



Audit of the
Superior Court of California,
County of Butte

APRIL 2018



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION
AUDIT SERVICES

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Superior Court of California, County of Butte

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EXECUTIVE SUMMARY

Introduction

Government Code, sections 77206(g) and 77009(h) provide the Judicial Council of California (Judicial Council) with the authority to inspect and review superior court records and to perform audits, reviews, and investigations of superior court operations. The Judicial Council's Office of Audit Services (Audit Services) periodically conducts performance audits of the superior courts in order to verify their compliance with the Judicial Council's policies and with state law. These audits, as well as similar audits of the appellate courts, are primarily focused on assisting the courts identify which of their practices, if any, can be improved upon to better promote sound business practices and to demonstrate accountability for their spending of the public's funds.

State law authorizes the Judicial Council to establish each superior court's annual budget and to adopt rules for court administration, practice, and procedure. Most of the criteria used by Audit Services stems from the policies promulgated by the Judicial Council, such as those contained within the *Trial Court Financial Policies and Procedures Manual* (FIN Manual) and the *Judicial Branch Contracting Manual* (JBCM). These policies establish both mandatory requirements that all superior courts must follow, as well as suggestive guidance. California's courts drastically vary in terms of their caseloads, budget, and staffing levels, thus requiring the Judicial Council to adopt rules that at times provide the courts with flexibility given their varying resources and constraints. State law also requires the superior courts to operate under a decentralized system of management, and the Judicial Council's policies establish the boundaries within which courts exercise their discretion when managing their day-to-day operations.

Audit Services' annual audit plan for the Judicial Branch establishes the scope of each audit and provides a tentative schedule for the courts being audited during the fiscal year. The audit plan explains those scope areas deemed to be of higher risk based on Audit Services' professional judgment and recognizes that other state audit agencies may, at times, perform reviews that may overlap with Audit Services work. In those instances, Audit Services may curtail its planned procedures as noted in the scope and methodology section of this report.

Summary of Audit Results

We found that the Superior Court of California, County of Butte (Court) should be commended for demonstrating compliance with many of the Judicial Council's requirements evaluated during the audit. Table 1 below presents a summary of the audit's results, including references to any audit findings discussed in the body and a summary of the Court's agreement or disagreement with the noted findings. Other matters such as isolated or minor non-compliance—which in our professional judgement do not rise to the level of a reportable audit finding—were communicated separately to the Court's management in written form.

Table 1 Audit Results – At A Glance – California Superior Court, County of Butte

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Cash Handling					
1	Daily Opening Process	Yes	✓		
2	Voided Transactions	Yes	✓		
3	Handwritten Receipts	Yes	✓		
4	Mail Payments	Yes	2	2016-4-01; 02	Partially Agree
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	1	2016-6-01	Partially Agree
7	End-Of-Day Balancing and Closeout	Yes	✓		
8	Bank Deposits	Yes	1	2016-8-01	Agree
9	Other Internal Controls	Yes	✓		
Procurements					
10	Procurement Initiation	Yes	✓		
11	Authorization & Authority Levels	Yes	✓		
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	1	2016-15-01	Partially Agree
16	Purchase Cards	Yes	✓		
17	Other Internal Controls	Yes	✓		
Payment Processing					
18	3-Point Match Process	Yes	✓		
19	Payment Approval & Authority Levels	Yes	✓		
20	Special Rules - In-Court Service Providers	Yes	1	2016-20-01	Partially Agree
21	Special Rules - Court Interpreters	Yes	1	2016-21-01	Agree
22	Other Items of Expense	Yes	✓		
23	Jury Expenses	Yes	✓		
24	Travel Expense Claims	Yes	2	2016-24-01; 02	Agree
25	Business-Related Meals	Yes	2	2016-25-01; 02	Agree
26	Petty Cash	N/A	-		
27	Allowable Costs	Yes	✓		
28	Other Internal Controls	Yes	✓		
Fine & Fee Distribution					
29	CMS-Calculated Distributions	No	-		
30	Manually-Calculated Distributions	N/A	-		
1% Fund Balance Cap					
31	Calculation of the 1% Cap	Yes	✓		
32	Use of "Held on Behalf" Funds	N/A	-		
JBSIS Case Filing Data					
33	Validity of JBSIS Data	Yes	2	2016-33-01; 02	Agree
Grant Award Compliance					
34	AB 1058 Program	Yes	✓		
Other Areas					
35	[None]	N/A	-		

Source: Auditor generated table based on testing results and court management's perspective.

Note: Areas subjected to testing are generally based on requirements in the Trial Court Financial Policies and Procedures Manual (FIN Manual), the Judicial Branch Contracting Manual (JBCM), or California Rules of Court, but may also include other Judicial Council policies and directives. Areas not tested are based on audit determinations - such as area not applicable, recently reviewed by others, or no transactions selected to review. Applicable criteria are cited in each audit finding (as referenced above) in the body of our report. The Judicial Council's audit staff determine the scope of each audit based on their professional judgment and the needs of the Judicial Council, while also providing the Court with an opportunity to highlight additional areas for potential review depending on available audit resources.

The Court demonstrated consistent adherence to several different compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court demonstrated strong compliance in the areas of procurement and reporting on limits to its fund balance (1% fund balance cap). For example, our review of its procurement practices found that the Court uses a web-based application that provides it with a paperless purchase request process and helps it ensure compliance with applicable procurement rules. As a result, except for not having written contracts for its in-court services providers and a few instances of minor non-compliance, we found that the Court used sound procurement practices. Similarly, our review found that its 1% fund balance cap calculation and reporting process was sound. Specifically, the Court tracks, monitors, and updates its open encumbrances at least every six months and verifies each encumbered purchase document to ensure the accuracy of its open encumbrance report. At year end, it reviews and determines if any encumbrance on its open encumbrance report should be accrued as expenditures or liquidated. After verifying its open encumbrances, the Court completes its year-end accruals worksheet and ensures current executed purchase orders or agreements support its year-end encumbrances. Because of its thorough review process, we successfully traced the year-end encumbrances it reported on its 1% fund balance cap calculation form to a list of open encumbrances, and traced selected encumbrances to valid purchase orders or contracts for which the Court had not yet received goods or services as of fiscal year end.

Our audit did identify 13 reportable audit findings where we believe the Court should consider taking corrective action to improve its operations and more fully comply with the Judicial Council's policies. These 13 findings are identified in Table 1 under the column "Reportable Findings" and include reference numbers indicating where the reader can view in further detail the specific findings and the Court's perspective. One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over the processing of payments received through the mail. Specifically, the Court does not use two-person teams to open mail payments and does not maintain a log to create a record of the payments received in the mail. When mail payments are not properly safeguarded and accounted for, the Court faces increased risk that these payments may become lost or stolen. Payments received by mail are fundamentally a high-risk process given that the paying member of the public is neither present during the transaction nor is guaranteed to receive a receipt. The Court explained that it does not use a two-person team and mail payments log due to limited staff resources and its belief that the mail payment processing procedures in the FIN Manual are discretionary. Although the Court is correct that the FIN Manual does not mandate use of two-person teams to open the mail or a mail payments log (as these are a suggested practices), strengthening its controls in these areas are worthy of the Court's consideration. For example, the Court may wish to consider the feasibility of diverting all mail to one location where staffing resources are sufficient to implement the Judicial Council's suggested controls.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on April 17, 2017, and completed fieldwork on July 11, 2017. Audit Services shared the draft audit findings with Court's officials on March 1, 2018, and received the Court's final official responses on March 18, 2018. The Court generally agreed with most of the findings and its specific responses for each are included in the body of the report.

BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Butte (Court) operates in the Central Valley of California, north of Sacramento and southeast of Redding, serving a county population of over 226,864. The Court operates under the authority and direction of the Presiding Judge, who is responsible for ensuring the effective management and administration of the Court, consistent with any rules, policies, strategic plan, and the funding provided by the Judicial Council.

California's 58 superior courts each have differing workloads, staffing levels, and financial resources. They operate under a decentralized system of governance and are each responsible for their own local court operations and business decisions. The Presiding Judge has the authority to: develop a local budget and allocate the funding provided by the Judicial Council; approve procurements and contracts; and authorize the Court's expenditures. The information in Table 2 is intended to provide the reader with context and perspective on the Court's relative size and workload compared to averages of all 58 superior courts.

Table 2 – Statistical Data for Butte Superior Court and Average of all Superior Courts

Statistic	Butte Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2016-17)						
Total Revenue	\$ 13,362,248	\$ 2,250,083	\$ 10,582,305	\$ 41,232,247	\$194,113,750	\$ 43,247,805
Total Expenditures	\$ 13,142,674	\$ 2,214,461	\$ 10,478,487	\$ 41,316,417	\$194,616,764	\$ 43,294,681
Staff Salaries & Benefits As a % of Total Expenditures	\$ 9,601,480 73.1%	\$ 1,481,300 66.9%	\$ 7,931,905 75.7%	\$ 31,481,920 76.2%	\$157,192,180 80.8%	\$ 34,297,139 79.2%
Judicial Officers and Staff (2017 Court Statistics Report)						
Judges	11	2	8	27	128	29
Commissioners/Referees	2	-	1	4	22	5
Non-Judicial Staff (approx.)	112	17	84	276	1,253	288
Total	125	19	93	307	1,403	322
New Case Filings (Fiscal Year 2015-16)						
Appeal Filings	124	11	63	141	398	118
Civil Filings						
Civil	3,498	289	1,913	8,063	57,178	11,341
Family Law	2,882	270	1,794	6,926	28,299	6,575
Juvenile Delinquency	255	36	250	1,260	2,449	745
Juvenile Dependency	349	40	211	669	4,064	859
Mental Health	168	20	122	615	2,517	569
Probate	502	46	251	918	3,297	809
Small Claims	426	65	390	1,871	13,998	2,724
Criminal Filings						
Felonies	5,240	474	2,218	4,960	33,794	7,234
Misdemeanors / Infractions	27,043	5,164	23,918	86,524	375,861	86,633
Total	40,487	6,415	31,130	111,947	521,855	117,607

Source: Financial and case filings data maintained by the Judicial Council. The date ranges differ for the above information due to the different sources of data. The financial data is from the Judicial Council's Phoenix financial system, the judicial officer and staff counts information is from the most recent Court Statistics Report, and the case filing counts are from the Judicial Branch Statistical Information System data as of November 20, 2017, and may not agree with other reports as this data is subject to continuous updates.

Note: The Judicial Council generally groups superior courts into four clusters and uses these clusters, for example, when analyzing workload and allocating funding to courts. According to past Judicial Council documents, the cluster 1 courts are those superior courts with between 1.1 and 4 judicial position equivalents (JPEs), cluster 2 courts are those with between 4.1 and 20 JPEs, cluster 3 courts are those with between 20.1 and 59.9 JPEs, and cluster 4 courts are those with 60 or more JPEs. Butte Superior Court is a cluster 2 court.

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Butte (Court) in order to determine whether it complied with certain key provisions of statute and the policies and procedures adopted by the Judicial Council of California. Our audit was limited to evaluating compliance with those requirements that, in our professional judgment, were necessary to answer the audit’s objectives. The period covered by this audit was generally limited to fiscal year 2016-17, but certain compliance areas noted below required that we review earlier periods. Table 3 lists the specific audit objectives and the methods we used to address them.

Table 3 – Audit Objectives and the Methods Used to Address Them

	Audit Objective	Method
1	Through inquiry, auditor observation, and review of local court policies and procedures, identify areas of high risk to evaluate the Court’s compliance.	Audit Services developed an annual audit plan generally identifying areas of high risk at the superior courts. At the Court, we made inquiries and reviewed any local procedures to further understand its unique processes in each compliance area.
2	<p>Determine whether the Court implemented adequate internal controls over its handling of cash receipts and other payments. Such a review will include, at a minimum, the following:</p> <ul style="list-style-type: none"> ▪ Determine whether the Court complied with the mandatory requirements in the FIN manual for internal controls over cash (payment) handling. ▪ Assess the quality of the Court’s internal controls to minimize the potential for theft, such as controls over the use of manual receipts and voided transactions. 	We obtained information from the Court regarding the types and average volume of collections at each of its payment collection locations. For selected locations, we observed the Court’s practice for safeguarding and accounting for cash and other forms of payments from the public. For example, we reviewed and observed the Court’s practice for appropriately segregating incompatible duties, assigning cash drawers to cashiers at the beginning of the day, reviewing and approving void transactions, safeguarding and accounting for handwritten receipts, opening and processing mail payments, controlling access to change funds, overseeing the end-of-day balancing and closeout process, and preparing and accounting for the daily bank deposits.
3	Determine whether the Court demonstrated appropriate control over its non-personal services spending activities. Specifically, our review included the following:	We reviewed the Court’s assignment of purchasing and payment roles to assess whether it appropriately segregated staff roles for approving purchases, procuring the goods or services,

<ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions, including purchase card transactions, complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual. ▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments, claim payments, travel expense claim reimbursements—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules. 	<p>receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions, including 10 purchase card transactions, and assessed whether each transaction:</p> <ul style="list-style-type: none"> • Was properly authorized and approved by authorized court management. • Adhered to competitive bidding requirements, when applicable. • Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 payments pertaining to various purchase orders, contracts, or in-court services, 10 travel expense claims, and 10 business-related meal expenses, and determined whether:</p> <ul style="list-style-type: none"> • The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment. • Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix. • Whether the payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • Whether the payments for in-court service providers, travel expense claims, and business meals adhered to applicable Judicial Council policies.
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4	<p>Determine whether the Court properly calculates fine and fee distributions for certain selected case types.</p>	<p>During the planning phase for the audit, the Court informed us that the State Controller’s Office completed a review of the Court in December 2016 and found certain fine and fee distribution errors. As a result, we limited our review to verify that the corrective actions taken by the Court to address the SCO reported distribution findings appropriately resolved the findings.</p>
5	<p>Determine whether the Court properly calculates its one percent fund balance cap for the most recent completed fiscal year.</p> <p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>We obtained the Court’s final <i>1% Fund Balance Cap Calculation Form</i> for the most recently completed fiscal year at the time of our testing (fiscal year 2015-2016), and performed the following:</p> <ul style="list-style-type: none"> • Verified significant calculations and balance amounts. • Traced and verified significant inputs on the form (such as year-end encumbrances) to supporting records and the Phoenix accounting system. <p>We obtained any Judicial Council-approved request by the Court to hold excess prior year fund balances. To the extent that the Court had and spent any of these held funds, we verified that such spending was limited for the purposes previously approved by the Judicial Council.</p>
6	<p>Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).</p>	<p>We obtained an understanding of the Court’s process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (fiscal year 2015-2016), we performed the following:</p> <ul style="list-style-type: none"> • Obtained the relevant JBSIS case filings data the Court reported to the Judicial Council and reconciled the case filings counts it reported to its underlying records of case numbers supporting each reported case filing count, by case type, to validate

		<p>that the Court accurately reported its case filings count data.</p> <ul style="list-style-type: none"> • We selected 10 cases from six case types, for a total of 60 reported cases, and reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.
7	<p>Determine whether the Court spent significant grant awards from the Judicial Council in compliance with the grant award requirements.</p>	<p>We determined whether the Court had any significant grant activity during the fiscal year 2016-17. We inquired court management about its process for tracking and reporting grant award costs. We selected certain grant awards to review, such as AB 1058 grants, and identified the applicable grant award requirements, such as allowable activities and costs, period of availability, matching requirements, and reporting requirements.</p> <p>We then selected grant award expenditures and determined whether the Court had sufficient records to support the expenditures charged to the grant. For example, for personal service costs charged to the grant award, we reviewed the payroll records and employee timesheets to verify the costs and time charged to the grant. We interviewed selected employees to determine how they track and report the time they charged to the grant award. We also reviewed other operating costs and expenditures charged to the grant award to determine whether the costs were supported, allowable, and allocable to the grant award.</p>

Assessment of Data Reliability

The U.S. Government Accountability Office (GAO) requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. In performing this audit, we obtained and reviewed financial transaction data from the Phoenix financial system—the statewide accounting system used by the superior courts—for the limited purpose of selecting transactions to test the Court’s compliance with its procurement and related payment activities. Prior to making our selections, we independently queried the Phoenix financial system to isolate distinct types of non-personal

service expenditure transactions relevant to our testing—such as by general ledger code—and reconciled the resulting extract with the Court’s total expenditures as noted on its trial balance report for the same period. Our analysis noted no material differences leading us to conclude that use of the Phoenix financial transaction data was sufficiently reliable for the limited purpose of selecting transactions for testing.

Report Distribution

The Judicial Council’s *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on April 17, 2018, and approved it for public release.

California Rules of Court, Rule 10.500 provides for the public access to non-deliberative or non-adjudicative court records. Final audit reports are among the judicial administrative 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 meeting the nondisclosure requirements of rule 10.500(f) have been omitted from this audit report.

Audit Staff

This audit was completed by the following staff under the general supervision of Robert Cabral, Manager:

Dawn Tomita, Senior Auditor (auditor in charge)
Jerry Lewis, Auditor
Mami Nakashita, Auditor
Veronica Perez, Auditor

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING PROCEDURES

The Court Generally Followed Required Cash Handling Procedures, But Can Strengthen Its Controls Over Mail Payments, Change Funds, and Deposits

Background

Trial courts must collect and process customer payments in a manner that protects the integrity of the court and its employees, and promotes public confidence. Thus, trial courts should institute a system of internal control procedures that assure the safe and secure collection, and accurate accounting of all payments. A court's handling of collections is inherently a high-risk activity given the potential incentives for court employees to act inappropriately when mandatory internal controls per the Trial Court Financial Policies and Procedures Manual (FIN Manual) are compromised or not in operation.

Overall, the Court should be commended for demonstrating compliance in many of the areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its daily opening process, void transaction processing, controls over handwritten receipts, and end-of-day balancing and closeout processing.

Nevertheless, we identified four audit findings that we believe require the Court's attention and corrective action. These findings pertained to the following specific areas of cash handling:

Finding Reference	Subject Area
2016-4-01	Mail Payments – Mail Opening Process
2016-4-02	Mail Payments – Payments Receipts Log
2016-6-01	Change Fund
2016-8-01	Bank Deposits

FINDING REFERENCE: 2016-4-01

MAIL PAYMENTS – MAIL OPENING PROCESS

CRITERIA

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL, (2):

To provide for the strongest protection of trial court assets and to protect the integrity and reputation of the trial court, a team approach should be used to maintain accountability for payments received through the mail. When processing mail payments, the court should adhere to the following procedures:

- a. A two-person team should be assigned to open the mail (or alternatively, one person can open the mail and create the Payment Receipts log if the person is recorded on video and the video is retained for at least 6 months.)

- b. Mail should only be processed when both team members are present (or alternatively, one person starts the process by sequentially numbering the envelopes and recording the envelope number and sender's name in the Payment Receipts log. When available, the second person opens the mail, and completes the Payment Receipts log for each envelope identified by the first person.)
- c. Two-person team combinations should be rotated regularly.
- d. To maintain separation of duties, team members opening and logging mail payments should not also enter the mail payments in the court's cashiering system and/or automated case management system, if possible.

FIN MANUAL, FIN 1.01, 6.4 TRIAL COURT OPERATING STANDARDS, (4):

A presiding judge or his/her designee who wants to establish an alternative procedure will submit a signed and dated Request for Alternative Procedure Form (copy provided in 7.0, Associated Documents) to:

Judicial Council of California Branch Accounting and Procurement Director
Attn.: Trial Court Alternative Financial Policies and Procedures
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102-3688

A written response to the submission of alternative procedures will be returned to the submitting court within 60 business days of receipt of the document. When a Request for Alternative Procedure has been received by Judicial Council of California Staff, an acknowledgement of receipt will be returned to the submitting court. The 60 business-day response time will begin once the court receives that acknowledgement of receipt. Absent a response from Judicial Council of California Staff within 60 business-days, the alternative procedure will be in effect, subject to further review and consideration by Judicial Council of California Staff.

Undocumented procedures or those not approved by Judicial Council of California Staff will not be considered valid for audit purposes.

Once approved, alternative procedures must be documented by the trial court, incorporated into the local trial court manual, and distributed to court personnel. Any alternative procedure that is different from what is included in the Trial Court Financial Policies and Procedures Manual or the county's policy document must first be approved by Judicial Council of California Staff.

CONDITION

Our observation of the Court's mail payment processing practices found that at both payment collection locations reviewed—the Oroville Courthouse and the Chico Courthouse—neither followed the suggested two-person "team approach" when opening payments received through the mail nor adhered to the suggested alternative procedures. Specifically, the individuals who open the mail at these two locations do so individually and out of the presence of others and video surveillance. According to the Court, it does not have a sufficient number of available staff to assign two people to open the mail. However, when courts do not use two-person teams to open mail nor implement alternative procedures such as those suggested in the FIN Manual, they

are at heightened risk for lost or stolen mail payments. Payments received by mail is an area of high-risk—since the payer is neither present during the transaction nor is guaranteed to receive a receipt—and the FIN Manual’s guidance is intended to mitigate the risk of lost or stolen payments.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should monitor to ensure its payment collection locations either consistently follow a two-person team approach where both individuals are present when opening mail payments, or implement alternative procedures, such as those suggested in the FIN Manual, to mitigate the risk of lost or stolen mail payments. If the Court cannot implement a two-person team approach or the alternative procedures suggested in the FIN Manual, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for opening and accounting for the payments it receives in the mail.

COURT’S VIEW AND CORRECTIVE ACTION PLAN

Partially Agree. While the Court agrees that a two-person team can provide the strongest form of protection for processing of payments, it is the Court’s belief that it is a discretionary policy and implementing it could take resources away from other much needed functions. The current staffing levels of the positions that would be assigned the mail opening process are not adequate at this time to absorb the two-person team approach to opening the mail. However, it is anticipated that the vacancies in these positions that are now present will be filled by the end of the fiscal year. Once filled, the Court could give consideration to potentially implementing the two-person team approach to processing mail payments.

Response provided on 2/23/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 6/30/2018

Responsible Person(s): Scott Miller, Court Operations Manager and Ileana Rowell, Fiscal Analyst

FINDING REFERENCE: 2016-4-02

MAIL PAYMENTS – PAYMENTS RECEIPTS LOG

CRITERIA

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL, (3):

To provide for the strongest oversight and monitoring of payments received through the mail, courts should maintain a Payments Receipt Log. Without a Payment Receipts Log, courts have no record to reference or research should a mail payment become lost or stolen. The following method should be used for processing payments received through the mail:

- a. Payments received through the mail should be listed on a Payments Receipts Log sheet.
- b. The Payments Receipts Log sheet should include the following information:

- i. Case or docket number;
 - ii. Name of the person making the payment;
 - iii. Cash, check, and money order amount;
 - iv. Check or money order number;
 - v. Date received in the mail; and
 - vi. Name of the person opening the mail and the person recording the payment on the Payments Receipt Log.
- f. After the payments have been entered into the cashiering system and/or automated case management system, a system report should be reconciled against the Payments Receipt Log sheet to ensure that all payments were entered. A copy of the Payments Receipt Log sheet will be included with the daily closeout documentation.

CONDITION

The Court does not log mail payments, leaving it with a higher risk of lost or stolen payments. Specifically, at both payment collection locations reviewed, the Oroville Courthouse and the Chico Courthouse, we observed that staff assigned to open mail payments did not use a Payment Receipts Log or similar document to capture certain key identifying information, such as the case number, the name of the person making the payment, the dollar amount, and the date the payment was received. In addition, both locations allow cashiers who process payments received over the counter to also concurrently process the unlogged mail payments. According to the Court, it does not use and maintain a mail payment receipts log due to staffing constraints. However, when courts do not use and maintain a mail payment receipts log, they lack the mail payments record that they need to reconcile and ensure that staff entered all the mail payments into the case management system (CMS). Further, allowing cashiers to process both over-the-counter and unlogged mail payments that cannot be reconciled to the CMS exposes courts to higher risk for a type of fraud known as “lapping.”

RECOMMENDATION

To ensure it safeguards and can fully account for the payments it receives in the mail, the Court should reconsider using and maintaining a mail payment receipts log that contains all the key information necessary to establish a clear record of all the payments, cash and non-cash, received through the mail. Using and maintaining such a log would allow the Court to reconcile its record of logged mail payments to its CMS to ensure that staff promptly and completely entered all mail payments in its CMS. If the Court determines that it cannot feasibly prepare and maintain a mail payments receipt log, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure to account for the payments it receives in the mail. For example, instead of using a mail payments log, some courts that receive few mail payments make and retain photocopies of their daily mail payments, while other courts that receive many mail payments have staff who open mail also batch the daily mail payments for processing and include a batch cover sheet identifying the preparer, date prepared, batch count, batch total, person entering in CMS, date entered, person verifying entry in CMS, and date verified.

In addition, to further reduce the risk of lapping fraud, the Court should consider periodically monitoring to ensure that the same individuals who process payments received by mail are not also assigned to concurrently accept over-the-counter payment transactions.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially Agree. While the Court agrees that completing a mail payments log does provide the strongest oversight and monitoring of payments received through the mail, the Court believes this is a discretionary policy and it is not feasible to implement with existing Court staffing and the current workload that they must complete. The Court will work to prepare and submit to the Judicial Council a request for approval of an alternate procedure that it feels mitigates some of the risk associated with mail payments but is also in alignment with current staffing and workload realities.

Response provided on 2/23/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 4/30/2018

Responsible Person(s): Jarrod Orr, Deputy Court Executive Officer

FINDING REFERENCE: 2016-6-01

CHANGE FUND

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.1 CASH CHANGE FUND, (6):

The Court Executive Officer or designee must appoint a custodian for each Cash Change Fund that is \$500 or more at any separately managed trial court location. The custodian is responsible for the safekeeping, replacement, disbursement, and accounting for the assigned Cash Change Fund. A copy of this policy must be given to the custodian to ensure that he or she understands the requirements for the Cash Change Fund.

- a. The designated Cash Change Fund custodian should have no other cash handling responsibilities, as noted above in 6.3.1.5.
- b. The Cash Change Fund custodian must keep detailed records to document:
 - i. The establishment and replenishment of the Cash Change Fund.
 - ii. The amount and denomination of currency and coin held in the Cash Change Fund.
 - iii. All exchange transactions.
- c. When custody of the Cash Change Fund is transferred to another custodian:
 - i. A personal audit of the fund must be made by the trial court employees directly concerned; and
 - ii. A Cash Change Fund Change of Custodian Form (provided in 7.0, Associated Documents) must be completed for the approval of the Court Executive Officer or

designee.

CONDITION

At both payment collection locations reviewed, the Oroville Courthouse and the Chico Courthouse, the locations assigned multiple individuals as custodians over each of their respective change funds. Specifically, the Oroville location assigned seven court employees as custodians over its \$600 Change Fund. Similarly, the Chico location assigned ten court employees as custodians over its \$600 Change Fund. According to the Court, due to its limited number of available staff, it cannot fully comply with the FIN Manual requirement to appoint a single custodian to each of its change funds. In addition, the Court believes the number of individuals it assigned as custodians is not excessive because it needs the flexibility to meet its operational requirements, such as needing another assigned custodian available to make change when one of the assigned custodians is ill or a supervisor is in a meeting. However, assigning responsibility over the change fund to multiple custodians rather than to a single custodian, with possibly a couple of backups, not only deviates from the FIN Manual, it also puts the Court at potentially higher risk of not being able to account for and hold any specific individual responsible for any cash discrepancies that may occur in a cash change fund.

RECOMMENDATION

To ensure that the cash in each change fund remains reasonably secure and fully accounted for, the Court should appoint a single custodian for each of its cash change funds. If the Court determines that it cannot feasibly appoint a single custodian for each of its change funds, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure to increase the number of custodians assigned to each of its cash change funds.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially agree. Although the Court acknowledges that it does not assign one custodian for each of its change funds, it feels that it does not have an excessive number of individuals that have access to the change funds given the overall operational needs of the Court and the transient nature of some of those individuals, especially at the Chico Court location. That being said, the Court re-examined its change fund needs and has decided to reduce the change fund amounts kept in each court location to \$450. Based on the FIN Manual policy, this eliminates the requirement to have a single assigned custodian to each cash change fund since the corrective action will reduce the change fund amounts below the \$500 threshold requiring an assigned custodian.

Response provided on 2/23/2018 by: Jarrod Orr – Deputy Court Executive Officer

Date of Corrective Action: 3/31/2018

Responsible Person(s): Ileana Rowell – Fiscal Analyst

FINDING REFERENCE: 2016-8-01

BANK DEPOSITS

CRITERIA

FIN MANUAL, FIN 13.01, 6.4 DEPOSITS

3. Deposits consisting of coin and paper currency in excess of \$100 will be prepared as follows:
 - b. The coin and paper currency portion of any bank deposit must be counted by one person, and verified and initialed by a second person (preferably a supervisor or lead) prior to tendering the deposit to an armored car service, a court employee for deposit to a bank night deposit drop safe, or a bank teller within the lobby of the bank.

CONDITION

The Court does not require a court employee who did not prepare the deposit, preferably a lead or supervisor, to review and verify the daily deposit, including whether the cash receipts were deposited in total. Specifically, at both payment collection locations reviewed—the Oroville Courthouse and the Chico Courthouse—one court employee prepares the deposit and the next day it is deposited without a second person verifying the accuracy and completeness of the daily deposit and initialing the deposit slip to document it was reviewed. According to the Court, it does not verify the daily deposits at the time they are prepared because of limited staff resources. The Court indicated that accounting staff reconcile county deposits with the CMS each month and is considering doing a weekly reconciliation. However, when the Court does not perform the required review and verification of its deposits each day, there is a risk that the daily deposits may not be intact at the time they are prepared and deposited, and the discovery would not be known for a month. By that time, it may be difficult to determine why there was a discrepancy with the deposited amount.

RECOMMENDATION

To safeguard its receipts and reduce the risk of lost or stolen collections, the Court should require each payment collection location, as well as the Finance Division, to assign a lead or supervisor to verify and initial the daily bank deposits after they are prepared by another court employee. If the Court cannot perform this verification process daily, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for verifying the daily deposits.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will implement a procedure that requires verification of the amount to be deposited by a second person that serves in either a lead or supervisory/management capacity prior to tendering the amount for deposit. Additionally, a person serving in a lead or supervisory/management capacity will confirm the amount deposited matches the final deposit report that had been prepared and confirmed prior to the deposit. This will be done on a daily basis.

Response provided on 2/23/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 3/31/2018

Responsible Person(s): Ileana Rowell, Fiscal Analyst

PROCUREMENT AND CONTRACTS

The Court Should Strengthen Its Efforts to Establish Clear Contract Terms

Background

Trial courts are expected to procure goods and services in a manner that promotes competition and ensures best value. Thus, the Judicial Branch Contracting Manual (JBCM) and the Trial Court Financial Policies and Procedures Manual provide uniform guidelines for trial courts to use in procuring necessary goods and services and in documenting their procurement practices. Trial courts must demonstrate that their procurement 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 goods or services, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager authorized to approve purchase requests. The court manager is responsible for verifying that the correct account codes are specified and assuring that funds are available before approving and forwarding the requisition form to the staff responsible for procuring goods and services. Depending on the type, cost, and frequency of the goods or services to be procured, court staff responsible for procuring goods and services may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court procurement staff may need to also prepare and enter the agreed terms and conditions into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction, and maintain a procurement file that fully documents the procurement transaction.

The Court demonstrated compliance in various areas we evaluated during our audit, including demonstrating sound management practices in the areas of initiating procurements, authorization and authority levels, and in soliciting competitive and non-competitive procurements.

Nevertheless, we identified one audit finding that we believe requires the Court's corrective action. The finding pertained to the following specific area of procurements:

Finding Reference	Subject
2016-15-01	Procurement – Contract Terms

FINDING REFERENCE: 2016-15-01 *PROCUREMENT – CONTRACT TERMS*

CRITERIA

FIN MANUAL, FIN 7.01, 3.0 POLICY STATEMENT:

The trial court must execute a written 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 contract principles and procedures that protect the interests of the court.

FIN MANUAL, FIN 8.01, 6.3.2 DOCUMENT MATCHING:

- (1) At the scheduled time and depending on the court's invoice payment cycle, an accounts payable employee will match the vendor invoices to all appropriate supporting documentation. The court will adopt the "three-point-match" procedure to process vendor invoices.
- (2) A "three-point-match" procedure consists of matching a vendor invoice to a purchase agreement and to proof of receipt and acceptance of goods or services. For example,
 - a. All details of the invoice, including description of goods and services ordered, quantities involved, unit prices billed and other applicable charges must be matched to the details and terms and conditions of the court's purchase agreements or contracts.
 - b. All invoice details, including description of goods or services ordered and quantities invoiced must be matched to the details of packing slips, shipping orders, receiving reports or other forms of acknowledgement of delivery of products or completion of work by an authorized court employee.

CONDITION

Although the FIN Manual requires courts to execute written contracts when entering into agreements for services, the Court did not execute contracts for the five in-court service provider—contract court interpreters and court reporters—procurement transactions we reviewed. According to the Court, it did not enter into contracts with these service providers because the Judicial Branch Contracting Manual (JBCM) specifically excludes contract court interpreter and reporter services from its procurement and contracting requirements. The Court further believes the JBCM supersedes FIN Manual policies related to procurements and contracts, and further cited its local standing orders that define the rates to be paid for both contract interpreters and reporters.

Audit Services recognizes the potential for confusion arising from procurement and contracting requirements existing in both the FIN Manual and the JBCM. Nevertheless, courts still need written purchase agreements or contracts to comply with the document matching procedures that the FIN Manual requires prior to issuing payment. In addition, Audit Services believes it is a sound and reasonable business practice to clearly document the details of the terms and conditions that courts and the service providers agreed to before services begin. Without a written contract, courts may have little to no basis to resolve disputes over services or billing rates that may differ from its standing orders and that a contract court interpreter or reporter may include in a claim.

RECOMMENDATION

To ensure its interests are protected, the Court should execute written contracts when securing the services of in-court service providers, such as contract court interpreters and reporters, and forward copies of these contracts to its accounts payable staff for use later when they verify

claims for payment. These contracts may be short form contracts that, at a minimum, identify the scope of services, the term of the agreement, and the agreed upon compensation. These contracts may also define the Court's process for assigning work and issuing court authorizations, contractor responsibilities for preparing and submitting claims, and payment processing procedures.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially Agree. The Court has been relying on the JBCM concerning procurement and contract standards which, as mentioned above, specifically excludes court reporter and interpreter services from its requirements. The Court does recognize that its existing process could be enhanced by including *written* documentation of services and amounts agreed upon that would accompany all interpreter and reporter claims. The Court will discuss and determine what this written documentation should include. Given the dynamic nature of interpreter/reporter services, the Court will be focused on ensuring that any new process for documenting services and amounts agreed to is administratively manageable and will not jeopardize the timeliness of providing those needed services to the Courtroom.

Response provided on 3/13/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 6/30/2018

Responsible Person(s): Scott Miller, Court Operations Manager

PAYMENT PROCESSING

The Court Should Strengthen Its Efforts to Demonstrate that Payments to In-Court Service Providers are Properly Authorized and Supported, Travel Expense Claims are Complete and Approved by Appropriate Levels, and Business-Related Meal Forms are Approved in Advance and List the Attendees

Background

Trial courts must institute procedures and internal controls to ensure they pay for appropriate goods and services in an economical and responsible manner, ensuring that they receive acceptable goods and services prior to payment. Thus, the FIN Manual provides courts with 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. Staff must match all invoices to the proper supporting procurement and receipt documentation, and must ensure approval for payment is authorized by court management 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, within certain maximum limits, incurred while traveling on court business. Courts may also reimburse their judges and employees, or pay vendors, for the actual cost of providing business-related meals when certain rules and limits are met.

The Court demonstrated compliance many of areas we evaluated during our audit. The Court demonstrated sound management practices in the areas of its three-point match process, special items of expense, and allowable costs.

Nevertheless, we identified six audit findings in the payment processing area that we believe requires the Court's corrective action. These findings pertained to the following specific areas of payment processing:

Finding Reference	Subject
2016-20-01	Special Rules – In-Court Service Providers
2016-21-01	Special Rules – Court Interpreters
2016-24-01	Travel Expense Claims – Completeness
2016-24-02	Travel Expense Claims – Approvals
2016-25-01	Business-Related Meals – Advance Approval
2016-25-02	Business-Related Meals – Attendees

FINDING REFERENCE: 2016-20-01
SPECIAL RULES – IN-COURT SERVICE PROVIDERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.1 CLAIMS PAYMENT PROCESS, 6.1.1 Introduction:

- (1) The trial court regularly uses the services of a variety of skilled professionals in conducting its operations. The services of court appointed counsel, investigators, psychiatrists, court reporters, interpreters, mediators, arbitrators, and others are needed on an ongoing basis. These service providers submit claims for payment to the trial court that must be processed through accounts payable.
- (2) The basis for a claim is created when the court authorizes services to be provided by an individual or business. The claims payment process assures that proper documentation accompanies each claim and that approval for payment is obtained from authorized staff. At the end of the process, three main functions of accounts payable are completed: 1) supporting documents are reviewed and approved, 2) warrants are issued, and 3) accounting entries are recorded.

FIN MANUAL, FIN 8.02, 6.8 RECONCILIATION OF CLAIMS:

After Accounts Payable has received and recorded a claim, it must be reconciled to the court authorization for the services provided and the service provider's invoice. The claim should be reviewed against the court authorization to verify the appointment, rates, and any hour or dollar limits that may apply. The invoice should be reviewed against the court authorization for the rates and hours charged, and other costs incurred. The correctness of unit price extensions and totals should also be reviewed. Previous claims for the same matter should also be reviewed to assure that limits are not exceeded.

FIN MANUAL, FIN 8.01, 6.3.2 DOCUMENT MATCHING:

- (1) At the scheduled time and depending on the court's invoice payment cycle, an accounts payable employee will match the vendor invoices to all appropriate supporting documentation. The court will adopt the "three-point-match" procedure to process vendor invoices.
- (2) A "three-point-match" procedure consists of matching a vendor invoice to a purchase agreement and to proof of receipt and acceptance of goods or services. For example,
 - a. All details of the invoice, including description of goods and services ordered, quantities involved, unit prices billed and other applicable charges must be matched to the details and terms and conditions of the court's purchase agreements or contracts.
 - b. All invoice details, including description of goods or services ordered and quantities invoiced must be matched to the details of packing slips, shipping orders, receiving reports or other forms of acknowledgement of delivery of products or completion of work by an authorized court employee.

FIN MANUAL, FIN 8.01, 6.3.3 REVIEW FOR ACCURACY OF INVOICE:

- (3) To ensure that payments are made according to contract specifications, terms of applicable contracts or purchase agreements shall be compared to the invoice for accuracy.

CONDITION

In addition to not having written contracts, as discussed in finding 2016-15-01, the Court also did not have written court authorizations that detail the appointment, rates, and any hour or dollar limits for the five in-court service provider claims we reviewed. These court authorizations are like work orders issued from a master contract and that identify the specific work assignment and provide for any increases in contract or standard rates or costs that are justified due to unusual circumstances. According to the Court, it does not have written court authorizations for these five court-interpreter and court-reporter claims because it relies on its local Standing Orders that dictate the pricing for contract interpreter and reporter services. Additionally, the Court indicates that when a service provider requests pricing that exceeds the standard pricing, staff typically consults with management on whether to move forward with the services. Depending on the circumstances of the court case, management may authorize rates that exceed the standard rates, and may provide these authorizations in either verbal or written form.

However, to meet the FIN Manual document matching and claim reconciliation requirements, courts need both written contracts and court authorizations for in-court services. Without written court authorizations, court accounts payable staff cannot match the in-court service provider claims to their corresponding court authorizations and, thus, cannot properly verify the pre-authorized appointment, rates, and hours, as well as court pre-authorization of rates that exceed standard rates or any other extraordinary costs claimed by the interpreters or reporters before processing the claims for payment.

RECOMMENDATION

To ensure court accounts payable staff have the documents they need to consistently verify the accuracy of in-court service provider claims and invoices prior to payment, the Court should do the following:

- In addition to entering into short written contracts with in-court service providers, such as court interpreters and reporters, the Court should also issue one-page court authorizations for specific work assignments detailing the appointment, rates, and any hour or dollar limits prior to these in-court services contractors providing services to the Court.
- The Court should forward copies of these in-court service provider court authorizations to its in-court services coordinators and accounts payable staff for their files and later reference.
- When in-court service providers complete their assignments and submit claims for payment, in-court services coordinators should verify the claims and acknowledge receipt and acceptance of the services, and forward the claim and acknowledgement to court accounts payable staff.

- Court accounts payable staff should then retrieve the contracts and court authorizations associated with the claims from their files and use them to verify the accuracy of the in-court service provider claims by completing the required document matching and claim reconciliation procedures before processing the claims for payment.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially Agree. Consistent with the response to Finding 2016-15-01, the Court has been relying on the JBCM concerning procurement and contract standards which, as mentioned above, specifically excludes court reporter and interpreter services from its requirements. The Court does recognize that its existing process could be enhanced by including *written* documentation of services and amounts agreed upon that would accompany all interpreter and reporter claims. The Court will discuss and determine what this written documentation should include. Given the dynamic nature of interpreter/reporter services, the Court will be focused on ensuring that any new process for documenting services and amounts agreed to is administratively manageable and will not jeopardize the timeliness of providing those needed services to the Courtroom.

Response provided on 3/13/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 6/30/2018

Responsible Person(s): Scott Miller, Court Operations Manager

FINDING REFERENCE: 2016-21-01

SPECIAL RULES – COURT INTERPRETERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.6 COSTS:

Before incurring any unusual expense that exceeds a limit set by the court, service providers must obtain the court's authorization by submitting a written request. The request shall be supported by written justification setting forth the need for the cost and an itemized estimate of the proposed expenditure.

FIN MANUAL, FIN 8.02, 6.7 COSTS EXCEEDING NORMAL RATES:

- (1) In some instances, costs higher than the limits set by the trial court may be justified. Before incurring costs that exceed court-designated limits, service providers must obtain the court's authorization by submitting a written request. The request must be supported by written justification for the higher cost and an itemized estimate of the proposed expenditure. A copy of the court authorization approving the higher costs must be submitted with the claim for reimbursement.
- (2) In no event shall costs exceeding trial court limits be incurred without the prior written approval of the court.

JUDICIAL COUNCIL OF CALIFORNIA (JUDICIAL COUNCIL), PAYMENT POLICIES
FOR CONTRACT COURT INTERPRETERS, PAYMENT POLICIES:

Mileage reimbursement

Actual mileage is reimbursed when the interpreter travels 60 miles or more roundtrip from his or her place of business (address used for tax purpose). The rate of reimbursement is the rate as authorized by the state. Extraordinary travel costs such as airfare may be reimbursed only with advanced approval of the court executive officer, or his or her designee.

Unusual circumstances

An amount above the daily rate, and/or a cancellation fee may be provided under unusual circumstances. Unusual circumstances are defined as follows:

- There are limited or no available interpreters in the needed language; and
- The alternative is to continue the proceeding.

A trial court and the interpreter may negotiate an amount for travel time in unusual circumstances.

CONDITION

For two of the three contract court interpreter claims reviewed, the claims did not include documentation to support the unusual circumstances that prompted the Court to pay a higher daily rate than the Judicial Council's standard rate and to also pay for travel time, nor did they include the Court's prior written authorization for the higher daily rates and the cost for travel time. For example, although the Judicial Council's *Payment Policies for Contract Court Interpreters* and the Court's Standing Order provide a full day rate of \$282 for a certified interpreter, the Court paid an interpreter certified in the Spanish language a daily rate of more than \$500 without an explanation of the unusual circumstances that prompted it to pay a higher rate nor did it document prior written authorization of this higher rate.

According to the Court, it did not document the unusual circumstances nor the prior authorization of the higher rates for either of the contract court interpreter claims because the documentation for unusual circumstances is typically maintained and saved by the court interpreter coordinator and has not been included with the processed claim. Court interpreter coordinator staff are instructed to seek interpreters who are willing to provide services at the standard rate. However, for interpreters of rare languages, it is common to find interpreters who are not willing to provide services at the rates set by the Court and/or the Judicial Council. Therefore, rates that interpreters agree to accept and that are higher than the standard are typically preauthorized by court management and then confirmed between the court interpreter coordinator and the contract court interpreter via e-mail. Although the Court indicates that it typically documents the unusual circumstances warranting higher rates and obtains preauthorization by court management, it did not have the documents needed to demonstrate the unusual circumstances and authorization of the higher rates for two of the three interpreter claims we reviewed. Documentation of the unusual circumstances and the authorization of daily rates that are higher than the Judicial Council's standard rates and/or pay for travel time helps the Court reduce the risk that it may routinely or inappropriately pay above the Judicial Council standard amounts for such contract court interpreter services.

In addition, for one of the three contract court interpreter claims reviewed, the Court could not demonstrate that it approved in advance the extraordinary travel costs included in the claim. Specifically, in addition to paying more than \$1,350 for two days of rare language interpreting services and travel time, the claim included more than \$800 in extraordinary costs for travel from San Diego, including airfare, hotel, meals, car rental, and parking. According to the Court, the extraordinary travel cost was discussed with senior court management prior to authorizing this interpreter to provide services at the Court. Unfortunately, the final authorization was not in writing, but instead provided on the phone given the urgency of the issue. Nevertheless, without documented advance approval by the CEO or appropriate court staff of the extraordinary travel costs, accounts payable staff do not have the documented authorizations they need to verify and demonstrate that the Court is paying only necessary pre-approved costs.

RECOMMENDATION

To ensure its accounts payable staff pay contract court interpreter rates and costs that exceed the limits set by the Judicial Council and the Court only when pre-authorized and approved, the Court should do the following:

- Consistently document the unusual circumstances and pre-authorization for contract court interpreter services that cost more than the Judicial Council's standard rates and/or include costs for travel time.
- Document and approve in advance, any estimated extraordinary travel costs and limits it agrees to pay the contract court interpreter.
- Consider documenting these unusual circumstance explanations, higher rate authorizations, and extraordinary cost approvals in a one-page court authorization document that is issued to the contractor and shared with accounts payable staff for use in executing their payment processing procedures.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will reassess its internal practices and policies concerning approval and documentation of rates paid to interpreters that exceed the Judicial Council standard rates with the goal of enhancing its process. The procurement of interpreter services has been particularly challenging for the Court due to a limited supply of interpreters, even at times for more prevalently spoken languages such as Spanish. The Court has observed a steady need to exceed Judicial Council standard rates to avoid continuances of cases. The aforementioned Judicial Council policy on rates, *Payment Policies for Contract Court Interpreters*, has not kept pace with the current environment involving interpreter services as it dates back to the year 2007 with some elements of the policy dating even further back to the year 2000. Updating this policy to bring it current could ease the administrative workload that is required to secure these services.

Response provided on 3/13/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 6/30/2018

Responsible Person(s): Scott Miller, Court Operations Manager

FINDING REFERENCE: 2016-24-01**TRAVEL EXPENSE CLAIMS - COMPLETENESS****CRITERIA**

FIN MANUAL, FIN 8.03, 6.4.2 ALLOWABLE EXPENSES, (1):

The following types of expenses are allowable and reimbursable for trial court business travel:

- c. Mileage. Personal vehicle mileage is reimbursable at the current federal mileage reimbursement rate established by the Internal Revenue Service that corresponds to the date/s of travel. Parking and toll charges are also reimbursable.
- e. Meals. Trial court judges and employees may be reimbursed for meals consumed during business travel. Meals to be reimbursed should be itemized as breakfast, lunch or dinner. The maximum allowable reimbursement for each meal is established by the Judicial Branch Travel Guidelines...

FIN MANUAL, FIN 8.03, 6.3.2 PERSONAL VEHICLE MILEAGE, (2):

Trial court judges and employees submitting claims for reimbursement for personal vehicle use should note the following:

- b. When travel commences from home, and the traveler is authorized to use his/her personal vehicle to travel to a business destination other than the traveler's regular place of work, reimbursed mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination. If the traveler departs from the last business destination directly to the traveler's home, mileage reimbursement will be calculated from the last business destination to the traveler's designated headquarters or home, whichever results in the lesser distance. If the first or last business destination is closer to home than the regular place of work, no mileage reimbursement will be allowed.

CONDITION

For all ten travel expense claim (TEC) forms reviewed, the Court did not require claimants to provide on the TEC form certain key information—such as the assigned headquarters address, residence address, and times of travel. Instead, the Court uses its own TEC form that does not require travelers to provide their assigned headquarters address and times of travel, and allows travelers to provide a post-office box address instead of their residence address. Without this necessary key information, reviewers cannot fully assess and determine the accuracy, necessity, and reasonableness of the claimed business travel expenses. For example, without both the assigned headquarters and residence address, reviewers cannot assess whether the personal mileage expenses reflect the lesser of the mileage from home or headquarters to the business destination. Similarly, without travel start and end times, reviewers do not have the information they need to properly assess whether the claimed meals are appropriate.

The Court indicated that it designed its TEC form to allow for efficient approval processing and account coding. The reviewers rely on other documentation to obtain headquarters address

information, such as other resources that document headquarter location for employees (e.g. phone/location list). Although its TEC form may allow for more efficient processing, enhancing its form with headquarter address and travel time information would allow the Court to also provide greater clarity on when and how court employees incurred travel expenses, and positions the Court to demonstrate greater accountability over its travel costs. When the Court does not require employees to submit TEC forms that include all necessary key information, reviewers and accounts payable staff may not have the information they need to properly verify that TECs include only appropriate meal and mileage expenses before approving and processing the TECs for payment.

In addition, for three of the nine TECs reviewed that included personal vehicle mileage expenses, the mileage claimed could not be verified. Specifically, for these three TECs, the claimants did not include the business addresses for each of the multiple locations visited. As a result, although one claimant subtracted the residence to headquarters commute mileage for some trips on one of these TECs, without the claimants providing business destination information or additional support with the TEC—such as online maps—reviewers and accounts payable staff do not have the information they need to verify that the mileage claimed was the lesser of the distance from the home or headquarters to the business destination. According to the Court, reviewers were relying on verbal instructions communicated to employees on claiming mileage and, due to workload considerations, were not able to revise the forms to ensure all information was clearly documented on claim forms.

When travelers do not provide, and reviewers do not require, the information needed on their TEC forms to properly assess the propriety of the requested expense reimbursements, the Court may reimburse claimants for inappropriate expenses or for non-business-related purposes.

RECOMMENDATION

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

- Require all court employees and officials who travel on court business to provide the information and documentation necessary—such as the assigned headquarters address, residence address, destination address, and times of travel—to properly review and approve allowable travel expenses.
- Consider providing additional training on personal vehicle mileage expense reimbursement policies and guidelines for both those who travel on court business and those who are responsible for reviewing and approving TEC forms, and consider requiring claimants to attach online maps or other evidence of the distance travelled to clearly support the mileage claimed on TEC forms.
- Instruct approving supervisors and reviewers to question travelers about any missing information that is needed to fully evaluate the appropriateness of claimed expenses. The supervisors and reviewers should annotate the TEC forms, when necessary, with any additional information that is needed to clarify and demonstrate the propriety of the claimed travel expenses.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will review its existing TEC form and will consider updating it to include the assigned "headquarter" work location and an area for travel start and end times. The Court will communicate any updates of the form to staff to ensure there is an awareness of any new informational requirements.

Response provided on 3/12/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 6/30/2018

Responsible Person(s): Ileana Rowell, Fiscal Analyst

FINDING REFERENCE: 2016-24-02

TRAVEL EXPENSE CLAIMS - APPROVALS

CRITERIA

FIN MANUAL, FIN 8.03, 6.4.1 SUBMITTAL OF TRAVEL EXPENSE CLAIMS (TEC), (1):

Judges and employees who incur reimbursable business travel costs must submit a completed TEC form, which:

- a. Is approved and signed by the judge's or employee's appropriate approval level.

CONDITION

For two of the ten travel expense claim forms (TECs) reviewed, the appropriate approval-level supervisor did not review and approve the TECs. Specifically, these two TECs were submitted by judges, but were not approved by their appropriate approval-level supervisors, the Presiding Judge (PJ) or the Assistant Presiding Judge (APJ). Instead, the CEO approved one judge's TEC, and the Deputy CEO approved the second judge's TEC. According to the Court, it was operating under a prior PJ's desire to have executive level management approve judicial officers' TECs.

However, the FIN Manual makes a distinction between the appropriate approval level for a judge and a court employee. In Audit Services' view, if there were questions or concerns regarding a judge's TEC, the Court's CEO or a lower-level employee may feel uncomfortable making further inquiries and potentially would be less likely to disallow the judge's claimed costs. For context, although both judge TECs reviewed did not include travel start and end times, these TECs did not otherwise appear to contain questionable charges. Nevertheless, we are raising this issue with the Court because we see a potential control weakness with court employees approving judicial officers' TECs.

RECOMMENDATION

To increase the likelihood that travel expense claims submitted by judges are thoroughly reviewed, and challenged when appropriate, the Court should consider requiring that all TEC forms submitted by judges be approved by the PJ or a designated judicial officer. If the claimant is the PJ, then the approver would be the APJ. Such a process might entail court employees

highlighting potential problems with a judicial officer's TEC, which would be submitted to the designated judicial officer for final review and approval.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. While the Court has had a good track record of addressing TEC claim form issues whether they are related to an employee or a judicial officer, having the appropriate judicial officer's approval on a judicial officer's TEC claim form offers written confirmation that a review/approval process took place by a judicial officer. It also helps ensure that any issues that might be discovered during the review process are discussed and addressed between a judicial officer and the PJ/APJ as opposed to the existing practice between executive management and the judicial officer.

The Court has already initiated an approval process that requires either the PJ or APJ to approve a judicial officer's TEC claim form. If the claimant happens to be the PJ, then the APJ would approve the TEC claim form.

Response provided on 3/8/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 2/27/2018

Responsible Person(s): Jarrod Orr, Deputy Court Executive Officer and Ileana Rowell, Fiscal Analyst

FINDING REFERENCE: 2016-25-01

BUSINESS-RELATED MEALS – APPROVALS

CRITERIA

FIN MANUAL, FIN 8.05, 6.4 GROUP BUSINESS MEALS:

1. The court project manager or coordinator must complete a business-related meal expense form and attach a copy of the formal agenda for the event. The completed form and attachment should be submitted for approval to the Presiding Judge or his or her written delegate.
2. Within budgetary constraints, the Presiding Judge or his or her written designee may authorize group business meal expenditures for trial court judges and employees.
3. There must be a business reason to keep the group together during the meal period. The court project manager or coordinator must explain on the business-related meal expense form why trial court business must be conducted during the meal period and could not be accomplished at any other time.

FIN MANUAL, FIN 8.05, 6.2 GENERAL REQUIREMENTS FOR COURT PAYMENT OF BUSINESS MEAL EXPENSES:

1. With proper advance approval, business meal expenditures connected to trial court business are permissible and the court may reimburse or pay those expenses up to the applicable maximum rates specified in the Business Meal Rates section of this policy.

2. Business meals expenses not approved in advance by the Presiding Judge or his or her written delegate will be considered a personal expense and the court will not be reimbursed or paid them.

CONDITION

For all five business-related meal expense forms reviewed, the Court did not obtain advance approval from the Presiding Judge (PJ), or an authorized written delegate, before the meal event. Instead, the PJ signed approving the business-related meal expense forms one to five months after the events occurred. According to the Court, its protocol/policy for the use of this form was not fully vetted and followed up on with the staff responsible for its use primarily due to high workloads at the time. When the Court does not approve business meal expenses in advance, the Court is at risk of these meals being considered personal expenses that it may not reimburse nor pay.

RECOMMENDATION

To ensure it complies with the business-related meal expense policy, and to ensure its business-related meal expenses are an appropriate and necessary use of public funds, the Court should require approval from the PJ or an authorized written delegate prior to incurring a business-related meal expense.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. While there was a delay in getting the aforementioned business meal expense forms reviewed and approved, they were ultimately approved. The Court will work on ensuring staff responsible for the coordination of the approval of the forms are well aware of the requirements associated with the approval process and that the forms are reviewed/approved in a timely manner.

Response provided on 3/12/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 4/30/2018

Responsible Person(s): Kelly Mortensen, Executive Program Analyst and Lora Fernandez, H.R. Analyst

FINDING REFERENCE: 2016-25-02

BUSINESS-RELATED MEALS – ATTENDEES

CRITERIA

FIN MANUAL, FIN 8.05, 6.2 GENERAL REQUIREMENTS FOR COURT PAYMENT OF BUSINESS MEAL EXPENSES, (1):

All business meal expenditures must be supported by an original receipt, reflecting the actual costs incurred and a completed, approved business-related meal expense form or a memo or e-mail authorizing the expenditure in advance. In compliance with Internal Revenue Service regulations the business-related meal expense form, memo, or e-mail will include the following information:

g. List of expected attendees, their titles and affiliations.

FIN MANUAL, FIN 8.05, 6.6 AUTHORIZED BUSINESS MEAL RATES, (1):

...The maximum rates that trial courts may pay (directly or as reimbursement) for business meal expenses are provided below. The specified rates are intended to cover all expenses related to business meals, such as food, beverages (including water), service charge, tip, and taxes. Actual reimbursement or payment for meals other than those for individuals representing the trial court during a business meal function at an outside organization may not exceed the maximum rates below. Trial court judges and employees may purchase more expensive individual meals when requesting business meal expense reimbursement through the TEC process if they choose, but court reimbursement for such meals may not exceed the maximum rates listed below.

a. Group Meals Provided at Trial Court or Government Facility or Individual Reimbursement, through a TEC

Breakfast: Actual cost not to exceed \$8.00 per person

Lunch: Actual cost not to exceed \$12.00 per person

Dinner: Actual cost not to exceed \$20.00 per person

CONDITION

The Court did not always document a list of expected attendees, titles, and affiliations to support the number of attendees and their business purpose on its business-related meal expense forms. Specifically, for four of the five business-related meal expense forms reviewed, the Court did not document and provide a list of the attendees, titles, and their affiliations. For the fifth business-related meal expense form reviewed, the Court provided a list of attendees, but the list did not include the titles and affiliations for some individuals. As a result, for three of the five business-related meal expense forms reviewed, the Court could not demonstrate that the actual meal cost per person was within the authorized business meal rates. For the other two business-related meal expense forms reviewed, one included meal receipts that provided individual meal costs and the second included a list of attendees which we used to verify that the actual meal cost per person for both meal events were within the authorized meal rate limits per person.

According to the Court, its protocol/policy for the use of this form was not fully vetted and followed up on with the staff responsible for its use primarily due to high workloads at the time. Nonetheless, without the number, title, and affiliation of the attendees, the Court is not positioned to demonstrate that it incurred business-related meal expenses that were within the per person meal expense limits and only for those who had legitimate business with the Court.

RECOMMENDATION

To ensure its business meal expenses are consistent with the Judicial Council business-related meal expense policy and procedures and the Internal Revenue Service regulations, and an appropriate and necessary use of public funds, the Court should do the following:

- Ensure that its procedures for using the business-related meal expense form require requestors to submit a list of expected attendees, along with their titles and affiliations, with its business-related meal expense forms.
- Consider providing additional training, if necessary, to ensure that court employees who prepare requests for business-related meal expense forms are aware of and provide sufficient information to demonstrate that the expected attendees have legitimate business with the Court and that the costs are within the maximum allowed business meal rates per person.
- Ensure that officials who review requests for business-related meal expense forms have the information they need to approve only requests that demonstrate meal expenses that are within the maximum allowed meal cost limits per person and for individuals that have legitimate business with the Court.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will work on updating its internal procedures to ensure a list of expected attendees is incorporated in future requests and that business meal costs per person falls within maximum allowed meal cost limits. Training will be provided to those individuals that are tasked with preparing the business meal request forms for review and approval.

Response provided on 3/13/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: No later than 4/30/2018

Responsible Person(s): Kelly Mortensen, Executive Program Analyst and Lora Fernandez, H.R. Analyst

FINE AND FEE DISTRIBUTIONS

The Court Appropriately Resolved Its Fine and Fee Distribution Findings

Background

Trial courts must accurately calculate and distribute the monies they collect so that State and local funds receive the amounts State law designates for each. State statutes and local ordinances govern the distribution of the fees, fines, penalties, and other assessments that courts collect. In addition, courts rely on the State Controller's Office *Trial Court Revenue Distribution Guidelines* and the Judicial Council *Uniform Bail and Penalty Schedules* to calculate and distribute these court collections to the appropriate State and local funds. Courts may use either an automated system, manual process, or a combination of both to perform the often-complex calculations and distributions required by law.

During the initial audit planning process, the Court informed us that the State Controller's Office (SCO) recently completed a revenue audit of the Court in December 2016. Our review of the SCO audit report noted that the SCO found the Court did not correctly distribute the total bail collected on red light violation cases. Therefore, we limited our review of its fine and fee distributions to its red-light violation cases to determining whether the Court took appropriate corrective action to resolve the distribution findings reported by the SCO. Other than two minor non-compliance issues communicated separately to the Court, our review found that the corrective actions taken by the Court resolved its fine and fee distribution issues on its red-light violation cases.

ONE PERCENT FUND BALANCE CAP

The Court Appropriately Supported Its 1% Fund Balance Cap Calculations

Background

State law allows trial courts to retain unexpended fund balance reserves in an amount that does not exceed one percent of its prior fiscal year operating budget. To assist in ensuring compliance with this requirement, the Judicial Council requires courts to prepare and submit a final *1% Fund Balance Cap Calculation Form* (calculation form) approximately six months after the end of the fiscal year, which calculates the amount of fund balance that a court may carry over into the next fiscal year. Courts self-report the inputs on the calculation form, such as year-end expenditures, expenditure accruals, and encumbrances.

The Judicial Council adopted a process whereby courts that meet certain specified guidelines may request approval from the Judicial Council to hold excess funds “on behalf of the court.” The request specifies how the funds will be used and requires the court to explain why such spending could not occur through its annual operating budget. If the Judicial Council approves the court’s request, the Judicial Council may impose additional terms and conditions that courts must accept, including separately tracking the expenditures associated with these funds held on behalf of the court. As a part of the Judicial Council-approved process for approving funds held on behalf of a court, Audit Service is charged with reviewing funds held on behalf of the courts as a part of its normal court audit cycle to confirm that the courts used the funds for their approved stated purpose.

Our review found that the Court complied with the requirements for its 1% fund balance cap calculations. Specifically, we reviewed the inputs on its final FY 2015-16 calculation form and found that the Court used expenditure and accrual amounts that agreed to its accounting records. In addition, the Court supported the encumbrances it reported on its final FY 2015-16 calculation form with valid contracts for goods and services not received by June 30, 2016. Finally, we did not review its use of any excess funds because the Court did not request any excess funds be held on its behalf.

JBSIS CASE FILING DATA

The Court Should Ensure It Reports Accurate Case Filing Data to JBSIS

Background

The Judicial Branch Statistical Information System (JBSIS) is a reporting system that defines and electronically collects summary information from court case management systems for each major case processing area of the court. JBSIS directly supports the technology goals of the Judicial Council's strategic plan, providing information for judicial branch policy and budgetary decisions, management reports for court administrators, and the Judicial Council's legislative mandate to report on the business of the courts. Authorization for JBSIS is found in California Rules of Court, Rule 10.400: "Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, JBSIS is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch, the Legislature, and other state agencies that require information from the courts to fulfill their mandates. Each trial court must collect and report to the Judicial Council information according to its capability and level of automation as prescribed by the JBSIS Manual adopted by the Judicial Council..." The Court Executives Advisory Committee is responsible for oversight of this program.

The Court maintained documentation to support some of the JBSIS case filings data it submitted to Office of Court Research and re-ran CMS reports to support other case filings data. Our review identified two JBSIS-related audit findings that we believe requires the Court's corrective action. These findings pertained to the following specific areas of the JBSIS case filings data:

Finding Reference	Subject
2016-33-01	Validity of JBSIS Data – Case Filings Counts
2016-33-02	Validity of JBSIS Data – Data Quality

FINDING REFERENCE: 2016-33-01

VALIDITY OF JBSIS DATA – CASE FILINGS COUNTS

CRITERIA

CALIFORNIA RULES OF COURT, RULE 10.400, JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM:

Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, the Judicial Branch Statistical Information System (JBSIS) is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch, the Legislature, and other state agencies that require information from the courts to fulfill their mandates. Each trial court must collect and report to the Judicial Council information according to its capability and level of automation as prescribed by the *JBSIS Manual* adopted by the Judicial Council.

CONDITION

In fiscal year 2015-16, the Court reported nearly 32,700 new case filings to JBSIS, using a manual entry process through the JBSIS web portal. Each month, the Court reported every new case filing as a count in one of 34 possible case categories (such as “civil limited,” or “felony”). Audit Services reviewed the Court’s underlying listings of cases supporting its reported case counts for fiscal year 2015-16 and found that the Court reported data that generally matched its listings of new cases. Specifically, in fiscal year 2015-16 the Court provided case filings data for 408 counts by month and category (34 categories per month x 12 months) and we noted count differences in only 28 of the 408 monthly counts (or nearly 7 percent of the time). The differences varied across each of the 28 monthly counts, with the Court’s supporting case listings at times being higher or lower than the reported JBSIS totals. The sum of all over and under-counted cases in absolute terms and without regard to case weights was 96 cases (or less than .3 percent of the nearly 32,700 case filings reported). The cause for these count differences often stemmed from clerical errors in the manual reporting process, such as when court staff:

- prepared but did not submit amended JBSIS data to correct previous reports
- miscounted the case filings from court-generated case listings
- entered counts in error when reporting data manually using the JBSIS web portal

Our review also noted that the Court double-counted 5 of the 353 family-law and 42 of the 47 juvenile-dependency adoption case filings due to clerical error in the February through June 2016 JBSIS reports. According to court staff responsible for compiling and reporting case filings data to JBSIS, they ran the individual CMS case-type filings reports, but did not cross-check the case numbers on the reports. As a result, court staff did not note the duplicate counting and reporting of some of the same case numbers.

In addition to the clerical errors noted above, some of the count differences surfaced when the Court re-ran the CMS case filings reports in June 2017 during our review and found that these more recent CMS reports reflected case filing counts that differed from the case filing counts it previously reported to JBSIS. The Court re-ran the case filings reports during our review because it did not always retain listings of the case filings it reported to JBSIS.

The Court acknowledged the various count differences and indicated that it amended its JBSIS case filings data in June and July 2017, which was after the April 2017 cutoff date for freezing the fiscal year 2015-16 JBSIS data used in subsequent WAFM budget calculations. Nevertheless, in October 2017 the Court began submitting case filings data electronically as a full JBSIS court, thus eliminating its reliance on its prior manual processes to compile and report JBSIS data via the web portal.

Although we commend the Court on its relatively low overall error rate, Audit Services raises these JBSIS reporting discrepancies as an audit finding since the Judicial Council has yet to establish data quality standards that (1) define an acceptable error rate for reporting and (2) define what steps each court is expected to take to reasonably ensure accurate and complete reporting. Until such standards exist, the Court should continue to focus on monitoring and

further improving its JBSIS reporting practices to ensure case counts are fully supported by its records and are not double-counted.

RECOMMENDATION

To ensure the Court is doing all it reasonably can to ensure accurate and complete JBSIS reporting, it should do the following:

- Seek guidance from the Judicial Council on acceptable error rates when reporting JBSIS case counts, so it can determine when its reports are sufficiently flawed and require an amended report.
- Generate and retain listings of case filings that are both contemporaneous and consistent with the Court's monthly JBSIS reporting.
- Periodically review listings of reported case filings, such as monthly or quarterly, to identify individual cases that may have been double-counted in the same reporting period or across previous reporting periods or that may have changed case-types.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court migrated to a new case management system in February 2016 which required an extensive review and update of JBSIS mappings that corresponded to the JBSIS manual. In order for the Court to become certified, a validation process was undertaken to review old and new data. The certification process took over a year and was in its final stages at the time of this audit. Now that the Court is fully certified in JBSIS, it no longer requires a manual process to calculate filings data. The Court is now able to utilize a monthly validation process in its new case management system that allows for a one to one match for case filings data where the legacy case management system did not allow for this. In addition to the monthly validation process, the Court also has a monthly approval process to ensure the data that is submitted is discussed by a manager prior to submission.

Response provided on 3/5/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 6/2017

Responsible Person(s): Rita McNulty, Court Services Analyst

FINDING REFERENCE: 2016-33-02

VALIDITY OF JBSIS DATA – DATA QUALITY

CRITERIA

CALIFORNIA RULES OF COURT, RULE 10.400, JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM:

Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, the Judicial Branch Statistical Information System (JBSIS) is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch, the

Legislature, and other state agencies that require information from the courts to fulfill their mandates.

JBSIS [MANUAL], VERSION 2.3, [CHAPTER 5. CIVIL (REPORTS 5a/5b)], CIVIL UNLIMITED 05b—DATA ELEMENT DEFINITIONS:

CIVIL CASE TYPES – A broad classification category for trial court caseload involving lawsuits brought to redress private wrongs, such as breach of contract or negligence, or to enforce civil remedies, such as compensation, damages, and injunctions. The civil unlimited category captures unlimited jurisdiction workload (cases over \$25,000).

OTHER CIVIL, Other civil complaints and civil petitions not defined in columns 10-100 (e.g., petitions for change of name, civil harassment, etc.). [Case in first bullet]

JBSIS [MANUAL], VERSION 2.3, [CHAPTER 10. MENTAL HEALTH (REPORT 10a)], MENTAL HEALTH 10a—DATA ELEMENT DEFINITIONS:

MENTAL HEALTH CASES – A broad classification of cases in which a trial court is asked to legally determine probable cause or lack of capacity of an individual due to:

- mental illness
- developmental disability
- mental retardation
- addiction to narcotics
- or, in the case of an individual who has committed a crime, his or her competency to stand trial
- and whether the individual should be placed or should remain under care, custody, and treatment.

5. Other Mental Health – Other mental health petitions not defined in columns 10 – 120. Welfare & Institution Code, § 8103 (weapons) A petition filed by an individual requesting the lifting of the restriction placed on his or her ownership, possession, control, receipt, or purchase of a firearm or deadly weapon. [Case in first bullet]

JBSIS [MANUAL], VERSION 2.3, [CHAPTER 9. JUVENILE DEPENDENCY (REPORTS 9a)], JUVENILE DEPENDENCY 09a—DATA ELEMENT DEFINITIONS:

JUVENILE DEPENDENCY CASES – A broad classification of cases filed on behalf of a minor by a social services agency, the parents, the minor, or others interested in the welfare of the minor. Report 09a captures the trial courts' workload generated by juvenile dependency cases. The purpose of this type of proceeding is to provide safety and protection for children who are abused, neglected, exploited, or at risk of harm.

Dependency Welfare & Institution Code §300 – A petition filed by the social worker alleging that a minor comes within the jurisdiction of the juvenile court under one or more subdivisions of this section. [Case in second bullet]

Adoption – A petition to adopt a child who is dependent of the Court. [Case in second bullet]

CONDITION

Our review of selected case file records associated with the its fiscal year 2015-16 JBSIS case filings data found that the Court reported two of the 60 cases reviewed in a manner that did not agree with the JBSIS Manual data element definitions for the case types. Specifically, both cases were valid cases, but were not classified or reported in their correct corresponding case types as follows:

- For one of the 10 unlimited civil cases reviewed, the case file records indicate that the Court misreported a mental health case as an unlimited civil case. According to the Court, this happened because it misunderstood the JBSIS reporting requirements for requests for hearings for the relief from firearms prohibitions. As a result, the Court configured the CMS mapping of these requests to the "unlimited civil" case type instead of to the appropriate "other mental health" case type. The Court indicates finding other similar cases with the same mapping error and contacting the CMS vendor to correct the mapping of these types of cases going forward.
- For one of the 10 juvenile dependency cases reviewed, although the case file records and the CMS identify the case as an original petition for dependency, the CMS reports the Court used to report new case filings counts to JBSIS reported this case as a petition for adoption. The Court indicates that staff initially entered this case in the CMS as an adoption case, but later corrected the case to an original petition for dependency. However, despite this subsequent correction, the CMS JBSIS mapping continued to report this case as initially entered—an adoption case. According to the Court, it is working with its CMS vendor to correct the mapping of cases such as these that are initially entered incorrectly and then subsequently corrected in the CMS.

RECOMMENDATION

To ensure it reports JBSIS case filings data to the Judicial Council that are accurate and consistent with the rules established in the JBSIS Manual, the Court should periodically review the accuracy of its monthly case filings data and take steps to amend its JBSIS data, as necessary, when it identifies case filing errors. The Court should also continue its efforts to pursue adjustments to its CMS JBSIS mapping to ensure it reports requests for hearings for the relief from firearms prohibitions as other mental health case types instead of as civil unlimited case types, and cases that are subsequently corrected and reclassified in their corresponding corrected case type.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. Regarding the "Relief from Firearms Prohibition" case type mappings, the Court has already corrected these mappings and has verified that they are successfully reporting as an "other mental health" case type. Regarding the reporting of Juvenile Dependency Adoption petitions as Juvenile Dependency petitions, the Court has become better informed in how case

type changes in its case management system affect JBSIS reporting and has already implemented a business process where court clerk staff no longer have permission to make case type changes. Court Clerk staff have been directed to bring the case filed in error to the supervisor's attention and the supervisor will make the case type change and ensure that the filing is correctly reported under the correct JBSIS case type.

Response provided on 3/5/2018 by: Jarrod Orr, Deputy Court Executive Officer

Date of Corrective Action: 6/2017 – 7/2017

Responsible Person(s): Rita McNulty, Court Services Analyst

GRANT AWARD COMPLIANCE

The Court Generally Followed Appropriate Grant Accounting and Administrative Procedures

Background

Grant fund awards may substantially benefit a trial court's ability to serve the public. At the same time, the acceptance of grant funds may also represent an area of risk to the court because the grant money received by the court is provided for specific purposes and under conditions that apply to its use. Noncompliance with the terms of significant grant awards may result in the Court losing access to this grant funding in future years, or may result in the Court repaying funds spent inappropriately.

Courts are responsible for separately accounting for its receipt and spending of grant funds in Phoenix by using the appropriate grant coding. Courts are also responsible for following applicable federal, state, or Judicial Council rules when administering grant funds. These rules may pertain to performance reporting, financial reporting, personnel time tracking, among other areas.

Our review of its grant administration practices found that, except for minor instances of non-compliance communicated separately to the Court, it generally followed appropriate grant accounting and administrative procedures and demonstrated compliance with the AB1058 grant terms and conditions.

OTHER AREAS

Background

We did not identify any other significant areas during the initial audit planning process that, based on our professional judgement, warranted any additional audit work. Therefore, we did not review compliance with any other areas.
