

Advisory Committee on Audits and Financial Accountability for the Judicial Branch

Annual Agenda¹—2022

Approved by Executive and Planning Committee: March 10, 2022

I. COMMITTEE INFORMATION

Chair:	Hon. David Rosenberg, Judge, Superior Court of Yolo County
Lead Staff:	Mr. Grant Parks, Principal Manager, Audit Services
Committee's Charge/Membership: <p>Rule 10.63 of the California Rules of Court states the charge of the Advisory Committee on Audits and Financial Accountability for the Judicial Branch (audit committee), which is charged with advising and assisting the council in performing its responsibilities to ensure that the fiscal affairs of the judicial branch are managed efficiently, effectively, and transparently, and in performing its specific responsibilities relating to audits and contracting, as required by law and good public policy. Rule 10.63(c) sets forth additional duties of the committee, such as to:</p> <ul style="list-style-type: none">• Review and approve of a yearly audit plan for the judicial branch,• Advise and assist the council in performing its responsibilities under the Judicial Branch Contract Law,• Review and recommend to the council proposed updates and revisions to the Judicial Branch Contracting Manual, and• Make recommendations concerning any proposed changes to the annual compensation plan for Judicial Council staff. <p>Rule 10.63(d) sets forth the membership position of the committee. The audit committee currently has seven members and one non-voting advisor. The current committee roster is available on the committee's web page.</p>	
Subcommittees/Working Groups²: There are no subcommittees or working groups operating under this advisory committee.	

¹ The annual agenda outlines the work a committee will focus on in the coming year and identifies areas of collaboration with other advisory bodies and the Judicial Council staff resources.

² California Rules of Court, rule 10.30 (c) allows an advisory body to form subgroups, composed entirely of current members of the advisory body, to carry out the body's duties, subject to available resources, with the approval of its oversight committee.

Meetings Planned for 2022³ (Advisory body and all subcommittees and working groups)

As needed based on the availability of audit reports, generally quarterly.

Check here if exception to policy is granted by Executive Office or rule of court.

³ Refer to [*Operating Standards for Judicial Council Advisory Bodies*](#) for governance on in-person meetings.

II. COMMITTEE PROJECTS

#	Ongoing Projects and Activities ⁴	
1.	Project Title: Review Audit Reports and Recommend Policy Changes, As Appropriate	Priority⁵ 1
	Strategic Plan Goal⁶ II	
<p>Project Summary⁷: The audit committee reviews audit reports issued by external entities (i.e. the State Controller’s Office and State Auditor’s Office) and periodically issues public audit advisories or internal memoranda to highlight systemic and important issues for trial court management. Some of the audit reports presented to the audit committee are required by law. Section 77206(h) of the Government Code requires the State Controller’s Office (SCO) to audit the revenues, expenditures, and fund balances of each trial court on a cyclical basis. The annual budget act appropriates \$540,000 for these audits each year. Similarly, section 19210 of the Public Contract Code requires the California State Auditor’s Office (CSA) to audit the procurement practices of at least five trial courts and the Judicial Council on an alternating biennial schedule. The annual budget act appropriates \$325,000 to reimburse CSA each year. Audit reports issued by both the SCO and the CSA are discussed by the committee in public session for transparency.</p> <p>Section 77206(g) of the Government Code authorizes the Judicial Council to inspect, review, and perform comprehensive oversight and analysis of court financial records wherever they may be located. State law also authorizes council staff to investigate allegations of financial impropriety or mismanagement. The Judicial Council’s audit staff often review court compliance with key financial, operational and procurement-related policies in high risk areas, such as: cash handling procedures, the reporting of case filings data to the Judicial Branch Statistical Information System (JBSIS); and vendor payment practices. Trial court management may address the audit committee in closed session to share their perspectives on any draft audit findings. To promote transparency, the final audit report (along with those from the SCO and CSA) are posted publicly on the judicial branch’s website following the audit committee’s approval.</p> <p>Status/Timeline: Ongoing</p> <p>Fiscal Impact/Resources: There are no direct fiscal impacts. However, the periodic recommendations made by the audit committee may result in fiscal impacts that must be evaluated by those committees designated with oversight responsibilities in the given policy area (e.g., Trial Court Budget Advisory Committee, Court Executives Advisory Committee, etc.).</p>		

⁴ All proposed projects for the year must be included on the Annual Agenda. If a project implements policy or is a program, identify it as *implementation* or a *program* in the project description and attach the Judicial Council authorization/assignment or prior approved Annual Agenda to this Annual Agenda.

⁵ For non-rules and forms projects, select priority level 1 (must be done) or 2 (should be done). For rules and forms proposals, select one of the following priority levels: 1(a) Urgently needed to conform to the law; 1(b) Urgently needed to respond to a recent change in the law; 1(c) Adoption or amendment of rules or forms by a specified date required by statute or council decision; 1(d) Provides significant cost savings and efficiencies, generates significant revenue, or avoids a significant loss of revenue; 1(e) Urgently needed to remedy a problem that is causing significant cost or inconvenience to the courts or the public; 1(f) Otherwise urgent and necessary, such as a proposal that would mitigate exposure to immediate or severe financial or legal risk; 2(a) Useful, but not necessary, to implement statutory changes; 2(b) Helpful in otherwise advancing Judicial Council goals and objectives.

⁶ Indicate which goal number of The Strategic Plan for California’s Judicial Branch the project most closely aligns.

⁷ A key objective is a strategic aim, purpose, or “end of action” to be achieved for the coming year.

#	Ongoing Projects and Activities⁴	
	<p><input type="checkbox"/> <i>This project may result in an allocation or distribution of funds to the courts. We will coordinate with Budget Services to ensure their review of relevant materials.</i></p> <p>Internal/External Stakeholders: The courts we audit are external stakeholders, particularly court executive officers and financial staff.</p> <p>AC Collaboration: No direct collaboration with other advisory committees or working groups. Limited collaboration with external audit agencies (such as the State Auditor’s Office and State Controller’s Office), who periodically audit judicial branch entities.</p>	
2.	Project Title: Recommend Updates to the Judicial Branch Contracting Manual	Priority⁵ 2
	<p>Project Summary⁷: The Judicial Branch Contract Law (Pub. Contract Code, §§ 19201–19210) requires the Judicial Council to adopt a contracting manual that is consistent with the Public Contract Code and substantially similar to the State Contracting Manual and State Administrative Manual. The manual contains procurement and contracting policies and procedures that must be followed by all judicial branch entities. To the extent that there are legislative amendments to the Public Contract Code that are applicable to judicial branch entities, the Judicial Council must update the Judicial Branch Contracting Manual so that the manual remains consistent with the Public Contract Code.</p> <p>Status/Timeline: Ongoing, (Generally, the audit committee holds a special meeting in July to discuss and approve suggested revisions before forwarding the changes to the council for final approval and adoption).</p> <p>Fiscal Impact/Resources: Staff from the Judicial Council’s Legal Services office monitor changes to state procurement laws and developing proposed changes for the audit committee’s consideration at its July meeting. Legal Services absorbs the cost of this work within its existing budget.</p> <p><input type="checkbox"/> <i>This project may result in an allocation or distribution of funds to the courts. We will coordinate with Budget Services to ensure their review of relevant materials.</i></p> <p>Internal/External Stakeholders: Attorneys within Legal Services are critical to ensuring appropriate updates are made to the Judicial Branch Contracting Manual in a timely manner.</p> <p>AC Collaboration: Attorneys within Legal Services periodically communicate with a group of court procurement officials, known as the Judicial Branch Contracting Manual Working Group. This group was originally established to help create the original version of the</p>	

#	Ongoing Projects and Activities⁴	
	contracting manual; however, this working group is not formally established under the audit committee and is not an official working group created by any other advisory committee.	
3.	<i>Project Title: Issue Audit Advisories, as Necessary, to Proactively Address Areas of Risk</i>	<i>Priority⁵ 2</i>
	<p data-bbox="170 472 1974 699"><i>Project Summary⁷:</i> Since the creation of the audit committee in October 2017, audit staff and the committee have issued audit advisories on topics such as: cash handling procedures, grant administration, court procurement practices, and data quality standards for court reporting to the Judicial Branch Statistical Information System (JBSIS). As the audit committee discusses audit findings and sees systemic and important issues that require action, it may direct committee staff to draft audit advisories that explain to the courts the given problem, risks, and suggested recommendations for corrective action. Doing so provides each court with an opportunity to review their own practices and make changes—prior to an audit—to improve judicial administration.</p> <p data-bbox="170 732 525 769"><i>Status/Timeline:</i> Ongoing.</p> <p data-bbox="170 802 600 839"><i>Fiscal Impact/Resources:</i> None.</p> <p data-bbox="170 872 1974 953"><input type="checkbox"/> <i>This project may result in an allocation or distribution of funds to the courts. We will coordinate with Budget Services to ensure their review of relevant materials.</i></p> <p data-bbox="170 985 684 1023"><i>Internal/External Stakeholders:</i> None.</p> <p data-bbox="170 1055 510 1092"><i>AC Collaboration:</i> None.</p>	
	<i>Strategic Plan Goal⁶ II</i>	

III. LIST OF 2021 PROJECT ACCOMPLISHMENTS

#	Project Highlights and Achievements
1.	The audit committee considered and forwarded proposed revisions to the Judicial Branch Contracting Manual in July 2021, resulting in the Judicial Council approving the revised manual in October 2021.
2.	During fiscal year 2020–21, the audit committee reviewed 10 audit reports focusing on procurement and financial activities of the courts. The reports contained over 24 recommendations where the courts agreed or partially agreed with the audit report’s conclusions.
3.	Based on recurring audit findings noted by the State Controller’s Office, the committee issued an audit advisory to clarify the need for courts to adjust certain revenue and expenditure general ledger accounts at year-end to avoid misstatement.