JUDICIAL COUNCIL
OF CALIFORNIA

ADVISORY COMMITTEE ON AUDITS AND
FINANCIAL ACCOUNTABILITY FOR THE
JUDICIAL BRANCH

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ADVISORY COMMITTEE ON AUDITS AND FINANCIAL ACCOUNTABILITY FOR THE JUDICIAL BRANCH

MINUTES OF OPEN MEETING WITH CLOSED SESSION

June 19, 2018
12:15 pm
Conference call

Advisory Body Members Present:	Hon. David Rosenberg, Hon. Peter Siggins, Hon. Mary Ann O'Malley, Mr. Kevin Harrigan, Mr. Kevin Lane, Ms. Sherri Carter, Ms. Tania Ugrin-Capobianco and Mr. Phil Jelicich
Advisory Body Members Absent:	Hon. Susan Matcham
Others Present:	Mr. Grant Parks, Mr. Robert Cabral, Ms. Pamela James, Ms. Karen Camper, Mr. Brian Taylor, Agnes Shappy, Mr. Jason Galkin

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 12:16 pm, and took roll call.

Approval of Minutes

Hon. Mary Ann O'Malley moved to approve the minutes of the May 23rd meeting, Ms. Tania Ugrin-Capobianco seconded the motion. There was no further discussion of the minutes. Motion to approve passed by unanimous voice vote of the committee members present.

Ms. Ugrin-Capobianco moved to approve the minutes of the June 1st action taken by email, Hon. Peter Siggins seconded the motion. There was no further discussion of the minutes. Motion to approve passed by unanimous voice vote of the committee members present.

DISCUSSION AND ACTION ITEMS (INFO ITEMS 1&2; ACTION ITEM 1)

Info Item 1

Report from Audit Services.

Mr. Grant Parks informed committee members that the audit of Siskiyou is still in process, and he expects to have the report ready sometime in August. Auditors held entrances conference with Ventura and Sacramento this month, and these reports are expected to be completed this fall.

As for the staffing level, Audit Services currently has only one vacant position. The office has hired experienced staff over the last year, who come with many years of governmental auditing experience and hold qualifications like Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner.

The State Controller's Office continues to audit trial court expenditures and fund balance of five superior courts. The audit of Sacramento is the one closest to completion, and Mr. Parks expects to share this report with the committee in August, while other reports will likely come in the October-November timeframe. As for the AB1058 audits, DCSS and Judicial Council executive management have had positive discussions, but there is no definitive information to share with the committee at this time.

Info Item 2.

General Discussion by Members of the Committee. No items were discussed.

Action Item 1.

Review, Discussion & Potential Approval of Annual Audit Plan (Action Required)

Mr. Parks informed committee members that staff are seeking the committee's input on and possible approval of next year's audit plan. Staff provided the draft audit plan and it mirrors the prior year's plan in terms of overall scope. Cash handling continues to be an area of high risk that will continue to be a focus of our audit work. Similarly, payment processing and procurement activities are going to remain in audit plan. Audit Services' audit plan will also continue to focus on court reporting of case filings data to the Judicial Branch Statistical Information System (JBSIS). Audit Services staff have also prepared a recap summary of the 75 findings that they wrote this past fiscal year, which also counts how often courts either agree or disagree with the reported audit findings. Courts often indicated that they agreed with the reported findings.

The proposed audit plan lists the courts Audit Services will audit in the next fiscal year, and it provides information regarding when audit staff expect to start fieldwork at these various courts on a calendar basis. Sacramento and Ventura courts will be audited this fall, while the 5th District Court of Appeal and Glenn will be audited in the winter. San Benito and San Francisco will be audited in spring, Modoc and Trinity are expected to be audited in summer. Mr. Parks has also reserved some time for the staff to audit court spending under the Court Innovations Grant Program.

Mr. Kevin Lane shared his concern that Audit Services will spend more time auditing courts in northern California than in southern California, especially the Courts of Appeal. Mr. Parks replied that if the committee members want to replace/change some courts on the audit schedule, Audit Services can do that. Judge Rosenberg shared his opinion that it sounds reasonable to do an audit

of a Court of Appeal from southern California, after Audit Services completes an audit of one in northern California. Judge Rosenberg also commented that there is a strong feeling on this committee that we need to ratchet up the audits of courts of appeal, since they haven't been audited for a long time. Justice Siggins suggested that if audits of the Court Innovations Grant (CIG) program continue to be delayed because of limited grant spending, then perhaps staff can add an appellate court to the schedule. Mr. Parks replied that he will check with his staff and they will find a way to make that work.

Ms. Tania Ugrin-Capobianco asked if there should be an audit every time a new court executive officer is hired. Committee members discussed that while it will be a good practice to audit a court every time a new CEO is hired, it might not always be feasible given Audit Services' resource constraints. Committee members discussed one possible solution wherein Audit Services could "spot-check" (i.e. perform a limited review) when a new CEO requests it. Mr. Parks said he will make some revisions to audit calendar/schedule to reserve some time for these types of limited reviews.

Ms. Sherri Carter raised the issue of developing an internal controls manual that would help new CEOs to do a self-assessment. Judge Rosenberg suggested that Audit Services Office review the manual that Ms. Carter developed for the federal courts. Mr. Parks replied that Audit Services has been working towards developing self-assessment checklists for the courts. The Judicial Resources Network currently has a cash handling checklist. Since the FIN Manual was recently updated, Audit Services will have a new updated cash handling checklist in a couple of weeks, in addition to procurement and payment processing checklists. Mr. Parks is hoping those checklists will include high-level flow charts depicting typical controls at the courts and could help new CEOs evaluate their new court's operations.

Mr. Harrigan asked Mr. Parks to clarify the committee's responsibilities "to make recommendations" regarding any proposed changes to the annual compensation plan for Judicial Council staff. Mr. Harrigan asked how that responsibility is addressed in the proposed audit plan. Mr. Parks explained that if and when proposed changes to compensation are made, this committee will have the opportunity to either recommend for or against the proposal before it goes to the full Judicial Council for formal review. California Rules of Court provides the committee with this role and it is similar to its responsibilities for considering proposed changes to the Judicial Branch Contracting Manual.

Action: No action was taken since annual audit plan needs to be updated based on recommendations from the committee members.

ADJOURNMENT

There being no further open meeting business, the meeting was adjourned to closed session at 12:47 pm.

CLOSED SESSION

Item 1

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

Non-final audit reports or proposed responses to such reports Action.

Action: Ms. Sherri Carter moved that the audit of the Superior Court of California, County of Solano be approved and posted publicly (seconded by Mr. Kevin Harrigan). With no further discussion, the motion passed by unanimous voice vote of the committee members present.

Item 2

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

Non-final audit reports or proposed responses to such reports Action.

Action: Hon. Mary Ann O'Malley moved that the audit of the Superior Court of California, County of Colusa be approved and posted publicly (seconded by Ms. Sherri Carter). With no further discussion, the motion passed by unanimous voice vote of the committee members present.

Item 3

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

Non-final audit reports or proposed responses to such reports Action.

Action: Ms. Sherri Carter moved that the audit of the Superior Court of California, County of Calaveras be approved and posted publicly (seconded by Hon. Mary Ann O'Malley). With no further discussion, the motion passed by unanimous voice vote of the committee members present.

Adjourned closed session at 1:10pm.

Approved by the advisory body on August 23, 2018.