



Judicial Council of California · Administrative Office of the Courts

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: April 25, 2013

Title

California State Auditor March 2013 Audit
Report on Judicial Branch Procurement

Agenda Item Type

Information Only

Submitted by

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Executive Summary

The California State Auditor (Auditor) published an audit report assessing the implementation of the California Judicial Branch Contract Law (Law) on March 19, 2013 entitled *Judicial Branch Procurement: Six Superior Courts Generally Complied With the Judicial Branch Contracting Law, but They Could Improve Some Policies and Practices*. The Auditor reviewed the extent to which the applicable Judicial Branch Contracting Manual (Manual) was consistent with the Public Contract Code and whether the Manual was substantially similar to the State Administrative Manual and the State Contracting Manual, as required by law. The Auditor also assessed compliance with statute by the Administrative Office of the Courts (AOC) in its semi-annual reporting. The report contained ten recommendations and concluded that the six pilot courts generally complied with the Law and that the semi-annual reporting could be improved.

Previous Council Action

None

California State Auditor Audit Report Recommendations

Page 24 of the Auditor's report included 10 recommendations for the AOC and the six pilot courts.

1. To comply with state requirements, the Judicial Council should include policies in the judicial contracting manual regarding the State's small business preference for information technology procurements.
2. To ensure complete reports to the Legislature, the AOC should review and modify its methodology for excluding certain transactions from the semiannual report to ensure that the AOC is not inadvertently excluding legitimate procurements. Further, the AOC's methodology should ensure that all procurements or contracts—such as those related to court security, court reporters, and interpreters when such services result in payment by a judicial branch entity to a vendor or contractor—are included in the semiannual report unless specifically excluded by state law.
3. To ensure accurate reports to the Legislature, the AOC should ensure that its process for extracting data from the courts' common accounting system provides accurate information—including, but not limited to, data describing the item or service procured and data reflecting the amount courts actually paid to vendors—for use in the semiannual report.
4. To ensure that transactions reflect the State's priorities regarding businesses owned by disabled veterans, and to comply with requirements in the judicial contracting manual, the courts we reviewed should develop formal policies to implement the DVBE program.
5. To ensure that court executive management is aware of and approves large purchases, the Napa court's staff should restrict approvals to established dollar levels. Further, to demonstrate adherence to its approval policies, the court should implement its new procedure to record executive committee approvals in the procurement file.
6. The Sacramento court should ensure that managers restrict their approvals to established dollar levels so that managers with sufficient knowledge of the court's resources approve purchases.
7. To ensure that the Sacramento court receives the best value for the goods and services it procures, the court should justify all sole-source or noncompetitively bid purchases according to its policies.
8. To ensure that the Stanislaus court receives the best value for the goods and services it procures, the court should advertise its solicitations of goods and services when required by the judicial contracting manual.
9. To ensure that the Sutter court receives the best value for the goods and services it procures, the court should justify decisions to make sole-source purchases and document that justification in the procurement files.

10. To ensure it receives the best value, the Yolo court should document that it compared the offerings of multiple vendors when using leveraged procurement agreements unless the judicial contracting manual or guidance on the particular leveraged procurement agreement does not require such comparison.

Responses to the Audit Report

Starting on page 27 of the audit report responses to findings were responded to and the Auditor provided comments on the responses:

- Page 27 Judicial Council of California, Administrative Office of the Court Response
- Page 31 California State Auditor's Comments on the Response From the Administrative Office of the Courts
- Page 33 The Superior Court of Napa County's Response
- Page 35 The Superior Court of Orange County's Response
- Page 39 California State Auditor's Comment on the Response From the Superior Court of Orange County
- Page 41 The Superior Court of Sacramento County's Response
- Page 45 California State Auditor's Comments on the Response From the Superior Court of Sacramento County
- Page 47 The Superior Court of Sutter County's Response
- Page 51 The Superior Court of Yolo County's Response
- Page 53 California State Auditor's Comments on the Response From the Superior Court of Yolo County

The Superior Court of Stanislaus County chose not to respond to the report finding on it.

Next Steps

Based on the responses to the audit report, the AOC and the six courts will initiate appropriate actions and respond to the Auditor within 60 days, six months, and one year on efforts to implement the recommendations.

Attachments

The California State Auditor report is contained on its web site and the link to it is <http://www.bsa.ca.gov/pdfs/reports/2012-301.pdf>. Additionally the website contains a:

1. Fact Sheet (PDF)
2. Highlights
3. Summary

