



**Audit of the
Superior Court of California,
County of Riverside**

REPORT OF
INTERNAL AUDIT SERVICES



ADMINISTRATIVE OFFICE
OF THE COURTS

FINANCE DIVISION
INTERNAL AUDIT SERVICES

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Superior Court of California, County of Riverside

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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 continue to undergo significant changes to their operations due to operational improvements and budget constraints. These changes have also impacted their internal control environment and structure. The audit of the Superior Court of California, County of Riverside (Court), was initiated by IAS in March 2011. Depending on the size of the court, the audit process typically includes two or three audit cycles encompassing the following primary administrative and operational areas:

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

This audit covered 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 and procedures. The last audit of the Court was in September 2006 when IAS contracted with Sjoberg Evashenk Consulting, LLC, to perform an Agreed-Upon Procedures Review of selected court operations. The review also incorporated an assessment of the Court's readiness to migrate onto the AOC's Phoenix Financial System, previously known as CARS.

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 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 internal audit provides the Court with a review that also accomplishes 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 in the **Audit Issues Overview** below. Although IAS audits do not emphasize or elaborate on areas of compliance, we did identify numerous examples in which the Court was in compliance with established policies and procedures.

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 'review' staff that may perform periodic reviews of Court operations and practices, to ensure it implements prompt, appropriate, and effective corrective action.

Audit Issues Overview

This internal audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that 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 the Court's responses in the report to provide its perspective. IAS did not perform additional work to verify the implementation of all of the corrective measures asserted by the Court in its responses.

Although the audit noted approximately 140 exceptions, 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 statute, policies and procedures, and/or sound business practices. These issues are summarized below:

Timely Decisions on Submitted Causes (Issue 1.1 on page 2)

To promote a prompt judicial system, statute requires judicial officers to decide on case matters within 90 days after being submitted for a judicial decision, or risk having their salary withheld until a decision is rendered on the submitted matter. The PJ is responsible for supervising and monitoring the number of causes under submission and ensuring that no cause under submission remains undecided and pending for longer than 90 days. As an aid in accomplishing this goal, the California Rules of Court require the PJ to take certain actions to ensure causes are decided on a timely basis.

Our review of the Court's cases with causes under submission found that the Court's procedures do not consistently ensure that submitted matters are decided within 90 days after being taken under submission. Specifically, we identified a number of judges who had cases with undetermined causes that became pending over 90 days. Also, four of these judges signed inaccurate affidavits and received their salaries during the months that the cases with undetermined causes remained pending for more than 90 days. The Court's procedures for tracking and monitoring causes under submission likely contributed to these exceptions. Specifically, rather than use the submitted matter submission date and ruling date information in its CMS to generate an automated system report, the Court uses a manual process to compile a monthly list of submitted matters from information provided by each

courtroom. In addition, this manual list does not group and prioritize the submitted causes by age, such as 30 through 60 days-old, 61 through 90 days-old, and over 90 days-old as required by Rules of Court.

The Court agreed with the issues identified and the recommendations. It indicated it has written a procedure and developed computer codes to track the cases that are taken under submission, and is also developing programming to automate the tracking of cases taken under submission to ensure the data is accurate and all cases are considered. It also indicated judges were briefed on this audit issue at the Countywide Judges Meeting held in November 2011.

Distribution of Collections (Issue 6.1 on page 23)

The Court did not distribute certain collections as prescribed by statutes and guidelines. State statutes and local ordinances govern the distribution of the fees, fines, penalties, and other assessments that courts collect. The Court uses its case management system and other automated programs to calculate and distribute the collections it makes, and performs additional calculations at month-end for some distributions to more accurately report its monthly revenue distributions.

Our review of the Court's distributions for the cases we selected to review identified various calculation and distribution errors. For example, the Court did not correctly assess the administrative fee for checking the department of motor vehicle records for prior convictions. Although statute allows courts to assess the administrative fee on subsequent violations of the Vehicle Code, the Court assesses this administrative fee even when the defendant did not have any prior violations. In addition, the Court did not calculate and assess the two-percent state automation allocation from two fines and penalties because the automated program was not set to calculate and allocate this allocation to the state automation account.

The Court agreed with the issues and recommendations, and indicated it made, or is in the process of making, corrections to the distributions. It indicated one programming correction is scheduled for completion by February 2012.

Travel Expense Reimbursement (Issue 11.1 on page 41)

The Court needs to improve its procedures for reviewing and approving travel expense claims. As stewards of public funds, courts are obligated to demonstrate responsible and economical use of public funds. Additionally, statute and policy requires trial court judges and employees to follow business-related travel reimbursement procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council. As such, the FIN Manual provides trial courts with policy and procedures—including rules and limits—for arranging, engaging in, and claiming reimbursement for travel expenses that employees incur while on official court business. Similarly, the FIN Manual provides courts with rules and limits to follow for meals connected with official court business.

Although the FIN Manual provides uniform guidelines for courts to follow when processing travel expense claims (TEC) for payment, the Court did not always follow these guidelines. For instance, appropriate-level supervisors did not always review and approve the TECs. In

addition, the Court did not always require employees to include in their TECs information that is necessary for reviewers and approvers to determine whether the claimed expenses are appropriate. Finally, the Court did not ensure that it reimbursed only necessary business travel costs when it approved the reimbursement of meal expenses that exceeded the maximum amounts allowed or that included unallowable expenses, such as for alcoholic beverages.

The Court agreed with the issues and recommendations, and indicated it implemented corrective actions, except for training which will occur in January and February 2012. The Court indicated implementing corrective action as follows:

- ensuring the Presiding Judge or his/her designee approves expense claims for judicial officers;
- improving its process for reviewing claims to ensure completeness;
- ensuring proper prior approval of out-of-state travel is obtained; and
- modifying court policy to clarify meal reimbursement parameters for staff and the supervisors and managers who approve the claims.

Invoice Review and Approval Procedures (Issue 11.2 on page 45)

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 Policy No. 8.01 and 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 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.

The Court did not consistently follow the FIN Manual procedures for processing nineteen paid invoices and claims we selected to review. For example, the Court could not provide a purchase order, contract, or agreement for some of the invoices we reviewed; therefore, we could not determine whether the Court paid the amounts it initially agreed to pay for these invoices. In addition, Court accounts payable staff processed some invoices for payment without documentation that ensures the Court received acceptable goods or services.

The Court agreed with the issues and recommendations, and indicated it implemented the recommendations and that on-going monitoring will occur to ensure it adheres to policy and procedures.

STATISTICS

The Superior Court of California, County of Riverside (Court), has 76 judges and subordinate judicial officers who handled approximately 503,250 case filings in FY 2010–2011 at 15 courthouses in Banning, Blythe, Corona, Hemet, Indio, Moreno Valley, Murrieta, Palm Springs, Riverside, and Temecula. Further, the Court employed approximately 1,170 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total trial court expenditures of \$147.2 million for the fiscal year ended June 30, 2011.

Before 1997, the Court and the County of Riverside (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.

During FY 2010–2011, the Court received various services from the County. For instance, the Court received County provided administrative services including, but not limited to custodial services, mail services, and telecommunications that are covered under a Memorandum of Understanding (MOU) with the County. It also received court security services from the County Sheriff under a separate MOU.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2011)	2,217,778
<small>Source: California Department of Finance</small>	
Number of Case Filings in FY 2008–2009:	
Criminal Filings:	
1. Felonies	16,087
2. Non-Traffic Misdemeanor	19,096
3. Non-Traffic Infractions	13,979
4. Traffic Misdemeanors	45,332
5. Traffic Infractions	345,292
Civil Filings:	
1. Civil Unlimited	14,816
2. Family Law (Marital)	9,577
3. Family Law Petitions	18,108
4. Probate	2,602
5. Limited Civil	55,318
6. Small Claims	14,475

<p>Juvenile Filings:</p> <ol style="list-style-type: none"> 1. Juvenile Delinquency – Original 2,590 2. Juvenile Delinquency – Subsequent 2,350 3. Juvenile Dependency – Original 3,940 4. Juvenile Dependency – Subsequent 306 <p>Source: Judicial Council of California's 2010 Court Statistics Report</p>	
<p>Number of Court Locations 15</p> <p>Number of Courtrooms 96</p> <p>Source: Superior Court of California, County of Riverside</p>	
<p>Judicial Officers as of June 30, 2009:</p> <p>Authorized Judgeships 65</p> <p>Authorized Subordinate Judicial Officers 18</p> <p>Source: Judicial Council of California's 2010 Court Statistics Report</p>	
<p>Court Staff as of June 30, 2011:</p> <p>Total Authorized FTE Positions 1,172.75</p> <p>Total Filled FTE Positions 1,169.75</p> <p>Total Fiscal Staff 11.0</p> <p>Source: Fourth Quarter FY 2010–2011 Quarterly Financial Statements and FY 2010–2011 Schedule 7A</p>	
<p>Select FY 2010-2011 Financial Information:</p> <p>Total Trial Court Financing Sources \$ 151,723,746</p> <p>Total Trial Court Expenditures \$ 147,210,037</p> <p>Total Personal Services Costs \$ 98,937,597</p> <p>Total Temporary Help Costs \$ 244,219</p> <p>Source: Fourth Quarter FY 2010–2011 Quarterly Financial Statements</p>	
<p>FY 2010–2011 Average Daily Cash Collections \$676,500</p> <p>Source: Superior Court of California, County of Riverside</p>	

FINANCIAL STATEMENTS

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

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

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

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

Two of the detailed policies are:

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

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

To assist in the fiscal accountability requirements of the branch, the Administrative Office of the Courts (AOC) developed and established the statewide fiscal infrastructure project, Phoenix Financial System. The Superior Court of California, County of Riverside (Court),

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

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

The fiscal year 2009–2010 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. Enhanced Collections – 120007
 3. Children's Waiting Room – 180005
 - **Grants**
 1. AB1058 Family Law Facilitator – 1910581
 2. AB1058 Child Support Commissioner – 1910591
 3. Substance Abuse Focus – 1910601
 4. DUI Court Expansion – 1910681
- **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

¹ GASB Statement No. 34, paragraph 69.

management involvement and the length of time that the resources are held.” 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 acceptable for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government’s own programs, such funds are specifically excluded from the government-wide financial statements.² **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The fund included here is:
 - Civil Filing Fees Fund – 450000

² GASB Statement No. 34, paragraph 12.

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

For the month ended June 30,						
2011						
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue Non-Grant	Grant			
ASSETS						
Operations	\$ (2,375,468)	\$ 849,199	\$ 0	\$ 79,787	\$ (1,446,483)	\$ (422,543)
Payroll	\$ (4,250)			\$ 0	\$ (4,250)	\$ 643,343
Revolving	\$ 12,500				\$ 12,500	\$ 12,500
Distribution	\$ 0			\$ 524,705	\$ 524,705	\$ 1,358,117
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust				\$ 12,823,512	\$ 12,823,512	\$ 16,761,694
Cash on Hand	\$ 19,710			\$ 0	\$ 19,710	\$ 14,540
Cash with County				\$ 6,456,374	\$ 6,456,374	\$ 6,058,528
Total Cash	\$ (2,347,508)	\$ 849,199	\$ 0	\$ 19,884,378	\$ 18,386,068	\$ 24,426,180
Short Term Investment	\$ 25,264,977	\$ 0		\$ 12,688,024	\$ 37,953,001	\$ 32,037,246
Total Investments	\$ 25,264,977	\$ 0		\$ 12,688,024	\$ 37,953,001	\$ 32,037,246
Accrued Revenue	\$ 246,660	\$ 939		\$ 0	\$ 247,599	\$ 31,506
Accounts Receivable - General	\$ 932,270	\$ 47,921	\$ 904,558		\$ 1,884,749	\$ 951,679
Due From Employee	\$ 14,177	\$ 0			\$ 14,177	\$ 26,252
Civil Jury Fees	\$ 21,841				\$ 21,841	\$ 4,296
Due From Other Funds	\$ 1,904,850			\$ 0	\$ 1,904,850	\$ 2,741,521
Due From Other Governments	\$ 458,183	\$ 1,316,411	\$ 195,150		\$ 1,969,744	\$ 1,776,798
Due From Other Courts	\$ 0			\$ 0	\$ 0	\$ 0
Due From State	\$ 4,248,397	\$ 81,829	\$ 95,384		\$ 4,425,611	\$ 4,244,911
General Due To/From	\$ 1,500,134				\$ 1,500,134	
Total Receivables	\$ 9,326,512	\$ 1,447,100	\$ 1,195,092	\$ 0	\$ 11,968,704	\$ 9,776,963
Prepaid Expenses - General	\$ 0				\$ 0	\$ 3,721
Salary and Travel Advances	\$ 0				\$ 0	\$ 0
Total Prepaid Expenses	\$ 0				\$ 0	\$ 3,721
Total Assets	\$ 32,243,981	\$ 2,296,299	\$ 1,195,092	\$ 32,572,402	\$ 68,307,773	\$ 66,244,109
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 1,663,758	\$ 122,457	\$ 85,952		\$ 1,872,167	\$ 1,616,989
Accounts Payable - General	\$ 2,890,170	\$ 113,090	\$ 33,567	\$ 0	\$ 3,036,827	\$ 2,136,952
Due to Other Funds	\$ 0	\$ 908,934	\$ 995,917	\$ 1,500,134	\$ 3,404,984	\$ 2,741,521
Due to State	\$ 0				\$ 0	\$ 803,640
TC145 Liability				\$ 3,930,388	\$ 3,930,388	\$ 3,510,053
Due to Other Governments	\$ 1,665,240	\$ 558,606	\$ 43,823		\$ 2,267,668	\$ 3,200,706
AB145 Due to Other Government Agency				\$ 7,305,089	\$ 7,305,089	\$ 7,471,664
Sales and Use Tax	\$ 337	\$ 0			\$ 337	\$ 46
Interest				\$ 249	\$ 249	\$ 382
Miscellaneous Accts. Pay. and Accrued Liab.	\$ 0				\$ 0	\$ 0
Total Accounts Payable and Accrued Liab.	\$ 6,219,505	\$ 1,703,086	\$ 1,159,258	\$ 12,735,860	\$ 21,817,710	\$ 21,481,954
Civil				\$ 7,921,211	\$ 7,921,211	\$ 11,536,479
Criminal	\$ 0			\$ 1,532,540	\$ 1,532,540	\$ 1,532,540
Unreconciled - Civil and Criminal				\$ 635,195	\$ 635,195	\$ 1,767,381
Trust Held Outside of the AOC				\$ 6,456,374	\$ 6,456,374	\$ 6,058,528
Trust Interest Payable				\$ 1,722,024	\$ 1,722,024	\$ 1,932,807
Total Trust Deposits	\$ 0			\$ 18,267,344	\$ 18,267,344	\$ 22,827,736
Accrued Payroll	\$ 3,195,710	\$ 203,654	\$ 35,833		\$ 3,435,197	\$ 2,700,829
Benefits Payable	\$ (605,990)				\$ (605,990)	\$ (495,426)
Deferred Compensation Payable	\$ (10,328)				\$ (10,328)	\$ (10,328)
Deductions Payable	\$ 283,603	\$ (190,224)			\$ 93,378	\$ 90,161
Payroll Clearing	\$ 9,736	\$ 0	\$ 0		\$ 9,736	\$ 9,736
Total Payroll Liabilities	\$ 2,872,732	\$ 13,430	\$ 35,833		\$ 2,921,995	\$ 2,294,973
Revenue Collected in Advance	\$ 0				\$ 0	\$ 0
Liabilities For Deposits	\$ 169,681	\$ 827		\$ 1,453,122	\$ 1,623,631	\$ 499,531
Jury Fees - Non-Interest				\$ 116,076	\$ 116,076	\$ 92,607
Uncleared Collections	\$ 0			\$ 0	\$ 0	\$ 0
Other Miscellaneous Liabilities	\$ 0				\$ 0	\$ 0
Total Other Liabilities	\$ 169,681	\$ 827		\$ 1,569,198	\$ 1,739,707	\$ 592,138
Total Liabilities	\$ 9,261,918	\$ 1,717,343	\$ 1,195,092	\$ 32,572,402	\$ 44,746,755	\$ 47,196,800
Fund Balance - Restricted	\$ 2,982,712	\$ 791,076	\$ 0		\$ 3,773,788	\$ 2,415,695
Fund Balance - Unrestricted Designated	\$ 15,273,522				\$ 15,273,522	\$ 18,551,558
Undesignated	\$ 0	\$ 0	\$ 0		\$ 0	\$ 300,000
Excess (Deficit) of Rev. Over Expenses/Op. Transfers	\$ 4,725,829	\$ (212,120)	\$ 0		\$ 4,513,709	\$ (2,219,943)
Total Fund Balance	\$ 22,982,063	\$ 578,955	\$ 0		\$ 23,561,019	\$ 19,047,310
Total Liabilities and Fund Balance	\$ 32,243,981	\$ 2,296,299	\$ 1,195,092	\$ 32,572,402	\$ 68,307,773	\$ 66,244,109

Source: Phoenix Financial System.

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

	Fiscal Year						
	2010-2011				2009-2010		
	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	\$ 105,157,785	\$ 415,312		\$ 105,573,097	\$ 102,012,432	\$ 97,172,611	\$ 97,787,397
Trial Court Improvement Fund	\$ 498,703			\$ 498,703	\$ 439,068	\$ 429,069	\$ 584,723
Judicial Administration Efficiency & Mod Fund	\$ (1,871)			\$ (1,871)		\$ 8,670	
Judges' Compensation (45.25)	\$ 0			\$ 0			
Court Interpreter (45.45)	\$ 3,192,087			\$ 3,192,087	\$ 3,344,681	\$ 3,449,492	\$ 3,868,101
MOU Reimbursements (45.10 and General)	\$ 6,185,851			\$ 6,185,851	\$ 6,644,309	\$ 6,979,019	\$ 6,171,092
Other Miscellaneous							\$ 76,557
	\$ 115,032,555	\$ 415,312		\$ 115,447,867	\$ 112,440,490	\$ 108,038,861	\$ 108,487,870
Grants							
AB 1058 Commissioner/Facilitator			\$ 1,322,743	\$ 1,322,743	\$ 1,847,542	\$ 1,652,990	\$ 2,115,279
Other AOC Grants			\$ 42,105	\$ 42,105	\$ 42,105	\$ 29,300	\$ 32,000
Non-AOC Grants			\$ 442,011	\$ 442,011	\$ 559,483	\$ 123,816	
			\$ 1,806,859	\$ 1,806,859	\$ 2,449,130	\$ 1,806,105	\$ 2,147,279
Other Financing Sources							
Interest Income	\$ 121,815	\$ 15,702		\$ 137,517	\$ 181,109	\$ 182,846	\$ 509,213
Donations	\$ 380			\$ 380	\$ 347	\$ 25,922	\$ 384
Local Fees	\$ 6,442,025	\$ 377,298		\$ 6,819,324	\$ 6,535,908	\$ 5,707,053	\$ 5,399,509
Non-Fee Revenues	\$ 1,624,330			\$ 1,624,330	\$ 1,634,647	\$ 2,016,009	\$ 1,780,743
Enhanced Collections		\$ 7,286,822		\$ 7,286,822	\$ 7,888,366	\$ 6,239,369	\$ 6,242,876
Escheatment	\$ 23			\$ 23		\$ 142,483	
Prior Year Revenue	\$ (299,794)			\$ (299,794)		\$ (12,007)	
County Program - Restricted	\$ 65,594	\$ 4,763,475		\$ 4,829,069	\$ 4,976,299	\$ 4,331,854	\$ 5,450,645
Reimbursement Other	\$ 14,058,090	\$ 501		\$ 14,058,590	\$ 13,732,251	\$ 11,493,066	\$ 11,900,767
Other Miscellaneous	\$ 12,759			\$ 12,759	\$ 34	\$ 34	\$ 64
	\$ 22,025,223	\$ 12,443,797		\$ 34,469,020	\$ 34,948,961	\$ 30,126,626	\$ 31,284,201
Total Revenues	\$ 137,057,778	\$ 12,859,109	\$ 1,806,859	\$ 151,723,746	\$ 149,838,581	\$ 139,971,593	\$ 141,919,350
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 66,431,689	\$ 3,942,772	\$ 755,153	\$ 71,129,614	\$ 73,647,839	\$ 70,111,523	\$ 69,213,969
Temp Help	\$ 244,094		\$ 125	\$ 244,219		\$ 127,239	\$ 272,137
Overtime	\$ 34,981	\$ 76		\$ 35,057		\$ 32,175	\$ 4,487
Staff Benefits	\$ 25,010,544	\$ 2,038,437	\$ 479,727	\$ 27,528,708	\$ 28,236,973	\$ 26,656,950	\$ 27,828,294
	\$ 91,721,307	\$ 5,981,285	\$ 1,235,005	\$ 98,937,597	\$ 101,884,812	\$ 96,927,887	\$ 97,318,887
Operating Expenses and Equipment							
General Expense	\$ 4,901,820	\$ 98,217	\$ 41,502	\$ 5,041,539	\$ 4,865,655	\$ 2,453,554	\$ 3,176,670
Printing	\$ 597,146	\$ 131,565	\$ 43	\$ 728,754	\$ 751,174	\$ 622,715	\$ 795,100
Telecommunications	\$ 1,910,029	\$ 227,506	\$ 10,533	\$ 2,148,068	\$ 3,970,235	\$ 1,825,443	\$ 3,142,863
Postage	\$ 831,064	\$ 209,819		\$ 1,040,883	\$ 1,473,900	\$ 1,130,227	\$ 925,382
Insurance	\$ 42,106	\$ 2,485		\$ 44,591	\$ 45,000	\$ 33,939	\$ 506,929
In-State Travel	\$ 162,038	\$ 8,385	\$ 21,767	\$ 192,190	\$ 207,008	\$ 139,712	\$ 103,700
Out-of-State Travel	\$ 1,407		\$ 9,941	\$ 11,347	\$ 24,013	\$ 14,073	\$ 0
Training	\$ 27,101	\$ 425	\$ 5,210	\$ 32,736	\$ 71,475	\$ 25,210	\$ 20,187
Security Services	\$ 16,652,728		\$ 4,096	\$ 16,656,824	\$ 16,722,804	\$ 15,744,856	\$ 15,384,337
Facility Operations	\$ 2,718,329	\$ 488,972	\$ 29,435	\$ 3,236,737	\$ 4,428,365	\$ 4,850,081	\$ 6,785,006
Contracted Services	\$ 7,975,897	\$ 3,005,957	\$ 399,149	\$ 11,381,003	\$ 12,555,461	\$ 10,886,267	\$ 11,278,820
Consulting and Professional Services	\$ 131,550	\$ 1,132,198	\$ 541	\$ 1,264,289	\$ 1,306,138	\$ 1,301,574	\$ 1,812,117
Information Technology	\$ 3,145,973	\$ 614,190	\$ 29,773	\$ 3,789,936	\$ 5,122,301	\$ 3,622,199	\$ 4,600,197
Major Equipment	\$ 609,281	\$ 5,349		\$ 614,630	\$ 838,486	\$ 256,451	\$ 493,119
Other Items of Expense	\$ 189,481	\$ 14,051		\$ 203,532	\$ 206,650	\$ 307,643	\$ 324,165
	\$ 39,895,950	\$ 5,939,121	\$ 551,990	\$ 46,387,060	\$ 52,588,665	\$ 43,213,944	\$ 49,348,592
Special Items of Expense							
Grand Jury		\$ 152		\$ 152		\$ 5,277	\$ 0
Jury Costs	\$ 1,626,221	\$ 342,310		\$ 1,968,531	\$ 2,438,722	\$ 2,439,533	\$ 2,250,915
Judgements, Settlements and Claims	\$ 890	\$ 26		\$ 916	\$ 87,690	\$ 10,000	\$ 50,000
Other	\$ 78,888			\$ 78,888	\$ 78,103		
Internal Cost Recovery	\$ (1,025,517)	\$ 863,560	\$ 161,958	\$ 0	\$ 0	\$ 0	\$ 23,320
Prior Year Expense Adjustment	\$ (163,106)			\$ (163,106)		\$ (405,106)	
	\$ 517,375	\$ 1,206,047	\$ 161,958	\$ 1,885,380	\$ 2,604,515	\$ 2,049,704	\$ 2,324,235
Total Expenditures	\$ 132,134,632	\$ 13,126,453	\$ 1,948,952	\$ 147,210,037	\$ 157,077,992	\$ 142,191,536	\$ 148,991,714
Excess (Deficit) of Revenues Over Expenditures	\$ 4,923,146	\$ (267,344)	\$ (142,094)	\$ 4,513,709	\$ (7,239,411)	\$ (2,219,943)	\$ (7,072,364)
Operating Transfers In (Out)	\$ (197,317)	\$ 55,223	\$ 142,094	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 18,256,234	\$ 791,076	\$ 0	\$ 19,047,310	\$ 19,047,310	\$ 21,267,253	\$ 21,267,253
Ending Balance (Deficit)	\$ 22,982,063	\$ 578,955	\$ 0	\$ 23,561,019	\$ 11,807,899	\$ 19,047,310	\$ 14,194,889

Source: Phoenix Financial System.

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

	Fiscal Year								
	2010-2011						2009-2010		
	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	\$ 40,253,234	\$ 1,265,330	\$ 0		\$ (163,106)	\$ 41,355,458	\$ 45,486,992	\$ 39,339,007	\$ 38,723,096
Traffic & Other Infractions	\$ 5,131,543	\$ 2,272,649				\$ 7,404,192	\$ 7,817,991	\$ 7,767,270	\$ 5,195,597
Other Criminal Cases	\$ 10,844,006	\$ 1,089,289				\$ 11,933,295	\$ 11,339,167	\$ 8,919,960	\$ 8,986,962
Civil	\$ 7,380,275	\$ 642,465				\$ 8,022,740	\$ 7,607,328	\$ 9,592,716	\$ 9,100,450
Family & Children Services	\$ 10,448,477	\$ 681,656		\$ 0		\$ 11,130,133	\$ 11,874,452	\$ 10,562,806	\$ 12,053,542
Probate, Guardianship & Mental Health Services	\$ 2,852,799	\$ 34,686				\$ 2,887,485	\$ 1,373,108	\$ 2,997,358	\$ 3,732,856
Juvenile Dependency Services	\$ 1,907,974	\$ 4,634,594				\$ 6,542,568	\$ 6,289,944	\$ 6,748,334	\$ 6,084,580
Juvenile Delinquency Services	\$ 57,937	\$ 97,070		\$ 7,120		\$ 162,128		\$ 678,879	\$ 2,377,595
Other Court Operations		\$ 1,424				\$ 1,424		\$ 133,959	
Court Interpreters	\$ 2,802,388	\$ 1,027,137				\$ 3,829,524	\$ 3,846,683	\$ 3,721,965	\$ 4,146,344
Jury Services	\$ 1,230,696	\$ 959,763	\$ 1,800,048			\$ 3,990,507	\$ 4,335,535	\$ 4,216,157	\$ 3,841,101
Security	\$ 192,237	\$ 17,935,747				\$ 18,127,983	\$ 18,465,686	\$ 16,587,176	\$ 15,834,521
Trial Court Operations Program	\$ 83,101,566	\$ 30,641,809	\$ 1,800,048	\$ 7,120	\$ (163,106)	\$ 115,387,437	\$ 118,436,886	\$ 111,265,587	\$ 110,076,644
Enhanced Collections	\$ 3,942,183	\$ 2,803,310	\$ 26	\$ (7,120)		\$ 6,738,399	\$ 7,993,808	\$ 5,790,076	\$ 5,741,188
Other Non-Court Operations	\$ 1,772,104	\$ 440,188	\$ 168,634	\$ 0		\$ 2,380,926	\$ 2,858,873	\$ 2,836,176	\$ 4,737,316
Non-Court Operations Program	\$ 5,714,287	\$ 3,243,498	\$ 168,660	\$ (7,120)		\$ 9,119,325	\$ 10,852,681	\$ 8,626,252	\$ 10,478,504
Executive Office	\$ 1,834,292	\$ 16,086				\$ 1,850,378	\$ 592,940	\$ 2,201,231	\$ 2,710,240
Fiscal Services	\$ 730,486	\$ 1,731,691	\$ 78,888			\$ 2,541,065	\$ 2,384,547	\$ 2,041,666	\$ 2,218,932
Human Resources	\$ 3,420,379	\$ 575,581	\$ 890			\$ 3,996,851	\$ 3,822,635	\$ 3,913,234	\$ 4,415,299
Business & Facilities Services	\$ 1,276,181	\$ 5,066,796				\$ 6,342,977	\$ 9,968,693	\$ 7,514,526	\$ 10,336,086
Information Technology	\$ 2,860,406	\$ 5,111,599				\$ 7,972,005	\$ 11,019,610	\$ 6,629,040	\$ 8,756,009
Court Administration Program	\$ 10,121,745	\$ 12,501,753	\$ 79,778			\$ 22,703,276	\$ 27,788,425	\$ 22,299,697	\$ 28,436,566
Expenditures Not Distributed or Posted to a Program								\$ 0	
Prior Year Adjustments Not Posted to a Program									
Total	\$ 98,937,597	\$ 46,387,060	\$ 2,048,486	\$ 0	\$ (163,106)	\$ 147,210,037	\$ 157,077,992	\$ 142,191,536	\$ 148,991,714

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 Riverside (Court) has:

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

The scope of audit work included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, fixed assets, financial accounting and reporting, case management, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2010–2011.

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

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on January 31, 2011.

The entrance meeting was held with the Court on February 16, 2011.

Audit fieldwork commenced on March 7, 2011.

Fieldwork was completed in October 2011

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 November 3, 2011, with the following Court management:

- Ms. Sherri Carter, Court Executive Officer
- Ms. Diane Colonelli, Chief Deputy, Administrative and Financial Services
- Ms. Lori Whaley, Chief Deputy, Operations
- Ms. Paula Osborne, Deputy Finance Officer
- Adriaan Ayers, Countywide Operations Deputy

IAS received the Court's initial management responses to the IAS recommendations and Appendix A log items on December 7, 2011. After additional dialog and clarifications with the Court, IAS received the Court's final management responses and comments and incorporated these final responses in the audit report and provided the Court with a draft version of the completed audit report for its review and comment on December 16, 2011. On December 21, 2011, IAS received the Court's final comments and suggestions concerning its review of the completed audit report and indicated it did not consider another review of the report necessary before IAS presented the report to the Judicial Council.

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures				
* 920500 - DUES AND MEMBERSHIPS	16,259.00	12,475.00	3,784.00	30.3
* 933100 - TRAINING	32,735.87	25,209.75	7,526.12	29.9
* 972001 - JUDGMENTS, SETTLEMENTS A	915.60	10,000.00	(9,084.40)	(90.8)

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

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

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

The following issue was considered significant enough to bring to management's attention in this report.

1.1 The Court Needs Better Procedures to Ensure that Submitted Causes are Decided Timely

Background

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

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

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

Issues

Our review of the Court's causes under submission determined that Court procedures do not consistently ensure that submitted matters are decided within 90 days. Of the 18 cases we selected to review from the Court's Submitted Matters List for the months of November 2010 to April 2011, one judge had a case with a cause that remained pending and undetermined for more than 90 days. For this case, the judge did not complete and issue a decision on the matter until 97 days after the judge took the matter under submission.

Because the Court's Submitted Matters List is compiled manually, we also requested and reviewed a case management system (CMS) generated report of civil cases with matters taken under submission from January 2010 through May 2011. Our review of this CMS report identified 14 cases with a cause that remained pending and undetermined for more than 90 days. However, a closer review of these 14 cases found that the dates entered into the CMS for seven cases were incorrect or applied to the incorrect undetermined cause and, thus, were not pending for more than 90 days. For two other cases, the Court indicated that the original submitted date changed, but did not issue an order to vacate the original submitted date for one case until after our inquiry in September 2011 and did not respond to our inquiries on the second case as of October 7, 2011. For the remaining five cases, the pending cause reflected the correct dates and remained pending for more than 90 days. For these five cases, the judges did not complete and issue their decisions on those matters until at least 92 days to as many as 157 days after the judges took the matters under submission. The Court did not include four of these five cases with a cause pending for more than 90 days on its manual tracking report "the Submitted Matters List." In addition, the one case that the Court tracked on its manual tracking list dropped from the October 2010 list even though this case remained pending and undecided for more than 90 days as of the date of the list, October 1, 2010.

Moreover, four judges signed inaccurate affidavits that were prepared by the clerk's office during the months they had cases with matters that remained pending and undetermined for more than 90 days. The Court submitted these affidavits to the Administrative Office of the Courts (AOC), resulting in the AOC processing the judges' salaries even though they had cases with causes that remained pending and undetermined for more than 90 days during those months.

Our review of the Court's procedures for tracking and monitoring causes taken under submission found that its process likely contributed to these exceptions. Specifically, each month the PJ's secretary requests information from the courtrooms for the monthly Submitted Matters List. The information is due back to the secretary by the fifth of the month. Once received, the secretary compiles all the information into an all-inclusive Submitted Matters List that is sent to the PJ and all the judicial officers. The Submitted Matters List includes the name of the judge, the case number and parties, the number of days under submission as of a certain date, and the date the matter was taken under submission. In addition, the Court highlights those cases that are close to the 90 day limit on the Submitted Matters List, and the PJ contacts the judicial officer or the supervising judge via phone or e-mail to discuss what actions/arrangements need to be taken. In addition, according to the Court, the PJ's secretary obtains and reviews judges' affidavits and verifies the status of cases in CMS to confirm the matters were ruled on.

However, the list the Court compiles does not group the cases by the age of the cause under submission, such as 30 through 60 days-old, 61 through 90 days-old, and over 90 days-old, as required by rule of court. Moreover, the list is compiled manually from information provided by each courtroom rather than generated from the submitted matter and ruling information in its CMS. In addition, because the list was manually prepared and not

complete, the PJ was not aware of all cases needing the PJ's attention because they had matters under submission that were close to or that had exceeded the 90 days.

Recommendations

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

1. Develop and generate a CMS submitted matters report that groups the cases by the age of the cause taken under submission, as required by rule of court, to replace its manual process of compiling and tracking information regarding cases with matters taken under submission. This would require the Court to remind staff of the importance of entering the correct CMS codes for matters taken under submission and for the associated subsequent decisions. Also, the Court would benefit from internal review procedures to ensure the submitted dates and ruling dates entered into the CMS accurately reflect the dates from supporting court records.
2. Remind judges that California Rules of Court, rule 2.900, allows the court to vacate a submitted matter only by issuing an order served on the parties stating reasons constituting good cause and providing for resubmission.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the Court agrees with the recommendation. A procedure has been written and computer codes developed which will allow the court to track the cases that are taken under submission. Programming is being developed which will automate the tracking of cases taken under submission to ensure the data is accurate and all cases are considered.

Date of Corrective Action: February 1, 2012

Responsible Person(s): Michael Gilfilan, Civil/Probate Operations Director

In regards to recommendation #2, the Court agrees with the recommendation. Judges were briefed on this audit issue at the Countywide Judges Meeting held on November 4, 2011.

Date of Corrective Action: November 4, 2011

Responsible Person(s): Sherri Carter, Court Executive Officer

2. Fiscal Management and Budgets

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Assets				
120002 CASH OUTSIDE OF AOC	6,456,373.95	6,058,528.49	397,845.46	6.6
120050 SHORT TERM INVESTMENTS-LA	23,760,052.55	20,232,853.86	3,527,198.69	17.4
120051 SHORT TERM INVESTMENTS-CA	14,192,948.73	11,804,392.19	2,388,556.54	20.2
Liabilities				
374001 PAYROLL CLEARING ACCOUNT	4,122.99	4,122.99	0.00	0.0
374003 PHOENIX PAYROLL CLEARING	-13,859.43	-13,859.43	0.00	0.0
374101 RETIREMENT CONTRIBUTIONS	-109,473.86	-109,584.27	110.41	(0.1)
374201 VOLUNTARY DEDUCTIONS EE	-1,516.12	-598.29	(917.83)	153.4
374302 STATE UNEMPLOYMENT INSURANCE	-42.51	-42.51	0.00	0.0
374305 SOCIAL SECURITY & MEDICAR	22.72	-424.23	446.95	(105.4)
374401 STATE INCOME TAX WITHHOLD	470.17	3,003.11	(2,532.94)	(84.3)
374501 FEDERAL INCOME TAX WITHHO	-66.11	-302.35	236.24	(78.1)
374601 MANDATORY DEDUCTIONS EE	-562.23	-2.00	(560.23)	28,011.5
374603 UNION DUES	17,789.59	17,789.59	0.00	0.0
374701 HEALTH BENEFITS PAYABLE E	-165,251.01	-167,853.27	2,602.26	(1.6)
374702 BENEFITS PAYABLE-MEDICAL	2,249,279.53	2,147,981.30	101,298.23	4.7
374703 BENEFITS PAYABLE-DENTAL E	-1,065,141.57	-1,070,032.41	4,890.84	(0.5)
374704 BENEFITS PAYABLE-VISION E	-264,882.69	-266,054.62	1,171.93	(0.4)
374705 BENEFITS PAYABLE-LIFE EE	-228,202.43	-231,423.75	3,221.32	(1.4)
374706 BENEFITS PAYABLE-FLEX SPE	-10,192.68	-1,796.82	(8,395.86)	467.3
374707 BENEFITS PAYABLE-LTD EE A	372,824.59	191,601.90	181,222.69	94.6
374708 BENEFITS PAYABLE-STD	-204,950.15	-29,502.41	(175,447.74)	594.7
374709 BENEFITS PAYABLE-SUPP INS	-77,494.02	-77,494.02	0.00	0.0
374801 DEFERRED COMP PAY	10,327.68	10,327.68	0.00	0.0
375001 ACCRUED PAYROLL	-3,435,197.15	-2,700,828.76	(734,368.39)	27.2
Expenditures				
900301 SALARIES - PERMANENT	57,943,285.16	56,567,876.14	1,375,409.02	2.4
900320 LUMP SUM PAYOUTS	188,975.53	827,897.42	(638,921.89)	(77.2)
900322 PREMIUM PAY	0.00	4,803.71	(4,803.71)	(100.0)
900324 SICK LEAVE PAY	453.20	0.00	453.20	100.0

900325 BILINGUAL PAY	129,792.00	143,408.00	(13,616.00)	(9.5)
900327 MISCELLANEOUS DIFFERENTIA	33,659.74	35,954.66	(2,294.92)	(6.4)
900328 OTHER PAY	10,000.00	0.00	10,000.00	100.0
900330 VACATION PAY	49.59	0.00	49.59	100.0
* 900300 - SALARIES - PERMANENT	58,306,215.22	57,579,939.93	726,275.29	1.3
* 903300 - TEMP HELP	244,218.82	127,239.18	116,979.64	91.9
906303 SALARIES - COMMISSIONERS	2,745,904.34	2,672,753.40	73,150.94	2.7
906311 SALARIES - SUPERIOR COURT	10,077,494.68	9,858,830.14	218,664.54	2.2
* 906300 - SALARIES - JUDICIAL OFFI	12,823,399.02	12,531,583.54	291,815.48	2.3
* 908300 - OVERTIME	35,056.70	32,175.14	2,881.56	9.0
** SALARIES TOTAL	71,408,889.76	70,270,937.79	1,137,951.97	1.6
* 910300 - TAX	4,670,195.24	4,569,030.97	101,164.27	2.2
* 910400 - HEALTH INSURANCE	8,210,380.96	7,983,540.87	226,840.09	2.8
* 910600 - RETIREMENT	12,811,798.09	12,149,913.83	661,884.26	5.4
* 912400 - DEFFERED COMPENSATION	301,055.71	328,664.74	(27,609.03)	(8.4)
* 912500 - WORKERS' COMPENSATION	882,227.00	953,868.00	(71,641.00)	(7.5)
* 912700 - OTHER INSURANCE	597,820.65	605,892.28	(8,071.63)	(1.3)
* 913700 - SUPERIOR COURT JUDGES BE	55,230.01	66,039.00	(10,808.99)	(16.4)
** STAFF BENEFITS TOTAL	27,528,707.66	26,656,949.69	871,757.97	3.3
*** PERSONAL SERVICES TOTAL	98,937,597.42	96,927,887.48	2,009,709.94	2.1

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

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

There was a minor issue associated with this area that is 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. FIN 3.01, 3.0, requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. FIN 3.01, 6.1.1 defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. A set of governmental, fiduciary, and proprietary funds have been set up in the Phoenix Financial System to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Fund Balance				
535001 RESERVE FOR ENCUMBRANCES	-992,379.80	-1,075,554.81	83,175.01	(7.7)
552001 FUND BALANCE - RESTRICTED	-3,773,787.58	-2,415,695.43	(1,358,092.15)	56.2
553001 FUND BALANCE - ASSIGNED	-15,273,522.24	-18,551,557.60	3,278,035.36	(17.7)
554001 FUND BALANCE - UNASSIGNED	0.00	-299,999.51	299,999.51	(100.0)
615001 ENCUMBRANCES	992,379.80	1,075,554.81	(83,175.01)	(7.7)
*** Fund Balances	-19,047,309.82	-21,267,252.54	2,219,942.72	(10.4)
Revenue				
** 812100-TCTF - PGM 10 OPERATIONS	-105,573,096.71	-97,172,611.19	(8,400,485.52)	8.6
** 821000-LOCAL FEES REVENUE	-6,819,323.91	-5,707,052.69	(1,112,271.22)	19.5
** 821200-ENHANCED COLLECTIONS - REV	-7,286,822.02	-6,239,368.51	(1,047,453.51)	16.8
** 822000-LOCAL NON-FEES REVENUE	-1,624,329.88	-2,016,008.99	391,679.11	(19.4)
** 823000-OTHER – REVENUE	-13,161.95	-168,438.63	155,276.68	(92.2)
** 825000-INTEREST INCOME	-137,517.35	-182,845.58	45,328.23	(24.8)
*** TRIAL COURTS REVENUE SOURCES	-121,454,251.82	-111,486,325.59	(9,967,926.23)	8.9
** 831000-GENERAL FUND - MOU/REIMB	-108,304.65	-181,798.01	73,493.36	(40.4)
** 832000-PROGRAM 45.10 - MOU/REIMB	-6,077,546.30	-6,797,220.63	719,674.33	(10.6)
** 834000-PROGRAM 45.45 – REIMB	-3,192,087.00	-3,449,492.00	257,405.00	(7.5)
** 836000-MODERNIZATION FUND - REIMB	1,870.89	-8,670.00	10,540.89	(121.6)
** 837000-IMPROVEMENT FUND – REIMB	-498,703.30	-429,069.17	(69,634.13)	16.2
** 838000-AOC GRANTS – REIMB	-1,364,848.08	-1,682,289.70	317,441.62	(18.9)
** 839000-NON-AOC GRANTS – REIMB	-442,010.50	-123,815.72	(318,194.78)	257.0
841010 SMALL CLAIMS ADVISORY	-102,194.44	-106,685.33	4,490.89	(4.2)
841011 DISPUTE RESOLUTION	0.00	623,185.20	(623,185.20)	(100.0)
841012 GRAND JURY	-481,565.23	-552,371.33	70,806.10	(12.8)

841013 PRE-TRIAL	-3,721,201.66	-3,818,472.24	97,270.58	(2.5)
841015 OTHER COUNTY SERVICES	-524,107.50	-477,509.96	(46,597.54)	9.8
** 840000-COUNTY PROG – RESTRICTED	-4,829,068.83	-4,331,853.66	(497,215.17)	11.5
861010 CIVIL JURY REIMB	-138,952.73	-169,604.61	30,651.88	(18.1)
861011 MISCELLANEOUS REIMB	-13,919,637.66	-11,323,461.10	(2,596,176.56)	22.9
** 860000-REIMBURSEMENTS - OTHER	-14,058,590.39	-11,493,065.71	(2,565,524.68)	22.3
*** TRIAL COURTS REIMBURSEMENTS	-30,569,288.16	-28,497,274.60	(2,072,013.56)	7.3
** 890000-PRIOR YEAR REVENUE ADJ	299,794.03	12,007.39	287,786.64	2,396.7
**** REVENUE TOTAL	-151,723,745.95	-139,971,592.80	(11,752,153.15)	8.4

Expenditures

** PRIOR YEAR ADJUSTMENT TOTAL	-163,106.14	-405,105.53	241,999.39	(59.7)
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To determine whether the Court is properly accounting for its financial resources and expenditures in separate funds, we reviewed the trial balance of the Court’s general fund and grant funds and certain detailed transactions, if necessary.

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

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

4. Accounting Principles and Practices

Background

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

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Assets				
130001 A/R-ACCRUED REVENUE	247,598.92	31,505.95	216,092.97	685.9
131201 ACCOUNTS RECEIVABLE (CUST)	159,706.10	96,891.23	62,814.87	64.8
131204 A/R-DUE FROM AOC	1,735,938.98	865,684.06	870,254.92	100.5
131601 A/R - DUE FROM EMPLOYEE	14,176.80	26,252.18	(12,075.38)	(46.0)
134001 A/R -CIVIL JURY FEES	21,840.75	4,295.54	17,545.21	408.5
140001 BLOCK A/R - DUE FROM OTHER	0.00	2,741,521.19	(2,741,521.19)	(100.0)
140011 OPERATIONS-DUE FROM TRUST	5,538.79	0.00	5,538.79	100.0
140012 OPERATIONS-DUE FROM DISTR	1,494,595.13	0.00	1,494,595.13	100.0
140014 GENERAL-DUE FROM SPECIAL	1,904,850.19	0.00	1,904,850.19	100.0
150001 A/R - DUE FROM OTHER GOVT	1,969,744.08	1,776,798.08	192,946.00	10.9
152000 A/R-DUE FROM STATE	4,425,610.53	4,244,910.82	180,699.71	4.3
160001 A/R - PROVISION FOR DEFER	-10,896.44	-10,896.44	0.00	0.0
** Receivables	11,968,703.83	9,776,962.61	2,191,741.22	22.4
** Prepaid Expenses	0.00	3,721.00	(3,721.00)	(100.0)

*** Accounts Receivable	11,968,703.83	9,780,683.61	2,188,020.22	22.4
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Liabilities

301001 A/P - GENERAL	-2,923,470.54	-2,136,546.40	(786,924.14)	36.8
301002 A/P - CLEARING GR/IR ACCT	-113,356.53	-405.19	(112,951.34)	27,876.1
311401 BLOCK A/P - DUE TO OTHER	0.00	-2,741,521.19	2,741,521.19	(100.0)
314011 TRUST-DUE TO OPERATIONS	-5,538.79	0.00	(5,538.79)	100.0
314012 DISTRIBUTION-DUE TO OPERA	-1,494,595.13	0.00	(1,494,595.13)	100.0
314014 SPECIAL REVENUE-DUE TO GE	-1,904,850.19	0.00	(1,904,850.19)	100.0
321501 A/P DUE TO STATE	0.00	-803,640.49	803,640.49	(100.0)
321600 A/P - TC145 LIABILITY	-3,930,388.33	-3,510,053.42	(420,334.91)	12.0
322001 A/P - DUE TO OTHER GOVERN	-2,267,668.29	-3,200,705.77	933,037.48	(29.2)
323001 A/P - SALES & USE TAX	-336.79	-45.62	(291.17)	638.3
323010 TREASURY INTEREST PAYABLE	-248.78	-382.42	133.64	(34.9)
330001 A/P - ACCRUED LIABILITIES	-1,872,167.42	-1,616,988.78	(255,178.64)	15.8
*** Accounts Payable	-14,512,620.79	-14,010,289.28	(502,331.51)	3.6

Revenue

** 812100-TCTF - PGM 10 OPERATIONS	-105,573,096.71	-97,172,611.19	(8,400,485.52)	8.6
** 821000-LOCAL FEES REVENUE	-6,819,323.91	-5,707,052.69	(1,112,271.22)	19.5
** 821200-ENHANCED COLLECTIONS - REV	-7,286,822.02	-6,239,368.51	(1,047,453.51)	16.8
** 822000-LOCAL NON-FEES REVENUE	-1,624,329.88	-2,016,008.99	391,679.11	(19.4)
** 823000-OTHER – REVENUE	-13,161.95	-168,438.63	155,276.68	(92.2)
** 825000-INTEREST INCOME	-137,517.35	-182,845.58	45,328.23	(24.8)
*** TRIAL COURTS REVENUE SOURCES	-121,454,251.82	-111,486,325.59	(9,967,926.23)	8.9
** 831000-GENERAL FUND - MOU/REIMB	-108,304.65	-181,798.01	73,493.36	(40.4)
** 832000-PROGRAM 45.10 - MOU/REIMB	-6,077,546.30	-6,797,220.63	719,674.33	(10.6)
** 834000-PROGRAM 45.45 – REIMB	-3,192,087.00	-3,449,492.00	257,405.00	(7.5)
** 836000-MODERNIZATION FUND - REIMB	1,870.89	-8,670.00	10,540.89	(121.6)
** 837000-IMPROVEMENT FUND – REIMB	-498,703.30	-429,069.17	(69,634.13)	16.2
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** 839000-NON-AOC GRANTS – REIMB	-442,010.50	-123,815.72	(318,194.78)	257.0
841010 SMALL CLAIMS ADVISORY	-102,194.44	-106,685.33	4,490.89	(4.2)
841011 DISPUTE RESOLUTION	0.00	623,185.20	(623,185.20)	(100.0)
841012 GRAND JURY	-481,565.23	-552,371.33	70,806.10	(12.8)
841013 PRE-TRIAL	-3,721,201.66	-3,818,472.24	97,270.58	(2.5)
841015 OTHER COUNTY SERVICES	-524,107.50	-477,509.96	(46,597.54)	9.8
** 840000-COUNTY PROG – RESTRICTED	-4,829,068.83	-4,331,853.66	(497,215.17)	11.5
861010 CIVIL JURY REIMB	-138,952.73	-169,604.61	30,651.88	(18.1)
861011 MISCELLANEOUS REIMB	-13,919,637.66	-11,323,461.10	(2,596,176.56)	22.9
** 860000-REIMBURSEMENTS - OTHER	-14,058,590.39	-11,493,065.71	(2,565,524.68)	22.3
*** TRIAL COURTS REIMBURSEMENTS	-30,569,288.16	-28,497,274.60	(2,072,013.56)	7.3
** 890000-PRIOR YEAR REVENUE ADJ	299,794.03	12,007.39	287,786.64	2,396.7
**** REVENUE TOTAL	-151,723,745.95	-139,971,592.80	(11,752,153.15)	8.4

Expenditures

** PRIOR YEAR ADJUSTMENT TOTAL	-163,106.14	-405,105.53	241,999.39	(59.7)
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We compared general ledger year-end account balances between the prior two fiscal years and reviewed accounts that experienced material and significant variances from year-to-year. We also assessed the Court's procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Due to time constraints, we did not review selected FY 2010–2011 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and

other relevant guidance. Therefore, we did not determine whether the Court properly accounted for and accrued all year-end expenditures and revenues.

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

5. Cash Collections

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Cash Accounts				
117000 CASH DISTRIBUTION ACCOUNT	524,704.76	1,358,117.37	(833,412.61)	(61.4)
118000 CASH-TRUST ACCOUNT	12,823,511.95	16,881,875.51	(4,058,363.56)	(24.0)
118100 CASH-TRUST CLEARING	0.00	-120,181.70	120,181.70	(100.0)
119001 CASH ON HAND - CHANGE FUN	19,710.00	14,540.00	5,170.00	35.6
120002 CASH OUTSIDE OF AOC	6,456,373.95	6,058,528.49	397,845.46	6.6
Overages/Shortages				
823004 CASHIER OVERAGES	-7,300.13	0.00	(7,300.13)	100.0
952599 CASHIER SHORTAGES	2,711.69	-888.77	3,600.46	(405.1)

We visited selected court locations with cash handling responsibilities and assessed various cash handling processes and practices through observations and interviews with Court operations managers and staff. Specific processes and practices reviewed include, but are not limited to, the following:

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

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

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

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

5.1 The Court Could Strengthen Some of Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and to promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This policy requires courts to institute procedures and internal controls that assure the safe, secure collection, and accurate accounting of all payments. For example, FIN 10.02, 6.1.1, states that the preferred method for securing change funds, unprocessed payments, or other valuable documents is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer. Procedures that courts must follow include distributing safe combinations to as few persons as possible and requiring court employees to memorize the combination and not keep it in legible form. Courts should change the combination when known to an excessive number of court employees, employees who know the combination leave court employment, court employees no longer require knowledge of the combination to perform their duties, or on a periodic basis defined by the court.

Also, FIN 10.02, 6.3.1, states, in part, that courts may establish a change fund in each location that collects payments to provide cashiers currency and coin necessary to make change in the day-to-day cash collection operations of the court. The Court Executive Officer (CEO) or his or her designee must appoint a custodian for each change fund exceeding \$500 at each court location. The change fund custodian must have no other cash handling responsibilities. At the end of the business day, the change fund custodian, in the presence of a manager or supervisor, must verify that the change fund reconciles to that day's beginning balance.

In addition, FIN 10.02, 6.3.9, states that in case the automated accounting system fails, the supervisor or designated employee will issue books of pre-numbered receipts and the cashier will issue customers a handwritten receipt. The supervisor issuing the receipt books will monitor and maintain an accounting of the receipt books, including receipt books issued and to whom, date issued, person returning the receipt book(s), the receipts used within each receipt book, and the date the receipt books are returned. Handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

FIN 10.02, 6.3.10, also states that at the end of the workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until the daily balancing and closeout processes are complete. Balancing and closeout

include completing and signing the daily report, attaching a calculator tape for checks, turning in the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

Further, FIN 10.02, 6.4, provides courts with the following guidance for processing payments received through the mail:

- Checks and money orders received through the mail should be processed and entered into the court's cashiering system on the day they are received. Any exceptions are to be brought to the attention of a supervisor and processed as soon as practicable.
- A two-person team should be used to maintain accountability for payments received through the mail. Team members opening mail must not also enter the payments in the court's cashiering system. To avoid record keeping of payment exceptions outside of the court's cashiering system, all payments that cannot be immediately applied should be entered in the court's cashiering system as "suspense items", accounted for as a liability and deposited to a trust bank account until the payment can be properly applied.
- Checks and money orders received through the mail should be listed on a Payments Receipts Log sheet. The sheet should include a case number, person making the payment, check amount and number, date received, and person handling the check for each payment received. An adding machine tape of payments should be attached to the sheet showing that the total amount of payments received matches the total amount entered on the sheet.
- On a daily basis, trial court staff responsible for processing payments received through the mail must review all payments that are held over from a previous day's work to determine if any of the payments can be processed. A supervisor or manager must identify and log any payment that has been held for more than five calendar days without being processed. The log must specify the reason why the payment cannot be processed and must also specifically identify any cash payment being held in suspense for more than five calendar days. Further, a supervisor or manager must provide a report on at least a monthly basis to the Fiscal Officer listing by age any payment that has not been processed for more than 15 days. Similarly, a report must be provided to the Court Executive Officer or his or her designee that lists by age any payment that has not been processed for 30 days.

The FIN Manual, Policy No. FIN 13.01, 6.3, requires, in part, that an employee other than the person who prepares the deposit (preferably a supervisor or higher level of management) must sign and date the deposit slip verifying the cash receipts have been deposited in total.

Finally, the FIN Manual, Policy No. FIN 1.01, 6.4 (4), requires courts to document and obtain AOC approval of their alternative procedures if court procedures differ from the

procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the AOC will not be considered valid for audit purposes.

Issues

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

1. Safekeeping of Cash Collections – Three of the eight Court locations we reviewed did not change the safe combinations when necessary and two did not always safeguard cash drawers. Specifically, one location had two employees who retired in April 2010 and another employee who changed job responsibilities in January 2011 and who knew the safe combination but no longer required this knowledge. The second location acknowledged that the safe combination had not been changed in more than 10 years, since 1999. The third location did not know the last time the safe combination was changed. In addition, at two locations we observed some cashiers leaving their cash drawers unlocked and unattended.
2. Change Fund – The designated change fund custodian also performs other cash handling duties, such as daily deposit preparation, at four Court locations. Further, one Court location counts their change fund at mid-day rather than at the end of the day.
3. Handwritten Receipts – At two locations, the supervisor or manager did not take possession and secure the handwritten receipt books when they were not in use. Instead, these Court locations allowed the cashiers to maintain custody of the receipt books at their desks.

In addition, three Court locations have an excessive number of handwritten receipt books for the small number of handwritten receipts issued. Specifically, at one location that had 14 handwritten receipt books, six books were unused and four had not been used in over a year. Of the four handwritten receipt books in use, only 15 receipts were issued in the 14 month period from January 1, 2010, through March 9, 2011. At another location, of the 17 handwritten receipt books issued to the cashiers, only nine handwritten receipts were used in the six-month period from September 10, 2010, through March 10, 2011. In addition, although we did not review the number of receipts issued from the more than 40 handwritten receipt books on hand at the third location, such a large number of handwritten receipt books on hand would make it more difficult for any supervisor to adequately track and monitor handwritten receipts.

Also, two Court locations did not always record all relevant information on the handwritten receipts, such as the signature of cashier receiving the payment or the name of the person making the payment.

Further, handwritten receipts at two Court locations did not always reflect verification that the payment was promptly entered into the case management system, such as by initials or signature of a reviewing supervisor or manager. As a result, the same two

Court locations did not always enter handwritten receipt payments in the case management system as soon as the system was restored. Specifically, one location entered four of the 10 handwritten receipts we reviewed between two and five business days after receiving the payment. At the second location, two of the nine handwritten receipts we reviewed were entered four and 19 business days after receiving the payment.

4. Daily Closeout Process – Two Court locations do not balance cashiers’ daily collections to the case management system until the next business day. As a result, one of the two Court locations took more than six hours to prepare and complete its deposit on the day of our review because cashier balancing and closeout errors were not identified and resolved at the end of the prior day.
5. Mail Payments - The Court does not require the use of a mail payment log to track the mail payments it receives. Also, one Court location does not use a two-person team to open mail. Not requiring a two-person team to open mail and not completing a mail payment log may provide individuals who handle mail and subsequently process mail and counter payments on the same day with an opportunity to take money without being detected.

In addition, Court personnel who open mail at two Court locations also perform the incompatible function of processing unlogged mail payments. For two other Court locations, unlogged mail payments are processed at the front counter and commingled with the collection and processing of counter payments, making it impossible to identify and track processed mail payments should any questions or issues arise.

Further, one Court location does not process mail payments by the next business day. This location also does not identify and log mail payments that are not processed within five calendar days. It also does not report mail payments not processed within 15 days to the CFO, nor those not processed within 30 calendar days, by age, to the CEO. By not processing mail payments by the next business day, the Court is at risk of having mail payments lost or stolen. Also, by not identifying and logging unprocessed mail payments, the Court location cannot adequately monitor the age of unprocessed mail payments. Further, by not communicating to Court management when it has mail payments not processed within 15 or 30 days, Court management may not be made aware of the need to redirect resources to help the Court location process and reduce its mail payments backlog.

6. Bank Deposits – Court personnel who verify cashier daily closeout and balancing at five of the eight Court locations we reviewed also perform the incompatible function of preparing the deposit. In addition, court personnel who prepare the daily deposit at six of the eight Court locations we reviewed also perform the incompatible function of verifying the deposit. Further, although a supervisor signed the deposit slip as reviewed and approved, we observed that the daily deposit was not actually verified on the day of our review at one Court location. Specifically, the preparer of the deposit did not sign the deposit slip and the supervisor who signed the deposit slip did not actually count the

money to ensure the deposit was intact. Without appropriate supervisory review of the bank deposit, the Court risks having daily collections lost or stolen.

Recommendations

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

1. Require Court locations to change safe combinations when necessary, such as when employees retire, change job assignments and no longer need the safe combination, or within a Court-specified time period. Also, require cashiers to lock their cash drawers when leaving their cash drawers unattended.
2. Ensure that change fund custodians at each Court location do not perform other cash handling duties. Also, require change fund custodians at each Court location to count and reconcile their change fund at the end of the day in the presence of a supervisor or manager.
3. Ensure that each Court location uses handwritten receipts only when the case management system is down and that a manager or supervisor at each Court location secures the handwritten receipt books when not in use. Also, reduce the number of handwritten receipt books in use to better track and monitor the receipts issued. Further, ensure that cashiers complete handwritten receipts with all relevant information. Finally, ensure that handwritten receipts are entered in the case management system as soon as the system is restored and that a manager or supervisor initials or signs the handwritten receipt after verifying that the payment was promptly entered.
4. Require each location to perform the daily closeout process, including verifying collections to the case management system, at the end of each day rather than the next business day.
5. Ensure that each Court location uses two-person teams to open and process mail, and record mail payments on a mail payment log. Each location should also ensure that Court personnel who open the mail are not also processing unlogged mail payments or that unlogged mail payments are not processed at the front counter while also collecting and processing counter payments. In addition, Court locations should process mail payments by the next business day, maintain an aging schedule of unprocessed mail payments, and report to Court management mail payments not processed within 15 and 30 calendar days to inform Court management of the volume of mail payments not processed by the next business day.
6. Ensure that Court personnel who perform the cashier daily balance and closeout process do not also prepare the daily deposit. Further, require supervisors to count and verify deposits, and sign and date all deposit slips to demonstrate their review and verification of the deposit.

7. Prepare alternative procedure requests and submit them to the AOC for approval if the Court cannot implement the FIN Manual procedures and process payments as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the court agrees with the recommendation. In March 2011, the court hired a vendor to change the safe combinations in all facilities, and will schedule annual combination changes at all locations. In addition, staff were notified immediately of the requirement to lock their cash drawer anytime they leave the area or anytime they leave the draw unattended.

Date of Corrective Action: March 2011 and December 2011

Responsible Person(s): David Aldana, Court Facilities Manager

In regards to recommendation #2, the Court agrees with the recommendation. A change fund custodian will be designated for any court location that has a change fund greater than \$500. Change funds will be reconciled at the end of each day. The Court's Internal Audits Team will review for compliance during bi-annual audits.

Date of Corrective Action: December 15, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations, and Operations Division Managers

In regards to recommendation #3, the Court agrees with the recommendation. Receipt books will remain locked in the safe and only used when the case management system is down or when payments need to be processed in the collections system by the limited number of staff that have authorized access, pursuant to the Alternative Cash Handling policy approved by the AOC on October 31, 2011. In addition, extraneous receipt books were returned to Fiscal Services. Each clerk's office will retain one or more receipt books, not to exceed the number of public service windows. A review of the handwritten receipts will be included in the balancing process, to ensure the required data is included on the receipt, the receipts are posted in a timely manner, and verification of posting has been completed. The Court's Internal Audits Team will review for compliance during bi-annual audits.

Date of Corrective Action: November 21, 2011 and December 1, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations, and Operations Division Managers

In regards to recommendation #4, the Court agrees with the recommendation. The daily collections will be balanced to the case management system at the close of business day at all court locations.

Date of Corrective Action: December 1, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations; Patti Saucedo, Division Manager, Temecula; and Stacy Mason, Division Manager, Moreno Valley

In regards to recommendation #5, the Court agrees with the recommendation. The Court agrees that all court locations will use two-person teams to open mail. Exceptions to the two-person team are provided in the Alternative Cash Handling Policy which was approved by the AOC on October 31, 2011. Mail payments will be batched, have a calculator tape attached, and will be secured as included in the Alternative Cash handling policy. In addition, staff that open mail will not process unlogged or unbatched mail. These payments will be processed as quickly as possible. Mail payments will not be logged daily, but will be identified and entered on the Fiscal Services log at the required 5 day period. Notification will be provided to the Chief Financial Officer when mailed payments are not processed within 15 days, and to the Court Executive Officer when not processed within 30 days. The Court's Internal Audits Team will review for compliance during bi-annual audit.
Date of Corrective Action: November 21, 2011 and December 1, 2011
Responsible Person(s): Lori Whaley, Chief Deputy of Operations, and Operations Division Managers

In regards to recommendation #6, Court agrees with the recommendation. Court personnel conducting the close out/balancing process will not prepare the deposit. The deposit will be verified and deposit slips dated and signed, to show the information has been verified. The Court's Internal Audits Team will review for compliance during bi-annual audits.
Date of Corrective Action: December 5, 2011
Responsible Person(s): Lori Whaley, Chief Deputy of Operations, and Operations Division Managers

In regards to recommendation #7, the court agrees with the recommendation. An Alternative Cash Handling Policy was requested and approved by the AOC on October 31, 2011.
Date of Corrective Action: October 31, 2011
Responsible Person(s): Diane Colonelli, Chief Deputy of Administration and Financial Services

5.2 Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions Need Improvement

Background

According to the California Code of Civil Procedure, Section 411.20, when a payment for a civil action filing is made by check and the check is later returned without payment, the court must mail a notice notifying the paying party of the following:

- The check has been returned to the court unpaid;
- The court has imposed an administrative fee for processing the returned check and providing the notice; and
- The filing fee and the administrative fee must be paid within 20 days of the date the notice (20-day notice) was mailed.

In addition, if the court does not receive payment of the civil filing and administrative fee within 20 days of the date it mails the 20-day notice discussed above, it must void the filing.

Further, if any trial or hearing is scheduled to be heard prior to the expiration of the 20-day period, the civil filing and administrative fees must be paid prior to the trial or hearing. Should the party fail to pay the civil filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the court must void the filing and proceed as if it had not been filed.

Issues

According to the Court's Fiscal Services Supervisor, designated fiscal staff access the bank website, download images of any returned unpaid checks (NSF checks), and void the respective payment in the Court's case management system (CMS). Staff also add a note to the respective case in the CMS to acknowledge receipt of the NSF check and impose a \$30 administrative fee that the Court is to collect in addition to the filing fee. When the NSF check payment is voided in CMS, Fiscal Services staff generate a 20-day notice that is mailed to the responsible parties and noted in the CMS.

However, our review of selected civil cases where payments were voided due to NSF checks revealed that the Court did not void the filings and allowed cases to proceed even though the responsible parties had not paid the required civil filing and administrative fees within the 20 day period or prior to a scheduled hearing, whichever occurred first. Specifically, the Court did not void the filing and allowed four of the ten NSF check cases we reviewed to proceed even though the required filing and administrative fees were not paid within the 20-day period. In fact, for another two NSF check cases where the Court scheduled hearings for a date prior to the expiration of the 20-day period, the Court held the hearings even though the responsible parties had not paid the required filing and administrative fees for either case. Moreover, for one of these two cases, the Court had not yet received payment at the time of our review and could not demonstrate that it had initiated collection proceedings. The Court received payment for the other NSF check case approximately two weeks after the 20-day period expired.

The Court did not void the filings and allowed the above NSF cases to proceed even though the required filing and administrative fees were not paid because the Court does not automatically place NSF check cases on the Court's tracking calendar so that the Civil Division can monitor their payment status. Specifically, the Court uses a tracking calendar to enable the Civil Division to track and monitor partial payments on civil cases. A Civil Division supervisor prints the tracking calendar daily to determine whether or not a filing needs to be voided due to non-payment of the remaining fees within 20-days of the notice mailing. Although the Court's fiscal staff void the NSF payments in CMS, the CMS does not automatically link the NSF check cases to the Court's tracking calendar so that the Civil Division can track and monitor the payment status of these cases. Consequently, the Civil Division does not track and monitor NSF check cases to ensure that the responsible parties pay the required filing and administrative fees within 20 days of the mailing date of the 20-day notice before allowing these cases to proceed.

Recommendations

To ensure that the Court processes only civil action filings that are paid in full, it should consider the following:

1. Modify its CMS to also automatically link the NSF check cases to its tracking calendar so that the Civil Division can track and monitor the payment status of the NSF check cases, similar to how it tracks and monitors the payment status of partial payment cases, and ensure the required fees are paid or filing voided.
2. If the Civil Division determines the NSF check case is scheduled to be heard within the 20-day period after the date the 20-day notice is mailed, it should consider rescheduling the hearing to a date after the 20-day period to ensure that the responsible parties pay the required filing and administrative fees within the 20-day period and prior to any scheduled hearing. If the Civil Division does not reschedule the hearing, it should ensure the responsible parties pay the required filing and administrative fees prior to the hearing or void the filing.
3. If the responsible parties do not pay the filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the Civil Division should void the filing and proceed as if it had not been filed.
4. The Court should initiate collection proceedings to collect the required filing and administrative fees due to the Court for any case where it allowed the case to continue and the responsible parties did not pay the required filing and administrative fees.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In response to recommendations 1 thru 4, the Court agrees. A policy has been implemented that complies with the procedures for handling non-sufficient fund (NSF) issues. Upon notice that a check has been returned due to NSFs, Fiscal staff will void the payment in the case management system and enter an action code, CCNSF, which will schedule a hearing on the clerk's tracking calendar 20 days from the date the NSF letter is sent. The clerk's office will monitor all payment due dates for NSF fees. The policy also states that if judicial orders have been made on the case already, the case will be referred to Enhanced Collections Division for collection purposes. If judicial orders have not been made, the papers will be voided.

Date of Corrective Action: October 14, 2011

Responsible Person(s): Michael Gilfilan, Civil and Probate Operations Director; Paula Osborne, Deputy Finance Officer, and Collections Managers

6. Information Systems

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures				
943201 IT MAINTENANCE	592,165.40	652,124.00	(59,958.60)	(9.2)
943202 IT MAINTENANCE - HARDWARE	870,706.40	1,081,983.33	(211,276.93)	(19.5)
943203 IT MAINTENANCE - SOFTWARE	1,503,242.62	1,647,408.47	(144,165.85)	(8.8)
* 943200 - IT MAINTENANCE	2,966,114.42	3,381,515.80	(415,401.38)	(12.3)
* 943300 - IT COMMERCIAL CONTRACT	545,450.28	94,874.63	450,575.65	474.9
* 943400 - IT INTER-JURISDICTIONAL	16,525.00	7,726.76	8,798.24	113.9
943502 IT SOFTWARE & LICENSING F	234,457.10	114,683.29	119,773.81	104.4
943503 COMPUTER SOFTWARE	23,738.13	16,689.95	7,048.18	42.2
943506 SECURITY SOFTWARE	3,651.38	6,708.18	(3,056.80)	(45.6)
* 943500 - IT REPAIRS/SUPPLIES/LICE	261,846.61	138,081.42	123,765.19	89.6
** INFORM TECHNOLOGY (IT) TOTAL	3,789,936.31	3,622,198.61	167,737.70	4.6

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

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

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

6.1 The Court Did Not Distribute Certain Collections in Accordance with Statutes and Guidelines

Background

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

Issues

The Court records traffic and criminal case collections in its case management system, the Genesis Offense Tracking System (GOTS). GOTS uses ledger codes to automatically calculate and distribute these collections. An interface program distributes ledger code distributions further to county general ledger revenue accounts. The Court also performs additional manual calculations at month-end for some distributions (e.g., \$1 special distributions for traffic school cases to local court and justice facility construction funds) to more accurately report its monthly revenue distributions.

To determine whether the Court distributed collections in accordance with applicable statutes and guidelines, we selected 18 cases to review with disposition dates between July 2010 and March 2011. Our review focused on cases with more frequent violations, such as speeding, and on cases with violations involving complex or special distributions, such as driving under the influence and red light violations. Our review of the Court's distributions for the cases we selected to review identified the following:

1. The Court does not correctly assess the administrative fee for checking the department of motor vehicle (DMV) records for prior convictions. According to VC 40508.6(a), courts may assess an administrative fee, not to exceed \$10, for recording and maintaining a record of prior convictions for violations of the Vehicle Code. This administrative fee is assessed on subsequent violations of the Vehicle Code, not the first. In addition, VC 40508(b) allows courts to assess an administrative fee to the cost of notifying the DMV of attachments or restrictions of a defendant's driver's license or vehicle registration. However, for six of ten applicable cases, the Court assessed \$10 for VC 40508.6 DMV priors even though no prior violations of the Vehicle Code or reports to DMV were noted in the case history.
2. The Court did not calculate and deduct the GC 68090.8–Two Percent State Automation allocation from applicable fines and penalties. According to GC 68090.8(b), before any other distributions, two percent of all criminal fines, penalties,

- and forfeitures must be transmitted to the Trial Court Improvement Fund to be used to pay the costs of court automated systems. However, for all six applicable cases we reviewed, the Court did not deduct the GC 69090.8–Two Percent State Automation allocation from the PC 1202.4–State Restitution Fine (RFS) or from the FG 12021–Fish and Game Secret Witness Additional Penalty. This happened because the ledger codes used for these two fines and penalties were not set to allocate two percent to the State Automation account in the Court’s Genesis to G/L interface program.
3. For one reckless driving case, the Court distributed the appropriate total base fine amount to the county, but did not designate the base fine reduction amounts into separate PC 1463.14(a)–Lab Fees and PC 1463.16–County Program Fees accounts. As a result, the Court did not identify and distinguish these base fine reduction distributions for the county at month end.
 4. The Court did not correctly distribute the collections on cases with traffic school dispositions as follows:
 - a. For three applicable traffic school cases where the city police department was the citing agency, the Court incorrectly distributed 100% of the base fine to the city instead of distributing only the share applicable to the city pursuant to PC 1463.002. This happened because the ledger code used to distribute these collections in the Genesis to G/L interface program is set to distribute 100% to the city instead of only the city share.
 - b. Additionally, for three applicable traffic school cases, the Court incorrectly distributed two percent to the GC 69090.8–Two Percent State Automation account. However, the two percent State Automation distribution is not applicable to traffic school cases, except for child seat traffic school cases. This happened because the Court used non-traffic school ledger codes that are set to distribute two percent to the State Automation account later in the Genesis to G/L interface program.
 - c. Also, for a red light traffic school case and a speeding traffic school case, the Court did not calculate the correct special distributions specified in VC 42007(b) for GC 76104–EMS, GC 76000.5–EMS Additional Penalty Assessment, and GC 70372 (a)–State Court Facilities Construction Fund; and in 42007(c) for city base fine distributions.
 - d. Further, the Court did not include the GC 76000.5–EMS Additional Penalty Assessment when calculating the VC 42007.3–30 Percent Red Light allocation on the red light traffic school case we reviewed, nor when calculating the VC 42007.4–30 Percent Railroad Fund allocation on the railroad traffic school case we reviewed.
 - e. Finally, the Court did not distribute the collections on railroad traffic school cases as required by VC 42007.4. Specifically, for the one railroad traffic school case we reviewed, the Court incorrectly distributed the fines and penalties to the VC 42007–Traffic Violator School ledger code (PTS). However, the VC 42007–Traffic Violator School distributions are not applicable to railroad traffic school cases because these cases are subject to the distributions required in VC 42007.4. In addition, for this same railroad

traffic school case, the Court calculated incorrect distributions to the VC 42007.4–30 Percent Railroad Fund allocation, distributed a large and disproportionate share of the fines and penalties to the EMT ledger code, and did not distribute any amounts to the ledger codes for most of the other applicable fines and penalties.

5. For one of the two Health and Safety cases we reviewed, and for which the Court assessed a PC 1463.23–AIDS Education Program fine, the Court calculated an incorrect base fine. In addition, it incorrectly distributed to itself, through the use of ledger code AFC, the base fine remaining after reducing \$50 for the PC 1463.23–AIDS Education Program. Further, for this same Health and Safety case, the Court used the incorrect enhanced base fine when calculating the PC 1465.7–20 Percent State Surcharge.
6. For the one Fish and Game case we reviewed, the Court did not calculate and distribute the correct base fine amount. In addition, the Court did not assess the PC 1465.8–Court Security Fee or the GC 70373–Criminal Conviction Assessment. The Court indicates it corrected these charge codes in June 2011.

Recommendations

To improve the accuracy of its calculations and distributions of Court collections and ensure that the Court distributes fines, fees, penalties, and other assessments in accordance with applicable statutes and guidelines, it should consider the following:

1. Discontinue the practice of automatically assessing the VC 40508.6 administrative fee on cases with no prior Vehicle Code violations or cases where no attachment or restriction of a defendant's driver's license or vehicle registration is reported to DMV. Instead, the Court should assess the administrative fee for recording subsequent violations of the Vehicle Code, not the first violation, or when reporting driver's license or vehicle registration attachments or restrictions to DMV.
2. Modify the ledger codes for the PC 1202.4–State Restitution Fine (RFS) and the FG 12021–Fish and Game Secret Witness Additional Penalty to deduct the GC 69090.8–Two Percent State Automation allocation in the Genesis to G/L interface program.
3. For reckless driving cases, designate into separate ledger codes the base fine reduction amounts for PC 1463.14(a)–Lab Fees and PC 1463.16–County Program Fees so that the Court can identify and distinguish these base fine reduction distributions for the county at month end.
4. For traffic school cases, it should modify its ledger codes as follows:
 - a. Distribute only the city share pursuant to PC 1463.002 on cases where the city police department is the agency issuing the citation.
 - b. Use traffic school ledger codes that are not set to distribute two percent to the State Automation account later in the Genesis to G/L interface program.

- c. For applicable traffic school cases (except railroad traffic school and child seat traffic school cases), calculate the applicable special distributions specified in VC 42007(b) and (c).
 - d. Include the GC 76000.5–EMS Additional Penalty Assessment when calculating the VC 42007.3–30 Percent Red Light Fund allocations on red light traffic school cases, and when calculating the VC 42007.4–30 Percent Railroad Fund allocations on railroad traffic school cases.
 - e. Calculate and distribute the collections on railroad traffic school cases as required by VC 42007.4.
5. For Health and Safety cases with a PC 1463.23–AIDS Education Program fine, ensure it calculates and distributes the correct base fine amounts. In addition, consider using ledger code HRC, which distributes 75 percent to the State and 25 percent to the county, to distribute the base fine remaining after reducing \$50 for the PC 1463.23–AIDS Education Program. Further, ensure the enhanced base fine is used when calculating the PC 1465.7–20 Percent State Surcharge.
 6. For Fish and Game cases, ensure it calculates and distributes the correct base fine amounts. In addition, ensure it assesses the PC 1465.8–Court Security Fee and the GC–70373 Criminal Conviction Assessment.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the Court agrees with the recommendation. Programming was requested from the court's case management system vendor which will allow the DMV prior conviction to only be added to cases when recording subsequent violations of the Vehicle Code. The revision is pending still, and expected to be complete by February 1, 2012.

Date of Corrective Action: February 1, 2012

Responsible Person(s): Gary Whitehead, Chief Deputy of Information Technology

In regards to recommendation #2, the Court agrees with the recommendation. The 2% Automation distribution is completed in CAI, the court's accounting system and not in the case management system. The correction has been made.

Date of Corrective Action: September 29, 2011

Responsible Person(s): Faten Michael, Fiscal Services Technician II

In regards to recommendation #3, the Court agrees with the recommendation. A new fine type was created, RKS, for reckless driving violations. It will be added to violations 23103, 23014, and 23105 VC charges so that fines imposed in the future will include the correct distribution. Effective on cases 11/10/11.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #4a, the Court agrees with the recommendation. The distribution has been corrected in court accounting interface program.

Date of Corrective Action: June 1, 2011

Responsible Person(s): Faten Michael, Fiscal Services Technician II

In regards to recommendation #4b, the Court agrees with the recommendation. The distribution has been correction the case management system.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #4c, the Court agrees with the recommendation. The distribution has been correction the case management system.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #4d, the Court agrees with the recommendation. The distribution has been correction the case management system.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #4e, the Court agrees with the recommendation. The distribution has been correction the case management system.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #5, the court agrees with the recommendation. The distribution has been corrected in the case management system. A notice and applicable fine distribution chart has been sent to judicial officers reminding them that this violation requires an enhanced base.

Date of Corrective Action: December 1, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

In regards to recommendation #6, the Court agrees with the recommendation. The distribution has been corrected in the case management system.

Date of Corrective Action: September 29, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

6.2 The Court Could Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records

Background

The California Department of Motor Vehicles (DMV) and California Superior Courts agree to cooperate and share information when each court enters into a mutually beneficial Memorandum of Understanding (MOU) with DMV. For example, courts need certain DMV data to assist them in determining appropriate judgments in traffic cases. Similarly, DMV needs certain traffic case information from each court to assist it in carrying out its motor vehicle and driver license program responsibilities. MOUs provide courts with the ability to

access and update DMV data on-line, such as data in the DMV vehicle registration and driver license files.

Before DMV allows courts to access and update sensitive and confidential DMV data, DMV requires each court to agree to certain conditions spelled out in an MOU. For example, DMV may require courts to agree to the following conditions in an MOU:

- Maintain a current list of individuals who are authorized to access electronic DMV files.
- Allow audits or inspections by DMV authorized employees at court premises for the purpose of determining compliance with the terms of the MOU.
- Establish security procedures to protect DMV access information, including ensuring that each employee having access to DMV records signs an individual security statement which must be re-certified annually.
- Electronically log and store all DMV record access information for a period of two-years from the date of the transaction. The log information must be preserved for audit purposes and must include, at a minimum, the following: (a) transaction and information codes, (b) court code, (c) record identifiers, (d) individual user identifiers, and (e) date and time of transaction.

Additionally, MOUs may include a condition that allows DMV to immediately cancel the MOU and terminate court access to DMV data if a court, for example, negligently or intentionally misuses DMV data.

Issues

Although the Court understands and takes seriously its responsibility to keep sensitive DMV data secure and protected, our review of Court procedures to control and monitor access to DMV data identified the following exceptions:

1. The Court does not have an adequate process to ensure that only individuals needing access to sensitive DMV data to perform their jobs have DMV user IDs authorizing them access to DMV files. Specifically, the Court does not proactively monitor who has access to sensitive DMV data partly because the Court accesses DMV data through the County's information system. Thus, the Court does not have complete control over the system and therefore cannot readily generate a system report of Court employees with access to DMV data. Instead, the Court maintains a manual list of Court employee DMV user IDs for individuals it has authorized to access DMV files. Although the Court's list may also not be a complete list of Court employees with access to DMV data since it was not generated from or reconciled to a County system report of DMV user IDs, our review of the Court's manual list identified five employees that were not on the current payroll. Three of these five employees no longer worked for the Court and the other two did not work for the Court but were later rehired after our review. In addition, Court management confirmed five additional employees on the Court's manual list no longer required DMV data access to perform their current assigned jobs because they had been promoted or reassigned.

Further, the Court determined that one employee on the manual list was not in the County system as having DMV data access.

2. The Court does not require its employees to annually sign individual DMV Information Security Statements–Form INF-1128, or sign individual statements that contain, at a minimum, the same provisions contained in the DMV Information Security Statement form. Although the Court had its employees sign a similar form to cover the access and use of the criminal justice and DMV information, the form did not include, as required by its MOU with the DMV, the provisions contained in the DMV Information Security Statement form.

Recommendations

To ensure it takes responsible steps to meet the conditions stated in the MOU with DMV, the Court should consider the following:

1. Maintain and proactively monitor and update a list of DMV user IDs for Court employees who need access to sensitive DMV databases to perform their jobs. This would entail the Court periodically requesting and obtaining from the County's information system a list of Court DMV user IDs and comparing this system generated list to a list of Court employees needing access to sensitive DMV data to perform their jobs. For any Court DMV user IDs it identifies as not necessary, the Court should request the County to deactivate these DMV user IDs. In addition, the Court should make inquiries of the County regarding the availability of any exception reports the County system can generate to monitor Court employee access to sensitive DMV data. If such reports are available, the Court should request and review these exception reports to monitor and ensure Court employees only access sensitive DMV data for business purposes.
2. Either, require each Court employee or contractor with access to DMV databases to annually sign a DMV Information Security Statement–Form INF 1128, or incorporate provisions from the DMV Information Security Statement form into its own form.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the Court agrees with the recommendation. The Court will ensure that the County IS (DMV on-line) is notified when an employee's access needs to be terminated. The court will contact the County IS to obtain a written list of court employees with access for reconciliation purposes.

Date of Corrective Action: December 1, 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations, and John Hawkins, Information Technology Supervisor

In regards to recommendation #2, Court agrees with the recommendation. The court employees with access to the DMV on-line terminal will be required to sign DMV security statements on an annual basis.

Date of Corrective Action: January 1, 2012

Responsible Person(s): Brenda Lussier, Chief Deputy of Human Resources

7. Banking and Treasury

Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the courts' control. The FIN Manual, FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located. The Court receives interest income earned on funds deposited with the AOC Treasury. The Court deposits in AOC-established accounts allocations to the trial court for court operations; trust deposits for civil cases; and filing fees, most other civil fees, civil assessments, and court-ordered sanctions under AB 145. The Court opened a locally-managed bank account that is used as its revolving account. The Court still deposits with the County Treasurer criminal and traffic fines, fees.

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Assets				
100000 POOLED CASH	593,616.91	1,211,363.08	(617,746.17)	(51.0)
100011 OPS DEPOSIT	0.00	40,834.98	(40,834.98)	(100.0)
100017 OPS OUTGOING EFT	-514.66	102,846.84	(103,361.50)	(100.5)
100025 DISB CHECK-OPERATIONS	-1,552,717.09	-1,490,272.57	(62,444.52)	4.2
100026 DISB CHECK-TRUST	-486,867.97	-154,069.30	(332,798.67)	216.0
100035 PR CHECK	-4,249.90	-2,801.31	(1,448.59)	51.7
100037 PR OUTGOING EFT	0.00	646,181.82	(646,181.82)	(100.0)
111000 BLOCK CASH-OPERATIONS ACC	0.00	1,978.00	(1,978.00)	(100.0)
111100 BLOCK CASH-OPERATIONS CLE	0.00	-135,223.81	135,223.81	(100.0)
112100 CASH PAYROLL OPERATIONS C	0.00	-37.63	37.63	(100.0)
114000 CASH-REVOLVING	12,500.00	12,500.00	0.00	0.0
117000 CASH DISTRIBUTION ACCOUNT	524,704.76	1,358,117.37	(833,412.61)	(61.4)
118000 CASH-TRUST ACCOUNT	12,823,511.95	16,881,875.51	(4,058,363.56)	(24.0)
118100 CASH-TRUST CLEARING	0.00	-120,181.70	120,181.70	(100.0)
119001 CASH ON HAND - CHANGE FUN	19,710.00	14,540.00	5,170.00	35.6
120002 CASH OUTSIDE OF AOC	6,456,373.95	6,058,528.49	397,845.46	6.6
120050 SHORT TERM INVESTMENTS-LA	23,760,052.55	20,232,853.86	3,527,198.69	17.4
120051 SHORT TERM INVESTMENTS-CA	14,192,948.73	11,804,392.19	2,388,556.54	20.2
*** Cash and Cash Equivalents	56,339,069.23	56,463,425.82	(124,356.59)	(0.2)

Liabilities – Trust

351001 BLOCK LIABILITIES FOR DEP	0.00	-54,743.69	54,743.69	(100.0)
351003 LIABILITIES FOR DEPOSITS	-170,508.37	0.00	(170,508.37)	100.0
353002 CIVIL TRUST-CONDEMNATION	-7,834,391.99	-11,394,961.58	3,560,569.59	(31.2)
353004 JURY FEES- NON-INTEREST B	-116,076.02	-92,607.02	(23,469.00)	25.3
353007 CRIMINAL TRUST - VICTIM R	-1,532,539.88	-1,532,539.88	0.00	0.0
353023 CIVIL TRUST - APPEAL TRAN	-86,818.96	-141,517.50	54,698.54	(38.7)
353039 UNRECONCILED TRUST - CIVI	-301,677.37	-1,686,782.53	1,385,105.16	(82.1)
353040 CIVIL UNRECONCILED TRUST	-333,517.18	-80,598.57	(252,918.61)	313.8

353070 DUE TO OTHER GOVERNMENT A	-7,305,088.77	-7,471,664.37	166,575.60	(2.2)
353080 LIABILITIES FOR DEPOSITS	-1,453,122.37	-444,786.93	(1,008,335.44)	226.7
353090 FUNDS HELD OUTSIDE OF THE	-6,456,373.95	-6,058,528.49	(397,845.46)	6.6
353999 TRUST INTEREST PAYABLE	-1,722,024.22	-1,932,807.20	210,782.98	(10.9)

Revenue				
** 825000-INTEREST INCOME	-137,517.35	-182,845.58	45,328.23	(24.8)

Expenditures				
920301 MERCHANT FEES	2,573,207.19	361,296.44	2,211,910.75	612.2
920302 BANK FEES	112,136.82	134,183.04	(22,046.22)	(16.4)

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

- Controls over check issuance and the safeguarding of check stocks for bank accounts under the Court’s control (e.g. Revolving Account, local bank accounts).
- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether AOC approval was obtained prior to opening and closing bank accounts.

There 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 the associated costs, and these services and costs are included in the MOU that also specifies the terms of payment. The Court entered into an MOU with the County Sheriff for court security services, including stationing bailiffs in courtrooms, contracting for security staff at the weapons screening checkpoints located at the entrances to the courthouses, and retaining control of in-custodies transported to the courthouse.

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures				
934503 PERIMETER SECURITY-SHERIF	3,753,640.91	2,276,642.66	1,476,998.25	64.9
934504 PERIMETER SEC-CONTRCT (OT	1,794,165.97	1,673,822.67	120,343.30	7.2
934510 COURTROOM SECURITY-SHERIF	11,089,384.51	11,738,001.58	(648,617.07)	(5.5)
934512 ALARM SERVICE	2,132.06	56,389.39	(54,257.33)	(96.2)
934599 SECURITY	17,500.55	0.00	17,500.55	100.0
* 934500 – SECURITY	16,656,824.00	15,744,856.30	911,967.70	5.8
941101 SHERIFF – REIMBURSEMENTS	79,405.00	76,542.00	2,863.00	3.7
941102 CITATION SERVICES	45,140.00	25,410.00	19,730.00	77.6
941199 SHERIFF	1,090,693.70	1,071,107.44	19,586.26	1.8
* 941100 – SHERIFF	1,215,238.70	1,173,059.44	42,179.26	3.6

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

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

9. Procurement

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures – Contracted Services				
* 920100 - GENERAL EXPENSE	797.36	0.00	797.36	100.0
* 920200 - LABORATORY EXPENSE	13,327.65	9,782.50	3,545.15	36.2
* 920300 - FEES/PERMITS	2,697,748.04	498,519.41	2,199,228.63	441.2
* 920500 - DUES AND MEMBERSHIPS	16,259.00	12,475.00	3,784.00	30.3
* 920600 - OFFICE EXPENSE	648,596.55	712,540.92	(63,944.37)	(9.0)
* 920700 - FREIGHT AND DRAYAGE	883.99	683.00	200.99	29.4
* 921500 - ADVERTISING	33,758.77	32,933.84	824.93	2.5
* 921700 - MEETINGS, CONFERENCES, E	38,723.74	28,784.86	9,938.88	34.5
* 922300 - LIBRARY PURCHASES AND SU	238,428.28	256,585.45	(18,157.17)	(7.1)
* 922600 - MINOR EQUIPMENT - UNDER	974,745.52	439,869.31	534,876.21	121.6
* 922700 - EQUIPMENT RENTAL/LEASE	121.97	10,951.03	(10,829.06)	(98.9)
* 922800 - EQUIPMENT MAINTENANCE	134,549.30	143,818.72	(9,269.42)	(6.4)
* 922900 - EQUIPMENT REPAIRS	54,729.88	141,400.69	(86,670.81)	(61.3)
* 923900 - GENERAL EXPENSE - SERVIC	188,869.25	165,209.62	23,659.63	14.3
* 924500 - PRINTING	728,754.24	622,714.96	106,039.28	17.0
* 925100 - TELECOMMUNICATIONS	2,148,068.04	1,825,443.10	322,624.94	17.7
* 926100 - POSTAGE	288,756.85	0.00	288,756.85	100.0
* 926200 - STAMPS, STAMPED ENVELOPE	744,186.67	1,128,691.23	(384,504.56)	(34.1)
* 926300 - POSTAGE METER	7,939.64	1,535.27	6,404.37	417.1
* 928800 - INSURANCE	44,591.12	33,939.00	10,652.12	31.4
* 933100 - TRAINING	32,735.87	25,209.75	7,526.12	29.9
* 934500 - SECURITY	16,656,824.00	15,744,856.30	911,967.70	5.8
* 935200 - RENT/LEASE	895,532.05	1,010,794.05	(115,262.00)	(11.4)

* 935300 - JANITORIAL	2,178,198.34	2,380,122.01	(201,923.67)	(8.5)
* 935400 - MAINTENANCE AND SUPPLIES	52,218.64	80,781.66	(28,563.02)	(35.4)
* 935500 - GROUNDS	1,337.52	934.99	402.53	43.1
* 935600 - ALTERATION	100,344.79	1,366,730.95	(1,266,386.16)	(92.7)
* 935700 - OTHER FACILITY COSTS - G	5,739.33	7,321.57	(1,582.24)	(21.6)
* 935800 - OTHER FACILITY COSTS - S	3,366.12	3,396.08	(29.96)	(0.9)
* 938200 - CONSULTING SERVICES - TE	4,627.03	-1,782.90	6,409.93	(359.5)
* 938300 - GENERAL CONSULTANT AND P	2,260,362.31	2,461,026.34	(200,664.03)	(8.2)
* 938500 - COURT INTERPRETER SERV	1,006,758.11	1,225,262.42	(218,504.31)	(17.8)
* 938600 - COURT REPORTER SERVICES	552,788.79	860,106.67	(307,317.88)	(35.7)
* 938700 - COURT TRANSCRIPTS	25,313.75	64,559.00	(39,245.25)	(60.8)
* 938800 - COURT APPOINTED COUNSEL	4,435,387.32	4,178,769.14	256,618.18	6.1
* 938900 - INVESTIGATIVE SERVICES	5,246.00	4,935.07	310.93	6.3
* 939000 - COURT ORDERED PROFESS	506,188.08	397,224.01	108,964.07	27.4
* 939100 - MEDIATORS/ARBITRATORS	505,280.67	526,518.65	(21,237.98)	(4.0)
* 939200 - COLLECTION SERVICES	1,740,427.06	800,994.32	939,432.74	117.3
* 939400 - LEGAL	294,048.08	328,769.43	(34,721.35)	(10.6)
* 939800 - OTHER CONTRACT SERVICES	44,575.54	39,884.95	4,690.59	11.8
* 943200 - IT MAINTENANCE	2,966,114.42	3,381,515.80	(415,401.38)	(12.3)
* 943300 - IT COMMERCIAL CONTRACT	545,450.28	94,874.63	450,575.65	474.9
* 943400 - IT INTER-JURISDICTIONAL	16,525.00	7,726.76	8,798.24	113.9
* 943500 - IT REPAIRS/SUPPLIES/LICE	261,846.61	138,081.42	123,765.19	89.6
* 945200 - MAJOR EQUIPMENT	614,629.93	256,451.33	358,178.60	139.7
* 951000 - OTHER ITEMS OF EXPENSE	600.00	0.00	600.00	100.0
* 952000 - UNIFORM ALLOWANCE	0.00	342.22	(342.22)	(100.0)
* 952300 - VEHICLE OPERATIONS	200,220.50	308,189.63	(107,969.13)	(35.0)

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

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

10. Contracts

Background

The FIN Manual, FIN 7.01, establishes uniform guidelines for trial courts to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial courts must issue a contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to commit trial court resources to apply appropriate contract principles and procedures that protect the best interests of the court.

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

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2011	June 30, 2010	\$ Inc. (Dec.)	% Change
Expenditures – Contracted Services				
938401 GENERAL CONSULTANTS & PRO	879,689.79	786,292.10	93,397.69	11.9
938402 BENEFIT	84,313.10	10,321.40	73,991.70	716.9
938403 PAYROLL SERVICE	0.00	117,636.41	(117,636.41)	(100.0)
938404 ADMINISTRATIVE SERVICE	703,421.00	973,396.29	(269,975.29)	(27.7)
938406 ARCHITECTURAL SERVICES	0.00	1,630.00	(1,630.00)	(100.0)
938409 ARCHIVING/IMAGING MANAGEM	279,776.00	279,414.88	361.12	0.1
938411 TRAFFIC SCHOOL MONITORING	313,162.42	292,335.26	20,827.16	7.1
* 938300 - GENERAL CONSULTANT AND P	2,260,362.31	2,461,026.34	(200,664.03)	(8.2)
* 938500 - COURT INTERPRETER SERVIC	1,006,758.11	1,225,262.42	(218,504.31)	(17.8)
* 938600 - COURT REPORTER SERVICES	552,788.79	860,106.67	(307,317.88)	(35.7)
* 938700 - COURT TRANSCRIPTS	25,313.75	64,559.00	(39,245.25)	(60.8)
* 938800 - COURT APPOINTED COUNSEL	4,435,387.32	4,178,769.14	256,618.18	6.1
* 938900 - INVESTIGATIVE SERVICES	5,246.00	4,935.07	310.93	6.3
* 939000 - COURT ORDERED PROFESS	506,188.08	397,224.01	108,964.07	27.4
* 939100 - MEDIATORS/ARBITRATORS	505,280.67	526,518.65	(21,237.98)	(4.0)
* 939200 - COLLECTION SERVICES	1,740,427.06	800,994.32	939,432.74	117.3
* 939400 - LEGAL	294,048.08	328,769.43	(34,721.35)	(10.6)
* 939800 - OTHER CONTRACT SERVICES	44,575.54	39,884.95	4,690.59	11.8
** CONTRACTED SERVICES TOTAL	11,381,002.74	10,886,267.10	494,735.64	4.5
Expenditures – County Provided Services				
* 941100 - SHERIFF	1,215,238.70	1,173,059.44	42,179.26	3.6
* 942100 - COUNTY-PROVIDED SERVICES	49,050.72	128,514.60	(79,463.88)	(61.8)
** CONSULTING AND PROFESS SERV	1,264,289.42	1,301,574.04	(37,284.62)	(2.9)

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

Further, we reviewed MOUs entered into with the County to determine whether they are current, comprehensive of all services currently received or provided, and contain all required terms and conditions. We also reviewed selected County invoices to determine whether the services billed were allowable and sufficiently documented and supported, and

whether the Court appropriately accounted for the costs and had a process to determine if County billed cost were reasonable.

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

11. Accounts Payable

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2011	June 30, 2010	\$ Inc. (Dec.)	% Change
Accounts Payable				
301001 A/P – GENERAL	-2,923,470.54	-2,136,546.40	(786,924.14)	36.8
301002 A/P - CLEARING GR/IR ACCT	-113,356.53	-405.19	(112,951.34)	27,876.1
311401 BLOCK A/P - DUE TO OTHER	0.00	-2,741,521.19	2,741,521.19	(100.0)
314011 TRUST-DUE TO OPERATIONS	-5,538.79	0.00	(5,538.79)	100.0
314012 DISTRIBUTION-DUE TO OPERA	-1,494,595.13	0.00	(1,494,595.13)	100.0
314014 SPECIAL REVENUE-DUE TO GE	-1,904,850.19	0.00	(1,904,850.19)	100.0
321501 A/P DUE TO STATE	0.00	-803,640.49	803,640.49	(100.0)
321600 A/P - TC145 LIABILITY	-3,930,388.33	-3,510,053.42	(420,334.91)	12.0
322001 A/P - DUE TO OTHER GOVERN	-2,267,668.29	-3,200,705.77	933,037.48	(29.2)
323001 A/P - SALES & USE TAX	-336.79	-45.62	(291.17)	638.3
323010 TREASURY INTEREST PAYABLE	-248.78	-382.42	133.64	(34.9)
330001 A/P - ACCRUED LIABILITIES	-1,872,167.42	-1,616,988.78	(255,178.64)	15.8
*** Accounts Payable	-14,512,620.79	-14,010,289.28	(502,331.51)	3.6

Expenditures – Contract Court Interpreters

938502 COURT INTERPRETER TRAVEL	12,052.30	10,852.67	1,199.63	11.1
938503 COURT INTERPRETERS - REG	31,995.40	38,996.69	(7,001.29)	(18.0)
938504 COURT INTERPRETERS - CERT	637,524.42	781,337.75	(143,813.33)	(18.4)
938505 COURT INTERPRETERS - NONR	12,771.23	15,118.81	(2,347.58)	(15.5)
938506 COURT INTERPRETERS - NONC	10,480.03	47,871.56	(37,391.53)	(78.1)
938507 COURT INTERPRETERS - AMER	184,443.98	152,298.11	32,145.87	21.1
938509 COURT INTERPRETER - MILE	116,838.19	176,393.69	(59,555.50)	(33.8)
938510 COURT INTERPRETER - MEALS	0.00	263.50	(263.50)	(100.0)

938511 COURT INTERPRETER - LDG	652.56	2,129.64	(1,477.08)	(69.4)
* 938500 - COURT INTERPRETER SERV	1,006,758.11	1,225,262.42	(218,504.31)	(17.8)

Expenditures – Travel

929201 IN-STATE TRAVEL EXPENSE C	3,115.18	473.00	2,642.18	558.6
929202 IN-STATE AIR TRANS	21,827.86	14,708.48	7,119.38	48.4
929203 IN-STATE RENTAL VEHICLES	781.80	1,405.57	(623.77)	(44.4)
929205 PER-DIEM - JUDICIAL - IN	8,774.74	11,845.03	(3,070.29)	(25.9)
929206 LODGING-IN STATE	59,326.93	31,056.76	28,270.17	91.0
929207 RAIL, BUS TAXI, FERRY-IN	14,842.91	2,913.20	11,929.71	409.5
929208 PRIVATE CAR MILEAGE-JUD	16,464.88	25,869.99	(9,405.11)	(36.4)
929209 PRIVATE CAR MILEAGE-EMPL	61,776.43	47,273.84	14,502.59	30.7
929210 PRIVATE CAR MILEAGE-OTHER	0.00	36.52	(36.52)	(100.0)
929211 PARKING-IN STATE	4,151.14	2,202.53	1,948.61	88.5
929299 TRAVEL IN STATE	236.66	387.86	(151.20)	(39.0)
929303 TRAVEL AGENCY FEES	891.00	1,539.00	(648.00)	(42.1)
** TRAVEL IN STATE TOTAL	192,189.53	139,711.78	52,477.75	37.6
** TRAVEL OUT OF STATE TOTAL	11,347.49	14,072.79	(2,725.30)	(19.4)

Expenditures

* 920100 - GENERAL EXPENSE	797.36	0.00	797.36	100.0
* 920200 - LABORATORY EXPENSE	13,327.65	9,782.50	3,545.15	36.2
920301 MERCHANT FEES	2,573,207.19	361,296.44	2,211,910.75	612.2
920302 BANK FEES	112,136.82	134,183.04	(22,046.22)	(16.4)
920303 LATE FEES	0.00	139.93	(139.93)	(100.0)
920304 REGISTRATION FEES-PERMITS	7,826.00	0.00	7,826.00	100.0
920306 PARKING FEES	3,482.50	2,900.00	582.50	20.1
920399 FEES/PERMITS	1,095.53		1,095.53	100.0
* 920300 - FEES/PERMITS	2,697,748.04	498,519.41	2,199,228.63	441.2
* 920500 - DUES AND MEMBERSHIPS	16,259.00	12,475.00	3,784.00	30.3
* 920600 - OFFICE EXPENSE	648,596.55	712,540.92	(63,944.37)	(9.0)
* 920700 - FREIGHT AND DRAYAGE	883.99	683.00	200.99	29.4
* 921500 - ADVERTISING	33,758.77	32,933.84	824.93	2.5
* 921700 - MEETINGS, CONFERENCES, E	38,723.74	28,784.86	9,938.88	34.5
* 922300 - LIBRARY PURCHASES AND SU	238,428.28	256,585.45	(18,157.17)	(7.1)
922601 MINOR OFFICE EQUIPMENT/MA	18,002.26	-3,912.27	21,914.53	(560.1)
922603 OFFICE FURNITURE - MINOR	23,826.26	13,275.37	10,550.89	79.5
922605 MODULAR FURNITURE-MINOR	76,275.66	83,311.91	(7,036.25)	(8.4)
922606 NON-OFFICE FURNITURE	79,241.76	16,194.21	63,047.55	389.3
922607 CARTS, PALLETS, HAND TRUC	0.00	15,090.11	(15,090.11)	(100.0)
922608 WEAPON SCREENING EQUIP	0.00	14,575.89	(14,575.89)	(100.0)
922609 WEAPON SCREENING EQUIP	25,881.89	0.00	25,881.89	100.0
922610 COMPUTER ACCESSORIES	109,004.19	71,074.33	37,929.86	53.4
922611 COMPUTER	361,103.57	87,452.96	273,650.61	312.9
922612 PRINTERS	119,511.72	59,823.41	59,688.31	99.8
922614 SECURITY SURVEILLANCE - M	88,189.08	4,856.61	83,332.47	1,715.9
922699 MINOR EQUIPMENT - UNDER \$	73,709.13	78,126.78	(4,417.65)	(5.7)
* 922600 - MINOR EQUIPMENT - UNDER	974,745.52	439,869.31	534,876.21	121.6
* 922700 - EQUIPMENT RENTAL/LEASE	121.97	10,951.03	(10,829.06)	(98.9)
* 922800 - EQUIPMENT MAINTENANCE	134,549.30	143,818.72	(9,269.42)	(6.4)
* 922900 - EQUIPMENT REPAIRS	54,729.88	141,400.69	(86,670.81)	(61.3)
* 923900 - GENERAL EXPENSE - SERV	188,869.25	165,209.62	23,659.63	14.3
** GENERAL EXPENSE TOTAL	5,041,539.30	2,453,554.35	2,587,984.95	105.5
924501 PRINTED FORMS	546,927.35	350,904.24	196,023.11	55.9
924502 COURT FORMS	0.00	119,909.50	(119,909.50)	(100.0)
924503 ENVELOPES	20,554.00	8,437.75	12,116.25	143.6

924505 BUSINESS CARDS	5,041.40	2,659.33	2,382.07	89.6
924506 CASE FILE JACKETS	152,801.27	139,821.95	12,979.32	9.3
924508 CHECKS	783.00	0.00	783.00	100.0
924510 LETTERHEAD/JUDICIAL STATI	0.00	359.17	(359.17)	(100.0)
924599 PRINTING	2,647.22	623.02	2,024.20	324.9
** PRINTING TOTAL	728,754.24	622,714.96	106,039.28	17.0
925102 INTERNET ACCESS PROVIDER	44,144.56	52,992.68	(8,848.12)	(16.7)
925103 CELL PHONES/PAGERS	43,393.96	58,648.42	(15,254.46)	(26.0)
925104 SATELLITE SERVICES FOR JU	447.90	3,886.93	(3,439.03)	(88.5)
925107 LAN/WAN	366,650.63	200,425.26	166,225.37	82.9
925108 INSTRUMENTS-COUNTY PROV	0.00	6.41	(6.41)	(100.0)
925109 LONG DISTANCE COMM	6,607.86	105,567.82	(98,959.96)	(93.7)
925110 800 MGZ - COMMUNICATION	0.00	182.75	(182.75)	(100.0)
925111 COMMUNICATIONS-MAINT	47,047.32	106,746.80	(59,699.48)	(55.9)
925113 TELEPHONE SYSTEMS	698,499.61	-10,378.65	708,878.26	(6,830.2)
925117 TELEPHONE PARTS	1,540.46	1,019.30	521.16	51.1
925118 TELECOM SERVICE	939,735.74	1,306,345.38	(366,609.64)	(28.1)
** TELECOMMUNICATIONS TOTAL	2,148,068.04	1,825,443.10	322,624.94	17.7
926099 POSTAGE	288,756.85	0.00	288,756.85	100.0
926101 STAMPS	302,452.74	1,079,477.87	(777,025.13)	(72.0)
926102 EXPRESS DELIVERY	44,954.95	48,849.40	(3,894.45)	(8.0)
926105 REGISTERED MAIL	0.00	11.96	(11.96)	(100.0)
926199 STAMPS, STAMPED ENVELOPES	396,778.98	352.00	396,426.98	112,621.3
926302 POSTAGE METER SUPPLIES	1,682.47	1,535.27	147.20	9.6
926399 POSTAGE METER	6,257.17	0.00	6,257.17	100.0
** POSTAGE TOTAL	1,040,883.16	1,130,226.50	(89,343.34)	(7.9)
** INSURANCE TOTAL	44,591.12	33,939.00	10,652.12	31.4
* 935300 - JANITORIAL	2,178,198.34	2,380,122.01	(201,923.67)	(8.5)
* 935400 - MAINTENANCE AND SUPPLIES	52,218.64	80,781.66	(28,563.02)	(35.4)
* 935500 - GROUNDS	1,337.52	934.99	402.53	43.1
* 935600 - ALTERATION	100,344.79	1,366,730.95	(1,266,386.16)	(92.7)
* 935700 - OTHER FACILITY COSTS - G	5,739.33	7,321.57	(1,582.24)	(21.6)
* 935800 - OTHER FACILITY COSTS - S	3,366.12	3,396.08	(29.96)	(0.9)
** FACILITY OPERATION TOTAL	3,236,736.79	4,850,081.31	(1,613,344.52)	(33.3)
965101 JURORS - FEES	1,256,840.10	1,608,559.02	(351,718.92)	(21.9)
965102 JURORS - MILEAGE	537,863.57	658,063.38	(120,199.81)	(18.3)
965103 JURORS - SEQUESTERED MEAL	0.00	-29.33	29.33	(100.0)
965110 JUROR PUBLIC TRANSPORTATI	173,827.00	172,939.50	887.50	0.5
** JURY COSTS TOTAL	1,968,530.67	2,439,532.57	(471,001.90)	(19.3)
** OTHER TOTAL	79,955.19	15,277.00	64,678.19	423.4

We assessed the Court's compliance with invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal staff involved in accounts payable. We also reviewed selected invoices and claims processed in FY 2010–2011 to determine whether the accounts payable processing controls were followed, payments were appropriate, and amounts paid were accurately recorded in the general ledger.

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

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

11.1 The Court Needs to Improve Its Travel Expense Reimbursement Procedures

Background

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

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

The trial court reimburse[s] its judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business within the limits of the trial court's maximum reimbursement guidelines. Under Government Code section 69505, the AOC's Travel Rate Guidelines must be used. All exceptions to the Judicial Branch Travel Guidelines, including any terms of an executed memorandum of understanding agreement by and between a recognized employee organization and a trial court, must be submitted in writing and have prior approval in accordance with alternative procedures guidelines established in Policy Number FIN 1.01, 6.4 (4).

Policy Number FIN 8.03 provides specific travel procedures for trial courts to follow. FIN 8.03, 6.3, states that it is necessary to document business travel expenses with original receipts showing the actual amounts spent on lodging, transportation, and other miscellaneous items. Further, FIN 8.03, 6.3.1, states when the use of a personal vehicle is approved for trial court business and the travel commences from home, reimbursed personal vehicle mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination. In addition, FIN 8.03, 6.1.1 states that travel costs incurred without written travel request approval may be subject to rejection when reimbursement is requested. Out-of-state or international travel requires the approval of the Presiding Judge (PJ) or written designee.

IN addition, Policy Number FIN 8.03, 6.4, provides that reimbursable travel expenses are limited to the authorized, actual, and necessary costs of conducting the official business of the trial court and the limits established in the published AOC Travel Rate Guidelines. Judges and employees who incur reimbursable business travel costs, must submit a completed travel expense claim (TEC) form that notes the business purpose of the trip, includes only allowable expenses paid, is supported by required receipts, and is signed approved by the judge's or employee's appropriate approval level.

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

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

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

When lodging above the maximum rate is the only lodging available, or when it is cost-effective, FIN 8.03, 6.1.6 provides procedures for requesting a lodging rate exception. This paragraph states that an Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the appointing power designee (PJ or designee).

Issues

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding current travel reimbursement practices. We also reviewed selected travel expense transactions between July 2010 and March 2011. Our review determined that the Court needs to improve its business travel procedures. Specifically, we noted the following:

1. Travel Expense Claims were not always approved by the employee's appropriate approval level, the employee's supervisor or manager. Specifically, in four of the seven claims we reviewed, Court executive managers approved the TECs for judges and commissioners. In these instances, the appropriate approval levels for the TECs submitted by judges and commissioners are the PJ or a supervising judge.
2. The Court does not always require employees to include on their TECs certain information that is necessary for reviewers and approvers to assess whether the claimed expenses are appropriate. Specifically, Court employees did not always provide the purpose of the business travel and certain other pertinent information, such as the headquarters address, residence address, and times of travel. This information is necessary so that reviewers can assess the accuracy, necessity, and reasonableness of the claimed business travel expense, such as determining whether the claimed personal mileage expense reflects the lesser of mileage from home or headquarters to the business destination and whether the claimed meals are appropriate. For example, for six of the seven TECs we reviewed, the Court did not require the employees to include the travel start and end times on their TEC forms.

Therefore, we could not determine the appropriateness of the claimed meals and other travel expenses. When the Court does not require employees to submit this necessary information, the supervisors and accounts payable staff cannot adequately evaluate whether the claimed meals and mileage are appropriate before approving and processing the TECs for reimbursement.

3. The Court reimbursed employee claims for out-of-state travel expenses even though they did not submit written pre-approval by the PJ or written designee of the out-of-state travel. Specifically, for three of the four out-of-state travel TECs we reviewed, the Court could not demonstrate prior approval by the PJ for the out-of-state travel.
4. For four of the seven TECs we reviewed, Court supervisors and accounts payable staff did not adequately review the TECs resulting in the Court reimbursing employees more than the maximum allowed for meals and incidentals. Specifically, for one TEC, the Court reimbursed an employee \$15 for dinner and \$1.92 for breakfast even though the time stamps on the submitted receipts indicated both meal expenses occurred during lunch. As a result, since the maximum allowable reimbursement for lunch is \$10, the Court over-paid this employee nearly \$7 above the maximum allowed for lunch. In addition, the Court reimbursed this employee's claim for an alcoholic beverage as a dinner. The FIN Manual explicitly prohibits alcoholic beverages as an allowable travel expense. For two other TECs, the Court reimbursed employees for the incidentals claimed on the first day of travel even though the employees were not eligible for the reimbursement because a full 24 hour period had not elapsed.

For the fourth TEC, the Court reimbursed an employee's claim for lunch and dinner expenses at amounts that exceeded the maximum allowed rates for an employee on long-term travel status. Specifically, while on long-term travel status, the maximum allowed meal reimbursement rates are \$6 for lunch and \$10.80 for dinner. However, for the long-term travel TEC we reviewed, the Court reimbursed the employee \$8 for lunch and \$15 for dinner. Not using the allowed long-term travel meal rates resulted in the Court reimbursing this employee in excess of \$130 more than what it should have for this one TEC. Based on additional information from the Court, the Court has been reimbursing this employee the higher long-term travel meal rates since at least June 2009.

Recommendations

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

1. Require appropriate level review and approval signatures on TEC forms from the employee's supervisor or above. If the TEC is submitted by a judicial officer, the PJ or a supervising judge would be the appropriate review and approval level who would sign the TEC approving the travel expenses of judicial officers. In addition, instruct

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

2. Require travelers to complete and submit TECs that include all the information needed—such as addresses, purpose of trip, dates, and times—to determine the accuracy, necessity, and reasonableness of their request for business travel expense reimbursement.
3. Require employees to obtain prior written approval from the PJ, or written designee, for out-of-state business travel. In addition, consider developing and using an out-of-state travel request form that is separate and distinguishable from the in-state travel request form it currently uses.
4. Provide instruction to managers, supervisors, and accounts payable staff, in addition to employees who travel on Court business, regarding the information and documentation necessary to review and approve allowable travel expenses, including instruction on FIN Manual travel expense reimbursement requirements and AOC maximum reimbursement limits.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the Court agrees with the recommendation and will ensure the Presiding Judge or his/her designee approves expense claims for judicial officers. For three of the four cases cited, the employees were part of the Retired Commissioners pilot program as authorized and approved by the AOC. The Court believes this program was modeled after the retired judges program which allows AOC staff to approve and sign off on judicial officer travel. Therefore, the Court's operations director was approving these retired commissioner claims. The program has been corrected. Note: Ancillary expenses for retired commissioners are also no longer covered by the court. As of July 1, 2011, only per diem is paid.

Date of Corrective Action: November 9, 2011

Responsible Person(s): Paula Osborne, Deputy Finance Officer

In regards to recommendation #2, the Court agrees with the recommendation and will improve its process. These specific expenses are pre-approved by travelers' supervisor or manager as per policy, so information is already known prior to travel. These supervisors/managers are also the staff responsible to review and approve reimbursement requests to ensure accurate claims. However, the court will direct staff by email to include start and end times, and the purpose. Additional training and reminders will occur on January 27, 2012 at the semi-annual Countywide Leadership Meeting where all executives, managers and supervisors meet in person. A special training will be provided by fiscal staff for the Judicial Secretaries as well.

Date of Corrective Action: December 1, 2011 thru February 28, 2012

Responsible Person(s): Diane Colonelli, Chief Deputy of Administrative and Financial Services, and Paula Osborne, Deputy Finance Officer

In regards to recommendation #3, the court agrees with the recommendation and will ensure the appropriate level of approval, the Presiding Judge, or written designee, is obtained prior to the out-of-state travel. The Court does not feel a separate form for out-of-state travel is necessary. The Staff Request and Authorization form currently being used is sufficient, but will be amended to include a statement indicating that if the travel is out-of-state, the form must also be signed by the Presiding Judge or written designee.

Date of Corrective Action: December 19, 2011

Responsible Person(s): Diane Colonelli, Chief Deputy of Administrative and Financial Services, and Paula Osborne, Deputy Finance Officer

In regards to recommendation #4, the court agrees with the recommendation and the Human Resources Division is modifying court policy to clarify meal reimbursement parameters for staff and the supervisors and manager who approve the claims. Additionally, the employee who purchased alcohol has reimbursed the court and was also directed to follow policy in the future. The employee who was overpaid \$8.00 has also reimbursed the court. This policy will be reviewed at the Expanded Executive Team meeting on December 19, 2011.

Date of Corrective Action: December 19, 2011

Responsible Person(s): Brenda Lussier, Chief Deputy of Human Resources, and Paula Osborne, Deputy Finance Officer

11.2 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 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.

Further, the Judicial Council has established Payment Policies for Contract Court Interpreters. For example, actual mileage may be reimbursed when the contract court interpreter travels 60 miles or more roundtrip from his/her place of business. Extraordinary travel costs may be reimbursed only with the advanced approval of the court executive officer or his/her designee.

Issues

To determine whether the Court adheres to the invoice processing policies and procedures in the FIN Manual, we made inquiries of appropriate Court staff regarding the Court's invoice payment processing practices. We also reviewed selected invoices the Court paid in fiscal

year 2009-2010. Our review identified the following weaknesses and areas of noncompliance:

- The Court did not consistently follow the FIN Manual procedures for processing the 19 paid invoices and claims we selected to review. Specifically, we noted the following exceptions:
 - The Court could not provide a purchase order, contract, or agreement that corresponded to six of the invoices we reviewed. For a seventh invoice, the corresponding purchase order did not specify the price per unit. As a result, we could not determine whether the Court paid the amounts it initially agreed to pay for these seven invoices.
 - For another invoice, in addition to not providing an agreement that documented the hourly wage rates it agreed to pay, the Court paid hourly wage rates that are higher than those set in statute. Specifically, the hourly wage rate for retired commissioners is set by statute at 85 percent of the hourly wage rate paid to a retired judge assigned to that court. However, the Court relied on incorrect information from the AOC and paid its assigned retired commissioner hourly wage rates that are higher than the rate set in statute.
 - For six invoices, Court accounts payable staff processed the invoices for payment without documentation, either with a receiving report for goods or a signature on the invoice acknowledging the receipt and approval of acceptable services, that the Court received acceptable goods or services.
 - For three invoices, the Court did not adhere to its payment authorization matrix. Specifically, individuals authorized to approve certain payments did not approve the payments.

For example, for one invoice we found the Court configured the accounting system to process scheduled automatic payments of more than \$250,000 monthly to a contractor for attorney services. The contract payment terms provide that a specific amount be paid to the contractor for each new case referred to the contractor. Although the Court's contract representative tracks the number of new cases referred to the contractor each month, he does not sign the invoice acknowledging the approval of the invoice. When the accounting system is configured to process automatic payments, the Court risks paying more than it should since the review accounts payable staff would normally perform of the invoice against the contract terms is bypassed. As a result, not only is no one from the Court approving the contractor invoice before payment, the Court is also paying the contractor a fixed dollar amount per month contrary to the terms of the contract that provide for payment to

the contractor of a specific amount for each new case the Court refers to the contractor.

For the other two invoices, a fiscal analyst approved the invoices for payment rather than an authorized manager or supervisor listed on the Court's payment authorization matrix.

- For two invoices, the Court paid expenses that are not allowable per Rules of Court, rule 10.810. Specifically, one invoice was to pay for the cost of providing coffee to non-sequestered jurors. Although rule 10.810 allows meals for sequestered jurors, it does not allow the same for non-sequestered jurors. The second invoice was for the cost of leasing facility space that is used for purposes other than for records storage. Although the County reimburses the Court for these leased facility costs, rule 10.810 allows courts to only lease space for records storage.

Recommendations

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

1. Provide training and instruction to accounts payable staff to ensure they follow the uniform guidelines for processing invoices and claims that are provided in the FIN Manual, Judicial Council's Payment Policies for Contract Court Interpreters, and Government Code for court reporters. Specifically, it should:
 - a. Ensure accounts payable staff verify that the prices and quantities billed agree to the prices and quantities specified in the payment terms of applicable contracts, agreements, or purchase orders before processing invoices for payment.
 - b. Ensure it pays its retired commissioners the wage rate set in statute.
 - c. Ensure accounts payable staff verify that the goods or services were received, either with a receiving report or a signature on the invoice acknowledging receipt, before processing invoices for payment.
 - d. Ensure accounts payable staff verify that invoices are signed approved by the appropriate individuals authorized to approve certain payments before processing invoices for payment.
 - e. Ensure it processes only allowable expenses for payment.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1, the Court agrees with the recommendation. Fiscal staff have been directed to follow policies. Ongoing monthly training and an in-depth review of each fiscal policy will occur at staff meetings.

Date of Corrective Action: 12/1/11 and On-going

Responsible Person(s): Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor

In regards to recommendation #1a, the Court agrees that verifying prices and quantities billed agree to those specified in the payment terms of the purchase document is necessary, however, the court's current process is that the reviewer/ approver verifies prices and quantities, not fiscal staff. The review is done by the subject matter expert or his/her designated approver and completed prior to the invoice being submitted to Fiscal for payment. Should an alternative policy be necessary, one will be submitted by the court.

Date of Corrective Action: December 1, 2011

Responsible Person(s): Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor

In regards to recommendation #1b, the Court agrees with the recommendation and further confirms that it followed the direction of the Administrative Office of the Courts in its payments to Retired Commissioners, which was erroneous. The court has notified the Retired Commissioners and rates paid are now pursuant to the wage rate set in statute.

Date of Corrective Action: August 29, 2011

Responsible Person(s): Diane Colonelli, Chief Deputy of Administrative and Financial Services, and Paula Osborne, Deputy Finance Officer

In regards to recommendation #1c, the Court agrees. The Court's current policy is to have every invoice reviewed by the Executive Director or his/her designee prior to payment. This review includes ensuring that the goods and services were received, and that the prices and quantities being billed are correct. Each invoice is stamped with an approval and signed by the appropriate individual. Fiscal staff have been reminded that no invoice is to be paid without this information.

Date of Corrective Action: December 1, 2011

Responsible Person(s): Diane Colonelli, Chief Deputy of Administrative and Financial Services, and Paula Osborne, Deputy Finance Officer

In regards to recommendation #1d, the Court agrees with the recommendation. Individuals' names were inadvertently left off the Authorization Matrix. These names and the authorized maximum amount for approval have been added. In addition, the matrix has been revised to more clearly display authorized approvals.

Date of Corrective Action: November 28, 2011

Responsible Person(s): Paula Osborne, Deputy Finance Officer

In regards to recommendation #1e, the Court agrees with the recommendation. Appropriate changes were made in Fiscal and approvers were notified. Note: These specific examples

were coded to be paid from Fund 120001 on their purchase orders; these invoices were paid in error using Fund 110001.

Date of Corrective Action: October 2011

Responsible Person(s): Paula Osborne, Deputy Finance Officer

11.3 The Court Should Strengthen Its Petty Cash Procedures

Background

Trial courts may use a petty cash fund to streamline the purchase of certain supplies and services, but must follow certain control procedures to ensure it is used appropriately and not misused. Specifically, the FIN Manual, Policy No. FIN 8.04, 3.0, states that a petty cash fund may be established when the court needs to keep a small amount of cash on hand to purchase low-value supplies and services—such as stamps, postage, parking, and cab fare needed for official court business—that cannot be practically purchased by other means. The maximum petty cash purchase is \$100 unless advance approval from the Court Executive Officer is obtained.

In addition, FIN 8.04, 6.2 requires the Court Executive Officer to appoint a custodian who is personally responsible for the safekeeping, disbursement, and accounting for petty cash. The petty cash custodian must have no other cash handling responsibilities and must keep the petty cash funds separate from all other monies.

Further, FIN 8.04, 6.3, provides guidelines for establishing the petty cash fund and states that the petty cash fund should be kept to the lowest amount that is sufficient to meet the needs of the court. The authorized fund shall not exceed \$200, except that funds up to \$750 may be authorized where a fund of lesser size would normally require replenishment more often than once a month and a safe, vault, or money chest adequate to safeguard the petty cash fund is available.

Issues

To determine whether the Court uses and maintains its petty cash fund consistent with the guidelines in the FIN Manual, we interviewed the petty cash custodian at Court locations that have a petty cash fund and reviewed purchases made using the petty cash funds between January 2010 and February 2011. Our review revealed the following:

1. One Court location uses the petty cash fund for other than its intended purpose. Specifically, the Court location uses the petty cash fund to replenish cashier shortages and to exchange foreign currency that cashiers inadvertently accepted while performing their daily cash collection activities.
2. The petty cash funds at two Court locations are excessive given the infrequent and low dollar amount of the purchases made with the petty cash funds. Specifically, the petty cash fund at one location is \$500, but total petty cash expenditures for fiscal year 2009-2010 were only \$92. The petty cash fund at the second location is \$635, but as of March 2011 the petty cash fund had not been used since April 2010.

3. The petty cash fund custodians at two other Court locations perform other cash handling duties. Specifically, both custodians perform daily closeout and balancing procedures as well as prepare the deposit of daily court collections.

Recommendations

To ensure it uses its petty cash fund consistent with the petty cash procedures outlined in the FIN Manual, the Court should consider the following:

1. Require the Fiscal Services Unit to follow normal cashier shortage procedures, as well as cash collection procedures, instead of allowing use of the petty cash fund for other than its intended purpose, to purchase low-value supplies and services.
2. Reduce the petty cash funds to the lowest amounts possible that are sufficient to meet the needs of the particular Court location.
3. Assign responsibility for the petty cash fund to custodians who do not have other cash handling duties or responsibilities.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In response to recommendation #1, the Court agrees with the recommendation. It should be noted that this was a one-time single instance in which the Fiscal Services Supervisor "exchanged" a U.S. quarter (.25 cents) for a Canadian quarter so the civil clerk would not be "short" on cashing out. Regardless of the diminutive value and single incident, the supervisor is aware that the petty cash fund is not to be used for this purpose and it will not occur again. If a clerk accidentally takes a foreign coin, and the customer has already left the building, or he/she cannot identify the customer, he/she will have to be "short" that day and explain the circumstance.

Date of Corrective Action: May 2011

Responsible Person(s): Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor

In response to recommendation #2, the Court agrees with the recommendation. While the petty cash funds at the two locations, Historic and Larson Justice Center, are under the maximum policy level of \$750, the court agrees there was not sufficient need to have such a large amount of petty cash on hand. The petty cash fund has been reduced to \$100 at each location.

Date of Corrective Action: Historic - 10/4/11; Larson Justice Center - 10/6/11

Responsible Person(s): Paula Osborne, Deputy Finance Officer, and Laura Miller, Deputy Executive Officer, Desert Region

In response to recommendation #3, the Court agrees with the recommendation. After review, it was determined that at one location, Blythe, the petty cash fund was rarely used so it has been returned to Fiscal Services. At the other location, Temecula, the responsibility for the petty cash fund has been transferred to the Division Manager.

Date of Corrective Action: Blythe - 11/7/11; Temecula - 12/1/11

Responsible Person(s): Arron Smith, Division Manager, Blythe; Patti Saucedo, Division
Manager, Temecula

12. Fixed Assets Management

Background

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

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	18,002.26	-3,912.27	21,914.53	(560.1)
922603 OFFICE FURNITURE – MINOR	23,826.26	13,275.37	10,550.89	79.5
922605 MODULAR FURNITURE-MINOR	76,275.66	83,311.91	(7,036.25)	(8.4)
922606 NON-OFFICE FURNITURE	79,241.76	16,194.21	63,047.55	389.3
922607 CARTS, PALLETS, HAND TRUCK	-	15,090.11	(15,090.11)	(100.0)
922608 WEAPON SCREENING EQUIP	-	14,575.89	(14,575.89)	(100.0)
922609 WEAPON SCREENING EQUIP	25,881.89	-	25,881.89	100.0
922610 COMPUTER ACCESSORIES	109,004.19	71,074.33	37,929.86	53.4
922611 COMPUTER	361,103.57	87,452.96	273,650.61	312.9
922612 PRINTERS	119,511.72	59,823.41	59,688.31	99.8
922614 SECURITY SURVEILLANCE – M	88,189.08	4,856.61	83,332.47	1,715.9
922699 MINOR EQUIPMENT - UNDER \$	73,709.13	78,126.78	(4,417.65)	(5.7)
* 922600 - MINOR EQUIPMENT – UNDER	974,745.52	439,869.31	534,876.21	121.6
945204 WEAPON SCREENING X-RAY MA	-	98,118.75	(98,118.75)	(100.0)
945205 MAJOR EQUIPMENT-VEHICLE	415,488.40	-	415,488.40	100.0
945206 MODULAR FURNITURE-MAJOR	74,050.12	-	74,050.12	100.0
945207 SECURITY SURVEILLANCE – M	20,563.27	-	20,563.27	100.0
945301 MAJOR EQUIPMENT - NON-IT	-	18,710.81	(18,710.81)	(100.0)
946601 MAJOR EQUIPMENT – IT	104,528.14	139,621.77	(35,093.63)	(25.1)
* 945200 - MAJOR EQUIPMENT	614,629.93	256,451.33	358,178.60	139.7

We evaluated compliance with FIN Manual requirements over fixed asset management, inventory control, software licensing control, and transfer and disposal practices through interviews with Court management and staff, and review of supporting documentation. Specific tests include:

- Determining the accuracy of the Court's reported fixed assets by comparing the information reported in the Comprehensive Annual Financial Report (CAFR) worksheet statements 18 and 19 to the supporting accounting records.
- Verification of supporting invoices for selected expenditures to ensure that expenditures were appropriately classified in the general ledger accounts.

- Review the completeness and accuracy of the asset inventory and software license listings and the most recent physical inventory of assets. Traced selected items on the listings to the physical item and vice-versa, including validation of the existence of selected major asset purchases through physical observation.
- Evaluated controls and procedures over disposal of fixed assets and inventory items.

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

12.1 The Court Should Improve Its Tracking and Reporting of Court Assets

Background

The Trial Court Financial Policies and Procedures Manual (FIN Manual), Policy Number 9.01, 3.0, requires each trial court to establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report all court assets. The trial court's primary objectives are to ensure that all court assets are properly identified and recorded, used effectively, and safeguarded against loss or misuse.

Specifically, paragraph 6.2.2 requires courts to maintain a detailed and up-to-date listing of inventory items. Inventory items are defined as items with an individual value of more than \$1,000 and less than \$5,000 and an anticipated useful life of more than one year. In addition, items that are particularly subject to loss or theft, such as small office equipment, cellular phones, and small tools valued at less than \$1,000, are also included as inventory items. Further, paragraph 6.2.3 requires courts to maintain a current list of court-owned computer software. Paragraph 6.2.4 requires courts to also maintain certain information in the FAMS, such as a description of the fixed asset, date of acquisition, value, and estimated useful life. Fixed assets are defined as individual items with a value of \$5,000 or more and with an anticipated useful life of more than one year, such as vehicles, security equipment, and copiers.

To identify and control these assets, paragraph 6.3 requires the court to assign a unique identification (ID) number and affix to each inventory item, fixed asset, and software license agreement, a tag or decal showing the assigned ID number. The tags or decals should be serially numbered, and unused tags or decals should be kept in a secure place.

Although paragraph 6.6 recommends an annual inventory, it requires courts to conduct a physical inventory of all court assets and equipment no less than every three years. The court must reconcile the inventory count recorded at each location against the asset records and investigate variances. Any unexplained losses or missing items must be reported to the court Fiscal Officer or designated employee.

To protect the integrity of the FAMS, paragraph 6.7 requires that the Court maintain a record of asset transfer or disposal. Specifically, paragraph 6.7.2 outlines guidelines established by Rule of Court 10.830 for the disposal of inventory items and fixed assets. For example, these rules require courts to provide the Administrative Director of the Courts a written description

of technology equipment acquired on or after July 1, 2000, that the court wishes to dispose of as surplus equipment. If the Administrative Director of the Court determines, or makes no determination within 60 days, that no court needs the technology equipment, the court may dispose of the surplus equipment following the rules required for disposing of non-technology personal property.

Issues

Our review of the Court's system for recording, controlling, and reporting on Court assets identified the following:

1. The Court does not use a system to track and account for its tangible assets, such as in a FAMS. At the time of our review, the Court indicated it was in the process of establishing and implementing a FAMS.
2. The Court does not maintain an up-to-date inventory listing of asset items nor conduct a periodic physical inventory of its assets at least once every three years as required. Completing such a physical inventory of its asset items would assist the Court in reconciling and updating an asset listing so that it can use this listing to track and account for its inventory and fixed asset items.
3. The Court used major equipment purchases expenditure information from its accounting system to support its fiscal year additions to the June 30, 2010, year-end fixed asset balance. However, because the Court does not maintain a fixed assets listing and has not completed a physical inventory of its assets, the Court does not have a complete and accurate listing that supports the cumulative value of the fixed assets it reported at year-end.

Recommendations

To ensure it properly records, controls, and reports its assets, the Court should consider the following:

1. Complete its implementation of a FAMS to include all inventory and fixed asset items, including the data elements required in a FAMS. The asset management system should enable the Court to prepare a comprehensive listing of inventory and fixed asset items. The Court can use this comprehensive listing to track, monitor, and account for its assets, as well as support the fixed assets balance it reports for year-end financial reporting purposes.
2. Maintain an up-to-date inventory listing of assets that is validated by a physical inventory of assets. Specifically, it should complete a physical inventory of court assets and perform the associated reconciliation to asset records, including appropriate updates of its FAMS asset records, to facilitate the production of a complete and accurate asset listing. The Court should perform this physical inventory and reconciliation of court assets annually, but no less than once every three years.

3. Once the Court establishes a FAMS, completes a physical inventory of its assets, reconciles the results of its physical inventory with the information in its FAMS, and is able to generate a complete and accurate listing of Court fixed assets, it should use this listing to support its year-end fixed assets balance.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendations #1 through #3, the Court agrees with the recommendations and has been working on this project since March 2010. The AOC chose not to purchase a Fixed Asset module in SAP; therefore, courts are left to accomplish this large and expensive task independently. Beginning in March 2010 the Court researched several FAMS vendors, and began the implementation of a Fixed Asset/Inventory tracking program in December 2010. As of December 2011, approximately 30% of the courthouse fixed assets have been inventoried and logged.

Date of Corrective Action: April 30, 2012

Responsible Person(s): David Aldana, Facilities Manager

13. Audits

Background

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

We reviewed prior audits conducted on the Court to obtain an overview of the issues identified and to determine during the course of our audit whether these issues have been corrected or resolved. Specifically, IAS initiated an audit of the Court in 2006 that included a review of various fiscal and operational processes. Issues from the 2006 audit that have not been corrected or resolved, and repeat issues may be identified in various sections of this report.

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

14. Records Retention

Background

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

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

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
Expenditures				
935203 STORAGE	293,671.18	269,406.61	24,264.57	9.0

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

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

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 fees and fines in domestic violence cases on an on-going basis.

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

The following issue was considered significant enough to bring to management's attention in this report.

15.1 The Court Could More Consistently Assess Statutorily Required Domestic Violence Fines and Fees

Background

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

In 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding from state and federal sources and from the payments ordered through judicial DV case proceedings. Legislative members expressed concerns about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result, the Joint Legislative Audit Committee requested that the Administrative Office of the Courts' Internal Audit Services (IAS) conduct an audit of the court-ordered fines and fees in certain DV cases.

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

- PC 1202.4 (b) State Restitution Fine
Courts must impose a separate and additional restitution fine of not less than \$200 for a felony conviction and not less than \$100 for a misdemeanor conviction in

every case where a person is convicted of a crime. A court must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record. Inability to pay is not considered a compelling and extraordinary reason for not imposing this restitution fine. Inability to pay may be considered only in assessing the amount of fine in excess of the minimum. When setting the fine above the minimum, the court must consider any relevant factors including, but not limited to, the defendant's inability to pay, the seriousness and circumstances of the offense, any economic gain derived by the defendant, the extent that the victim(s) suffer, and the number of victims involved in the crime.

- PC 1202.44 (or PC 1202.45) Probation (or Parole) Revocation Restitution Fine
Effective January 2005, courts must assess an additional probation (or parole) revocation restitution fine in the same amount as the restitution fine imposed under PC 1202.4 (b) in every case in which a person is convicted of a crime and a probation (or parole) sentence is imposed. This additional probation revocation restitution fine shall become effective upon the revocation of probation or of a conditional sentence, and shall not be waived or reduced by the court, absent compelling and extraordinary reasons stated on record.
- PC 1465.8 (a)(1) Court Security Fee
Effective July 28, 2009, courts must impose a \$30 court security fee on each criminal offense conviction.
- Penal Code (PC) 1203.097 (a)(5) Domestic Violence (DV) Fee
Effective January 1, 2004, courts must include in the terms of probation a minimum 36 months probation period and \$400 fee if a person convicted of a DV crime is granted probation. Courts may reduce or waive this DV fee if they find that the defendant does not have the ability to pay.

Issues

Our review of the case files for 30 criminal cases where the defendant was convicted of a DV charge (DV cases) from January through September 2010 found that the Court did not always assess the correct fines and fees. Specifically, our review noted the following exceptions:

- In two of the 30 DV cases that ordered probation, the Court did not assess the PC 1202.44 Probation Revocation Restitution Fine or state on the record a compelling or extraordinary reason why the fine was not assessed.
- In two of the 30 DV cases, the Court did not assess the PC 1465.8 Court Security Fee.
- In five of the 30 DV cases that ordered probation, the Court did not assess the PC 1203.097(a)(5) \$400 DV fee or state on the record the defendant's inability to pay the fee. In addition, for one of the five DV cases, the Court imposed a probation period of 12 months instead of the statutorily required minimum probation period of 36 months.

Recommendations

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

1. Refer to a bench schedule of minimum fines and fees to ensure that the correct amount of DV fines and fees are assessed. In addition, it should insert these minimum fine and fee amounts on the official order of probation forms.
2. Document in DV case minute orders, and its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the required minimum fines and fees are not assessed.

Superior Court Response

By: Sherri R. Carter, Court Executive Officer

Date: 12/7/11

In regards to recommendation #1 and #2, the Court agrees with the recommendations. New minute codes were created in the case management system and the fine chart was updated and circulated to the judicial officers.

Date of Corrective Action: October 2011

Responsible Person(s): Lori Whaley, Chief Deputy of Operations

16. Exhibits

Background

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

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

We evaluated controls over exhibit handling and storage by interviewing court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas.

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 bonds are issued by licensed "Bail Agents" who specialize in their underwriting and issuance and act as the appointed representatives of licensed surety insurance companies. California Rules of Court (CRC) 3.1130(a) outlines certain conditions for insurance companies to meet prior to being accepted or approved as a surety on a bond:

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

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

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

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

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

APPENDIX A

**Superior Court of California,
County of Riverside**

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.

October 2011

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration								
		1.1		The Court Needs Better Procedures to Ensure that Submitted Causes are Decided Timely					
			9	Our review of the Court's manual process for tracking submitted matters identified 1 case with a ruling that exceeded 90 days after being taken under submission. Specifically, we selected 18 cases to review from the Court's November 2010 to April 2011 manual tracking lists and noted 1 case for which the Court rendered a decision 97 days after the matter was taken under submission.	I		In regards to recommendation #1, the Court agrees with the recommendation. A procedure has been written and computer codes developed which will allow the court to track the cases that are taken under submission. Programming is being developed which will automate the tracking of cases taken under submission to ensure the data is accurate and all cases are considered.	Michael Gilfilan, Civil/Probate Operations Director	February 2012
			9	In addition to reviewing the Court's manual tracking lists, we also obtained and reviewed a list of cases from the Court's CMS that were coded as taken under submission. We selected 14 cases to review because the CMS ruling dates appeared to well exceed 90 days after the matter was submitted. For 5 of these 14 cases we found that the Court entered the incorrect ruling date on 4 and entered the incorrect submission date on 1.	I		See above response.	Michael Gilfilan, Civil/Probate Operations Director	February 2012
			9	In addition, for another 4 of the 14 cases, the Court applied the ruling date to the incorrect submitted matter. Specifically, the 4 cases had more than one matter taken under submission with different submitted dates. However, when the Court subsequently entered the decision date, it applied the ruling date to the incorrect submitted matter.	I		See above response.	Michael Gilfilan, Civil/Probate Operations Director	February 2012
			9	For the remaining 5 of 14 cases, the Court's CMS reflected the correct submitted date and ruling date, confirming that the submitted matter was under submission for more than 90 days.	I		See above response.	Michael Gilfilan, Civil/Probate Operations Director	February 2012
			9	Therefore, although the Court relies on a manual process to track matters taken under submission, the manual process does not ensure all submitted matters are listed and tracked. Specifically, only 1 of the 5 cases from the CMS list we obtained that had a ruling that exceeded 90 after the matter was taken under submission was included on the manual list. As a result, 4 of the 5 cases that had matters taken under submission that exceeded 90 days were not included on the Court's manual tracking list and were therefore not appropriately tracked and monitored.	I		See above response.	Michael Gilfilan, Civil/Probate Operations Director	February 2012
			9	Moreover, for 4 of the 5 cases that exceeded 90 days, the judges assigned to those cases signed incorrect affidavits. Specifically, the judges signed affidavits declaring that they had no cause that remained pending and undetermined that had been submitted for a decision in excess of ninety days when in fact they did. Two judges each signed an incorrect affidavit, one judge signed 2 incorrect affidavits, and a fourth judge signed 4 incorrect affidavits.		C	In regards to recommendation #2, the Court agrees with the recommendation. Judges were briefed on this audit issue at the Countywide Judges Meeting held on November 4, 2011	Sherri Carter, Court Executive Officer	November 2011

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
2	Fiscal Management and Budgets							
		Log	The Court does not reconcile leave balances in the CHRIS payroll system on an ongoing basis. Instead, it reconciles CHRIS leave balances when employees leave court employment or dispute the leave recorded in the system. As a result, our limited review of 18 selected leave balances with abnormal negative balances found 10 that were not correct.		C	Court agrees. During the conversion to the Phoenix HR system, a 100% reconciliation effort took place. Since then, certain trigger points require reconciliations to be performed. In addition to the trigger points, the court has implemented a monthly process by which a sampling will be taken and the accounts reconciled.	Brenda Lussier, Chief Deputy of Human Resources	December 2011
3	Fund Accounting		No issues to report.					
4	Accounting Principles and Practices		No issues to report.					
5	Cash Collections							
		5.1	The Court Could Strengthen Some of Its Cash Handling Procedures					
		1	Three Court locations did not change the safe combinations when necessary, such as when an employee leaves employment with the Court location or is reassigned to another job duty and no longer requires access to the safe.		C	In regards to recommendation #1, the court agrees with the recommendation. In March 2011, the court hired a vendor to change the safe combinations in all facilities, and will schedule annual combination changes at all locations.	David Aldana, Court Facilities Manager	March 2011
		1	Court personnel at various Court locations who verify cashier daily closeout and balancing also perform the incompatible function of preparing the deposit.		C	In regards to recommendation #6, Court agrees with the recommendation. Court personnel conducting the close out/balancing process will not prepare the deposit. The deposit will be verified and deposit slips dated and signed, to show the information has been verified. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
		1	Court personnel at various locations who prepare the daily deposit also perform the incompatible function of verifying the deposit.		C	In regards to recommendation #6, Court agrees with the recommendation. Court personnel conducting the close out/balancing process will not prepare the deposit. The deposit will be verified and deposit slips dated and signed, to show the information has been verified. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
		1	Some cashiers at two locations leave their cash drawers unlocked and unattended.		C	In regards to recommendation #1, the court agrees with the recommendation. Staff were notified immediately of the requirement to lock their cash drawer anytime they leave the area or anytime they leave the draw unattended.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
		1	Two Court locations do not balance cashiers' daily collections to CMS until the next business day.		C	In regards to recommendation #4, the Court agrees with the recommendation. The daily collections will be balanced to the case management system at the close of business day at all court locations.	Lori Whaley, Chief Deputy of Operations; Patti Saucedo, Division Manager; and Stacy Mason, Division Manager	December 2011

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	Although signed as reviewed and approved, the auditor observed that the daily deposit was not actually verified on the day of our review at one location.		C	In regards to recommendation #4, the Court agrees with the recommendation. The daily collections will be balanced to the case management system at the close of business day at all court locations.	Lori Whaley, Chief Deputy of Operations; Patti Saucedo, Division Manager; and Stacy Mason, Division Manager	December 2011
		1	The supervisor or manager at two locations did not secure the manual receipt books when not in use.		C	In regards to recommendation #3, the Court agrees with the recommendation. Receipt books will remain locked in the safe and only used when the case management system is down or when payments need to be processed in the collections system by the limited number of staff that have authorized access, pursuant to the Alternative Cash Handling policy approved by the AOC on October 31, 2011. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
		1	Manual receipts at two locations do not always reflect verification that payment was entered into CMS.		C	A review of the handwritten receipts will be included in the balancing process, to ensure the required data is included on the receipt, the receipts are posted in a timely manner, and verification of posting has been completed. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
		1	Two locations do not always post manual receipts in CMS as soon as the system is restored.		C	A review of the handwritten receipts will be included in the balancing process, to ensure the required data is included on the receipt, the receipts are posted in a timely manner, and verification of posting has been completed. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
		1	Two locations do not always complete manual receipts with all relevant information.		C	A review of the handwritten receipts will be included in the balancing process, to ensure the required data is included on the receipt, the receipts are posted in a timely manner, and verification of posting has been completed. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
		1	Three court locations have an excessive number of manual receipt books for the number of manual receipts issued.		C	In addition, extraneous receipt books were returned to Fiscal Services. Each clerk's office will retain one or more receipt books, not to exceed the number of public service windows.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
		1	A two-person team is not used to open mail at one location.		C	In regards to recommendation #5, the Court agrees with the recommendation. The Court agrees that all court locations will use two-person teams to open mail. Exceptions to the two-person team are provided in the Alternative Cash Handling Policy which was approved by the AOC on October 31, 2011.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
		1	Seven locations do not use a mail payment log to make a record of payments received in the mail.		C	Mail payments will not be logged daily, but will be batched as indicated in our AOC approved alternative procedure.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011

Key: As of close of fieldwork:
1 - Incomplete
C - Complete

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			1	Court personnel who open the mail also perform the incompatible function of processing unlogged mail payments at two locations.		C	The Court agrees that all court locations will use two-person teams to open mail. Exceptions to the two-person team are provided in the Alternative Cash Handling Policy which was approved by the AOC on October 31, 2011. Mail payments will be batched, have a calculator tape attached, and will be secured as included in the Alternative Cash handling policy. In addition, staff that open mail will not process unlogged or unbatched mail. These payments will be processed as quickly as possible. The Court's Internal Audits Team will review for compliance during bi-annual audit.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	Two locations process unlogged mail payments at the front counter while also collecting and processing counter payments.		C	See above response.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	One location does not process mail payments by the next business day.		C	In addition, staff will not open and process unlogged mail on the same day. Mail payments that cannot be processed by the next business day, will be batched, have a calculator tape attached, and will be secured as included in the Alternative Cash handling policy. These payments will be processed as quickly as possible.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	November 2011
			1	Mail payments not processed within 5 calendar days are not identified and logged at one location.		C	Mail payments will not be logged daily, but will be identified and entered on the Fiscal Services log at the required 5 day period.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	Mail payments not processed within 15 calendar days are not reported to the CFO at one location.		C	Notification will be provided to the Chief Financial Officer when mailed payments are not processed within 15 days, and to the Court Executive Officer when not processed within 30 days. The Court's Internal Audits Team will review for compliance during bi-annual audit.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	Mail payments not processed within 30 calendar days are not reported, by age, to the CEO or written designee at one location.		C	Notification will be provided to the Chief Financial Officer when mailed payments are not processed within 15 days, and to the Court Executive Officer when not processed within 30 days. The Court's Internal Audits Team will review for compliance during bi-annual audit.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	The designated change fund custodian also performs other cash handling duties at four locations.		C	In regards to recommendation #2, the Court agrees with the recommendation. A change fund custodian will be designated for any court location that has a change fund greater than \$500. Change funds will be reconciled at the end of each day. The Court's Internal Audits Team will review for compliance during bi-annual audits.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011
			1	One location counts the change fund at mid-day rather than at the end of the day.		C	See above response on change funds.	Lori Whaley, Chief Deputy of Operations, and Operations Division Managers	December 2011

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			Log	One Court location does not require the verification of the starting cash base prior to cashiers beginning their daily cash collection activities.		C	Court agrees. The court manager has been directed to ensure staff follows policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	One Court location does not test large denomination cash bills for counterfeit.		C	Court agrees. The court manager has been directed to ensure staff follows policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	Some cashiers at one location do not log off from CMS when away from the counter.		C	Court agrees. The court manager has been directed to ensure staff follows policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	The manual receipt book log does not track individual receipts used within each manual receipt book at three locations.		C	Court agrees. The court managers at all locations have been directed to include this information.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	One location did not mark "VOID" across the face of one blank manual receipt.		C	Court agrees and has directed the court manager to ensure this is done.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	The change fund log at one location does not always evidence supervisory review and approval.		C	Court agrees and has directed the court manager to ensure the supervisors comply with this policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	Two supervisors who review and approve void transactions also perform the incompatible function of processing void transactions in the CMS.		C	Court agrees and has directed court manager to ensure there are appropriate separation of duties.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
	5.2		Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions Need Improvement					
		3	The Court does not track collection of amounts due, including any applicable administrative fee, for cases where a filing was voided to due to a NSF check.		C	In response to recommendations 1 thru 4, the Court agrees. A policy has been implemented that complies with the procedures for handling non-sufficient fund (NSF) issues. The clerk's office will monitor all payment due dates for NSF fees.	Michael Gilfilan, Civil and Probate Operations Director; Paula Osborne, Deputy Finance Officer	October 2011
		3	The Court did not void filings in four of 10 cases reviewed where it did not receive payment for the filing and NSF administrative fees within 20 days of the mailing of the NSF notice.		C	Upon notice that a check has been returned due to NSFs, Fiscal staff will void the payment in the case management system and enter an action code, CCNSF, which will schedule a hearing on the clerk's tracking calendar 20 days from the date the NSF letter is sent.	Michael Gilfilan, Civil and Probate Operations Director; Paula Osborne, Deputy Finance Officer	October 2011
		3	For two of the 10 cases reviewed, because the hearing date was prior to the expiration date of the 20-day notice, the Court held hearings instead of voiding the filings even though it did not receive payment for both the filing and NSF administrative fees. Also, the Court could not demonstrate that it had initiated collection proceedings for one of these cases, and collected the filing and NSF administrative fees approximately 2 weeks after the expiration of the 20-day notice on the other case.		C	Upon notice that a check has been returned due to NSFs, Fiscal staff will void the payment in the case management system and enter an action code, CCNSF, which will schedule a hearing on the clerk's tracking calendar 20 days from the date the NSF letter is sent. The clerk's office will monitor all payment due dates for NSF fees. The policy also states that if judicial orders have been made on the case already, the case will be referred to Enhanced Collections Division for collection purposes. If judicial orders have not been made, the papers will be voided.	Michael Gilfilan, Civil and Probate Operations Director; Paula Osborne, Deputy Finance Officer	October 2011
		Log	Out of 15 void transactions reviewed, we noted that for one void transaction, the Void Receipt Report did not have a supervisor signature acknowledging review and approval of the void. For another void transaction, there was no evidence that the original receipt was retained.		C	Court agrees and has informed all supervisors and managers of this log item, and have been instructed to ensure compliance of policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
		Log	The Court did not follow its own procedure for monitoring payment plans. Specifically, our review of ten current payment plans found three that the Court did not identify as delinquent. Two skipped a payment and one has not made a payment for approximately nine months as of the date of our review. According to the Court's procedures, a payment plan is transferred to its delinquent collections system within seven days of the delinquent date. However, for these three payment plans, the Court did not transfer these delinquent payment plans from its CMS to its delinquent collections system (CUBS CMS) for processing by its enhanced collections program.		C	Court agrees and has informed all supervisors and managers of the requirement to forward all delinquent payment plans to Enhanced Collections Department within 7 days of the delinquent date.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
		Log	Our review of eight cases with overpayments greater than \$10 revealed that for one case the Court identified a refund due and records indicate a refund request sent to accounting. However, accounting records indicate accounting did not receive the refund request form; therefore, the Court could not provide evidence that it processed the refund request.		C	Court agrees. Automation has been put in place so that when a refund is posted in the case management system, a notification is sent to the Fiscal Services Unit printer so that Fiscal staff is aware and can process it immediately.	Lori Whaley, Chief Deputy of Operations; and Paula Osborne, Deputy Finance Officer	April 2011

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
6	Information Systems								
		6.1		The Court Did Not Distribute Certain Collections in Accordance with Statutes and Guidelines					
			10	For 6 of 6 applicable cases, the Court did not deduct the GC 69090.8 2% State Automation amounts from the PC 1202.4 State Restitution Fine (RFS) or from the FG 12021 Fish and Game Secret Witness Additional Penalty (SWP). This happened because the Court has not set these two codes to allocate 2% to the State Automation account in the Genesis to G/L interface program.		C	In regards to recommendation #2, the Court agrees with the recommendation. The 2% Automation distribution is completed in CAI, the court's accounting system and not in the case management system. The correction has been made.	Faten Michael, Fiscal Services Technician II	September 2011
			10	For 1 Reckless Driving case, the Court distributed the appropriate total base fine amount to the county, but did not designate the base fine reduction amounts into separate PC 1463.14(a) lab fees and PC 1463.16 county program fees accounts. As a result, the Court did not identify and distinguish these specific base fine reduction distributions for the county.		C	In regards to recommendation #3, the Court agrees with the recommendation. A new fine type was created, RKS, for reckless driving violations. It will be added to violations 23103, 23014, and 23105 VC charges so that fines imposed in the future will include the correct distribution. Effective on cases 11/10/11.	Lori Whaley, Chief Deputy of Operations	November 2011
			10	For the 1 Railroad Traffic School case we reviewed, the Court incorrectly distributed fines and penalties to the VC 42007 Traffic Violator School ledger code PTS. However, the VC 42007 Traffic Violator School is not applicable to railroad traffic school cases.		C	In regards to recommendation #4c, the Court agrees with the recommendation. The distribution has been corrected on the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011
			10	For the 1 Railroad Traffic School case we reviewed, the Court calculated incorrect distributions to the VC 42007.4 30% Railroad Allocation.		C	In regards to recommendation #4e, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011
			10	For the 1 Railroad Traffic School case we reviewed, the Court distributed a large and disproportionate share of the fines and penalties to the EMT ledger code and did not distribute any amounts to the ledger codes for most of the applicable fines and penalties.		C	In regards to recommendation #4c, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011
			10	For 3 of 3 applicable traffic school cases, the Court incorrectly distributed 100% of the base fine to the city instead of only distributing the applicable PC 1463.002 share to the city on traffic school city arrest cases. This happened because the code used to distribute these collections in its Genesis to G/L interface program is set to distribute 100% to the city instead of only the city share.		C	In regards to recommendation #4a, the Court agrees with the recommendation. The distribution has been corrected in the court accounting interface program.	Lori Whaley, Chief Deputy of Operations	June 2011
			10	For 2 of 2 applicable traffic school cases, the Court did not include the GC 76000.5 EMS Additional Penalty Assessment when calculating the VC 42007.3 30% allocation to the Red Light fund on Red Light Traffic School cases, nor when calculating the VC 42007.4 30% allocation to the Railroad fund on Railroad Traffic School cases.		C	In regards to recommendation #4d, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011
			10	For 3 of 3 applicable traffic school cases, the Court incorrectly distributed 2% to the GC 69090.8 State Automation account. However, the 2% State Automation distribution is not applicable to traffic school cases, except for child seat traffic school cases. This happened because the Court used non-traffic school ledger codes that are set to distribute 2% to the State Automation account later in the Genesis to G/L interface program.		C	In regards to recommendation #4b, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011

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FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		10	For 2 of 2 applicable red light and speeding traffic school cases, the Court did not calculate the correct special distributions specified in VC 42007(b) for GC 76104 EMS, GC 76000.5 EMS Additional Penalty Assessment, and GC 70372 (a) State Court Facilities Construction Fund; and 42007(c) for city base fine distribution.		C	In regards to recommendation #4d, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	November 2011
		10	For 6 of 10 applicable cases, the Court assessed \$10 for VC 40508.6 DMV priors even though no prior violations of the Vehicle Code or FTA/FTP reports to DMV were noted in the case history.	I		In regards to recommendation #1, the Court agrees with the recommendation. Programming was requested from the court's case management system vendor which will allow the DMV prior conviction to only be added to cases when recording subsequent violations of the Vehicle Code. The revision is pending still, and expected to be complete by February 1, 2012.	Gary Whitehead, Chief Deputy of Information Technology	February 2012
		10	For 1 of the 2 Health and Safety cases we reviewed, the Court calculated an incorrect base fine. Further, it incorrectly distributed to itself, through the distribution in the Genesis to G/L interface program for ledger code AFC, the base fine remaining after reducing \$50 for the PC 1463.23 AIDS Education Program.		C	In regards to recommendation #5, the court agrees with the recommendation. The distribution has been corrected in the case management system. A notice and applicable fine distribution chart has been sent to judicial officers reminding them that this violation requires an enhanced base.	Lori Whaley, Chief Deputy of Operations	December 2011
		10	For 1 of the 2 Health and Safety cases we reviewed, the Court used the incorrect enhanced base fine when calculating the PC 1465.7 20% State Surcharge.		C	In regards to recommendation #5, the court agrees with the recommendation. The distribution has been corrected in the case management system. A notice and applicable fine distribution chart has been sent to judicial officers reminding them that this violation requires an enhanced base.	Lori Whaley, Chief Deputy of Operations	December 2011
		10	For the 1 Fish and Game case we reviewed, the Court did not distribute the correct base fine amount.		C	In regards to recommendation #6, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	September 2011
		10	For the 1 Fish & Game case we reviewed, the Court did not assess the PC 1465.8 Court Security Fee nor the GC 70373 Criminal Conviction Assessment. The Court indicates it corrected the charge codes in June 2011.		C	In regards to recommendation #6, the Court agrees with the recommendation. The distribution has been corrected in the case management system.	Lori Whaley, Chief Deputy of Operations	September 2011
		Log	For 1 of 11 applicable cases, the Court incorrectly distributed a share of the base fine to the city even though the city police was not the arresting agency. Because the city police did not cite the violation, the Court should have distributed 100% of the base fine to the County. This happened because the Court used a code that distributes a share of the base fine to the city instead of using a code that distributes 100% of the base fine to the county in its Genesis to G/L interface program.		C	Court agrees. This was an isolated incident.	Lori Whaley, Chief Deputy of Operations	November 2011
		Log	For 1 of 13 applicable cases, the Court did not assess the \$2 per \$10 increase in GC 76104.7 DNA Additional Penalty Assessment.		C	Court agrees. This was an isolated incident.	Lori Whaley, Chief Deputy of Operations	November 2011
		Log	For 4 of 12 applicable cases, the Court did not assess the \$10 increase per conviction in PC 1465.8 Court Security Fee. According to the Court, it implemented the \$10 increase in October 2010; however, it decided not to retroactively adjust the bail quotes issued prior to October 19, 2010, for pending cases.		C	Court agrees.	Lori Whaley, Chief Deputy of Operations	December 2011

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	6.2		The Court Could Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records					
		7	The Court does not require its employees to sign individual DMV Information Security Statements, Form INF-1128, or sign individual statements that contain, at a minimum, the same provisions contained in the DMV Information Security Statement form.		C	In regards to recommendation #2, Court agrees with the recommendation. The court employees with access to the DMV on-line terminal will be required to sign DMV security statements on an annual basis.	Brenda Lussier, Chief Deputy of Human Resources	January 2012
		7	The Court is not actively monitoring who has access to sensitive DMV data. This is partly because the Court accesses DMV data through the County system. Thus the Court does not have complete control over the system and thus could not generate a system report of Court employees with access to DMV data. Instead, the Court maintains a manual list of Court employees with DMV access. Although the list may not be a complete list of Court employees with access to DMV data since it was not generated directly from the County system, our review of the Court's manual list identified five names that were not on the current payroll. Also, we identified five employees who do not need DMV data access to perform their current assigned job duties and one employee that was on the manual list but that the Court later determined was not in the system.		C	In regards to recommendation #1, the Court agrees with the recommendation. The Court will ensure that the County IS (DMV on-line) is notified when an employee's access needs to be terminated. The court will contact the County IS to obtain a written list of court employees with access for reconciliation purposes.	Lori Whaley, Chief Deputy of Operations; and John Hawkins, Information Technology Supervisor	December 2011
		Log	The Court did not place an FTA DMV hold timely for 1 of the 10 cases we reviewed. This happened because the Court incorrectly entered the defendant name but did not catch the error until we questioned why it did not place the FTA DMV hold.		C	Court agrees and has advised staff of the appropriate protocol.	Peggy Spencer, Enhanced Collection Division Operations Director	November 2011
		Log	Management does not perform periodic reviews of user accounts to ensure that access right are commensurate with job responsibilities.		C	The Court agrees and has started conducting periodic (monthly) sampling of user accounts, until the process can be automated.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
		Log	The systems do not enforce restrictions on password syntax.	I		The Court Agrees and has started network configuration to enforce restrictions on password syntax.	Gary Whitehead, Chief Deputy of Information Technology	June 2012
		Log	The systems do not limit the ability to re-use passwords.	I		See above.	Gary Whitehead, Chief Deputy of Information Technology	June 2012
		Log	Password files are not encrypted.	I		See above.	Gary Whitehead, Chief Deputy of Information Technology	June 2012
		Log	The Court does not require that passwords be changed periodically.	I		See above.	Gary Whitehead, Chief Deputy of Information Technology	June 2012

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FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Privileged user rights are not reviewed by management on a regular basis.		C	The Court agrees and has started conducting periodic (monthly) sampling of user accounts, until the process can be automated.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
		Log	Remote access is not addressed in the IT policies and procedures.	I		The Court agrees. IT Policies will be updated	Gary Whitehead, Chief Deputy of Information Technology	March 2012
		Log	When remote access is granted, the Court does not require temporary employees/contractors to sign a privacy statement; delete the remote access within one day of the temporary employee or contractor separating from the Trial Court; and verifies with the appropriate manager or supervisor, on at least an annual basis, that the temporary employee/contractor still needs remote access.	I		The Court agrees. IT Policies will be updated	Gary Whitehead, Chief Deputy of Information Technology	March 2012
		Log	Security related events and/or security violations are not logged by the system.	I		The Court agrees regarding CMS only, and has requested programming.	Gary Whitehead, Chief Deputy of Information Technology	January 2013
		Log	Security personnel are not automatically notified for specific security events.	I		The Court agrees regarding CMS only, and has requested programming.	Gary Whitehead, Chief Deputy of Information Technology	January 2013
		Log	A log is not maintained to account for all assigned and unassigned computer room keys or magnetic cards.		C	The Court agrees and staff has been instructed to immediately begin maintenance of such a log.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
		Log	Combination locks are used, but are not changed periodically.		C	The Court agrees and has added computer room combination locks to the Facilities Department annual safes review/change of combination.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
		Log	A log of who changed the locks and when is not kept.		C	See above.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
		Log	Visitors to the computer room are not required to sign an entry log.		C	The Court agrees and staff has been instructed to immediately begin utilization of such a log.	Gary Whitehead, Chief Deputy of Information Technology	December 2011
7	Banking and Treasury							
		Log	The Court did not complete and submit to AOC the Schedule D-Notification to Close Bank Account form.		C	Some of the bank accounts were closed several years ago. All information that could be located, and Schedule D notifications have been provided to the AOC.	Paula Osborne, Deputy Finance Officer	June 2011
		Log	The Civil Trust reconciliation is not reviewed and approved for accuracy and completeness.		C	Process implemented to ensure this is done on a regular basis.	Paula Osborne, Deputy Finance Officer	November 2011

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8	Court Security							
		Log	The Court's MOU with the Sheriff does not specify the number of personnel and classifications it requires to provide court security services at each of its locations. It also does not provide hourly rates or address the basis for overtime; specifically, what is considered allowable and unallowable overtime.		C	The court would consider changing the MOU if the security budget was still relevant, but due to the legislative changes made in FY11-12, it is not.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	November 2011
		Log	Although the Court receives sufficient details to support the Sheriff's billings, since the MOU does not provide sufficient details regarding costs, the Court does not have standards to measure against when reviewing the Sheriff's billings to determine if the costs are reasonable.		C	See response above.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	November 2011
		Log	The 75 cents a mile mileage rate claimed by the Sheriff exceeds the maximum rate allowed of 50 cents per mile.	I		The Court agrees. Initially, the Sheriff did charge an amount in excess of 50 cents per mile; however, a refund was issued to the Court to correct the excess charges. It does appear that their reimbursement may have fallen short by approximately \$158.00. Further review will be completed and, if necessary, the Court has requested the additional reimbursement. A follow up meeting will take place on 12/21/11. Additional research concluded the reimbursement amount was correct. No further action is required.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	December 2011
		Log	Our review of the Sheriff's billing revealed that the Sheriff's monthly radio charges are inconsistent and may be high. Specifically, the Sheriff's monthly charge for deputy radios range from \$224 to \$174 per unit, whereas the monthly charge for supervisor radios range from \$83 to \$47 per unit. Extending these monthly charges to annual charges, the annual charge for deputy radios range from approximately \$2,700 to \$2,100 per unit whereas the annual charge for supervisor radios range from \$1,000 to \$600 per unit. In addition, the Court did not obtain specific cost information for the radios in use to ensure the Sheriff is charging reasonable costs. A quick search on the internet found that a mobile 800 MHz radio costs around \$1,500, which is far less than the annualized charge noted above that the Court is paying the Sheriff for the deputy radios.	I		The Court agrees and has asked the County for background and justification for these charges. Research has been conducted by the Sheriff Office Accountant and a follow up meeting will take place on 12/21/11. Once the results of this research are known by the court, appropriate action will be taken. The court has followed up with the sheriff Office and as of 1/30/12 is stillwaitig for information in order to determine if further action is required. The Sheriff's Office has concluded its research and discovered that the court was, in fact, overscharged for radios. A refund is being processed.	Carol Waterhouse-Tejada, Principal Fiscal Analyst	January 2012
		Log	At two locations, the Court has closed circuit TV systems but does not archive or retain video tapes.		C	Court agrees and as budget allows, plans to upgrade security equipment in these locations.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	November 2011
		Log	At four locations, adequate control over Court keys is lacking. Specifically, all four locations do not maintain a key log that identifies all court keys that are assigned to individuals. Also, at two of the four locations, the master keys are not secured and issued on a strictly controlled basis. Further at three of the four locations, all Court keys are not stamped "Do not Duplicate."		C	Court agrees and will ensure these safeguards are put in place countywide.	David Aldana, Court Facilities Manager	December 2011

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9 Procurement									
			Log	Our review of procurement files and other relevant data for 17 expenditures selected for review revealed the following: <ul style="list-style-type: none"> • The Court could not provide purchase requisitions for three expenditures. • For three requisitions we reviewed, we found that the authorized individual exceeded their approval limit. • The procurement process used for one expenditure was not appropriate based on the amount of the expenditure. • The Court could not justify the sole source procurement method used for two expenditures. • The procurement file for one of two expenditures where the competitive procurement method was used did not contain completed evaluations of all offers received against stated criteria, including an explanation why the particular offer was selected. 		C	Court agrees that management in the Procurement area has been inadequate. The manager over this area was released on 10/28/11 and the court has now hired a manager with experience in procurement and the public contract code. Additionally, new processes have been put in place in the last 3 weeks to address these concerns.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	November 2011
			Log	Our review of five Cal Card statements revealed the following: <ul style="list-style-type: none"> • Two statements contained purchases that exceeded per-transaction limits suggested in the FIN Manual. • The Court could not provide purchase requisitions for purchases listed on three statements. In addition, the Court did not provide sufficient documentation to support using the Cal Card as the appropriate procurement method. • We could not determine whether one purchase listed on one statement was for official court business. • One statement contained meal purchases that exceed meal per diem amounts. Although the employee gave the Court a check for the amount that exceeded the per diem reimbursement rates, the employee still owes the Court \$8. The employee incorrectly calculated the reimbursement rate for each meal at \$18 for dinner. However, the reimbursement rates were \$18 for dinner and \$10 for lunch. 		C	The court agrees with the first three findings and has reviewed the policies/procedures with staff to ensure compliance. - Timing of one event required the use of CAL Card even though it exceeded the limits suggested in the FIN Manual. It was registration for an upcoming conference and could not have been paid timely otherwise. The court disagrees, in part, with the fourth finding. - The employee was advised an incorrect amount to reimburse the court. \$8 has been collected from the employee.	Paula Osborne, Deputy Finance Officer	November 2011
10 Contracts									
			Log	One of the four contracts reviewed did not specify a total or not-to-exceed amount.		C	Court agrees and will ensure this item is included in all new contracts.	Mike Cappelli, General Counsel, and Lynda Chang, Contracts Attorney	November 2011
			Log	Two of the four contracts reviewed did not contain the availability of funds clause.		C	Court agrees and will ensure this item is included in all new contracts.	Mike Cappelli, General Counsel, and Lynda Chang, Contracts Attorney	November 2011

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		Log	The termination clause for three of the four contracts reviewed stated that either party could terminate the contract upon 30 days prior written notice without cause.		C	Court agrees and will ensure this item is included in all new contracts.	Mike Cappelli, General Counsel, and Lynda Chang, Contracts Attorney	November 2011
		Log	One of four contracts did not contain the audit clause.		C	Court agrees and will ensure this item is included in all new contracts.	Mike Cappelli, General Counsel, and Lynda Chang, Contracts Attorney	November 2011
		Log	Insurance certificates in two out of three contract files reviewed did not contain a 15-day notice of change in coverage and the Court was not identified as an additional insured. Further, new insurance certificates were not provided prior to the expiration of insurance certificates on file for the same two contract files.		C	Court agrees and has correct documentation in file.	Mike Cappelli, General Counsel, and Lynda Chang, Contracts Attorney	November 2011
		Log	Insurance certificates for two of the three contract files reviewed were expired at the time of our review. As a result, payments were made to the vendors without having a current certificate of insurance on file.		C	Court agrees and has correct documentation in file.	Jodi Raney, Administrative Assistant	November 2011
11	Accounts Payable							
		11.1	The Court Needs to Improve Its Travel Expense Reimbursement Procedures					
		6	Six of seven claims did not indicate the purpose of the trip which is needed to ensure the expenses were for business related purposes.		C	In regards to recommendation #2, the Court agrees with the recommendation and will improve its process. These specific expenses are pre-approved by travelers' supervisor or manager as per policy, so information is already known prior to travel.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	December 2011
		6	Four of seven claims were not appropriately approved by the claimant's immediate supervisor. Specifically, the PJ or a supervising judge was not the approver for the commissioners' Travel Expense Reimbursements.		C	In regards to recommendation #1, the Court agrees with the recommendation and will ensure the Presiding Judge or his/her designee approves expense claims for judicial officers.	Paula Osborne, Deputy Finance Officer	November 2011
		6	The Court reimbursed TECs that did not contain the necessary information to determine if the meal reimbursements were appropriate and if claims for mileage reimbursement was for business purposes, reasonable, and the lesser of home or HQ to business destination.		C	In regards to recommendation #2, the Court agrees with the recommendation and will improve its process. These specific expenses are pre-approved by travelers' supervisor or manager as per policy, so information is already known prior to travel.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	December 2011
		6	Four of seven claims exceeded the maximum reimbursement amounts for meals and incidentals.		C	In regards to recommendation #4, the court agrees with the recommendation and the Human Resources Division has modified the court policy to clarify meal reimbursement parameters for staff and the supervisors and manager who approve the claims. The updated policy was reviewed with the Expanded Executive team on 12/19/11.	Brenda Lussier, Chief Deputy of Human Resources, and Paula Osborne, Deputy Finance Officer	December 2011
		6	Three of four claims for out-of-state travel, did not evidence that the PJ pre-approved this travel.		C	In regards to recommendation #3, the court agrees with the recommendation and will ensure the appropriate level of approval, the Presiding Judge, or written designee, is obtained prior to the out-of-state travel.	Diane Colonelli, Chief Deputy, Administrative and Financial Services	December 2011

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		6	For one claim, the claimant was reimbursed for alcohol which is an unallowable expense.		C	In regards to recommendation #4, the court agrees with the recommendation and the Human Resources Division has modified the court policy to clarify meal reimbursement parameters for staff and the supervisors and manager who approve the claims. The updated policy was reviewed with the Expanded Executive team on 12/19/11.	Brenda Lussier, Chief Deputy of Human Resources, and Paula Osborne, Deputy Finance Officer	December 2011
		Log	Three of five business meal forms were approved by the Presiding Judge after the date the business meal event occurred, rather than prior to the event as required by the FIN Manual.		C	Court agrees the forms were signed after; however, verbal approvals were given by the PJ prior to the meetings. Process now in place to ensure written approval is received prior to meeting.	Paula Osborne, Deputy Finance Officer	November 2011
		Log	Three of five business meal forms did not include a list of attendees. The list of attendees is needed to determine whether the Court adhered to the allowable maximum per person meal rate.		C	Court agrees and has instructed staff to adhere to policy.	Paula Osborne, Deputy Finance Officer, and David Gutknecht, Supervising Management Analyst	November 2011
		Log	In two of the three cases with no list of attendees, we used the planned number of attendees and found that the amount spent per person exceeded the allowable maximum meal rate by \$1.75 per person, or \$52 and \$79 in total for each respective event.		C	Court agrees and has instructed staff to adhere to policy.	Paula Osborne, Deputy Finance Officer, and David Gutknecht, Supervising Management Analyst	November 2011
		Log	For three of the business meal forms reviewed, we did not find evidence that the group meals were arranged in accordance with the procurement and contracting guidelines established in the FIN even though the cost for each event exceeded \$500 and required at least 3 vendor offers documented in writing.		C	Court agrees and has instructed staff to adhere to policy.	Paula Osborne, Deputy Finance Officer, and David Gutknecht, Supervising Management Analyst	November 2011
		Log	Two business meal forms for a group dinner did not contain documentation to substantiate that the business function could not be conducted at any other time.		C	Court agrees and has instructed staff to adhere to policy.	Paula Osborne, Deputy Finance Officer, and David Gutknecht, Supervising Management Analyst	November 2011
		11.2	The Court Needs to Strengthen Its Invoice Review and Approval Procedures					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		5	Our review of 19 invoices and claims revealed the following: The Court could not provide procurement documents, such as a purchase requisition, purchase order, or contract, for eight invoices and claims reviewed; therefore, we could not determine whether payment was made in accordance with procurement documents for seven of the eight invoices and claims.		C	In regards to recommendation #1, the Court agrees with the recommendation. Fiscal staff have been directed to follow policies. Ongoing monthly training and an in-depth review of each fiscal policy will occur at staff meetings. In regards to recommendation #1a, the Court agrees that verifying prices and quantities billed agree to those specified in the payment terms of the purchase document is necessary, however, the court's current process is that the reviewer/ approver verifies prices and quantities, not fiscal staff.	Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor	December 2011
		5	For the eighth sample, the Court paid wages for an assigned retired commissioner at a higher rate than set in statute.		C	In regards to recommendation #1b, the Court agrees with the recommendation and further confirms that it followed the direction of the Administrative Office of the Courts in its payments to Retired Commissioners, which was erroneous. The court has notified the Retired Commissioners and rates paid are now pursuant to the wage rate set in statute.	Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor	August 2011
		5	There was no evidence noted of services or goods received for 6 of 19 invoices and claims reviewed.		C	In regards to recommendation #1c, the Court agrees. The Court's current policy is to have every invoice reviewed by the Executive Director or his/her designee prior to payment.	Diane Colonelli, Chief Deputy, Administrative and Financial Services; and Paula Osborne, Deputy Finance Officer	December 2011
		5	Three invoices were not approved by appropriate court personnel per the Court's payment authorization matrix		C	In regards to recommendation #1d, the Court agrees with the recommendation. Individuals' names were inadvertently left off the Authorization Matrix.	Paula Osborne, Deputy Finance Officer	November 2011
		5	Two invoices were for unallowable expenses per Rules of Court, rule 10.810. Specifically, one invoice was for coffee for non-sequestered jurors and the other invoice was for lease payments for space other than for records storage.		C	In regards to recommendation #1e, the Court agrees with the recommendation. Appropriate changes were made in Fiscal and approvers were notified.	Paula Osborne, Deputy Finance Officer	October 2011
		5	For one of the four court interpreter claims reviewed, the Court paid a \$500 full-day rate instead of the pre-approved \$350 half-day rate for one of three assignments on the claim.		C	In regards to recommendation #1e, the Court agrees with the recommendation. Appropriate changes were made in Fiscal and approvers were notified.	Paula Osborne, Deputy Finance Officer	October 2011
		Log	The address on one invoice did not match the address listed on the SAP vendor list.		C	The Court agrees. Staff have been advised as to the appropriate procedures for situations where addresses are inconsistent.	Paula Osborne, Deputy Finance Officer	November 2011
		Log	For one of the four jury expense claims we reviewed, it did not have evidence that it was appropriately reviewed and approved before the Court processed the claim for payment.		C	Court agrees. Fiscal staff have been reminded that all approval levels must be present prior to payments being made.	Paula Osborne, Deputy Finance Officer	November 2011
		11.3	The Court Should Strengthen Its Petty Cash Procedures					
		IM-2	The Court uses the petty cash fund for purpose not intended of a petty cash fund. The petty cash fund is established to purchase low value supplies and services that cannot be practically purchased by other means. However, the Court uses the petty cash fund to replenish shortages or to exchange foreign currency related to the cashier's daily collections.		C	In response to recommendation #1, the Court agrees with the recommendation. The court has instructed staff to comply with the policy.	Paula Osborne, Deputy Finance Officer, and Anita Sims, Fiscal Services Supervisor	May 2011

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			IM-2	The petty cash funds at two locations are excessive given the infrequent and low dollar amount of the replenishments.		C	In response to recommendation #2, the Court agrees with the recommendation. The petty cash funds at both locations have been reduced.	Paula Osborne, Deputy Finance Officer, and Laura Miller, Deputy Executive Officer, Desert Region	October 2011
			IM-2	Contrary to the requirements in the FIN Manual, the petty cash custodians at two locations perform other cash handling duties.		C	In response to recommendation #3, the Court agrees with the recommendation. The petty cash fund at one location has been eliminated; the petty cash fund at the other location was reassigned to staff who does not have cash handling duties.	Arron Smith, Division Manager, Blythe; Patti Saucedo, Division Manager, Temecula	December 2011
			Log	The Court does not make the check to replenish the petty cash fund payable to the petty cash custodian.		C	The Court agrees and changes have been put into place to ensure adherence to the policy.	Paula Osborne, Deputy Finance Officer	May 2011
			Log	Although the Court assigned an individual as the petty cash fund custodian, the custodian does not maintain custody of the petty cash fund nor perform the functions of a petty cash custodian. Instead, three employees share responsibility for custody of the petty cash fund. Specifically, the custodian maintains custody of the key to the petty cash box, but another employee is responsible for retrieving the petty cash fund box from the safe. Once the petty cash fund box is out of the safe, the custodian hands the key to another employee who is responsible for opening the box and disbursing the funds to the petty cash custodian, for counting the monies remaining in the petty cash fund box, and for performing the monthly reconciliation of the petty cash funds. Although the petty cash custodian is assigned the title of petty cash custodian, this individual is not allowed to touch the petty cash funds.		C	The Court agrees and changes have been put into place to ensure adherence to the policy.	Paula Osborne, Deputy Finance Officer	May 2011
			Log	Although the key to the petty cash funds are in a locking bag within a locking cabinet, one location could better secure this key by making the responsible petty cash custodian hold and secure the key.		C	This is no longer an issue as the petty cash fund for this location has been eliminated.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	November 2011
			Log	The Change of Petty Cash Custodian form was complete but not signed by the CFO at one location.		C	Court agrees and has instructed staff to comply with policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	November 2011
			Log	One location does not utilize the required petty cash receipt form or another similar form to document each disbursement.		C	Court agrees and has instructed staff to comply with policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011

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
12	Fixed Assets Management							
		12.1	The Court Should Improve Its Tracking and Reporting of Court Assets					
		8	The Court does not maintain a fixed asset management system to record and track its assets.	I		In regards to recommendations #1 through #3, the Court agrees with the recommendations and has been working on this project since March 2010.	David Aldana, Court Facilities Manager	April 2012
		8	The Court does not maintain an up-to-date inventory listing of asset items that is validated against a physical inventory conducted annually.	I		In regards to recommendations #1 through #3, the Court agrees with the recommendations and has been working on this project since March 2010.	David Aldana, Court Facilities Manager	April 2012
		8	The Court does not conduct an annual physical inventory of its inventory and fixed asset items.	I		In regards to recommendations #1 through #3, the Court agrees with the recommendations and has been working on this project since March 2010.	David Aldana, Court Facilities Manager	April 2012
		8	Although the additions to the Court's Report 18-Fixed Assets report are based on fiscal year expenditure information from its accounting system, the total fixed assets balance is not supported by a Court listing of fixed assets.	I		In regards to recommendations #1 through #3, the Court agrees with the recommendations and has been working on this project since March 2010.	David Aldana, Court Facilities Manager	April 2012
		Log	The Court could not provide the software license for one of the eight software packages installed on its computers and that we selected to review. This software is a tax software program that was installed on a Court computer for an individual's personal use. According to the Court, it realizes it is a best practice to disallow privately purchased software from being installed on a court computer, and while the Court has such a policy in place for Court staff, the Court does not set personnel policies for elected officials. The Court indicates it does encourage elected officials not to do so, and has not had any issues to speak of to date.		C	Court agrees. There is a policy in place for staff, but not for elected officials. All judges were informed at the Countywide Judges Meeting of 11/4/11 that they are not to install personal software.	Sherri Carter, Court Executive Officer	November 2011
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					
15	Domestic Violence							
		15.1	The Court Could More Consistently Assess Statutorily Required Domestic Violence Fines and Fees					
		11	The Court did not always assess the required fines, fees, and assessments.		C	In regards to recommendation #1 and #2, the Court agrees with the recommendations. New minute codes were created in the case management system and the fine chart was updated and circulated to the judicial officers.	Lori Whaley, Chief Deputy of Operations	October 2011
		11	For two of the 30 cases I reviewed, the Court did not assess the Court Security fee.		C	See response above.	Lori Whaley, Chief Deputy of Operations	October 2011
		11	For five cases, the Court did not assess the \$400 Domestic Violence Fund Fee and the minute order did not indicate that the fee was not assessed after a hearing in court on the record that the Court found the defendant did not have the ability to pay.		C	See response above.	Lori Whaley, Chief Deputy of Operations	October 2011

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			11	For one of those five cases, where the Court did not assess the \$400 Domestic Violence Fund Fee, the Court did not assess the minimum probation period of 36 months. Instead, the probation period was 12 months.		C	See response above.	Lori Whaley, Chief Deputy of Operations	October 2011
			11	In two cases, the Court did not assess the Probation Revocation Restitution Fine even though probation was granted.		C	See response above.	Lori Whaley, Chief Deputy of Operations	October 2011
16 Exhibits									
			Log	Three court locations do not conduct inspections of exhibit rooms or closets.		C	Court agrees and has instructed the court manager to follow policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	Three court locations do not conduct a periodic inventory of the exhibit room or exhibit closet.		C	Court agrees and has instructed the court manager to follow policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	Weapons are not properly secured, such as in a locking locker or cabinet, within the exhibit room at two locations.		C	Court agrees and has instructed the court manager to follow policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
			Log	One court location does not maintain a key register to track exhibit room keys issued to court personnel.		C	Court agrees and has instructed the court manager to follow policy.	Lori Whaley, Chief Deputy of Operations; and Adriaan Ayers, Countywide Operations Deputy	December 2011
17 Bail									
				No issues to report.					