



Audit of the
Superior Court Of California,
County of Sutter

REPORT OF
INTERNAL AUDIT SERVICES

NOVEMBER 2013



ADMINISTRATIVE OFFICE
OF THE COURTS

FINANCE DIVISION
INTERNAL AUDIT SERVICES

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Superior Court of California, County of Sutter

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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 Administrative Office of the Courts (AOC), Internal Audit Services (IAS), began court audits in 2002.

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

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

IAS audits cover all four of the above areas. The audit process involves a review of the Court's compliance with statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. IAS performed a similar audit of the Court in 2007-2008.

Compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit process. The primary focus of a FISMA review is to evaluate the Court's internal control structure and processes. While IAS believes that FISMA may not apply to the judicial branch, IAS understands that it represents good public policy and conducts internal audits incorporating the following FISMA concepts relating to internal control:

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

IAS believes that this audit provides the Court with a review of what FISMA requires.

IAS audits are designed to identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted below. Although IAS audits do not emphasize or elaborate on areas of compliance, our review of

selected transactions did identify examples in which the Court was in compliance with the FIN Manual and FISMA.

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

Audit Issues Overview

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

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

Invoice Payment Processing (Section 11, Issue 11.1)

The FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements. Specifically, Policy No. FIN 8.01 and FIN 8.02 provide courts with uniform guidelines to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are permitted to approve invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Our review of selected invoices and claims found that the Court did not consistently follow the FIN Manual procedures for processing the invoices and claims we reviewed. For example, an employee not authorized to approve payments approved several invoices and claims for payment. In addition, the Court processed for payment other invoices that did not contain any signatures or initials indicating approval of the payment.

The Court asserts that due to the small size of the Court and loss of staff due to workforce reductions, it is occasionally difficult to meet all guidelines. Nonetheless, the Court agreed

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

Distribution of Collections (Section 6, Issue 6.1)

The Court did not distribute certain collections as prescribed by statutes and guidelines. State statutes and local ordinances govern the distribution of the fines, fees, penalties, and other assessments that courts collect. The Court uses its case management system to assess and distribute the fines and fees it collects, and prepares at month-end a report of revenues collected.

Our review of certain standard distribution tables used by the Court identified various calculation and distribution errors. For example, the Court did not transfer the two-percent State Automation amount from the base-fine reductions for the proof of insurance distribution we reviewed. As a result, the Court made up the shortfall by adjusting its distribution of the State Penalty Assessment, the DNA Additional Penalty Assessment, and the 20 percent State Surcharge.

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

STATISTICS

The Superior Court of California, County of Sutter (Court) has six judges and subordinate judicial officers who handled over 19,250 cases during fiscal year (FY) 2011–2012. The Court operates two courthouses with five courtrooms in Yuba City. Further, the Court employed approximately 50 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total court expenditures of more than \$5.4 million for the fiscal year ended June 30, 2013.

Before 1997, the Court and the County of Sutter (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 2012–2013, the Court received court security services from the County, which was covered under a Memorandum of Understanding (MOU) with the County. However, the Court does not have an MOU with the County for the mail services the Court received from a third-party vendor who is under contract with the County.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2013)	95,851
<small>Source: California Department of Finance</small>	
Number of Case Filings in FY 2011–2012:	
Criminal Filings:	
1. Felonies	991
2. Non-Traffic Misdemeanor	1,278
3. Non-Traffic Infractions	394
4. Traffic Misdemeanors	1,109
5. Traffic Infractions	11,827
Civil Filings:	
1. Civil Unlimited	440
2. Family Law (Marital)	509
3. Family Law Petitions	936
4. Probate	170
5. Limited Civil	1,181
6. Small Claims	293

<p>Juvenile Filings:</p> <ol style="list-style-type: none"> 1. Juvenile Delinquency – Original 119 2. Juvenile Delinquency – Subsequent 28 3. Juvenile Dependency – Original 91 4. Juvenile Dependency – Subsequent 0 <p>Source: Judicial Council of California's 2013 Court Statistics Report</p>	
<p>Number of Court Locations 2</p> <p>Number of Courtrooms 5</p> <p>Source: Superior Court of California, County of Sutter</p>	
<p>Judicial Officers as of June 30, 2012:</p> <p>Authorized Judgeships 5.0</p> <p>Authorized Subordinate Judicial Officers 0.3</p> <p>Source: Judicial Council of California's 2013 Court Statistics Report</p>	
<p>Court Staff as of June 30, 2013:</p> <p>Total Authorized FTE Positions 57.8</p> <p>Total Filled FTE Positions 49.8</p> <p>Total Fiscal Staff 2.0</p> <p>Source: Fourth Quarter FY 2012–2013 Quarterly Financial Statements and FY 2012 – 2013 Schedule 7A</p>	
<p>Select FY 2012-2013 Financial Information:</p> <p>Total Revenues \$5,001,810</p> <p>Total Expenditures \$5,426,730</p> <p>Total Personal Services Costs \$4,400,757</p> <p>Total Temporary Help Costs \$0</p> <p>Source: Fourth Quarter FY 2012–2013 Quarterly Financial Statements</p>	
<p>FY 2013-2014 Average Monthly Cash Collections \$17,793</p> <p>(As of July 31, 2013)</p> <p>Source: Superior Court of California, County of Sutter</p>	

FINANCIAL STATEMENTS

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

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

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

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

Two of the detailed policies are:

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

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

To assist in the fiscal accountability requirements of the branch, the Administrative Office of the Courts (AOC) developed and established the statewide fiscal infrastructure project, Phoenix Financial System, which is supported by the AOC Trial Court Administrative Services Division. The Superior Court of California, County of Sutter (Court), implemented

this fiscal system and processes its fiscal data through the Phoenix Financial System. The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two complete 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 a "product line" statement).

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

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

- **Governmental**
 - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
 - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
 - **Special Revenue**
 1. Small Claims Advisory – 120003
 2. Grand Jury – 120005
 3. Enhanced Collections – 120007
 4. 2% Automation – 180004
 - **Grants**
 1. AOC Grants – 190100
- **Fiduciary**
 - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."¹ Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held."

¹ GASB Statement No. 34, paragraph 69.

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

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

² GASB Statement No. 34, paragraph 12.

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

As of June 30,						
	2013				2012	
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue				
		Non-Grant	Grant			
ASSETS						
Operations	\$ (29,605)	\$ 31,154	\$ 0	\$ 1,984,621	\$ 1,986,170	\$ (70,493)
Payroll	\$ 0	\$ 0			\$ 0	\$ 0
Revolving Distribution						
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust				\$ (23,547)	\$ (23,547)	\$ 53,393
Cash on Hand	\$ 1,648				\$ 1,648	\$ 1,648
Cash with County	\$ 861,821			\$ (63,467)	\$ 798,354	\$ 1,529,713
Cash Outside of the AOC	\$ 248			\$ 414,286	\$ 414,534	\$ 451,533
Total Cash	\$ 834,112	\$ 31,154	\$ 0	\$ 2,311,893	\$ 3,177,159	\$ 1,965,794
Short Term Investment	\$ 220,022			\$ 120,773	\$ 340,794	\$ 361,160
Total Investments	\$ 220,022			\$ 120,773	\$ 340,794	\$ 361,160
Accrued Revenue	\$ 30,450				\$ 30,450	\$ 348
Accounts Receivable - General	\$ 0		\$ 207,295		\$ 207,295	\$ 185,000
Due From Employee	\$ 1				\$ 1	\$ 0
Due From Other Funds	\$ 212,555				\$ 212,555	\$ 213,630
Due From Other Governments	\$ 0	\$ 20,695			\$ 20,695	\$ 50,913
Due From State	\$ 67,970	\$ 3,115	\$ (2,321)		\$ 68,764	\$ 83,862
Trust Due To/From				\$ 1	\$ 1	\$ 1
General Due To/From	\$ 834	\$ 0			\$ 834	\$ 40,132
Total Receivables	\$ 311,811	\$ 23,810	\$ 204,975	\$ 1	\$ 540,597	\$ 573,887
Prepaid Expenses - General	\$ 0				\$ 0	\$ 0
Total Prepaid Expenses	\$ 0				\$ 0	\$ 0
Other Assets						
Total Other Assets						
Total Assets	\$ 1,365,944	\$ 54,964	\$ 204,975	\$ 2,432,667	\$ 4,058,550	\$ 2,900,840
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 41,034	\$ 628	\$ 8,256		\$ 49,918	\$ 163,893
Accounts Payable - General	\$ 2,181	\$ 0	\$ 0	\$ 0	\$ 2,181	\$ 17,047
Due to Other Funds	\$ 1	\$ 15,836	\$ 196,719	\$ 834	\$ 213,391	\$ 253,764
Due to State	\$ 25,792		\$ 0		\$ 25,792	\$ 0
TC145 Liability				\$ 123,488	\$ 123,488	\$ 118,368
Interest				\$ 3	\$ 3	\$ 22
Total Accounts Payable and Accrued Liab.	\$ 69,009	\$ 16,464	\$ 204,975	\$ 124,326	\$ 414,774	\$ 553,095
Civil				\$ 1,893,731	\$ 1,893,731	\$ 33,801
Criminal				\$ 60,882	\$ 60,882	\$ 33,972
Trust Held Outside of the AOC				\$ 350,819	\$ 350,819	\$ 439,671
Trust Interest Payable				\$ 829	\$ 829	
Miscellaneous Trust						
Total Trust Deposits				\$ 2,306,261	\$ 2,306,261	\$ 507,444
Accrued Payroll	\$ 123,096	\$ 4,012			\$ 127,108	\$ 0
Benefits Payable	\$ (1,651)				\$ (1,651)	\$ 36,085
Deferred Compensation Payable	\$ 4				\$ 4	\$ 5,000
Deductions Payable	\$ 19				\$ 19	\$ 74,348
Payroll Clearing	\$ 0	\$ 0			\$ 0	\$ 87,227
Total Payroll Liabilities	\$ 121,468	\$ 4,012			\$ 125,480	\$ 202,660
Revenue Collected in Advance						
Liabilities For Deposits	\$ 3,752				\$ 3,752	\$ 3,752
Jury Fees - Non-Interest				\$ 1,350	\$ 1,350	\$ 1,050
Fees - Partial Payment & Overpayment				\$ 731	\$ 731	\$ 849
Uncleared Collections	\$ (867)				\$ (867)	
Other Miscellaneous Liabilities						
Total Other Liabilities	\$ 2,886			\$ 2,081	\$ 4,966	\$ 5,652
Total Liabilities	\$ 193,363	\$ 20,476	\$ 204,975	\$ 2,432,667	\$ 2,851,481	\$ 1,268,850
Total Fund Balance	\$ 1,172,582	\$ 34,488	\$ 0		\$ 1,207,070	\$ 1,631,990
Total Liabilities and Fund Balance	\$ 1,365,944	\$ 54,964	\$ 204,975	\$ 2,432,667	\$ 4,058,550	\$ 2,900,840

Source: Phoenix Financial System

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

	For the Fiscal Year Ending June 30,						
	2013				2012		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 3,486,994	\$ 34,265		\$ 3,521,259	\$ 3,252,337	\$ 4,454,460	\$ 4,469,854
Trial Court Improvement Fund	\$ 12,299			\$ 12,299	\$ 12,301	\$ 11,047	\$ 12,301
Court Interpreter (45.45)	\$ 245,208			\$ 245,208	\$ 265,000	\$ 266,495	\$ 310,233
MOU Reimbursements (45.10 and General)	\$ 163,048			\$ 163,048	\$ 189,257	\$ 179,406	\$ 181,505
Other Miscellaneous	\$ 240,647			\$ 240,647	\$ 88,090	\$ 88,090	
	\$ 4,148,196	\$ 34,265		\$ 4,182,461	\$ 3,806,985	\$ 4,999,498	\$ 4,973,893
Grants							
AB 1058 Commissioner/Facilitator			\$ 286,118	\$ 286,118	\$ 305,648	\$ 339,024	\$ 340,202
Other AOC Grants			\$ 86,250	\$ 86,250	\$ 86,250	\$ 80,000	\$ 80,000
Non-AOC Grants							
			\$ 372,368	\$ 372,368	\$ 391,898	\$ 419,024	\$ 420,202
Other Financing Sources							
Interest Income	\$ 21,773	\$ 4		\$ 21,777	\$ 25,000	\$ 31,008	\$ 54,000
Local Fees	\$ 154,349			\$ 154,349	\$ 136,520	\$ 137,584	\$ 118,760
Non-Fee Revenues						\$ 0	\$ 3,505
Enhanced Collections		\$ 171,833		\$ 171,833	\$ 180,000	\$ 199,016	\$ 234,365
Escheatment						\$ 238	
Prior Year Revenue	\$ 30,636			\$ 30,636			
County Program - Restricted		\$ 5,059		\$ 5,059	\$ 4,750	\$ 4,302	\$ 4,369
Reimbursement Other	\$ 1,022			\$ 1,022	\$ 1,500	\$ 8,750	\$ 3,341
Other Miscellaneous	\$ 62,304			\$ 62,304	\$ 40,000	\$ 48,568	\$ 20,900
	\$ 270,085	\$ 176,897		\$ 446,981	\$ 387,770	\$ 429,466	\$ 439,240
Total Revenues	\$ 4,418,281	\$ 211,162	\$ 372,368	\$ 5,001,810	\$ 4,586,653	\$ 5,847,988	\$ 5,833,335
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 2,507,642	\$ 86,817	\$ 189,172	\$ 2,783,631	\$ 2,908,648	\$ 3,331,765	\$ 3,348,023
Overtime	\$ 504			\$ 504		\$ 2,882	
Staff Benefits	\$ 1,455,569	\$ 51,558	\$ 109,495	\$ 1,616,622	\$ 1,824,337	\$ 1,914,153	\$ 2,095,924
	\$ 3,963,715	\$ 138,375	\$ 298,667	\$ 4,400,757	\$ 4,732,985	\$ 5,248,799	\$ 5,443,947
Operating Expenses and Equipment							
General Expense	\$ 112,279	\$ 317	\$ 9,336	\$ 121,932	\$ 179,248	\$ 144,170	\$ 107,411
Printing	\$ 12,652	\$ 160		\$ 12,812	\$ 29,865	\$ 30,347	\$ 38,977
Telecommunications	\$ 33,396	\$ 274		\$ 33,671	\$ 27,600	\$ 29,532	\$ 25,312
Postage	\$ 32,168	\$ 6,846	\$ 679	\$ 39,694	\$ 54,710	\$ 55,921	\$ 77,602
Insurance	\$ 2,280			\$ 2,280	\$ 2,892	\$ 2,892	\$ 1,111
In-State Travel	\$ 1,937		\$ 81	\$ 2,017	\$ 6,813	\$ 6,336	\$ 4,995
Out-of-State Travel			\$ 1,454	\$ 1,454			
Training	\$ 525		\$ 890	\$ 1,415	\$ 2,870	\$ 2,790	\$ 2,210
Security Services	\$ 480			\$ 480	\$ 1,200	\$ 1,050	\$ 2,696
Facility Operations	\$ 11,328			\$ 11,328	\$ 9,837	\$ 200,189	\$ 95,838
Utilities						\$ 20,498	\$ 24,046
Contracted Services	\$ 437,640	\$ 21,961	\$ 67,049	\$ 526,650	\$ 556,900	\$ 585,903	\$ 642,906
Consulting and Professional Services	\$ 7,270			\$ 7,270	\$ 6,020	\$ 6,325	\$ 6,020
Information Technology	\$ 265,379			\$ 265,379	\$ 455,512	\$ 118,097	\$ 84,087
Major Equipment					\$ 51,900	\$ 0	
Other Items of Expense	\$ 2,507			\$ 2,507	\$ 3,900	\$ 2,848	\$ 2,905
	\$ 919,841	\$ 29,558	\$ 79,490	\$ 1,028,889	\$ 1,389,267	\$ 1,206,896	\$ 1,116,116
Special Items of Expense							
Grand Jury		\$ 79		\$ 79			
Jury Costs	\$ 11,571			\$ 11,571	\$ 8,500	\$ 8,690	\$ 21,341
Capital Costs							
Internal Cost Recovery	\$ (51,158)	\$ 14,443	\$ 36,715	\$ 0	\$ 0	\$ 0	
Prior Year Expense Adjustment	\$ (14,566)			\$ (14,566)			
	\$ (54,153)	\$ 14,522	\$ 36,715	\$ (2,916)	\$ 8,500	\$ 8,690	\$ 21,341
Total Expenditures	\$ 4,829,403	\$ 182,456	\$ 414,871	\$ 5,426,730	\$ 6,130,752	\$ 6,464,386	\$ 6,581,404
Excess (Deficit) of Revenues Over Expenditures	\$ (411,123)	\$ 28,706	\$ (42,503)	\$ (424,920)	\$ (1,544,099)	\$ (616,398)	\$ (748,069)
Operating Transfers In (Out)	\$ (48,067)	\$ 5,563	\$ 42,503	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 1,631,771	\$ 219	\$ 0	\$ 1,631,990	\$ 1,631,990	\$ 2,248,388	\$ 2,248,388
Ending Balance (Deficit)	\$ 1,172,582	\$ 34,488	\$ 0	\$ 1,207,070	\$ 87,891	\$ 1,631,990	\$ 1,500,319

Source: Phoenix Financial System

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

	For the Fiscal Year Ending June 30,								
	2013						2012		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:									
Judges & Courtroom Support	\$ 367,603	\$ 279,152				\$ 646,754	\$ 818,541	\$ 649,349	\$ 777,671
Traffic & Other Infractions	\$ 345,494	\$ 16,573			\$ (558)	\$ 361,510	\$ 342,492	\$ 474,286	\$ 499,184
Other Criminal Cases	\$ 721,769	\$ 37,900			\$ (1,781)	\$ 757,888	\$ 847,862	\$ 964,339	\$ 858,161
Civil	\$ 361,625	\$ 24,006				\$ 385,632	\$ 441,202	\$ 468,052	\$ 636,796
Family & Children Services	\$ 378,489	\$ 74,603		\$ 0		\$ 453,092	\$ 416,213	\$ 664,229	\$ 726,457
Probate, Guardianship & Mental Health Services	\$ 272,245	\$ 4,119			\$ (11,227)	\$ 265,137	\$ 334,058	\$ 378,423	\$ 304,695
Juvenile Dependency Services	\$ 24,879	\$ 81,980				\$ 106,859	\$ 158,830	\$ 110,604	\$ 144,721
Juvenile Delinquency Services	\$ 37,514	\$ 3,070				\$ 40,584	\$ 57,317	\$ 126,019	\$ 53,636
Other Court Operations	\$ 299,610	\$ 20,044				\$ 319,654	\$ 286,481	\$ 370,214	\$ 354,091
Court Interpreters	\$ 268,034	\$ 44,743				\$ 312,777	\$ 310,915	\$ 313,285	\$ 344,178
Jury Services	\$ 39,367	\$ 17,149	\$ 11,650			\$ 68,167	\$ 70,097	\$ 71,331	\$ 88,745
Security	\$ 280,986	\$ 4,163				\$ 285,148	\$ 236,061	\$ 271,968	\$ 253,008
Trial Court Operations Program	\$ 3,397,616	\$ 607,502	\$ 11,650	\$ 0	\$ (13,566)	\$ 4,003,201	\$ 4,320,069	\$ 4,862,097	\$ 5,041,344
Enhanced Collections	\$ 130,277	\$ 33,493		\$ 0		\$ 163,769	\$ 175,833	\$ 194,110	\$ 235,711
Other Non-Court Operations	\$ 3,243	\$ 23				\$ 3,266	\$ 2,920	\$ 2,920	\$ 2,920
Non-Court Operations Program	\$ 133,520	\$ 33,516		\$ 0		\$ 167,035	\$ 175,833	\$ 197,030	\$ 235,711
Executive Office	\$ 233,761	\$ 3,960			\$ (1,000)	\$ 236,720	\$ 334,774	\$ 351,570	\$ 291,246
Fiscal Services	\$ 210,127	\$ 82,557				\$ 292,685	\$ 304,042	\$ 333,811	\$ 332,472
Human Resources	\$ 75,391	\$ 3,167				\$ 78,559	\$ 32,868	\$ 80,959	\$ 118,204
Business & Facilities Services	\$ 139,280	\$ 11,940				\$ 151,220	\$ 158,076	\$ 174,198	\$ 206,160
Information Technology	\$ 211,062	\$ 286,248				\$ 497,310	\$ 805,088	\$ 464,722	\$ 356,267
Court Administration Program	\$ 869,622	\$ 387,872			\$ (1,000)	\$ 1,256,494	\$ 1,634,849	\$ 1,405,259	\$ 1,304,349
Prior Year Adjustments Not Posted to a Program									
Total	\$ 4,400,757	\$ 1,028,889	\$ 11,650	\$ 0	\$ (14,566)	\$ 5,426,730	\$ 6,130,752	\$ 6,464,386	\$ 6,581,404

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 Sutter (Court) has:

- Designed and implemented an internal control structure that ensures 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 applicable trial court policies and procedures and the Court's own documented policies and procedures.
- Complied with applicable statutes and Rules of Court.

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

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

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on July 18, 2013.

The entrance meeting was held with the Court on August 7, 2013.

Audit fieldwork commenced on September 9, 2013.

Fieldwork was completed on November 15, 2013.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on May 5, 2014, with the following Court management:

- Mary Beth Todd, Court Executive Officer
- Brenda Cummings, Court Fiscal Manager

IAS received the Court's final management responses to the IAS recommendations on March 20, 2014, and final management responses to the Appendix A log items on April 16, 2014.

IAS 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 April 23, 2014. On May 7, 2014, IAS provided the Court with an updated report and Appendix A after considering its comments and suggestions. On May 9, 2014, the Court indicated it did not consider another review of the report necessary before IAS presented the report to the Judicial Council.

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

Joe Azevedo, Senior Auditor (auditor-in-charge)

Ed Duran, Auditor II

Lorraine De Leon, Auditor II

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 Sutter (Court) general ledger account balances that are considered associated with court administration. A description of the areas reviewed and how we reviewed them is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
920503 DUES & MEMBERSHIPS-OTHER	35.00	-	35.00	100.00%
920599 DUES AND MEMBERSHIP	-	35.00	(35.00)	-100.00%
* 933100 - TRAINING	1,415.00	2,789.67	(1,374.67)	-49.28%

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

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

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

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

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 contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Assets				
120051 SHORT TERM INVESTMENTS-CA	340,794.32	361,159.70	(20,365.38)	-5.64%
Liabilities				
374001 PAYROLL CLEARING ACCOUNT	-	87,226.63	(87,226.63)	-100.00%
374101 RETIREMENT CONTRIBUTIONS	-	33,162.77	(33,162.77)	-100.00%
374304 STATE DISABILITY INSURANC	-	1,345.75	(1,345.75)	-100.00%
374305 SOCIAL SECURITY & MEDICAR	-	17,901.49	(17,901.49)	-100.00%
374401 STATE INCOME TAX WITHHOLD	-	4,463.81	(4,463.81)	-100.00%
374501 FEDERAL INCOME TAX WITHHO	-	16,364.96	(16,364.96)	-100.00%
374602 GARNISHMENTS	-	248.00	(248.00)	-100.00%
374603 UNION DUES	18.96	861.29	(842.33)	-97.80%
374702 BENEFITS PAYABLE-MEDICAL	46.00	30,545.00	(30,499.00)	-99.85%
374703 BENEFITS PAYABLE-DENTAL E	(666.08)	3,407.03	(4,073.11)	-119.55%
374705 BENEFITS PAYABLE-LIFE EE	151.74	819.94	(668.20)	-81.49%
374706 BENEFITS PAYABLE-FLEX SPE	(1,240.16)	903.59	(2,143.75)	-237.25%
374709 BENEFITS PAYABLE-SUPP INS	57.45	409.90	(352.45)	-85.98%
374801 DEFERRED COMP PAYABLE	3.83	5,000.17	(4,996.34)	-99.92%
375001 ACCRUED PAYROLL	127,108.26	-	127,108.26	100.00%
Expenditures				
900301 SALARIES – PERMANENT	2,667,045.32	3,034,750.92	(367,705.60)	-12.12%
900320 LUMP SUM PAYOUTS	7,685.59	166,566.07	(158,880.48)	-95.39%
900325 BILINGUAL PAY	10,250.00	11,050.00	(800.00)	-7.24%
900330 VACATION PAY	105,287.90	119,397.66	(14,109.76)	-11.82%
900350 FURLOUGH & SALARY REDUCTI	(13,652.81)	-	(13,652.81)	-100.00%
900351 FURLOUGH CLOSURE (NON-JUD	7,015.36	-	7,015.36	100.00%
908301 OVERTIME	504.25	2,881.97	(2,377.72)	-82.50%
** SALARIES TOTAL	2,784,135.61	3,334,646.62	(550,511.01)	-16.51%
910301 SOCIAL SECURITY INS & MED	162,030.96	198,178.52	(36,147.56)	-18.24%
910302 MEDICARE TAX	38,558.42	46,348.19	(7,789.77)	-16.81%
* 910300 – TAX	200,589.38	244,526.71	(43,937.33)	-17.97%

910401 DENTAL INSURANCE	42,551.94	47,239.39	(4,687.45)	-9.92%
910501 MEDICAL INSURANCE	579,062.37	715,353.96	(136,291.59)	-19.05%
910502 FLEXIBLE BENEFITS	-	605.00	(605.00)	-100.00%
910503 RETIREE BENEFIT	5,690.00	-	5,690.00	100.00%
* 910400 - HEALTH INSURANCE	627,304.31	763,198.35	(135,894.04)	-17.81%
910601 RETIREMENT (NON-JUDICIAL)	677,452.88	818,559.63	(141,106.75)	-17.24%
* 910600 - RETIREMENT	677,452.88	818,559.63	(141,106.75)	-17.24%
912402 DEFERRED COMP - 457	14,080.46	16,241.26	(2,160.80)	-13.30%
* 912400 - DEFERRED COMPENSATION	14,080.46	16,241.26	(2,160.80)	-13.30%
* 912500 - WORKERS' COMPENSATION	74,431.00	61,561.00	12,870.00	20.91%
913301 UNEMPLOYMENT INSURANCE	18,178.00	4,491.96	13,686.04	304.68%
913501 LIFE INSURANCE	4,585.56	5,573.76	(988.20)	-17.73%
* 912700 - OTHER INSURANCE	22,763.56	10,065.72	12,697.84	126.15%
913850 BENEFIT REDUCTION SAVINGS	(1,030.04)	-	(1,030.04)	-100.00%
913851 BENEFIT REDUCTION	1,030.05	-	1,030.05	100.00%
* 913800 - OTHER BENEFITS	0.01	-	0.01	100.00%
** STAFF BENEFITS TOTAL	1,616,621.60	1,914,152.67	(297,531.07)	-15.54%
*** PERSONAL SERVICES TOTAL	4,400,757.21	5,248,799.29	(848,042.08)	-16.16%

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 a review of payroll reports and reconciliation documents. For selected employees, we validated payroll expenditures to supporting documents, including payroll registers, timesheets, and personnel files to determine whether 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 were minor issues associated with this area that are contained 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 Administrative Office of the Courts (AOC) 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 contained below.

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2013	June 30, 2012	\$ Inc. (Dec.)	% Change
Fund Balance				
535001 RESERVE FOR ENCUMBRANCES	117,777.27	-	117,777.27	100.00%
552001 FUND BALANCE - RESTRICTED	178,534.53	178,545.48	(10.95)	-0.01%
552002 FUND BALANCE - COMMITTED	-	340,758.00	(340,758.00)	-100.00%
553001 FUND BALANCE - ASSIGNED	1,453,455.09	1,729,084.05	(275,628.96)	-15.94%
615001 ENCUMBRANCES	(117,777.27)	-	(117,777.27)	-100.00%
***Fund Balances	1,631,989.62	2,248,387.53	(616,397.91)	-27.42%
Revenue				
** 837000-IMPROVEMENT FUND - REIMBUR	12,299.00	11,047.00	1,252.00	11.33%
** 840000-COUNTY PROGRAM - RESTRICTED	5,059.11	4,301.77	757.34	17.61%
Expenditures				
* 972200 - GRAND JURY COSTS	79.15	-	79.15	100.00%
***701100 OPERATING TRANSFERS IN	(558,861.03)	(703,003.18)	144,142.15	20.50%
***701200 OPERATING TRANSFERS OUT	558,861.03	703,003.18	(144,142.15)	-20.50%

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

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

4. Accounting Principles and Practices

Background

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

Since migrating onto the Phoenix Financial System, courts receive, among other things, general ledger accounting, analysis, and reporting support services from the AOC Trial Court Administrative Services Office (TCAS). Some of the benefits of the Phoenix Financial System are a consistent application of the 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 AOC. 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 AOC requests courts to list and report the federal grant awards they received.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Assets				
130001 A/R-ACCRUED REVENUE	30,450.23	347.62	30,102.61	8659.63%
131204 A/R-DUE FROM AOC	207,295.26	185,000.32	22,294.94	12.05%
131601 A/R - DUE FROM EMPLOYEE	1.14	-	1.14	100.00%
140004 TRUST-DUE FROM OPERATIONS	1.49	1.49	0.00	0.00%
140011 OPERATIONS-DUE FROM TRUST	834.39	84.74	749.65	884.65%
140013 OPERATIONS-DUE FROM UCF	-	40,047.28	(40,047.28)	-100.00%
140014 GENERAL-DUE FROM SPECIAL	212,555.32	213,630.40	(1,075.08)	-0.50%
150001 A/R - DUE FROM OTHER GOVTS	20,694.96	50,912.70	(30,217.74)	-59.35%
152000 A/R-DUE FROM STATE	68,764.37	83,862.00	(15,097.63)	-18.00%
** Receivables	540,597.16	573,886.55	(33,289.39)	-5.80%
*** Accounts Receivable	540,597.16	573,886.55	(33,289.39)	-5.80%

Revenue

** 812100-TCTF - PGM 10 OPERATIONS	3,521,259.00	4,454,460.00	(933,201.00)	-20.95%
** 816000-OTHER STATE RECEIPTS	240,647.00	88,090.00	152,557.00	173.18%
** 821000-LOCAL FEES REVENUE	154,349.47	137,584.17	16,765.30	12.19%
** 821200-ENHANCED COLLECTIONS - REV	171,833.32	199,016.32	(27,183.00)	-13.66%
** 823000-OTHER - REVENUE	62,304.39	48,806.10	13,498.29	27.66%
** 825000-INTEREST INCOME	21,776.99	31,007.61	(9,230.62)	-29.77%
** 831000-GENERAL FUND - MOU/REIMB	6,915.00	8,785.00	(1,870.00)	-21.29%
** 832000-PROGRAM 45.10 - MOU/REIMB	156,132.92	170,621.00	(14,488.08)	-8.49%
** 834000-PROGRAM 45.45 - REIMB	245,208.00	266,495.00	(21,287.00)	-7.99%
** 838000-AOC GRANTS - REIMB	372,367.89	419,024.00	(46,656.11)	-11.13%
** 860000-REIMBURSEMENTS - OTHER	1,022.42	8,750.10	(7,727.68)	-88.32%
** 890000-PRIOR YEAR REVENUE	30,635.60	-	30,635.60	100.00%

Expenditures

* 999900 -PRIOR YEAR EXPENSE ADJUST	(14,566.07)	-	(14,566.07)	-100.00%
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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 2012–2013 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 contained in Appendix A to this report.

5. Cash Collections

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Cash Accounts				
100000 POOLED CASH	2,120,727.97	70,905.69	2,049,822.28	2890.91%
100001 TRUST CASH IN OPS	858.05	1,454.63	(596.58)	-41.01%
100025 DISB CHECK-OPERATIONS	(134,558.08)	(141,398.76)	6,840.68	4.84%
100026 DISB CHECK-TRUST	(858.05)	(1,454.63)	596.58	41.01%
100165 TRUST DISBURSEMENT CHECK	(23,546.89)	(16,359.16)	(7,187.73)	-43.94%
118000 CASH-TRUST ACCOUNT	-	69,751.99	(69,751.99)	-100.00%
119001 CASH ON HAND - CHANGE FUND	1,648.00	1,648.00	0.00	0.00%
120001 CASH WITH COUNTY	798,353.95	1,529,712.74	(731,358.79)	-47.81%
120002 CASH OUTSIDE OF AOC	414,533.83	451,533.27	(36,999.44)	-8.19%
Overages/Shortages				
823004 CASHIER OVERTAGES	1,378.13	324.35	1,053.78	324.89%
952599 CASHIER SHORTAGES	105.00	169.00	(64.00)	-37.87%

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

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

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

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

There were minor issues associated with this area that are contained 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 contained in them.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
943201 IT MAINTENANCE	15,819.30	16,454.71	(635.41)	-3.86%
943202 IT MAINTENANCE - HARDWARE	97,887.38	11,349.40	86,537.98	762.49%
943203 IT MAINTENANCE - SOFTWARE	37,618.08	20,540.61	17,077.47	83.14%
* 943200 - IT MAINTENANCE	151,324.76	48,344.72	102,980.04	213.01%
943301 IT COMMERCIAL CONTRACTS	-	6,381.00	(6,381.00)	-100.00%
* 943300 - IT COMMERCIAL CONTRACT	-	6,381.00	(6,381.00)	-100.00%
943401 IT INTER-JURISDI CONTRACTS	15,000.00	-	15,000.00	100.00%
* 943400 - IT INTER-JURISDICTIONAL	15,000.00	-	15,000.00	100.00%
943501 IT REPAIRS & SUPPLIES	2,804.58	57,629.04	(54,824.46)	-95.13%
943502 IT SOFTWARE & LICENSING F	45,286.09	4,685.62	40,600.47	866.49%
943503 COMPUTER SOFTWARE	-	39.00	(39.00)	-100.00%
943505 SERVER SOFTWARE	29,941.24	1,017.94	28,923.30	2841.36%
943506 SECURITY SOFTWARE	20,930.68	-	20,930.68	100.00%
943599 IT REPAIRS/SUPPLIES/LICEN	91.69	-	91.69	100.00%
* 943500 - IT REPAIRS/SUPPLIES/LICE	99,054.28	63,371.60	35,682.68	56.31%
** INFORM TECHNOLOGY (IT) TOTAL	265,379.04	118,097.32	147,281.72	124.71%

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

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

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

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

6.1 The Court Needs to Improve Its Calculations and Distributions of Court Collections

Background

State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. Courts rely on the *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C* issued by the State Controller's Office and the *Uniform Bail and Penalty Schedules* issued by the Judicial Council to calculate and distribute these court collections to the appropriate State and local funds. Courts use either an automated system, manual process, or a combination of both to perform the often complex calculations and distributions required by law.

Issues

Our review of the Court's process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses JALAN as its case management system (CMS) for all case types. JALAN has the fiscal capability to automatically calculate the required distributions of the monies the Court collects. Monthly, the Court prepares a month-end report of non-civil fines, fees, and assessments collected, and submits this report to the County. It also prepares the remittance form for civil fines, fees, and assessments collected and remitted, and submits this form to the State Controller's Office.

To determine whether the Court correctly calculated and distributed its collections, we reviewed the calculated distributions of selected traffic and criminal cases with violations that the Court disposed from July 2012 through June 2013. In total, we reviewed 11 cases of the following case types:

- **Traffic Infraction (7 total)** – Red Light (3), Speeding (2), Proof of Correction (1), and Proof of Insurance (1).
- **Non-Traffic Infraction (1 total)** – Fish and Game (1).
- **Misdemeanor/Felony (3 total)** – DUI (2) and Reckless Driving (1).

Our review of the Court's calculated distributions of its collections noted the following calculation and distribution errors:

1. The Court did not transfer the GC 68090.8 two percent State Automation amount from the three PC 1463.22 base reductions for the one proof of insurance case reviewed. As a result, the Court made up the shortfall by adjusting its calculation of

the State portion of the PC 1464 State Penalty Assessment, the GC 76104.7 DNA Additional Penalty Assessment , and the PC 1465.7 20 percent State Surcharge.

In addition, the GC 68090.8 two percent State Automation amount was not transferred from the FG 12021 Secret Witness Penalty.

2. For the two DUI cases reviewed, the PC 1463.14(b) DUI Lab Test penalty was not assessed even though a county Board of Supervisors resolution authorizes the imposition of this additional penalty.
3. For the one reckless driving case reviewed, the PC 1463.18 DUI Indemnity base reduction was imposed even though it is only applicable to DUI convictions, and is not applicable to reckless driving convictions.
4. The Court did not include the \$4 GC 76000.10(c) EMAT Penalty as a part of the VC 42007 Traffic Violator School (TVS) fee in the two traffic school cases reviewed. Instead, the \$4 GC 76000.10(c) EMAT Penalty was distributed similar to a non-traffic school case.
5. For the one red light case and the one red light traffic school case reviewed, the Court did not apply the PC 1463.11 and VC 42007.3 30 percent Red Light Allocations, respectively, to the \$4 GC 76000.10(c) EMAT Penalty. For the traffic school case, this EMAT penalty should be a part of the TVS fee from which the 30 percent red light allocation is applied.

Recommendations

To improve the accuracy of its calculations and distributions of Court collections, the Court should consider the following:

1. Analyze its JALAN CMS distribution tables to ensure that the GC 68090.8 two percent State Automation amount is transferred from the PC 1463.22 base reductions in proof of insurance cases, and from the FG 12021 Secret Witness Penalties.
2. Configure its JALAN CMS to assess the PC 1463.14(b) DUI Lab Test Penalty in DUI cases.
3. Analyze its JALAN CMS distribution tables to ensure that the PC 1463.18 DUI Indemnity base fine reduction is not imposed in reckless driving cases.
4. Analyze its JALAN CMS distribution tables to ensure that the \$4 GC 76000.10(c) EMAT Penalty is included as a part of the VC 42007 TVS fee in traffic school cases.
5. Analyze its JALAN CMS distribution tables to ensure that the PC 1463.11 30 percent Red Light Allocation is applied to the \$4 GC 76000.10(c) EMAT Penalty in red light cases. Also, ensure that the VC 42007.3 30 percent Red Light Allocation is being applied to the TVS fee that includes the \$4 EMAT penalty.

Superior Court Response By: Brenda Cummings, Court Fiscal Manager Date: 3/17/14

1. The Court's JALAN CMS has been updated to ensure that the GC 68090.8 2% Automation in transferred from PC 1463.22 and FG 12021.
2. The Court does not consider this a distribution issue, as the penalty must be imposed in an amount ordered by the court after making a determination of ability to pay. Court will make efforts to inform the Bench Officers of the Board Resolution so the penalty maybe imposed as required by statute.
3. The Court's distribution table has been updated to ensure that PC 1463.18 is not imposed in reckless driving cases.
- 4/5. The Court's distribution tables will be updated to ensure that the \$4 GC 76000.10(c) is included in TVS, Red Light, and Red Light TVS cases.

Date of Corrective Action: 3/31/14

Responsible Person(s): Brenda Cummings, Court Fiscal Manager

7. Banking and Treasury

Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under court control. The FIN Manual, Policy No. FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located and receive interest income on funds deposited with the AOC Treasury. Courts typically deposit in AOC-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 contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Assets				
100000 POOLED CASH	2,120,727.97	70,905.69	2,049,822.28	2890.91%
100001 TRUST CASH IN OPS	858.05	1,454.63	(596.58)	-41.01%
100025 DISB CHECK-OPERATIONS	(134,558.08)	(141,398.76)	6,840.68	4.84%
100026 DISB CHECK-TRUST	(858.05)	(1,454.63)	596.58	41.01%
100165 TRUST DISBURSEMENT CHECK	(23,546.89)	(16,359.16)	(7,187.73)	-43.94%
118000 CASH-TRUST ACCOUNT	-	69,751.99	(69,751.99)	-100.00%
119001 CASH ON HAND - CHANGE FUND	1,648.00	1,648.00	0.00	0.00%
120001 CASH WITH COUNTY	798,353.95	1,529,712.74	(731,358.79)	-47.81%
120002 CASH OUTSIDE OF AOC	414,533.83	451,533.27	(36,999.44)	-8.19%
120051 SHORT TERM INVESTMENTS-CA	340,794.32	361,159.70	(20,365.38)	-5.64%
*** Cash and Cash Equivalents	3,517,953.10	2,326,953.47	1,190,999.63	51.18%
Liabilities				
301001 A/P - GENERAL	2,181.00	17,047.46	(14,866.46)	-87.21%
314004 OPERATIONS-DUE TO TRUST	1.49	1.49	0.00	0.00%
314011 TRUST-DUE TO OPERATIONS	834.39	84.74	749.65	884.65%
314013 UCF-DUE TO OPERATIONS	-	40,047.28	(40,047.28)	-100.00%
314014 SPECIAL REVENUE-DUE TO GE	212,555.32	213,630.40	(1,075.08)	-0.50%
321501 A/P DUE TO STATE	25,792.43	-	25,792.43	100.00%
321600 A/P - TC145 LIABILITY	123,487.86	118,367.99	5,119.87	4.33%
323010 TREASURY INTEREST PAYABLE	3.44	22.29	(18.85)	-84.57%
330001 A/P - ACCRUED LIABILITIES	49,917.96	163,893.01	(113,975.05)	-69.54%
*** Accounts Payable	414,773.89	553,094.66	(138,320.77)	-25.01%
351003 LIABILITIES FOR DEPOSITS	3,752.22	3,752.22	0.00	0.00%
353002 CIVIL TRUST-CONDEMNATION	1,841,172.60	-	1,841,172.60	100.00%
353003 CIVIL TRUST-OTHER(RPRTR	52,558.48	33,800.69	18,757.79	55.50%
353004 JURY FEES- NON-INTEREST B	1,350.00	1,050.00	300.00	28.57%
353005 TRAFFIC	10,882.00	18,972.14	(8,090.14)	-42.64%
353006 CRIMINAL - GENERAL	50,000.00	15,000.00	35,000.00	233.33%
353031 OVERPAYMENT OF FEES	730.73	849.42	(118.69)	-13.97%

353090 FUNDS HELD OUTSIDE OF THE	350,818.82	439,670.94	(88,852.12)	-20.21%
353999 TRUST INTEREST PAYABLE	828.71	-	828.71	100.00%
Revenue				
** 825000-INTEREST INCOME	21,776.99	31,007.61	(9,230.62)	-29.77%
Expenditures				
920301 MERCHANT FEES	17,023.44	12,741.31	4,282.13	33.61%
920302 BANK FEES	7,045.87	7,262.52	(216.65)	-2.98%

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

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

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

8. Court Security

Background

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
934512 ALARM SERVICE	480.00	1,050.00	(570.00)	-54.29%
* 934500 - SECURITY	480.00	1,050.00	(570.00)	-54.29%
941101 SHERIFF – REIMBURSEMENTS	7,270.00	6,325.00	945.00	14.94%
* 941100 – SHERIFF	7,270.00	6,325.00	945.00	14.94%

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

9. Procurement

Background

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

The table below presents 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 contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
* 920200 - LABORATORY EXPENSE	37.00	45.00	(8.00)	-17.78%
* 920500 - DUES AND MEMBERSHIPS	35.00	35.00	0.00	0.00%
* 920600 - OFFICE EXPENSE	23,218.60	30,246.27	(7,027.67)	-23.23%
* 921500 - ADVERTISING	607.94	-	607.94	100.00%
* 921700 - MEETINGS, CONFERENCES, E	316.53	465.10	(148.57)	-31.94%
* 922300 - LIBRARY PURCHASES AND SU	27,240.39	24,093.92	3,146.47	13.06%
* 922500 - PHOTOGRAPHY	-	7.46	(7.46)	-100.00%
* 922600 - MINOR EQUIPMENT - UNDER	29,638.74	20,345.89	9,292.85	45.67%
* 922700 - EQUIPMENT RENTAL/LEASE	4,858.83	7,936.49	(3,077.66)	-38.78%
* 922800 - EQUIPMENT MAINTENANCE	3,194.71	29,310.00	(26,115.29)	-89.10%
* 922900 - EQUIPMENT REPAIRS	1,327.13	2,387.43	(1,060.30)	-44.41%
* 923900 - GENERAL EXPENSE - SERVIC	5,941.69	5,813.12	128.57	2.21%
* 924500 - PRINTING	12,811.69	30,347.18	(17,535.49)	-57.78%
* 925100 - TELECOMMUNICATIONS	33,670.78	29,532.16	4,138.62	14.01%
* 926200 - STAMPS, STAMPED ENVELOPE	39,693.81	55,920.77	(16,226.96)	-29.02%
* 928800 - INSURANCE	2,280.00	2,892.00	(612.00)	-21.16%
* 933100 - TRAINING	1,415.00	2,789.67	(1,374.67)	-49.28%
* 934500 - SECURITY	480.00	1,050.00	(570.00)	-54.29%
* 935200 - RENT/LEASE	2,054.09	77,628.66	(75,574.57)	-97.35%
* 935300 - JANITORIAL	4,821.16	5,213.96	(392.80)	-7.53%
* 935400 - MAINTENANCE AND SUPPLIES	1,734.67	4,744.54	(3,009.87)	-63.44%

* 935500 - GROUNDS	-	17.13	(17.13)	-100.00%
* 935600 - ALTERATION	2,552.39	110,759.69	(108,207.30)	-97.70%
* 935700 - OTHER FACILITY COSTS - GDS	107.15	114.16	(7.01)	-6.14%
* 935800 - OTHER FACILITY COSTS - SRVC	58.80	1,710.49	(1,651.69)	-96.56%
* 936100 -UTILITIES	-	20,498.07	(20,498.07)	-100.00%
* 938300 - GENERAL CONSULTANT AND P	118,104.54	139,116.37	(21,011.83)	-15.10%
* 938500 - COURT INTERPRETER SERVIC	42,707.99	37,213.20	5,494.79	14.77%
* 938600 - COURT REPORTER SERVICES	148,037.51	138,656.95	9,380.56	6.77%
* 938700 - COURT TRANSCRIPTS	37,053.34	48,088.39	(11,035.05)	-22.95%
* 938800 - COURT APPOINTED COUNSEL	130,392.50	170,306.39	(39,913.89)	-23.44%
* 938900 - INVESTIGATIVE SERVICES	160.75	2,421.49	(2,260.74)	-93.36%
* 939000 - COURT ORDERED PROFESSIO	25,810.00	22,950.00	2,860.00	12.46%
* 939200 - COLLECTION SERVICES	24,382.95	27,149.78	(2,766.83)	-10.19%
* 943200 - IT MAINTENANCE	151,324.76	48,344.72	102,980.04	213.01%
* 943300 - IT COMMERCIAL CONTRACT	-	6,381.00	(6,381.00)	-100.00%
* 943400 - IT INTER-JURISDICTIONAL	15,000.00	-	15,000.00	100.00%
* 943500 - IT REPAIRS/SUPPLIES/LIC	99,054.28	63,371.60	35,682.68	56.31%
* 945200 - MAJOR EQUIPMENT	-	0.01	(0.01)	-100.00%
* 952300 - VEHICLE OPERATIONS	2,401.98	2,679.01	(277.03)	-10.34%

Although we limited our testing so as to not duplicate the recent procurement audit work performed by the California State Auditor, we reviewed the Court's procurement procedures and practices to determine whether its purchasing, approval, receipt, and payment roles are adequately segregated. We also performed limited testing on selected purchases to determine whether the Court obtained approvals from authorized individuals, and complied with other applicable JCBM procurement requirements.

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

10. Contracts

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures – Contracted Services				
* 938300 - GENERAL CONSULTANT AND P	118,104.54	139,116.37	(21,011.83)	-15.10%
* 938500 - COURT INTERPRETER SERVIC	42,707.99	37,213.20	5,494.79	14.77%
* 938600 - COURT REPORTER SERVICES	148,037.51	138,656.95	9,380.56	6.77%
* 938700 - COURT TRANSCRIPTS	37,053.34	48,088.39	(11,035.05)	-22.95%
* 938800 - COURT APPOINTED COUNSEL	130,392.50	170,306.39	(39,913.89)	-23.44%
* 938900 - INVESTIGATIVE SERVICES	160.75	2,421.49	(2,260.74)	-93.36%
* 939000 - COURT ORDERED PROFESS	25,810.00	22,950.00	2,860.00	12.46%
* 939200 - COLLECTION SERVICES	24,382.95	27,149.78	(2,766.83)	-10.19%

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

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

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

10.1 The Court Needs to Enter Into an MOU for County-Provided Services and Strengthen its Review of County Invoices

Background

Pursuant to Government Code Section 77212, Paragraph (d), courts must enter into a contract, otherwise known as a Memorandum of Understanding (MOU), with counties for

services provided to the courts by the counties. The MOU must identify the scope of service, method of service delivery, term of agreement, anticipated service outcomes, and the cost of the service provided. The courts and counties are to cooperate in developing and implementing the contract.

When processing county invoices for payment, FIN Policy No. 8.01 and 8.02 provide uniform guidelines for courts to use when processing county invoices for payment. These guidelines include procedures for preparing invoices for processing, matching invoices to procurement documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Issues

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

1. At the time of our review, the Court had not entered into an MOU with the County for mail services provided to the Court by an outside vendor under contract with the County. Consequently, Court accounts payable staff cannot be sure of the services the Court should be paying, and their associated costs.
2. The Court did not consistently follow the FIN Manual procedures for processing the invoices for the five county expenditures we selected for review. Specifically, the Court did not demonstrate receipt of services as part of the three-point match on all five county invoices. Also, the Court did not document payment approval on all five county invoices, such as with a payment approval signature from an authorized Court official; therefore, the Court could not demonstrate that an authorized Court employee approved payment of the invoices.

Recommendations

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

1. Enter into a Memorandum of Understanding for all county-provided services, including all required information pursuant to Government Code Section 77212.
2. Provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices for payment, including matching invoices to proof of receipt of goods and/or services, and obtaining invoice payment approval signature on the invoice by an the appropriate-level authorized Court employee.

Superior Court Response By: Brenda Cummings, Court Fiscal Manager Date: 3/17/14

1. The Court acknowledges the requirements under Government Code section 77212 and will weigh the feasibility of entering into discussions with the county. The Court also notes that with the move to a new courthouse in Spring 2015, the Court will no longer utilize the services of the county for the provision of mail services.
2. The Court lost its Fiscal Technician position in February 2013 due to workforce reductions and acknowledges it is more difficult to follow the FIN Manual invoice processing guidelines. The Court has provided training to A/P staff to ensure they follow the FIN Manual guidelines to the greatest extent possible; and require notification to the Fiscal Manager and/or CEO when they cannot adequately follow the FIN Manual invoice processing guidelines.

Date of Corrective Action: 4/30/14

Responsible Person(s): Brenda Cummings, Court Fiscal Manager

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 contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Liabilities				
*** Accounts Payable	414,773.89	553,094.66	(138,320.77)	-25.01%
*** Current Liabilities	2,436,706.85	715,755.74	1,720,951.11	240.44%
Reimbursements - Other				
** 860000-REIMBURSEMENTS - OTHER	1,022.42	8,750.10	(7,727.68)	-88.32%
Expenditures				
* 920600 - OFFICE EXPENSE	23,218.60	30,246.27	(7,027.67)	-23.23%
* 920700 - FREIGHT AND DRAYAGE	249.89	38.25	211.64	553.31%
* 921500 - ADVERTISING	607.94	-	607.94	100.00%
* 921700 - MEETINGS, CONFERENCES, E	316.53	465.10	(148.57)	-31.94%
* 922300 - LIBRARY PURCHASES AND SU	27,240.39	24,093.92	3,146.47	13.06%
* 922500 - PHOTOGRAPHY	-	7.46	(7.46)	-100.00%
* 922700 - EQUIPMENT RENTAL/LEASE	4,858.83	7,936.49	(3,077.66)	-38.78%
* 922800 - EQUIPMENT MAINTENANCE	3,194.71	29,310.00	(26,115.29)	-89.10%
* 922900 - EQUIPMENT REPAIRS	1,327.13	2,387.43	(1,060.30)	-44.41%
* 924500 - PRINTING	12,811.69	30,347.18	(17,535.49)	-57.78%
* 925100 - TELECOMMUNICATIONS	33,670.78	29,532.16	4,138.62	14.01%
* 926200 - STAMPS, STAMPED ENVELOPE	39,693.81	55,920.77	(16,226.96)	-29.02%
* 928800 - INSURANCE	2,280.00	2,892.00	(612.00)	-21.16%
* 929200 - TRAVEL- IN STATE	2,017.39	6,335.54	(4,318.15)	-68.16%
* 931100 - TRAVEL OUT OF STATE	1,454.49	-	1,454.49	100.00%
* 933100 - TRAINING	1,415.00	2,789.67	(1,374.67)	-49.28%
* 935300 - JANITORIAL	4,821.16	5,213.96	(392.80)	-7.53%

* 935400 - MAINTENANCE AND SUPPLIES	1,734.67	4,744.54	(3,009.87)	-63.44%
* 935500 - GROUNDS	-	17.13	(17.13)	-100.00%
* 935600 - ALTERATION	2,552.39	110,759.69	(108,207.30)	-97.70%
* 935700 - OTHER FACILITY COSTS - G	107.15	114.16	(7.01)	-6.14%
* 935800 - OTHER FACILITY COSTS - S	58.80	1,710.49	(1,651.69)	-96.56%
* 936100 -UTILITIES	-	20,498.07	(20,498.07)	-100.00%
* 938300 - GENERAL CONSULTANT AND P	118,104.54	139,116.37	(21,011.83)	-15.10%
* 938500 - COURT INTERPRETER SERVIC	42,707.99	37,213.20	5,494.79	14.77%
* 938600 - COURT REPORTER SERVICES	148,037.51	138,656.95	9,380.56	6.77%
* 938700 - COURT TRANSCRIPTS	37,053.34	48,088.39	(11,035.05)	-22.95%
* 938800 - COURT APPOINTED COUNSEL	130,392.50	170,306.39	(39,913.89)	-23.44%
* 938900 - INVESTIGATIVE SERVICES	160.75	2,421.49	(2,260.74)	-93.36%
* 939000 - COURT ORDERED PROFESSION	25,810.00	22,950.00	2,860.00	12.46%
* 939200 - COLLECTION SERVICES	24,382.95	27,149.78	(2,766.83)	-10.19%
* 952300 - VEHICLE OPERATIONS	2,401.98	2,679.01	(277.03)	-10.34%
* 965100 - JUROR COSTS	11,570.74	8,690.20	2,880.54	33.15%

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 *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

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

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

Background

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

Specifically, FIN 8.01 and FIN 8.02 provide uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are permitted to approve invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include preparing invoices for processing, matching invoices to purchase

documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Issues

To determine whether the Court adheres to the invoice processing policies and procedures in the FIN Manual, we interviewed appropriate Court staff regarding the Court's current invoice processing practices. We also reviewed selected invoices and claims paid in fiscal year 2012–2013 and identified the following weaknesses and areas of noncompliance:

1. The Court did not consistently follow the FIN Manual procedures for processing the 39 paid invoices and claims we selected to review. For example, we noted the following:
 - a. An employee, other than an employee authorized to approve payments, approved 17 invoices and claims for payment. In addition, another six invoices did not contain any evidence of approval for payment.
 - b. For 13 invoices and claims, the same individual who purchased the item performed the incompatible duty of approving the payment of the corresponding invoice. For another four invoices, we could not determine who procured the goods and/or services because the Court could not provide a procurement document. Further, a fifth invoice for fuel purchases did not note who purchased one of the five fuel purchases on the invoice. As a result, we could not determine whether the person approving payment of these five invoices was someone other than the person who procured the goods and/or services.
 - c. For nine invoices and claims, the Court could not provide a procurement document to demonstrate that the Court accounts payable staff matched and agreed the invoices to the associated procurement documents. As a result, the Court could not demonstrate how accounts payable staff determined that the invoice payment agreed to the terms of the applicable procurement document.
 - d. For six invoices and claims, the Court could not demonstrate receipt of the goods and/or services billed on the invoice as part of the three-point match verification process.

Recommendations

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

1. Provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices and claims for payment. For example, ensure that appropriate authorized officials sign-approve invoices for payment, verify items and rates billed agree with the terms of the associated procurement document, and obtain proof of acceptable receipt of goods and/or services as a part of the three-point match verification process before processing the invoice for payment.

Superior Court Response By: Brenda Cummings, Court Fiscal Manager Date: 3/17/14

The Court strives to follow appropriate procedures and meet segregation of duties guidelines. Due to the small court size and loss of positions due to workforce reductions in February 2013, it is occasionally difficult to meet all guidelines.

The Court will provide training and inform staff of guidelines, and will use the technical assistance of Internal Audit Services to better conform to FIN Manual guidelines. Staff will be instructed to notify the Fiscal Manager and/or CEO when proper segregation of duties cannot be achieved.

Date of Corrective Action: 4/30/14

Responsible Person(s): Brenda Cummings, Fiscal Manager

11.2 The Court Needs to Strengthen Its Business-Related Meal Expense Procedures

Background

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

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

- a. Date of the business meal(s).
- b. Scheduled start and end time of the meeting.
- c. Statement explaining the business purpose of the meeting.
- d. Category and duration of business meal. Example: Breakfast 8:00- 8:30 (30 min).
- e. Location/place of the business meal.
- f. Copy of the formal agenda, if applicable.
- g. List of expected attendees, their titles, and affiliations.

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

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

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

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

Issues

To determine whether the Court followed the business meal expense rules required in the FIN Manual, we interviewed appropriate Court staff regarding its business-related meal expense reimbursement practices. We also reviewed selected business-related meal expense transactions from FY 2012-2013. Our review determined that the Court needs to improve its procedures to adequately justify its business-related meal expenditures. Specifically, we noted the following:

1. The Court did not complete a standard business-related meal form containing all the pertinent information required by the FIN Manual for all four business-related meal expenditures we reviewed. As a result, the Court could not demonstrate that two of the four business-related meal expenditures were pre-approved by the PJ, CEO, or designee. Also, we could not determine whether the business function occurred within the required time frames for three of the four business-related meal expenditures we reviewed. In addition, the fourth business-related meal expenditure did not meet the required time frame for lunch, and the Court did not document approval of a written exception for not meeting the time requirement. Further, we could not determine whether meal rates were exceeded in all four business-related meal expenditures reviewed because the Court did not document a list of attendees' names, titles, and affiliations.
2. The Court also paid for unallowable business meal expenses. Specifically, the records supporting two of the four business-related meal expenditures, as well as a portion of a third business-related meal expenditure, indicated that the expenses for snacks and refreshments were associated with retirement celebrations. However, business meal expenses for retirement celebrations are specifically unallowable per the FIN Manual, Policy No. FIN 8.05, Section 6.8, Paragraph 1.

Recommendations

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

1. Require the use of a business-related meal expense form, memo, or e-mail to document the advance written approval by the PJ, or written designee, of the business-related meal expenditure. Also, ensure that the business-related meal expense form, memo, or e-mail is completed with all pertinent information required by the FIN Manual, including the beginning and end times of the business meal, a statement explaining the business purpose of the meeting, the reason why court business could not be conducted at a time other than during a meal period, the location of the business meal, and a list of attendees.
2. Ensure that officials approving business-related meal expenses and fiscal staff processing payments are knowledgeable of the situations when meal expenses are not allowable; such as for retirement celebrations, meals with vendors or potential vendors, or informal meetings.

Superior Court Response By: Brenda Cummings, Court Fiscal Manager Date: 3/17/14

The items identified were not meals but were treats (cookies, cake, water) provided in conjunction with an employee recognition or motivation event. In reviewing FIN 8.05, the term meal is not defined and it is not clear that treats of nominal value purchased for the purpose described fall within this policy. That notwithstanding, the court has discontinued its practice of providing “treats” as tokens of employee recognition and motivation events.

The court has implemented and will continue to use the standard business-related meal form to properly document and receive approval for appropriate business related meals in accordance with FIN 8.05.

Date of Corrective Action: 12/1/2013

Responsible Person(s): Brenda Cummings, Court Fiscal Manager

12. Fixed Assets Management

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	19,908.59	(8.28)	19,916.87	240541.91%
922603 OFFICE FURNITURE - MINOR	-	328.96	(328.96)	-100.00%
922607 CARTS, PALLETS, HAND TRUCK	294.75	-	294.75	100.00%
922609 WEAPON SCREENING EQUIP	-	90.28	(90.28)	-100.00%
922610 COMPUTER ACCESSORIES	-	624.06	(624.06)	-100.00%
922611 COMPUTER	8,765.65	16,941.90	(8,176.25)	-48.26%
922612 PRINTERS	620.36	1,746.53	(1,126.17)	-64.48%
922699 MINOR EQUIPMENT	49.39	622.44	(573.05)	-92.07%
* 922600 - MINOR EQUIPMENT	29,638.74	20,345.89	9,292.85	45.67%
945203 MAJOR EQUIPMENT-FURNITURE	-	0.01	(0.01)	-100.00%
* 945200 - MAJOR EQUIPMENT	-	0.01	(0.01)	-100.00%

Due to other higher-risk areas and the small size of the Court, we did not review this area.

13. Audits

Background

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

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, IAS initiated an audit of the Court in 2007 that included a review of various fiscal and operational processes. Issues from the 2007 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 significant issues to report to management in this area. Issues that repeat from the prior audit are identified in Appendix A to this report as “repeat” issues.

14. Records Retention

Background

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

The table below presents 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 contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2013	June 30, 2012		
Expenditures				
935203 STORAGE	2,054.09	2,453.89	(399.80)	-16.29%

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

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

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

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

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

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

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

17. Bail

Background

In general, bail is used to influence the presence of a defendant before the court and is most commonly submitted in the form of cash or a surety bond. Surety bonds are contracts guaranteeing that specific obligations will be fulfilled and may involve meeting a contractual commitment, paying a debt, or performing certain duties. Bail bonds are one type of surety bond. If someone is arrested on a criminal charge the court may direct he be held in custody until trial, unless he furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. "Bail 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) outlines certain conditions for insurance companies to meet prior to being accepted or approved as a surety on a bond:

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

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

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

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

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

APPENDIX A

**Superior Court of California,
County of Sutter**

Issue Control Log

Note:

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

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

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

November 2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1 Court Administration								
		Log	One submitted matter reviewed was under submission for 116 days. Although this undecided matter appeared on the Court's new monthly Under Submission Reports for four months, the reports for the first three months did not report the number of days under submission. As a result, the PJ and CEO likely did not realize that this matter was nearing being under submission for over 90 days. The Court added the number of days under submission to its Under Submission Report beginning with its March 2013 report, which was finalized in mid-April 2013. Therefore, the PJ and CEO now receive information regarding the number of days a matter is under submission when reviewing the monthly Under Submission Reports.		C	Court agrees. Under Submission Procedure has been revised and the Judges' Pay Affidavits procedure have been updated.	Karen Smith, Court Operations Manager	March 17, 2014
2 Fiscal Management and Budgets								
		Log	Although derived from an AOC master agreement, the Court does not have on file a separate signed agreement with ADP.	I		Court Agrees. Court will contact AOC to bring agreement current.	Brenda Cummings, Fiscal Manager	June 30, 2014
		Log	Of the 10 personnel files reviewed, two files were each missing a document supporting the employee's associated voluntary payroll deduction.		C	Court Agrees. HR updated files with current forms.	Karen Smith, Court Operations Manager/ Becky Hill, Administrative Specialist	March 10, 2014
		Log	One Court employee retained seniority from county employment for the purpose of leave accrual. However, this employee transferred employment from the county to the Court in May 2003, more than two years after the January 2001 cutoff date stated in the Court's policies and procedures for transferring county seniority.		C	Court Agrees. This was a negotiated term of employment at time of hire. The policy exception has been documented and filed in the employee's personnel file.	Karen Smith, Court Operations Manager	May 2, 2014
		Log	The Court's personnel policies and procedures state that non-exempt employees must have prior written approval before working overtime. However, one employee's overtime form we reviewed was not signed approved until after the overtime was incurred.		C	Oral pre-approval was previously allowed. Procedure has been modified to require written approval. HR/Payroll will monitor compliance.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	March 1, 2014
3 Fund Accounting			No issues noted.					
4 Accounting Principles and								
		Log	The Court did not assign a unique WBS element code to account for the legally restricted revenue it recorded in the General Fund. Specifically, the Court received additional payments for the filing of a motion or order to show cause to modify or enforce custody or visitation. The Court is to use these monies to cover the costs of mediation and services provided by the family law facilitator. However, by not assigning a unique WBS element code to identify and account for these restricted monies, the Court is at risk of not being able to adequately account for these restricted use monies.		C	Court agrees that it does not assign a WBS element code. The court will set up O-projects in fund 120021 so that these funds are excluded from the 1% fund balance calculations.	Brenda Cummings, Fiscal Manager	May 5, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court incorrectly recorded in the accounting records the \$5,719 in Court Appointed Counsel revenue allocated on the AOC allocation and distribution table. Instead of recording this revenue under general ledger revenue account 832012-Court-Appointed Counsel, the Court incorrectly recorded this revenue in general ledger revenue account 832011-Jury on the SAP accrual posting document.	C		Court agrees. Appears to be a data entry error. Both the accrual and deposit documents approved by the court for posting by TCASD have the correct revenue account of 832012. Court to review GL entries for posting accuracy prior to year-end to ensure all corrections are made prior to closing.	Brenda Cummings, Fiscal Manager	Ongoing
		Log	The Court recorded a correction for an overstated reimbursement to the wrong general ledger receivable account. As a result, this posting error caused an abnormal credit balance in this receivable account at year-end.	C		Court agrees. Court will monitor year-end balances to ensure any posting errors are corrected prior to closing.	Brenda Cummings, Fiscal Manager	Ongoing
		Log	The Court reclassified an entry from the wrong general ledger expenditure account in one instance and used the wrong general ledger expenditure account to record a vendor credit in another instance resulting in abnormal credit balances in both expenditure accounts.	C		Court agrees. Court will monitor year-end balances to ensure any posting errors are corrected prior to closing.	Brenda Cummings, Fiscal Manager	Ongoing
		Log	The Court included more than \$55,000 in software license costs in its fixed asset addition amount of \$130,000 reported on the fiscal year 2012-13 non-SAP CAFR Report 18. The costs associated with software licenses are not capitalized as assets as the associated payment only authorizes use of the software, not an ownership interest in the software.	C		Court agrees. Court will remove software license costs from asset list.	Brenda Cummings, Fiscal Manager	March 30, 2014
5 Cash Collections								
		Log	Court supervisors do not maintain a log to record when and to whom handwritten receipt books are issued for use.	I		We do not have a log for this purpose. Fiscal will create a log form and issue to each supervisor for use with handwritten receipts books.	Brenda Cummings, Fiscal Manager	May 31, 2014
		Log	Court accountant does not count the fiscal department's change fund in the presence of a court manager or supervisor.	C		Procedure has been updated to comply with FIN 6.3.1 paragraph 6.	Brenda Cummings, Fiscal Manager	April 1, 2014
		Log	Out of 10 payment plan cases reviewed, we found six cases that were over 90 days delinquent but had not been sent to FTB for collection.	C		Direction and approval to suspend local court policy setting forth time limits for the imposition of civil assessment, reporting FTP to DMV and referrals to FTB was provided by CEO due to staffing shortages and the need to redirect resources to mandated services. Suspension of policy has been lifted.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	The Court does not have a written policy regarding safe combination changes. As a result, the Court has not changed any safe combinations in several years, nor maintained a record of the last safe combination changes.	I		Fiscal services will implement written policy as per FIN manual.	Brenda Cummings, Fiscal Manager	May 31, 2014
		Log	At the time of our review, the suggested notice advising customers to secure a transaction receipt was not posted at either court location.	C		Although the Fin Manual does not specify that a notice be posted, the court has since posted signs in each of the 3 locations where money is transacted.	Brenda Cummings, Fiscal Manager	January 1, 2014
		Log	At the time of our review, the required civil fee waiver notice was not posted at the Court's civil location.	C		The Civil Division had recently relocated from the 2nd floor and had not re-posted the waiver notice at the time of audit. Notice has since been posted in the Civil Division lobby.	Dianna Newell, Division Supervisor	January 1, 2014
		Log	Although the change fund at one Court location is kept in a lockable box separate from other funds kept in the safe, the locking feature of the box is not utilized to further secure and safeguard the change fund from unauthorized access or use.	C		Court Agrees. Staff informed to keep cash boxes locked at all times.	Brenda Cummings, Fiscal Manager	February 20, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Court clerks do not verify their beginning cash at the start of the day in the presence of a court supervisor or lead clerk as required by the Court's cash handling procedures.		C	We have updated the Cashiers Daily Worksheet to include a section for verification of the end of day cash by the supervisor and clerk.	Brenda Cummings, Fiscal Manager	April 9, 2014
		Log	At the time of our review, neither court location used a beginning- and end-of-day cash verification log to document the verification and receipt of each cashier's initial cash amount within their cash bags at the start and end of the day.	I		Court will update procedures to include a cash verification log.	Brenda Cummings, Fiscal Manager	May 31, 2014
		Log	Court clerks do not include a calculator tape with their daily balancing documentation that totals the checks and money orders received that day.		C	A new Cashiers Daily Worksheet form has been distributed to all clerks handling cash, checks, money orders etc.....clerks will itemize all checks, money orders and cashier checks including check numbers and amounts. The currency slip is also on the same form. After clerks complete the worksheet they will take all money with the worksheet to their supervisor for end of day balancing.	Brenda Cummings, Fiscal Manager	February 24, 2014
		Log	The Court does not conduct the FIN Manual required surprise cash counts.	I		Court agrees. Fiscal Services will implement per FIN manual.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	The Court does not record mail payments on a mail payments log to document a record of the daily payments received through the mail. Repeat	I		In June 2012, 5 Court Clerks accepted VSIP and an additional 5 Court Clerks were laid off effective February 22, 2013. The Court's divisions no longer possess the staff needed to manually log every mail payment received. Court staff were spending an average of 44 hours per month processing mail in order to be compliant with Fin Manual Procedure 6.4.3. at a cost of \$1,384.24 per month. In a six month period, the Court received a total of 7 cash payments totaling \$133, in which 1 was for \$92 and another for \$1. Prior to the current mail process, Court staff spent an average of 15.2 hours per month for mail processing. Prior to requesting an alternate procedure, the court asked the IAS Manager if it was necessary and was advised that it was not a requirement to log the mail, but a preferred method and that we did not have to request an alternate procedure. When this becomes a requirement per the FIN Manual, the court will seek approval on an alternative procedure.	Brenda Cummings, Fiscal Manager	N/A
		Log	One court location does not log mail payments not processed within 5 calendar days.	I		Court agrees. Supervisors have been notified. Forms and procedures to be implemented.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	One court location does not report to the Court Fiscal Manager mail payments not processed within 15 calendar days. It only reports mail payments not processed for more than 30 days.	I		Court agrees. Supervisors have been notified. Forms and procedures to be implemented.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	The Court acknowledge that they do not have an MOU with the county for its enhanced collections program but asserts the program is a cooperative effort between the two.	I		MOU with the county is complete. Pending approval from BOS.	Mary Beth Todd, CEO	May 30, 2014
		Log	The Court and county do not have the cooperative plan in place for the enhanced collections program pursuant to Penal Code 1463.010(b). However, both report collection efforts data to the AOC.	I		MOU with the county is complete. Pending approval from BOS.	Mary Beth Todd, CEO	May 30, 2014
		Log	Of the ten delinquent accounts reviewed, eight were not promptly sent to FTB. Two of these eight delinquent accounts were referred to FTB more than two weeks after the time period stated in the Court's policy.		C	Direction and approval to suspend local court policy setting forth time limits for the imposition of civil assessment, reporting FTP to DMV and referrals to FTB was provided by CEO due to staffing shortages and the need to redirect resources to mandated services. Suspension of policy has been lifted.	Brenda Cummings, Fiscal Manager/Chris Dagnino, Division Supervisor	April 30, 2014

Key as of close of fieldwork:
I = Incomplete
C = Complete

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	One of two DMV holds we reviewed for a failure to appear was not released until 174 days after the defendant appeared in court.		C	Court agrees. This appears to have been an isolated clerk's error. Will instruct staff of the importance in following procedures and accuracy.	Brenda Cummings, Fiscal Manager/Chris Dagnino, Division Supervisor	April 9, 2014
6	Information Systems							
	6.1		The Court Needs to Improve Its Calculations and Distributions of Court Collections					
		1	For the two DUI cases reviewed, the Court did not assess the \$50 PC 1463.14(b) DUI Lab Test penalty even though a county Board of Supervisors resolution indicates the assessment of this penalty.		C	The Court does not consider this a distribution issue, as the penalty must be imposed in an amount ordered by the court after making a determination of ability to pay. Court will make efforts to inform the Bench Officers of the Board Resolution so the penalty maybe imposed as required by statute.	Brenda Cummings, Fiscal Manager	March 31, 2014
		1	For the one reckless driving case reviewed, the Court assessed the \$20 PC 1463.18 DUI Indemnity base reduction that is only applicable to DUI cases; consequently, the base fine was under remitted by \$19.60.		C	The Court's distribution table has been updated to ensure that PC 1463.18 is not imposed in reckless driving cases.	Brenda Cummings, Fiscal Manager	October 1, 2013
		1	For the one red light bail forfeiture case reviewed, the Court did not allocate the PC 1463.11 30% Red Light Allocation from the \$4 GC 76000.10(c) EMAT penalty.		C	The Court's distribution tables will be updated to ensure that the \$4 GC 76000.10(c) is included in TVS, Red Light, and Red Light TVS cases.	Brenda Cummings, Fiscal Manager	March 31, 2014
		1	For the one red light traffic school case reviewed, the Court did not allocate the VC 42007.3 30% Red Light Allocation from the \$4 GC 76000.10(c) EMAT penalty.		C	See response above.	Brenda Cummings, Fiscal Manager	March 31, 2014
		1	For the red light traffic school and speeding traffic school cases reviewed, the Court did not include the \$4 GC 76000.10(c) EMAT Penalty in the VC 42007 TVS Fee. Instead, it distributed the EMAT Penalty similar to a non-traffic school case.		C	See response above.	Brenda Cummings, Fiscal Manager	March 31, 2014
		1	For the one proof of insurance case reviewed, the Court did not transfer the GC 68090.8 2% State Automation Fee from the three PC 1463.22(a) base reductions. As a result, the Court made up the shortfall by adjusting its calculation of the State portion of the PC 1464 State Penalty Assessment, the GC 76104.7 DNA Additional Penalty Assessment, and the PC 1465.7 20% State Surcharge.		C	The Court's JALAN CMS has been updated to ensure that the GC 68090.8 2% Automation in transferred from PC 1463.22 and FG 12021.	Brenda Cummings, Fiscal Manager	March 1, 2014
		1	The Court did not transfer the GC 68090.8 2% Automation Fee from the \$15 FG 12021 Secret Witness Penalty.		C	See response above.	Brenda Cummings, Fiscal Manager	March 1, 2014
		Log	For the one reckless driving case reviewed, the Court did not distribute \$1 of \$5 for every \$10 pursuant to GC 70372(a) to the Immediate and Critical Needs Account; instead, it distributed the entire \$5 to the State Court Facilities Construction Fund.		C	Court agrees. This was isolated to one financial code distribution and has been corrected.	Brenda Cummings, Fiscal Manager	October 1, 2013
		Log	The Court did not complete the annual recertification of the DMV INF 1128 Information Security Statement form. All forms reviewed were dated in 2010.	I		Court agrees. Court will schedule training to have all staff with DMV access re-certify.	Becky Hill, Administrative Specialist/Danette Able, Division Supervisor	June 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court did not consistently place FTP holds on accounts 90 days delinquent in accordance with its own policy. In two cases, FTP holds were placed about two months after being 90 days delinquent. According to the Court, staff layoffs contributed to this work backlog.		C	Direction and approval to suspend local court policy setting forth time limits for the imposition of civil assessment, reporting FTP to DMV and referrals to FTB was provided by CEO due to staffing shortages and the need to redirect resources to mandated services. Suspension of policy has been lifted.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	The Court provided access to the DMV database to six Court employees whose job assignments did not require them to have access. The Court subsequently removed access to the DMV database from these six Court employees.		C	Issue corrected immediately. Court has drafted and implemented policy that now requires the written approval of the supervisor and manager or CEO when adding, modifying or deleting court systems access.	Jonathan Sweet, IT Analyst	October 8, 2013
		Log	Issue redacted for security sensitivity purposes					
		Log	The Court's Business Continuity Plan (BCP) is not current. According to the Court, it is in the process of updating the BCP.	I		In the process of updating the COOP.	Dianna Newell, Division Supervisor	December 31, 2014
		Log	The Court's BCP does not address its critical systems where county-provided IT services are used, does not include media liaison strategies	I		The Court does not have county-provided IT services. Rather, the Court and County have closely integrated case management systems and the BCP needs to specify how this integration will either be maintained during an emergency, or how the Court's CMS will be reconfigured during a emergency to function without the integration. The BCP will also be updated to include appropriate media liaison strategies and testing procedures.	Jonathan Sweet, IT Analyst	December 31, 2014
		Log	The Court's BCP has not been tested.	I		See response above.		
		Log	The Court does not have an MOU with the county outlining services to be provided during the execution of the Court's BCP.	I		This will be analyzed during the update of the COOP.	Jonathan Sweet, IT Analyst	December 31, 2014
		Log	The Court's Disaster Recovery Plan (DRP) does not allow for the remote storage of emergency materials such as procedure manuals and software media.	I		The DRP needs to be updated due to recent changes in our technology infrastructure and usage before it can be tested. We only have one location and offsite storage could incur additional costs to the court that have not been evaluated. However, in the process of updating the DRP, we will evaluate the feasibility of contracting with a third party, or perhaps partnering with another court or justice partner, to provide offsite storage for procedures and critical software media.	Jonathan Sweet, IT Analyst	December 31, 2014
		Log	The Court has not tested its DRP back-up recovery site.	I		Court agrees. Testing will occur as part of the COOP update process.	Jonathan Sweet, IT Analyst	December 31, 2014
		Log	The back-up media is rotated to off-site storage weekly rather than daily, resulting in the potential loss of multiple days of work should the system need recovery.	I		Costs are prohibitive for daily offsite transport of physical backup media. However, we are exploring a partnership with Yolo Superior Court to transport electronically backup information on a daily basis for most servers. Our CMS only supports physical media, however, we are also exploring other CMS options such as a Windows based system or a SaaS system that would not have this limitation.	Jonathan Sweet, IT Analyst	December 31, 2014 for the Yolo transport December 31, 2015 for the CMS
		Log	Issue redacted for security sensitivity purposes					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not have written IT policy and procedures that address issues concerning the creation, deletion, and modification of user IDs; password management; privileged user accounts; remote access; and virus protection for its network and case management systems. Also, the Court does not have written IT policy and procedures that address issues concerning the assignment and use of special user accounts for its case management system.	I		Partially corrected. All system additions, modifications and deletions now require written approval of supervisor and manager/CEO. We are in the process of implementing forms and procedures to further document the request, review, and completion of technology account security access adds/changes/deletions. We will also be documenting current procedures and creating new procedures if necessary for the other listed topics.	Jonathan Sweet, IT Analyst	June 30, 2014
		Log	Issue redacted for security sensitivity purposes					
		Log	Written supervisory approval is not required for the creation or modification of the Court's network and case management system user accounts. However, verbal approval and confirmation is obtained.		C	This is a staged implementation. Interim procedure put into place to require written approval via e-mail. Further policies, procedures and forms in development.	Jonathan Sweet, IT Analyst	January 14, 2014
		Log	The Court's network and case management systems do not limit the ability for users to re-use passwords.		C	We will change the policy such that the ability to reuse recent passwords is limited.	Jonathan Sweet, IT Analyst	March 31, 2014
		Log	Court management approval is not required for the creation of network and case management system privileged user accounts.		C	This is a staged implementation. Interim procedure put into place to require written approval via e-mail. Further policies, procedures and forms in development.	Jonathan Sweet, IT Analyst	January 14, 2014
		Log	Issue redacted for security sensitivity purposes					
7	Banking and Treasury							
		Log	For the period reviewed, January through June 2013, the Court did not require two signatures for checks exceeding \$15,000. Subsequent to review, the Court implemented a policy, as of September 1, 2013, requiring two signatures for checks over \$10,000. Repeat		C	Court Agrees. Court implemented a policy as of 9/1/2013.	Brenda Cummings, Fiscal Manager	September 1, 2013
		Log	The Court performs a high-level reconciliation of trust monies held with the County. As a result, although a minor discrepancy when compared to the nearly \$2 million in total trust monies, it cannot identify the cause of a \$2,329 discrepancy in traffic bail trust monies.	I		Court agrees. Court will work with TCAS Trust and Treasury to determine a resolution.	Brenda Cummings, Fiscal Manager	June 30, 2014
8	Court Security							
		Log	Issue redacted for security sensitivity purposes					
		Log	The Court's emergency procedures manual does not address floods or suspicious persons.	I		Working on Updates.	Dianna Newell, Division Supervisor	December 31, 2014
		Log	The emergency procedures manual has not been updated since 2009.	I		Working on Updates.	Dianna Newell, Division Supervisor	December 31, 2014
		Log	A building evacuation drill has not occurred since February 2012.		C	An evacuation drill was held on 2/12/14 and will be held annually.	Dianna Newell, Division Supervisor	February 12, 2014
		Log	Issue redacted for security sensitivity purposes					
		Log	The Court does not have a copy of the most recent registration of x-ray equipment with the California Department of Public Health for the West Courthouse.	I		Court agrees and will contact vendor to get a copy of current registration.	Brenda Cummings, Fiscal Manager	June 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not have a current MOU with the County Sheriff. The most recent MOU expired on June 30, 2011.		C	MOU approved by County BOS on March 25, 2014.	Mary Beth Todd, CEO	March 25, 2014
9	Procurement							
		Log	The Court did not update its Delegation of Authority and Responsibility matrix upon the appointment of a new PJ or annually.		C	Delegation of Authority and Responsibility has been updated.	Brenda Cummings, Fiscal Manager	February 28, 2014
		Log	One purchase card holder's single purchase limit is greater than the maximum threshold of \$1,500 per transaction pursuant to the Judicial Branch Contracting Manual (JBCM), Chapter 9, Section 9.2.	I		Court agrees. Cardholders single purchase limit will be reduced per the JBCM.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	A former employee still has a user ID setup in the Phoenix SAP accounting system.		C	SAP user ID's have been updated.	Brenda Cummings, Fiscal Manager	December 9, 2013
		Log	The Court does not have designated purchase cards to pay for travel expenses only as allowed by the JBCM. Instead, it uses its purchase cards to pay for both travel expenses and non-travel goods and services.	I		Court agrees. Court will obtain a designated purchase card for Travel only.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative	June 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
10	Contracts							
		10.1	The Court Needs to Enter Into an MOU for County-Provided Services and Strengthen its Review of County Invoices					
			5 The Court has not entered into an MOU with the county for the mail services performed by an outside vendor under contract with the county.	I		The Court acknowledges the requirements under Government Code section 77212 and will weigh the feasibility of entering into discussions with the county. The Court also notes that with the move to a new courthouse in Spring 2015, the Court will no longer utilize the services of the county for the provision of mail services.	Brenda Cummings, Fiscal Manager	April 30, 2014
			5 For all five county expenditures reviewed, the Court did not document satisfactory receipt of county services, such as with an approval signature by an individual authorized to verify receipt of particular county services, as part of the three-point match before processing the invoice for payment.		C	The Court lost its Fiscal Technician position in February 2013 due to workforce reductions and acknowledges it is more difficult to follow the FIN Manual invoice processing guidelines. The Court has provided training to A/P staff to ensure they follow the FIN Manual guidelines to the greatest extent possible; and require notification to the Fiscal Manager and/or CEO when they cannot adequately follow the FIN Manual invoice processing guidelines.	Brenda Cummings, Fiscal Manager	April 30, 2014
			5 For all five county expenditures reviewed, the Court did not require payment approval signatures on the invoices; therefore, the Court could not demonstrate that an authorized Court employee approved payment before processing the invoices for payment.		C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014
			Log For the one court reporter contract reviewed with a value of over \$100,000, we found that the presiding judge did not sign the contract or give written approval for the execution of the contract pursuant to the Court's authorization matrix.		C	Court will obtain appropriate levels of approval for all future contracts.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log Of the four contracts reviewed, two contracts did not contain the contractor's certification of compliance with any orders issued by the National Labor Relations Board.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log Of the four contracts reviewed, one contract did not contain the non-discrimination certification clause.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log Of the four contracts reviewed, two contracts each with total amounts over \$10,000 did not contain a California State Auditor audit rights provision.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log Of the four contracts reviewed, two contracts did not contain the contractor's certification that it is qualified to do business in California.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log Of the four contracts reviewed, one contract did not contain the provision requiring Worker's Compensation and Employer's Liability Insurance.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log The one contract for legal services did not contain a provision requiring the contractor to adhere to the Court's legal cost and billing guidelines, as well as its legal budget.		C	Court will include contract provisions in future contracts as per the JBCM.	Brenda Cummings, Fiscal Manager	April 1, 2014
			Log All four Court contract files reviewed did not include records demonstrating that the Court is monitoring contractor performance.		C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager	February 20, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court did not include up-to-date insurance certificates in three of the four contract files reviewed.		C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	February 20, 2014
		Log	The contractor's license was not included in the two applicable contract files reviewed.		C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	February 20, 2014
		Log	The Court provided a credit card processor agreement that does not contain information regarding the respective rights and duties of the Court and the credit card issuer, or a method to facilitate payment settlements.	I		Court agrees. Court will update agreements.	Brenda Cummings, Fiscal Manager	June 30, 2014
		Log	The Court did not date-stamp invoices for two of the five county expenditures reviewed.		C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager	February 20, 2014
11 Accounts Payable								
	11.1		The Court Needs to Strengthen Its Invoice Review and Approval Procedures					
		3	In 17 of 39 invoices and claims reviewed, an employee authorized to approve payments did not approve the invoice or claim for payment.		C	The Court strives to follow appropriate procedures and meet segregation of duties guidelines. Due to the small court size and loss of positions due to workforce reductions in February 2013, it is occasionally difficult to meet all guidelines. The Court will provide training and inform staff of guidelines, and will use the technical assistance of Internal Audit Services to better conform to FIN Manual guidelines. Staff will be instructed to notify the Fiscal Manager and/or CEO when proper segregation of duties cannot be achieved.	Brenda Cummings, Fiscal Manager	April 30, 2014
		3	Six invoices did not contain any evidence of approval for payment.		C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014
		3	In 13 of 39 invoices and claims reviewed, the same individual who purchased the item also approved the payment of the invoice.		C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014
		3	For another 4 invoices, we could not determine who procured the goods and/or services because the Court could not provide a procurement document. Further, a fifth invoice for fuel purchases did not note who purchased one of five fuel purchases on the invoice. As a result, we could not determine whether the person approving payment of these five invoices was someone other than the person who procured the goods and/or services.		C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014
		3	In nine of 39 invoices and claims reviewed, the Court could not provide a procurement document to support that Court accounts payable staff matched and agreed the invoices to supporting procurement documents. Further, we could not determine whether payment agreed to terms of the applicable procurement document. Repeat		C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	In six of 39 invoices and claims reviewed, there was no evidence of having received the goods and/or services documented on the invoice as part of the three-point match. Repeat	C	See response above.	Brenda Cummings, Fiscal Manager	April 30, 2014
	11.2		The Court Needs to Strengthen Its Business-Related Meal Expense Procedures				
		2	The Court does not use a standard business-related meal form that contains all the pertinent information required by the FIN Manual.	C	The court has implemented and will continue to use the standard business-related meal form to properly document and receive approval for appropriate business related meals in accordance with FIN 8.05.	Brenda Cummings, Fiscal Manager	December 1, 2013
		2	The Court could not demonstrate that it pre-approved two of the four business-related meals reviewed.	C	See response above.	Brenda Cummings, Fiscal Manager	December 1, 2013
		2	The Court did not document or provide complete event details, such as the location of the event, start/end times, and list of attendees, for all four business-related meals reviewed. As a result, the Court could not demonstrate that the business function occurred within the required time frames for three of the four business-related meals reviewed. Further, the Court could not demonstrate that the meal rates were within the FIN Manual allowable rates in all four business-related meals reviewed.	C	See response above.	Brenda Cummings, Fiscal Manager	December 1, 2013
		2	Of the four business-related meal expenses reviewed, Court documents indicate that two expenses and a portion of a third expense were for retirement celebrations, which the FIN Manual specifically disallows.	C	The items identified were not meals but were treats (cookies, cake, water) provided in conjunction with an employee recognition or motivation event. In reviewing FIN 8.05, the term meal is not defined and it is not clear that treats of nominal value purchased for the purpose described fall within this policy. That notwithstanding, the court has discontinued its practice of providing "treats" as tokens of employee recognition and motivation events.	Brenda Cummings, Fiscal Manager	December 1, 2013
		2	The one business-related meal for an employee appreciation luncheon did not meet the FIN Manual time frame requirements for lunch of the business meeting starting by 11:00 a.m. and having a business duration of at least three hours. Further, the Court could not demonstrate that the PJ or CEO pre-approved in writing an exception to the time requirement.	C	See response above.	Brenda Cummings, Fiscal Manager	December 1, 2013
		Log	Of the 39 invoices and claims reviewed, seven invoices were not date stamped.	C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager	February 20, 2014
		Log	In one of nine claims reviewed, although the claim contained the claimant's name and address, it did not contain the claimant's signature.	C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager	February 20, 2014
		Log	In one of eight applicable claims reviewed, the claim did not contain identifying case numbers and case names.	C	Court agrees. Fiscal Services will monitor to ensure compliance.	Brenda Cummings, Fiscal Manager	February 20, 2014
		Log	In one of five court interpreter claims reviewed, the interpreter was paid the full-day rate for one-half day of services, which was not pre-approved by the CEO or designee. For the remaining four court interpreter claims, the Court paid travel time, which was also not pre-approved by the CEO or designee.	I	Court will update delegation matrixes for approval process.	Brenda Cummings, Fiscal Manager	April 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	In four of 39 invoices and claims reviewed, the expense was not recorded in the appropriate general ledger account.	C		Court agrees. Fiscal Services will monitor and review quarterly to ensure accuracy.	Brenda Cummings, Fiscal Manager	February 20, 2014
		Log	In the two court reporter claims reviewed, the Court did not follow the payment guidelines in the court reporter contract. Specifically, the Court paid all mileage claimed rather than mileage in excess of 25 miles as stated in the contract.	C		Court agrees. Fiscal Services will monitor to ensure compliance with contract.	Danette Able, Division Supervisor	February 20, 2014
		Log	Of the eight travel expense claims reviewed, seven were not completed with all relevant information such as the business purpose of the travel, vehicle license number, mileage rate, normal work hours, and beginning and ending travel times.	C		Court agrees. Court will review policies and advise staff of procedures for reimbursement.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	April 30, 2014
		Log	Of the eight travel expense claims reviewed, two were not approved by an appropriate level supervisor. Specifically, the CEO approved these two judicial officer travel expense claims rather than the Presiding Judge or an authorized judicial officer. Repeat	C		Court will update procedures to ensure compliance with the FIN manual.	Brenda Cummings, Fiscal Manager	April 30, 2014
		Log	For all seven travel expense claims reviewed where mileage was reimbursed, the Court did not demonstrate how it verified the mileage, such as with online maps that calculate the lesser mileage between the claimant's office or home and the business destination. As a result, we found that for one of these seven expense claims, the Court did not reimburse the lesser mileage between home or office and the business destination. Repeat	C		Court agrees. Court will review policies and advise staff of procedures for reimbursement.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	April 30, 2014
		Log	For two of the seven travel expense claims reviewed where mileage was reimbursed, the business destination addresses were not provided in one expense claim and the claimant's home address was not provided in the second expense claim. As a result, the Court could not demonstrate how it determined that the mileage claimed was reasonable or the lesser of the distance between the claimants' designated headquarters or home and the business destination.	C		Court agrees. Court will review policies and advise staff of procedures for reimbursement.	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	April 30, 2014
		Log	For two of the six travel expense claims reviewed where meals were reimbursed, the meal receipts indicate reimbursements for alcoholic beverages. Also, for a third travel expense claim, the Court inappropriately reimbursed lunch when the travel was for less than 24 hours.	C		Court agrees. Court will review policies and advise staff of allowable expenses for reimbursement	Brenda Cummings, Fiscal Manager/ Becky Hill, Administrative Specialist	April 30, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court accrued \$17.40 in interest and late payment fees because it did not pay its purchase card balance in a timely manner.		C	Court agrees. Court has revised processing procedures to ensure that interest and late payment fees are not incurred.	Brenda Cummings, Fiscal Manager	July 1, 2013
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues noted.					
14	Records Retention		No issues noted.					
15	Domestic Violence							
		Log	Out of 26 DV cases reviewed where probation was granted, the length of probation in two cases was less than the minimum period of 36 months, which may include period of summary probation, pursuant to PC 1203.097(a)(1). However, the Court could not provide an explanation why the minimum length of probation was not ordered.		C	Bench Officers advised of issue.	Danette Able, Division Supervisor	April 30, 2014
		Log	Out of 26 DV cases reviewed where probation was granted, the PC 1203.097(a)(5) Domestic Violence Probation Fee was not ordered in six cases. Specifically, for two of these cases, the associated statute indicates that the Domestic Violence Probation Fee is applicable because probation was granted. For the other four cases, we could not determine whether the Domestic Violence Probation Fee applies based on the limited case information provided by the Court. Further, the Court could not provide an explanation why the fee was not ordered.		C	Court informed the Bench Officers of the Domestic Violence Probation Fee in PC 1203.097(a)(5) cases. Additionally a form for fines and fees is being developed for use by the clerks and bench.	Danette Able, Division Supervisor	April 7, 2014
16	Exhibits							
		Log	The Court has not conducted a physical inventory of its exhibits since 2008. The Court indicates this is due to insufficient staff resources.	I		Upon relocating to our new courthouse in spring 2015, a full inventory will be conducted as part of the move.	Danette Able, Division Supervisor	June 1, 2015
		Log	The location of the exhibits within the exhibit room is not noted on the exhibit lists used to track exhibits. According to the Court, insufficient staff resources have prevented it from storing exhibits at uniquely identified locations within the exhibit room, such as on shelves with unique numbers or letters affixed to them to identify the specific location of the stored exhibit with the exhibit room.	I		Upon relocating our exhibits to the new courthouse, a different tracking system/procedure will be in place that will resolve this issue.	Danette Able, Division Supervisor	June 1, 2015
		Log	Although three of the five sensitive exhibits reviewed had been ordered destroyed as early as 2008, the Court still holds the exhibits under it's control. Further, the Court has not marked and identified these three sensitive exhibits as awaiting destruction.	I		The three sensitive exhibits have since been marked with a copy of the destruction order. Due to insufficient staff resources, we have not been able to proceed with destruction of evidence. As we are unable to move forward with destruction at this time, we can certainly take a look at what we have and at best make the necessary arrangements to complete the process.	Danette Able, Division Supervisor	June 30, 2014
17	Bail		No issues noted.					