



Audit of the  
Superior Court of California,  
County of Fresno

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AUDIT SERVICES REPORT

JUNE 2016



JUDICIAL COUNCIL  
OF CALIFORNIA

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LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

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**Superior Court of California, County of Fresno**

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## MANAGEMENT SUMMARY

### Introduction

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

The audit of the Superior Court of California, County of Fresno (Court), was initiated by Audit Services in February 2016. Depending on the size of the court, the audit process typically involves three or four audit cycles encompassing the following primary areas:

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

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

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

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

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

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

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

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

### **Audit Issues Overview**

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

Although the audit identified other issues reported within this report, the following issue is 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. The issue is summarized below:

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

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

Our review of criminal DV cases found that the Court did not consistently impose the correct Domestic Violence (DV) Fee. Specifically, for three of 22 criminal DV cases reviewed where the Court ordered probation, case files indicate that the court did not order the minimum \$500 DV Fee and did not state the reason for not doing so on the record. In addition, for eight of the 30 criminal DV cases reviewed, the Court did not assess the State Restitution fine and did not state on the record the compelling and extraordinary reasons for not assessing this fine. Also, for six of 30 criminal DV cases reviewed where the defendant was convicted of a crime, the Court did not assess the Court Operations Assessment and the Criminal Conviction Assessment, and for a seventh case with multiple convictions, did not assess the corresponding Court Operations and Criminal Conviction Assessments that are required for each conviction.

The Court agreed with the issues and recommendations and indicates taking appropriate action to correct the issues.

## STATISTICS

The Superior Court of California, County of Fresno (Court) has 49 judges and subordinate judicial officers who handled more than 171,025 cases in FY 2013–2014. The Court operates five courthouses and an archives facility located in Fresno. The Court employed approximately 530 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total trial court expenditures of approximately \$63.7 million for the fiscal year ended June 30, 2016.

Before 1997, the Court and the County of Fresno (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 2015–2016, the Court received various services from the County, including treasury, information technology, and facilities, which were covered under a Memorandum of Understanding (MOU) with the County. The Court also received court security services from the County Sheriff, which was covered under a separate MOU.

The charts that follow contain general Court statistical information.

|   |         |
|---|---------|
| <b>County Population</b> (Estimated as of January 1, 2016)            | 984,541 |
| <small>Source: California Department of Finance</small>               |         |
| <b>Number of Court Locations</b>                                      | 6       |
| <b>Number of Courtrooms</b>   | 54      |
| <small>Source: Superior Court of California, County of Fresno</small> |         |
| <b>Number of Case Filings in FY 2013–2014:</b>                        |         |
| <b>Criminal Filings:</b>  |         |
| ▪ Felonies  | 11,531  |
| ▪ Non-Traffic Misdemeanor   | 11,058  |
| ▪ Non-Traffic Infractions   | 2,169   |
| ▪ Traffic Misdemeanors  | 26,088  |
| ▪ Traffic Infractions   | 85,951  |
| <b>Civil Filings:</b>   |         |
| ▪ Civil Unlimited   | 3,823   |
| ▪ Limited Civil   | 11,809  |

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>▪ Small Claims</li> </ul> <p><b>Family and Juvenile Filings:</b></p> <ul style="list-style-type: none"> <li>▪ Family Law (Marital)</li> <li>▪ Family Law Petitions</li> <li>▪ Juvenile Delinquency – Original</li> <li>▪ Juvenile Delinquency – Subsequent</li> <li>▪ Juvenile Dependency – Original</li> <li>▪ Juvenile Dependency – Subsequent</li> </ul> <p><b>Other Filings:</b></p> <ul style="list-style-type: none"> <li>▪ Probate</li> <li>▪ Mental Health</li> <li>▪ Appeals</li> <li>▪ Habeas Corpus Criminal</li> </ul> | <p>2,505</p> <p>3,377</p> <p>7,505</p> <p>1,445</p> <p>906</p> <p>995</p> <p>128</p> <p>964</p> <p>332</p> <p>50</p> <p>389</p> |
| Source: Judicial Council of California's 2015 Court Statistics Report   |   |
| <b>Judicial Officers as of June 30, 2014:</b>   |   |
| Authorized Judgeships   | 43  |
| Authorized Subordinate Judicial Officers  | 6   |
| Source: Judicial Council of California's 2015 Court Statistics Report   |   |
| <b>Court Staff as of June 30, 2016:</b>   |   |
| Total Authorized FTE Positions  | 464.55  |
| Total Filled FTE Positions  | 511.45  |
| Total Fiscal Staff  | 19  |
| Source: Fourth Quarter FY 2015–2016 Quarterly Financial Statements and FY 2015 – 2016 Schedule 7A   |   |
| <b>Select FY 2015-2016 Financial Information:</b>   |   |
| Total Revenues  | \$64,412,381  |
| Total Expenditures  | \$63,681,240  |
| Total Personal Services Costs   | \$49,893,984  |
| Total Temporary Help Costs  | \$1,859,433   |
| Source: Fourth Quarter FY 2015–2016 Quarterly Financial Statements  |   |
| <b>FY 2015-2016 Average Daily Cash Collections</b><br>(As of February 10, 2016)   | \$110,304   |
| Source: Superior Court of California, County of Fresno  |   |

## FINANCIAL STATEMENTS

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

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

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

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

Two of the detailed policies are:

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

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

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

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

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

The fiscal year 2014–2015 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers.

Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

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

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

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

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

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

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

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

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

|   | 2016                |                     |                     |                      | 2015                  |                       |
|---|---------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------|
|   | Governmental Funds  |                     |                     | Fiduciary Funds      | Total Funds           | Total Funds           |
|   | General             | Special Revenue     |                     |                      | (Info. Purposes Only) | (Info. Purposes Only) |
|   |                     | Non-Grant           | Grant               |                      |                       |                       |
| <b>ASSETS</b>                                   |                     |                     |                     |                      |                       |                       |
| Operations                                      | \$ (1,494,726)      | \$ 1,668,633        | \$ 0                | \$ 233,991           | \$ 407,898            | \$ 458,686            |
| Revolving                                       | \$ 20,000           |                     |                     |                      | \$ 20,000             | \$ 20,000             |
| Other   | \$ 30,000           |                     |                     |                      | \$ 30,000             | \$ 57,601             |
| Distribution                                    |                     |                     |                     | \$ 0                 | \$ 0                  | \$ 0                  |
| Cash on Hand                                    | \$ 11,695           |                     |                     |                      | \$ 11,695             | \$ 13,530             |
| Cash with County                                | \$ 39,460           | \$ 0                | \$ 0                | \$ 1,414,974         | \$ 1,454,435          | \$ 2,322,842          |
| Cash Equivalents                                | \$ 2,706,365        |                     |                     | \$ 10,933,370        | \$ 13,639,735         | \$ 20,603,974         |
| <b>Total Cash and Cash Equivalents</b>          | <b>\$ 1,312,795</b> | <b>\$ 1,668,633</b> | <b>\$ 0</b>         | <b>\$ 12,582,335</b> | <b>\$ 15,563,763</b>  | <b>\$ 23,476,633</b>  |
| Accrued Revenue                                 | \$ 3,842            | \$ 1,518            | \$ 0                | \$ 0                 | \$ 5,360              | \$ 2,781              |
| Accounts Receivable - General                   | \$ 210,269          |                     | \$ 846,889          |                      | \$ 1,057,158          | \$ 403,085            |
| Due From Employee                               | \$ 2,033            | \$ 0                |                     |                      | \$ 2,033              | \$ 0                  |
| Due From Other Funds                            | \$ 1,166,130        |                     |                     |                      | \$ 1,166,130          | \$ 881,737            |
| Due From Other Governments                      | \$ 28,437           | \$ 0                | \$ 71,078           | \$ 0                 | \$ 99,515             | \$ 49,299             |
| Due From State                                  | \$ 950,074          | \$ 260,788          | \$ 273,507          |                      | \$ 1,484,369          | \$ 2,645,796          |
| Distribution Due To/From                        |                     |                     |                     | \$ 0                 | \$ 0                  | \$ 114                |
| General Due To/From                             | \$ 373              | \$ 0                |                     |                      | \$ 373                | \$ 232,193            |
| <b>Total Receivables</b>                        | <b>\$ 2,361,157</b> | <b>\$ 262,306</b>   | <b>\$ 1,191,474</b> | <b>\$ 0</b>          | <b>\$ 3,814,937</b>   | <b>\$ 4,215,005</b>   |
| Prepaid Expenses - General                      | \$ 314,540          |                     | \$ 0                |                      | \$ 314,540            | \$ 141,860            |
| <b>Total Prepaid Expenses</b>                   | <b>\$ 314,540</b>   |                     | <b>\$ 0</b>         |                      | <b>\$ 314,540</b>     | <b>\$ 141,860</b>     |
| <b>Total Assets</b>                             | <b>\$ 3,988,492</b> | <b>\$ 1,930,939</b> | <b>\$ 1,191,474</b> | <b>\$ 12,582,335</b> | <b>\$ 19,693,240</b>  | <b>\$ 27,833,497</b>  |
| <b>LIABILITIES AND FUND BALANCES</b>            |                     |                     |                     |                      |                       |                       |
| Accrued Liabilities                             | \$ 539,150          | \$ 54,337           | \$ 19,743           |                      | \$ 613,230            | \$ 957,471            |
| Accounts Payable - General                      | \$ 37,550           | \$ 0                | \$ 32,285           | \$ 0                 | \$ 69,835             | \$ 169,918            |
| Due to Other Funds                              | \$ 0                | \$ 126,525          | \$ 1,039,605        | \$ 373               | \$ 1,166,502          | \$ 1,114,044          |
| Due to State                                    | \$ 473,939          |                     |                     |                      | \$ 473,939            | \$ 29,462             |
| TC145 Liability                                 |                     |                     |                     | \$ 968,545           | \$ 968,545            | \$ 1,283,676          |
| Due to Other Governments                        | \$ 112,875          |                     | \$ 9,776            | \$ 0                 | \$ 122,651            | \$ 239,457            |
| AB145 Due to Other Government Agency            |                     |                     |                     | \$ 454,549           | \$ 454,549            | \$ 667,067            |
| Sales and Use Tax                               | \$ 0                |                     | \$ 0                |                      | \$ 0                  | \$ 6                  |
| Interest  |                     |                     |                     | \$ 174               | \$ 174                | \$ 21                 |
| <b>Total Accounts Payable and Accrued Liab.</b> | <b>\$ 1,163,514</b> | <b>\$ 180,862</b>   | <b>\$ 1,101,409</b> | <b>\$ 1,423,640</b>  | <b>\$ 3,869,425</b>   | <b>\$ 4,461,123</b>   |
| Civil   |                     |                     |                     | \$ 8,841,486         | \$ 8,841,486          | \$ 9,400,361          |
| Criminal  |                     |                     |                     | \$ 884,165           | \$ 884,165            | \$ 3,627,841          |
| Trust Held Outside of the JCC                   |                     |                     |                     | \$ 1,414,974         | \$ 1,414,974          | \$ 2,284,841          |
| Trust Interest Payable                          |                     |                     |                     | \$ 18,070            | \$ 18,070             | \$ 11,600             |
| <b>Total Trust Deposits</b>                     |                     |                     |                     | <b>\$ 11,158,695</b> | <b>\$ 11,158,695</b>  | <b>\$ 15,324,643</b>  |
| Accrued Payroll                                 | \$ 1,598,187        | \$ 14,304           | \$ 82,449           |                      | \$ 1,694,941          | \$ 1,225,259          |
| Benefits Payable                                | \$ (230,481)        |                     |                     |                      | \$ (230,481)          | \$ (239,148)          |
| Deferred Compensation Payable                   | \$ 17,392           |                     |                     |                      | \$ 17,392             | \$ 0                  |
| Deductions Payable                              | \$ 2,976            |                     |                     |                      | \$ 2,976              | \$ (1,403)            |
| Payroll Clearing                                | \$ (199)            |                     |                     |                      | \$ (199)              | \$ 28,865             |
| <b>Total Payroll Liabilities</b>                | <b>\$ 1,387,875</b> | <b>\$ 14,304</b>    | <b>\$ 82,449</b>    |                      | <b>\$ 1,484,629</b>   | <b>\$ 1,013,574</b>   |
| Revenue Collected in Advance                    | \$ 0                |                     | \$ 7,616            |                      | \$ 7,616              | \$ 4,575,092          |
| Liabilities For Deposits                        | \$ 56,229           |                     |                     |                      | \$ 56,229             | \$ 56,229             |
| Uncleared Collections                           | \$ (17,332)         |                     |                     |                      | \$ (17,332)           | \$ 0                  |
| Other Miscellaneous Liabilities                 | \$ 0                |                     |                     |                      | \$ 0                  | \$ 0                  |
| <b>Total Other Liabilities</b>                  | <b>\$ 38,897</b>    |                     | <b>\$ 7,616</b>     |                      | <b>\$ 46,513</b>      | <b>\$ 4,631,321</b>   |
| <b>Total Liabilities</b>                        | <b>\$ 2,590,286</b> | <b>\$ 195,166</b>   | <b>\$ 1,191,474</b> | <b>\$ 12,582,335</b> | <b>\$ 16,559,261</b>  | <b>\$ 25,430,660</b>  |
| <b>Total Fund Balance</b>                       | <b>\$ 1,398,205</b> | <b>\$ 1,735,773</b> | <b>\$ 0</b>         |                      | <b>\$ 3,133,979</b>   | <b>\$ 2,402,837</b>   |
| <b>Total Liabilities and Fund Balance</b>       | <b>\$ 3,988,492</b> | <b>\$ 1,930,939</b> | <b>\$ 1,191,474</b> | <b>\$ 12,582,335</b> | <b>\$ 19,693,240</b>  | <b>\$ 27,833,497</b>  |

Source: Phoenix Financial System

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

|   | 2015-2016            |                     |                     |                                      | 2014-2015                  |                                      |                          |
|---|----------------------|---------------------|---------------------|--------------------------------------|----------------------------|--------------------------------------|--------------------------|
|   | Governmental Funds   |                     |                     | Total Funds<br>(Info. Purposes Only) | Current Budget<br>(Annual) | Total Funds<br>(Info. Purposes Only) | Final Budget<br>(Annual) |
|   | General              | Special Revenue     |                     |                                      |                            |                                      |                          |
| Non-Grant   |                      | Grant               |                     |                                      |                            |                                      |                          |
| <b>REVENUES</b>                                       |                      |                     |                     |                                      |                            |                                      |                          |
| <b>State Financing Sources</b>                        |                      |                     |                     |                                      |                            |                                      |                          |
| Trial Court Trust Fund                                | \$ 47,931,599        | \$ 290,051          |                     | \$ 48,221,650                        | \$ 49,751,122              | \$ 41,992,698                        | \$ 41,144,997            |
| Improvement and Modernization Fund                    | \$ 133,967           |                     |                     | \$ 133,967                           | \$ 133,967                 | \$ 120,994                           | \$ 133,967               |
| Judges' Compensation (45.25)                          | \$ 398,453           |                     |                     | \$ 398,453                           | \$ 446,500                 | \$ 405,949                           | \$ 446,500               |
| Court Interpreter (45.45)                             | \$ 2,031,887         |                     |                     | \$ 2,031,887                         | \$ 1,658,761               | \$ 1,979,355                         | \$ 2,165,978             |
| MOU Reimbursements (45.10 and General)                | \$ 3,514,242         |                     |                     | \$ 3,514,242                         | \$ 3,409,732               | \$ 4,594,596                         | \$ 3,452,008             |
| Other Miscellaneous                                   | \$ 3,340,364         |                     |                     | \$ 3,340,364                         | \$ 3,340,364               | \$ 3,340,364                         | \$ 3,340,364             |
|   | \$ 57,350,512        | \$ 290,051          |                     | \$ 57,640,563                        | \$ 58,740,446              | \$ 52,433,956                        | \$ 50,683,814            |
| <b>Grants</b>   |                      |                     |                     |                                      |                            |                                      |                          |
| AB 1058 Commissioner/Facilitator                      |                      |                     | \$ 2,411,426        | \$ 2,411,426                         | \$ 2,415,690               | \$ 2,327,910                         | \$ 2,395,579             |
| Other Judicial Council Grants                         |                      |                     | \$ 702,602          | \$ 702,602                           | \$ 749,213                 | \$ 399,328                           | \$ 318,390               |
| Non-Judicial Council Grants                           |                      |                     | \$ 121,023          | \$ 121,023                           | \$ 80,445                  | \$ 89,445                            | \$ 90,435                |
|   |                      |                     | \$ 3,235,051        | \$ 3,235,051                         | \$ 3,245,348               | \$ 2,816,683                         | \$ 2,804,404             |
| <b>Other Financing Sources</b>                        |                      |                     |                     |                                      |                            |                                      |                          |
| Interest Income                                       | \$ 34,479            | \$ 5,211            |                     | \$ 39,690                            | \$ 22,036                  | \$ 22,036                            | \$ 27,677                |
| Local Fees  | \$ 628,511           | \$ 296,196          |                     | \$ 924,706                           | \$ 1,179,951               | \$ 1,065,583                         | \$ 1,259,200             |
| Enhanced Collections                                  | \$ 138,778           | \$ 1,431,890        |                     | \$ 1,570,668                         | \$ 1,857,928               | \$ 1,915,036                         | \$ 1,232,100             |
| County Program - Restricted                           |                      | \$ 180,326          |                     | \$ 180,326                           | \$ 178,131                 | \$ 178,131                           | \$ 193,700               |
| Reimbursement Other                                   | \$ 745,187           |                     |                     | \$ 745,187                           | \$ 390,858                 | \$ 361,858                           | \$ 309,702               |
| Other Miscellaneous                                   | \$ 76,190            |                     |                     | \$ 76,190                            | \$ 75,205                  | \$ 75,639                            | \$ 86,600                |
|   | \$ 1,623,145         | \$ 1,913,622        |                     | \$ 3,536,767                         | \$ 3,704,109               | \$ 3,619,571                         | \$ 3,108,979             |
| <b>Total Revenues</b>                                 | <b>\$ 58,973,657</b> | <b>\$ 2,203,673</b> | <b>\$ 3,235,051</b> | <b>\$ 64,412,381</b>                 | <b>\$ 65,689,903</b>       | <b>\$ 58,870,211</b>                 | <b>\$ 56,597,197</b>     |
| <b>EXPENDITURES</b>                                   |                      |                     |                     |                                      |                            |                                      |                          |
| <b>Personal Services</b>                              |                      |                     |                     |                                      |                            |                                      |                          |
| Salaries - Permanent                                  | \$ 23,858,300        | \$ 196,527          | \$ 1,236,915        | \$ 25,291,741                        | \$ 29,339,693              | \$ 23,101,910                        | \$ 23,605,225            |
| Temp Help   | \$ 1,792,253         | \$ 12,512           | \$ 54,668           | \$ 1,859,433                         | \$ 33,750                  | \$ 686,335                           | \$ 4,200                 |
| Overtime  | \$ 259,274           | \$ 45,526           |                     | \$ 304,800                           | \$ 230,000                 | \$ 607,111                           | \$ 230,000               |
| Staff Benefits  | \$ 21,171,059        | \$ 199,124          | \$ 1,067,827        | \$ 22,438,010                        | \$ 22,946,575              | \$ 20,185,905                        | \$ 20,859,717            |
|   | \$ 47,080,887        | \$ 453,688          | \$ 2,359,409        | \$ 49,893,984                        | \$ 52,550,018              | \$ 44,581,262                        | \$ 44,699,142            |
| <b>Operating Expenses and Equipment</b>               |                      |                     |                     |                                      |                            |                                      |                          |
| General Expense                                       | \$ 1,463,940         | \$ 566              | \$ 43,255           | \$ 1,507,761                         | \$ 1,518,575               | \$ 1,618,643                         | \$ 1,188,013             |
| Printing  | \$ 56,901            |                     | \$ 1,278            | \$ 58,179                            | \$ 70,000                  | \$ 70,275                            | \$ 70,100                |
| Telecommunications                                    | \$ 186,287           |                     | \$ 121              | \$ 186,407                           | \$ 273,850                 | \$ 190,149                           | \$ 229,850               |
| Postage   | \$ 251,505           |                     | \$ 1,170            | \$ 252,675                           | \$ 195,310                 | \$ 174,761                           | \$ 288,480               |
| Insurance   | \$ 37,850            |                     | \$ 37,850           | \$ 37,850                            | \$ 53,800                  | \$ 50,088                            | \$ 53,800                |
| In-State Travel                                       | \$ 55,872            |                     | \$ 9,866            | \$ 65,739                            | \$ 58,776                  | \$ 51,082                            | \$ 48,000                |
| Out-of-State Travel                                   | \$ 773               |                     | \$ 1,342            | \$ 2,115                             | \$ 4,000                   | \$ 4,249                             | \$ 4,000                 |
| Training  | \$ 9,764             |                     | \$ 4,330            | \$ 14,094                            | \$ 22,120                  | \$ 31,885                            | \$ 16,420                |
| Security Services                                     | \$ 3,591             |                     | \$ 274,223          | \$ 277,814                           | \$ 245,749                 | \$ 254,582                           | \$ 243,300               |
| Facility Operations                                   | \$ 1,689,254         |                     |                     | \$ 1,689,254                         | \$ 1,627,234               | \$ 1,540,734                         | \$ 1,430,936             |
| Utilities   | \$ 29,094            |                     |                     | \$ 29,094                            | \$ 25,933                  | \$ 25,933                            | \$ 20,000                |
| Contracted Services                                   | \$ 5,233,453         | \$ 1,276,172        | \$ 482,691          | \$ 6,992,316                         | \$ 7,359,314               | \$ 7,705,422                         | \$ 6,647,374             |
| Consulting and Professional Services                  | \$ 132,005           |                     |                     | \$ 132,005                           | \$ 120,261                 | \$ 197,959                           | \$ 219,326               |
| Information Technology                                | \$ 1,033,408         |                     |                     | \$ 1,033,408                         | \$ 1,431,296               | \$ 2,088,916                         | \$ 1,272,930             |
| Major Equipment                                       | \$ 1,138,611         |                     |                     | \$ 1,138,611                         | \$ 553,277                 | \$ 930,683                           | \$ 747,903               |
| Other Items of Expense                                | \$ 7,943             |                     |                     | \$ 7,943                             | \$ 8,682                   | \$ 11,791                            | \$ 8,000                 |
|   | \$ 11,330,252        | \$ 1,276,738        | \$ 818,276          | \$ 13,425,265                        | \$ 13,568,177              | \$ 14,947,152                        | \$ 12,488,432            |
| <b>Special Items of Expense</b>                       |                      |                     |                     |                                      |                            |                                      |                          |
| Grand Jury  | \$ 300               |                     |                     | \$ 300                               | \$ 300                     | \$ 306                               | \$ 350                   |
| Jury Costs  | \$ 361,691           |                     |                     | \$ 361,691                           | \$ 293,735                 | \$ 288,708                           | \$ 385,802               |
| Judgements, Settlements and Claims                    |                      |                     |                     |                                      |                            | \$ 1,900                             |                          |
| <b>Internal Cost Recovery</b>                         |                      |                     | \$ 268,362          | \$ 0                                 | \$ 0                       | \$ 0                                 | \$ 0                     |
| <b>Prior Year Expense Adjustment</b>                  |                      |                     |                     |                                      |                            |                                      |                          |
|   | \$ 93,629            |                     | \$ 268,362          | \$ 361,991                           | \$ 294,035                 | \$ 290,914                           | \$ 386,152               |
| <b>Total Expenditures</b>                             | <b>\$ 58,504,767</b> | <b>\$ 1,730,426</b> | <b>\$ 3,446,047</b> | <b>\$ 63,681,240</b>                 | <b>\$ 66,412,230</b>       | <b>\$ 59,819,328</b>                 | <b>\$ 57,573,726</b>     |
| <b>Excess (Deficit) of Revenues Over Expenditures</b> | <b>\$ 468,890</b>    | <b>\$ 473,247</b>   | <b>\$ (210,996)</b> | <b>\$ 731,141</b>                    | <b>\$ (722,327)</b>        | <b>\$ (949,117)</b>                  | <b>\$ (976,529)</b>      |
| <b>Operating Transfers In (Out)</b>                   | <b>\$ (212,232)</b>  | <b>\$ 1,236</b>     | <b>\$ 210,996</b>   | <b>\$ 0</b>                          | <b>\$ 0</b>                | <b>\$ 0</b>                          | <b>\$ 0</b>              |
| <b>Fund Balance (Deficit)</b>                         |                      |                     |                     |                                      |                            |                                      |                          |
| Beginning Balance (Deficit)                           | \$ 1,141,548         | \$ 1,261,290        | \$ 0                | \$ 2,402,837                         | \$ 2,402,837               | \$ 3,351,954                         | \$ 3,351,954             |
| Ending Balance (Deficit)                              | \$ 1,398,205         | \$ 1,735,773        | \$ 0                | \$ 3,133,979                         | \$ 1,680,510               | \$ 2,402,837                         | \$ 2,375,425             |

Source: Phoenix Financial System

**Superior Court of California, County of Fresno  
 Trial Court Operations Fund  
 Statement of Program Expenditures  
 for the Fiscal Year  
 (Unaudited)**

|  | 2015-2016            |                                  |                          |                      |                         | 2014-2015            |                       |
|--|----------------------|----------------------------------|--------------------------|----------------------|-------------------------|----------------------|-----------------------|
|  | Personal Services    | Operating Expenses and Equipment | Special Items of Expense | Total Actual Expense | Current Budget (Annual) | Total Actual Expense | Final Budget (Annual) |
| <b>PROGRAM EXPENDITURES:</b>                   |                      |                                  |                          |                      |                         |                      |                       |
| Judges & Courtroom Support                     | \$ 12,943,460        | \$ 769,724                       |                          | \$ 13,713,184        | \$ 18,941,346           | \$ 12,376,904        | \$ 15,881,282         |
| Traffic & Other Infractions                    | \$ 3,201,470         | \$ 15,726                        |                          | \$ 3,217,195         | \$ 2,998,519            | \$ 2,290,976         | \$ 2,389,026          |
| Other Criminal Cases                           | \$ 8,788,694         | \$ 714,918                       |                          | \$ 9,503,613         | \$ 8,410,436            | \$ 7,075,141         | \$ 5,757,997          |
| Civil  | \$ 4,796,948         | \$ 305,308                       |                          | \$ 5,102,256         | \$ 4,469,544            | \$ 4,216,153         | \$ 3,545,812          |
| Family & Children Services                     | \$ 6,399,017         | \$ 136,685                       |                          | \$ 6,535,702         | \$ 6,006,627            | \$ 6,513,075         | \$ 5,686,075          |
| Probate, Guardianship & Mental Health Services | \$ 2,021,174         | \$ 25,833                        |                          | \$ 2,047,006         | \$ 1,981,161            | \$ 1,912,505         | \$ 1,866,148          |
| Juvenile Dependency Services                   | \$ 548,759           | \$ 3,135,754                     |                          | \$ 3,684,513         | \$ 3,963,958            | \$ 3,810,926         | \$ 3,953,153          |
| Juvenile Delinquency Services                  | \$ 587,125           | \$ 51,248                        |                          | \$ 638,374           | \$ 628,841              | \$ 655,902           | \$ 781,378            |
| Other Court Operations                         | \$ 2,332,005         | \$ 46,116                        |                          | \$ 2,378,121         | \$ 2,748,638            | \$ 2,383,533         | \$ 2,194,454          |
| Court Interpreters                             | \$ 1,495,372         | \$ 563,943                       |                          | \$ 2,059,315         | \$ 1,658,761            | \$ 1,980,125         | \$ 2,165,978          |
| Jury Services                                  | \$ 497,158           | \$ 140,048                       | \$ 361,991               | \$ 999,197           | \$ 836,407              | \$ 921,660           | \$ 923,777            |
| Security                                       |                      | \$ 1,157,908                     |                          | \$ 1,157,908         | \$ 775,014              | \$ 198,953           | \$ 612,144            |
| <b>Trial Court Operations Program</b>          | <b>\$ 43,611,181</b> | <b>\$ 7,063,211</b>              | <b>\$ 361,991</b>        | <b>\$ 51,036,383</b> | <b>\$ 53,419,252</b>    | <b>\$ 44,335,855</b> | <b>\$ 45,757,224</b>  |
| Enhanced Collections                           | \$ 453,688           | \$ 978,187                       |                          | \$ 1,431,875         | \$ 1,857,984            | \$ 1,915,092         | \$ 1,232,168          |
| Other Non-Court Operations                     |                      | \$ 133,450                       |                          | \$ 133,450           | \$ 133,450              | \$ 130,820           | \$ 133,450            |
| <b>Non-Court Operations Program</b>            | <b>\$ 453,688</b>    | <b>\$ 1,111,637</b>              |                          | <b>\$ 1,565,325</b>  | <b>\$ 1,991,434</b>     | <b>\$ 2,045,912</b>  | <b>\$ 1,365,618</b>   |
| Executive Office                               | \$ 588,888           | \$ 9,998                         |                          | \$ 598,886           | \$ 835,510              | \$ 580,895           | \$ 563,788            |
| Fiscal Services                                | \$ 1,305,593         | \$ 533,113                       |                          | \$ 1,838,706         | \$ 1,057,049            | \$ 1,647,518         | \$ 1,000,108          |
| Human Resources                                | \$ 1,772,296         | \$ 173,718                       |                          | \$ 1,946,014         | \$ 1,166,387            | \$ 1,717,318         | \$ 1,013,161          |
| Business & Facilities Services                 | \$ 434,859           | \$ 1,964,483                     |                          | \$ 2,399,343         | \$ 2,678,203            | \$ 2,580,569         | \$ 2,894,776          |
| Information Technology                         | \$ 1,727,478         | \$ 2,569,105                     |                          | \$ 4,296,584         | \$ 5,264,395            | \$ 6,911,261         | \$ 4,979,051          |
| <b>Court Administration Program</b>            | <b>\$ 5,829,115</b>  | <b>\$ 5,250,417</b>              |                          | <b>\$ 11,079,532</b> | <b>\$ 11,001,544</b>    | <b>\$ 13,437,561</b> | <b>\$ 10,450,884</b>  |
| <b>Total</b>                                   | <b>\$ 49,893,984</b> | <b>\$ 13,425,265</b>             | <b>\$ 361,991</b>        | <b>\$ 63,681,240</b> | <b>\$ 66,412,230</b>    | <b>\$ 59,819,328</b> | <b>\$ 57,573,726</b>  |

Source: Phoenix Financial System

## **PURPOSE AND SCOPE**

The purpose of this review was to determine the extent to which the Superior Court of California, County of Fresno (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 documented local policies and procedures.
- Complied with various statutes and Rules of Court.

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, procurements and contracts, accounts payable, payroll, financial accounting and reporting, information technology, court security, and domestic violence fines and fees. 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 2015–2016.

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

## **TIMING AND REVIEWS WITH MANAGEMENT**

The entrance letter was issued to the Court on October 3, 2014.<sup>3</sup>

The entrance meeting was held with the Court on January 28, 2016.

Audit fieldwork commenced on February 22, 2016.

Fieldwork was completed in June 2016.

Preliminary results were communicated and discussed with Court management during the course of the review. An exit meeting to review the draft report and audit results was held on October 12, 2016, with the following Court management:

- Sheran Morton, Court Executive Officer

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<sup>3</sup> The audit was originally scheduled for the summer of 2015, but rescheduled to accommodate the Court's availability.

- Patty Wallace-Rixman, Assistant Court Executive Officer
- Queenie Hill, Chief Financial Officer

Audit Services received the Court's final management responses to the audit recommendations and Appendix A log items on October 7, 2016. Audit Services incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on October 11, 2016. On October 14, 2016, Audit Services received the Court's final comments and suggestions concerning its review of the audit report. The Court indicated it did not consider another review of the report necessary before Audit Services presented the report to the Judicial Council.

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

Dawn Tomita, Senior Auditor (auditor-in-charge)  
Lorraine De Leon, Auditor  
Mami Nakashita, Auditor

## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

#### Background

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

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

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

| ACCOUNTS                         | TOTAL FUNDS AS OF JUNE 30 |              | \$ Inc. (Dec) | % Change |
|----------------------------------|---------------------------|--------------|---------------|----------|
|                                  | 2016                      | 2015         |               |          |
| <b>Revenue</b>                   |                           |              |               |          |
| 833010 PROGRAM45.25-JDG SAL      | 398,453.00                | 405,949.00   | (7,496.00)    | -1.85%   |
| ** 833000-PROGRAM 45.25 - REIMBU | 398,453.00                | 405,949.00   | (7,496.00)    | -1.85%   |
| <b>Expenditure</b>               |                           |              |               |          |
| * 906300 - SALARIES - JUDICIAL   | 1,292,373.09              | 1,289,095.49 | 3,277.60      | 0.25%    |
| * 920500 - DUES AND MEMBERSHIPS  | 585.00                    | 860.00       | (275.00)      | -31.98%  |
| * 933100 - TRAINING              | 14,094.00                 | 31,884.67    | (17,790.67)   | -55.80%  |
| * 972001 - JUDGMENTS, SETTLEMEN  | 0.00                      | 1,900.00     | (1,900.00)    | -100.00% |

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

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

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

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

## 2. Fiscal Management and Budgets

### Background

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

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

| ACCOUNTS                        | TOTAL FUNDS AS OF JUNE 30 |               | \$ Inc. (Dec)  | % Change |
|---------------------------------|---------------------------|---------------|----------------|----------|
|                                 | 2016                      | 2015          |                |          |
| <b>Assets</b>                   |                           |               |                |          |
| 120050 S/T INVEST-LAIF          | 2,375,608.60              | 4,922,750.76  | (2,547,142.16) | -51.74%  |
| 120051 S/T INVEST-CAP SHARE     | 11,264,126.64             | 15,681,223.36 | (4,417,096.72) | -28.17%  |
| <b>Liabilities</b>              |                           |               |                |          |
| 374001 PYRL CLEARING ACCT       | (199.10)                  | 28,865.37     | (29,064.47)    | -100.69% |
| 374101 RETIREMENT CONT          | 2,869.09                  | 0.00          | 2,869.09       | 100.00%  |
| 374201 VOLUNTARY DED EE         | 96.00                     | (1,402.80)    | 1,498.80       | 106.84%  |
| 374603 UNION DUES               | 10.90                     | 0.00          | 10.90          | 100.00%  |
| 374702 BEN PAY-MED EE & ER      | (223,908.74)              | (223,839.78)  | (68.96)        | -0.03%   |
| 374703 BEN PAY-DEN EE & ER      | (14,442.19)               | (13,761.81)   | (680.38)       | -4.94%   |
| 374704 BEN PAY-VIS EE & ER      | (2,862.53)                | (2,938.66)    | 76.13          | 2.59%    |
| 374706 BEN PAY-FLEX EE & ER     | 7,967.83                  | 1,392.08      | 6,575.75       | 472.37%  |
| 374709 BEN PAY-SUPP INS         | 5.50                      | 0.00          | 5.50           | 100.00%  |
| 374710 BEN PAY-HSA EE & ER      | 2,759.33                  | 0.00          | 2,759.33       | 100.00%  |
| 374801 DEF COMP PAY EE & ER     | 17,392.04                 | 0.00          | 17,392.04      | 100.00%  |
| 375001 ACCRUED PAYROLL          | 1,694,940.64              | 1,225,259.38  | 469,681.26     | 38.33%   |
| <b>Expenditures</b>             |                           |               |                |          |
| 900301 SALARIES - PERMANENT     | 22,008,287.23             | 19,633,371.75 | 2,374,915.48   | 12.10%   |
| 900302 SALARIES -CT REPORT      | 1,049.00                  | 44,940.97     | (43,891.97)    | -97.67%  |
| 900306 SALARIES - CRT INTER     | 738,091.80                | 890,317.37    | (152,225.57)   | -17.10%  |
| 900320 LUMP SUM PAYOUTS         | 191,555.92                | 197,478.20    | (5,922.28)     | -3.00%   |
| 900321 HOLIDAY PAY              | 1,061,569.24              | 1,040,951.12  | 20,618.12      | 1.98%    |
| 900328 OTHER PAY                | 0.00                      | 14,250.00     | (14,250.00)    | -100.00% |
| 900350 FURL&SAL SAV NONJUD      | (1,184.92)                | (185,968.19)  | 184,783.27     | 99.36%   |
| 900351 FURLOUGH CLS NONJUD      | 0.00                      | 177,473.52    | (177,473.52)   | -100.00% |
| * 900300 - SALARIES - PERMANENT | 23,999,368.27             | 21,812,814.74 | 2,186,553.53   | 10.02%   |
| 903301 TEMPORARY HELP           | 1,859,432.95              | 686,335.13    | 1,173,097.82   | 170.92%  |
| * 903300 - TEMP HELP            | 1,859,432.95              | 686,335.13    | 1,173,097.82   | 170.92%  |
| 906303 SALARIES - COMMISS       | 890,472.99                | 880,449.09    | 10,023.90      | 1.14%    |
| 906311 SALARIES - SUP JUDG      | 401,900.10                | 408,646.40    | (6,746.30)     | -1.65%   |

|                                 |               |               |              |          |
|---------------------------------|---------------|---------------|--------------|----------|
| * 906300 - SALARIES - JUDICIAL  | 1,292,373.09  | 1,289,095.49  | 3,277.60     | 0.25%    |
| 908301 OVERTIME                 | 304,799.53    | 607,111.49    | (302,311.96) | -49.80%  |
| * 908300 - OVERTIME             | 304,799.53    | 607,111.49    | (302,311.96) | -49.80%  |
| ** SALARIES TOTAL               | 27,455,973.84 | 24,395,356.85 | 3,060,616.99 | 12.55%   |
| 910301 SOCIAL SECURITY INS      | 1,598,035.15  | 1,422,595.10  | 175,440.05   | 12.33%   |
| 910302 MEDICARE TAX             | 384,798.80    | 342,645.66    | 42,153.14    | 12.30%   |
| * 910300 - TAX                  | 1,982,833.95  | 1,765,240.76  | 217,593.19   | 12.33%   |
| 910401 DENTAL INSURANCE         | 35,659.64     | 29,185.96     | 6,473.68     | 22.18%   |
| 910501 MEDICAL INSURANCE        | 4,059,995.65  | 3,416,961.25  | 643,034.40   | 18.82%   |
| * 910400 - HEALTH INSURANCE     | 4,095,655.29  | 3,446,147.21  | 649,508.08   | 18.85%   |
| 910601 RETIREMENT-NON-JUDGE     | 12,397,416.22 | 11,719,261.79 | 678,154.43   | 5.79%    |
| 910604 RETIREMENT - OTHER       | 2,913,254.92  | 2,404,845.33  | 508,409.59   | 21.14%   |
| * 910600 - RETIREMENT           | 15,310,671.14 | 14,124,107.12 | 1,186,564.02 | 8.40%    |
| 912501 STAT WORKERS COMP        | 816,895.00    | 657,744.01    | 159,150.99   | 24.20%   |
| * 912500 - WORKERS' COMPENSATIO | 816,895.00    | 657,744.01    | 159,150.99   | 24.20%   |
| 912701 DISABILITY INS-SDI       | 0.00          | 200.36        | (200.36)     | -100.00% |
| 913301 UNEMPLOYMENT INS         | 196,857.59    | 161,139.48    | 35,718.11    | 22.17%   |
| 913501 LIFE INSURANCE           | 12,112.16     | 10,962.96     | 1,149.20     | 10.48%   |
| 913502 LONG-TERM DISABILITY     | 7,022.40      | 6,976.20      | 46.20        | 0.66%    |
| 913601 VISION CARE INSURANCE    | 3,654.09      | 2,342.68      | 1,311.41     | 55.98%   |
| 913699 OTHER INSURANCE          | 12,308.22     | 11,043.88     | 1,264.34     | 11.45%   |
| * 912700 - OTHER INSURANCE      | 231,954.46    | 192,665.56    | 39,288.90    | 20.39%   |
| ** STAFF BENEFITS TOTAL         | 22,438,009.84 | 20,185,904.66 | 2,252,105.18 | 11.16%   |
| *** PERSONAL SERVICES TOTAL     | 49,893,983.68 | 44,581,261.51 | 5,312,722.17 | 11.92%   |

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

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

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

### 3. Fund Accounting

#### Background

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

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

| ACCOUNTS                              | TOTAL FUNDS AS OF JUNE 30 |                | \$ Inc. (Dec) | % Change |
|---------------------------------------|---------------------------|----------------|---------------|----------|
|                                       | 2016                      | 2015           |               |          |
| <b>Fund Balances</b>                  |                           |                |               |          |
| 535001 RESERVE FOR ENCUMBR            | 594,807.89                | 580,466.06     | 14,341.83     | 2.47%    |
| 551001 FUND BAL-NON SPEND             | 141,860.00                | 360,000.00     | (218,140.00)  | -60.59%  |
| 552001 FUND BAL-RESTRICTED            | 1,261,289.78              | 835,101.45     | 426,188.33    | 51.03%   |
| 552002 FUND BAL-COMMITTED             | 580,466.06                | 1,533,006.90   | (952,540.84)  | -62.14%  |
| 553001 FUND BAL-ASSIGNED              | 419,221.63                | 623,846.14     | (204,624.51)  | -32.80%  |
| 615001 ENCUMBRANCES                   | (594,807.89)              | (580,466.06)   | (14,341.83)   | -2.47%   |
| 700000..999999 CY Fund Balance        | 731,141.37                | 949,117.02     | (217,975.65)  | -22.97%  |
| ** Fund Balances                      | 3,133,978.84              | 2,402,837.47   | 731,141.37    | 30.43%   |
| <b>Revenue</b>                        |                           |                |               |          |
| 837011 IMPROVEMENT&MOD FUND           | 133,967.00                | 120,994.00     | 12,973.00     | 10.72%   |
| ** 837000-IMPROVEMENT FUND - REI      | 133,967.00                | 120,994.00     | 12,973.00     | 10.72%   |
| 841010 SMALL CLAIMS ADVISORY          | 22,775.90                 | 20,190.34      | 2,585.56      | 12.81%   |
| 841011 DISPUTE RESOLUTION             | 157,550.08                | 157,940.80     | (390.72)      | -0.25%   |
| ** 840000-COUNTY PROGRAM - RESTR      | 180,325.98                | 178,131.14     | 2,194.84      | 1.23%    |
| <b>Other Financial Sources (Uses)</b> |                           |                |               |          |
| *** 701100 OPERATING TRANSFERS IN     | (772,960.58)              | (1,188,706.07) | 415,745.49    | 34.97%   |
| *** 701200 OPERATING TRANSFERS OU     | 772,960.58                | 1,188,706.07   | (415,745.49)  | -34.97%  |

To determine whether the Court properly accounted for its financial resources and expenditures in separate funds, we reviewed the Court's trial balance and detailed transactions, if necessary.

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

#### 4. Accounting Principles and Practices

##### Background

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

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

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

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

| ACCOUNTS                    | TOTAL FUNDS AS OF JUNE 30 |              | \$ Inc. (Dec)  | % Change |
|-----------------------------|---------------------------|--------------|----------------|----------|
|                             | 2016                      | 2015         |                |          |
| <b>Assets</b>               |                           |              |                |          |
| 130001 A/R-ACCRUED REVENUE  | 5,359.80                  | 2,780.99     | 2,578.81       | 92.73%   |
| 131201 A/R (CUSTOMER)       | 4,655.23                  | 7,031.21     | (2,375.98)     | -33.79%  |
| 131202 A/R-FRM OTH GOV-CUST | 37,142.52                 | 23,793.03    | 13,349.49      | 56.11%   |
| 131204 A/R-FRM JCC-CUST     | 1,015,360.25              | 372,260.32   | 643,099.93     | 172.76%  |
| 131601 A/R EMPLOYEE         | 2,032.80                  | 0.00         | 2,032.80       | 100.00%  |
| 140007 DIST-DUE FROM OPS    | 0.00                      | 114.00       | (114.00)       | -100.00% |
| 140012 OPS-DUE FROM DIST    | 372.50                    | 185.80       | 186.70         | 100.48%  |
| 140013 OPS-DUE FROM UCF     | 0.00                      | 232,007.45   | (232,007.45)   | -100.00% |
| 140014 GEN-DUE FROM SPECREV | 1,166,129.59              | 709,189.62   | 456,939.97     | 64.43%   |
| 140016 OPS-DUE FROM AGENCY  | 0.00                      | 172,547.41   | (172,547.41)   | -100.00% |
| 150001 A/R - DUE FM OTH GOV | 99,515.18                 | 49,298.72    | 50,216.46      | 101.86%  |
| 152000 A/R-DUE FROM STATE   | 1,484,368.95              | 2,645,796.10 | (1,161,427.15) | -43.90%  |

|                                  |               |               |                |         |
|----------------------------------|---------------|---------------|----------------|---------|
| * Receivables                    | 3,814,936.82  | 4,215,004.65  | (400,067.83)   | -9.49%  |
| 172001 PREPAID EXPENSES          | 314,539.99    | 141,860.00    | 172,679.99     | 121.73% |
| * Prepaid Expenses               | 314,539.99    | 141,860.00    | 172,679.99     | 121.73% |
| ** Accounts Receivable           | 4,129,476.81  | 4,356,864.65  | (227,387.84)   | -5.22%  |
| <b>Revenues</b>                  |               |               |                |         |
| ** 812100-TCTF - PGM 10 OPERATIO | 48,221,649.59 | 41,992,697.92 | 6,228,951.67   | 14.83%  |
| ** 816000-OTHER STATE RECEIPTS   | 3,340,364.00  | 3,340,364.00  | 0.00           | 0.00%   |
| ** 821000-LOCAL FEES REVENUE     | 924,706.48    | 1,065,582.73  | (140,876.25)   | -13.22% |
| ** 821200-ENHANCED COLLECTIONS - | 1,570,668.13  | 1,915,036.11  | (344,367.98)   | -17.98% |
| ** 823000-OTHER - REVENUE        | 76,189.79     | 76,927.11     | (737.32)       | -0.96%  |
| ** 825000-INTEREST INCOME        | 39,689.78     | 22,035.89     | 17,653.89      | 80.11%  |
| *** TRIAL COURTS REVENUE SOURCES | 54,173,267.77 | 48,412,643.76 | 5,760,624.01   | 11.90%  |
| ** 831000-GENERAL FUND - MOU/REI | 72,449.61     | 53,600.11     | 18,849.50      | 35.17%  |
| ** 832000-PROGRAM 45.10 - MOU/RE | 3,441,792.29  | 4,540,995.76  | (1,099,203.47) | -24.21% |
| ** 833000-PROGRAM 45.25 - REIMBU | 398,453.00    | 405,949.00    | (7,496.00)     | -1.85%  |
| ** 834000-PROGRAM 45.45 - REIMBU | 2,031,887.49  | 1,979,355.48  | 52,532.01      | 2.65%   |
| ** 838000-AOC GRANTS - REIMBURSE | 3,114,027.89  | 2,727,238.40  | 386,789.49     | 14.18%  |
| ** 839000-NON-AOC GRANTS - REIMB | 121,022.77    | 89,445.00     | 31,577.77      | 35.30%  |
| ** 860000-REIMBURSEMENTS - OTHER | 745,187.26    | 361,857.93    | 383,329.33     | 105.93% |

We compared general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. We also assessed the Court's procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2014–2015 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

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

## 5. Cash Collections

### Background

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

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

| ACCOUNTS                      | TOTAL FUNDS AS OF JUNE 30 |              |               |          |
|-------------------------------|---------------------------|--------------|---------------|----------|
|                               | 2016                      | 2015         | \$ Inc. (Dec) | % Change |
| <b>Cash Accounts</b>          |                           |              |               |          |
| 100000 POOLED CASH            | 636,861.03                | 899,115.24   | (262,254.21)  | -29.17%  |
| 100011 OPS DEPOSIT            | 139,529.55                | 0.00         | 139,529.55    | 100.00%  |
| 100025 DISB CHECK-OPERATIONS  | (367,412.42)              | (375,129.61) | 7,717.19      | 2.06%    |
| 100027 DISB OUTGOING EFT      | (1,080.00)                | (65,300.00)  | 64,220.00     | 98.35%   |
| 114000 CASH-REVOLVING         | 20,000.00                 | 20,000.00    | 0.00          | 0.00%    |
| 115000 CASH-OTHER             | 30,000.00                 | 57,601.32    | (27,601.32)   | -47.92%  |
| 119001 CASHONHAND-CHNGEFUND   | 11,495.00                 | 13,180.00    | (1,685.00)    | -12.78%  |
| 119002 CASHONHAND-PETTYCASH   | 200.00                    | 350.00       | (150.00)      | -42.86%  |
| 120001 CASH WITH COUNTY       | 1,454,434.63              | 2,322,841.77 | (868,407.14)  | -37.39%  |
| <b>Other Items of Expense</b> |                           |              |               |          |
| 952599 CASHIER SHORTAGES      | 445.05                    | 904.08       | (459.03)      | -50.77%  |
| * 952500 - CASH DIFFERENCES   | 445.05                    | 904.08       | (459.03)      | -50.77%  |

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

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

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

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

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

## 6. Information Systems

### Background

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

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

| ACCOUNTS | TOTAL FUNDS AS OF JUNE 30 |      | \$ Inc. (Dec) | % Change |
|----------|---------------------------|------|---------------|----------|
|          | 2016                      | 2015 |               |          |

#### Expenditures

|                                  |              |              |                |          |
|----------------------------------|--------------|--------------|----------------|----------|
| 943201 IT MAINTENANCE            | 285.00       | 0.00         | 285.00         | 100.00%  |
| 943202 IT MAINT - HARDWARE       | 205,197.99   | 78,758.06    | 126,439.93     | 160.54%  |
| 943203 IT MAINT - SOFTWARE       | 686,480.97   | 766,568.11   | (80,087.14)    | -10.45%  |
| * 943200 - IT MAINTENANCE        | 891,963.96   | 845,326.17   | 46,637.79      | 5.52%    |
| 943301 IT COMMERCIAL CONTR       | 360.00       | 360.00       | 0.00           | 0.00%    |
| * 943300 - IT COMMERCIAL CONTRA  | 360.00       | 360.00       | 0.00           | 0.00%    |
| 943502 IT S/W & LIC FEES         | 79,979.49    | 1,241,748.78 | (1,161,769.29) | -93.56%  |
| 943503 COMPUTER SOFTWARE         | 61,105.00    | 1,481.19     | 59,623.81      | 4025.40% |
| * 943500 - IT REPAIRS/SUPPLIES/  | 141,084.49   | 1,243,229.97 | (1,102,145.48) | -88.65%  |
| ** INFORMATION TECHNOLOGY (IT) T | 1,033,408.45 | 2,088,916.14 | (1,055,507.69) | -50.53%  |
| 946601 MAJOR EQUIPMENT - IT      | 133,317.76   | 262,563.15   | (129,245.39)   | -49.22%  |

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

- Systems backup and data storage procedures.
- Recovery and continuity plans and procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the environmental conditions of the computer rooms.
- Access controls to the Department of Motor Vehicles (DMV) database records.

- Automated distribution calculations of collected fines, penalties, fees, and assessments for selected criminal and traffic violations.

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

## 7. Banking and Treasury

### Background

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

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

| ACCOUNTS                     | TOTAL FUNDS AS OF JUNE 30 |               | \$ Inc. (Dec)  | % Change |
|------------------------------|---------------------------|---------------|----------------|----------|
|                              | 2016                      | 2015          |                |          |
| <b>Assets</b>                |                           |               |                |          |
| 100000 POOLED CASH           | 636,861.03                | 899,115.24    | (262,254.21)   | -29.17%  |
| 100011 OPS DEPOSIT           | 139,529.55                | 0.00          | 139,529.55     | 100.00%  |
| 100025 DISB CHECK-OPERATIONS | (367,412.42)              | (375,129.61)  | 7,717.19       | 2.06%    |
| 100027 DISB OUTGOING EFT     | (1,080.00)                | (65,300.00)   | 64,220.00      | 98.35%   |
| 114000 CASH-REVOLVING        | 20,000.00                 | 20,000.00     | 0.00           | 0.00%    |
| 115000 CASH-OTHER            | 30,000.00                 | 57,601.32     | (27,601.32)    | -47.92%  |
| 119001 CASHONHAND-CHNGEFUND  | 11,495.00                 | 13,180.00     | (1,685.00)     | -12.78%  |
| 119002 CASHONHAND-PETTYCASH  | 200.00                    | 350.00        | (150.00)       | -42.86%  |
| 120001 CASH WITH COUNTY      | 1,454,434.63              | 2,322,841.77  | (868,407.14)   | -37.39%  |
| 120050 S/T INVEST-LAIF       | 2,375,608.60              | 4,922,750.76  | (2,547,142.16) | -51.74%  |
| 120051 S/T INVEST-CAP SHARE  | 11,264,126.64             | 15,681,223.36 | (4,417,096.72) | -28.17%  |
| ** Cash and Cash Equivalents | 15,563,763.03             | 23,476,632.84 | (7,912,869.81) | -33.71%  |
| <b>Accounts Payable</b>      |                           |               |                |          |
| 301001 A/P - GENERAL         | 61,629.09                 | 158,212.85    | (96,583.76)    | -61.05%  |
| 301003 A/P - FREIGHT GR/IR   | 0.00                      | 13.15         | (13.15)        | -100.00% |
| 301004 A/P - ELECTRONIC PAY  | 8,205.90                  | 11,691.86     | (3,485.96)     | -29.82%  |
| 314007 OPS-DUE TO DIST       | 0.00                      | 114.00        | (114.00)       | -100.00% |
| 314012 DIST-DUE TO OPS       | 372.50                    | 185.80        | 186.70         | 100.48%  |
| 314013 UCF-DUE TO OPERATIONS | 0.00                      | 232,007.45    | (232,007.45)   | -100.00% |
| 314014 SPECREV-DUE TO GEN    | 1,166,129.59              | 709,189.62    | 456,939.97     | 64.43%   |
| 314016 AGENCY-DUE TO OPS     | 0.00                      | 172,547.41    | (172,547.41)   | -100.00% |
| 321501 A/P DUE TO STATE      | 473,939.36                | 29,462.39     | 444,476.97     | 1508.62% |
| 321600 A/P - TC145 LIABILITY | 968,545.19                | 1,283,675.54  | (315,130.35)   | -24.55%  |
| 322001 A/P-DUE OTHER GVTS    | 122,651.05                | 239,457.31    | (116,806.26)   | -48.78%  |
| 323001 A/P - SALES & USE TAX | 0.00                      | 5.50          | (5.50)         | -100.00% |
| 323010 TREAS INTEREST PAY    | 173.76                    | 21.47         | 152.29         | 709.32%  |
| 330002 A/P - ACCRUED LIAB    | 613,229.53                | 957,471.41    | (344,241.88)   | -35.95%  |

|                               |              |              |                |          |
|-------------------------------|--------------|--------------|----------------|----------|
| ** Accounts Payable           | 3,414,875.97 | 3,794,055.76 | (379,179.79)   | -9.99%   |
| <b>Current Liabilities</b>    |              |              |                |          |
| 341001 ADVANCE REVENUE        | 7,615.94     | 4,575,092.20 | (4,567,476.26) | -99.83%  |
| 351003 LIABFORDEP-STALE OPS   | 56,228.69    | 56,228.69    | 0.00           | 0.00%    |
| 353002 CIVIL TRUST-CONDEM     | 8,841,486.16 | 9,400,361.30 | (558,875.14)   | -5.95%   |
| 353050 AB145 DUE TO GOV AG    | 454,548.63   | 667,066.78   | (212,518.15)   | -31.86%  |
| 353051 CRIMINAL FINES HOLD    | 884,164.81   | 3,627,841.02 | (2,743,676.21) | -75.63%  |
| 353090 FUNDS OUTSIDE JCC      | 1,414,974.17 | 2,284,840.70 | (869,866.53)   | -38.07%  |
| 353999 TRUST INTEREST PAYABLE | 18,069.90    | 11,599.79    | 6,470.11       | 55.78%   |
| 373001 UNCLEARED COLLECTIONS  | (17,332.04)  | 0.00         | (17,332.04)    | -100.00% |
| <b>Revenues</b>               |              |              |                |          |
| 825010 INTEREST INCOME        | 39,689.78    | 22,035.89    | 17,653.89      | 80.11%   |
| ** 825000-INTEREST INCOME     | 39,689.78    | 22,035.89    | 17,653.89      | 80.11%   |
| <b>Expenditures</b>           |              |              |                |          |
| 920302 BANK FEES              | 6,392.65     | 10,893.60    | (4,500.95)     | -41.32%  |
| 920304 REGIST FEES-PERMITS    | 504.00       | 1,436.00     | (932.00)       | -64.90%  |
| 920305 INSPECTION FEES        | 59.00        | 0.00         | 59.00          | 100.00%  |
| * 920300 - FEES/PERMITS       | 6,955.65     | 12,329.60    | (5,373.95)     | -43.59%  |

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

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

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

## 8. Court Security

### Background

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

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

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

| ACCOUNTS                    | TOTAL FUNDS AS OF JUNE 30 |            | \$ Inc. (Dec) | % Change |
|-----------------------------|---------------------------|------------|---------------|----------|
|                             | 2016                      | 2015       |               |          |
| <b>Expenditures</b>         |                           |            |               |          |
| 934510 COURTROOM-SHERIFF    | 274,222.72                | 248,833.61 | 25,389.11     | 10.20%   |
| 934512 ALARM SERVICE        | 7,561.25                  | 1,778.51   | 5,782.74      | 325.15%  |
| 934599 SECURITY             | (3,970.00)                | 3,970.00   | (7,940.00)    | -200.00% |
| * 934500 - SECURITY         | 277,813.97                | 254,582.12 | 23,231.85     | 9.13%    |
| ** SECURITY TOTAL           | 277,813.97                | 254,582.12 | 23,231.85     | 9.13%    |
| 941101 SHERIFF-REIMB-AB2030 | 53,139.71                 | 55,105.00  | (1,965.29)    | -3.57%   |
| * 941100 - SHERIFF          | 53,139.71                 | 55,105.00  | (1,965.29)    | -3.57%   |
| 945204 WEAPON SCREEN EQUIP  | 198,840.12                | 0.00       | 198,840.12    | 100.00%  |

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

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

## 9. Procurement

### Background

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

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

| ACCOUNTS                        | TOTAL FUNDS AS OF JUNE 30 |            | \$ Inc. (Dec) | % Change |
|---------------------------------|---------------------------|------------|---------------|----------|
|                                 | 2016                      | 2015       |               |          |
| <b>Expenditures</b>             |                           |            |               |          |
| * 920500 - DUES AND MEMBERSHIPS | 585.00                    | 860.00     | (275.00)      | -31.98%  |
| * 920600 - OFFICE EXPENSE       | 302,849.55                | 242,222.71 | 60,626.84     | 25.03%   |
| * 921500 - ADVERTISING          | 1,485.00                  | 9,269.25   | (7,784.25)    | -83.98%  |
| * 921700 - MEETINGS, CONFERENCE | 7,550.98                  | 14,590.81  | (7,039.83)    | -48.25%  |
| * 922300 - LIBRARY PURCHASES AN | 71,103.64                 | 87,437.56  | (16,333.92)   | -18.68%  |
| * 922600 - MINOR EQUIPMENT - UN | 837,669.59                | 948,384.47 | (110,714.88)  | -11.67%  |
| * 922700 - EQUIPMENT RENTAL/LEA | 198,763.64                | 207,483.41 | (8,719.77)    | -4.20%   |
| * 923900 - GENERAL EXPENSE - SE | 9,052.84                  | 7,456.32   | 1,596.52      | 21.41%   |
| * 924500 - PRINTING             | 58,179.18                 | 70,275.44  | (12,096.26)   | -17.21%  |
| ** PRINTING TOTAL               | 58,179.18                 | 70,275.44  | (12,096.26)   | -17.21%  |
| * 925100 - TELECOMMUNICATIONS   | 186,407.16                | 190,149.19 | (3,742.03)    | -1.97%   |
| ** TELECOMMUNICATIONS TOTAL     | 186,407.16                | 190,149.19 | (3,742.03)    | -1.97%   |
| * 926200 - STAMPS, STAMPED ENVE | 88,403.99                 | 73,336.27  | 15,067.72     | 20.55%   |
| * 926300 - POSTAGE METER        | 164,271.32                | 101,424.71 | 62,846.61     | 61.96%   |
| ** POSTAGE TOTAL                | 252,675.31                | 174,760.98 | 77,914.33     | 44.58%   |
| * 928800 - INSURANCE            | 37,849.85                 | 50,088.05  | (12,238.20)   | -24.43%  |
| ** INSURANCE TOTAL              | 37,849.85                 | 50,088.05  | (12,238.20)   | -24.43%  |
| * 933100 - TRAINING             | 14,094.00                 | 31,884.67  | (17,790.67)   | -55.80%  |
| ** TRAINING TOTAL               | 14,094.00                 | 31,884.67  | (17,790.67)   | -55.80%  |
| * 935200 - RENT/LEASE           | 468,367.80                | 468,837.87 | (470.07)      | -0.10%   |
| * 935300 - JANITORIAL           | 504,192.53                | 481,782.95 | 22,409.58     | 4.65%    |

|                                  |              |              |                |          |
|----------------------------------|--------------|--------------|----------------|----------|
| * 935400 - MAINTENANCE AND SUPP  | 108,711.70   | 20,683.59    | 88,028.11      | 425.59%  |
| * 935600 - ALTERATION            | 569,943.89   | 554,651.48   | 15,292.41      | 2.76%    |
| * 935700 - OTHER FACILITY COSTS  | 5,541.24     | 12,279.66    | (6,738.42)     | -54.87%  |
| * 935800 - OTHER FACILITY COSTS  | 32,497.17    | 2,498.34     | 29,998.83      | 1200.75% |
| ** FACILITY OPERATION TOTAL      | 1,689,254.33 | 1,540,733.89 | 148,520.44     | 9.64%    |
| * 936100 -UTILITIES              | 29,094.02    | 25,932.51    | 3,161.51       | 12.19%   |
| ** UTILITIES TOTAL               | 29,094.02    | 25,932.51    | 3,161.51       | 12.19%   |
| * 938100 - CONTRACTED SERVICES   | 42,345.88    | 50,090.72    | (7,744.84)     | -15.46%  |
| * 938200 - CONSULTING SERVICES   | 139,947.50   | 138,243.75   | 1,703.75       | 1.23%    |
| * 938300 - GENERAL CONSULTANT A  | 867,568.67   | 1,672,555.23 | (804,986.56)   | -48.13%  |
| * 938500 - COURT INTERPRETER SE  | 551,383.90   | 183,789.25   | 367,594.65     | 200.01%  |
| * 938600 - COURT REPORTER SERVI  | 12,239.37    | 0.00         | 12,239.37      | 100.00%  |
| * 938700 - COURT TRANSCRIPTS     | 636,457.32   | 575,230.33   | 61,226.99      | 10.64%   |
| * 938800 - COURT APPOINTED COUN  | 3,109,341.11 | 3,026,319.66 | 83,021.45      | 2.74%    |
| * 938900 - INVESTIGATIVE SERVIC  | 12,954.00    | 8,028.00     | 4,926.00       | 61.36%   |
| * 939000 - COURT ORDERED PROFES  | 237,711.17   | 231,509.65   | 6,201.52       | 2.68%    |
| * 939100 - MEDIATORS/ARBITRATOR  | 150,000.00   | 184,000.00   | (34,000.00)    | -18.48%  |
| * 939200 - COLLECTION SERVICES   | 977,635.74   | 1,456,231.72 | (478,595.98)   | -32.87%  |
| * 939400 - LEGAL                 | 121,280.85   | 48,603.25    | 72,677.60      | 149.53%  |
| * 939800 - OTHER CONTRACT SERVI  | 133,450.00   | 130,819.99   | 2,630.01       | 2.01%    |
| ** CONTRACTED SERVICES TOTAL     | 6,992,315.51 | 7,705,421.55 | (713,106.04)   | -9.25%   |
| * 943200 - IT MAINTENANCE        | 891,963.96   | 845,326.17   | 46,637.79      | 5.52%    |
| * 943300 - IT COMMERCIAL CONTRA  | 360.00       | 360.00       | 0.00           | 0.00%    |
| * 943500 - IT REPAIRS/SUPPLIES/  | 141,084.49   | 1,243,229.97 | (1,102,145.48) | -88.65%  |
| ** INFORMATION TECHNOLOGY (IT) T | 1,033,408.45 | 2,088,916.14 | (1,055,507.69) | -50.53%  |
| * 945200 - MAJOR EQUIPMENT       | 1,138,610.90 | 930,683.15   | 207,927.75     | 22.34%   |
| ** MAJOR EQUIPMENT(OVER \$5,000) | 1,138,610.90 | 930,683.15   | 207,927.75     | 22.34%   |
| * 951000 - OTHER ITEMS OF EXPEN  | 0.00         | 3,295.74     | (3,295.74)     | -100.00% |
| * 952000 - UNIFORM ALLOWANCE     | 3,723.62     | 2,682.38     | 1,041.24       | 38.82%   |
| * 952300 - VEHICLE OPERATIONS    | 3,774.60     | 4,909.18     | (1,134.58)     | -23.11%  |

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

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

## 10. Contracts

### Background

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

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

| ACCOUNTS                        | TOTAL FUNDS AS OF JUNE 30 |              | \$ Inc. (Dec) | % Change |
|---------------------------------|---------------------------|--------------|---------------|----------|
|                                 | 2016                      | 2015         |               |          |
| <b>Expenditures</b>             |                           |              |               |          |
| * 938100 - CONTRACTED SERVICES  | 42,345.88                 | 50,090.72    | (7,744.84)    | -15.46%  |
| * 938200 - CONSULTING SERVICES  | 139,947.50                | 138,243.75   | 1,703.75      | 1.23%    |
| * 938300 - GENERAL CONSULTANT A | 867,568.67                | 1,672,555.23 | (804,986.56)  | -48.13%  |
| * 938500 - COURT INTERPRETER SE | 551,383.90                | 183,789.25   | 367,594.65    | 200.01%  |
| * 938600 - COURT REPORTER SERVI | 12,239.37                 | 0.00         | 12,239.37     | 100.00%  |
| * 938700 - COURT TRANSCRIPTS    | 636,457.32                | 575,230.33   | 61,226.99     | 10.64%   |
| * 938800 - COURT APPOINTED COUN | 3,109,341.11              | 3,026,319.66 | 83,021.45     | 2.74%    |
| * 938900 - INVESTIGATIVE SERVIC | 12,954.00                 | 8,028.00     | 4,926.00      | 61.36%   |
| * 939000 - COURT ORDERED PROFES | 237,711.17                | 231,509.65   | 6,201.52      | 2.68%    |
| * 939100 - MEDIATORS/ARBITRATOR | 150,000.00                | 184,000.00   | (34,000.00)   | -18.48%  |
| * 939200 - COLLECTION SERVICES  | 977,635.74                | 1,456,231.72 | (478,595.98)  | -32.87%  |
| * 939400 - LEGAL                | 121,280.85                | 48,603.25    | 72,677.60     | 149.53%  |
| * 939800 - OTHER CONTRACT SERVI | 133,450.00                | 130,819.99   | 2,630.01      | 2.01%    |
| * 942100 - COUNTY-PROVIDED SERV | 78,865.25                 | 142,853.53   | (63,988.28)   | -44.79%  |

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

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

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

## 11. Accounts Payable

### Background

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

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

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

| ACCOUNTS                     | TOTAL FUNDS AS OF JUNE 30 |              | \$ Inc. (Dec)  | % Change |
|------------------------------|---------------------------|--------------|----------------|----------|
|                              | 2016                      | 2015         |                |          |
| <b>Accounts Payable</b>      |                           |              |                |          |
| 301001 A/P - GENERAL         | 61,629.09                 | 158,212.85   | (96,583.76)    | -61.05%  |
| 301003 A/P - FREIGHT GR/IR   | 0.00                      | 13.15        | (13.15)        | -100.00% |
| 301004 A/P - ELECTRONIC PAY  | 8,205.90                  | 11,691.86    | (3,485.96)     | -29.82%  |
| 314007 OPS-DUE TO DIST       | 0.00                      | 114.00       | (114.00)       | -100.00% |
| 314012 DIST-DUE TO OPS       | 372.50                    | 185.80       | 186.70         | 100.48%  |
| 314013 UCF-DUE TO OPERATIONS | 0.00                      | 232,007.45   | (232,007.45)   | -100.00% |
| 314014 SPECREV-DUE TO GEN    | 1,166,129.59              | 709,189.62   | 456,939.97     | 64.43%   |
| 314016 AGENCY-DUE TO OPS     | 0.00                      | 172,547.41   | (172,547.41)   | -100.00% |
| 321501 A/P DUE TO STATE      | 473,939.36                | 29,462.39    | 444,476.97     | 1508.62% |
| 321600 A/P - TC145 LIABILITY | 968,545.19                | 1,283,675.54 | (315,130.35)   | -24.55%  |
| 322001 A/P-DUE OTHER GVTS    | 122,651.05                | 239,457.31   | (116,806.26)   | -48.78%  |
| 323001 A/P - SALES & USE TAX | 0.00                      | 5.50         | (5.50)         | -100.00% |
| 323010 TREAS INTEREST PAY    | 173.76                    | 21.47        | 152.29         | 709.32%  |
| 330002 A/P - ACCRUED LIAB    | 613,229.53                | 957,471.41   | (344,241.88)   | -35.95%  |
| ** Accounts Payable          | 3,414,875.97              | 3,794,055.76 | (379,179.79)   | -9.99%   |
| <b>Current Liabilities</b>   |                           |              |                |          |
| 341001 ADVANCE REVENUE       | 7,615.94                  | 4,575,092.20 | (4,567,476.26) | -99.83%  |
| 351003 LIABFORDEP-STALE OPS  | 56,228.69                 | 56,228.69    | 0.00           | 0.00%    |
| 353002 CIVIL TRUST-CONDEM    | 8,841,486.16              | 9,400,361.30 | (558,875.14)   | -5.95%   |
| 353050 AB145 DUE TO GOV AG   | 454,548.63                | 667,066.78   | (212,518.15)   | -31.86%  |
| 353051 CRIMINAL FINES HOLD   | 884,164.81                | 3,627,841.02 | (2,743,676.21) | -75.63%  |

|                               |              |              |              |          |
|-------------------------------|--------------|--------------|--------------|----------|
| 353090 FUNDS OUTSIDE JCC      | 1,414,974.17 | 2,284,840.70 | (869,866.53) | -38.07%  |
| 353999 TRUST INTEREST PAYABLE | 18,069.90    | 11,599.79    | 6,470.11     | 55.78%   |
| 373001 UNCLEARED COLLECTIONS  | (17,332.04)  | 0.00         | (17,332.04)  | -100.00% |

**Revenue**

|                                  |            |            |            |         |
|----------------------------------|------------|------------|------------|---------|
| 861010 CIVIL JURY REIMBURSE      | 62,317.36  | 67,339.06  | (5,021.70) | -7.46%  |
| 861011 MISC REIMBURS             | 682,869.90 | 294,518.87 | 388,351.03 | 131.86% |
| ** 860000-REIMBURSEMENTS - OTHER | 745,187.26 | 361,857.93 | 383,329.33 | 105.93% |

**Expenditures**

|                                 |              |              |              |          |
|---------------------------------|--------------|--------------|--------------|----------|
| * 920600 - OFFICE EXPENSE       | 302,849.55   | 242,222.71   | 60,626.84    | 25.03%   |
| * 921500 - ADVERTISING          | 1,485.00     | 9,269.25     | (7,784.25)   | -83.98%  |
| * 921700 - MEETINGS, CONFERENCE | 7,550.98     | 14,590.81    | (7,039.83)   | -48.25%  |
| * 922300 - LIBRARY PURCHASES AN | 71,103.64    | 87,437.56    | (16,333.92)  | -18.68%  |
| * 922700 - EQUIPMENT RENTAL/LEA | 198,763.64   | 207,483.41   | (8,719.77)   | -4.20%   |
| * 922800 - EQUIPMENT MAINTENANC | 66,161.05    | 14,341.95    | 51,819.10    | 361.31%  |
| * 922900 - EQUIPMENT REPAIRS    | 5,584.14     | 74,266.68    | (68,682.54)  | -92.48%  |
| * 924500 - PRINTING             | 58,179.18    | 70,275.44    | (12,096.26)  | -17.21%  |
| ** PRINTING TOTAL               | 58,179.18    | 70,275.44    | (12,096.26)  | -17.21%  |
| * 925100 - TELECOMMUNICATIONS   | 186,407.16   | 190,149.19   | (3,742.03)   | -1.97%   |
| ** TELECOMMUNICATIONS TOTAL     | 186,407.16   | 190,149.19   | (3,742.03)   | -1.97%   |
| * 926200 - STAMPS, STAMPED ENVE | 88,403.99    | 73,336.27    | 15,067.72    | 20.55%   |
| * 926300 - POSTAGE METER        | 164,271.32   | 101,424.71   | 62,846.61    | 61.96%   |
| ** POSTAGE TOTAL                | 252,675.31   | 174,760.98   | 77,914.33    | 44.58%   |
| * 928800 - INSURANCE            | 37,849.85    | 50,088.05    | (12,238.20)  | -24.43%  |
| ** INSURANCE TOTAL              | 37,849.85    | 50,088.05    | (12,238.20)  | -24.43%  |
| * 929200 - TRAVEL- IN STATE     | 65,444.62    | 51,082.19    | 14,362.43    | 28.12%   |
| * 929300 - OTHER TRAVEL EXPENSE | 294.00       | 0.00         | 294.00       | 100.00%  |
| ** TRAVEL IN STATE TOTAL        | 65,738.62    | 51,082.19    | 14,656.43    | 28.69%   |
| * 931100 - TRAVEL OUT OF STATE  | 2,114.80     | 4,249.41     | (2,134.61)   | -50.23%  |
| ** TRAVEL OUT OF STATE TOTAL    | 2,114.80     | 4,249.41     | (2,134.61)   | -50.23%  |
| * 933100 - TRAINING             | 14,094.00    | 31,884.67    | (17,790.67)  | -55.80%  |
| ** TRAINING TOTAL               | 14,094.00    | 31,884.67    | (17,790.67)  | -55.80%  |
| * 935200 - RENT/LEASE           | 468,367.80   | 468,837.87   | (470.07)     | -0.10%   |
| * 935300 - JANITORIAL           | 504,192.53   | 481,782.95   | 22,409.58    | 4.65%    |
| * 935400 - MAINTENANCE AND SUPP | 108,711.70   | 20,683.59    | 88,028.11    | 425.59%  |
| * 935600 - ALTERATION           | 569,943.89   | 554,651.48   | 15,292.41    | 2.76%    |
| * 935700 - OTHER FACILITY COSTS | 5,541.24     | 12,279.66    | (6,738.42)   | -54.87%  |
| * 935800 - OTHER FACILITY COSTS | 32,497.17    | 2,498.34     | 29,998.83    | 1200.75% |
| ** FACILITY OPERATION TOTAL     | 1,689,254.33 | 1,540,733.89 | 148,520.44   | 9.64%    |
| * 936100 -UTILITIES             | 29,094.02    | 25,932.51    | 3,161.51     | 12.19%   |
| ** UTILITIES TOTAL              | 29,094.02    | 25,932.51    | 3,161.51     | 12.19%   |
| * 938100 - CONTRACTED SERVICES  | 42,345.88    | 50,090.72    | (7,744.84)   | -15.46%  |
| * 938200 - CONSULTING SERVICES  | 139,947.50   | 138,243.75   | 1,703.75     | 1.23%    |
| * 938300 - GENERAL CONSULTANT A | 867,568.67   | 1,672,555.23 | (804,986.56) | -48.13%  |
| * 938500 - COURT INTERPRETER SE | 551,383.90   | 183,789.25   | 367,594.65   | 200.01%  |
| * 938600 - COURT REPORTER SERVI | 12,239.37    | 0.00         | 12,239.37    | 100.00%  |
| * 938700 - COURT TRANSCRIPTS    | 636,457.32   | 575,230.33   | 61,226.99    | 10.64%   |
| * 938800 - COURT APPOINTED COUN | 3,109,341.11 | 3,026,319.66 | 83,021.45    | 2.74%    |
| * 938900 - INVESTIGATIVE SERVIC | 12,954.00    | 8,028.00     | 4,926.00     | 61.36%   |
| * 939000 - COURT ORDERED PROFES | 237,711.17   | 231,509.65   | 6,201.52     | 2.68%    |

|                                 |              |              |              |          |
|---------------------------------|--------------|--------------|--------------|----------|
| * 939100 - MEDIATORS/ARBITRATOR | 150,000.00   | 184,000.00   | (34,000.00)  | -18.48%  |
| * 939200 - COLLECTION SERVICES  | 977,635.74   | 1,456,231.72 | (478,595.98) | -32.87%  |
| * 939400 - LEGAL                | 121,280.85   | 48,603.25    | 72,677.60    | 149.53%  |
| * 939800 - OTHER CONTRACT SERVI | 133,450.00   | 130,819.99   | 2,630.01     | 2.01%    |
| ** CONTRACTED SERVICES TOTAL    | 6,992,315.51 | 7,705,421.55 | (713,106.04) | -9.25%   |
| * 951000 - OTHER ITEMS OF EXPEN | 0.00         | 3,295.74     | (3,295.74)   | -100.00% |
| * 952000 - UNIFORM ALLOWANCE    | 3,723.62     | 2,682.38     | 1,041.24     | 38.82%   |
| * 952300 - VEHICLE OPERATIONS   | 3,774.60     | 4,909.18     | (1,134.58)   | -23.11%  |
| * 965100 - JUROR COSTS          | 361,690.60   | 288,707.88   | 72,982.72    | 25.28%   |
| ** JURY COSTS TOTAL             | 361,690.60   | 288,707.88   | 72,982.72    | 25.28%   |
| * 972200 - GRAND JURY COSTS     | 300.00       | 306.25       | (6.25)       | -2.04%   |

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

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

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

## 12. Fixed Assets Management

### Background

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

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

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

| ACCOUNTS                         | TOTAL FUNDS AS OF JUNE 30 |            | \$ Inc. (Dec) | % Change |
|----------------------------------|---------------------------|------------|---------------|----------|
|                                  | 2016                      | 2015       |               |          |
| <b>Expenditures</b>              |                           |            |               |          |
| 922601 MINOR EQUIP-NON-IT        | 7,448.64                  | 6,336.83   | 1,111.81      | 17.55%   |
| 922603 OFFICE FURN-MINOR         | 10,544.31                 | 59,375.31  | (48,831.00)   | -82.24%  |
| 922605 MODULAR FURN-MINOR        | 123,427.37                | 34,095.18  | 89,332.19     | 262.01%  |
| 922606 NON-OFFICE FURNITURE      | 206.13                    | 22,569.69  | (22,363.56)   | -99.09%  |
| 922607 CART/PALLET/HANDTRK       | 1,657.95                  | 918.83     | 739.12        | 80.44%   |
| 922610 COMPUTER ACCESSORIES      | 211,680.03                | 60,090.98  | 151,589.05    | 252.27%  |
| 922611 COMPUTER                  | 300,599.55                | 393,826.16 | (93,226.61)   | -23.67%  |
| 922612 PRINTERS                  | 0.00                      | 1,575.76   | (1,575.76)    | -100.00% |
| 922613 PRINTERS/MULTI FNCTN      | 160,915.43                | 223,950.02 | (63,034.59)   | -28.15%  |
| 922614 MINOR SECURITY SURV       | 3,265.00                  | 4,616.58   | (1,351.58)    | -29.28%  |
| 922616 CELL PHONES/PAGERS        | 281.85                    | 3,366.06   | (3,084.21)    | -91.63%  |
| 922699 MINOR EQUIPMENT           | 17,643.33                 | 137,663.07 | (120,019.74)  | -87.18%  |
| * 922600 - MINOR EQUIPMENT - UN  | 837,669.59                | 948,384.47 | (110,714.88)  | -11.67%  |
| 945204 WEAPON SCREEN EQUIP       | 198,840.12                | 0.00       | 198,840.12    | 100.00%  |
| 945206 MODULAR FURN-MAJOR        | 0.00                      | 22,425.95  | (22,425.95)   | -100.00% |
| 945207 MAJOR SECURITY SURV       | 721,899.99                | 251,317.52 | 470,582.47    | 187.25%  |
| 945208 EQUIP SYSTEMS-MAJOR       | 33,792.35                 | 394,376.53 | (360,584.18)  | -91.43%  |
| 946601 MAJOR EQUIPMENT - IT      | 133,317.76                | 262,563.15 | (129,245.39)  | -49.22%  |
| 946699 MAJOR EQUIPMENT           | 50,760.68                 | 0.00       | 50,760.68     | 100.00%  |
| * 945200 - MAJOR EQUIPMENT       | 1,138,610.90              | 930,683.15 | 207,927.75    | 22.34%   |
| ** MAJOR EQUIPMENT(OVER \$5,000) | 1,138,610.90              | 930,683.15 | 207,927.75    | 22.34%   |

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

### **13. Audits**

#### **Background**

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

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

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

## 14. Records Retention

### Background

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

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

| ACCOUNTS            | TOTAL FUNDS AS OF JUNE 30 |           | \$ Inc. (Dec) | % Change |
|---------------------|---------------------------|-----------|---------------|----------|
|                     | 2016                      | 2015      |               |          |
| <b>Expenditures</b> |                           |           |               |          |
| 935203 STORAGE      | 0.00                      | 17,822.00 | (17,822.00)   | -100.00% |

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

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

## 15. Domestic Violence

### Background

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

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

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

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

#### Background

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

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

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

- PC 1203.097 Domestic Violence Fee  
If courts convict and sentence a person to probation for certain domestic violence crimes, courts must include in the terms of probation a minimum 36 month period of

probation and assess, effective January 2013, a \$500 Domestic Violence Fee. Courts may reduce or waive this fee if, after a hearing in court on the record, they find that the defendant does not have the ability to pay.

- Penal Code (PC) 1202.4 (b) State Restitution Fine  
Courts must impose a separate and additional State Restitution Fine in every case where a person is convicted of a crime. Effective January 2014, the minimum State Restitution Fine amounts for felony and misdemeanor convictions increased to \$300 and \$150, respectively. Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record. Inability to pay is not considered a compelling and extraordinary reason for not imposing 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 assess 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 1465.8 (a)(1) Court Operations Assessment  
Courts must impose a \$40 Court Operations Assessment for each conviction of a criminal offense effective July 1, 2011.
- GC 70373 Criminal Conviction Assessment  
Courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction of a criminal offense effective January 1, 2009.

### **Issues**

Our review of 30 criminal DV cases disposed from July 2015 through February 2016 found that the Court did not always impose the applicable fines and fees prescribed by statute. Specifically, our review noted the following exceptions:

- For three of the 22 criminal DV cases reviewed that included a sentence of probation, the Court did not assess the Domestic Violence Fee pursuant to PC 1203.097(a)(5). Additionally, for all three cases, the Court did not state the reason for not doing so on the record.
- For eight of the 30 criminal DV cases reviewed, the Court did not assess the State Restitution Fine pursuant to PC 1202.4(b), and did not state on the record the compelling and extraordinary reasons for not assessing this fine.

- For six of the 30 cases reviewed where the defendant was convicted of a DV crime, the Court did not assess the Court Operations Assessment and the Criminal Conviction Assessment required pursuant to PC 1465.8 and GC 70373, respectively. Also, for another case with multiple convictions, the Court did not assess the Court Operations Assessments and Criminal Conviction Assessments that are required for each conviction, but instead imposed these assessments once for the case.

### **Recommendations**

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

1. Establish a practice to consistently document in criminal DV case minute orders, and also in its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the Court did not impose or assess the statutory minimum fines and fees. Also, ensure clerks consistently include in the minute orders the assessments that are statutorily required for each conviction.

### **Superior Court Response by: Queenie Hill, CFO    October 6, 2016**

The court agrees that the fines/fees are mandated and the following corrective actions will be taken to ensure that they are accurately reflected on the minute order at the time the order is made on the record.

- PC 1203.097 – The Court will provide training to Judicial Officers and court staff to ensure the fee is assessed or waived when applicable. Additionally, the Court will work with the Probation Department to ensure the fee is addressed in the Recommendation of Probation Officer (RPO) for Domestic Violence (formal probation cases).
- PC 1202.4(b) – The Court will provide training to Judicial Officers and court staff to ensure the fee is assessed or waived when applicable.
- PC 1465.8 (a)(1) and GC 70373 – The Court will provide training to Judicial Officers and court staff as to the requirement for assessing a fee for each conviction of a criminal offense (per count).

**Responsible Person: Mary Calderon, Director of Court Operations**

**Date of Corrective Action: October 10, 2016**

## 16. Exhibits

### Background

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

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

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

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

## 17. Bail

### Background

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

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

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

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

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

**APPENDIX A**

**Superior Court of California,  
County of Fresno**

**Issue Control Log**

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

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

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

| FUNCTION                                     | RPT NO. | ISSUE MEMO | ISSUE   | I        | C        | COURT RESPONSE   | RESPONSIBLE EMPLOYEE                           | ESTIMATED COMPLETION DATE |
|--|---------|------------|---|----------|----------|--|--|---------------------------|
| <b>1 Court Administration</b>                |         |            | No issues to report.  |          |          |  |  |                           |
| <b>2 Fiscal Management and Budgets</b>       |         |            |   |          |          |  |  |                           |
|  |         | <b>Log</b> | For one of ten timesheets reviewed, the timesheet was not approved by the appropriate supervisor. Specifically, a Human Resources staff member approved an employee timesheet on behalf of the assigned manager; however, the Human Resources staff member did not retain documentation, such as a confirming email, to demonstrate approval by the assigned manager.   |          | <b>C</b> | In one timesheet, it was determined that the Human Resources timekeeper received verbal approval from the assigned manager to approve the timesheet as the manager was not able to send a confirming email at the time. The Court has provided additional training to the timekeepers ensuring appropriate documentation is obtained.  | Mary Calderon,<br>Director of Court Operations | April 2016                |
| <b>3 Fund Accounting</b>                     |         |            | No issues to report.  |          |          |  |  |                           |
| <b>4 Accounting Principles and Practices</b> |         |            |   |          |          |  |  |                           |
|  |         | <b>Log</b> | For fiscal year 2014-2015, the Court recorded grant reimbursements totaling \$9,000 in the general fund instead of in the 190400 - Local Government Grant, special revenue grant fund.  |          | <b>C</b> | This issue was related to one grant that was originally considered an MOU, but was later determined to be a Special Revenue grant and was not reclassified due to an oversight.  | Queenie Hill,<br>CFO                           | August 2016               |
|  |         | <b>Log</b> | For fiscal year 2014-2015, the Court recorded \$500,000 in payments to the County for Court-occupied space at the County Juvenile Justice Campus in general ledger account 935601 Alteration & Improvements. However, a more appropriate general ledger account into which to record this expense would have been 935299 Rent/Lease, along with the WBS element the Court is currently using to track these expenditures.   |          | <b>C</b> | This agreement was negotiated between the JCC and the County of Fresno and under their direction. The Court booked the expense to the account 935601 Alteration & Improvements as directed by the JCC at the time the agreement was implemented. The Court has consulted with JCC-TCAFS on the audit recommended account change and has been approved to change the account coding on future payments. The change was put in place effective July 1, 2016.   | Queenie Hill,<br>CFO                           | August 2016               |
|  |         | <b>Log</b> | For fiscal year 2014-2015, the Court reported \$856,773 in depreciation of its fixed assets as a deduction in the non-SAP CAFR Report 18-Fixed Assets report instead of only reporting disposals of fixed assets as deductions in the non-SAP CAFR Report 18-Fixed Assets report. Specifically, the Court does not have an enterprise fund nor an internal service fund that would require it to depreciate its fixed assets for financial reporting purposes. As a result, the Court under-reported its capitalized fixed assets.  |          | <b>C</b> | The court agrees with the recommendation and has adjusted it's non-SAP CAFR Report Fixed Assets section to reflect reporting of disposals only. Note: Although the Fixed Assets section was reported in 2014-15, due to the Court not having a Fixed Assets system in-place until 2015-16, the Fixed Assets portion was not signed/certified by the Court at the direction of the JCC Audit Services. The Court Fixed Assets reporting was informational only.   | Queenie Hill,<br>CFO                           | August 2016               |
| <b>5 Cash Collections</b>                    |         |            |   |          |          |  |  |                           |
|  |         | <b>Log</b> | For three of the ten civil payment plan cases reviewed, the parties made only the initial payment on two cases, and made payments until the Court issued the summons for the third case. At the time of our review, the Court did not have a process to address delinquent payments on civil payment plans nor to pursue collection of these unpaid civil fees. According to the Court, it plans to send these cases to Collections, but it is working out the logistics at the administrative level and anticipates completing this process before December 31, 2016.  | <b>I</b> |          | The court agrees with the recommendation. The Court is currently working on the logistics of the plan of sending civil payments plans to Collections via the Case Management System. The anticipated completion date is December 31, 2016, with implementation on January 1, 2017.   | Janet Teixeira,<br>Director of Operations      | January 2017              |
|  |         | <b>Log</b> | For four of the ten civil cases reviewed with an NSF check that was dishonored and returned unpaid by the bank, the parties received court services but did not pay the civil and administrative fees due to the Court. Specifically, in three of the four cases, the Court issued a judgement even though it did not collect from the parties the civil and NSF returned check administrative fees. For the fourth case, the Court provided the party with an abstract for which it did not subsequently collect from the party the associated fees and NSF returned check administrative fees. Currently, the Court uses its new CMS to better track cases with NSF checks, but does not have a process to pursue collection of these unpaid civil and administrative fees. |          | <b>C</b> | The court agrees with the recommendation and now has a procedure in place to address NSF checks. A notice is sent to parties stating the 21 days to pay the amount of the check plus the NSF check fee. If the total amount is paid, the NSF check is removed. If the parties do not pay within 21 days, the document in which the NSF check paid for is stricken and all parties are notified of such. The fee for the document is then removed from the system with the NSF fee remaining which is taken through the collection process. | Janet Teixeira,<br>Director of Operations      | August 2016               |

| FUNCTION | RPT NO. | ISSUE MEMO | ISSUE   | I | C | COURT RESPONSE   | RESPONSIBLE EMPLOYEE  | ESTIMATED COMPLETION DATE |
|----------|---------|------------|---|---|---|--|---|---------------------------|
|          |         | <b>Log</b> | At one cash handling location reviewed, although clerks count their beginning cash and sign the beginning cash verification log, the Revenue Accounting and Archives staff who verify the beginning cash with the clerks do not also sign the verification log to acknowledge their verification.   |   | C | The court agrees and immediately implemented the recommendation of a second signing by Archives staff during the audit fieldwork. There is no Revenue Accounting staff located at Archives location. The on-site Operations Manager is responsible for verification of beginning signs the verification log.   | Mary Calderon, Director of Court Operations & Queenie Hill, CFO | February 2016             |
|          |         | <b>Log</b> | Although Revenue Accounting and Archives staff review and approve the end-of-day closeout, the current process does not require the staff to retain the reviewed and approved closeout documents to demonstrate that they completed this key end-of-day closeout review and approval process.   |   | C | The court agrees and has implemented the recommendation of signing the closeout documents by Revenue Accounting and Archives staff.  | Mary Calderon, Director of Court Operations & Queenie Hill, CFO | February 2016             |
|          |         | <b>Log</b> | Revenue Accounting staff at one cash handling location reviewed did not ensure that department staff consistently completed key information in the Court's Manual Receipts Log, such as the dates when the manual receipt books were checked out and returned, and which manual receipts were issued.   |   | C | The Court complies with the Manual Receipt Log requirements in the FIN Manual. This was an oversight in this location and the Court has reiterated that all logs be complete and correct.  | Queenie Hill, CFO   | February 2016             |
|          |         | <b>Log</b> | Although Revenue Accounting staff at three of four cash handling locations reviewed and Archives staff retain custody of the change fund, the change fund custodians also have other conflicting cash handling responsibilities, such as preparing the daily bank deposit.  | I |   | The Court has a limited number of staff which does not allow each cash handling responsibility to be completed by a separate individual, however the Court has in-place key internal controls to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to both perpetrate and conceal errors or fraud. Security cameras are installed at all cash handling locations which are monitored, and can be viewed by management and security personnel. All bank deposits require review and a second signoff of another staff that is not responsible for change funds. Although the Archives manager prepares the daily bank deposit, the deposit is forwarded to Accounting which verifies that the daily deposit is in balance with the Case Management Systems transactions, and verifies accurate cash, check, credit balancing of the deposit, and performs the actual deposit. The Courts' internal auditor also audits the change fund, and conducts surprise cash counts as per the FIN Manual to ensure compliance and for additional monitoring. | Queenie Hill, CFO   | N/A                       |
|          |         | <b>Log</b> | Revenue Accounting staff at one cash handling location maintain a shortage fund, but do not log the daily count and verification of the fund. Further, they do not maintain a detailed sub-ledger of the shortage transactions processed and the remaining cumulative balance of the fund. Instead, the Revenue Accounting staff only track the associated shortage transactions on an adding machine tape which is later discarded when the shortage fund is replenished. As a result, this cash handling location retains insufficient documentation to provide a reliable audit trail of the shortage fund transactions. |   | C | The Court shortage processes and procedures have been reviewed and the Court has reiterated that all logs are to be complete and correct. The Court has also verified that all shortages have been accurately accounted for.   | Queenie Hill, CFO   | February 2016             |
|          |         | <b>Log</b> | Although the Court performs a comprehensive compliance review of its cash handling procedures, it does not perform the required random surprise cash counts at least quarterly at two of its four Revenue Accounting locations.   |   | C | The Court agrees with the recommendation and has a procedure in place that complies with the surprise cash count processes. Due to an oversight, the surprise cash counts at two locations was performed, but was not documented with approved signatures. It is the Court's standard procedure that the surprise counts be performed timely and documented.   | Queenie Hill, CFO   | February 2016             |
|          |         | <b>Log</b> | The person who prepares the bank deposit does not initial or sign the bank deposit slip.  |   | C | The court procedure regarding bank deposits has been for staff to sign the deposit log. Upon receiving the recommendation, the Court now also has staff sign the deposit slip as well as the log.  | Queenie Hill, CFO   | February 2016             |
|          |         | <b>Log</b> | Although a second person verifies the daily bank deposit, this second person does not initial or sign the bank deposit slip at all four Revenue Accounting locations reviewed.  |   | C | The court procedure regarding bank deposits has been for staff to sign the deposit log. Upon receiving the recommendation, the Court now also has the second person verifying the daily bank deposit to staff sign the deposit slip as well as the log.  | Queenie Hill, CFO   | February 2016             |

| FUNCTION | RPT NO.                     | ISSUE MEMO | ISSUE   | I        | C        | COURT RESPONSE  | RESPONSIBLE EMPLOYEE  | ESTIMATED COMPLETION DATE |
|----------|-----------------------------|------------|---|----------|----------|---|---|---------------------------|
|          |                             | <b>Log</b> | Due to system issues with the collection module in its new CMS, the Court's Enhanced Collections program was unable to provide reports of delinquent cases it referred to third party collections agencies. As a result, we could not review the Court's process for referring delinquent cases to the third party collection agencies. According to the Court, resolution of this issue with the new CMS vendor is a high priority.  |          | <b>C</b> | The Court is now in compliance, and has been sending delinquent cases to our third party collection agency since May 7, 2016. All 2015 delinquent accounts have been submitted and placed with our third party collection agency, and we will be have to date all 2016 delinquent accounts submitted and placed by October 30, 2016.  | Mary Calderon, Director of Court Operations                     | May 2016                  |
|          |                             | <b>Log</b> | The third party collection agency commission for collections from accounts transferred to the Franchise Tax Board Tax Intercept program did not agree with the Court's current agreement. Specifically, the third party collection agency is charging a two percent commission whereas the agreement specifies a five percent commission.   | <b>I</b> |          | The JCC master agreement specifies a five percent commission. The two percent commission was a negotiated rate reduction with the Court and the third party collection agency. The reduced commission was included in the prior Court signed participation agreement, and although was verbally agreed to under the current participation agreement, was inadvertently not specified in the current agreement. The Court is charged a two percent commission by the third party collection agency as agreed upon. | Queenie Hill, CFO & Mary Calderon, Director of Court Operations | N/A                       |
| <b>6</b> | <b>Information Systems</b>  |            |   |          |          |   |   |                           |
|          |                             | <b>Log</b> | The Court does not have an MOU with the county requiring it to adhere to the Court's IT policies.   | <b>I</b> |          | The Fresno Superior Court does not have an MOU with entities requiring them to adhere to our IT policies. However, the Court is in the process of developing an agreement and projects to have it in place by the end of the current fiscal year (June 30, 2017). The court also has a Privacy and Security Notice that all county users must agree (electronically) to before electronic access is opened.   | Patty Wallace-Rixman, Asst. CEO                                 | June 2017                 |
|          |                             | <b>Log</b> | The individual responsible for monitoring DMV transaction reports for errors and inappropriate transactions also enters transactions in the DMV database. As a result, no one reviews this individual's DMV transactions to ensure their access to sensitive DMV data was appropriate.  |          | <b>C</b> | Effective August 15, 2016, the Court has added a neutral person to review staff responsible for monitoring DMV transactions and error reports to ensure their access is appropriate.  | Patty Wallace-Rixman, Asst. CEO                                 | August 2016               |
|          |                             | <b>Log</b> | For cases disposed with traffic school, the Court is distributing \$1 to the GC 76100 Local Courthouse Construction Fund even though the County has transferred all court facilities to the State and the County has no associated bond indebtedness remaining. Consequently, the applicable distributions of the TVS fee are short \$1.  |          | <b>C</b> | The Court agrees. The CMS system has been adjusted to delete the 76100 Local Courthouse Construction Fund of \$1 and a County Board of Supervisors Resolution has been approved which reverses the \$1 collection fee to the County for Courthouse Construction.  | Queenie Hill, CFO & Mary Calderon, Director of Court Operations | August 2016               |
|          |                             | <b>Log</b> | The Court is not using the statutorily required percentages to distribute the first \$10 of the \$25 POC fee. For example, it uses 33.4 percent instead of 34 percent for the State POC share. This miscalculation results in an under-remittance to the State of \$.06 per POC case.   |          | <b>C</b> | The Court agrees. The Court has updated the distribution table to adjust for the .06 per POC case miscalculation resulting from using the 33.4% vs. 34% State POC share.  | Queenie Hill, CFO & Mary Calderon, Director of Court Operations | August 2016               |
|          |                             | <b>Log</b> | The Court ordered a \$10 base fine rather than the statutorily required \$25 base fine to the F&G fishing without a license violators who subsequently provided proof to the Court of having a license that was valid at the time of the citation. As a result, the top-down distribution method the Court used to distribute the total fine calculated variances within all fines and penalty assessments with the exception of the \$40 PC 1465.8 Court Operations Assessment, the \$35 Criminal Conviction Assessment for infractions, and the \$15 FG 12021 Secret Witness Penalty. According to the Court, the wrong base fine was uploaded into the CMS and has since been corrected. |          | <b>C</b> | The Court agrees and as stated, the CMS system was corrected when the error was found prior to the audit.   | Queenie Hill, CFO & Mary Calderon, Director of Court Operations | December 2015             |
|          |                             | <b>Log</b> | For one case where the arresting agency was the county sheriff, the Court distributed the case as a "city arrest" rather than as a "county arrest" as defined by PC 1463.   |          | <b>C</b> | As noted, the one case was inadvertently coded incorrectly. The Court continues to review all case information inputs for distribution and utilizes a Quality Control department to review case information.  | Mary Calderon, Director of Court Operations                     | July 2016                 |
| <b>7</b> | <b>Banking and Treasury</b> |            |   |          |          |   |   |                           |

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|-----------|-------------------------|------------|--|----------|----------|---|--|---------------------------|
|           |                         | <b>Log</b> | The Court's procedures for publishing a notice when proposing to escheat amounts over \$20 do not require the listing of additional case identifying details to assist a potential claimant to identify their monies, per FIN 15.03, 6.2.4.  |          | <b>C</b> | The Courts' procedures for publishing a notice to escheat amounts over \$20 includes all required identifying details as outlined per FIN 15.03, 6.2.4. Although more additional case identifying details are not required and not specified in the FIN section noted, the Court's procedure has been updated to include additional case identifying details as recommended.  | Queenie Hill,<br>CFO   | August 2016               |
| <b>8</b>  | <b>Court Security</b>   |            | <b>No issues to report.</b>  |          |          |   |  |                           |
| <b>9</b>  | <b>Procurement</b>      |            | <b>No issues to report.</b>  |          |          |   |  |                           |
| <b>10</b> | <b>Contracts</b>        |            |  |          |          |   |  |                           |
|           |                         | <b>Log</b> | Although the Court's insurance certificates are complete and up-to-date for all five contracts reviewed, the insurance certificates are inconsistent with the JBCM in that they do not specify the number of days (15 or 30) within which the insurance company must provide written notice to the Court if the policy is cancelled.   |          | <b>C</b> | The Court complies with the insurance requirement in the JBCM. The specified number of days was an oversight and the Fiscal department has recently reviewed and revised the insurance certificate procedure. Note: Although required in the JBCM, the Court has informed Audit Services of the new form used industry-wide that does not specify the number of days (15 or 30) within which the insurance company must provide written notice for future reference and consideration.  | Queenie Hill,<br>CFO   | June 2016                 |
|           |                         | <b>Log</b> | For one of three MOUs reviewed, an agreement for the County to provide legal representation for indigent parents in juvenile proceedings did not contain certain JBCM provisions. Specifically, the agreement did not contain a provision stating that the cost charged may not contain Rule 10.810 unallowable costs.   | <b>I</b> |          | The JBCM's discussion of MOUs between Courts and Counties is interpreted to refer to those services the county provided in 1997 (Lockyer-Isenberg Act) and are included in <i>that</i> MOU. The provisions mentioned here are not applicable in this case as these services were competitively bid and awarded, using a JBCM-compliant contract form. This particular agreement replaced the MOU for the services when the contract was competitively bid and the Court feels the provisions are not applicable. However, the Court's boilerplate for all contracts requires compliance with all applicable federal, state, and local laws, rules, regulations, rules of court and ordinances affecting the performance of the agreement. As the compliance with laws clause is required and was agreed upon, Rule 10.810 is included in the agreement. | Dawn Annino,<br>Managing Research<br>Attorney & Queenie<br>Hill, CFO | N/A                       |
| <b>11</b> | <b>Accounts Payable</b> |            |  |          |          |   |  |                           |
|           |                         | <b>Log</b> | For five of the eight applicable claims reviewed, the Court did not require the claimant to itemize on the claim form the case numbers and names for which the claimant provided services and claimed payment.   |          | <b>C</b> | The court agrees with the recommendation. These particular claims were related to investigations and Juvenile cases. Due to the confidential nature of investigations, case information had not been maintained in accounts payable files but rather in the specific operations files themselves which are confidential. The Court has reviewed this process and determined that the case number and name only can be added to the accounts payable files. This change has been implemented.  | Queenie Hill,<br>CFO   | July 2016                 |
|           |                         | <b>Log</b> | For two of the 40 applicable invoices/claims reviewed, an authorized individual did not sign the monthly contract payment invoices to indicate approval of the payment. Specifically, according to the Court, its policy does not require a payment approval signature for standard monthly contract payments since it considers the signed contracts as approval. However, the contract terms indicate that payment will be after acceptance of the deliverables or service. Moreover, we would expect a signature on the invoice from an authorized individual to signify acceptance of the deliverables or services and approval of the invoice for payment processing. | <b>I</b> |          | The Court has adopted JBCM templates for contracts and does not require invoices from contractors that will be paid via Invoicing Plan as that permits the possibility of duplicate payments – automatic and by accounts payable staff (the three point match). Some contracts resulting in invoicing plans due to their routine, non-complex services provided did not have the invoice language struck. This was an oversight and the Fiscal department has recently reviewed and revised the contract template for invoicing plans. The current contracts with invoice language have been amended to remove that language. The Court will continue to use invoicing plans which is allowed in the JCC accounting system as this payment method for recurring fixed payments is cost efficient.   | Queenie Hill,<br>CFO   | July 2016                 |

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|          |                                | <b>Log</b> | For two of the 26 applicable invoices/claims reviewed, accounts payable staff could not demonstrate obtaining proof of receiving the goods/services and matching the goods/services received to the invoice.   | I |   | The two items noted were Invoicing Plans. As per above, the Court has adopted JBCM templates for contracts and does not require--although sometimes they are received--invoices from contractors that will be paid via Invoicing Plan as that permits the possibility of duplicate payments – automatic and by accounts payable staff (the three point match). Some contracts resulting in invoicing plans due to their routine, non-complex services provided did not have the invoice language struck. This was an oversight and the Fiscal department has recently reviewed and revised the contract template for invoicing plans. The current contracts with invoice language have been amended to remove that language. The Court will continue to use invoicing plans which is allowed in the JCC accounting system as this payment method for recurring fixed payments is cost efficient. | Queenie Hill,<br>CFO   | July 2016                 |
|          |                                | <b>Log</b> | For three of the 40 applicable invoices/claims reviewed, accounts payable staff could not demonstrate matching the invoice to the contract terms because either there was no contract in place or the agreement on file did not contain the services and price information the accounts payable staff needed to verify that they paid only the agreed upon services and amounts.   |   | C | The invoices in question were related to a vendor contract which has an annual percentage increase listed. The court confirmed that the correct costs were charged based on the agreed upon percentage increase which was provided during audit fieldwork. The invoices also contained ancillary items that were later added but were not initially listed on the agreement. The vendor has since corrected the contract to list the items missing from the former contract.   | Queenie Hill,<br>CFO   | July 2016                 |
|          |                                | <b>Log</b> | For two of the three applicable court interpreter claims reviewed, the Court paid rates that were higher than the rates specified in the Judicial Council of California court interpreter payment policies and that, although approved after the fact, were not pre-approved by the CEO or designee.   |   | C | The Court is allowed to pay the higher rates per the JCC policy for exotic languages. A pre-approval for these exotic languages used in the Court and the higher rates was on file, but was not up-to-date, although verbal pre-approval was provided for the two claims noted. As a result of the audit recommendation, the Court completed an update to the pre-approved list of languages and rates by interpreter that court and accounts payable staff use to verify the pre-approved rates for payment.  | Queenie Hill,<br>CFO   | July 2016                 |
|          |                                | <b>Log</b> | For three of the four applicable juror payments reviewed, the Court overpaid the jurors for mileage reimbursement. Specifically, the Court paid these three jurors more than double the amount CCP 215 allows; it overpaid one juror \$92, a second \$33, and a third \$60. According to the Court, the automated jury system does not currently have the capability to calculate the actual mileage using the juror address. As a result, to not short change jurors, the Court configured the system to pay mileage using the furthest mileage between the court and the juror's zip code. | I |   | The Court uses Jury Systems Inc. (JSI) to calculate juror mileage reimbursement. JSI is used by 52 of the county courts in California. The JSI vendor has announced a new system release that will use maps to calculate an exact mileage vs. using the juror's zip code. JSI has not released date of the new system update, but Fresno will implement the update when it becomes available.  | Queenie Hill, CFO &<br>Janet Teixeira,<br>Director of Operations | Unknown                   |
| 12       | <b>Fixed Assets Management</b> |            | <b>Not Reviewed.</b>   |   |   |  |  |                           |
| 13       | <b>Audits</b>                  |            | <b>No issues to report.</b>  |   |   |  |  |                           |
| 14       | <b>Records Retention</b>       |            | <b>No issues to report.</b>  |   |   |  |  |                           |
| 15       | <b>Domestic Violence</b>       |            |  |   |   |  |  |                           |
|          |                                | 15.1       | <b>The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fines and Fees</b>  |   |   |  |  |                           |

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|-----------|-----------------|------------|--|----------|----------|--|---|---------------------------|
|           |                 | <b>I</b>   | For three of 22 applicable DV cases reviewed where the Court sentenced the defendant to probation, the Court did not assess the Domestic Violence Fee pursuant to PC 1203.097(a)(5) and did not state the reason for not doing so on the record.   |          | <b>C</b> | The court agrees that the fines/fees are mandated and corrective actions will be taken to ensure that they are accurately reflected on the minute order at the time the order is made on the record. The Court will provide training to Judicial Officers and court staff to ensure the fee is assessed or waived when applicable. Additionally, the Court will work with the Probation Department to ensure the fee is addressed in the Recommendation of Probation Officer (RPO) for Domestic Violence (formal probation cases).                 | Mary Calderon, Director of Court Operations | October 2016              |
|           |                 | <b>I</b>   | For eight of 30 applicable DV cases reviewed where the defendant was convicted, the Court did not assess the State Restitution Fine required pursuant to PC 1202.4(b) and did not state the compelling reason for not doing so on the record.  |          | <b>C</b> | The court agrees that the fines/fees are mandated and corrective actions will be taken to ensure that they are accurately reflected on the minute order at the time the order is made on the record. The Court will provide training to Judicial Officers and court staff to ensure the fee is assessed or waived when applicable.   | Mary Calderon, Director of Court Operations | October 2016              |
|           |                 | <b>I</b>   | For six of 30 applicable DV cases reviewed where the defendant was convicted, the Court did not assess the Court Operation Assessment and Criminal Conviction Assessment required pursuant to PC 1465.8 and GC 70373, respectively. For another case, the Court did not assess the Court Operation assessment and Criminal Conviction assessment required for each conviction, but instead assessed these assessments per case.              |          | <b>C</b> | The court agrees that the fines/fees are mandated and corrective actions will be taken to ensure that they are accurately reflected on the minute order at the time the order is made on the record. The court will provide training to Judicial Officers and court staff as to the requirement for accessing a fee for each conviction of a criminal offense (per count).   | Mary Calderon, Director of Court Operations | October 2016              |
|           |                 | <b>Log</b> | For 20 of 22 applicable DV cases reviewed where the Court sentenced the defendant to probation, the Court did not assess the Probation Revocation Restitution Fine pursuant to PC 1202.44, which requires courts to assess this fine at the time of imposing the State Restitution Fine. Instead, the Court advised the defendant that if he/she is found to violate supervision, the probation revocation restitution fine will be imposed. | <b>I</b> |          | The Court agrees with the recommendation and will implement a change of verbiage on the minute order for PC1202.44 (or PC 1202.45) from "advisory given to 1202.44/.45" to "assessed and stayed". However, the amount ordered and stayed cannot be assessed in the Case Management System (CMS) at conviction as it requires a stay date which cannot be known. The fee will be assessed in the CMS when there is a revocation of probation/ supervision. The Court will also provide training to Judicial Officers and court staff on the change. | Mary Calderon, Director of Court Operations | November 2016             |
| <b>16</b> | <b>Exhibits</b> |            |  |          |          |  |   |                           |
|           |                 | <b>Log</b> | The exhibit room does not use a pre-numbered three-part exhibit transfer form to record the change of custody for exhibits from the courtroom clerk to the exhibit custodian. Rather, the court uses the courtroom log to ensure physical inventory matched the record. However, the courtroom clerk and the exhibit custodian do not sign and date this log to demonstrate from whom and when the change of custody occurred.               |          | <b>C</b> | The Court agrees with recommendation and will create a template that will record the change of custody from courtroom clerk and exhibit custodian. The Court will implement this new process October 1, 2016.  | Mary Calderon, Director of Court Operations | October 2016              |
| <b>17</b> | <b>Bail</b>     |            | <b>Not Reviewed.</b>   |          |          |  |   |                           |