www.courts.ca.gov/auditcommittee.htm
auditcommittee@jud.ca.gov

JUDICIAL COUNCIL
OF CALIFORNIA

ADVISORY COMMITTEE ON AUDITS AND FINANCIAL ACCOUNTABILITY FOR THE JUDICIAL BRANCH

AUDITS AND FINANCIAL ACCOUNTABILITY COMMITTEE

MINUTES OF OPEN MEETING WITH CLOSED SESSION

January 18, 2018
12:10 PM – 1:10 PM
2860 Gateway Oaks Drive, Suite 400, Sacramento, CA 95833

Advisory Body Members Present:	Hon. David Rosenberg, Hon. Peter Siggins, Hon. Mary Ann O'Malley, Hon. Susan Matcham, Mr. Kevin Harrigan, Mr. Kevin Lane, Ms. Tania Ugrin-Capobianco, and Mr. Phil Jelicich
Advisory Body Members Absent:	Ms. Sherri Carter
Committee Staff Present:	Mr. Grant Parks, Mr. Robert Cabral

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 12:11 pm, and took roll call.

Approval of Minutes

The advisory body reviewed and approved the minutes of the October 19, 2017, Advisory Body meeting.

INFORMATION ITEMS (ITEMS 1-2)

Info 1
Report from Audit Services

Mr. Parks informed the audit committee that Audit Services has completed fieldwork at Butte, Solano and Colusa County Superior Courts, and these audit work papers are currently going through supervisory review. In addition, audit staff have initiated an audit at Calaveras and held an entrance conference with the Third District of the Courts of Appeal. Overall, Audit Services has initiated audits consistent with the timeline established in the annual audit plan. Audit Services is in process of hiring additional management staff to complete supervisory review more quickly.

Audit Services has also been monitoring spending under Court Innovations Grant (CIG) program, noting that the Judicial Council has disbursed 10 million dollars, of which courts have spent just over one million. Audit Services is focusing on courts that have relatively significant spending and is waiting for more spending to occur before selecting courts for CIG audits.

Another element on Audit Services' audit plan is to monitor external audits performed by State Controller's Office (SCO). The SCO performs audits of court expenditures, revenue and fund balance to make sure those amounts are recorded consistently with the requirements found in state law and state accounting policy. SCO is finalizing the audit of Yolo. Mr. Parks anticipates the audit committee will see audits from the SCO under that new pilot audit program at the next audit committee meeting.

Info 2
General Discussion by Members of the Committee

Judge Matcham asked the chair to clarify on the role of this committee in regards to the issues raised in the audit reports, and if this committee needs to comment on the appropriate course of action. Mr. Parks clarified that the role of this committee includes raising systemic and important findings to the attention of the entire Judicial Council. The methods of doing so could include making a presentation for the entire Judicial Council, or formally communicating with other advisory committees of the Judicial Council that have jurisdiction on a particular issue.

Judge Rosenberg added that this committee has few functions, one of which is the day to day audit reviews. Another important function of this committee is to be aware and to alert the Judicial Council about the issues found through the reviewed audits – to help Courts to avoid problems. The third function is to develop the plan regarding the course of action, timetable, and to be aware about court audits performed by various agencies.

DISCUSSION AND ACTION ITEMS (ITEMS 1-2)

Item 1

External Audit Report number 2017-302: Judicial Council of California - It Needs to Follow Competitive Bidding Processes More Consistently and Establish Clear Guidance for Invoice Processing – State Auditor's Office

Mr. Parks gave an overview of some key conclusions from the audit. In particular, one of the State Auditor's key conclusions was that the Judicial Branch Contracting Manual is substantially similar to other state contracting requirements, such as those found in State Contracting Manual and State Administrative Manual. The State Auditor's Office also concluded that the Judicial Council generally adhered to its procurement and contracting policies, including its processes for issuing payments to contractors. The SCO audit noted a few areas for minor changes, including recommended changes to the Judicial Branch Contracting Manual's (JBCM) definition of *contract splitting* and *sole source procurement*. Judicial Council staff tasked with periodically updating the JBCM are aware of the SCO's recent findings and are discussing potential solutions. One of this committee's roles—in addition to approving audits—is to recommend changes to the JBCM for the Judicial Council's formal approval.

Action: Committee unanimously approved for posting audit report 2017-302: *Judicial Council of California - It Needs to Follow Competitive Bidding Processes More Consistently and Establish Clear Guidance for Invoice Processing.*

Item 2

External Audit Report – Department of Child Support Services of the AB 1058 Program at Shasta/Trinity Superior Courts (Action Required)

Mr. Parks informed the audit committee that DCSS continues to find similar issues in their AB 1058 audits as was discussed by the audit committee previously. The audit report discussed today adds to a growing list of courts where DCSS auditors have disallowed a significant amount of the court's overall AB 1058 funding. The Judicial Council's executive management team continues to have discussion with DCSS about how to resolve the audit findings and the questioned costs.

Judge Matcham asked Mr. Parks to explain whether the courts are opposing DCSS' recommendation that a certain amount of money needs to be returned. Mr. Parks clarified that the Judicial Council management is aware of how the collective courts have responded to DCSS audits. In many of those responses, the courts question whether returning such a significant amount of money does anything other than harming the program. The underlying issue at play in all of these audits seems to be documentation issues of staff time as opposed to perhaps more substantive issues, such as whether important program services were provided. Those perspectives are part of the ongoing discussions between the Judicial Council's executive management team and DCSS representatives. Mr. Parks assured the committee that as soon as he knows what the final resolution will be, he will share the information with this committee. He also added that staff from CSCC are trying to work with Audit Services and with courts to develop a unified corrective action plan to respond to all of the audits.

Judge O'Malley shared her opinion that court estimates of the time devoted to the AB 1058 program understate the amount of actual effort exerted by court employees supporting the program. Judge O'Malley also referenced Shasta's response to the DCSS audit, which discussed how much the court has done for the people and communities of Shasta. It is not understandable, according to Judge O'Malley, that DCSS would want to recover such large amounts of program funding, which will directly and negatively affect the court's ability to do the work and help people. Judge O'Malley expressed her hope that something could be worked out, and that there can be some balance between marking down the 10-minute increments on a timesheet to not adversely affecting the children and families that are served by this program in Shasta. Judge O'Malley hopes that executive staff are successful at reaching some reasonable and just result.

Ms. Tania Ugrin-Capobianco joined Judge O'Malley's comments. With the lack of resources that all trial courts have at this time, according to Ms. Ugrin-Capobianco, devoting time to document minutes seems unwise. The overall goal of the AB 1058 program is to serve the public as best we can within available resources. Most, if not all courts, are doing far more than can be reasonably expected.

Mr. Parks reported that DCSS was going to perform approximately 10 audits this fiscal year, and that the audit focus would be on fiscal year 2016-17. As a result, it is likely that we will continue to see courts falling into the same situation as experienced by other courts in earlier audits. Perhaps in the future, DCSS, the Judicial Council, and the trial courts might agree on some alternative way of documenting personnel costs charged to the AB 1058 program.

Ms. Tania Ugrin-Capobianco added that larger courts will have less problem with filling out timesheets per-minute increments, especially when they have dedicated staff to the Title IV-D process. However, it will be more difficult for the smaller-sized courts, which do not have dedicated staff for the AB 1058 program and where court employees must multitask on different programs.

Mr. Harrigan informed the committee that after changing time keeping practices at Glenn, court staff found that they were, in fact, under billing the program.

Action: Committee unanimously approved for posting the Department of Child Support Services' audit of the AB 1058 program at Shasta/Trinity superior courts.

ADJOURNMENT

There being no further open meeting business, the meeting was adjourned at 1:00 pm.

CLOSED SESSION (CAL. RULES OF COURT, RULE 10.75(D))

Item 1

Draft Audit Report of the Superior Court of California, County of Merced – Rule of Court 10.75(d)(6) (Action Required)

Mr. Parks thanked the court for being professional in helping completing the audit and gave an overview regarding the issues found during the audit. He also informed that this was the first superior court audit where Audit Services office audited JBSIS-reported case filings data. Overall, the court performed well during the audit, and the audit committee suggested a few minor corrections to the report prior to public posting.

Action: Committee unanimously approved the public posting of Audit Services' draft audit report of Merced Superior Court, per California Rules of Court, Rule 10.63(c)(1).

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:15 pm.

Approved by the advisory body on April 17, 2018.