



JUDICIAL COUNCIL OF CALIFORNIA

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ADVISORY COMMITTEE ON AUDITS AND
FINANCIAL ACCOUNTABILITY FOR THE
JUDICIAL BRANCH

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MINUTES OF OPEN MEETING WITH CLOSED SESSION

October 3, 2018

12:15 pm – 1:15 pm

Conference Call

Advisory Body Members Present: Hon. David Rosenberg, Hon. Peter Siggins, Hon. Susan Matcham, Hon. Mary Ann O'Malley, Mr. Kevin Harrigan, Ms. Tania Ugrin-Capobianco, Ms. Sherri Carter, Mr. Kevin Lane

Advisory Body Members Absent: Mr. Phil Jelcich (non-voting advisory member)

Others Present: Mr. Grant Parks, Ms. Renee Crane (CEO – Siskiyou Superior Court), Ms. Lorena Barnes (Siskiyou Superior Court)

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 August 23, 2018 meeting. Hon. Susan Matcham seconded the motion. There was no further discussion of the minutes. Motion to approve passed by unanimous voice vote of the committee members present.

Hon. David Rosenberg asked if there were any public comments. Mr. Grant Parks informed the audit committee that he had received one public comment for this meeting. The comment was from San Joaquin Superior Court inquiring whether the audit committee sends notifications of public meetings. Mr. Parks informed committee members that the public notice for this meeting was posted on September 24th and committee staff followed the Judicial Council's guidelines for posting the required public notice. The decision of whether to perform additional steps during the *public notice* process is a decision best left to committee members. Mr. Parks confirmed he will respond to the email received from San Joaquin Superior Court. Judge Rosenberg encouraged committee members to provide input on other ways the public should be informed of upcoming meetings, in addition to posting meeting notices on the public website at: www.courts.ca.gov.

DISCUSSION AND ACTION ITEMS

Info Item 1

Report from Audit Services

Mr. Parks informed the audit committee that audit staff are in the process of closing its work at Sacramento and Ventura superior courts, and stated these reports should be available for the committee's review by mid-or-late November. Audit staff have also initiated audits of Glenn superior court and 5th District court of appeal.

Mr. Parks provided an overview of the judicial branch's spending under the Court Innovations Grant (CIG) Program. As of September 30th, the Judicial Council has awarded roughly \$22 million to various courts. The courts have collectively spent roughly \$5.8 million, which is about 27% of the amount awarded. Eighteen months remain before the funding period for the CIG program ends. In June 2018, Audit Services issued an advisory memo to the courts to remind them of the grant's remaining period of availability. Audit Services is in process of identifying which courts to audit under the CIG program.

Mr. Parks reported that he had spoken with Mr. Jake Chatters (CEO – Placer Superior Court) regarding CEAC's ongoing efforts to develop JBSIS data quality standards (this committee issued a letter to that group encouraging the development of those standards). According to Mr. Chatters, a draft of those standards is currently in development and the goal is for CEAC members to vote and adopt the standards in January 2019.

Finally, Mr. Parks provided an overview of external audit activity. The State Auditor's Office is now conducting mandated procurement compliance audits of five superior courts: Imperial, Los Angeles, Monterey, Santa Barbara and Santa Cruz. Those audit reports should be available for the audit committee by January 2019. Also, the State Controller's Office (SCO) will be auditing the Judicial Council's administration of the revenues, expenditures and fund balances under its control. This is a statutorily required audit, and Mr. Parks expects this audit to begin in November with the report likely coming to the committee's members in Spring 2019.

Info Item 2.

General Discussion by Members of the Committee

Hon. David Rosenberg asked committee members if there was anything they wished to discuss. No one had items to discuss.

Action Item 1

External Audit Reports on AB 1058 Program – Department of Child Support Services (Action Required)

Mr. Parks provided a summary of the external AB 1058 court audits by the Department of Child Support Services (DCSS) and some background information on the status of these audits, including DCSS suspending further AB 1058 court audits until revised timekeeping methodologies are developed. Mr. Harrigan (CEO of Tehama superior court) asked if it would be appropriate if he abstain from voting on whether to approve the Tehama audit report for public posting, given his employment with the court.

Similarly, Judge Matcham also decided to abstain from voting on motions pertaining to the audit of Monterey superior court. Judge Rosenberg agreed and stated there would be separate motions for the Tehama and Monterey audits to facilitate and record those abstentions.

Presiding Justice Siggins asked if trial courts have been advised—on a broad basis— of the methodology and new standards for timekeeping. Mr. Parks replied that he had not inquired with the Judicial Council's Center for Families, Children and the Courts (CFCC) on how broad the standards (once developed) will be broadcasted. Mr. Parks explained the current focus is to figure out a methodology that would work for both the superior courts and the Department of Child Support Services (DCSS). Current discussions include the goal of providing the courts with a variety of different options on timekeeping. Presiding Justice Siggins asked if subsequent DCSS audits will be suspended until the courts have revised their timekeeping methodology. Mr. Parks commented that DCSS's auditors would likely wait until the new rules are firmly established and would not otherwise want to audit against standards that are only likely to change.

Action: Judge O'Malley moved to approve Tehama audit report for posting (seconded by Presiding Justice Siggins). The motion passed by unanimous voice vote of the committee members present (Mr. Harrigan abstained).

Action: Presiding Justice Siggins moved to approve the Monterey audit report for posting (seconded by Judge O'Malley). The motion passed by unanimous voice vote of the committee members present (Judge Matcham abstained).

Action: Judge O'Malley moved to approve the audit reports for Colusa, Fresno, Glenn, Plumas and Santa Cruz superior courts for public posting (seconded by Judge Matcham). The motion passed by unanimous voice vote of the committee members present.

Action Item 2

External Audit Report for – State Controller's Office (Action Required)

The SCO is engaged in a pilot audit program of the superior courts (pursuant to Government Code, Section 77206(h)), where the SCO reviews and audits each court's administration of the revenues, expenditures and fund balance under its control. Previously, this committee has reviewed reports focusing on Yolo and Sacramento superior courts. Today, the committee reviews the SCO's audit report for Amador superior court. Mr. Parks expects final audit reports for San Mateo, Sonoma Tehama should be issued later in October and be available at the audit committee's next meeting. SCO noted some cash handling and procurement issues but concluded overall that Amador superior court had complied with statutory rules and regulations regarding revenues, expenditures, and fund balance.

Judge Rosenberg suggested that Audit Services issue an advisory notifying court executive officers (CEOs) that the SCO is noting recurring cash handling issues in its audit reports. Ms. Ugrin-Capobianco suggested some outreach would help provide small courts with new CEOs and limited staff with acceptable alternatives to adopt. Judge Rosenberg commented recalling that the main criticism being that

two people need to be involved when handling cash, which can be a burden on small courts. Judge O'Malley agreed that cash handling procedures may be onerous for courts, but that they have to find a way to work two people into the process because courts cannot excuse it as this is one of the more susceptible areas for a court to be caught in the very awkward situation of theft. Judge Rosenberg agreed that this comes up again and again and every court has at least two employees that can handle cash. Ms. Carter mentioned her understanding is that courts can use alternative methods, such as the use of video recording cameras over cash handling areas in place of two people to deter theft, and that courts with limited staff may consider those types of alternatives. Mr. Parks acknowledged that Ms. Carter's understanding was correct and agreed to prepare a cash handling audit advisory memo highlighting such approved alternative procedures that can be shared with committee members or issued to CEOs. Judge Rosenberg asked if any committee members wished to review the audit advisory before staff issue the advisory. Ms. Carter stated that Audit Services is uniquely positioned to determine which alternative procedures would be acceptable for an audit and to include in an advisory. Judge Rosenberg indicated Audit Services should then issue the advisory when ready. Judge O'Malley added that Audit Services should copy the committee members when issuing the advisory. Mr. Parks agreed to issue the advisory and copy or inform the committee members.

Action: Presiding Justice Siggins moved to approve the Amador audit report for public posting (seconded by Ms. Ugrin-Capobianco). The motion passed by unanimous voice vote of the committee members present.

A D J O U R N M E N T

There being no further open meeting business, the meeting was adjourned to closed session at 12:41 pm.

C L O S E D S E S S I O N

Item 1

Draft Audit Report of the Superior Court of California, County of Siskiyou – Rule of Court 10.75(d) (6) (Action Required) ***Non-final audit reports or proposed responses to such reports Action.***

Mr. Parks on behalf of Audit Services staff thanked the court for the assistance and cooperation provided during the audit. He commended the court for not having any findings with their procurement and contracting practices, payment processing, and the calculation and reporting of its one percent fund balance cap. He mentioned there were some findings in the cash handling area, similar to what the committee discussed earlier in the public session, such as in the handling of mail payments and handwritten receipts. Overall, the court agreed with the audit findings. Mr. Parks recommended that the committee approve the report for public posting.

Judge Rosenberg asked if Siskiyou superior court management would like to comment. Ms. Renee Crane, Siskiyou Court CEO, commended Audit Services staff for listening and helping along the way during the audit.

Action: Ms. Ugrin-Capobianco moved that the audit of the Superior Court of California, County of Siskiyou be approved and posted publicly (seconded by Judge O'Malley). The motion passed by unanimous voice vote of the committee members present.

A D J O U R N M E N T

There being no further closed session business, the meeting was adjourned at 12:46 PM.

Approved by the advisory body on December 5, 2018.