

## ACTIVITY REPORTING AND PROPOSAL FORM

### JUDICIAL COUNCIL DIRECTIVES AOC RESTRUCTURING

<b>DATE</b>	6/11/2013
<b>PREPARED BY</b>	Zlatko Theodorovic
<b>OFFICE NAME</b>	<u>Fiscal Services Office</u>
<b>JUDICIAL COUNCIL DIRECTIVE NUMBER</b>	94
<b>JUDICIAL COUNCIL DIRECTIVE</b>	E&P recommends that the Judicial Council direct the Administrative Director of the Courts that the Finance Division must assess its workload needs especially in light of legislation on court security and auditing functions being assumed by the State Controller's Office, so that necessary adjustments in staffing positions can be made.
<b>SEC RECOMMENDATION</b>	The Finance Division must assess its workload needs, especially in light of legislation on court security and auditing functions being assumed by the State Controller's Office, so that any necessary adjustments in staffing positions can be made.
<b>RESPONSE (check applicable boxes)</b>	
<input checked="" type="checkbox"/> This directive has been completed and implemented:	
<p>As part of AOC downsizing efforts over the past 18 months, the Fiscal Services Office reviewed staffing needs in its Budget unit and made adjustments to better align resources with workload. This was especially necessary in light of the retirement of an Assistant Director with critical expertise and responsibility over budget activities and the loss of four budget positions through mandatory layoffs in 2012. Staffing assessments will be revisited on an ongoing basis.</p> <p>Since issuance of the SEC report, support required by the Budget Office has increased significantly--particularly with relation to the development of the new trial court funding methodology (and anticipated ongoing support of that effort) as well as the extensive budget realignment occurring due to AOC restructuring. These efforts, along with countless complex informational/data requests from the Governor's finance staff and legislative members and staff, have resulted in considerable workload pressure among our limited staff. In addition, the current review of essential services and critical positions will reflect an ongoing staffing crisis in our Accounting and Business Services (contract development and support) units. These functional areas have received little, if any, General Fund support in the state budget despite an exponential increase in workload over the past decade.</p> <p>The workload needs of Internal Audit Services (IAS) has increased since the office was established in 2001 focused primarily on audits of the trial courts. IAS staff performs comprehensive work at the superior courts that includes: compliance with rules of courts (submitted cases) and the Trial Court Financial Policies and Procedures Manual, financial work on the trial court financial statements under GAAP and GASB, and operational work on cashiering, information systems (including revenue distribution), exhibit rooms, security, and other operational areas. During the last 12 years, IAS has utilized external audit firms under audit contracts to assist in these audits and special projects. Unfortunately, the external audit contract and funding expired in 2012.</p> <p>In addition IAS is responsible for the Whistleblower hotline and investigative work and reporting associated with it, and consultative work on revenue distribution, data integrity, information systems, and accounting and operation questions. This work has been absorbed into responsibilities without</p>	

additional staffing. In fact, in the last three years staffing in IAS has decreased from 14 positions as of December 31, 2010, to 12 positions currently.

Although the workload associated with trial court audits may be impacted based on the existing statutes regarding contracts (Bureau of State Audit under Public Contracts Code Section 12210) and financial statements (State Controller's Office, Bureau of State Audits, or Department of Finance under Government Code Section 77206), state assumption of audit activities will not reduce the need for staffing in IAS.

In fact, because of IAS staffing reductions and the uncertainty involved with the external state audits, IAS's four-year cycle of auditing the trial courts has now regressed to a five/six year cycle. Resource constraints in IAS have also resulted in audit activities that have been delayed, deferred or declined including assisting court executive officers (CEO's) with high level reviews, data integrity review as continually requested by CEOs, and revenue distribution testing between SCO audits. Finally, the IAS is tasked with a new workload relating to the Judicial Council directive to implement internal audits of the AOC.

For all of these reasons, the IAS staffing levels will not be reduced because of the potential for audit functions being assumed by the state and IAS has in fact have demonstrated a need for additional resources.

 File Attachment

This directive is forwarded to the Judicial Council with options for consideration:

 File Attachment

Other:

 File Attachment

**TIMELINE AND RESOURCES FOR IMPLEMENTATION**

<b>IMPLEMENTATION DATE OR PROJECTED IMPLEMENTATION DATE</b>	June 2013
<b>RESOURCES REQUIRED FOR IMPLEMENTATION</b>	<input type="text"/>

**ADDITIONAL IMPLEMENTATION INFORMATION (complete only applicable sections)**

<input type="checkbox"/> <b>PROCEDURES/ POLICIES UPDATED OR DEVELOPED</b>	<input type="text"/>  File Attachment
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<input type="checkbox"/> <b>TRAINING UPDATED OR</b>	<input type="text"/>
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<b>DEVELOPED</b>	 File Attachment
<input type="checkbox"/> <b>SAVINGS</b>	 File Attachment
<input type="checkbox"/> <b>COST</b>	 File Attachment
<input type="checkbox"/> <b>EFFICIENCIES</b>	 File Attachment
<input type="checkbox"/> <b>SERVICE LEVEL IMPACT</b>	 File Attachment
<input type="checkbox"/> <b>OTHER</b>	 File Attachment
<b>ADMINISTRATIVE DIRECTOR OF THE COURTS (ADOC) REVIEW AND APPROVAL</b>	
<b>ADOC REVIEW</b>	Administrative Director of the Courts Review Date: <input type="text" value="6/13/2013"/>
<b>EXECUTIVE AND PLANNING (E&amp;P) COMMITTEE REVIEW</b>	
<b>E&amp;P REVIEW</b>	Executive and Planning Review Date: <input type="text" value="6/17/2013"/>