	\$ 1,660,071
LIABILITIES AND FUND BALANCES							
Accrued Liabilities	\$ 59,604	\$ 4,224	\$ 653			\$ 64,480	\$ 116,016
Accounts Payable - General	\$ 3,998	\$ 0	\$ 0		\$ 720	\$ 4,718	\$ 1,434
Due to Other Funds	\$ 0		\$ 75,413		\$ 22	\$ 75,436	\$ 105,119
Due to Other Courts	\$ 0					\$ 0	\$ 0
Due to State	\$ 2,065					\$ 2,065	\$ 0
TC145 Liability					\$ 96,519	\$ 96,519	\$ 170,730
Due to Other Governments	\$ 0		\$ 0			\$ 0	\$ 31,967
AB145 Due to Other Government Agency					\$ 34,356	\$ 34,356	\$ 119,655
Due to Other Public Agencies							
Sales and Use Tax	\$ 113					\$ 113	\$ 42
Interest					\$ 9	\$ 9	\$ 8
Miscellaneous Accts. Pay. and Accrued Liab.							\$ 0
Total Accounts Payable and Accrued Liab.	\$ 65,779	\$ 4,224	\$ 76,066		\$ 131,627	\$ 277,696	\$ 544,969
Civil					\$ 30,041	\$ 30,041	\$ 40,104
Criminal							\$ 0
Unreconciled - Civil and Criminal							
Trust Held Outside of the AOC					\$ 115,455	\$ 115,455	\$ 204,165
Trust Interest Payable					\$ 129	\$ 129	\$ 275
Miscellaneous Trust							
Total Trust Deposits					\$ 145,625	\$ 145,625	\$ 244,544
Accrued Payroll	\$ 87,499					\$ 87,499	\$ 81,623
Benefits Payable	\$ 2,667					\$ 2,667	\$ (13,483)
Deferred Compensation Payable	\$ 5,430					\$ 5,430	\$ 3,665
Deductions Payable	\$ 38,840					\$ 38,840	\$ 38,317
Payroll Clearing	\$ 0					\$ 0	\$ 0
Total Payroll Liabilities	\$ 134,437					\$ 134,437	\$ 110,123
Revenue Collected in Advance							\$ 0
Liabilities For Deposits	\$ 5,018				\$ 2,026	\$ 7,044	\$ 11,296
Jury Fees - Non-Interest					\$ 12,242	\$ 12,242	\$ 7,824
Fees - Partial Payment & Overpayment							
Uncleared Collections							\$ 0
Other Miscellaneous Liabilities	\$ 0					\$ 0	\$ 0
Total Other Liabilities	\$ 5,018				\$ 14,268	\$ 19,287	\$ 19,120
Total Liabilities	\$ 205,234	\$ 4,224	\$ 76,066		\$ 291,521	\$ 577,045	\$ 918,756
Total Fund Balance	\$ 656,617	\$ 2,759	\$ 0			\$ 659,375	\$ 741,315
Total Liabilities and Fund Balance	\$ 861,851	\$ 6,982	\$ 76,066		\$ 291,521	\$ 1,236,420	\$ 1,660,071

Source: Phoenix Financial System

Superior Court of California, County of Mendocino
 Trial Court Operations Fund
 Statement of Program Expenditures
 (Unaudited)

For the month ended Jun									
Fiscal Year 2011/12								2010/11	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:									
Judges & Courtroom Support	\$ 1,222,479	\$ 113,401				\$ 1,331,651	\$ 1,558,915	\$ 1,541,578	\$ 1,509,273
Traffic & Other Infractions	\$ 228,386	\$ 3,833				\$ 232,219	\$ 338,183	\$ 350,958	\$ 378,908
Other Criminal Cases	\$ 298,635	\$ 77,865				\$ 376,500	\$ 282,879	\$ 373,746	\$ 320,548
Civil	\$ 235,103	\$ 5,093				\$ 240,196	\$ 343,403	\$ 246,769	\$ 328,117
Family & Children Services	\$ 771,111	\$ 129,627		\$ 0		\$ 900,738	\$ 858,710	\$ 853,602	\$ 985,611
Probate, Guardianship & Mental Health Services	\$ 2,506	\$ 14,692				\$ 17,198	\$ 19,334	\$ 38,635	\$ 42,115
Juvenile Dependency Services	\$ 130,182					\$ 130,182	\$ 68,640	\$ 131,675	\$ 62,971
Juvenile Delinquency Services	\$ 68,304	\$ 8,348				\$ 76,652	\$ 74,400	\$ 30,357	\$ 139,600
Other Court Operations	\$ 954,699	\$ 304,078		\$ 4,229		\$ 1,263,006	\$ 1,315,238	\$ 1,207,610	\$ 1,403,978
Court Interpreters	\$ 130,782	\$ 70,507				\$ 201,290	\$ 305,700	\$ 283,901	\$ 429,403
Jury Services	\$ 54,985	\$ 47,019	\$ 38,834			\$ 140,838	\$ 93,482	\$ 130,816	\$ 184,400
Security	\$ 48,391	\$ 248,541				\$ 296,932	\$ 160,875	\$ 1,163,580	\$ 1,137,520
Trial Court Operations Program	\$ 4,145,564	\$ 1,023,005	\$ 38,834	\$ 0		\$ 5,207,403	\$ 5,419,759	\$ 6,353,228	\$ 6,922,444
Enhanced Collections									
Other Non-Court Operations								\$ 17	
Non-Court Operations Program								\$ 17	
Executive Office	\$ 434,741	\$ 3,818				\$ 438,559	\$ 485,838	\$ 360,911	\$ 374,891
Fiscal Services	\$ 329,685	\$ 28,941				\$ 358,626	\$ 331,844	\$ 404,076	\$ 305,909
Human Resources	\$ 39,314	\$ 900				\$ 40,214	\$ 34,937	\$ 128,748	\$ 127,196
Business & Facilities Services		\$ 22,764				\$ 22,764	\$ 28,849	\$ 31,485	\$ 69,433
Information Technology	\$ 208,830	\$ 60,582				\$ 269,413	\$ 216,711	\$ 269,768	\$ 265,018
Court Administration Program	\$ 1,012,570	\$ 117,006				\$ 1,129,575	\$ 1,098,179	\$ 1,194,989	\$ 1,142,447
Expenditures Not Distributed or Posted to a Program									
Prior Year Adjustments Not Posted to a Program									
Total	\$ 5,158,134	\$ 1,140,010	\$ 38,834	\$ 0		\$ 6,336,979	\$ 6,517,938	\$ 7,548,234	\$ 8,064,891

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 Mendocino (Court) has:

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

The scope of audit work included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, fixed assets, financial accounting and reporting, case management, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2012–2013.

The Judicial Council in December 2009 adopted California Rule of Court 10.500 with an effective date of January 1, 2010, that provides 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. As a result, any information considered confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on January 3, 2013.

The entrance meeting was held with the Court on January 22, 2013.

Audit fieldwork commenced on February 4, 2013.

Fieldwork was completed on May 6, 2013.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on July 30, 2014, with the following Court management:

- Honorable John A. Behnke, Assistant Presiding Judge
- Jim Perry, Interim Court Executive Officer
- April Allen, Auditor

AS received the Court's final management responses to the AS recommendations in May 2014, and final management responses to the Appendix A log items in April 2014. AS 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 July 30, 2014, AS received the Court's final comments and suggestions concerning its review of the audit report and indicated it did not consider another review of the report necessary before AS presented the report to the Judicial Council.

The audit assignment was completed by the following audit staff under the supervision of Eric Pulido, Internal Audit Supervisor:

Joe Azevedo, Senior Auditor (auditor-in-charge)
Ed Duran,, Internal Auditor II
Gregory Kelley, Internal Auditor II
Lorraine De Leon, Internal Auditor II
Steve Lewis, Internal Auditor I
Ryan Mendoza, Internal 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 shall also operate within the specific levels of authority that may be established by the trial court for their positions.

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Revenue				
** 833000-PROGRAM 45.25 - REIMBURSEM	46,767.00	57,000.00	(10,233.00)	-17.95%
Expenditures				
* 906300 - SALARIES - JUDICIAL OFFICER	93,928.64	115,489.25	(21,560.61)	-18.67%
* 920500 - DUES AND MEMBERSHIPS	185.00	130.00	55.00	42.31%
* 933100 - TRAINING	425.00	1,180.00	(755.00)	-63.98%

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

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

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

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

1.1 Better Monitoring Could Help Ensure that Submitted Causes are Decided Timely

Background

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

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

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

Issue

Our review of the Court's cases with causes under submission found that the Court's procedures do not always ensure that submitted matters are decided within 90 days of being taken under submission. Of the 12 cases we selected to review from January 2012 to December 2012, two judges had two cases with an undetermined cause that became pending for more than 90 days. For these two cases, the judges did not complete and issue their decisions on those matters until at least 98 days to as many as 127 days after the judges took the matters under submission.

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

Weaknesses in the Court's procedures for indicating a matter taken under submission in the Court's CMS, as well as for tracking and monitoring cases with causes under submission, likely contributed to the exceptions noted above. Specifically, our review revealed the following procedural weaknesses in the Court's process for indicating matters taken under submission and for monitoring and overseeing its cases with causes under submission:

1. Cases are not always updated timely in the Court's CMS when a matter has been taken under submission. The Court's written procedure states that when a judicial officer takes a matter under submission, the clerk shall, among other things, immediately update the case as appropriate and enter an event code in the CMS indicating that the matter was taken under submission and by which judge. The event code also creates a 30-day tickler as a reminder that the matter is pending. However, in two of 12 cases reviewed, the CMS event code was entered between seven and 35 days after the matter was taken under submission. For a third case, the CMS event code was never entered.
2. The Court's submitted list does not provide an accurate picture of the status of cases with matters undetermined. Specifically, the Court's executive assistant works the "Under Submission" tickler monthly. This is the tickler created when the Court clerk enters the event code in the CMS when a matter has been taken under submission. The executive assistant reviews each case to determine whether or not a matter is still under submission. The Court's written procedure states that the executive assistant provide the PJ, via e-mail, a monthly list of all judicial officers that have cases pending judgment, the case name and case number, and how long the case has been pending judgment. However, the submitted lists reviewed covering the period January 2012 through December 2012 did not report the length of time each matter has been under submission. In addition, the submitted lists did not specifically identify those matters which have been under submission for 30 through 60 days, 61 through 90 days, or over 90 days as required by ROC 10.603(c)(3), and the date noted on the submitted lists when the matter was taken under submission was not always the same from month to month.

Also, the Court incorrectly calculated the 90-day due date. Specifically, the Court added three months to the date when the matter was taken under submission rather than adding 90 calendar days. Further, the 90-day due date was not always noted on the submitted list. According to the executive assistant, only 90-day due dates for Civil matters are noted.

Recommendations

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

1. Ensure that court clerks are updating the CMS by immediately entering the appropriate CMS event code when a matter is taken under submission as outlined in the Court's procedure for matters taken under submission.
2. On its monthly submitted list of cases with causes under submission for 30 days or more, the Court should calculate and report the number of days the cause has been under submission. It should then group the cases by the age of the cause under submission as required by rules of court, and report the submitted list of cases in groups of 30 through 60 days old, 61 through 90 days old, and those over 90 days old. When calculating the age of the matter under submission, the Court should add calendar days to the date when the matter was taken under submission.

In addition, the Court should continue to circulate on a monthly basis a complete copy of the submitted list to each judge of the court. Further, as required in rules of court, the PJ should consider contacting and alerting each judge who has a case with a cause under submission for over 30 days and discuss ways to ensure that the cause is decided in a timely manner. Also, if a cause on a case remains undecided for more than 60 days, the PJ should consider whether the judge needs any assistance to ensure the cause is decided within 90 days.

Superior Court Response By: April Allen, Auditor Date: February 5, 2014

The court agrees with your findings. On September 13, 2013, the Court's Matters Taken Under Submission procedure was revised and immediately distributed to staff. Court staff meetings were also held in the criminal and civil department. Staff was advised of the procedure for updating the CMS and the importance of immediately entering the appropriate CMS event code when a matter is taken under submission.

The court has created a new form for submitted cases that will be distributed to the judges on a monthly basis. The court is calculating the age of matters under submission using calendar days.

The Executive Assistant will continue to circulate the submitted case list to all judges. The Presiding Judge will contact and alert each judge that has a case under submission over 30 days and discuss timely submission of cause. If a cause remains undecided for more than 60 day, the Presiding Judge will consult with the judge to see if assistance is needed for timely submission of cause.

Date of Corrective Action: July 24, 2013 (Revised Submitted Case List), September 13, 2013, and February 8, 2014 (Revised Matters Taken Under Submission Procedure)

Responsible Person(s): Sally Nevarez, Executive Assistant, Julie Lyly, Criminal Division Manager, and Tracy Johnson, Civil Division Manager

2. Fiscal Management and Budgets

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Assets				
120050 SHORT TERM INVESTMENTS-LA	474,434.93	677,190.86	(202,755.93)	-29.94%
120051 SHORT TERM INVESTMENTS-CA	253,524.06	386,218.29	(132,694.23)	-34.36%
Liabilities				
374101 RETIREMENT CONTRIBUTIONS	37,124.31	36,661.54	462.77	1.26%
374102 RETIREMENT BENEFITS - JUD	417.75	276.96	140.79	50.83%
374602 GARNISHMENTS	368.12	309.30	58.82	19.02%
374603 UNION DUES	930.23	1,069.24	(139.01)	-13.00%
374702 BENEFITS PAYABLE-MEDICAL	112.13	(13,861.22)	13,973.35	100.81%
374703 BENEFITS PAYABLE-DENTAL E	24.49	(1,261.31)	1,285.80	101.94%
374704 BENEFITS PAYABLE-VISION E	991.46	(194.68)	1,186.14	609.28%
374705 BENEFITS PAYABLE-LIFE EE	(459.10)	(270.55)	(188.55)	-69.69%
374709 BENEFITS PAYABLE-SUPP INS	1,998.19	2,104.60	(106.41)	-5.06%
374801 DEFERRED COMPENSATION PAY	5,430.02	3,665.48	1,764.54	48.14%
375001 ACCRUED PAYROLL	87,499.26	81,623.30	5,875.96	7.20%
Expenditures				
* 900300 - SALARIES - PERMANENT	3,163,703.65	3,370,232.98	(206,529.33)	-6.13%
* 903300 - TEMP HELP	-	(26.01)	26.01	100.00%
* 906300 - SALARIES - JUDICIAL OFFI	93,928.64	115,489.25	(21,560.61)	-18.67%
** SALARIES TOTAL	3,257,632.29	3,485,696.22	(228,063.93)	-6.54%
910301 SOCIAL SECURITY INS & MED	181,103.07	200,842.60	(19,739.53)	-9.83%
910302 MEDICARE TAX	43,152.55	47,391.09	(4,238.54)	-8.94%
* 910300 - TAX	224,255.62	248,233.69	(23,978.07)	-9.66%
910401 DENTAL INSURANCE	81,006.15	81,923.01	(916.86)	-1.12%
910501 MEDICAL INSURANCE	530,971.51	634,829.83	(103,858.32)	-16.36%
* 910400 - HEALTH INSURANCE	611,977.66	716,752.84	(104,775.18)	-14.62%
910601 RETIREMENT (NON-JUDICIAL	856,169.87	877,564.22	(21,394.35)	-2.44%
* 910600 - RETIREMENT	856,169.87	877,564.22	(21,394.35)	-2.44%
912402 DEFERRED COMPENSATION - 4	36,839.17	32,173.65	4,665.52	14.50%
* 912400 - DEFERRED COMPENSATION	36,839.17	32,173.65	4,665.52	14.50%
* 912500 - WORKERS' COMPENSATION	125,771.99	121,808.98	3,963.01	3.25%
912701 DISABILITY INSURANCE - SD	(0.01)	-	(0.01)	-100.00%

913301 UNEMPLOYMENT INSURANCE	27,624.02	29,878.62	(2,254.60)	-7.55%
913501 LIFE INSURANCE	3,953.94	4,247.51	(293.57)	-6.91%
913601 VISION CARE INSURANCE	11,107.48	12,134.94	(1,027.46)	-8.47%
* 912700 - OTHER INSURANCE	42,685.43	46,261.07	(3,575.64)	-7.73%
913850 BENEFIT REDUCTION SAVINGS	(3,276.26)	(10,753.38)	7,477.12	69.53%
913851 BENEFIT REDUCTION	3,276.26	10,753.38	(7,477.12)	-69.53%
913899 OTHER BENEFITS	2,802.07	(127.63)	2,929.70	2295.46%
* 913800 - OTHER BENEFITS	2,802.07	(127.63)	2,929.70	2295.46%
** STAFF BENEFITS TOTAL	1,900,501.81	2,042,666.82	(142,165.01)	-6.96%
*** PERSONAL SERVICES TOTAL	5,158,134.10	5,528,363.04	(370,228.94)	-6.70%

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

We also evaluated the Court's payroll controls through interviews with Court employees and review of payroll reports and reconciliation documents. We validated payroll expenditures for selected employees to supporting documents, including timesheets, payroll registers, withholding documents, and benefits administration files to determine whether timesheets were appropriately approved and pay was correctly calculated. Furthermore, we reviewed the Court's Personnel Manual and employee bargaining agreements at a high level to determine whether differential pay, leave accruals, and various benefits were issued in accordance with court policy and agreements.

There were no significant issues to report to management.

3. Fund Accounting

Background

Trial courts must account for their receipt and use of public funds using the fund accounting and reporting standards published by the Government Accounting Standards Board. To assist courts in meeting this objective, the FIN Manual provides guidelines for courts to follow. FIN 3.01, 3.0, requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. FIN 3.01, 6.1.1 defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. A set of governmental, fiduciary, and proprietary funds have been set up in the Phoenix Financial System to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Fund Balance				
551001 FUND BALANCE - NON SPENDA	4,489.00	-	4,489.00	100.00%
552001 FUND BALANCE - RESTRICTED	6,338.64	290,158.44	(283,819.80)	-97.82%
552002 FUND BALANCE - COMMITTED	315,000.00	-	315,000.00	100.00%
553001 FUND BALANCE - ASSIGNED	415,487.50	-	415,487.50	100.00%
***Fund Balances	741,315.14	290,158.44	451,156.70	155.49%
Revenue				
** 837000-IMPROVEMENT FUND - REIMBUR	17,959.00	11,419.00	6,540.00	57.27%
** 840000-COUNTY PROGRAM - RESTRICTED	2,126.75	618.36	1,508.39	243.93%
Expenditures				
***701100 OPERATING TRANSFERS IN	(93,308.94)	(443,788.37)	350,479.43	78.97%
***701200 OPERATING TRANSFERS OUT	93,308.94	443,788.37	(350,479.43)	-78.97%

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

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

There were no significant issues 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 must use these accounting guidelines and are required to prepare various financial reports and submit them to the AOC, as well as preparing and disseminating internal reports for monitoring purposes.

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Assets				
130001 A/R-ACCRUED REVENUE	490.78	816.49	(325.71)	-39.89%
131601 A/R - DUE FROM EMPLOYEE	1,930.75	3,223.81	(1,293.06)	-40.11%
131602 A/R - DUE FROM EMPLOYEE F	5,760.26	-	5,760.26	100.00%
140011 OPERATIONS-DUE FROM TRUST	22.44	37.68	(15.24)	-40.45%
140014 GENERAL-DUE FROM SPECIAL	75,413.37	105,081.21	(29,667.84)	-28.23%
150001 A/R - DUE FROM OTHER GOVE	-	30,000.00	(30,000.00)	-100.00%
152000 A/R-DUE FROM STATE	196,147.01	285,211.29	(89,064.28)	-31.23%
** Receivables	279,764.61	424,370.48	(144,605.87)	-34.08%
172001 PREPAID EXPENSES	-	1,265.00	(1,265.00)	-100.00%
** Prepaid Expenses	-	1,265.00	(1,265.00)	-100.00%
*** Accounts Receivable	279,764.61	425,635.48	(145,870.87)	-34.27%

Revenue

** 812100-TCTF - PGM 10 OPERATIONS	5,149,908.90	6,953,227.75	(1,803,318.85)	-25.93%
** 816000-OTHER STATE RECEIPTS	93,493.00	7,840.00	85,653.00	1092.51%
** 821000-LOCAL FEES REVENUE	76,849.13	109,241.79	(32,392.66)	-29.65%
** 821200-ENHANCED COLLECTIONS - REV	9,607.05	7,172.57	2,434.48	33.94%
** 822000-LOCAL NON-FEES REVENUE	3,847.50	8,275.68	(4,428.18)	-53.51%
** 823000-OTHER - REVENUE	136,079.01	2,962.08	133,116.93	4494.04%
** 825000-INTEREST INCOME	2,374.35	3,415.32	(1,040.97)	-30.48%
** 831000-GENERAL FUND - MOU/REIMB	685.00	753.00	(68.00)	-9.03%
** 832000-PROGRAM 45.10 - MOU/REIMB	207,945.78	166,900.00	41,045.78	24.59%
** 833000-PROGRAM 45.25 - REIMBURSEM	46,767.00	57,000.00	(10,233.00)	-17.95%
** 834000-PROGRAM 45.45 - REIMB	171,564.00	328,011.00	(156,447.00)	-47.70%
** 838000-AOC GRANTS - REIMB	331,162.49	334,165.34	(3,002.85)	-0.90%
** 860000-REIMBURSEMENTS - OTHER	4,669.85	8,389.17	(3,719.32)	-44.33%

Expenditures

* 999900 -PRIOR YEAR EXPENSE ADJUST	-	709.87	(709.87)	-100.00%
-------------------------------------	---	--------	----------	----------

We compared general ledger year-end account balances between the prior two fiscal years and reviewed accounts that experienced material and significant variances from year-to-year. 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 2010-2011 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant guidance.

There was one minor issue associated with this area that is contained in Appendix A to this report.

5. Cash Collections

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Cash Accounts				
100000 POOLED CASH	82,273.93	42,114.25	40,159.68	95.36%
100025 DISB CHECK-OPERATIONS	(65,110.93)	(135,218.70)	70,107.77	51.85%
100026 DISB CHECK-TRUST	(150.00)	(457.90)	307.90	67.24%
100027 DISB OUTGOING EFT	(696.90)	(7,592.34)	6,895.44	90.82%
117000 CASH DISTRIBUTION ACCOUNT	-	14,058.50	(14,058.50)	-100.00%
118000 CASH-TRUST ACCOUNT	-	50,107.89	(50,107.89)	-100.00%
119001 CASH ON HAND - CHANGE FUN	3,750.00	3,750.00	0.00	0.00%
119002 CASH ON HAND - PETTY CASH	100.00	100.00	0.00	0.00%
120001 CASH WITH COUNTY	115,454.64	204,164.76	(88,710.12)	-43.45%
Overages/Shortages				
823004 CASHIER OVERAGES	759.76	458.34	301.42	65.76%
952599 CASHIER SHORTAGES	381.63	457.66	(76.03)	-16.61%

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, but are not limited to, the following:

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

We also reviewed selected monetary and non-monetary systems transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed controls over manual receipts to determine whether adequate physical controls

existed, numerical reconciliation was periodically performed, and other requisite controls were being followed.

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are monitored and timely referred to its collections agency, and that collections are timely posted and reconciled.

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

5.1 The Court Could Strengthen Some of Its Cash Handling Procedures

Background

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

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

In addition, FIN 10.02, 6.3.12, requires trial court supervisors, managers, or fiscal officers who do not have direct responsibility for processing payments to conduct periodic surprise cash counts on all trial court staff that handle payments in the normal course of their duties to assure that payment processing errors and irregularities do not go undetected. The frequency of the surprise cash counts will depend on a number of factors including, the size of the court, the amount of currency processed, the number of checks and money orders processed, the overages and shortages at a particular court location, and the experience of the court staff involved. These surprise cash counts should be conducted at a minimum quarterly and as frequently as monthly.

Further, the 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 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.

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.

Issue

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

1. Change Fund – The Court has not established consistent accountability over its change funds. Specifically, one of the three Court locations we reviewed did not have a designated change fund custodian who is accountable and responsible for the change fund. Instead, more than one person this location shared responsibility over the change fund. In addition, at this and one other location, the change fund is not counted and verified at the end of the day. Further, at these two Court locations, the change fund is not verified at least quarterly by someone other than the person or persons administering the change fund.
2. Void Transactions – The Court could not always demonstrate supervisory review and approval of void transactions. Specifically, Court procedure requires that a lead or supervisor review the end-of-day reversal, or void, report and initial this report as evidence of review and approval. However, four of the 12 reversal reports reviewed did not contain evidence of supervisory review and approval.
3. Surprise Cash Counts – The Court acknowledged that it had not conducted any surprise cash counts at its three Court locations.
4. Segregation of Duties – At two of the three Court locations, clerks who set up new cases also perform the incompatible activity of receiving and entering payments in the CMS for the same newly established cases without supervisory review and approval. Further, at these same Court locations, clerks who open drop box payments also perform the incompatible activity of entering the same drop box payments in the CMS without supervisory review and approval. By having a single individual perform these duties

without supervisory review and approval, the Court cannot ensure that it is safeguarding Court assets.

Recommendations

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

1. Ensure that all Court locations with a change fund designate one employee as the change fund custodian. Ensure that the change fund custodians at each location do not perform other cash handling duties. Also, require change fund custodians at each location to count and reconcile their change fund at the beginning and end of the day in the presence of a supervisor or manager. Further, ensure that change funds at each Court location are verified at least quarterly by someone other than the person administering the change fund at each Court location.
2. Require supervisory staff at all locations to follow the Court's own procedure of initialing each cashier's end-of-day reversal report, if any, to demonstrate their review and approval of any cashier reversals.
3. Establish a process requiring appropriate managers, supervisors, or fiscal staff without payment processing responsibilities to conduct surprise cash counts at each Court location on at least a quarterly basis.
4. Implement appropriate segregation of duties that prevent a single Court employee from performing the duties outlined in the FIN Manual, Policy No. FIN 1.03, 6.3.3 (6).
5. Prepare alternative procedure requests and submit them to the AOC for approval if the Court cannot implement the FIN Manual procedures and process payments as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: Jim Perry, Interim CEO Date: July 30, 2014

The Court agrees with your findings. A Change Fund Custodian Form was created as indicated below. The Court is in the process of reviewing its Cash Handling Procedure Manual (revised April 2011). A request for alternate procedures for the Court's Change Fund and Change Fund Custodian will be submitted to the AOC no later than September 1, 2014, and, if approved, will be incorporated into the Court's Cash Handling Procedure Manual.

Date of Corrective Action: October 25, 2013 and September 1, 2014

Responsible Person(s): April Allen, Auditor

The CEO has provided a reminder to the Operations Managers requiring a lead or supervisor requirement to review the end-of-day reversal report and initial the report as evidence of review and approval.

Date of Corrective Action: March 31, 2014

Responsible Person(s): April Allen, Auditor

The Operations Managers have already incorporated surprise cash counts on a regular basis. Revised procedures for surprise cash counts performed by Accounting Staff will be incorporated into the Court's Cash Handling Procedure Manual no later than March 31, 2014.

Date of Corrective Action: March 31, 2014

Responsible Person(s): April Allen, Auditor

Clerks who open drop box payments no longer process those payments. A request for alternate procedures for the Segregation of Duties will be submitted to the AOC no later than March 31, 2014, if approved, will be incorporated into the Court's Cash Handling Procedure Manual.

Date of Corrective Action: March 31, 2014

Responsible Person(s): April Allen, Auditor

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 should it experience an unexpected system mishap. Additionally, because courts maintain sensitive and confidential information in these systems, courts must also take steps to control and prevent unauthorized access to these systems and the information contained in them.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Expenditures				
943202 IT MAINTENANCE - HARDWARE	3,101.18	2,580.00	521.18	20.20%
943203 IT MAINTENANCE - SOFTWARE	16,712.89	18,121.23	(1,408.34)	-7.77%
* 943200 - IT MAINTENANCE	19,814.07	20,701.23	(887.16)	-4.29%
943301 IT COMMERCIAL CONTRACTS	31,621.73	44,044.06	(12,422.33)	-28.20%
* 943300 - IT COMMERCIAL CONTRACT	31,621.73	44,044.06	(12,422.33)	-28.20%
943501 IT REPAIRS & SUPPLIES	1,725.00	-	1,725.00	100.00%
943502 IT SOFTWARE & LICENSING F	362.23	2,213.88	(1,851.65)	-83.64%
943503 COMPUTER SOFTWARE	2,610.58	-	2,610.58	100.00%
* 943500 - IT REPAIRS/SUPPLIES/LICE	4,697.81	2,213.88	2,483.93	112.20%
** INFORM TECHNOLOGY (IT) TOTAL	56,133.61	66,959.17	(10,825.56)	-16.17%

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

- Systems backup and data storage procedures.
- Continuity and recovery procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the physical conditions of the computer rooms.
- Controls over access to Department of Motor Vehicles (DMV) records.
- Automated calculation and distribution of collected fees, fines, penalties, and assessments for a sample of criminal and traffic cases.

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

6.1 The Court Needs to Improve Its Calculation and Distribution of Certain Collections REPEAT

Background

State statutes and local ordinances govern the distribution of the fines, fees, penalties, 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. 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

The Court uses JALAN as its criminal and traffic case management system. The Court manually calculates the distribution percentages for various case types and scenarios and enters these percentages into JALAN financial code tables. JALAN then uses these financial code table percentages to automatically calculate distributions of associated collections. JALAN is capable of both base-up and top-down distribution methodologies and automatically performs all necessary distribution calculations without the need for manual intervention.

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 calendar year 2012, and also some manual spreadsheets that the Court used to calculate the distribution percentages currently in the JALAN financial code tables. 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 traffic school dispositions. We also reviewed the Court’s most recent SCO revenue audit, issued in November 2009, to identify any revenue calculation or distribution issues needing additional attention.

Our review of selected cases and manual spreadsheets used to calculate distribution percentages currently in the JALAN financial code tables revealed the following:

1. For the DUI and Reckless Driving cases reviewed, the Court applied the PC 1463.14(a) \$50 Lab fee and the PC 1463.16 \$50 Alcohol Programs and Services fee, as well as the PC 1463.28 \$20 Indemnity allocation in the DUI case, as a base enhancement rather than a base reduction. Consequently, this overstated the base fine and caused the penalty assessments and state surcharge, which are calculated from the base fine amount, to be overstated as well.
2. For the DUI and Reckless Driving cases reviewed, the Court did not calculate and thereby did not transmit the GC 68090.8 2 percent Automation fee from the PC 1202.4(b) State Restitution fine.

- The Court also did not calculate and thereby did not transmit the GC 68090.8 2 percent Automation fee from the PC 1463.25 \$50 Alcohol Abuse Education and Prevention penalty in the DUI case reviewed.
3. For the DUI manual spreadsheet reviewed, the Court is incorrectly calculating the GC 76104.6 \$1 for every \$10, or portion thereof, DNA penalty and the GC 76104.7 \$4 for every \$10, or portion thereof, DNA penalty. Specifically, the total of the two DNA penalties is \$5 for every \$10 or portion thereof. Therefore, the total DNA penalty should be divided by 5 to calculate the GC 76104.6 \$1 for every \$10 amount. However, the manual spreadsheet shows the total DNA penalty being divided by 4; therefore, overstating the GC 76104.6 \$1 for every \$10 amount and understating the GC 76104.7 \$4 for every \$10 amount.
 4. For the railroad bail forfeiture manual spreadsheet and the speeding traffic school case reviewed, the Court did not assess the GC 76000.10(c) \$4 Emergency Medical Air Transportation (EMAT) penalty.
 5. For the railroad bail forfeiture manual spreadsheet reviewed, the Court did not apply the PC 1463.12 30 percent Railroad Allocation to the GC 70372(a) State Court Facilities Construction Fund penalty and to the PC 1463.28 Base Increase for Option Counties.
 6. For the red light bail forfeiture case reviewed, the Court did not apply the PC 1463.11 30 percent Red Light Allocation to the GC 76000.10(c) \$4 EMAT penalty, the GC 70372(a) State Court Facilities Construction Fund penalty, the PC 1463.28 Base Increase for Option Counties, and the \$10 prior conviction base fine enhancement.
 7. For the one red light traffic school case reviewed, the Court did not apply the 30 percent Red Light Allocation pursuant to VC 42007.3 and did not include the PC 1463.28 Base Increase for Option Counties in the VC 42007 Traffic Violator School fee. The Court also did not distribute the GC 76104 \$2 for every \$10, or portion thereof, EMS penalty required in traffic school cases to the county. Also, the Court did not assess the 51 percent portion of the VC 42007.1 Traffic School fee or the VC 11205.2(c) Additional Court Traffic School Administrative fee. Further, the Court assessed \$1 for the GC 76100 Local Courthouse Construction Fund even though this local penalty is not authorized to do so by a county Board of Supervisors resolution.
 8. For the speeding traffic school manual spreadsheet reviewed, the Court incorrectly included the VC 42007.1 \$49 Traffic School fee, the VC 11205.2(c) Additional Court Traffic School Administrative fee, and the GC 76000.5 EMS Additional Penalty in the VC 42007 Traffic Violator School fee. Conversely, the Court incorrectly excluded the GC 76104.7 DNA Additional Penalty, the GC 76000.10(c) EMAT Penalty, and the PC 1463.28 Base Increase for Option Counties in the VC 42007 Traffic Violator School fee. Further, the Court did not assess the correct amount for the 49 percent portion of the VC 42007.1 \$49 Traffic School fee. Specifically, the Court assessed \$23.01 instead of \$24.01.

9. For the two speeding cases reviewed, the Court used \$100 as the base fine in its manual spreadsheets used to calculate distribution percentages for speeding, which caused variances in distribution amounts since the base fines in both cases were not \$100.
10. For the Child Seat manual spreadsheet reviewed, the Court incorrectly included the GC 76000.10(c) \$4 EMAT penalty in the total bail amount when calculating the distribution percentages. Because this penalty is a fixed amount and not variable depending on the base fine amount, when the actual base fine is more than the base fine amount used to calculate the distribution percentages, most of the distribution percentages are understated.
11. For the Proof of Insurance case reviewed, the Court did not calculate and thereby did not transmit the GC 68090.8 2 percent Automation fee from the PC 1463.22(a) base reductions.
12. For the Health and Safety manual spreadsheet reviewed, the Court included the PC 1463.28 Base Increase for Option Counties in the total bail amount for Health and Safety violations. However, the base increase only applies to bail amounts established in the Judicial Council Uniform Bail and Penalty Schedule pursuant to PC 1269b, which excludes Health and Safety violations.

In addition, the Court prepares manual spreadsheets separate from the base fine for the HS 11372.5 Criminal Lab and HS 11372.7 Drug Program base enhancements; however, the Court does not include the GC 76000.5 Additional EMS penalty in the penalty calculations.
13. For the Fish and Game case reviewed, the Court incorrectly applied the FG 12021 \$15 Additional Penalty as a base enhancement rather than as an added penalty. As a result, the base fine, applicable penalties, and the 20 percent State surcharge are overstated. In addition, the Court incorrectly assessed the FG 12021 \$15 Additional Penalty to a violation of fishing without a license; however, the additional penalty does not apply to this violation.
14. For two Vehicle Code violation cases with applicable prior convictions, the Court did not assess the \$10 base fine enhancement for prior convictions. Consequently, the base fine was understated as well as the associated penalties, State surcharge, and the 2 percent State automation allocation.

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. Configure its CMS distribution tables to apply the PC 1463.14(a) \$50 Lab fee, the PC 1463.16 \$50 Alcohol Programs and Services fee, and the PC 1463.28 \$20 Indemnity allocation as a base reduction rather than a base enhancement.
2. Analyze its CMS distribution tables to ensure that the GC 68090.8 2 percent Automation Fee is calculated then transmitted from the PC 1202.4(b) State Restitution fine in DUI and Reckless Driving cases as well as from the PC 1463.25 \$50 Alcohol Abuse Education and Prevention penalty in DUI cases.
3. Analyze its manual worksheet used to calculate distribution percentages in DUI cases to ensure it calculates the GC 76104.6 and GC 76104.7 DNA penalties correctly.
4. Configure its CMS distribution tables to assess the GC 76000.10(c) \$4 Emergency Medical Air Transportation penalty in railroad bail forfeiture and speeding traffic school cases.
5. Configure its CMS distribution tables to apply the PC 1463.11 30 percent Railroad Allocation to the GC 70372(a) State Court Facilities Construction Fund penalty and to the PC 1463.28 Base Increase for Option Counties in railroad bail forfeiture cases.
6. Configure its CMS distribution tables to apply the PC 1463.11 30 percent Red Light Allocation to the GC 76000.10(c) \$4 Emergency Medical Air Transportation penalty, the GC 70372(a) State Court Facilities Construction Fund penalty, the PC 1463.28 Base Increase for Option Counties, and the \$10 base fine enhancement for prior convictions in red light bail forfeiture cases.
7. For red light traffic school cases, configure its CMS distribution tables to apply the VC 42007.3 30 percent Red Light Allocation to the applicable fines, penalties, and surcharge. Also, analyze its CMS distribution tables to ensure that the PC 1463.28 Base Increase for Option Counties is included in the VC 42007 Traffic Violator School fee and that the GC 76104 \$2 for every \$10, or portion thereof, EMS penalty required in traffic school cases is distributed to the county. In addition, analyze its CMS distribution tables to ensure that the 51 percent portion of the VC 42007.1 \$49 Traffic School Fee and the VC 11205.2(c) Additional Court Traffic School Administrative Fee are assessed. Further, analyze its CMS distribution tables to ensure that the GC 76100 Local Courthouse Construction Fund penalty is not assessed without a county Board of Supervisors resolution authorizing the assessment.
8. Analyze its CMS distribution tables to ensure that the VC 42007.1 \$49 Traffic School Fee, the VC 11205.2(c) Additional Court Traffic School Administrative Fee, and the GC 76000.5 EMS Additional Penalty are not included in the VC 42007 Traffic Violator School fee. In addition, analyze its CMS distribution tables to ensure that the GC 76104.7 DNA Additional Penalty, the GC 76000.10(c) \$4 Emergency Medical Air Transportation Penalty, and the PC 1463.28 Base Increase for Option Counties are included in the VC 42007 Traffic Violator School fee. Also, analyze its

- CMS distribution tables to ensure that the 49 percent portion of the VC 42007.1 \$49 Traffic School Fee is assessed with the correct amount.
9. Configure its manual spreadsheet used to calculate distribution percentages for speeding cases to reflect base fine amounts that may differ from the \$100 base fine established in the Judicial Council Uniform Bail and Penalty Schedule.
 10. Analyze its manual spreadsheet used to calculate distribution percentages for child seat cases to ensure that the GC 76000.10(c) \$4 Emergency Medical Air Transportation Penalty is not used to calculate the distribution percentages.
 11. Analyze its CMS distribution tables to ensure that the GC 68090.8 2 percent Automation Fee is calculated then transmitted from the PC 1463.22(a) base reductions in Proof of Insurance cases.
 12. Analyze its CMS distribution tables to ensure that the PC 1463.28 Base Increase for Option Counties is not applied to Health and Safety cases; only to cases whose bail amounts are established in the Judicial Council Uniform Bail and Penalty Schedule. In addition, analyze its manual spreadsheets used to calculate distribution percentages for the HS 11372.5 Criminal Lab and HS 11372.7 Drug Program base enhancements to ensure that the GC 76000.5 Additional EMS Penalty is included in the penalty calculations for each base enhancement.
 13. Analyze its CMS distribution tables to ensure that the FG 12021 \$15 Additional Penalty is applied as an added penalty amount, not as a base fine enhancement, in applicable Fish and Game cases. Also, analyze its CMS distribution tables to ensure that the FG 12021 \$15 Additional Penalty is assessed only to applicable violations of the Fish and Game Code.
 14. Analyze its CMS distribution tables to ensure that the \$10 base fine enhancement for prior convictions is assessed in cases involving Vehicle Code violations with qualifying prior convictions.

Superior Court Response By: Jim Perry, Interim CEO Date: July 30, 2014

We agree with the findings and are in the process of acquiring a staff assistance visit from the CFO and Analyst from Yolo Superior Court to assist with correcting the distribution tables.

Date of Corrective Action: In stages
Responsible Person(s): April Allen, Auditor

7. Banking and Treasury

Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the courts' control. The FIN Manual, FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located. The Court receives interest income earned on funds deposited with the AOC Treasury. The Court deposits in AOC-established accounts allocations to the trial court for court operations. The Court deposits all monies collected with the County, including criminal and traffic fines and fees, bail trust, civil filing fees, and civil trust deposits.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Assets				
100000 POOLED CASH	82,273.93	42,114.25	40,159.68	95.36%
100001 TRUST CASH IN OPS	150.00	-	150.00	100.00%
100011 OPS DEPOSIT	93,493.00	-	93,493.00	100.00%
100025 DISB CHECK-OPERATIONS	(65,110.93)	(135,218.70)	70,107.77	51.85%
100026 DISB CHECK-TRUST	(150.00)	(457.90)	307.90	67.24%
100027 DISB OUTGOING EFT	(696.90)	(7,592.34)	6,895.44	90.82%
100111 UCF DEPOSIT	400.00	-	400.00	100.00%
100165 TRUST DISBURSEMENT CHECK	(967.20)	-	(967.20)	-100.00%
117000 CASH DISTRIBUTION ACCOUNT	-	14,058.50	(14,058.50)	-100.00%
118000 CASH-TRUST ACCOUNT	-	50,107.89	(50,107.89)	-100.00%
119001 CASH ON HAND - CHANGE FUN	3,750.00	3,750.00	0.00	0.00%
119002 CASH ON HAND - PETTY CASH	100.00	100.00	0.00	0.00%
120001 CASH WITH COUNTY	115,454.64	204,164.76	(88,710.12)	-43.45%
120050 SHORT TERM INVESTMENTS-LA	474,434.93	677,190.86	(202,755.93)	-29.94%
120051 SHORT TERM INVESTMENTS-CA	253,524.06	386,218.29	(132,694.23)	-34.36%
*** Cash and Cash Equivalents	956,655.53	1,234,435.61	(277,780.08)	-22.50%
Liabilities				
301001 A/P - GENERAL	4,717.74	1,433.91	3,283.83	229.01%
314011 TRUST-DUE TO OPERATIONS	22.44	37.68	(15.24)	-40.45%
314014 SPECIAL REVENUE-DUE TO GE	75,413.37	105,081.21	(29,667.84)	-28.23%
321501 A/P DUE TO STATE	2,064.70	-	2,064.70	100.00%
321600 A/P - TC145 LIABILITY	96,518.65	170,729.54	(74,210.89)	-43.47%
322001 A/P - DUE TO OTHER GOVERN	-	31,966.91	(31,966.91)	-100.00%
323001 A/P - SALES & USE TAX	113.18	41.83	71.35	170.57%
323010 TREASURY INTEREST PAYABLE	9.33	7.69	1.64	21.33%
330001 A/P - ACCRUED LIABILITIES	64,480.32	116,015.52	(51,535.20)	-44.42%
*** Accounts Payable	243,339.73	425,314.29	(181,974.56)	-42.79%
351003 LIABILITIES FOR DEPOSITS	5,017.96	9,270.04	(4,252.08)	-45.87%
353002 CIVIL TRUST-CONDEMNATION	-	8,860.75	(8,860.75)	-100.00%

353003 CIVIL TRUST-OTHER(RPRTR	11,370.31	11,475.31	(105.00)	-0.92%
353004 JURY FEES- NON-INTEREST B	12,242.27	7,823.91	4,418.36	56.47%
353022 CIVIL TRUST - COURT REPOR	18,671.05	19,768.40	(1,097.35)	-5.55%
353070 DUE TO OTHER GOVERNMENT A	34,356.26	119,654.96	(85,298.70)	-71.29%
353080 LIABILITIES FOR DEPOSITS	2,026.36	2,026.36	0.00	0.00%
353090 FUNDS HELD OUTSIDE OF THE	115,454.64	204,164.76	(88,710.12)	-43.45%
353999 TRUST INTEREST PAYABLE	129.33	274.51	(145.18)	-52.89%
Revenue				
** 825000-INTEREST INCOME	2,374.35	3,415.32	(1,040.97)	-30.48%
Expenditures				
920301 MERCHANT FEES	4,997.16	6,117.79	(1,120.63)	-18.32%
920302 BANK FEES	3,955.98	7,063.15	(3,107.17)	-43.99%

As with other Phoenix courts, the Court relies on Trial Court Trust and Treasury Services for many banking services, such as performing monthly reconciliations of bank balances to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we only reviewed the following procedures associated with funds not deposited in bank accounts established by the AOC, including funds on deposit with the County:

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

There was one minor issue associated with this area that is contained 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 the associated costs, and these services and costs are included in the MOU that also specifies the terms of payment. The Court entered into an MOU with the County Sheriff for court security services, including stationing bailiffs in courtrooms, staffing deputies at the weapons screening checkpoint located at the entrance to the courthouse, and retaining control of in-custodies transported to the courthouse.

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Expenditures				
934504 PERIMETER SECURITY-CONTRA	219,432.45	241,004.22	(21,571.77)	-8.95%
934510 COURTROOM SECURITY-SHERIF	16,373.92	791,426.86	(775,052.94)	-97.93%
934599 SECURITY	11,270.00	-	11,270.00	100.00%
* 934500 - SECURITY	247,076.37	1,032,431.08	(785,354.71)	-76.07%
941101 SHERIFF – REIMBURSEMENTS	560.00	723.00	(163.00)	-22.54%
* 941100 – SHERIFF	560.00	723.00	(163.00)	-22.54%
945204 WEAPON SCREENING X-RAY MA	-	68,188.25	(68,188.25)	-100.00%

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

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

9. Procurement

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Expenditures				
* 920500 - DUES AND MEMBERSHIPS	185.00	130.00	55.00	42.31%
* 920600 - OFFICE EXPENSE	35,665.23	34,478.18	1,187.05	3.44%
* 921500 - ADVERTISING	-	210.00	(210.00)	-100.00%
* 921700 - MEETINGS, CONFERENCES, E	443.76	1,099.99	(656.23)	-59.66%
* 922300 - LIBRARY PURCHASES AND SU	28,193.20	27,910.18	283.02	1.01%
* 922600 - MINOR EQUIPMENT - UNDER	16,992.78	7,989.77	9,003.01	112.68%
* 922700 - EQUIPMENT RENTAL/LEASE	13,640.42	21,090.18	(7,449.76)	-35.32%
* 922800 - EQUIPMENT MAINTENANCE	-	13,010.86	(13,010.86)	-100.00%
* 923900 - GENERAL EXPENSE - SERVIC	19,677.79	21,280.90	(1,603.11)	-7.53%
* 924500 - PRINTING	20,816.49	28,543.76	(7,727.27)	-27.07%
* 925100 - TELECOMMUNICATIONS	40,365.20	41,454.73	(1,089.53)	-2.63%
* 926200 - STAMPS, STAMPED ENVELOPE	41,927.75	44,503.83	(2,576.08)	-5.79%
* 926300 - POSTAGE METER	906.02	905.62	0.40	0.04%
* 928800 - INSURANCE	1,588.00	1,604.00	(16.00)	-1.00%
* 933100 - TRAINING	425.00	1,180.00	(755.00)	-63.98%
* 934500 - SECURITY	247,076.37	1,032,431.08	(785,354.71)	-76.07%
* 935200 - RENT/LEASE	3,322.11	3,568.04	(245.93)	-6.89%
* 935300 - JANITORIAL	80,151.08	-	80,151.08	100.00%
* 935400 - MAINTENANCE AND SUPPLIES	1,793.09	-	1,793.09	100.00%
* 935600 - ALTERATION	3,894.35	-	3,894.35	100.00%
* 935700 - OTHER FACILITY COSTS - G	1,425.29	5,234.76	(3,809.47)	-72.77%

* 938300 - GENERAL CONSULTANT AND P	186,657.90	110,032.48	76,625.42	69.64%
* 938500 - COURT INTERPRETER SERV	74,831.43	152,442.53	(77,611.10)	-50.91%
* 938600 - COURT REPORTER SERVICES	2,533.00	10,372.50	(7,839.50)	-75.58%
* 938700 - COURT TRANSCRIPTS	70,030.52	116,415.87	(46,385.35)	-39.84%
* 938800 - COURT APPOINTED COUNSEL	71,500.62	39,364.22	32,136.40	81.64%
* 938900 - INVESTIGATIVE SERVICES	3,449.00	32.00	3,417.00	10678.13%
* 939000 - COURT ORDERED PROFESS	64,454.25	35,100.00	29,354.25	83.63%
* 939100 - MEDIATORS/ARBITRATORS	17,675.00	-	17,675.00	100.00%
* 939400 - LEGAL	-	639.19	(639.19)	-100.00%
* 939700 - BANKING AND INVESTMENT S	93.15	-	93.15	100.00%
* 943200 - IT MAINTENANCE	19,814.07	20,701.23	(887.16)	-4.29%
* 943300 - IT COMMERCIAL CONTRACT	31,621.73	44,044.06	(12,422.33)	-28.20%
* 943500 - IT REPAIRS/SUPPLIES/LICE	4,697.81	2,213.88	2,483.93	112.20%
* 945200 - MAJOR EQUIPMENT	-	68,188.25	(68,188.25)	-100.00%
* 952300 - VEHICLE OPERATIONS	5,360.47	6,500.47	(1,140.00)	-17.54%

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

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

9.1 The Court Can Further Improve Its Procurement Practices

Background

On March 24, 2011, Senate Bill 78 was enacted, creating Part 2.5 of the Public Contract Code (PCC) designated the California Judicial Branch Contract Law (JBCL). With certain exceptions, the JBCL requires that superior courts, as well as other judicial branch entities (JBEs), comply with provisions of the PCC that are applicable to state agencies and departments related to the procurement of goods and services. PCC Section 19206 of the JBCL requires the Judicial Council to adopt and publish a Judicial Branch Contracting Manual (JBCM) incorporating procurement and contracting policies and procedures that JBEs must follow. In interpreting the requirements of the JBCM and applying those requirements in the context of their own local operations and specific procurements, JBEs should seek to achieve the objectives of PCC Section 100, including ensuring full compliance with competitive bidding statutes; providing all qualified bidders with a fair opportunity to enter the bidding process; and eliminating favoritism, fraud, and corruption in the awarding of public contracts. To meet the unique needs of the court and ultimately achieve the goals set forth in PCC Sections 100–102, each presiding judge has the authority to vary the Court's application of any non-mandatory business or accounting practice set forth in the JBCM. Any variances should be documented in the court's Local Contracting Manual. The JBCM supersedes the FIN Manual, Section 6.01.

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

Issues

To determine whether the Court follows the procurement policies and procedures in the JBCM, we interviewed Court management and staff regarding its procurement practices. We also reviewed a selection of 16 fiscal year 2011-2012 procurement transactions and 10 fiscal year 2011-2012 purchase card transactions. Our review indicates that the Court did not always follow the JBCM procurement policies and procedures. Specifically, we noted the following:

1. The Court could not demonstrate prior written purchase authorization for many of its procurements. Specifically, the Court did not have on file written purchase authorizations, such as an approved purchase requisition or other written purchase authorization, for four procurements we reviewed. In addition, the Court prepared an invoice coding strip document instead of a purchase requisition for one purchase card transaction reviewed. Consequently, there was no evidence of pre-approval for this purchase.

Further, for nine procurements, the Court did not encumber funds through a purchase order or contract.

2. The Court could not always provide evidence that it followed appropriate procurement requirements. Specifically, for one procurement, the Court could not provide evidence of competitive bidding or support for sole source procurement in lieu of competitive bidding. For another procurement, the Court could not provide an agreement or contract. Therefore, we could not determine whether the Court followed appropriate procurement requirements for either procurement.

In addition, the Court could not provide Darfur Contracting Act certifications for four other procurements.

3. The Court did not always follow non-competitive procurement requirements. Specifically, two procurements that were done as non-competitive procurements did not fall under one of the non-competitive bid procurement categories listed in the JBCM, Chapter 5. Therefore, both procurements should have gone through the competitive bidding process.

In addition, one credit card transaction exceeded the \$1,500 per transaction limit.

Recommendations

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

1. Require the use of appropriately approved purchase requisitions to pre-authorize the procurement of goods and services, including procurements where the Court's purchase card is used. In addition, encumber funds through a purchase order or contract to ensure available funds are accurately reflected in year-to-date reports. REPEAT
2. Ensure appropriate documentation is maintained to support procurement activities, such as support for sole source procurements and at least three vendor bids for competitively bid procurements. Also, ensure Court contracts and agreements include the required Darfur Contracting Act certifications.
3. Remind accounts payable staff that non-competitive procurements must fall under one of the nine categories of allowed non-competitive procurements per the Judicial Branch Contracting manual; otherwise, they must go through the competitive bid process. Also, remind purchase card users of the \$1,500 per transaction limit.

Superior Court Response By: April Allen, Auditor Date: April 16, 2014

As of January 27, 2014, the Court entered into a contract with the Superior Court of California, County of Riverside, for shared procurement services so that we are in compliance with JBCM.

In addition to utilizing Riverside's Shared Procurement Services, the Court now uses an approved internal purchase requisition for all pre-authorized goods and services including goods and services purchased with the Court's purchase card.

The Court will ensure that proper encumbrances are in place for all purchasing as required by FIN 5.01, 6.6.

The court is maintaining the appropriate documentation to support procurement activities. Court contracts and procurement are now being reviewed by the Shared Procurement Services for compliance of JBCM.

I have spoken with staff regarding the \$1,500 per transaction limit. The Court will document alternative procedures and incorporate them into the Courts Local Contracting Manual. Staff has been made aware of the new procedure and our Local Contracting Manual will be made available to appropriate court personnel.

Date of Corrective Action: August 26, 2013, and January 27, 2014

Responsible Person(s): Janet Noe, Account Specialist, and April Allen, Auditor

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

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2012	June 30, 2011	\$ Inc. (Dec.)	% Change
Expenditures – Contracted Services				
* 938300 - GENERAL CONSULTANT AND P	186,657.90	110,032.48	76,625.42	69.64%
* 938500 - COURT INTERPRETER SERVIC	74,831.43	152,442.53	(77,611.10)	-50.91%
* 938600 - COURT REPORTER SERVICES	2,533.00	10,372.50	(7,839.50)	-75.58%
* 938700 - COURT TRANSCRIPTS	70,030.52	116,415.87	(46,385.35)	-39.84%
* 938800 - COURT APPOINTED COUNSEL	71,500.62	39,364.22	32,136.40	81.64%
* 938900 - INVESTIGATIVE SERVICES	3,449.00	32.00	3,417.00	10678.13%
* 939000 - COURT ORDERED PROFESS	64,454.25	35,100.00	29,354.25	83.63%
* 939100 - MEDIATORS/ARBITRATORS	17,675.00	-	17,675.00	100.00%
* 939400 - LEGAL	-	639.19	(639.19)	-100.00%
* 939700 - BANKING AND INVESTMENT S	93.15	-	93.15	100.00%
Expenditures – County Provided Services				
* 942100 - COUNTY-PROVIDED SERVICES	6,810.92	78,418.84	(71,607.92)	-91.31%
Expenditures – Other Items of Expense				
952400 VEHICLE LEASING	5,317.47	6,451.28	(1,133.81)	-17.57%

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

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

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

10.1 Court Contracts Must Contain All Legally Required Provisions and Certifications to Protect the Court's Interests REPEAT

Background

Pursuant to Public Contract Code (PCC) § 19201 et seq., judicial branch entities including superior courts are required to comply with provisions of the PCC that are applicable to state agencies and departments related to the procurement of goods and services. In accordance with PCC 19206, the Judicial Council adopted and published the Judicial Branch Contracting Manual (JBCM) to incorporate procurement and contracting policies and procedures that judicial branch entities must follow. The manual became effective on March 24, 2011, and applies to all contracts initially entered into or amended on or after October 1, 2011. The JBCM supersedes FIN Manual policies and procedures for procurement (FIN 6.01) and contracts (FIN 7.01 through 7.03).

Chapter 8 of the Judicial Branch Contracting Manual identifies processes applicable to preparing and approving contracts, typical contracts and contract-related documents, and certain provisions required by law or recommended for inclusion in a contract or contract-related document. Specifically, section 8.3.A identifies legally required terms to be included in a contract, as well as other terms that may be necessary to protect the judicial branch entity and mitigate the risks associated with the contract. Appendices A and B of the same chapter identifies certifications and provisions that are mandatory or recommended to be included in specified categories of contracts. Lastly, Appendix C provides additional requirements and other information for certain types of contracts, such as contracts for consulting services, information technology services, and legal services.

Issues

To determine whether the Court's contracts contain all legally required provisions and certifications, we selected four contracts for review. Our review revealed that the Court's contracts did not always contain all mandatory provisions and certifications. Specifically:

- All four contracts reviewed did not contain the contractor's certification of compliance with any orders issued by the National Labor Relations Board.
- Three contracts did not contain the non-discrimination certification clause.
- Two contracts each with total amounts over \$10,000 did not contain a BSA audit rights provision. In addition, one of these two contracts did not contain the following provisions, certifications, and information:
 - Certification that the contractor is in compliance with anti-trust claim requirements pursuant to Government Code, Sections 4552 through 4554;
 - A schedule listing the hourly, daily, weekly, or monthly cost of each person or job classification;
 - Certification that the contractor is qualified to do business in the State of California; and
 - Provision that the contractor will not assist, promote, or deter union organizing activities.

Recommendations

In order to improve its contract preparation processes and protect the Court's interests, we recommend that the Court consider the following:

- Ensure all future contracts and amendments contain all legally required provisions and certifications as outlined in the Judicial Branch Contracting Manual. The Court may consider having the AOC's Legal Services Office review future contracts and amendments to ensure all legally required provisions and certifications are included.

Superior Court Response By: April Allen, Auditor Date: February 27, 2014

The contract terms and conditions were supplied by the AOC at the time the contract was signed for all four contracts. Procurement Personnel have reviewed and will continue to review the JBCM section on CCC's and will ensure that all future contract terms and conditions will include the required CCC.

As of January 27, 2014, the Court entered into a contract with the Superior Court of California, County of Riverside for shared procurement services. This will ensure that the court follows the proper contracting legal process for all future contracts. A copy of the signed MOU is attached.

Date of Corrective Action: January 22, 2014

Responsible Person(s): Janet Noe, Account Specialist, and April Allen, Auditor

11. Accounts Payable

Background

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

In addition, 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 incurred while traveling on court business only within certain maximum reimbursement limits. Courts may also pay vendor invoices or reimburse their judges and employees for the actual cost of business meals only when related rules and limits are met.

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

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2012	June 30, 2011	\$ Inc. (Dec.)	% Change
Liabilities				
*** Accounts Payable	243,339.73	425,314.29	(181,974.56)	-42.79%
*** Current Liabilities	333,705.04	493,441.66	(159,736.62)	-32.37%
Reimbursements - Other				
** 860000-REIMBURSEMENTS - OTHER	4,669.85	8,389.17	(3,719.32)	-44.33%
Expenditures				
* 920600 - OFFICE EXPENSE	35,665.23	34,478.18	1,187.05	3.44%
* 921500 - ADVERTISING	-	210.00	(210.00)	-100.00%
* 921700 - MEETINGS, CONFERENCES, E	443.76	1,099.99	(656.23)	-59.66%
* 922300 - LIBRARY PURCHASES AND SU	28,193.20	27,910.18	283.02	1.01%
* 922700 - EQUIPMENT RENTAL/LEASE	13,640.42	21,090.18	(7,449.76)	-35.32%
* 922800 - EQUIPMENT MAINTENANCE	-	13,010.86	(13,010.86)	-100.00%
* 922900 - EQUIPMENT REPAIRS	4,871.85	3,142.96	1,728.89	55.01%
* 924500 - PRINTING	20,816.49	28,543.76	(7,727.27)	-27.07%
* 925100 - TELECOMMUNICATIONS	40,365.20	41,454.73	(1,089.53)	-2.63%
* 926200 - STAMPS, STAMPED ENVELOPE	41,927.75	44,503.83	(2,576.08)	-5.79%
* 926300 - POSTAGE METER	906.02	905.62	0.40	0.04%
* 928800 - INSURANCE	1,588.00	1,604.00	(16.00)	-1.00%
* 929200 - TRAVEL- IN STATE	5,500.48	6,495.89	(995.41)	-15.32%
* 931100 - TRAVEL OUT OF STATE	1,326.87	311.40	1,015.47	326.10%
* 933100 - TRAINING	425.00	1,180.00	(755.00)	-63.98%
* 935300 - JANITORIAL	80,151.08	-	80,151.08	100.00%
* 935400 - MAINTENANCE AND SUPPLIES	1,793.09	-	1,793.09	100.00%

* 935600 - ALTERATION	3,894.35	-	3,894.35	100.00%
* 935700 - OTHER FACILITY COSTS - G	1,425.29	5,234.76	(3,809.47)	-72.77%
* 938300 - GENERAL CONSULTANT AND P	186,657.90	110,032.48	76,625.42	69.64%
* 938500 - COURT INTERPRETER SERVIC	74,831.43	152,442.53	(77,611.10)	-50.91%
* 938600 - COURT REPORTER SERVICES	2,533.00	10,372.50	(7,839.50)	-75.58%
* 938700 - COURT TRANSCRIPTS	70,030.52	116,415.87	(46,385.35)	-39.84%
* 938800 - COURT APPOINTED COUNSEL	71,500.62	39,364.22	32,136.40	81.64%
* 938900 - INVESTIGATIVE SERVICES	3,449.00	32.00	3,417.00	10678.13%
* 939000 - COURT ORDERED PROFESSION	64,454.25	35,100.00	29,354.25	83.63%
* 939100 - MEDIATORS/ARBITRATORS	17,675.00	-	17,675.00	100.00%
* 939400 - LEGAL	-	639.19	(639.19)	-100.00%
* 939700 - BANKING AND INVESTMENT S	93.15	-	93.15	100.00%
* 952300 - VEHICLE OPERATIONS	5,360.47	6,500.47	(1,140.00)	-17.54%
* 965100 - JUROR COSTS	38,834.15	23,378.60	15,455.55	66.11%

We assessed the Court's compliance with invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal staff involved in accounts payable. We also reviewed selected invoices and claims processed in FY 2010–2011 to determine whether 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. Furthermore, we reviewed a sample of travel expense claims and business meal expenses to assess compliance with the *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

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

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

Background

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

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

made in unusual circumstances and are not permitted for time and materials service contracts or for the purchase of goods.

Issues

To determine whether the Court adheres to the invoice processing policies and procedures in the FIN Manual, we interviewed appropriate Court staff regarding the Court's current invoice processing practices. We also reviewed selected invoices and claims paid in fiscal year 2011-2012 and identified the following weaknesses and areas of noncompliance:

1. The Court did not consistently follow the FIN Manual procedures for processing the 39 paid invoices and claims we selected to review. For example:
 - a. The SAP vendor master file did not contain a telephone number for 11 invoices and claims. In addition, the vendor name on one of these 11 invoices and claims did not match the name in the SAP vendor master file. Also, the telephone number on another three invoices did not match the telephone number in the SAP vendor master file, and the fax number on two other invoices did not match the fax number in the SAP master vendor file.
 - b. The Court used the incorrect vendor number for two invoices. Also, the Court used the one-time "Misc23" vendor number rather than requesting that a SAP vendor file be created for two other invoices.
 - c. For one claim, the claimant noted the Court's address on the claim instead of her own address and did not note a telephone number on the claim.
 - d. Five invoices were not stamped with the date received.
 - e. One invoice and one claim did not contain evidence of review and approval by appropriate Court staff prior to payment. REPEAT
 - f. Two invoices did not match procurement documents provided by the Court. Specifically, the prices per unit on one invoice did not match the prices per unit on the purchase requisitions provided. For the other invoice, the quantities received exceeded the approved quantities on the purchase requisition provided.
 - g. The Court could not provide procurement documents, such as a purchase order or contract, to support four invoices, and a fifth invoice did not provide specific details regarding the services provided. Consequently, the Court could not confirm that the invoice payment agreed to any payment terms, nor demonstrate that it verified or agreed the invoices to any procurement terms prior to payment processing.
 - h. Five invoices did not contain evidence that the Court vouched the invoices to proof of receipt of goods or services prior to payment processing.
 - i. For one invoice, the individual who signed the purchase requisition also performed the incompatible activity of approving the invoice payment for the same purchase.
 - j. The Court could not provide prior authorization for lodging and travel time for the two court interpreter claims reviewed. REPEAT In addition, the lodging claimed in one of the two court interpreter claims was not supported by a zero

balance hotel invoice or receipt. Further, the three court reporter claims reviewed were not signed by the claimants.

Recommendations

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

1. Provide training and instruction to accounts payable staff to ensure they follow the uniform guidelines for processing invoices and claims that are provided in the FIN Manual.

Superior Court Response By: April Allen, Auditor Date: January 22, 2014

We agree with your findings. I have gone over the entire Audit with the accounting staff.

We have been very diligent in making sure all uniform guidelines provided in the FIN Manual are followed for processing invoices and claims including travel.

All vendor master files are reviewed for accuracy and recording of documents received. We have also contracted with Riverside Court for vendor master files and updates.

The Court is maintaining accurate and complete record of each invoice including travel.

Date of Corrective Action: October 8, 2013

Responsible Person(s): Janet Noe, Account Specialist, and April Allen, Auditor

11.2 The Court Needs to Strengthen Its Business Meal Expense Procedures

Background

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

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

- a. Date of the business meal(s).
- b. Scheduled start and end time of the meeting.
- c. Statement explaining the business purpose of the meeting.

- d. Category and duration of business meal. Example: Breakfast 8:00- 8:30 (30 min).
- e. Location/place of the business meal.
- f. Copy of the formal agenda, if applicable.
- g. List of expected attendees, their titles, and affiliations.

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

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

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

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

Issues

To determine whether the Court followed the business meal expense rules required in the FIN Manual, we interviewed appropriate Court staff regarding its business-related meal expense reimbursement practices. We also reviewed selected business-related meal expense transactions from FY 2011-2012. Our review determined that the Court needs to improve its procedures to adequately justify its business-related meal expenditures. Specifically, we noted the following:

1. Business meal forms were not completed for all five business meal expenditures reviewed that required a business meal form, or similar document, to be completed. As a result, for one of the five expenditures, we could not determine the length of the business function and the type of meal or refreshment served and therefore could not determine whether the appropriate meal rate was exceeded. Also, the purchase requisitions forms for the other four business meal expenditures were approved after the purchases were made.

Recommendations

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

1. Require advance written approval by the PJ, or written designee, of the business-related meal expenditure on a business-related meal expense form, memo, or e-mail. Also, ensure that the business-related meal expense form, memo, or e-mail is completed with all pertinent information, including the end time of the business meal, a statement explaining the business purpose of the meeting, and the reason why court business could not be conducted at a time other than during a meal period.

Superior Court Response By: April Allen, Auditor Date: January 28, 2014

The Court agrees with your findings. Court staff has been advised of the business meals procedure. A business related meal form was created that requires advance written approval from the PJ, or his or her designee, of the business-related meal expense form. The form has been created with all required information as stated in recommendation 1. The Presiding Judge will be sending staff and judicial officers an email to remind them of the policy.

Date of Corrective Action: April 15, 2013

Responsible Person(s): April Allen, Auditor

11.3 The Court Needs to Improve Its Travel Expense Reimbursement Procedures**Background**

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

The rules and limits for arranging, engaging in, and claiming reimbursement for travel on official court business are further specified in the FIN Manual. Specifically, Policy Number FIN 8.03, 3.0 states:

The trial court reimburse[s] its judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business within the limits of the trial court's maximum reimbursement guidelines. Under Government Code section 69505, the AOC's Travel Rate Guidelines must be used. All exceptions to the Judicial Branch Travel Guidelines, including any terms of an executed memorandum of understanding agreement by and between a recognized employee organization and

a trial court, must be submitted in writing and have prior approval in accordance with alternative procedures guidelines established in Policy Number FIN 1.01, 6.4 (4).

Policy Number FIN 8.03, provides specific travel procedures for trial courts to follow. FIN 8.03, 6.3, states that it is necessary to document business travel expenses with original receipts showing the actual amounts spent on lodging, transportation, and other miscellaneous items. Specifically, lodging receipts must be on a pre-printed bill head with a zero balance showing. For travel expenses related to attending a conference or training class, proof of attendance or certification of completion must be submitted with the completed travel expense claim (TEC). In addition, FIN 8.03, 6.1.1 states that travel costs incurred without written travel request approval may be subject to rejection when reimbursement is requested. Out-of-state or international travel requires the approval of the Presiding Judge (PJ) or written designee. Further, FIN 8.03, 6.1.6 states that an Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the PJ or written designee when lodging above the maximum rate is the only lodging available or when it is cost-effective.

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 TEC form that notes the business purpose of the trip, includes only allowable expenses paid, is supported by required receipts, and is signed approved by the judge's or employee's appropriate approval level.

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

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

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

Issues

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding current travel reimbursement practices. We also reviewed selected travel expense transactions in fiscal year 2011-2012.

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

1. Claimants did not always submit a completed TEC when claiming reimbursement for travel on official court business. Specifically, two of the 11 TECs reviewed did not contain start and end times of travel. Therefore, we could not determine whether meals paid were appropriate. In fact, for one of these two TECs, the claimant combined the total amount of lodging and meal expenses instead of itemizing these expenses separately for each day of travel and did not note the purpose of the business trip on the TEC.

In addition, a TEC was not submitted for reimbursement for out-of-state travel. Instead, a memo was submitted outlining the claimant's out-of-pocket expenses. Nevertheless, this memo did not contain evidence of review and approval by the claimant's supervisor or manager.

Further, claimed travel costs were not always supported by appropriate receipts. Specifically, lodging costs claimed on two TECs were not supported by receipt with a zero balance. Also, for another TEC, the claimant did not complete an Exception Request of Lodging form for lodging costs claimed where the per-night rate was higher than the allowed maximum per-night rate.

2. Claimants' supervisor or manager did not always sign the TECs to demonstrate supervisory review and approval of claimed travel expenses. Specifically, four of the 11 TECs reviewed did not contain evidence of review and approval by the claimant's supervisor or manager. Also, a fifth TEC was reviewed and approved by the Court Executive Officer (CEO) even though the TEC was from the PJ, who does not report directly to the CEO. In these instances, the appropriate approval level for TECs submitted by the PJ is the assistant PJ.

Recommendations

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

1. Ensure that all employees who travel on Court business are aware of the information and documentation necessary to properly review and approve allowable travel expenses. This instruction should include information on properly completing the Travel Expense Claim form as well as appropriate documentation needed to support travel expenses claimed for reimbursement.
2. Require appropriate level review and approval signatures on TEC forms from the employee's supervisor or above. If the TEC is submitted by a judicial officer, the PJ or a supervising judge would be the appropriate review and approval level who would sign the TEC approving the travel expenses of judicial officers. In addition, instruct

Court accounts payable staff to not process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.

Superior Court Response By: April Allen, Auditor Date: January 28, 2014

The Court agrees with your findings. A Travel Expense Claim (TEC) Form was created on the date indicated below. All court employees have been trained on how to complete a TEC and are aware of all documentation that is needed to support their TEC request for proper reimbursement.

All judicial officers have been notified that they need written approval by the presiding judge or the supervising judge for TEC requests. Judicial officers have also been trained on how to complete a TEC and are aware of all documentation that is needed to support their TEC request for proper reimbursement.

All court accounts payable staff have been notified not to process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.

Date of Corrective Action: September 13, 2013
Responsible Person(s): April Allen, Auditor

11.4 The Court Needs to Strengthen its Review of County Invoices

Background

When processing County invoices for payment, FIN Policy 8.01 and FIN Policy 8.02 apply. These policies provide uniform guidelines for courts to use when processing county invoices for payment. 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 did not consistently follow the FIN Manual procedures for processing the invoices for the five county expenditures we selected for review. Specifically, we noted the following:
 - a. The Court could not provide an invoice for one county expenditure and the County did not provide the Court with a sufficiently detailed invoice for another county expenditure. Consequently, the Court could not demonstrate that it verified the expenditures to the payment terms in the Court-County MOU and to proof of services received prior to payment processing. Further,

the Court could not verify whether the services received and amounts charged were allowable, reasonable, and appropriate.

- b. Another two invoices were not accompanied by proof that the Court received services, such as with Court staff signatures acknowledging receipt of acceptable county services.
- c. One invoice was not date stamped.

Recommendations

To ensure the Court receives and pays only the services it expects from the County, pays costs that are reasonable and allowable, and follows accounts payable guidelines, it should consider the following:

1. Provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices, including matching invoices to proof of receipt. This should also include requiring the County to provide sufficiently detailed invoices so the Court can verify that the services received, as well as the amounts charged, are allowable, reasonable, and appropriate.

Superior Court Response By: April Allen, Auditor Date: March 26, 2014

The FIN manual has been reviewed with staff as well as the current MOU for County services. Staff contacted the County of Mendocino requesting the correct submittal of invoices. The County of Mendocino has complied and has submitted detailed billing to the court and has provided sufficient back up documentation. The County of Mendocino has been informed that incomplete invoices will not be paid.

Procedures were reviewed with the accounting staff and 3 point match protocol will be required for Court received services and invoices. All invoices will be received stamped by the accounting department.

Date of Corrective Action: February 25, 2014

Responsible Person(s): Janet Noe, Account Specialist, and April Allen, Auditor

12. Fixed Assets Management

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	99.83	2,398.04	(2,298.21)	-95.84%
922610 COMPUTER ACCESSORIES	3,823.42	929.84	2,893.58	311.19%
922611 COMPUTER	11,395.56	3,054.96	8,340.60	273.02%
922612 PRINTERS	802.18	1,677.06	(874.88)	-52.17%
922614 SECURITY SURVEILLANCE - M	903.13	-	903.13	100.00%
922616 CELL PHONES/PAGERS	(31.34)	-	(31.34)	-100.00%
922699 MINOR EQUIPMENT - UNDER \$	-	(70.13)	70.13	100.00%
* 922600 - MINOR EQUIPMENT - UNDER	16,992.78	7,989.77	9,003.01	112.68%
945204 WEAPON SCREENING X-RAY MA	-	68,188.25	(68,188.25)	-100.00%
* 945200 - MAJOR EQUIPMENT	-	68,188.25	(68,188.25)	-100.00%

We performed a follow-up review of the fixed asset issues identified in our 2007 review to determine whether the Court had implemented corrective actions to satisfactorily resolve the issues. Specifically, in our 2007 review, we found that the Court was not maintaining a listing of the Court's fixed assets, was not affixing inventory control tags to facilitate the tracking of its fixed assets, and had not completed a physical inventory of its fixed assets in over five years at the time of our review. Our follow-up review revealed that the Court now maintains a fixed asset listing, affixes inventory control tags to fixed assets purchased immediately upon receipt of the fixed asset, and vouches its fixed asset listing to the physical location of the fixed asset three to four times per year. Therefore, we concluded that the Court has implemented sufficient corrective actions to resolve the issues identified in our previous review.

No additional work was performed in this area.

13. Audits

Background

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. The court must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. During an audit, the court must fully cooperate with the auditors to demonstrate accountability, efficient use of public resources, and compliance with all requirements. Substantiated audit findings shall be investigated and corrected in a timely fashion.

We reviewed prior audits conducted on the Court to obtain an overview of the issues identified and to determine during the course of our audit whether these issues have been corrected or resolved. Specifically, AS initiated an audit of the Court in 2007 that included a review of various fiscal and operational processes. Issues from the 2007 audit that have not been corrected or resolved, and repeat issues may be identified in various sections of this report.

There were no significant issues to report to management.

14. Records Retention

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2012	June 30, 2011		
Expenditures				
935203 STORAGE	3,322.11	3,568.04	(245.93)	-6.89%

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

There were no significant issues to report to management.

15. Domestic Violence

Background

In June 2003, the Joint Legislative Audit Committee (JLAC) requested AS 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, AS agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis.

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

The following issues were considered significant enough to bring to management's attention in this report.

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

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 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 2012, courts must impose a separate and additional State Restitution Fine of not less than \$240 for a felony conviction and not less than \$120 for a misdemeanor conviction in every case where a person is convicted of a crime. 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 (a)(5) Domestic Violence Fee
Effective January 1, 2004, courts must include in the terms of probation a minimum 36 months probation period and \$400 fee if a person is granted probation for committing domestic violence crimes. The legislation that amended the Domestic Violence Fee from \$200 to \$400 sunset on January 1, 2010, but a bill enacted on August 13, 2010, amended the fee back to \$400. Courts may reduce or waive this fee if they find that the defendant does not have the ability to pay.
- PC 1465.8 (a)(1) Court Operations Assessment
Effective July 28, 2009, courts must impose a \$30 (\$40 effective October 19, 2010) Court Security Fee on each criminal offense conviction. Effective June 30, 2011, this code section was amended to reflect the change from a court security fee to a court operations assessment.
- Government Code (GC) 70373 Criminal Conviction Assessment
Effective January 1, 2009, courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction, and a \$35 assessment for each infraction conviction.

Issues

Our review of the Court's criminal DV convictions for fiscal year 2011-2012 found cases where the Court did not always impose the statutorily required fines, fees, and assessments or imposed the incorrect amount. Specifically, our review of 30 DV case files with criminal convictions revealed the following:

- For three of the 14 domestic violence cases reviewed where probation was ordered, the PC 1202.4(b) State Restitution fine ordered was \$100 instead of the increased amount of \$120 for misdemeanor convictions that took effect January 1, 2012. Also, for the same three cases, the ordered PC 1202.44 Probation Revocation Restitution fine should have been \$120 instead of \$100 because of the increase to the State Restitution fine. Further, the PC 1203.097(a)(5) Domestic Violence Probation fee was not ordered in a fourth case.

- For two of the 20 domestic violence cases reviewed, the \$30 GC 70373 Criminal Conviction assessment ordered should have been \$60 because the defendant was convicted of two criminal offenses. Also, for one of these two cases, the \$40 Court Operations fee ordered should have been \$80 because the defendant was convicted of two criminal offenses. Further, the PC 1202.4(b) State Restitution fine, the \$40 Court Operations fee, and the \$30 GC 70373 Criminal Conviction assessment were not ordered in a third case.

Recommendation

To ensure that the statutorily required minimum criminal domestic violence fines and fees are assessed, the Court should consider the following:

1. Create and distribute a bench schedule of the required minimum DV fines and fees as a tool for judicial officers and staff to reference and use when imposing fines and fees during sentencing. The Court should periodically update this schedule to reflect any changes in statute. In addition, it should consider inserting these required minimum DV fine and fee amounts on the official order of probation forms.
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 required minimum fines and fees.

Superior Court Response: Caryn A. Downing, CEO Date: September 20, 2013

The Court agrees with the findings. The Court's Order of Probation for Domestic Violence Form was amended on July 8, 2013, to reflect the revised mandatory fines and fees. The Court reviews the form on an annual basis or as new/revised legislation is adopted. A bench schedule was created on September 19, 2013. The Court reviews new/revised legislation on an annual basis or as it is adopted and makes all necessary changes and advises judicial officers and staff. The Court also has representatives attend the annual New Law Web Ex workshops and prepares a summary for judicial officers and staff. The Presiding Judge will provide reminders to judicial officers regarding the importance of providing any compelling and extraordinary reasons, waivers, and determination from financial hearings to support why the Court did not impose the required minimum fines and fees. Courtroom Clerks have been informed of the importance of documenting the findings on their minutes and in the case management system.

Date of Corrective Action: July 8, 2013, and September 19, 2013

Responsible Person(s): Julie Lyly, Criminal/Traffic Division 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.

A suggested best practice for trial courts includes establishing written Exhibit Room Manuals (manual). 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 in proof of facts in a criminal or civil case. While some exhibits have little value or do not present a safety hazard, such as documents and photographs, other exhibits are valuable or hazardous and may include: contracts or deeds, weapons, drugs or drug paraphernalia, toxic substances such as PCP, ether, and phosphorus, as well as cash, jewelry, or goods such as stereo equipment. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared 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 controls over exhibit handling and storage by interviewing court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas. In addition, we validated selected exhibit record listings to actual exhibit items and vice-versa to determine whether all exhibit items have been accurately accounted for and to evaluate the efficacy of the Court’s exhibit tracking system.

There were no significant issues to report to management.

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 he be held in custody until trial, unless he furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. Bail bonds are issued by licensed "Bail Agents" who specialize in their underwriting and issuance and act as the appointed representatives of licensed surety insurance companies. California Rules of Court (CRC) 3.1130(a) outlines certain conditions for insurance companies to meet prior to being accepted or approved as a surety on a bond:

A corporation must not be accepted or approved as a surety on a bond or undertaking unless the following conditions are met:

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

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

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

There were no significant issues to report to management.

APPENDIX A

**Superior Court of California,
County of Mendocino**

Issue Control Log

Note:

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

Those issues 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 have an Estimated Completion Date.

Internal Audit Services will periodically contact the Court to monitor the status of the corrective efforts indicated by the Court.

July 2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1 Court Administration								
	1.1		Better Monitoring Could Help Ensure that Submitted Causes are Decided Timely					
		4	The Court's submitted list does not report the length of time each cause has been under submission and does not specifically identify those matters which have been under submission for 30 through 60 days, 61 through 90 days, or over 90 days as required by ROC 10.603(c)(3). In addition, the date noted on the submitted list when a matter is taken under submission is not always the same date from month to month. Further, the 90-day due date for matters taken under submission is not always noted on the submitted list.	C		The court agrees with your findings. On September 13, 2013, the Court's Matters Taken Under Submission procedure was revised and immediately distributed to staff. Court staff meetings were also held in the criminal and civil department. Staff was advised of the procedure for updating the CMS and the importance of immediately entering the appropriate CMS event code when a matter is taken under submission. The court has created a new form for submitted cases that will be distributed to the judges on a monthly basis. The court is calculating the age of matters under submission using calendar days. The Executive Assistant will continue to circulate the submitted case list to all judges. The Presiding Judge will contact and alert each judge that has a case under submission over 30 days and discuss timely submission of cause. If a cause remains undecided for more than 60 day, the Presiding Judge will consult with the judge to see if assistance is needed for timely submission of cause.	Sally Nevarez, Executive Assistant, Julie Lyly, Criminal Division Manager, and Tracy Johnson, Civil Division Manager	July 2013 and September 2013
		4	The Court is not calculating the 90-day due date for matters taken under submission correctly. Specifically, the Court is adding three months to the date in which the matter was taken under submission rather than counting 90 calendar days from the date the matter was taken under submission.	C		See response above.	Sally Nevarez, Executive Assistant, Julie Lyly, Criminal Division Manager, and Tracy Johnson, Civil Division Manager	July 2013 and September 2013
		4	For two of 12 cases reviewed, the CMS code identifying a matter under submission was entered into the CMS between seven and 35 days after the matter was taken under submission. For a third case, the CMS code was never entered into the CMS when it was taken under submission for a second time for a different matter resulting in the matter being under submission for 127 days. The judge assigned to this matter signed two affidavits in consecutive months declaring no matters were pending over 90 days even though this matter had been pending for 93 and 121 days by the beginning of each month covered by the signed affidavit.	C		See response above.	Sally Nevarez, Executive Assistant, Julie Lyly, Criminal Division Manager, and Tracy Johnson, Civil Division Manager	July 2013 and September 2013
		Log	For one of 12 cases reviewed, the CMS code identifying when a ruling has been issued for a matter under submission was entered into the CMS 42 days after the ruling was issued. For another case, the CMS code was never entered.	C		In both instances the Executive Assistant picked up the wrong dates in error. The court updated there procedure and went over it with staff.	Sally Nevarez, Executive Assistant, Julie Lyly, Criminal Division Manager, and Tracy Johnson, Civil Division Manager	September 1, 2013
2 Fiscal Management and Budgets			No issues noted.					
3 Fund Accounting			No issues noted.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
4								
Accounting Principles and Practices								
		Log	The Court's computer loan program is an unallowable use of Court funds per statute and Article XVI of the California Constitution.		C	As of July 1, 2012 the Court no longer offers this program to any new employee's. We have one loan left with a balance of \$24.76	April Allen, Auditor and CEO	July 1, 2013
5								
Cash Collections								
	5.1		The Court Could Strengthen Some of Its Cash Handling Procedures					
		5	Four of 12 voids reviewed did not contain evidence of review and approval by a supervisor.	I		The Court agrees with your findings. The CEO has provided a reminder to the Operations Managers requiring a lead or supervisor requirement to review the end-of-day reversal report and initial the report as evidence of review and approval.	April Allen, Auditor	March 31, 2014
		5	Clerks who set up new cases also perform the incompatible activity of receiving and entering payments in CMS for the same newly established cases.	I		The Court agrees with your findings. Clerks who open drop box payments no longer process those payments. A request for alternate procedures for the Segregation of Duties will be submitted to the AOC no later than March 31, 2014, if approved, will be incorporated into the Court's Cash Handling Procedure Manual.	April Allen, Auditor	March 31, 2014
		5	Clerks who open drop box payments also perform the incompatible activity of entering the same drop box payments in CMS.	I		The Court agrees with your findings. A Change Fund Custodian Form was created as indicated below and is attached. The Court is in the process of reviewing its "Cash Handling Procedure Manual (revised April 2011)". A request for alternate procedures for the Court's Change Fund and Change Fund Custodian will be submitted to the AOC no later than March 31, 2014, if approved, will be incorporated into the Court's Cash Handling Procedure Manual.	Caryn Downing, CEO, April Allen, Auditor	March 31, 2014
		5	The location does not have a designated change fund custodian.	I		The Court agrees with your findings. The Operations Managers have already incorporated surprise cash counts on a regular basis. Revised procedures for surprise cash counts performed by Accounting Staff will be incorporated into the Court's Cash Handling Procedure Manual no later than March 31, 2014.	April Allen, Auditor	March 31, 2014
		5	At the time of our review, the change fund was not being counted at the end of the day, only at the beginning of the day.	I				
		5	The change fund is not verified quarterly by someone other than the person administering the change fund.	I				
		5	The Court does not conduct surprise cash counts.	I				
		Log	Issue redacted due to sensitivity.					
		Log	Issue redacted due to sensitivity.					
		Log	The recommended notice advising customers to secure a receipt for their transaction was not posted.	I		The court would like a copy of the recommendation.	April Allen, Auditor	
		Log	Supervisor signed-approved one cashier's Daily Collection Form even though the total did not match the Cashier Till Report.	I		The Auditor is going to review the process with the managers and the supervisors to make sure they are trained in the process.	April Allen, Auditor	December 1, 2014
		Log	The location does not maintain a log to account for the manual receipt books including; the receipt book(s) issued, to whom the receipt book(s) were given, the date issued, the person returning the book(s), the receipts used within each book, and the date the receipt book(s) are returned.	I		The Accounting Department maintains a log to account for manual receipts and has since 2008. The receipt books are only given out to a manager or supervisor. We have always notated the date issued and returned. The court will add a line for who is signing the book out and who is returning the book.	April Allen, Auditor	September 2013 to add the line for signing in and out. The court maintains this log
		Log	The manual receipts were not always complete with key information, such as the person making the payment or the case number.	C		Staff has been updated and training has been provided to All Staff regarding what information needs to be on a manual receipt.	April Allen, Auditor	September 1, 2013
		Log	The manual receipts did not indicate they were entered into the CMS, such as with a CMS receipt attached or the CMS receipt number noted on the manual receipt copies.	C		Staff has been updated and training has been provided to All Staff regarding what information needs to be on a manual receipt.	April Allen, Auditor	May 1, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The location does not record mail payments on a mail payments log.		C	Mail payments are recorded on a log if they are not able to be receipt in the case management system the day they are received. A log is kept in each departments safe. A manager or designee reviews the log daily.	April Allen, Auditor Julie Lyly, Criminal Division Manager, Tracy Johnson Civil Division manager	July 1, 2013
		Log	The location's mail payment log does not note the person making the payment and does not include a calculator tape of all mail payments received.		C	The form was changed while the auditors were here to include the information that was needed to comply with policy. It includes the person making the payment and includes a calculator tape.	Julie Lyly, Criminal Division Manager, Tracy Johnson, Civil Division Manager April Allen, Auditor	February 1, 2013
		Log	The mail payments log is not reconciled to the CMS.	I		The Mail payment log is reconciled to the CMS by the clerks daily balancing report. The mail payments are the only payments this clerk would process. Research payments are not entered in the same day but are logged and kept in the safe.	Julie Lyly, Criminal Division Manager, Tracy Johnson, Civil Division Manager April Allen, Auditor	September 1, 2013
		Log	Mail payments were not always entered in the CMS by the next business day.		C	This would be research payments and they are not usually able to research the request the same day they receive it, therefore it would be logged on the Money Log and kept in the safe until researched.	Julie Lyly, Criminal Division Manager, Tracy Johnson, Civil Division Manager	September 1 ,2013
		Log	Auditor could not verify whether several mail payments were entered in the CMS because the case name or case number was not noted on the mail payments log.	I		The Auditor assisted the Manager of this department with the new form. The case name and case number is now on the form.	April Allen, Auditor	September 1, 2013
		Log	The location does not include drop box payments on its mail payments log or record them on a separate drop box payments log.		C	The Auditor assisted the Manager of this department with the new form. There is a log for Drop Box payments now.	April Allen, Auditor	September 1, 2013
		Log	The manual receipt book log maintained by the accounting unit does not note the name of the person receiving the manual receipt book for the receiving department and does not always note the date issued to the receiving department.		C	The manual receipt log maintained by accounting has been revised to add the persons name that is receiving the book. The date has always been noted when issuing a book.	April Allen, Auditor	September 1, 2013
		Log	The Court is using manual receipts for purposes other than during CMS downtime. Specifically, the Court provides manual receipts to employees who are reimbursing the Court for cell phone bills, insurance premiums for employees on extended leave, and excess travel advances.		C	The court has ordered separated receipt books for these items and will turn in the Court Receipt book.	April Allen, Auditor	May 1, 2014
		Log	At the time of our review, the Court had not sent a delinquency notice for one of four traffic school payment plan cases reviewed.		C	The IT Manager looked at the case and saw that a payment was made. He did not look at the amount and was overlooked. The IT Manager has been reminded to look at the payment amount and the number of payments on a case to determine if a delinquent notice will need to be sent out.	Robert Parrott, IT	September 1 ,2013
		Log	For one of six cases reviewed, the court clerk did not enter an event code in the CMS alerting County collections that community service had been granted in lieu of a fine. As a result, County collections requested an FTP hold for non-payment of the fine, which the Court placed. Once we made County collections aware of the error, it requested the Court to enter the community service event code and release the FTP hold. The Court had not yet released the FTP hold at the time of our review.		C	The Clerk did not enter an NFC event code to alert collections because it was not specified in court whether community service was ordered in lieu of a fine or probation. If it was in lieu of a fine, the court would NFC collections. The clerks are aware of the procedure but had to research the case to know what the Judge was ordering.	Julie Lyly, Criminal Division Manager	September 1 ,2013
6	Information Systems							
		6.1	The Court Needs to Improve Its Calculation and Distribution of Certain Collections REPEAT					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		10	Court incorrectly enhanced the base fine with PC 1463.14(a) - \$50 Lab Analysis, PC 1463.16 - \$50 Alcohol Program allocation and PC 1463.18 - \$20 DUI Indemnity allocation. The Court should have transferred these amounts (\$120 for DUI violations and \$100 for Reckless driving) from the base fine instead of adding them. Thus, the total fine is greater than the standard resulting in overstated base, PA's & surcharge distributions.	I		Due to the many changes Mendocino Court has faced in the last few years, the court is requesting that we take corrective action of these issues in stages so that we many better answer and correct each item accurately. We would like to take one or two issues at a time and work with IAS in completing this Issue Memorandum within the next 6 months.	April Allen	October 16, 2014
		10	GC 68090.8 - 2% State Automation is not applied to GC 76000.10 - EMAT penalty.	I		See response above.	April Allen	October 16, 2014
		10	GC 68090.8 - 2% State Automation is not applied to PC 1463.25 - Alcohol education penalty.	I		See response above.	April Allen	October 16, 2014
		10	GC 68090.8 - 2% State Automation is not applied to PC 1202.4 - State Restitution fine.	I		See response above.	April Allen	October 16, 2014
		10	Current distribution calculation worksheet for railroad bail forfeiture cases has not accounted for the GC 76000.10 - \$4 EMAT penalty. However, exclusion of the EMAT penalty did not impact distribution percentage calculations in JALAN because EMAT is not percentage-based but rather a flat amount taken from the top.	I		See response above.	April Allen	October 16, 2014
		10	PC 1463.12 - Railroad 30% allocation is not applied to GC 70372(a) - State Court Facilities penalty.	I		See response above.	April Allen	October 16, 2014
		10	PC 1463.12 - Railroad 30% allocation is not applied to PC 1463.28 - Base Increase.	I		See response above.	April Allen	October 16, 2014
		10	PC 1463.11 - Redlight 30% allocation is not applied to GC 76000.10 - EMAT penalty.	I		See response above.	April Allen	October 16, 2014
		10	PC 1463.11 - Redlight 30% allocation is not applied to GC 70372(A) - State Court Facilities Construction penalty.	I		See response above.	April Allen	October 16, 2014
		10	PC 1463.11 - Redlight 30% allocation is not applied to PC 1463.28 - Base Increase.	I		See response above.	April Allen	October 16, 2014
		10	VC 42007.1 - \$49 TS fee distribution is short by \$1 because the County portion of the TS fee is only \$23.01 not \$24.01 (49% of \$49) in the distribution worksheets.	I		See response above.	April Allen	October 16, 2014
		10	GC 76000.5 - Additional EMS penalty distributed as part of the TVS fee distribution.	I		See response above.	April Allen	October 16, 2014
		10	Distribution of violations with a base different from the base used to calculate percentages will result in variances from standard expectations. For example, a speeding violation with a base of \$70 will have distribution variances from the standard because distribution percentages for speeding violations are derived using a \$100 base fine.	I		See response above.	April Allen	October 16, 2014
		10	Distribution percentage calculations are incorrect because the Court incorrectly accounted for the GC 76000.10 \$4 EMAT penalty. The Court failed to subtract \$4 penalty from the total fine before determining the proper denominator for percentage calculations of the base, penalties and surcharge.	I		See response above.	April Allen	October 16, 2014
		10	GC 68090.8 - 2% State Automation is not applied to PC 1463.22 Special base fine distribution totaling \$30.50.	I		See response above.	April Allen	October 16, 2014
		10	Financial codes for HS 11372.7 and HS 11372.5 base enhancements did not impose and include in their distribution percentages the GC 76000.5 - Additional EMS penalty.	I		See response above.	April Allen	October 16, 2014
		10	FG 12021 - \$15 additional penalty incorrectly applied as a base fine enhancement rather than an added penalty amount. Thus, it has its own financial code (F02) where penalty assessments and 20% surcharge are incorrectly calculated and imposed.	I		See response above.	April Allen	October 16, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		10	FG 12021 - \$15 additional penalty incorrectly imposed to ineligible violation. Pursuant to subdivision (b) of FG 12021, the penalty is applicable to all FG violations except those relating to wearing or displaying of a fishing license, which includes FG 7145 (a) violations.	I		See response above.	April Allen	October 16, 2014
		10	VC 42007.3 Red Light traffic school distribution is incorrect because it used outdated distribution percentages against the current fines, penalties, fees and assessments. The outdated percentages did not include distributions to VC 420007.1 \$49 TS fee, VC 11205.2(c) \$5 Court TS, GC 76104 EMS penalty and the 30% red light allocation. It also incorrectly distributed to GC 76100 \$1 LCCF. All these errors resulted in overstated distributions of VC 42007 county TVS, GC 76000.5 EMS penalty, GC 70372(a) State Court facilities penalty and PC 1465.7 20% State surcharge.	I		See response above.	April Allen	October 16, 2014
		10	Court did not enhance the base fine for priors thus understating base fine, penalty (excluding EMAT penalty), surcharge and 2% automation distributions.	I		See response above.	April Allen	October 16, 2014
		10	VC 42007.1 \$49 TS fee and VC 11705.2(c) Court TS Admin fee incorrectly included in the VC 42007 TVS fee.	I		See response above.	April Allen	October 16, 2014
		10	GC 76104.7 DNA Additional Penalty not included in the VC 42007 TVS fee.	I		See response above.	April Allen	October 16, 2014
		10	The Court incorrectly calculates the GC 76104.6 \$1/\$10 DNA Penalty and the GC 76104.7 \$4/\$10 DNA Penalty because it divides the total DNA penalty by four instead of five.	I		See response above.	April Allen	October 16, 2014
		Log	The Court has not tested its business continuity plan.		C	The Court has tested the business continuity plan. Ten Mile court was tested 6/14/13 and Ukiah was tested on 1/10/14	CEO	June 2013 & January 2014
		Log	Issue redacted due to sensitivity.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Issue redacted due to sensitivity.					
		Log	Issue redacted due to sensitivity.					
		Log	Issue redacted due to sensitivity.					
		Log	At the time of our review, the Court had not completed the EAR security application.		C	The EAR has been replaced by the DISA. The application has been completed by the Court and submitted. Approval from DMV is pending	Robert Parrott, IT Manager	October 31, 2014
		Log	Of the 31 Form 1128s reviewed, 11 forms were signed but not dated.		C	This was correct for forms signed at the beginning of 2013. All forms signed in 2014 have been dated.	Robert Parrott, IT Manager	January 1, 2014
		Log	The Court does not have a proper change control process when updating JALAN distribution tables because it inputs and tests updates directly into the production system. Court states that it is limited by not having a separate test system.			Due to the many changes Mendocino Court has faced in the last few years, the court is requesting that we take corrective action of these issues in stages so that we many better answer and correct each item accurately. We would like to take one or two issues at a time and work with IAS in completing this Issue Memorandum within the next 6 months.	Robert Parrott, IT Manager,	October 31, 2014
		Log	Court distribution percentages are rounded to only 2 decimal places that cause minor discrepancies. Court should at least round percentages to 4 decimal places to further minimize, if not eliminate, variances from standard distributions.	I		See response above.	April Allen, Auditor	October 1, 2014
		Log	Distribution calculation of the PC 1463.16 \$50 Alcohol Program allocation, the PC 1463.18 \$20 DUI Indemnity allocation, and the PC 1463.25 Alcohol Education penalty should be done as flat amounts similar to the PC 1463.14(a) \$50 DUI Lab allocation.	I		See response above.	April Allen, Auditor	October 1, 2014
		Log	For cases with applicable priors enhancement, Court overcharges the defendant by \$28 (\$28 of penalties x 1) because the separate Financial Code for Priors enhancement (VP0) increases the "for every 10" value of the total base by 1.	I		See response above.	April Allen, Auditor	October 1, 2014
		Log	PC 1463.11 - Redlight 30% allocation is not applied to Prior enhancement amounts.	I		See response above.	April Allen, Auditor	October 1, 2014
		Log	VC 40508.6 (a) - Priors Admin Assessment of \$10 was not assessed on two of four cases reviewed with eligible priors.	I		See response above.	April Allen, Auditor	October 1, 2014
		Log	The Court could not provide a county BOS resolution authorizing that \$50 of the base fine be allocated to a county alcohol program pursuant to PC 1463.16.	I		See response above.	April Allen, Auditor	October 1, 2014
7	Banking and Treasury							
		Log	At the time of review, the Court was not reconciling its CMS to general ledger trust accounts in Phoenix-FI. Once it was made aware of this, the Court took immediate action to correct the issue. REPEAT	I		This was for the Civil Trust only and was corrected and updated to how the Auditors would like to see it reconciled.	April Allen, Auditor	February 1, 2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
8								
		Log	Issue redacted due to sensitivity.					
		Log	The Court has not established a local policy or rule permitting employees at one Court location to bypass security screening.		C	Verbiage was added to standing order 2014-02 that allows court staff to enter and exit without going through security.	CEO	January 2, 2014
		Log	Issue redacted due to sensitivity.					
		Log	The Court's emergency manual does not address floods, which is an applicable emergency situation at its Ten Mile location.		C	The safety manual has been updated to include tsunami information for the Ten mile Location.	CEO and Tracy Johnson, Civil Division Manager	September 1, 2014
		Log	An evacuation drill has not been performed at either Court location within the last 12 months.		C	Ten Mile had a drill on June 14, 2013 and Ukiah on January 10, 2014	CEO	6/14/13 & 1/10/14
		Log	Although the County has a contract with a third-party vendor to provide weapons screening services, the Court is paying the invoices for weapons screening services provided, which gives the Court no recourse should there be a discrepancy with the invoice since it is not under contract with the third-party vendor.		C	The invoicing is handled by the accounting office. We have had discrepancies with billing and has always been handled by our office with ease and no issues from Universal.	CEO and Janet Noe	September 1, 2013
9								
	9.1		The Court Can Further Improve Its Procurement Practices					
		6	Purchase requisitions were not completed for four of 16 procurements reviewed. Also, funds were not encumbered through a purchase order or contract for nine of 16 procurements reviewed. REPEAT		C		Janet Noe and April Allen	08/26/13 & 1/27/14
		6	The court's courier service contract and office supplies blanket purchase order do not fall under one of the non-competitive bid procurement categories specified in JBCM, Chapter 5. Therefore, both procurements should have gone through the competitive bidding process.		C	As of January 27, 2014, the Court entered into a contract with the Superior Court of California, County of Riverside for shared procurement services so that we are in compliance with JBCM. A copy of the signed MOU is attached. The Court will ensure that proper encumbrances are in place for all purchasing as required by FIN 5.01, 6.6.	Janet Noe and April Allen	08/26/13 & 1/27/14
		6	The Court could not provide Darfur Contracting Act certifications for four of the 16 procurements reviewed.		C		Janet Noe and April Allen	08/26/13 & 1/27/14
		6	For an annual maintenance agreement for jury software, there was no evidence of competitive bidding or support for sole source procurement in lieu of competitive bidding.		C		Janet Noe and April Allen	08/26/13 & 1/27/14
		6	The Court could not provide an agreement or contract for the renewal of CMS annual maintenance. Therefore, we could not determine whether it followed appropriate procurement requirements.		C	The court is maintaining the appropriate documentation to support procurement activities. Court contracts and procurement are now being reviewed by the Shared Procurement Services for compliance of JBCM.	Janet Noe and April Allen	08/26/13 & 1/27/14
		6	For one credit card transaction, the Court prepared an invoice coding strip document instead of a purchase requisition for the purchase of theatre gift cards for drug court participants. Also, this same purchase was not pre-approved by the CEO or presiding judge. In addition, another credit card transaction exceeded the \$1,500 per transaction limit.		C	In addition to utilizing Riversides Shared Procurement Services, the Court now uses an approved internal purchase requisition for all pre-authorized goods and services including goods and services purchased with the Court's purchase card. I will send a copy of the purchase requisition with this attachment. I have spoken with staff regarding the \$1500 per transaction limit. The court will document alternative procedures and incorporate them into the Courts Local Contracting Manual. Staff has been made aware of the new procedure and our Local Contracting Manual will be made available to appropriate court personnel.	Janet Noe and April Allen	08/26/13 & 1/27/14

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court's purchase requisition approval and invoice/claims approval matrices do not contain evidence of annual review and approval by the presiding judge and court management or when changes to the matrices occur. In addition, the invoice/claims approval matrix does not indicate the dollar limits to which authorized Court staff can approve invoices and claims for payment.		C	Court has realized this in not in compliance and has reviewed the purchase requisition approval matrix and invoice/claims approval matrix (both are attached). At this time dollar limits for approvals on invoices/claims all are approved by the CEO or Acting CEO. We also have an annual standing order from the Presiding Judge that assigns accounts payable approval to the CEO. All of these are now a calendared event to ensure annual review.	Janet Noe and April Allen	September 1, 2013
		Log	One purchase requisition totaling over \$10,000 was not signed by the CEO, who is the authorized person to sign purchase requisitions between \$10,000 and \$24,999 per the Court's purchase requisition approval matrix.		C	Court has realized this in not in compliance and has reviewed approval matrix with appropriate personnel to ensure this doesn't happen again.	Janet Noe and April Allen	September 1, 2013
10	Contracts							
	10.1		Court Contracts Must Contain All Legally Required Provisions and Certifications To Protect The Court's Interests REPEAT					
		8	All four contracts reviewed did not contain the contractor's certification of compliance with any orders issued by the National Labor Relations Board.		C	The contract terms and conditions were supplied by the AOC at the time the contract was signed for all four contracts. Procurement Personnel have reviewed and will continue to review the JBCM section on CCC's and will ensure that all future contract terms and conditions will include the required CCC. As of January 27, 2014, the Court entered into a contract with the Superior Court of California, County of Riverside for shared procurement services. This will ensure that the court follows the proper contracting legal process for all future contracts. A copy of the signed MOU is attached.	Janet Noe and April Allen	1/22/2014
		8	Three of the four contracts reviewed did not contain the nondiscrimination certification clause.		C	See response above.	Janet Noe and April Allen	1/22/2014
		8	The two contracts reviewed with total amounts over \$10,000 did not contain a BSA audit rights provision.		C	See response above.	Janet Noe and April Allen	1/22/2014
		8	One of four contracts reviewed did not contain a certification clause certifying compliance with antitrust claim requirements per Government Codes 4552-4554, a schedule listing the hourly, daily, weekly, or monthly cost of each person or job classification, a certification that the contractor is qualified to do business in California, and a provision that the contractor will not assist, promote, or deter union organizing activities.		C	See response above.	Janet Noe and April Allen	1/22/2014
	10.2		The Court Needs to Strengthen its Review of County Invoices					
		9	One of the four county invoices reviewed was not date stamped.		C	All invoices will be received stamped by the accounting department.		
		9	The three of the four invoices reviewed did not contain evidence that the invoices were matched and agreed to proof of goods or services received.		C	The FIN manual has been reviewed with staff as well as the current MOU for County services. Staff contacted the County of Mendocino requesting the correct submittal of invoices. The County of Mendocino has complied and has submitted detailed billing to the court and has provided sufficient back up documentation. The County of Mendocino has been informed that incomplete invoices will not be paid. Procedures were reviewed with the accounting staff and 3 point match protocol will be required for Court received services and invoices.	Janet Noe and April Allen	2/25/2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		9	One of the four county invoices reviewed was not sufficiently detailed. Therefore, accounts payable staff could not match and agree the invoice to the payment terms in the Court-County MOU prior to processing the invoice for payment. Further, without a detailed invoice, accounts payable staff could not verify that the services received and amounts charged were allowable, reasonable, and appropriate.		C	See response above.	Janet Noe and April Allen	2/25/2014
		9	The Court could not provide a county invoice for one of five county expenditures reviewed. Consequently, we could not verify the expenditure to payment terms in the Court-County MOU prior to payment processing and to proof of goods or services received. Also, we could not verify whether the services received and amounts charged were allowable, reasonable, and appropriate.		C	See response above.	Janet Noe and April Allen	2/25/2014
		Log	The Court does not have an MOU or other agreement with the California Department of General Services (DGS) for the lease of its court van. Although DGS does not require an MOU, it would benefit the Court to enter into an MOU or similar type of agreement with DGS to protect the interests of the Court.		C	DGS has on file a current FORM 50 from our court plus we have the current policies and procedures concerning leasing a vehicle from DGS on file.	Janet Noe and April Allen	January 1, 2014
11 Accounts Payable								
	11.1		The Court Needs to Strengthen Its Invoice Review and Approval Procedures					
		7	For 11 of the 39 invoices and claims reviewed, the SAP vendor file did not contain a telephone number. In addition, the vendor name on one of these 11 invoices and claims did not match the name in the SAP vendor file. Also, the telephone number on another three invoices did not match the telephone number in the SAP vendor file and the fax number on two other invoices did not match the fax number in the SAP vendor file.		C	The Accounting department has had significant turnover in the last two years. The Accounting staff has been briefed and trained to process claims specifically to follow the FIN Manual. This includes vendor master file updates and recording of documents received. The court is also maintaining accurate and complete records of each invoice including all lodging and travel.	Janet Noe and April Allen	10/8/2013
		7	For 2 of the 39 invoices and claims reviewed, the Court used the incorrect vendor number. In addition, for two other invoices, the Court used the one-time "Misc23" vendor number when it should have requested that a SAP vendor file be created.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	For one of six claims reviewed, the claimant noted the Court's address on the claim instead of her own address and did not note a telephone number on the claim.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	Five of the 39 invoices and claims reviewed were not date stamped.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	Two of the 39 invoices and claims reviewed did not contain evidence of review and approval by appropriate Court staff prior to payment. REPEAT		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	Two of the 39 invoices and claims reviewed did not match procurement documents provided by the Court. Specifically, the prices per unit on one invoice did not match the prices per unit on the purchase requisitions provided. For the other invoice, the quantities received exceeded the approved quantities on the purchase requisition provided.		C	See response above.	Janet Noe and April Allen	10/8/2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		7	For four of the 39 invoices and claims reviewed, the Court could not provide a purchase order or contract, and a fifth invoice did not contain specific details regarding the services provided. Therefore, we could not determine whether the payment for these five invoices was appropriate.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	Five of the 39 invoices and claims reviewed did not contain proof of receipt of goods or services received.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	For one of the 39 invoices and claims reviewed, the person who requested the purchase also approved payment of the invoice for the same purchase.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	For the two court interpreter claims reviewed, the Court could not provide prior authorization for lodging and travel time. REPEAT In addition, the lodging claimed in one of the two court interpreter claims was not supported by a zero balance hotel invoice or receipt.		C	See response above.	Janet Noe and April Allen	10/8/2013
		7	The three court reporter claims reviewed were not signed by the claimants.		C	See response above.	Janet Noe and April Allen	10/8/2013
		11.2	The Court Needs to Improve Its Travel Expense Reimbursement Procedures					
		3	A TEC was not completed for one travel expenditure related to out-of-state travel. Instead, a memo was submitted outlining the claimant's out-of-pocket expenses. Nevertheless, this memo did not contain evidence of review and approval by an appropriate-level supervisor. In addition, two other TECs did not contain start and end times of travel. Therefore, we could not determine whether meals paid were appropriate. In fact, for one of these two TECs, the claimant combined the total amount of lodging and meal expenses instead of listing these expenses for each day of travel and did not note the purpose of the business trip on the TEC.		C	The Court agrees with your findings. A Travel Expense Claim (TEC) Form was created on the date indicated below. All court employees have been trained on how to complete a TEC and are aware of all documentation that is needed to support their TEC request for proper reimbursement. All judicial officers have been notified that they need written approval by the presiding judge or the supervising judge for TEC requests. Judicial officers have also been trained on how to complete a TEC and are aware of all documentation that is needed to support their TEC request for proper reimbursement. All court accounts payable staff have been notified not to process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.	April Allen, Court Auditor	September 2013
		3	Four TECs did not contain evidence of review and approval by an appropriate-level supervisor. Also, while there was evidence of review and approval on a fifth TEC, this TEC was not approved by a supervisor at the appropriate level.		C	See response above.	April Allen, Court Auditor	September 2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	Hotel costs claimed on two TECs were not supported by a receipt showing a zero balance. Further, for a third TEC, the claimant did not complete an Exception Request for Lodging form to support hotel costs based on a per-night rate that was higher than the allowed maximum per-night rate.		C	See response above.	April Allen, Court Auditor	September 2013
	11.3		The Court Needs to Strengthen Its Business Meal Expense Procedures					
		1	Business meal forms were not completed for all five business meal expenditures reviewed that required a business meal form, or similar document, to be completed. As a result, for one of the five expenditures, we could not determine the length of the business function and the type of meal or refreshment served and therefore could not determine whether the appropriate meal rate was exceeded. Also, the purchase requisitions forms for the other four business meal expenditures were approved after the purchases were made.		C	The Court agrees with your findings. Court staff has been advised of the business meals procedure. A business related meal form was created that requires advance written approval from the PJ, or his or her designee, of the business-related meal expense form. The form has been created with all required information. The Presiding Judge will be sending staff and judicial officers an email to remind them of the policy.	April Allen, Court Auditor	April 2013
		Log	Lunch claimed on one TEC was for \$11 instead of the \$10 maximum allowed amount.		C	The court paid the \$11.00 because it was a mandatory cost. The court has reviewed the policy with Accounting Staff to ensure we pay the proper amounts.	Janet Now and April Allen	September 1, 2013
		Log	The Claim for Payment for one business meal expenditure was not reviewed and approved prior to payment processing.		C	All claims for Payments are reviewed and approved prior to processing payments. Accounting staff has reviewed policies.	Janet Now and April Allen	September 1, 2013
		Log	For one business meal expenditure, purchase requisitions were not completed for two of the three purchases that made up the expenditure. Further, the purchase requisition for the third purchase did not contain evidence of review and approval.		C	Accounting staff has reviewed policies and procedures	Janet Now and April Allen	September 1, 2013
		Log	The Court has not designated a court credit card to be used solely for purchasing business travel expenses, such as airfare, rental car, and lodging expenses.		C	The Court has designations. The Court has an account with American Express that is used for business travel expenses. The Court also has an account with the Travel Store that is utilized and coordinated by the Executive Assistant in the Executive office.	Janet Now and April Allen	September 1, 2013
		Log	A Petty Cash Change of Custodian form was not completed when the former petty cash custodian retired in calendar year 2012.		C	That is correct. The prior Auditor did not complete this form when she departed. The new Auditor was not aware of the procedure and has reviewed the policy.	April Allen	June 1, 2013
		Log	At the time of our review, the Court had not conducted an independent count of the petty cash fund.		C	The Court does conduct independent counts of the petty cash change fund. We just now conduct them more frequently.	April Allen	June 1, 2013
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues noted.					
14	Records Retention		No issues noted.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
15								
Domestic Violence								
	15.1		The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fines, Fees, and Assessments REPEAT					
		2	For three of the 14 domestic violence cases reviewed where probation was ordered, the PC 1202.4(b) State Restitution fine ordered was \$100 instead of the increased amount of \$120 for misdemeanor convictions that took effect January 1, 2012. Also, for the same three cases, the ordered PC 1202.44 Probation Revocation Restitution fine should have been \$120 instead of \$100 because of the increase to the State Restitution fine. Further, the PC 1203.097(a)(5) Domestic Violence Probation fee was not ordered in a fourth case.		C	The Court agrees with the findings. The Court's Order of Probation for Domestic Violence Form was amended on 07/08/13 to reflect the revised mandatory fines and fees. The Court reviews on an annual basis or as new/revised legislation is adopted. A bench schedule was created on 09/19/13. The Court reviews new/revised legislation on an annual basis or as it is adopted and makes all necessary changes and advises judicial officers and staff. The Court also has representatives attend the annual New Law Web-X workshops and prepares a summary for judicial officers and staff. The Presiding Judge will provide reminders to judicial officers regarding the importance of providing any compelling and extraordinary reasons, waivers, and determination from financial hearings to support why the Court did not impose the required minimum fines and fees. Courtroom Clerks have been informed of the importance of documenting the findings on their minutes and in the case management system.	Julie Lyly, Criminal Division Manager	July 2013 and September 2013
		2	For two of the 20 domestic violence cases reviewed, the \$30 GC 70373 Criminal Conviction assessment ordered should have been \$60 because the defendant was convicted of two criminal offenses. Also, for one of these two cases, the \$40 Court Operations fee ordered should have been \$80 because the defendant was convicted of two criminal offenses. Further, the PC 1202.4(b) State Restitution fine, the \$40 Court Operations fee, and the \$30 GC 70373 Criminal Conviction assessment were not ordered in a third case.		C	See above.	Julie Lyly, Criminal Division Manager	July 2013 and September 2013
16			Exhibits					
			No issues noted.					
17			Bail					
			No issues noted.					