



**Audit of the
Superior Court of California,
County of Kings**

AUDIT SERVICES REPORT

OCTOBER 2015



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

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Superior Court of California, County of Kings

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MANAGEMENT SUMMARY

Introduction

The Trial Court Funding Act of 1997 (Act) eliminated the requirement for county audits of the courts effective January 1, 1998. Since that time, the Superior Courts of California have undergone significant changes to their operations. These changes have also impacted their internal control structures, yet no independent reviews of their operations were generally conducted until the Judicial Council of California (Judicial Council), Audit Services, began court audits in 2002.

The audit of the Superior Court of California, County of Kings (Court), was initiated by Audit Services in June 2015. Depending on the size of the court, the audit process typically involves three or four on-site audit visits encompassing the following primary areas:

- Court administration
- Cash controls
- Court revenue and expenditure
- General court operations

The audit process includes a review of the Court's compliance with California statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. Audit Services conducted the prior audit of the Court in FY 2007-2008. Audit Services followed up on the issues identified in this prior audit to determine whether the Court resolved previous issues.

Compliance with the State Leadership Accountability Act (SLAA) is also an integral part of the audit process. The primary focus of a SLAA review is to evaluate an entity's internal control structure and processes based on the following concepts:

- A plan of organization that provides segregation of duties appropriate for proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of policies and procedures adequate to provide compliance with applicable laws, criteria, standards, and other requirements;
- An established system of practices to be followed in the performance of duties and functions;
- Personnel of a quality commensurate with their responsibilities;
- An effective system of internal review; and
- A technology infrastructure to support the completeness, accuracy, and validity of information processed.

While Audit Services does not believe that SLAA applies to the judicial branch, compliance with SLAA represents good public policy, and most of the SLAA concepts are addressed in the FIN Manual. Since Audit Services reviews compliance with the FIN Manual, the audit process provides a review that also fulfills most of the SLAA requirements.

Audits conducted by Audit Services identify instances of non-compliance, such as with the FIN Manual and SLAA. Some of these instances of non-compliance are highlighted below in the **Audit Issues Overview**. Although audit reports do not emphasize or elaborate on areas of compliance, Audit Services did identify areas in which the Court was in compliance with the FIN Manual and SLAA. For example except for those issues reported in this report, some of the areas where Audit Services found the Court in compliance included the following:

- An organizational plan that provides for an effective segregation of duties to properly safeguard assets, including money from its collection to deposit.
- Management controls to monitor personnel in the performance of their duties and responsibilities.
- The ability to attract and retain quality personnel that are knowledgeable and motivated to take accountability and responsibility for the performance of their duties.

To enable the Court to continue to improve and strengthen its system of internal controls, it is important that the Court note those areas of noncompliance reported below and in the body of this report. The Court should actively monitor the issues reported in this audit, and any issues identified by its own internal staff, to ensure it implements prompt and appropriate corrective action.

Audit Issues Overview

This audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that Audit Services did not consider significant enough to include in the report, but were nonetheless communicated to court management. Audit Services provided the Court with opportunities to respond to all the issues identified in this report and included these responses in the report to provide the Court's perspective. Audit Services did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

Although the audit identified other issues reported within this report, the following issue is highlighted for Court management's attention. Specifically, the Court needs to improve and refine certain procedures and practices to ensure compliance with statewide statutes, policies, and procedures. The issue is summarized below:

The Court Should Distribute Its Collections More Consistent with Statutes and Guidelines (Issue 6.1, on page 21)

State statutes and local ordinances govern the distribution of the fees, fines, penalties, and other assessments that courts collect. The Court uses a case management system that has the fiscal capability to automatically calculate the required distributions of the monies the Court collects.

Our review of the Court's distribution of collections for the cases we selected to review found that the Court did not distribute certain collections as prescribed by applicable statutes and guidelines. For example, for certain cases reviewed, the arrest was made by either the sheriff or the CHP outside of city limits. However, the Court entered these arrest as a city arrests instead of

as county arrests. As a result, the Court distributed collections to the city that it should have distributed to the county. The Court indicates it is aware of the issue and will manually correct the distributions for the affected cases. Also, for the DUI case reviewed, the Court could not provide a Board of Supervisors resolution to support its imposition of the \$50 Additional Penalty for Alcohol Content Laboratory Testing.

In addition, the Court made some distributions that were not in accordance with statute or guidelines. For example, for the Railroad and Red Light Bail Forfeiture cases reviewed, the Court did not calculate the 30 percent allocations from the base fine and applicable penalty assessments. Similarly, for the Railroad Traffic School case, the Court did not calculate the 30 percent allocation from the base fine and applicable penalty assessment components of the Traffic Violator School fee (TVS fee). Also, the Court incorrectly transferred the 2 percent State Automation amount from the base fine and penalties that are converted to a TVS fee on cases disposed with traffic school.

Furthermore, we found that the Court's new CMS allowed the assignment of duplicate case numbers to unrelated cases. The Court indicated it was aware of this problem, but as of mid-October 2015 had not informed the CMS vendor that its new CMS is inappropriately assigning duplicate case numbers to unrelated cases.

The Court agreed with the recommendations and indicates taking corrective action to address the noted issues.

STATISTICS

The Superior Court of California, County of Kings (Court) has 9 judges and subordinate judicial officers who handled more than 34,000 cases in FY 2013–2014. The Court operated three courthouses—one in Hanford, one in Avenal, and one in Corcoran—at the initiation of the audit. Since then, the Court consolidated operations in February 2016 into one newly constructed courthouse located in Hanford. To fulfill its administrative and operational activities, the Court employed approximately 78.6 full-time-equivalent staff and incurred total trial court expenditures of approximately \$9.2 million for the fiscal year ended June 30, 2015.

Before 1997, the Court and the County of Kings (County) worked within common budgetary and cost parameters—often the boundaries of the services and programs each entity offered blurred. The Court previously operated much like other County departments and, thus, may not have comprehensively or actively sought to segregate or identify the cost and service elements attributable to court operations and programs. With the mandated separation of the court system from county government, each entity had to reexamine their respective relationships relative to program delivery and services rendered, resulting in the Court evolving to identify the County services, and the associated costs and agreements, it needs to continue court operations.

For FY 2014–2015, the Court received various services from the County, including mailroom services, records management, and case management systems processing, which were covered under a Memorandum of Understanding (MOU) with the County. The Court also received court security services from the County, which was covered under a separate MOU with the County Sheriff.

The following charts contain general statistical information regarding the Court.

County Population (Estimated as of January 1, 2015)	149,721
<small>Source: California Department of Finance</small>	
Number of Court Locations	3
Number of Courtrooms	10
<small>Source: Superior Court of California, County of Kings</small>	
Number of Case Filings in FY 2013–2014:	
Criminal Filings:	
1. Felonies	2,343
2. Non-Traffic Misdemeanor	1,827
3. Non-Traffic Infractions	99
4. Traffic Misdemeanors	1,324
5. Traffic Infractions	23,703
Civil Filings:	
1. Civil Unlimited	271
2. Limited Civil	1,570

3. Small Claims	317
4. Small Claims Appeals	1
5. Other Civil Complaints & Petitions	150
6. Motor Vehicle PI/PD/WD	73
7. Other PI/PD/WD	47
Family and Juvenile Filings:	
1. Family Law (Marital)	587
2. Family Law Petitions	1,417
3. Juvenile Delinquency – Original	93
4. Juvenile Delinquency – Subsequent	70
5. Juvenile Dependency – Original	209
6. Juvenile Dependency – Subsequent	0
Other Filings:	
1. Probate	218
2. Mental Health	142
3. Appeals	22
4. Habeas Corpus Criminal	261
Source: Judicial Council of California's 2015 Court Statistics Report	
Judicial Officers as of June 30, 2014:	
Authorized Judgeships	7
Authorized Subordinate Judicial Officers	1.5
Source: Judicial Council of California's 2015 Court Statistics Report	
Court Staff as of June 30, 2015:	
Total Authorized FTE Positions	81.6
Total Filled FTE Positions	78.6
Total Fiscal Staff	3
Source: Fourth Quarter FY 2014–2015 Quarterly Financial Statements and FY 2014 – 2015 Schedule 7A	
Select FY 2014-2015 Financial Information:	
Total Revenues	\$9,300,458
Total Expenditures	\$9,196,065
Total Personal Services Costs	\$5,710,395
Total Temporary Help Costs	\$23,924
Source: Fourth Quarter FY 2014–2015 Quarterly Financial Statements	
FY 2014-2015 Average Daily Cash Collections (As of June 30, 2015)	\$43,921
Source: Superior Court of California, County of Kings	

FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting. The GASB has further identified two essential components of accountability, fiscal and operational. **Fiscal accountability** is defined as:

The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year).

The *Strategic Plan for California's Judicial Branch 2006-2016* entitled *Justice in Focus* established, consistent with the mission statement of the Judicial Council, a guiding principle that states that "Accountability is a duty of public service" and the principle has a specific statement that "The Judicial Council continually monitors and evaluates the use of public funds." As the plan states, "All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively." For the courts, this means developing meaningful and useful measures of performance, collecting and analyzing data on those measures, reporting the results to the public on a regular basis, and implementing changes to maximize efficiency and effectiveness. Goal II of the plan is independence and accountability with an overall policy stated as:

Exercise the constitutional and statutory authority of the judiciary to plan for and manage its funding, personnel, resources, and records and to practice independent rule making.

Two of the detailed policies are:

1. Establish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards throughout the branch; and
2. Establish improved branch wide instruments for reporting to the public and other branches of government on the judicial branch's use of public resources.

Under the independence and accountability goal of *The Operational Plan for California's Judicial Branch, 2008 – 2011*, objective 4 is to "Measure and regularly report branch performance – including branch progress toward infrastructure improvements to achieve benefits for the public." The proposed desired outcome is "Practices to increase perceived accountability."

To assist in the fiscal accountability requirements of the branch, the Judicial Council developed and established the statewide fiscal infrastructure project, Phoenix Financial System, which is supported by the Judicial Council Trial Court Administrative Services. The Superior Court of California, County of Kings (Court), implemented and processes fiscal data through this financial system.

The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two completed fiscal years. The three schedules are:

1. Balance Sheet (statement of position);
2. Statement of Revenues, Expenditures, and Changes in Fund Balances (statement of activities); and
3. Statement of Program Expenditures (could be considered "product line" statement).

The fiscal year 2013–2014 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers.

Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

There are three basic fund classifications available for courts to use: Governmental, Proprietary and Fiduciary. The Court uses the following fund classifications and types:

- **Governmental**
 - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
 - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
 - **Special Revenue**
 1. Small Claims Advisory – 120003
 2. Dispute Resolution (DRPA) – 12004
 3. Enhanced Collections – 120007
 4. Other County Services – 120009
 5. Special Revenue Fund-Other – 120021
 6. 2% Automation – 180004
 - **Grants**
 1. Judicial Council Grants – 190100
- **Fiduciary**

Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held."

 - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."¹ Funds included

¹ GASB Statement No. 34, paragraph 69.

here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.² **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The funds included here are:
- Distribution Fund - 400000
 - Civil Filing Fees Fund – 450000

² GASB Statement No. 34, paragraph 12.

Superior Court of California, County of Kings
 Trial Court Operations Fund
 Balance Sheet
 As of June 30
 (Unaudited)

	2015				2014	
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue Non-Grant	Grant			
ASSETS						
Operations	\$ (43,635)	\$ 18,373	\$ 42,200	\$ 21,144	\$ 38,083	\$ 187,067
Payroll	\$ 0		\$ 0		\$ 0	\$ 0
Jury	\$ 20,000				\$ 20,000	\$ 20,000
Revolving	\$ 10,000				\$ 10,000	\$ 10,000
Other						
Distribution						
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust				\$ 0	\$ 0	\$ 0
Cash on Hand	\$ 2,750				\$ 2,750	\$ 2,750
Cash with County				\$ 65,069	\$ 65,069	\$ 75,357
Cash Outside of the JCC						
Cash Equivalents	\$ 982,193			\$ 414,672	\$ 1,396,864	\$ 639,726
Total Cash and Cash Equivalents	\$ 971,308	\$ 18,373	\$ 42,200	\$ 500,885	\$ 1,532,766	\$ 934,900
Short-Term Investment Investments						
Total Investments						
Accrued Revenue	\$ 463	\$ 33		\$ 0	\$ 496	\$ 264
Accounts Receivable - General	\$ 83,873		\$ 106,545		\$ 190,418	\$ 121,314
Dishonored Checks						
Due From Employee	\$ 2,572		\$ 870		\$ 3,443	\$ 0
Civil Jury Fees						
Trust						
Due From Other Funds	\$ 214,498				\$ 214,498	\$ 140,277
Due From Other Governments	\$ 68,056	\$ 2,776			\$ 70,832	\$ 30,056
Due From State	\$ 308,643	\$ 5,312	\$ 39,795		\$ 353,750	\$ 223,016
Trust Due To/From				\$ 0	\$ 0	\$ 0
Distribution Due To/From						
Civil Filing Fee Due To/From						
General Due To/From	\$ 7				\$ 7	\$ 40
Total Receivables	\$ 678,111	\$ 8,122	\$ 147,211	\$ 0	\$ 833,444	\$ 514,966
Prepaid Expenses - General	\$ 0		\$ 0		\$ 0	\$ 0
Salary and Travel Advances	\$ 0				\$ 0	\$ 0
Counties						
Total Prepaid Expenses	\$ 0		\$ 0		\$ 0	\$ 0
Other Assets						
Total Other Assets						
Total Assets	\$ 1,649,419	\$ 26,495	\$ 189,411	\$ 500,885	\$ 2,366,210	\$ 1,449,866
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 94,077	\$ 0	\$ 815		\$ 94,892	\$ 241,872
Accounts Payable - General	\$ 5,953	\$ 0	\$ 51	\$ 0	\$ 6,003	\$ 72,436
Due to Other Funds	\$ 0	\$ 3,364	\$ 182,991	\$ 28,150	\$ 214,505	\$ 140,316
Due to State	\$ 403		\$ 5,555		\$ 5,958	\$ 29,734
TC145 Liability				\$ 211,045	\$ 211,045	\$ 197,113
Due to Other Governments	\$ 251,398		\$ 0	\$ 95,127	\$ 346,524	\$ 197,206
AB145 Due to Other Government Agency						
Due to Other Public Agencies						
Interest				\$ 11	\$ 11	\$ 3
Total Accounts Payable and Accrued Liab.	\$ 351,830	\$ 3,364	\$ 189,411	\$ 334,333	\$ 878,938	\$ 878,679
Civil				\$ 91,571	\$ 91,571	\$ 70,247
Criminal	\$ 0			\$ 0	\$ 0	\$ 0
Trust Held Outside of the JCC				\$ 65,069	\$ 65,069	\$ 75,357
Trust Interest Payable				\$ 6,160	\$ 6,160	\$ 6,156
Miscellaneous Trust						
Total Trust Deposits	\$ 0			\$ 162,800	\$ 162,800	\$ 151,760
Accrued Payroll	\$ 117,050				\$ 117,050	\$ 96,646
Benefits Payable	\$ (927)				\$ (927)	\$ 1,672
Deferred Compensation Payable	\$ (1,399)				\$ (1,399)	\$ (1,276)
Deductions Payable	\$ (15)				\$ (15)	\$ (4)
Payroll Clearing	\$ 0				\$ 0	\$ 32,804
Total Payroll Liabilities	\$ 114,708				\$ 114,708	\$ 129,841
Revenue Collected in Advance	\$ 995,025				\$ 995,025	\$ 190,000
Liabilities For Deposits	\$ 11,713			\$ 490	\$ 12,202	\$ 608
Jury Fees - Non-Interest				\$ 3,262	\$ 3,262	\$ 4,097
Fees - Partial Payment & Overpayment						
Uncleared Collections						
Other Miscellaneous Liabilities						
Total Other Liabilities	\$ 1,006,738			\$ 3,752	\$ 1,010,490	\$ 194,704
Total Liabilities	\$ 1,473,276	\$ 3,364	\$ 189,411	\$ 500,885	\$ 2,166,935	\$ 1,354,985
Total Fund Balance	\$ 176,143	\$ 23,131	\$ 0		\$ 199,275	\$ 94,881
Total Liabilities and Fund Balance	\$ 1,649,419	\$ 26,495	\$ 189,411	\$ 500,885	\$ 2,366,210	\$ 1,449,866

Source: Phoenix Financial System

Superior Court of California, County of Kings
 Trial Court Operations Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year
 (Unaudited)

	2014 - 2015				2013 - 2014		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 6,548,396	\$ 60,516		\$ 6,608,912	\$ 6,503,405	\$ 6,377,435	\$ 6,123,594
Improvement and Modernization Fund	\$ 19,869			\$ 19,869	\$ 19,871	\$ 22,603	\$ 19,781
Judges' Compensation (45.25)							
Court Interpreter (45.45)	\$ 338,075			\$ 338,075	\$ 295,733	\$ 263,875	\$ 278,000
Civil Coordination Reimbursement (45.55)							
MOU Reimbursements (45.10 and General)	\$ 1,035,255			\$ 1,035,255	\$ 1,173,813	\$ 1,099,868	\$ 1,218,876
Other Miscellaneous	\$ 45,117			\$ 45,117	\$ 45,117	\$ 45,117	\$ 45,117
	\$ 7,986,712	\$ 60,516		\$ 8,047,228	\$ 8,037,939	\$ 7,808,898	\$ 7,685,368
Grants							
AB 1058 Commissioner/Facilitator			\$ 437,145	\$ 437,145	\$ 452,655	\$ 386,476	\$ 456,276
Other Judicial Council Grants			\$ 7,963	\$ 7,963	\$ 16,513		
Non-Judicial Council Grants							
			\$ 445,108	\$ 445,108	\$ 469,168	\$ 386,476	\$ 456,276
Other Financing Sources							
Interest Income	\$ 1,943	\$ 28		\$ 1,972	\$ 1,200	\$ 1,856	\$ 1,660
Investment Income							
Donations							
Local Fees	\$ 227,579	\$ 47,157		\$ 274,736	\$ 360,500	\$ 363,848	\$ 359,500
Non-Fee Revenues	\$ 1,325			\$ 1,325	\$ 500	\$ 516	\$ 500
Enhanced Collections		\$ 326,543		\$ 326,543	\$ 400,000	\$ 418,045	\$ 375,000
Escheatment							
County Program - Restricted		\$ 1,417		\$ 1,417	\$ 1,500	\$ 1,570	\$ 1,800
Reimbursement Other	\$ 1,635			\$ 1,635	\$ 1,500	\$ 5,450	\$ 1,750
Sale of Fixed Assets							
Other Miscellaneous	\$ 200,494			\$ 200,494		\$ 260,952	\$ 260,000
	\$ 432,976	\$ 375,146		\$ 808,122	\$ 765,200	\$ 1,052,238	\$ 1,000,210
Total Revenues	\$ 8,419,688	\$ 435,662	\$ 445,108	\$ 9,300,458	\$ 9,272,307	\$ 9,247,612	\$ 9,141,854
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 3,795,909	\$ 55,350	\$ 231,386	\$ 4,082,645	\$ 4,073,735	\$ 4,189,698	\$ 4,255,382
Temp Help	\$ 23,924			\$ 23,924	\$ 36,912	\$ 34,212	\$ 38,293
Overtime	\$ 67,788			\$ 67,788	\$ 7,240	\$ 1,979	\$ 3,000
Staff Benefits	\$ 1,444,567	\$ 1,694	\$ 89,776	\$ 1,536,037	\$ 1,526,083	\$ 1,625,090	\$ 1,646,938
	\$ 5,332,189	\$ 57,044	\$ 321,162	\$ 5,710,395	\$ 5,643,970	\$ 5,850,978	\$ 5,943,613
Operating Expenses and Equipment							
General Expense	\$ 270,156		\$ 14,683	\$ 284,839	\$ 260,007	\$ 259,662	\$ 222,119
Printing	\$ 7,874			\$ 7,874	\$ 16,000	\$ 33,090	\$ 32,000
Telecommunications	\$ 67,579		\$ 1,786	\$ 69,365	\$ 57,678	\$ 51,315	\$ 95,888
Postage	\$ 34,168		\$ 30	\$ 34,199	\$ 43,350	\$ 45,682	\$ 38,800
Insurance	\$ 2,720			\$ 2,720	\$ 2,885	\$ 2,885	\$ 2,600
In-State Travel	\$ 20,919		\$ 4,309	\$ 25,228	\$ 23,650	\$ 22,251	\$ 22,475
Out-of-State Travel							
Training	\$ 50		\$ 975	\$ 1,025	\$ 1,600	\$ 1,765	\$ 1,525
Security Services	\$ 345,534		\$ 22,939	\$ 368,473	\$ 360,000	\$ 355,504	\$ 360,000
Facility Operations	\$ 50,262		\$ 4,218	\$ 54,480	\$ 54,139	\$ 53,935	\$ 54,689
Utilities							
Contracted Services	\$ 1,729,775	\$ 327,548	\$ 53,237	\$ 2,110,560	\$ 2,177,556	\$ 2,115,610	\$ 2,008,061
Consulting and Professional Services	\$ 392,046			\$ 392,046	\$ 493,717	\$ 533,946	\$ 560,920
Information Technology	\$ 43,812	\$ 33,899		\$ 77,711	\$ 98,222	\$ 131,183	\$ 157,231
Major Equipment	\$ 45,013			\$ 45,013	\$ 48,679	\$ 129,948	\$ 5,000
Other Items of Expense							
	\$ 2,999,908	\$ 361,447	\$ 102,176	\$ 3,463,532	\$ 3,637,483	\$ 3,736,776	\$ 3,561,308
Special Items of Expense							
Grand Jury	\$ 158			\$ 158	\$ 200	\$ 193	\$ 100
Jury Costs	\$ 21,980			\$ 21,980	\$ 26,500	\$ 29,447	\$ 45,500
Judgements, Settlements and Claims					\$ 0		\$ 50,000
Other							
Capital Costs							
Internal Cost Recovery	\$ (65,371)	\$ 1,022	\$ 64,349	\$ 0	\$ 0	\$ 0	\$ 0
Prior Year Expense Adjustment							
	\$ (43,233)	\$ 1,022	\$ 64,349	\$ 22,138	\$ 26,700	\$ 29,640	\$ 95,600
Total Expenditures	\$ 8,288,864	\$ 419,513	\$ 487,687	\$ 9,196,065	\$ 9,308,153	\$ 9,617,394	\$ 9,600,521
Excess (Deficit) of Revenues Over Expenditures	\$ 130,824	\$ 16,149	\$ (42,579)	\$ 104,394	\$ (35,846)	\$ (369,783)	\$ (458,667)
Operating Transfers In (Out)	\$ (49,562)	\$ 6,983	\$ 42,579	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 94,881	\$ 0	\$ 0	\$ 94,881	\$ 94,881	\$ 464,664	\$ 464,664
Ending Balance (Deficit)	\$ 176,143	\$ 23,131	\$ 0	\$ 199,275	\$ 59,035	\$ 94,881	\$ 5,997

Source: Phoenix Financial System

Superior Court of California, County of Kings
 Trial Court Operations Fund
 Statement of Program Expenditures
 For the Fiscal Year
 (Unaudited)

	2014 - 2015						2013 - 2014	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:								
Judges & Courtroom Support	\$ 1,482,168	\$ 789,649			\$ 2,271,817	\$ 2,372,193	\$ 2,258,781	\$ 2,544,417
Traffic & Other Infractions	\$ 86,370	\$ 459			\$ 86,829	\$ 284,379	\$ 100,397	\$ 233,177
Other Criminal Cases	\$ 983,986	\$ 4,172			\$ 988,158	\$ 695,645	\$ 915,185	\$ 852,023
Civil	\$ 547,282	\$ 35,033			\$ 582,314	\$ 633,450	\$ 680,921	\$ 687,300
Family & Children Services	\$ 578,220	\$ 128,538		\$ 64,349	\$ 771,107	\$ 1,102,012	\$ 825,279	\$ 832,860
Probate, Guardianship & Mental Health Services								
Juvenile Dependency Services	\$ 55,248	\$ 502,642			\$ 557,890	\$ 60,938	\$ 375,192	\$ 360,650
Juvenile Delinquency Services	\$ 38,560				\$ 38,560	\$ 57,427	\$ 47,530	\$ 56,166
Other Court Operations	\$ 234,521	\$ 8,039			\$ 242,560	\$ 276,670	\$ 222,489	\$ 260,526
Court Interpreters	\$ 177,157	\$ 135,340			\$ 312,497	\$ 287,552	\$ 274,863	\$ 278,700
Jury Services	\$ 158,509	\$ 24,445	\$ 21,980		\$ 204,934	\$ 234,647	\$ 215,218	\$ 281,012
Security		\$ 421,274			\$ 421,274	\$ 368,382	\$ 502,492	\$ 361,000
Trial Court Operations Program	\$ 4,342,021	\$ 2,049,590	\$ 21,980	\$ 64,349	\$ 6,477,940	\$ 6,373,295	\$ 6,418,347	\$ 6,747,831
Enhanced Collections	\$ 6,373	\$ 319,148		\$ 1,022	\$ 326,543	\$ 400,000	\$ 418,045	\$ 375,000
Other Non-Court Operations		\$ 8,400	\$ 158		\$ 8,558	\$ 8,600	\$ 8,593	\$ 8,500
Non-Court Operations Program	\$ 6,373	\$ 327,548	\$ 158	\$ 1,022	\$ 335,101	\$ 408,600	\$ 426,639	\$ 383,500
Executive Office	\$ 312,939	\$ 5,430			\$ 318,370	\$ 127,193	\$ 446,738	\$ 99,732
Fiscal Services	\$ 317,237	\$ 22,234			\$ 339,471	\$ 327,827	\$ 327,442	\$ 303,510
Human Resources	\$ 283,396	\$ 32,731			\$ 316,127	\$ 290,060	\$ 320,846	\$ 321,603
Business & Facilities Services	\$ 191,437	\$ 573,743		\$ (65,371)	\$ 699,809	\$ 845,816	\$ 879,120	\$ 794,320
Information Technology	\$ 256,991	\$ 452,255			\$ 709,246	\$ 935,362	\$ 798,263	\$ 950,025
Court Administration Program	\$ 1,362,001	\$ 1,086,394		\$ (65,371)	\$ 2,383,023	\$ 2,526,258	\$ 2,772,409	\$ 2,469,190
Expenditures Not Distributed or Posted to a Program								
Prior Year Adjustments Not Posted to a Program								
Total	\$ 5,710,395	\$ 3,463,532	\$ 22,138	\$ 0	\$ 9,196,065	\$ 9,308,153	\$ 9,617,394	\$ 9,600,521

Source: Phoenix Financial System

PURPOSE AND SCOPE

The purpose of this review was to determine the extent to which the Superior Court of California, County of Kings (Court) has:

- Designed and implemented an internal control structure that can be relied upon to ensure the reliability and integrity of information; compliance with laws, regulations, policies, and procedures; the safeguarding of assets; and the economical and efficient use of resources.
- Complied with the Trial Court Financial Policies and Procedures Manual and the Court's documented policies and procedures.
- Complied with various statutes and Rules of Court.

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, procurements and contracts, accounts payable, payroll, financial accounting and reporting, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2014–2015.

The Judicial Council in December 2009 adopted California Rule of Court Rule 10.500 with an effective date of January 1, 2010, that provides for public access to non-deliberative or non-adjudicative court records. Final audit reports are among the court 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. Therefore, any information considered confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on May 27, 2015.

The entrance meeting was held with the Court on May 28, 2015.

Audit fieldwork commenced on June 22, 2015.

Fieldwork was completed in October 2015.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on March 24, 2016, with the following Court management:

- Jeff Lewis, Court Executive Officer
- Sandy Salyer, Director of Finance

Audit Services received the Court's final management responses to the audit recommendations and Appendix A log items on March 16, 2016. Audit Services incorporated the Court's final

responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on March 23, 2016. On March 30, 2016, Audit Services received the Court's final comments and suggestions concerning its review of the audit report, and subsequently indicated it did not consider another review of the report necessary before Audit Services presented the report to the Judicial Council.

The audit assignment was completed by the following audit staff under the supervision of Robert Cabral, Audit Supervisor:

Dawn Tomita, Senior Auditor (auditor-in-charge)

Steve Lewis, Auditor

Mami Nakashita, Auditor

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration

Background

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Within the boundaries established by the Judicial Council, each trial court has the authority and responsibility for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity and professionalism. All employees must also operate within the specific levels of authority that may be established by the trial court for their positions.

California Rules of Court (CRC) and the *Trial Court Financial Policy and Procedures Manual* (FIN Manual) established under Government Code section (GC) 77001 and adopted under CRC 10.804, respectively, specify guidelines and requirements for court governance.

The table below presents the Superior Court of California, County of Kings (Court), general ledger account balances that are considered associated with court administration. A description of the areas reviewed and how we reviewed them is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
* 906300 - SALARIES - JUDICIAL OFFI	239,601.70	161,282.99	78,318.71	48.56%
920501 DUES AND MEMBERSHIP-JUDICIAL	312.00	0.00	312.00	100.00%
920502 DUES AND MEMBERSHIP-LEGAL	860.00	840.00	20.00	2.38%
* 920500 - DUES AND MEMBERSHIPS	1,172.00	840.00	332.00	39.52%
933102 TUITION REIMBURSEMENT (NO	0.00	500.00	(500.00)	-100.00%
933104 TUITION AND REGISTRATION	1,025.00	1,265.00	(240.00)	-18.97%
* 933100 - TRAINING	1,025.00	1,765.00	(740.00)	-41.93%

We assessed the Court's compliance related to trial court management, including duties of the presiding judge (PJ), duties of the court executive officer (CEO), and management of human resources, with CRC and FIN Manual requirements through a series of questionnaires and review of records. Primary areas reviewed included an evaluation of the following:

- Expense restrictions included in *Operating Guidelines and Directives for Budget Management in the Judicial Branch* (operating guidelines), such as restrictions on the payment of professional association dues for individuals making over \$100,000 a year.
- Compliance with CRC relating to cases taken under submission.
- Approval requirements regarding training.

Additionally, we obtained an understanding of the Court's organizational structure and reviewed the cash handling and fiscal responsibilities of Court personnel to determine whether duties are sufficiently segregated.

There were minor issues associated with this area that are included in Appendix A to this report.

2. Fiscal Management and Budgets

Background

Trial courts must employ sound business, financial, and accounting practices to conduct their fiscal operations. To operate within the funding appropriated in the State Budget Act and allocated to courts, courts should establish budgetary controls to monitor their budgets on an ongoing basis to ensure that actual expenditures do not exceed available amounts. As personnel services costs account for the majority of trial court budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and a process and procedures for requesting, evaluating, and approving new and reclassified positions.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Assets				
120050 SHORT TERM INVESTMENTS-LAIF	881,463.87	211,382.52	670,081.35	317.00%
120051 SHORT TERM INVESTMENTS-CAPITAL	515,400.43	428,343.77	87,056.66	20.32%
Liabilities				
374001 PAYROLL CLEARING ACCOUNT	0.00	(32,803.66)	32,803.66	100.00%
374101 RETIREMENT CONTRIBUTIONS	17.70	0.00	17.70	100.00%
374201 VOLUNTARY DEDUCTIONS EE	(2.39)	4.47	(6.86)	-153.47%
374701 HEALTH BENEFITS PAYABLE EE	(7.10)	0.00	(7.10)	-100.00%
374702 BENEFITS PAYABLE - MEDICAL EE	(2,653.34)	(3,063.55)	410.21	13.39%
374703 BENEFITS PAYABLE - DENTAL EE	319.49	85.02	234.47	275.78%
374704 BENEFITS PAYABLE - VISION EE	(103.20)	9.38	(112.58)	-1200.21%
374705 BENEFITS PAYABLE - LIFE EE	(1,725.91)	59.13	(1,785.04)	-3018.84%
374706 BENEFITS PAYABLE - FLEX SPENDING	4,690.57	1,221.13	3,469.44	284.12%
374707 BENEFITS PAYABLE - LTD EE A	406.83	17.21	389.62	2263.92%
374801 DEFERRED COMPENSATION PAY	1,399.26	1,275.96	123.30	9.66%
375001 ACCRUED PAYROLL	(117,049.74)	(96,645.97)	(20,403.77)	-21.11%
Expenditures				
900301 SALARIES - PERMANENT	3,416,095.82	3,390,480.06	25,615.76	0.76%
900302 SALARIES - COURT REPORTER	76,227.01	69,230.89	6,996.12	10.11%
900304 SALARIES - MEDIATORS/COUNSLERS	152,641.87	176,970.31	(24,328.44)	-13.75%
900306 SALARIES - COURT INTERPRETERS	135,217.78	150,743.43	(15,525.65)	-10.30%
900320 LUMP SUM PAYMENTS	52,789.05	212,246.95	(159,457.90)	-75.13%
900326 SHIFT DIFFERENTIAL	12,825.00	13,725.00	(900.00)	-6.56%
900350 FURLOUGH & SALARY REDUCTION	(111,601.11)	(247,252.14)	135,651.03	54.86%
900351 FURLOUGH CLOSURE (NON-JUD	108,847.96	262,270.13	(153,422.17)	-58.50%
* 900300 - SALARIES - PERMANENT	3,843,043.38	4,028,414.63	(185,371.25)	-4.60%
* 903300 - TEMP HELP	23,924.40	34,211.56	(10,287.16)	-30.07%
* 906300 - SALARIES - JUDICIAL OFFI	239,601.70	161,282.99	78,318.71	48.56%
* 908300 - OVERTIME	67,788.07	1,978.95	65,809.12	3325.46%
** SALARIES TOTAL	4,174,357.55	4,225,888.13	(51,530.58)	-1.22%
* 910300 - TAX	312,373.93	307,857.10	4,516.83	1.47%
* 910400 - HEALTH INSURANCE	568,215.66	605,256.09	(37,040.43)	-6.12%
* 910600 - RETIREMENT	526,462.68	554,917.14	(28,454.46)	-5.13%
* 912500 - WORKERS' COMPENSATION	111,997.00	111,574.00	423.00	0.38%
* 912700 - OTHER INSURANCE	10,513.14	39,115.41	(28,602.27)	-73.12%
913803 PAY ALLOWANCES	6,475.00	6,370.00	105.00	1.65%
* 913800 - OTHER BENEFITS	6,475.00	6,370.00	105.00	1.65%
** STAFF BENEFITS TOTAL	1,536,037.41	1,625,089.74	(89,052.33)	-5.48%
*** PERSONAL SERVICES TOTAL	5,710,394.96	5,850,977.87	(140,582.91)	-2.40%

We assessed the Court's budgetary controls by obtaining an understanding of how the Court's annual budget is approved and monitored. In regards to personnel services costs, we compared actual to budgeted expenditures, and performed a trend analysis of prior year personnel services costs to identify and determine the causes of significant cost increases.

We also evaluated the Court's payroll controls through interviews with Court employees, and review of payroll reports and reconciliation documents. For selected employees, we validated payroll expenditures to supporting documents, including payroll registers, timesheets, and personnel files to determine whether work and leave time were appropriately approved and pay was correctly calculated. In addition, we reviewed the Court's Personnel Manual and employee bargaining agreements to determine whether any differential pay, leave accruals, and various benefits were made in accordance with court policy and agreements.

There were minor issues associated with this area that are included in Appendix A to this report.

3. Fund Accounting

Background

Trial courts must account for their receipt and use of public funds using the fund accounting and reporting standards published by the Government Accounting Standards Board. To assist courts in meeting this objective, the FIN Manual provides guidelines for courts to follow. Specifically, the FIN Manual requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. The FIN Manual also defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. The Judicial Council Phoenix Financial System includes governmental, fiduciary, and proprietary funds to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Fund Balance				
535001 RESERVE FOR ENCUMBRANCES	(84,744.65)	(79,516.27)	(5,228.38)	-6.58%
552002 FUND BALANCE - COMMITTED	(79,516.27)	(48,000.00)	(31,516.27)	-65.66%
553001 FUND BALANCE - ASSIGNED	0.00	(156,135.66)	156,135.66	100.00%
554001 FUND BALANCE - UNASSIGNED	(15,364.78)	(260,528.15)	245,163.37	94.10%
615001 ENCUMBRANCES	84,744.65	79,516.27	5,228.38	6.58%
*** Fund Balances	(94,881.05)	(464,663.81)	369,782.76	79.58%
Revenue				
** 837000-IMPROVEMENT FUND - REIMBUR	(19,869.00)	(22,602.62)	2,733.62	12.09%
** 840000-COUNTY PROGRAM - RESTRICTED	(1,417.22)	(1,569.95)	152.73	9.73%
Expenditure				
939413 ATTORNEY FAMILY LAW	2,443.75	2,847.50	(403.75)	-14.18%
939420 SMALL CLAIMS ADVISORY SERVICE	8,400.00	8,400.00	0.00	0.00%
* 972200 - GRAND JURY COSTS	157.97	193.39	(35.42)	-18.32%
*** 701100 OPERATING TRANSFERS IN	(149,186.12)	(495,497.51)	346,311.39	69.89%
*** 701200 OPERATING TRANSFERS OUT	149,186.12	495,497.51	(346,311.39)	-69.89%

To determine whether the Court is properly accounting for its financial resources and expenditures in separate funds, we reviewed the trial balance of the Court's general fund and grant funds and certain financial transactions, if necessary.

There were no issues associated with this area to report to management.

4. Accounting Principles and Practices

Background

Trial courts must accurately account for use of public funds, and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts use these accounting guidelines and are required to prepare various financial reports and submit them to the Judicial Council, as well as preparing and disseminating internal reports for monitoring purposes.

Since migrating onto the Phoenix Financial System, courts receive, among other services, general ledger accounting, analysis, and reporting support services from the Judicial Council Trial Court Administrative Services (TCAS). Some of the benefits of the Phoenix Financial System are consistent application of FIN Manual accounting guidelines, and the ability to produce quarterly financial statements and other financial reports directly from the general ledger. Since the financial reporting capabilities are centralized with TCAS, our review of court financial statements is kept at a high level.

Courts may also receive various federal and state grants either directly or passed through to it from the Judicial Council. Restrictions on the use of these grant funds and other requirements may be found in the grant agreements. The grants courts receive are typically reimbursement-type grants that require them to document and report costs to receive payment. Courts must separately account for the financing sources and expenditures associated with each grant. As a part of the annual Single Audit the State Auditor conducts for the State of California, the Judicial Council requests courts to list and report any federal grant awards they received.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Assets				
130001 A/R-ACCRUED REVENUE	496.02	263.83	232.19	88.01%
131204 A/R - DUE FROM JUDICIAL COUNCIL	190,418.15	121,314.08	69,104.07	56.96%
131602 A/R - DUE FROM EMPLOYEE FOR PAYROL	3,442.54	0.00	3,442.54	100.00%
140011 OPERATIONS - DUE FROM TRUST	6.73	39.71	(32.98)	-83.05%
140014 GENERAL- DUE FROM SPECIAL	186,354.64	79,969.00	106,385.64	133.03%
140016 OPERATIONS - DUE FROM AGENCY	28,143.54	60,307.62	(32,164.08)	-53.33%
150001 A/R - DUE FROM OTHER GOVERNMENT	70,832.31	30,055.51	40,776.80	135.67%
152000 A/R-DUE FROM STATE	353,750.32	223,015.93	130,734.39	58.62%
** Receivables	833,444.25	514,965.68	318,478.57	61.84%
Revenues				
** 812100-TCTF - PGM10 OPERATIONS	(6,608,911.92)	(6,377,435.29)	(231,476.63)	-3.63%
** 816000-OTHER STATE RECEIPTS	(45,117.00)	(45,117.00)	0.00	0.00%
** 821000-LOCAL FEES REVENUE	(274,735.71)	(363,848.38)	89,112.67	24.49%
** 821200-ENHANCED COLLECTIONS - REV	(326,543.40)	(418,045.15)	91,501.75	21.89%
** 822000-LOCAL NON-FEES REVENUE	(1,324.84)	(516.00)	(808.84)	-156.75%
** 823000-OTHER - REVENUE	(200,493.88)	(260,951.98)	60,458.10	23.17%
** 825000-INTEREST INCOME	(1,971.74)	(1,855.99)	(115.75)	-6.24%
** 831000-GENERAL FUND - MOU/REMBUR	(236,271.50)	(295,885.69)	59,614.19	20.15%
** 832000-PROGRAM 45.10 - MOU/REMBU	(798,983.53)	(803,982.18)	4,998.65	0.62%
** 838000-AOC GRANTS - REIMBURSEMENT	(445,108.05)	(386,476.34)	(58,631.71)	-15.17%
** 860000-REIMBURSEMENTS - OTHER	(1,635.46)	(5,450.06)	3,814.60	69.99%

We compared the general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. We also assessed the Court’s procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2014–2015 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

The following issue is associated with this section and considered significant enough to bring to management’s attention. Additional minor issues are included in Appendix A to this report.

4.1 The Court Needs to Better Account For and Report Its Financial Transactions

Background

Internal and external users of court financial information depend on reliable court financial data and reports to obtain the information they need to evaluate court finances. Accordingly, the FIN Manual, Policy No. FIN 5.01, establishes uniform guidelines and accounting principles for courts to follow when gathering, summarizing, and reporting accounting information associated with the fiscal operations of each court. This policy requires courts to comply with the basic principles of accounting and financial reporting that apply to government units.

Specifically, FIN 5.01, 3.0, requires trial courts to execute and account for financial transactions in conformity with generally accepted accounting principles (GAAP) and legal requirements. As a government entity, a court must maintain both fiscal and operational accountability over the funds it is responsible for overseeing. The users of court financial information, whether they are internal or external to the court, depend upon reliable financial data and reports issued by the court to obtain the information they need to evaluate the court's finances. Conformance to GAAP

assures uniformity in financial reporting and provides a reasonable degree of comparability between trial court and state financial reports.

FIN 5.01 identifies various accounting principles on financial resources recognition, expenditure recognition, inter-fund transfers, encumbrances, financial reporting, and year-end procedures. For example, FIN 5.01, 6.3, regarding financial resources recognition, provides guidelines and examples for recording funds received as revenues, reimbursements, or abatements. Specifically, since the trial court derives most of its revenues from state funding and local fees, revenues can be accurately measured and expected to be available within a reasonable amount of time to pay for current liabilities. Therefore, courts must recognize revenues during the current fiscal year when they become both measurable and available to finance expenditures of the current period. Whereas funding received for services provided to other entities are recorded as reimbursements; and refunds, rebates, certain employee payments, and other limited situations are recorded as abatements that reduce the original expenditure general ledger account.

In addition, FIN 5.01, 6.4, regarding expenditure recognition, requires courts to recognize expenditures in the fiscal year during which goods are received or services are rendered. Courts may use the cash basis of recognizing expenditures throughout the year and must accrue appropriate amounts at fiscal year-end. If material expenditures are excluded from the financial records, it is preferred that courts recognize expenditure accruals on a quarterly basis. Each fiscal year should bear its fair share of on-going expenditures.

FIN 5.01, 6.8, provides year-end procedures for courts to account for revenues not yet received or expenditures not yet paid as of the last day of the fiscal year (June 30). During year-end closing, courts must review all revenue accounts, including entitlements and local revenues, and accrue revenues not received but which are both measurable and available. With respect to expenditure and related liability accruals, courts must accrue for goods received or services rendered but not paid as of June 30. The Judicial Council provides additional instructions each year to assist courts with the year-end closing process.

FIN 5.01, 6.7.2, requires courts to prepare and submit external financial reports, including *State Comprehensive Annual Financial Report (CAFR)* information and *Quarterly Financial Statements*. The CAFR information is a compilation of worksheets that are annually submitted to the State Controller's Office (SCO) once the financial statements for each court are complete. The CAFR includes some GAAP adjustments that are not stated in the court's financial statements. Each year the Judicial Council issues detailed instructions to courts for the preparation and submission of CAFR information.

Issues

To determine whether the Court properly classified, recorded, and reported its financial transactions, we reviewed its fiscal year 2014-15 financial statements, general ledger (G/L) account balances, and its accounting treatment of a limited number of financial transactions selected for review during the audit. Our review determined that the Court does not always properly account for and report its financial transactions. Specifically, we noted the following:

1. Our review of the Court's FY 2014-15 financial statements (CAFR) revealed that it was not always appropriate or complete. For example, we attempted to vouch certain amounts reported in the Court's June 30, 2015, CAFR to the Court's general ledger (G/L) to determine the basis for the reported information and noted the following:
 - a. Although the Court recorded lease expenditures totaling \$49,259 in G/L accounts #922702 and #922705 for FY 2014-15, it did not report these lease expenditures in the FY 2014-15 CAFR Schedule 2 - Minimum Lease Commitments.
 - b. The Court also overstated its reported future lease commitments by \$18,873. Specifically, the Court reported that its future FY 2015-16 lease commitments total \$47,000; however, it entered into the associated 60 month copier lease agreement in February 2011, meaning that the associated lease commitment expires in February 2016, or 9 months into FY 2015-16. As a result, using the FY 2014-15 total copier lease expenditures, we estimate the FY 2015-16 lease commitment to be \$28,127, which is \$18,873 less than the Court reported \$47,000.
 - c. Furthermore, The Court reported the future lease commitments as an operating lease. However, the lease term of 60 months constitutes more than 80% of the 72 months useful life the IRS indicates for photocopiers. Thus, the Court's photocopier lease qualifies as a capital lease according to Financial Accounting Standards.
 - d. Additionally, The Court did not provide a fixed asset inventory listing to support the total value of its fixed assets and the fixed asset disposals it reported in its FY 2014-15 CAFR. As a result, we could not verify the fixed asset amounts the Court reported in its FY 2014-15 year-end financial reports.
 - e. Lastly, the Court reported in the FY 2014-15 CAFR Minimum Lease Commitments and Long Term Obligations for Compensated Absences Payable in thousands of dollars instead of in whole dollars. However, neither the reporting template nor the CAFR instructions dictate that courts report these amounts in thousands of dollars. As a result, the Court under-reported these commitments and obligations in its FY 2014-15 year-end CAFR reports.
2. The Court's accounting treatment for its financial transactions was also not always in conformity with GAAP or complete. Our review of selected transactions revealed the following:
 - a. According to accounts receivable invoices, the Court billed the county for qualifying Collaborate Court program expenditures totaling \$200,022 in FY 2014-15. However, the Court has not memorialized, such as in an MOU, its Collaborative Court reimbursement program with the Kings County Department of Behavioral Health. Further, the Court recorded these reimbursements as miscellaneous revenue instead of as non-JCC grant revenue and did not account for these qualifying program expenditures and corresponding revenues in a grant fund.

- b. The Court also had several G/L accounts with abnormal balances in its FY 2014-15 year-end financial statements. For example, the Court's pooled cash accounts in a General Fund and a Trust Fund had negative cash balances of \$811,459 and \$122,338, respectively. Furthermore, five payroll-related liability accounts in a General Fund had abnormal debit balances at year end because actual payments exceeded the estimated liability and the differences were not debited to corresponding expense accounts. For example, the Benefits Payable-Flex G/L account had an abnormal ending debit balance of \$4,690 and the Deferred Compensation G/L account had an abnormal ending debit balance of \$1,399. Lastly, two expense G/L accounts had abnormal credit balances at year end. One expense account had a FY 2011-12 \$387 reimbursement recorded in the expense account instead of in a prior year revenue adjustment account, while the second expense account had an abnormal credit balance of \$56 because the prior year-end accrual reversal exceeded the expenditures eventually recorded to the expense account in the current year and the resulting variance was not cleared to a prior year expenditure adjustment account.

Recommendations

To ensure it properly classifies, records, and reports its financial transactions, the Court should consider the following:

1. Implement accounting procedures that ensure all reported amounts in the CAFR are supported by appropriate source documents, such as supplementary accounting schedules or analyses that support the reported amounts.
2. Enter into an MOU with the County that is consistent with the Judicial Branch Contracting Manual and that clearly states the purpose for which grant funds may be used, such as what costs are allowable and unallowable for this grant. In addition, ensure that the associated transactions are recorded in the appropriate grant fund and G/L accounts within the accounting system.

Further, at fiscal year end, the Court should review and correct or adjust when appropriate G/L accounts with abnormal balances.

Superior Court Response By: Sandy Salyer, Finance Director Date: March 15, 2016

- 1
 - a. Agreed. This was an oversight and not reviewed or corrected by staff in the Phoenix Group.
 - b. Agreed. This was an error.
 - c. Agreed. This was not known or understood by the Court, but will be taken into future consideration.
 - d. Agreed. The Court has not maintained a current list of fixed assets. The Court will develop a list now that it is in the new court building.
 - e. Agreed. In prior years the compensated and long-term obligations were reported in thousands of dollars. The Court did not recognize that there was a change in the reporting template. So noted for future fiscal years.
- 2
 - a. Agreed. The Court is waiting on the county to provide an MOU. The Court was instructed by the JC to deposit these funds as miscellaneous revenue. They are not paid to the Court

from a grant, but an “informal” agreement between the Court and Behavioral Health.
b. The Court will work with the SAP GL lead to make sure all GL accounts and funds are reconciled at year end.

Date of Corrective Action: June 30, 2016

Responsible Person(s): Sandy Salyer, Director of Finance

5. Cash Collections

Background

Trial courts must collect and process payments in a manner that protects the integrity of the court and its employees and promotes public confidence. Thus, trial courts should institute internal control procedures that assure the safe and secure collection, and accurate accounting of all payments. The FIN Manual provides uniform guidelines for courts to use when collecting, processing, accounting, and reporting payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Cash Accounts				
10000 POOLED CASH	117,436.32	464,432.80	(346,996.48)	-74.71%
100025 DISB CHECK-OPERATIONS	(72,676.70)	(277,366.01)	204,689.31	73.80%
100027 DISB OUTGOINGEFT	(6,676.84)	0.00	(6,676.84)	-100.00%
113000 CASH - JURY FUND	20,000.00	20,000.00	0.00	0.00%
114000 CASH - REVOLVING	10,000.00	10,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUND	2,750.00	2,750.00	0.00	0.00%
120001 CASH WITH COUNTY	65,068.50	75,356.93	(10,288.43)	-13.65%
Overages				
823004 CASHIER OVERAGES	(246.51)	(491.73)	245.22	49.87%

We visited selected court locations with cash handling responsibilities and assessed various cash handling processes and practices through observations and interviews with Court managers and staff. Specific processes and practices reviewed include the following:

- Beginning-of-day opening.
- End-of-day closeout, balancing, and reconciliation.
- Bank deposit preparation.
- Segregation of cash handling duties.
- Access to safe, keys, and other court assets.
- Physical and logical security of cashiering areas and information systems.

We also reviewed selected monetary and non-monetary transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed controls over manual receipts to determine whether adequate physical controls existed, periodic oversight was performed, and other requisite control procedures were followed.

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are identified, monitored, and promptly referred to its collections agency, and that collections received are promptly and accurately recorded and reconciled to the associated case.

The following issues are associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

5.1 The Court Needs to Strengthen Some of Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and to promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This policy requires courts to institute procedures and internal controls that assure the safe, secure collection, and accurate accounting of all payments. For example, FIN 10.02, 6.1.1, states that the preferred method for securing change funds, unprocessed payments, or other valuable documents is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer. FIN 10.02, 6.3.2, states that at the beginning of each day, cashiers receive a nominal amount of money to enable them to return change on cash transactions. The policy indicates that courts should require cashiers to secure these funds in individually locked drawers or bags. Cashiers must verify the receipt of their beginning cash funds with their supervisor, and evidence this verification in a log signed by the cashier and supervisor for each such receipt. Any beginning cash discrepancies must be resolved before the cashier starts his or her daily cash collection duties.

Also, FIN 10.02, 6.3.9, states that in case the automated accounting system fails, the supervisor or designated employee will issue books of pre-numbered receipts and the cashier will issue customers a handwritten receipt. The supervisor issuing the receipt books will monitor and maintain an accounting of the receipt books, including the receipt books issued and to whom, the date issued, the person returning the receipt book(s), the receipts used within each book, and the date the receipt books are returned. Handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

In addition, FIN 10.02, 6.3.10, states that at the end of the workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until the daily balancing and closeout processes are complete. Balancing and closeout include completing and signing the daily report, attaching a calculator tape for checks, returning the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

Further, FIN 10.02, 6.3.12, requires trial court supervisors, managers, or fiscal officers who do not have direct responsibility for processing payments to conduct periodic surprise cash counts on all trial court staff that handle payments in the normal course of their duties. The purpose of the surprise cash counts is to assure that payment processing errors and irregularities do not go undetected. The frequency of the surprise cash counts will depend on a number of factors including, the size of the court, the amount of currency processed, the number of checks and money orders processed, the overages and shortages at a particular court location, and the experience of the court staff involved. These surprise cash counts should be conducted at least quarterly and as frequently as monthly.

Also, FIN Manual, Policy No. FIN 1.03, 3.3.3(6), states the following regarding appropriate segregation of duties:

An organization plan should be established that provides for an appropriate segregation of duties that safeguards trial court assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction.

Also, work must be assigned to court employees so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties. If segregation of duties cannot be achieved due to staffing limitations, the court must apply alternate control methods to mitigate the risks. Work processes should be carefully reviewed to determine the critical points where segregation of duties must be implemented, considering the staff resources that are available.

As an example, if one individual handles all phases of the cash process (i.e., collecting cash, preparing bank deposits and updating the case files), then another employee should be made responsible for depositing the cash in the bank. Additional review and reconciliation of the case files by supervisors or higher levels of management might also be performed on a routine basis.

Finally, the FIN Manual, Policy No. FIN 1.01, 6.4 (4), requires courts to document and obtain Judicial Council staff approval of their alternative procedures if court procedures differ from the procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the Judicial Council staff will not be considered valid for audit purposes.

Issues

Our review of the Court's cash handling practices and associated records found that the Court needs to strengthen its procedures in the following areas:

1. Beginning of Day Processing – At all four cash collection locations reviewed, the cashiers did not count their beginning cash in the presence of the senior clerk or a supervisor. Specifically, at one location the senior clerk or supervisor issued the cashiers their cash bags without requiring the cashiers to count and verify that the beginning cash in their bags was correct. At another location, cashiers retrieve their cash bags, without supervisory oversight or verification, from their assigned drawer lockers in which they stored their cash bags at the end of the previous day. At the two outlying locations, this lack of beginning cash verification occurs partly because there is no onsite supervisor.

In addition, all the cash collection locations do not use a cash verification log to record the verification by the cashier and a senior clerk or supervisor of the amount of cash in the bag when the cash bags are distributed at opening and returned at closing.

Further, at one cash collection location, the Court allows cashiers to share a cash drawer. This practice is inconsistent with the FIN Manual and also makes it difficult, if not impossible, to hold any one cashier accountable for any end-of-day cash discrepancies.

2. **Handwritten Receipts** – At all four cash collection locations reviewed, each cashier is assigned custody of a handwritten receipt book instead of the supervisor retaining custody and control of the handwritten receipt books until needed. Although the Court implemented alternate procedures that assign responsibility for specific handwritten receipt books to each individual cashier, it did not request and obtain approval from the Judicial Council prior to implementing its alternate procedures.

As a result, the cash collection locations do not maintain a handwritten receipt book log to capture when the supervisor issued books to cashiers, what receipt numbers the cashiers used, and when the cashiers returned the books to the supervisor. In addition, at one cash collection location, we found a handwritten receipt book that has not been used since January 2010, but is still retained in the bank bag containing no money. Further, at another cash collection location, we found a handwritten receipt book with two missing receipts. The manual receipts before and after these two missing receipts are both dated in April 2015; however, the Court could not explain why the two receipts were missing.

3. **End of Day Processing** – At the two outlying cash collection locations, because there is no onsite supervisor, a supervisor does not verify the cashiers' end-of-day collections as required by the FIN Manual. Instead, the cashiers working at each outlying location verify each other's daily collections to the CMS end-of-day reports.
4. **Surprise Cash Counts** – At all cash collection locations that receive payments on a daily basis, the Court did not conduct the required surprise cash counts at least quarterly for court staff that handle payments in the normal course of their duties. Specifically, prior to the surprise cash count in June 2015, the Court performed surprise cash counts several months apart in January 2014 and August 2013.
5. **Segregation of Duties** – The Court does not have sufficient staff to ensure appropriate segregation of cash handling duties at two outlying cash collection locations. As a result, the cashiers who work at these locations exercise incompatible cash handling duties. For example, the same cashiers enter and approve void transactions in the CMS; the same cashier who opens the mail also processes those mail payments into the CMS; cashiers receive and process customer payments in the CMS, verify these collections to the end-of-day CMS closeout and balancing reports, and prepare and verify the daily bank deposit without sufficient supervisory oversight.

Recommendations

To ensure the safe and secure collection and accurate accounting of all payments, the Court should consider enhancing its cash handling procedures as follows:

1. Require each cashier to count and verify their beginning cash in the presence of a senior or supervisor before starting daily cash collection activities. Also, require the cashiers and the senior clerk or supervisor to sign a cash verification log to acknowledge that they counted and verified as complete the beginning cash issued to and received by the respective cashiers.

2. Require supervisors or designated employees to retain, secure, and control the books of pre-numbered handwritten receipts and issue them to cashiers to use when the system is not available for payment processing. Supervisors should monitor and maintain a log of the receipt books, including the receipt books issued and to whom, the date issued, the person returning the receipt book(s), the receipts used within each book, and the date the receipt books are returned.

If the Court intends to continue with its current practice of assigning physical custody of the handwritten receipt books to each cashier, it should prepare an alternative procedure request and submit it to the Judicial Council Finance staff for approval. These alternate procedures should include the steps the Court plans to implement for ensuring the appropriate use and accountability of the handwritten receipts assigned to each cashier.

3. Require a supervisor assigned to each cash collection location to participate in completing the daily closeout process before employees leave for the day. This includes the employee completing and signing the daily report, attaching a calculator tape for checks, returning the daily report with the money collected to the supervisor, and verifying the daily report with the supervisor.
4. Ensure it conducts and documents the required surprise cash counts at each cash collection location on at least a quarterly basis.
5. Ensure that the work at each cash collection location is sufficiently segregated and assigned to court employees so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties. When segregation of duties cannot be achieved due to staffing limitations, Court management should document the alternate control methods and procedures it applies to mitigate the associated risks.
6. Prepare alternative procedure requests and submit them to the JCC Finance staff for approval if the Court cannot implement the FIN Manual procedures and process payments as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: Sandy Salyer, Finance Director Date: March 15, 2016

1. Beginning of Day Processing – Agree. Cashiers count their cash at the end of each day; this is verified by the supervising personnel. When they open their till each morning this same dollar amount is entered as their starting cash. Any variance would indicate that they are out of balance. The CMS is such that they must start and end with the same amount each day to be in balance. It was felt that the new CMS system could replace the necessity of keeping a manual log. However, the court has started using a “manual” log as well.

With the move to the new court we have sufficient window coverage and clerks work from their own cash drawer as assigned on a rotating basis.

2. Handwritten Receipts – Agree. The current procedure being followed was written under the guidance of the JC Audit division after the audit in 2008. The Finance Division and not the local supervisors (in some locations there was not a supervisor on site) maintains the log of receipt books issued and audits them during their regular audits and when they are returned. The Finance Division will amend their current policy to adhere to the FIN. This will be done after relocating to the new facility.

As for the missing receipts, this was investigated and found to be a training issue. Corrective measures were taken.

3. End of Day Processing – Agree. With the closure of the outlying courts this is no longer an issue.
4. Surprise Cash Counts – Agree. Every fiscal year, except FY 14-15 quarterly audits were performed and documentation is available. However, with the reduced staffing in Finance, furlough days and the extra workload due the new CMS we were not able to conduct the quarterly audits in FY 14-15. This issue has been corrected. The Court already has established procedure in place and is now following it.
5. Segregation of Duties – Agree. The court did not have sufficient staff to always abide by the FIN manual. This was an area out of our control due to the declining budget. However, with the closure of the outlying courts and centralized services this is no longer an issue.

Date of Corrective Action: February 2016

Responsible Person(s): Sandy Salyer, Director of Finance

5.2 The Court Is Not Performing Some Reconciliations and Is Not Recognizing Some Miscellaneous Revenues

Background

The FIN Manual requires courts to implement procedures and controls to manage and safeguard court funds. For example, Policy No. FIN 13.01, paragraph 6.6, of the FIN Manual requires courts to reconcile all bank accounts at least monthly, and more frequently if required, to maintain adequate control over trial court funds. This would involve a complete reconciliation between the bank account, fiscal system, and the case management system, which is the detailed sub-ledger system for trust account activity.

Also, Policy No. FIN 10.02, paragraph 6.3.11, states cash overages will be credited to a specific “Cash Overages” general ledger liability account, at the time of receipt. Further, when any amount paid exceeds the amount due for any account/case, and such excess does not exceed ten dollars, the court may immediately deposit the excess or overage to the overage revenue account.

Issues

In October 2014 the Court transitioned from the county’s case management system to its new Odyssey case management system (CMS). Since that time, the Court has been working with the

CMS vendor to learn about the features available with this new CMS and to correct issues identified during the implementation process. Due to this transition to a new CMS, the Court has not been able to perform some tasks that it previously performed when it was using the county case management system. Specifically, we noted the following during our audit:

1. The Court has not reconciled its daily deposits to the county treasury deposit records since October 2014. According to the Court, its implementation of a new CMS has resulted in it needing to devote a significant amount of time to learn a new CMS system. Therefore, it has not had the time needed to reconcile its daily deposits to the county deposit records even though it has the information on hand that it needs to perform this reconciliation. Specifically, Court fiscal staff receive from each cash collection location the “Deposit Permits” that report the amounts each cash collection location deposited with the county treasury. Fiscal staff could enter and track all the deposit permits in a spreadsheet, and compare this deposit information against the county general ledger account deposit activity to verify that the county treasurer’s office received and accurately recorded each deposit.
2. Also, due to insufficient information in the internet processing system reports, the Court is currently not able to reconcile the internet payments recorded in the CMS to the associated internet processing system payments. Specifically, Court fiscal staff obtain from the new CMS an internet payments report and also receive from the internet processing system vendor a report of internet payments received. However, the internet processing system payments report does not include a common unique identifier, such as case number, that the Court can use to verify against the new CMS internet payments report. As a result, the Court is unable to easily reconcile the two internet payments reports.
3. Further, according to the Court, because it is currently in the process of learning how to use its new CMS, it also does not currently recognize and record in the general ledger accounts any overages and shortages that may result from its balancing of daily collections with the new CMS. In addition, although the Court was able to provide a new CMS report that indicates it received overpayments of less than \$10 each, because the Court is in the process of learning how to use its new CMS, the Court has not recognized these overpayments as revenue since the Court implemented its new CMS in October 2014.

Recommendations

To ensure it adequately manages, safeguards, and accounts for court funds, the Court should consider the following:

1. Implement a manual process to reconcile its daily deposits to the county treasury deposits until its new CMS is able to provide a complete and accurate summary report of daily deposits that it can use to reconcile to the county treasury deposits.
2. Seek assistance from the internet processing system vendor to develop a report that includes the information Court fiscal staff need, such as case number information, to reconcile the internet processing system payments report to the new CMS internet payments report. The Court should then develop and implement a process to reconcile the internet processing system payments to the new CMS internet payments and associated bank account deposits.

3. Implement a process to record daily overages and shortages in the accounting system, and overpayments of less than \$10 as revenue.

Superior Court Response By: Sandy Salyer, Finance Director Date: March 15, 2016

1. Agreed. Effective March 2016 Tyler was able to assist the court with the month end process that will facilitate the balancing of daily deposits to the county treasury deposits.
2. Agreed. As of January 2016, the Court now receives a Chase report with the case number identifier. This new report can be reconciled with the CMS.
3. Agreed. Effective March 2016 Tyler was able to assist the court with the month end process that will facilitate the balancing of all general ledger accounts for proper identification of local revenue.

Date of Corrective Action: March 2016

Responsible Person(s): Sandy Salyer, Director of Finance

6. Information Systems

Background

Courts make wide use of information technology (IT) to support their court operations. For example, courts use IT services to operate and maintain automated case management systems, cashiering systems, and local area networks. Because these information systems are integral to daily court operations, courts must maintain and protect these systems from interruptions and must have plans for system recovery from an unexpected system failure. Additionally, because courts maintain sensitive and confidential information in these systems, courts must also take steps to control and prevent unauthorized access to these systems and the information included in them.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
943202 IT MAINTENANCE - HARDWARE	8,506.62	7,669.64	836.98	10.91%
943203 IT MAINTENANCE - SOFTWARE	27,750.35	38,347.28	(10,596.93)	-27.63%
* 943200 - IT MAINTENANCE	36,256.97	46,016.92	(9,759.95)	-21.21%
* 943300 - IT COMMERCIAL CONTRACTS	33,899.00	75,505.25	(41,606.25)	-55.10%
943501 IT REPAIRS & SUPPLIES	697.14	5,450.07	(4,752.93)	-87.21%
943502 IT SOFTWARE & LICENSING FEES	6,497.38	4,211.18	2,286.20	54.29%
943503 COMPUTER SOFTWARE	360.95	-	360.95	100.00%
* 943500 - IT REPAIRS/SUPPLIES/LICENSE	7,555.47	9,661.25	(2,105.78)	-21.80%
** INFORMATION TECHNOLOGY (IT) TOTAL	77,711.44	131,183.42	(53,471.98)	-40.76%
946601 MAJOR EQUIPMENT - IT	8,926.54	-	8,926.54	100.00%

We reviewed various information system (IS) controls through interviews with Court management, observation of IS facilities and equipment, and review of records. Some of the primary areas reviewed include the following:

- Systems backup and data storage procedures.
- Recovery and continuity plans and procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the environmental conditions of the computer rooms.
- Access controls to the Department of Motor Vehicles (DMV) database records.
- Automated distribution calculations of collected fines, penalties, fees, and assessments for selected criminal and traffic violations.

The following issue is associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

6.1 The Court Should Distribute Its Collections More Consistent with Statutes and Guidelines

Background

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 *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C* (SCO Appendix C) and the Judicial Council *Uniform Bail and Penalty Schedule* (UB&PS) to calculate and distribute these court collections to the appropriate State and local funds. Courts use either an automated system, manual process, or a combination of both to perform the often complex calculations and distributions required by law.

Issues

Our review of the Court's process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses Odyssey as its case management system (CMS) for all case types. Odyssey has the fiscal capability to automatically calculate the required distributions of the monies the Court collects using Court-configured financial code tables. The Court uses the receipt journal in Odyssey to report the TC-145 revenue to the State and TC-31 revenue to the county.

To determine whether the Court distributed its collections in accordance with applicable statutes and guidelines, we reviewed the Court's distributions of selected case collections from January 1, 2015, to June 30, 2015. We focused our review on high-volume cases, such as Speeding and Red Light violations, and on cases with violations involving complex or special distributions, such as Driving Under-the-Influence (DUI) and cases disposed with traffic school. We also reviewed the most recent SCO revenue audit issued in January 1, 2015, regarding the distribution of Court collections, to identify any revenue calculation or distribution issues needing special attention.

Our review of the Court calculations and distributions of collections noted the following calculation and distribution exceptions:

1. For the DUI, Speeding Bail Forfeiture, and Speeding Traffic School cases reviewed, the arrest was made by either the sheriff or the CHP outside of city limits. However, the Court entered these arrest as a city arrests instead of as county arrests. As a result, the Court distributed collections to the city that it should have distributed to the county. The Court indicates it is aware of the issue and will manually correct the distributions for the affected cases.
2. For the DUI case reviewed, the Court also could not provide a Board of Supervisors resolution to support its imposition of the PC 1463.14(b) \$50 Additional Penalty for Alcohol Content Laboratory Testing.
3. For the Railroad Bail Forfeiture case reviewed, the Court did not calculate the PC 1463.12 30 percent Railroad allocation from the base fine and applicable penalty assessments. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.

4. For the Railroad Traffic School case reviewed, the Court did not calculate the VC 42007.4 30 percent Railroad allocation from the base fine and applicable penalty assessment components of the Traffic Violator School fee (TVS fee). In addition, the Court incorrectly transferred the GC 68090.8 2 percent State Automation amount from the base fine and penalties that are converted to a TVS fee on cases disposed with traffic school. The Court indicates its CMS contractor will need to correct these distributions in the new CMS.
5. For this same Railroad Traffic School case, the Court also did not impose and collect the \$49 Traffic School Fee that is distributed to the county and to the State ICNA.
6. For the Red Light Bail Forfeiture case reviewed, the Court did not calculate the PC 1463.11 30 percent Red Light allocation from the base fine and applicable penalties. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.
7. For the Red Light, the Speeding, and the Child Seat Traffic School cases reviewed, the Court assessed the incorrect VC 11208(c) Additional DMV Traffic School Administrative fee. Specifically, the Court assessed a \$5 Administrative fee, but the California Code of Regulations, Title 13, Section 345.00(g), prescribes a \$3 fee. According to the Court, the \$5 DMV Traffic School Administrative fee was corrected to \$3 on October 19, 2015.

This error occurred because the Court misapplied a \$2 increase to the VC 11208(c) Additional DMV Traffic School Administrative fee that was intended for the VC 11205.2(c) Additional Traffic School Admin fee. However, the Court could not provide an actual cost analysis to support its Additional Traffic School Administrative fee for its traffic assistance program nonprofit, nor its increase from \$15 to \$17.

8. For the Child Seat Traffic School case reviewed, the Court did not transfer the GC 68090.8 2 percent State Automation amount from the VC 27360.6(c) Loaner Program penalty. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.
9. For the Fish and Game case reviewed, the Court incorrectly assessed the FG 12021 \$15 Secret Witness Penalty even though the defendant provided the Court with proof of a valid license at the time of the citation. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.
10. For the DUI case reviewed, we found that the Court's new CMS allowed the assignment of duplicate case numbers to two unrelated cases. The Court indicated it was aware of this problem, but as of mid-October 2015 has not indicated whether it has informed the CMS vendor that its new CMS is inappropriately assigning duplicate case numbers to unrelated cases.

Recommendations

To ensure its calculation and distribution of fines, penalties, fees, and other assessments are consistent with applicable statutes and guidelines, the Court should consider the following:

1. Provide additional training to court staff entering case information in the CMS to clarify that arrests by the Sheriff and the CHP outside of city limits are county arrests. Also, correct the distributions for those cases entered in the CMS as city arrests but that should have been entered as Sheriff or CHP county arrests.
2. Obtain a copy of the Board of Supervisors resolution to support its imposition of the PC 1463.14(b) Additional Penalty for Alcohol Content Laboratory Testing.
3. Update the CMS distribution tables in railroad bail forfeiture cases to calculate the PC 1463.12 30 percent Railroad Allocation distribution.
4. Update the CMS distribution table in railroad traffic school cases to calculate the VC 42007.4 30 percent Railroad Allocation distribution. In addition, update this distribution table to exclude the GC 68090.8 2 percent State Automation transfer from the base fine and penalties that are converted to a TVS fee on cases disposed with traffic school (except Child Seat Traffic School cases.)
5. Update the CMS distribution table in rail road traffic school cases to include the \$49 Traffic School Fee that is distributed to the county and the State ICNA.
6. Update the CMS distribution table in red light bail forfeiture cases to calculate the 30 percent red light allocation from the base fine and applicable penalty assessments.
7. Approve and regulate the cost of services provided by the traffic assistance program nonprofit. This includes obtaining and reviewing an actual cost analysis from the traffic assistance program nonprofit, and approving the cost of services and the costs supporting an increase in its Additional Traffic School Administrative fee from \$15 to \$17.
8. Update the CMS distribution table for child seat traffic school cases to calculate the GC 68090.8 2 percent State Automation transfer from the VC 27360.6(c) Loaner Program penalty.
9. Update the CMS distribution table in applicable fish and game cases to not assess the State \$15 FG 12021 Secret Witness penalty for cases in which the defendant was initially cited for fishing without a license, but the defendant later provided proof to the Court of having a valid fishing license at the time of the citation.
10. Ensure the CMS vendor implements corrective action to prevent the CMS from assigning duplicate case numbers for unrelated cases.

Superior Court Response By: Cheryl Pender, Fiscal Specialist Date: March 15, 2016

1. Agreed. Programming in Odyssey was made in January 2016 to assist the staff in entering the correct jurisdiction.
2. Agreed. The court is still trying to locate the BOS resolution from the county.

3. Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.
4. Agreed. Tyler completed the programming to correct this in October 2015.
5. Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.
6. Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.
7. Agreed. Tyler completed the programming to correct this in October 2015, and in the future the court will seek a cost analysis from CTSI to justify an increase in the fee.
8. Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.
9. Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.
10. Agreed. During the beginning implementation of Odyssey it was discovered that case numbers were being assigned both manually and using the automatic numbering system which resulted in duplicate numbers. This was a training issue and was addressed early in June 2015.

Date of Corrective Action: June 30, 2016, for remaining unresolved items.

Responsible Person(s): Cheryl Pender, Fiscal Specialist

7. Banking and Treasury

Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under court control. The FIN Manual, Policy No. FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located, including interest income on funds deposited in the Judicial Council established bank accounts. Courts typically deposit in Judicial Council established accounts allocations for court operations, civil filing fees, and civil trust deposits. Courts may also deposit monies with the county, including collections for criminal and traffic fines and fees, and bail trust deposits.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Assets				
10000 POOLED CASH	117,436.32	464,432.80	(346,996.48)	-74.71%
100025 DISB CHECK-OPERATIONS	(72,676.70)	(277,366.01)	204,689.31	73.80%
100027 DISB OUTGOINGEFT	(6,676.84)	0.00	(6,676.84)	-100.00%
113000 CASH - JURY FUND	20,000.00	20,000.00	0.00	0.00%
114000 CASH - REVOLVING	10,000.00	10,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUND	2,750.00	2,750.00	0.00	0.00%
120001 CASH WITH COUNTY	65,068.50	75,356.93	(10,288.43)	-13.65%
120050 SHORT TERM INVESTMENTS-LAIF	881,463.87	211,382.52	670,081.35	317.00%
120051 SHORT TERM INVESTMENTS-CAPITAL	515,400.43	428,343.77	87,056.66	20.32%
*** Cash and Cash Equivalents	1,532,765.58	934,900.01	597,865.57	63.95%
Accounts Payable				
314014 SPECIAL REVENUE-DUE TO GENERAL	(186,354.64)	(79,969.00)	(106,385.64)	-133.03%
314016 AGENCY TRUST - DUE TO OPERATIONS	(28,143.54)	(60,307.62)	32,164.08	53.33%
321501 A/P DUE TO STATE	(5,957.69)	(29,733.84)	23,776.15	79.96%
321600 A/P - TC145 LIABILITY	(211,044.59)	(197,113.17)	(13,931.42)	-7.07%
322001 A/P - DUE TO OTHER GOVERNMENTS	(346,524.34)	(197,205.83)	(149,318.51)	-75.72%
323010 TREASURY INTEREST PAYABLE	(11.36)	(2.82)	(8.54)	-302.84%
*** Accounts Payable	(778,036.16)	(564,332.28)	(115.75)	63.95%
Current Liabilities				
341001 REVENUE COLLECTED IN ADVANCE	(995,025.00)	(190,000.00)	(805,025.00)	-423.70%
351003 LIABILITIES FOR DEPOSITS	(11,712.56)	(118.12)	(11,594.44)	-9815.81%
353002 CIVIL TRUST - CONDEMNATION	(491.72)	(491.72)	0.00	0.00%
353003 CIVIL TRUST - OTHER (RPRTR)	(91,079.77)	(69,754.90)	(21,324.87)	-30.57%
353004 JURY FEES - NON-INTEREST BEARING	(3,262.40)	(4,096.64)	834.24	20.36%
353080 LIABILITIES FOR DEPOSITS	(489.56)	(489.56)	0.00	0.00%
353090 FUNDS HELD OUTSIDE OF THE AOC	(65,068.50)	(75,356.93)	10,288.43	13.65%
353999 TRUST INTEREST PAYABLE	(6,159.53)	(6,156.43)	(3.10)	-0.05%
Revenues				
** 825000-INTEREST INCOME	(1,971.74)	(1,855.99)	(115.75)	-6.24%
Expenditures				
920301 MERCHANT FEES	14,311.81	0.00	14,311.81	100.00%
920302 BANK FEES	3,323.78	3,481.95	(158.17)	-4.54%
920304 REGISTRATION FEES-PERMITS	808.00	1,720.00	(912.00)	-53.02%
* 920300 - FEES/PERMITS	18,443.59	5,201.95	13,241.64	254.55%

Many courts rely on the Judicial Council Treasury Unit for many banking services, such as performing monthly bank reconciliations to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we reviewed the following procedures associated only with funds not deposited in bank accounts established by the Judicial Council, including funds on deposit with the County:

- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether Judicial Council approval was obtained prior to opening and closing bank accounts.

There was a minor issue associated with this area that are included in Appendix A to this report.

8. Court Security

Background

Appropriate law enforcement services are essential to trial court operations and public safety. Accordingly, each court enters into a memorandum of understanding (MOU) with the county sheriff for court security services, such as bailiff services and perimeter security services. The sheriff specifies the level of security services it agrees to provide, and these services are typically included in an MOU.

Additionally, each court must prepare and implement a comprehensive court security plan that addresses the sheriff's plan for providing public safety and law enforcement services to the court in accordance with the Superior Court Law Enforcement Act of 2002. The Judicial Council Office of Security (OS) provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. OS also has a template for courts to use in developing an Emergency Plan.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
934506 ENTRANCE SCREENING PERSONNEL	368,472.73	355,504.10	12,968.63	3.65%
* 934500 - SECURITY	368,472.73	355,504.10	12,968.63	3.65%
941101 SHERIFF - REIMBURSEMENTS	6,775.00	6,895.00	(120.00)	-1.74%
941199 SHERIFF	2,291.76	2,291.76	0.00	0.00%
* 941100 - SHERIFF	9,066.76	9,186.76	(120.00)	-1.31%

We reviewed the Court's security controls through interviews with Court management and county sheriff service providers, observation of security conditions, and review of records. We also reviewed the Court's MOU with the County Sheriff for court security services, including the stationing of bailiffs in courtrooms and the control of in-custodies transported to the courthouse.

There were minor issues associated with this area that are included in Appendix A to this report.

9. Procurement

Background

The Judicial Branch Contracting Manual (JBCM) provides uniform guidelines for trial courts to use in procuring necessary goods and services and to document 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 account codes, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager or supervisor authorized to approve the procurement. This court manager or supervisor is responsible for verifying that the correct account codes are specified and assuring that funds are available before approving the request for procurement. Depending on the type, cost, and frequency of the goods or services to be procured, trial court employees may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court employees may also need to 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.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
* 920100 - GENERAL EXPENSE	7,963.05	0.00	7,963.05	100.00%
* 920200 - LABORATORY EXPENSE	603.95	180.00	423.95	235.53%
* 920600 - OFFICE EXPENSE	29,682.12	37,740.76	(8,058.64)	-21.35%
* 921500 - ADVERTISING	6,707.10	1,778.95	4,928.15	277.03%
* 922300 - LIBRARY PURCHASES AND SUBSCRIB	40,343.93	43,928.54	(3,584.61)	-8.16%
* 922600 - MINOR EQUIPMENT - UNDER	96,544.96	96,032.38	512.58	0.53%
* 922700 - EQUIPMENT RENTAL/LEASE	49,259.00	46,946.67	2,312.33	4.93%
* 922800 - EQUIPMENT MAINTENANCE	24,452.14	18,291.26	6,160.88	33.68%
* 922900 - EQUIPMENT REPAIRS	742.46	694.94	47.52	6.84%
* 923900 - GENERAL EXPENSE - SERVIC	8,766.16	7,700.88	1,065.28	13.83%
* 924500 - PRINTING	7,873.82	33,090.45	(25,216.63)	-76.21%
* 925100 - TELECOMMUNICATIONS	59,364.56	51,315.17	8,049.39	15.69%
* 926200 - STAMPS, STAMPED ENVELOPE	33,935.66	43,419.15	(9,483.49)	-21.84%
* 928800 - INSURANCE	2,719.61	2,885.00	(165.39)	-5.73%
* 934500 - SECURITY	368,472.73	355,504.10	12,968.63	3.65%
* 935300 - JANITORIAL	54,180.21	52,826.13	1,354.08	2.56%
* 938100 - CONTRACTED SERVICES	273,860.00	339,170.00	(65,310.00)	-19.26%
* 938300 - GENERAL CONSULTANT AND PROFES	95,921.94	92,112.52	3,809.42	4.14%
* 938500 - COURT INTERPRETER SERVIC	139,082.44	88,567.84	50,514.60	57.03%
* 938600 - COURT REPORTER SERVICES	402,342.34	390,652.72	11,689.62	2.99%
* 938800 - COURT APPOINTED COUNSEL	505,085.25	325,801.81	179,283.44	55.03%
* 939000 - COURT ORDERED PROFESSIONAL SE	36,505.00	39,399.16	(2,894.16)	-7.35%
* 939200 - COLLECTION SERVICES	319,148.16	412,235.05	(93,086.89)	-22.58%
* 939400 - LEGAL	10,843.75	11,247.50	(403.75)	-3.59%
* 939700 - BANKING AND INVESTMENT SERVICE	4,467.18	1,310.60	3,156.58	240.85%
* 939800 - OTHER CONTRACT SERVICES	(55.98)	50,000.00	(50,055.98)	-100.11%
* 943200 - IT MAINTENANCE	36,256.97	46,016.92	(9,759.95)	-21.21%
* 943300 - IT COMMERCIAL CONTRACTS	33,899.00	75,505.25	(41,606.25)	-55.10%
* 943500 - IT REPAIRS/SUPPLIES/LICENSE	7,555.47	9,661.25	(2,105.78)	-21.80%
* 945200 - MAJOR EQUIPMENT	45,013.27	129,947.59	(84,934.32)	-65.36%

We reviewed the Court's procurement procedures and practices to determine whether its approval, purchasing, receipt, and payment roles are adequately segregated. We also reviewed selected purchases to determine whether the Court obtained approvals from authorized individuals, followed open and competitive procurement practices, and complied with other applicable JBCM procurement requirements.

There were minor issues associated with this area that are included in Appendix A to this report.

10. Contracts

Background

The Judicial Branch Contracting Manual establishes uniform guidelines for trial courts to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial courts must issue a 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 appropriate contract principles and procedures that protect the best interests of the court.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures - Contracted Services				
* 938100 - CONTRACTED SERVICES	273,860.00	339,170.00	(65,310.00)	-19.26%
* 938300 - GENERAL CONSULTANT AND PROFES	95,921.94	92,112.52	3,809.42	4.14%
* 938500 - COURT INTERPRETER SERVIC	139,082.44	88,567.84	50,514.60	57.03%
* 938600 - COURT REPORTER SERVICES	402,342.34	390,652.72	11,689.62	2.99%
* 938800 - COURT APPOINTED COUNSEL	505,085.25	325,801.81	179,283.44	55.03%
* 939000 - COURT ORDERED PROFESSIONAL SE	36,505.00	39,399.16	(2,894.16)	-7.35%
* 939200 - COLLECTION SERVICES	319,148.16	412,235.05	(93,086.89)	-22.58%
* 939400 - LEGAL	10,843.75	11,247.50	(403.75)	-3.59%
* 939700 - BANKING AND INVESTMENT SERVICE	4,467.18	1,310.60	3,156.58	240.85%
* 939800 - OTHER CONTRACT SERVICES	(55.98)	50,000.00	(50,055.98)	-100.11%
* 943300 - IT COMMERCIAL CONTRACTS	33,899.00	75,505.25	(41,606.25)	-55.10%
Expenditures - County Provided Services				
* 942100 - COUNTY-PROVIDED SERVICES	382,978.78	524,759.49	(141,780.71)	-27.02%

We reviewed selected contracts to determine whether they contain terms and conditions to adequately protect the Court's interest. We also evaluated the Court's contract monitoring practices through interviews with various Court personnel and review of selected contract files.

Further, we reviewed the Court MOUs with the County to determine whether they are current, comprehensive of all services received or provided, and contain all required terms and conditions. We also reviewed selected County invoices to determine whether the services billed were allowable and sufficiently documented and supported, and whether the Court appropriately accounted for the costs and had a process to determine if County billed cost were reasonable.

There were minor issues associated with this area that are included in Appendix A to this report.

11. Accounts Payable

Background

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. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel 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 table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Liabilities				
*** Accounts Payable	(878,938.19)	(878,679.46)	(258.73)	-0.03%
Reimbursements -Other				
** 860000-REIMBURSEMENTS - OTHER	(1,635.46)	(5,450.06)	3,814.60	69.99%
Expenditures				
* 920100 - GENERAL EXPENSE	7,963.05	0.00	7,963.05	100.00%
* 920200 - LABORATORY EXPENSE	603.95	180.00	423.95	235.53%
* 920600 - OFFICE EXPENSE	29,682.12	37,740.76	(8,058.64)	-21.35%
* 921500 - ADVERTISING	6,707.10	1,778.95	4,928.15	277.03%
* 921700 - MEETINGS, CONFERENCES, EXHIBITS	158.97	325.20	(166.23)	-51.12%
* 922300 - LIBRARY PURCHASES AND SUBScri	40,343.93	43,928.54	(3,584.61)	-8.16%
* 922700 - EQUIPMENT RENTAL/LEASE	49,259.00	46,946.67	2,312.33	4.93%
* 922800 - EQUIPMENT MAINTENANCE	24,452.14	18,291.26	6,160.88	33.68%
* 922900 - EQUIPMENT REPAIRS	742.46	694.94	47.52	6.84%
* 923900 - GENERAL EXPENSE - SERVIC	8,766.16	7,700.88	1,065.28	13.83%
* 924500 - PRINTING	7,873.82	33,090.45	(25,216.63)	-76.21%
* 925100 - TELECOMMUNICATIONS	59,364.56	51,315.17	8,049.39	15.69%
* 926200 - STAMPS, STAMPED ENVELOPE	33,935.66	43,419.15	(9,483.49)	-21.84%
* 926300 - POSTAGEMETER	263.12	2,263.12	(2,000.00)	-88.37%
* 928800 - INSURANCE	2,719.61	2,885.00	(165.39)	-5.73%
* 929200 - TRAVEL- IN STATE	25,227.82	22,250.65	2,977.17	13.38%
* 933100 - TRAINING	1,025.00	1,765.00	(740.00)	-41.93%
* 935100 - FACILITIES OPERATION	0.00	65.00	(65.00)	-100.00%
* 935300 - JANITORIAL	54,180.21	52,826.13	1,354.08	2.56%
* 935400 - MAINTENANCE AND SUPPLIES	0.00	992.00	(992.00)	-100.00%
* 935700 - OTHER FACILITY COSTS - GOODS	299.72	51.96	247.76	476.83%
* 938100 - CONTRACTED SERVICES	273,860.00	339,170.00	(65,310.00)	-19.26%
* 938300 - GENERAL CONSULTANT AND PROFES	95,921.94	92,112.52	3,809.42	4.14%
* 938500 - COURT INTERPRETER SERVIC	139,082.44	88,567.84	50,514.60	57.03%
* 938600 - COURT REPORTER SERVICES	402,342.34	390,652.72	11,689.62	2.99%
* 938700 - COURT TRANSCRIPTS	323,359.63	365,112.49	(41,752.86)	-11.44%
* 938800 - COURT APPOINTED COUNSEL	505,085.25	325,801.81	179,283.44	55.03%
* 939000 - COURT ORDERED PROFESSIONAL SE	36,505.00	39,399.16	(2,894.16)	-7.35%
* 939200 - COLLECTION SERVICES	319,148.16	412,235.05	(93,086.89)	-22.58%
* 939400 - LEGAL	10,843.75	11,247.50	(403.75)	-3.59%
* 939700 - BANKING AND INVESTMENT SERVICE	4,467.18	1,310.60	3,156.58	240.85%
* 939800 - OTHER CONTRACT SERVICES	(55.98)	50,000.00	(50,055.98)	-100.11%
* 943300 - IT COMMERCIAL CONTRACTS	33,899.00	75,505.25	(41,606.25)	-55.10%
* 965100 - JUROR COSTS	21,979.96	29,446.92	(7,466.96)	-25.36%
* 972200 - GRAND JURY COSTS	157.97	193.39	(35.42)	-18.32%

We assessed the Court's compliance with the invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal accounts payable staff. We also reviewed selected invoices and claims to determine whether the accounts payable processing controls were followed, payments were appropriate, and amounts paid were accurately recorded in the general ledger.

We also assessed compliance with additional requirements provided in statute or policy for some of these invoices and claims, such as court transcripts, contract interpreter claims, and jury per diems and mileage reimbursements. Further, we reviewed selected travel expense claims and business meal expenses to assess compliance with the *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

There were minor issues associated with this area that are included in Appendix A to this report.

12. Fixed Assets Management

Background

The FIN Manual provides uniform guidelines for trial courts to use when acquiring, capitalizing, monitoring, and disposing of assets. Specifically, trial courts must establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report all court assets. The primary objectives of the system are to:

- Ensure that court assets are properly identified and recorded,
- Ensure that court assets are effectively utilized, and
- Safeguard court assets against loss or misuse.

The table below presents the Court's general ledger account balances that are considered associated with this section.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	2,311.84	1,636.67	675.17	41.25%
922603 OFFICE FURNITURE - MINOR	1,787.78	1,298.27	489.51	37.70%
922606 NON-OFFICE FURNITURE	0.00	1,105.20	(1,105.20)	-100.00%
922610 COMPUTER ACCESSORIES	356.30	252.02	104.28	41.38%
922611 COMPUTER	0.00	37,871.35	(37,871.35)	-100.00%
922612 PRINTERS	936.56	4,309.03	(3,372.47)	-78.27%
922699 MINOR EQUIPMENT - UNDER \$	91,152.48	49,559.84	41,592.64	83.92%
* 922600 - MINOR EQUIPMENT - UNDER	96,544.96	96,032.38	512.58	0.53%
945204 WEAPON SCREENING X-RAY MACHINE	36,086.73	129,947.59	(93,860.86)	-72.23%
946601 MAJOR EQUIPMENT - IT	8,926.54	0.00	8,926.54	100.00%
* 945200 - MAJOR EQUIPMENT	45,013.27	129,947.59	(84,934.32)	-65.36%

Due to audit planning considerations, we did not review this area.

13. Audits

Background

Many legal requirements and restrictions surround the use of public resources that can lead to audits of trial court operations and finances. The court must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand the scrutiny of an audit. During an audit, courts must fully cooperate with the auditors and demonstrate accountability, efficient use of public resources, and compliance with all applicable requirements. Courts should strive to investigate and correct substantiated audit findings in a timely manner.

We reviewed prior audits conducted on the Court to obtain an overview of the types of issues identified and to assess during the course of this audit whether the Court appropriately corrected or resolved these issues. Specifically, Audit Services performed a review of the Court in 2008 that included a review of various fiscal and operational processes. Issues from the 2008 audit that the Court did not appropriately correct or resolve and that resulted in repeat issues may be identified in various sections of this report as “repeat” issues.

There were no issues to report to management in this area. Issues that repeat from the prior audit are identified in Appendix A to this report as “repeat” issues.

14. Records Retention

Background

The FIN Manual establishes uniform guidelines for trial courts to follow in retaining financial and accounting records. According to the FIN Manual, it is the policy of trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, trial courts shall employ sound business practices that best serve the interests of courts. The trial courts shall apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec)	% Change
	2015	2014		
Expenditures				
942601 COUNTY - OFFICE SERVICES	248,192.87	248,097.96	94.91	0.04%

We assessed the Court's compliance with the record retention requirements provided in statute and in the FIN Manual through a self-assessment questionnaire. Furthermore, we observed and evaluated the Court's retention of various operational and fiscal records throughout the audit.

There were no issues to report to management in this area.

15. Domestic Violence

Background

The Joint Legislative Audit Committee (JLAC) approved an audit on the funding for domestic violence shelters based on a request from a member of the Assembly. In June 2003, JLAC instead requested that Audit Services conduct an audit of the court-ordered fines and fees in specified domestic violence cases in California. As a part of the March 2004 report, Audit Services agreed to review, on an ongoing basis, the court assessments of fines and fees in domestic violence cases.

We identified the statutory requirements for assessments of criminal domestic violence fines, fees, penalties, and assessments. We also obtained an understanding of how the Court ensures compliance with these requirements. We then selected certain criminal domestic violence cases with convictions and reviewed their corresponding CMS and case file information to determine whether the Court assessed the statutorily mandated fines and fees.

There were minor issues associated with this area that are included in Appendix A to this report.

16. Exhibits

Background

Exhibits are oftentimes presented as evidence in both criminal and civil cases. Trial courts are responsible for properly handling, safeguarding, and transferring these exhibits. Trial court and security personnel with these responsibilities are expected to exercise different levels of caution depending on the types of exhibits presented. For example, compared to paper documents, extra precautions should be taken when handling weapons and ammunition, drugs and narcotics, money and other valuable items, hazardous or toxic materials, and biological materials.

To ensure the consistent and appropriate handling of exhibits, some trial courts establish written exhibit room procedures manuals. These manuals normally define the term “exhibit” as evidence in the form of papers, documents, or other items produced during a trial or hearing and offered as proof of facts in a criminal or civil case. While some exhibits have little monetary value or do not present a safety hazard, such as documents and photographs, other exhibits are valuable or hazardous and may include: contracts or deeds, weapons, drugs or drug paraphernalia, toxic substances such as PCP, ether, and phosphorus, as well as cash, jewelry, or goods. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared and used to guide and direct exhibit custodians in the proper handling of exhibits. Depending on the type and volume of exhibits, court manuals can be brief or very extensive. Manuals would provide exhibit custodians with procedures and practices for the consistent and proper handling, storing, and safeguarding of evidence until final disposition of the case.

We evaluated Court controls over exhibit handling and storage by interviewing Court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas. In addition, we validated selected exhibit records and listings to actual exhibit items and vice-versa to determine whether all exhibit items have been accurately accounted for and to evaluate the efficacy of the Court’s exhibit tracking system.

There were minor issues associated with this area that are included in Appendix A to this report.

17. Bail

Background

In general, bail is used to influence the presence of a defendant before the court and is most commonly submitted in the form of cash or a surety bond. Surety bonds are contracts guaranteeing that specific obligations will be fulfilled and may involve meeting a contractual commitment, paying a debt, or performing certain duties. Bail bonds are one type of surety bond. For example, if an individual is arrested on a criminal charge the court may direct the individual be held in custody until trial, unless the individual furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. "Bail Agents" licensed by the State of California specialize in underwriting and issuing bail bonds and act as the appointed representatives of licensed surety insurance companies.

California Rules of Court (CRC) 3.1130(a) indicate that a corporation must not be accepted or approved as a surety on a bond or undertaking unless the following conditions are met:

- The Insurance Commissioner has certified the corporation as being admitted to do business in the State as a surety insurer;
- There is filed in the office of the clerk a copy, duly certified by the proper authority, of the transcript or record of appointment entitling or authorizing the person or persons purporting to execute the bond or undertaking for and in behalf of the corporation to act in the premises, and
- The bond or undertaking has been executed under penalty of perjury as provided in Code of Civil Procedures section 995.630, or the fact of execution of the bond or undertaking by the officer or agent of the corporation purporting to become surety has been duly acknowledged before an officer of the state authorized to take and certify acknowledgements.

Further, Penal Code Sections 1268 through 1276.5, 1305, and 1306 outline certain bail procedures for trial courts to follow such as annual preparation, revision, and adoption of a uniform countywide bail schedule and processes for courts to follow when bail is posted.

We interviewed Court managers and staff to understand the Court's processes in establishing and tracking bail, as well as validating posted bail bonds. We also reviewed the Court's Uniform Bail Schedule and selected case files where bail was posted to determine compliance with CRC and applicable Penal Code Sections.

There were minor issues associated with this area that are included in Appendix A to this report.

APPENDIX A

**Superior Court of California,
County of Kings**

Issue Control Log

The Issue Control Log summarizes the issues identified in the audit. Any issues discussed in the body of the audit report are cross-referenced in the “Report No.” column. Those issues with “Log” in the Report No. column are only listed in this appendix. Additionally, issues that were not significant enough to be included in this report were discussed with Court management as “informational” issues.

Those issues for which corrective action is considered complete at the end of the audit indicate a “C” in the column labeled C. Issues that remain open at the end of the audit indicate an “I” for incomplete in the column labeled I and include an Estimated Completion Date.

Audit Services will periodically follow-up with the Court to obtain updates on the status of the corrective efforts indicated by the Court.

FUNCTION		RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration								
			Log	The Court does not flag and enter date information in the CMS when matters are taken under submission. Instead, it uses a manual process to compile a list and track cases with matters under submission. Specifically, the courtroom clerks do not enter in the CMS a code and a date for when a matter is taken under submission. Instead, individual courtroom clerks log cases with matters taken under submission on an electronic worksheet. As a result, the Court cannot use its CMS to generate a report that shows all cases with matters taken under submission and that it can circulate to judges, or use to verify and ensure that all cases with matters under submission are included in its manually prepared monthly submitted matters list.	I		There is an event code that can be entered into the CMS system that states when a matter is taken under submission. However we have not determined a way to have the report automatically print a list of submitted matters in order to circulate the list to the Judicial Officers. The court is working with Tyler to see if they can assist with a report that will automatically generate.	Liz Rocha, Courtroom Services Manager	June 2016
			Log	The manually prepared submitted matters list does not always report the correct dates for when matters will be under submission for 30 days, 60 days, and 90 days. These errors occur because clerks do not use a consistent method for determining the date when a matter is under submission for 30, 60, and 90 days. Specifically, some clerks use a table to determine the dates when a matter is under submission for 30, 60, and 90 days, whereas other clerks manually count days on a calendar and make counting errors when determining the dates when a matter is under submission for 30, 60, and 90 days.		C	This is a clerical error and has been addressed with staff.	Liz Rocha, Courtroom Services Manager	December 2015
			Log	We noted one civil case on the 2014 submitted matters list that was under submission for 92 days. Specifically, a matter on a family law case was decided on June 2, 2014, or 92 days after being taken under submission. This occurred because the clerk did not calculate the correct date when the matter would be under submission for 90 days, and thus, provided inaccurate information to the judge.		C	This is a clerical error and has been addressed with staff.	Liz Rocha, Courtroom Services Manager	December 2015
			Log	For one of ten cases on the submitted list reviewed, although the matter under submission did not exceed 90 days, the date the matter was reported as taken under submission and the date the matter was reported as decided were incorrect. Specifically, the Court clerk entered April 4, 2014, on the submitted list as the date a matter was taken under submission whereas the actual date was April 11, 2014. In addition, the clerk entered the date the matter was decided as July 3, 2014, whereas it was actually decided on July 2, 2014, or 81 days after being taken under submission.		C	This is a clerical error and has been addressed with staff.	Liz Rocha, Courtroom Services Manager	December 2015
2	Fiscal Management and Budgets								
			Log	Three of ten time records reviewed, were not approved by the appropriate supervisor. Specifically, an Administrative Assistant, instead of the CEO, approved the time records of employees who report to the CEO.		C	Time records are not "approved" by the Administrative Assistant. The AA receives a copy of the request submitted in the ADP program via Email and receives either a verbal or email approval from the CEO or appropriate level Director prior to entering the approval in ADP. The AA is acting in a secretarial capacity for the CEO and making the data entry. Approving emails will be kept in an email folder per fiscal year for future reference.	Court Admin - Nancy Rizo, Executive Services Coordinator, Hope Hernandez, Admin Assist II	February 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court could not demonstrate pre-approval of overtime worked and paid, such as through an email or other written approval.		C	All overtime is approved by the appropriate level of management if it is planned. During the implementation of the Tyler CMS there was blanket approval given to the managers by the CEO to allow overtime for development, training and implementation. Typically the Court has very little planned overtime, but FY 13/14 and FY 14/15 was an exception due to the CMS project. The Court was also short staffed and implementing furlough days. The manager/supervisor approval of time in ADP is the approval and acceptance of the overtime. The payroll processing clerk does not always receive emails or written approval. The managements approval in ADP is accepted as approval. This information was given at a management meeting and is not documented in the minutes. For future reference a copy of the management meeting minutes will reflect a "blanket" approval of overtime for exceptional purposes. The minutes will be kept with the payroll files.	Finance, Rayleen Berard, Fiscal Specialist	February 2016
		Log	When distributing paychecks, the Court does not maintain a sign-out log of checks delivered to and received by employees.		C	Currently the court has 5 employees that do not have direct deposit. These employees have given instructions to Finance as to their preferred delivery of their checks. Due to the layout of our current facilities the Finance Dept. hand delivers them as a convenience to the employee. Once we are relocated to the new courthouse anyone with a manual check will be required to pick up their check in Admin and sign a log.	Sandy Salyer, Finance Director	February 2016
		Log	The Court does not consistently safeguard paychecks when it distributes the checks to employees who are not present to accept the checks. For example, we observed Court staff place an envelope containing an employee's paycheck in the employee's unsecured mail box, and place another paycheck for a different employee on top of the employee's computer keyboard within the employee's unlocked office.		C	See Above. Additionally, the court employees desks and mail boxes are in secure areas that only court employees have access to.	Sandy Salyer, Finance Director	February 2016
3	Fund Accounting		No issues to report.					
4	Accounting Principles and Practices							
		4.1	The Court Needs to Better Account For and Report Its Financial Transactions					
		4	The Court did not prepare a complete and accurate FY 2014-15 year-end CAFR report. Specifically, although the Court recorded FY 2014-15 lease expenditures totaling \$49,259 in G/L accounts #922702 and #922705, it did not report these lease expenditures in its FY 2014-15 CAFR Schedule 2 - Minimum Lease Commitments.	I		Agreed. This was an oversight and not reviewed or corrected by staff in the Phoenix Group.	Sandy Salyer, Finance Director	June 2016
		4	The Court also overstated its reported future lease commitments by \$18,873. Specifically, the Court reported that its FY 2015-16 lease commitments total \$47,000; however, it entered into the associated 60 month copier lease agreement in February 2011, meaning that the associated lease commitment expires in February 2016, or 9 months into FY 2015-16. As a result, using the FY 2014-15 total copier lease expenditures, we estimate the FY 2015-16 lease commitment to be \$28,127, which is \$18,873 less than the Court reported \$47,000.	I		Agreed. This was an error.	Sandy Salyer, Finance Director	June 2016
		4	Furthermore, The Court reported the future lease commitments as an operating lease. However, the lease term of 60 months constitutes more than 80% of the 72 months useful life the IRS indicates for photocopiers. Thus, the Court's photocopier lease qualifies as a capital lease according to Financial Accounting Standards.	I		Agreed. This was not known or understood by the Court, but will be taken into future consideration.	Sandy Salyer, Finance Director	June 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		4	Additionally, The Court did not provide a fixed asset inventory listing to support the total value of its fixed assets and the fixed asset disposals it reported in its FY 2014-15 CAFR. As a result, we could not verify the fixed asset amounts the Court reported in its FY 2014-15 year-end financial reports.	I		Agreed. The Court has not maintained a current list of fixed assets. The Court will develop a list now that it is in the new Court building.	Sandy Salyer, Finance Director	June 2016
		4	Lastly, the Court reported in the FY 2014-15 CAFR Minimum Lease Commitments and Long Term Obligations for Compensated Absences Payable in thousands of dollars instead of in whole dollars. However, neither the reporting template nor the CAFR instructions dictate that courts report these amounts in thousands of dollars. As a result, the Court under-reported these commitments and obligations in its FY 2014-15 year-end CAFR reports.	I		Agreed. In prior years the compensated and long term obligations were reported in thousands of dollars. The Court did not recognize that there was a change in the reporting template. So noted for future fiscal years.	Sandy Salyer, Finance Director	June 2016
		4	According to accounts receivable invoices, the Court billed the county for qualifying Collaborate Court program expenditures totaling \$200,022 in FY 2014-15. However, the Court has not memorialized, such as in an MOU, its Collaborative Court reimbursement program with the Kings County Department of Behavioral Health. Further, the Court recorded these reimbursements as miscellaneous revenue instead of as non-JCC grant revenue and did not account for these qualifying program expenditures and corresponding revenues in a grant fund.	I		Agreed. The Court is waiting on the county to provide an MOU. The Court was instructed by the JC to deposit these funds as miscellaneous revenue. They are not paid to the Court from a grant, but an "informal" agreement between the Court and Behavioral Health.	Sandy Salyer, Finance Director	June 2016
		4	The Court had several G/L accounts with abnormal balances in its FY 2014-15 year-end financial statements. For example, the Court's pooled cash accounts in a General Fund and a Trust Fund had negative cash balances of \$811,459 and \$122,338, respectively. Furthermore, five payroll-related liability accounts in a General Fund had abnormal debit balances at year end because actual payments were greater than the estimated liability and the differences were not debited to corresponding expense accounts. For example, the Benefits Payable-Flex G/L account had an abnormal ending debit balance of \$4,690 and the Deferred Compensation G/L account had an abnormal ending debit balance of \$1,399. Lastly, two expense G/L accounts had abnormal credit balances at year end. One expense account had a FY 2011-12 \$387 reimbursement recorded in the expense account instead of in a prior year revenue adjustment account, while the second expense account had an abnormal credit balance of \$56 because the prior year-end accrual reversal was greater than the expenditures eventually recorded to the expense account in the current year and the resulting variance was not cleared to a prior year expenditure adjustment account. (Repeat)	I		The Court will work with the SAP GL lead to make sure all GL accounts and funds are reconciled at year end.	Sandy Salyer, Finance Director	June 2016
		Log	The Court allows the Supervising Accountant the ability to both park and post accounts receivable transactions in the accounting system, resulting in insufficient segregation of duties.		C	This was an oversight by the Phoenix group and was supposed to be temporary while the Finance Director was on extended medical leave. It has been corrected. An email confirming this was sent to JC Audit October 14, 2015.	Sandy Salyer, Finance Director	October 2015
		Log	Although the Court approves adjusting entries via e-mail, it did not retain and store the e-mails together in a manner that would allow for effectively locating the approvals supporting its adjusting entries. As a result, the Court was not able to demonstrate its approvals for seven of the 10 adjusting entries reviewed.		C	In the past the Court was deleting emails after the transaction occurred. Effective immediately the Court will retain all emails between the Phoenix group and the Court in a folder per fiscal year.	Sandy Salyer, Finance Director	March 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
5	Cash Collections							
		5.1	The Court Needs to Strengthen Some of Its Cash Handling Procedures					
			1 At all cash collection locations, the beginning cash drawer/cash bags are not verified by each cashier at the beginning of the day. At the two outlying locations, this occurs because no supervisor is onsite.		C	Agree. Cashiers count their cash at the end of each day; this is verified by the supervising personnel. When they open their till each morning this same dollar amount is entered as their starting cash. Any variance would indicate that they are out of balance. The CMS is such that they must start and end with the same amount each day to be in balance. It was felt that the new CMS system could replace the necessity of keeping a manual log. However, the court has started using a "manual" log as well. With the move to the new court we have sufficient window coverage and clerks work from their own cash drawer as assigned on a rotating basis.	Sandy Salyer, Finance Director	February 2016
			1 The cash collection locations do not use and maintain a beginning cash verification log that is signed and dated by both the cashier and designated supervisor. At the two outlying locations, there is also no onsite supervisor.		C	See above.	Sandy Salyer, Finance Director	February 2016
			1 At one cash collection location, the Court allows cashiers to share a cash drawer.		C	See above.	Sandy Salyer, Finance Director	February 2016
			1 At all four cash collection locations, each clerk is assigned custody of a manual receipt book instead of the manual receipt books remaining under the custody and control of a supervisor until needed. As a result, the cash handling locations do not maintain a manual receipts log to capture when books are checked out to clerks, what receipt numbers were used, and when the books were checked back in with the supervisor. Although the Court implemented alternate procedures that assign responsibility for specific manual receipt books to each individual clerk, it did not request and obtain approval from the Judicial Council prior to implementing its alternative procedure.		C	Agree. The current procedure being followed was written under the guidance of the JC Audit division after the audit in 2008. The Finance Division and not the local supervisors (in some locations there was not a supervisor on site) maintains the log of receipt books issued and audits them during their regular audits and when they are returned. The Finance Division will amend their current policy to adhere to the FIN. This will be done after relocating to the new facility. As for the missing receipts, this was investigated and found to be a training issue. Corrective measures were taken.	Sandy Salyer, Finance Director	February 2016
			1 At one outlying cash collection location, a manual receipt book is retained which has not been used since January 2010. The book is associated with a bank bag containing no money, and is not necessary for clerks to fulfill their duties.		C	See above.	Sandy Salyer, Finance Director	February 2016
			1 One manual receipt book at one cash handling location was missing two receipts; however, the Court could not explain why they were missing. The manual receipts before and after these missing receipts are both dated in April 2015.		C	See above.	Sandy Salyer, Finance Director	February 2016
			1 At the two outlying locations, because there is no onsite supervisor, the clerk's end-of-day collections are not verified by a supervisor as required. Instead, the clerks working at each location verify each other's daily collections to the CMS end-of-day reports. (Repeat)		C	Agree. With the closure of the outlying courts this is no longer an issue.	Sandy Salyer, Finance Director	February 2016
			1 At four cash collection locations, the Court does not conduct the required random surprise cash counts at least quarterly.		C	Agree. Every fiscal year, except FY 14-15 quarterly audits were performed and documentation is available. However, with the reduced staffing in Finance, furlough days and the extra workload due the new CMS we were not able to conduct the quarterly audits in FY 14-15. This issue has been corrected. The court already has established procedure in place and is now following it.	Sandy Salyer, Finance Director	March 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	At two outlying cash collection locations, the Court does not have sufficient staff to ensure appropriate segregation of cash handling duties. The clerks who work at these locations exercise incompatible cash handling duties. For example, the same clerks enter and approve void transactions in the CMS; the same clerk that opens the mail also processes those mail payments into the CMS; clerks receive and process customer payments in the CMS, verify these collections to the end-of-day CMS closeout and balancing reports, and prepare and verify the daily bank deposit. (Repeat)		C	Agree. The court did not have sufficient staff to always abide by the FIN manual. This was an area out of our control due to the declining budget. However, with the closure of the outlying courts and centralized services this is no longer an issue.	Sandy Salyer, Finance Director	February 2016
	5.2		The Court Is Not Performing Some Reconciliations and Is Not Recognizing Some Miscellaneous Revenues					
		2	According to the Court due to its unfamiliarity with its new CMS, it has not reconciled the daily deposits to the county treasury deposit records since October 2014, even though it had enough information to perform a manual reconciliation.		C	Agreed. Effective March 2016 Tyler was able to assist the court with the month end process that will facilitate the balancing of daily deposits to the county treasury deposits.	Sandy Salyer, Finance Director	March 2016
		2	Due to insufficient information from its CMS and internet payment reports, the Court is currently not able to reconcile the internet payments recorded in the CMS to the associated payments from the internet processing system.		C	Agreed. As of January 2016, the Court now receives a Chase report with the case number identifier. This new report can be reconciled with the CMS.	Sandy Salyer, Finance Director	January 2016
		2	According to the Court due to its unfamiliarity with its new CMS, it currently does not recognize any overage revenues and shortage expenditures that may result from the daily balancing of collections with the CMS.		C	Agreed. Effective March 2016 Tyler was able to assist the court with the month end process that will facilitate the balancing of all general ledger accounts for proper identification of local revenue.	Sandy Salyer, Finance Director	March 2016
		2	Although the Court provided a report that indicates it received various overpayments of less than \$10, because the Court is in the process of learning how to use its new CMS, the Court has not recognized these overpayments of less than \$10 as revenue since the Court went on to the new CMS in October 2014.		C	See above.	Sandy Salyer, Finance Director	March 2016
		Log	At one cash collection location not all void transactions are reviewed and approved by a lead clerk or supervisor. Specifically, the location has a designated clerk who only processes payments received through the mail, and this clerk also approves his own voids. (Repeat)		C	This clerk is currently located in an isolated area that is not quickly accessible by a lead or supervisor. With the transition to the new courthouse this will be reviewed. Finance will review the void/reversal report monthly for any suspect transactions.	Sandy Salyer, Finance Director	February 2016
		Log	At one cash collection location, the manual receipts are also used to keep track of check payments that cannot be processed on the same day. We found that eight of the ten manual receipt payments we reviewed took between 7 to 109 days to process. Although the Court states this is an issue with Odyssey, a similar issue of holding onto checks and not processing them in a timely manner was noted in the June 2015, surprise cash count conducted by the Fiscal Department.		C	This is a training issue and will continue to be addressed. It mainly occurs in Civil. With the implementation of the check log and resuming the quarterly surprise cash counts the Court will be able to monitor the delay in processing checks being held.	Cindy Loewen, Supervisor	March 2016
		Log	At all four cash collection locations, although the JCC approved its alternate procedure for not using two-person teams to open mail, the Court does not require locations to keep a log to establish a record of payments received in the mail. (Repeat)		C	The court will review a system to implement keeping a log or at a minimum have 2 employees run a tape of the checks received. The court feels that the balancing documents produced by the CMS is sufficient.	Barbara Torres, Division Manager, and Sandy Salyer, Finance Director	March 2016
		Log	At one cash collection location, the log of drop box payments does not include enough information to trace the entry of drop box payments into the CMS.		C	The drop box log in Hanford has been modified to include all of the following: FIN Manual Policy 10.02, Section 6.4, paragraph 3.b, states the payments receipts log sheet should include the following information: 1. Case or docket number; 2. Name of the person making the payment; 3. Check amount; 4. Check number; 5. Date received in the mail; and 6. Name of the person handling the check	Barbara Torres, Division Manager	February 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	At all four cash collection locations, the Court does not have a process for logging mail payments not processed within 5 calendar days and noting the reason why the payment cannot be processed. (The Court indicated that it will develop this process)		C	Finance will create a "log" to track unprocessed payments received through the mail and add this procedure to its local policy. This will be done under 6.4 4.a guidelines	Sandy Salyer, Finance Director	March 2016
		Log	At all four cash collection locations, the Court does not have a process for tracking and reporting to the CFO at least monthly if the mail payments are not processed within 15 days. (The Court indicated that it will develop this process)		C	See above.	Sandy Salyer, Finance Director	March 2016
		Log	At all four cash collection locations, the Court does not have a process for tracking and reporting to the CEO or the written designee the list of mail payments that are not processed within 30 days.		C	See above.	Sandy Salyer, Finance Director	March 2016
		Log	We could not review the enhanced collections program because the Court was unable to generate the requested payment plan reports from its new CMS.		C	The court is now able to produce delinquency notices and will be sending cases to collections.	Barbara Torres, Division Manager	March 2016
		Log	The Court is in the process of implementing a new CMS which is requiring extensive staff time and attention; therefore, staff are currently not reviewing the void transactions report to ensure the voids are appropriate.		C	Tyler has developed a report that will enhance the VOID/Reversal report to reflect the required information	Cheryl Pender, Fiscal Specialist	March 2016
		Log	Due to data conversion issues with its new CMS, the Court has not been able to efficiently and effectively monitor payment plans. As a result, of the ten payment plans selected for review, we found two that were delinquent but for which the Court had not sent the defendant a delinquency notice nor referred the delinquent payment plan to its enhanced collections program.	I		The Court continues to work with the Tyler Odyssey program to implement and generate delinquent notices. This is a high priority for the court due to the impact on local revenue.	Barbara Torres, Division Manager, and Sandy Salyer, Finance Director	March 2016
		Log	For one of ten civil payment plans reviewed, the party was delinquent in making payments; however, the Court did not mail a deficiency notice, notify the judge, and void the filing.	I		See above.	Barbara Torres, Division Manager, and Sandy Salyer, Finance Director	March 2016
		Log	Due to unfamiliarity with its new CMS, the Court could not provide a report of suspended payments. As a result, we could not review whether suspended payments were appropriately supported by a judicial order.	I		When a fine is suspended the clerk makes a journal notation in the minute order, goes to the financial tab and suspends the portion of the fine that is requested, and adds a comment as to why it is being suspended. The Courtroom Manager has located the report in Odyssey, but there isn't any data populated. We will continue to research and seek assistance from Tyler and other courts using the Odyssey CMS.	Liz Rocha, Courtroom Services Manager	June 2016
6	Information Systems							
		6.1	The Court Should Distribute Its Collections More Consistent with Statutes and Guidelines					
		3	For the DUI, Speeding Bail Forfeiture, and Speeding Traffic School cases reviewed, the arrest was made by either the sheriff or the CHP outside of city limits. However, the Court entered the arrest as a city arrest instead of as a county arrest. As a result, the Court distributed collections to the city that it should have distributed to the county. The Court indicates it will manually correct the distributions for the affected cases.		C	Agreed. Programming in Odyssey was made in January 2016 to assist the staff in entering the correct jurisdiction.	Cheryl Pender, Fiscal Specialist	January 2016
		3	For the DUI case reviewed, the Court could not provide a Board of Supervisors resolution to support its imposition of the PC 1463.14(b) Additional Penalty for Alcohol Content Testing.	I		Agreed. The court is still trying to locate the BOS resolution from the county.	Cheryl Pender, Fiscal Specialist	June 2016
		3	For the Railroad Bail Forfeiture case reviewed, the Court did not calculate the PC 1463.12 30 percent Railroad allocation from the base fine and applicable penalty assessments. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.	I		Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.	Cheryl Pender, Fiscal Specialist	June 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	For the Railroad Traffic School case reviewed, the Court did not calculate the VC 42007.4 30 percent Railroad allocation from the base fine and applicable penalty assessment components of the Traffic Violator School fee (TVS fee). In addition, the Court incorrectly transferred the GC 68090.8 2 percent State Automation amount from the base fine and certain penalties that are converted to a TVS fee on traffic school cases. The Court indicates its CMS contractor will need to correct these distributions in the new CMS.		C	Agreed. Tyler completed the programming to correct this in October 2015.	Cheryl Pender, Fiscal Specialist	October 2015
		3	Further, for this same Railroad Traffic School case, the Court did not impose and collect the \$49 Traffic School Fee that is distributed to the county and the State ICNA.	I		Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.	Cheryl Pender, Fiscal Specialist	June 2016
		3	For the Red Light Bail Forfeiture case reviewed, the Court did not calculate the PC 1463.11 30 percent Red Light allocation from the base fine and applicable penalties. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.	I		Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.	Cheryl Pender, Fiscal Specialist	June 2016
		3	For the Red Light, the Speeding, and the Child Seat Traffic School cases reviewed, the Court assessed the incorrect VC 11208(c) Additional DMV TS Admin fee. Specifically, the Court assessed a \$5 DMV TS Admin fee, but CCR, Title 13, Section 345.00(g), prescribes a \$3 fee. According to the Court, the \$5 DMV TS Admin fee was corrected to \$3 on October 19, 2015.		C	Agreed. Tyler completed the programming to correct this in October 2015.	Cheryl Pender, Fiscal Specialist	October 2015
		3	The Court assessed the incorrect VC 11208(c) Additional DMV TS Admin fee because it misapplied a \$2 increase intended for the VC 11205.2(c) Additional TS Admin fee to the \$3 DMV TS Admin fee. However, the Court also could not provide a cost analysis to support its VC 11205.2(c) Additional TS Admin fee, nor its increase from \$15 to \$17.		C	Agreed. Tyler completed the programming to correct this in October 2015, and in the future the court will seek a cost analysis from CTSI to justify an increase in the fee.	Cheryl Pender, Fiscal Specialist	October 2015
		3	For the Child Seat Traffic School case reviewed, the Court did not transfer the GC 68090.8 2 percent State Automation amount from the VC 27360.6(c) Loaner Program penalty. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.	I		Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.	Cheryl Pender, Fiscal Specialist	June 2016
		3	For the Fish and Game case reviewed, the Court incorrectly assessed the FG 12021 \$15 Secret Witness Penalty even though the defendant provided the Court with proof of a valid license at the time of the citation. The Court indicates its CMS contractor will need to correct this distribution in the new CMS.	I		Agreed. Tyler is working on the programming to correct this. This has been elevated to a high priority status with Tyler.	Cheryl Pender, Fiscal Specialist	June 2016
		3	For the DUI case reviewed, we found that the Court's new CMS allowed the assignment of duplicate case numbers to two unrelated cases. The Court indicated it was aware of this problem, but as of mid-October 2015 has not indicated whether it has informed the CMS contractor that its new CMS is inappropriately allowing assignment of duplicate case numbers to unrelated cases.		C	Agreed. During the beginning implementation of Odyssey it was discovered that case numbers were being assigned both manually and using the automatic numbering system which resulted in duplicate numbers. This was a training issue and was addressed early in June 2015.	Cheryl Pender, Fiscal Specialist	June 2015
		Log	For the Railroad Traffic School case reviewed, the Court cited PC 1463.12 which is applicable to railroad bail forfeiture cases. Instead, VC 42007.4 is the applicable code section for railroad violations disposed with traffic school. The Court indicates it had the CMS contractor correct the distribution code from PC 1463.12 to VC 42007.4 for railroad violations disposed with traffic school.	I		The court is still waiting on Tyler support to correct. This was submitted as a high priority.	Cheryl Pender, Fiscal Specialist	June 2016
		Log	For the Railroad Traffic School case reviewed, the Court also did not assess the \$3 Additional DMV TS Admin Fee pursuant to VC 11208(c). The Court indicates it subsequently corrected the \$3 VC 11208(c) Additional DMV TS Admin fee on October 19, 2015.		C	The court worked with Tyler to make the necessary programming corrections to correct this issue.	Cheryl Pender, Fiscal Specialist	October 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	For the Red Light Traffic School case reviewed, the Court calculated and distributed the correct 30 percent red light allocation, but cited the distribution code as PC 1463.11 instead of VC 42007.3 for red light cases disposed with traffic school. The Court indicates its CMS contractor subsequently corrected this distribution the week of October 26, 2015.		C	The court worked with Tyler to make the necessary programming corrections to correct this issue.	Cheryl Pender, Fiscal Specialist	October 2015
		Log	For the Red Light Traffic School and the Speeding Traffic School cases reviewed, the Court cited the special TVS fee distribution to the city using code PC 1463.002 instead of VC 42007(c) for traffic school cases. The Court indicates its CMS contractor subsequently corrected this distribution the week of October 26, 2015.		C	The court worked with Tyler to make the necessary programming corrections to correct this issue.	Cheryl Pender, Fiscal Specialist	October 2015
		Log	For the Speeding Traffic School case reviewed, the Court imposed a \$75 base fine when the JCC Uniform Bail and Penalty Schedules prescribe a \$70 base fine for this traffic infraction. According to the Court, this was a clerical error.		C	This was a clerical error and has been reviewed as a training issue. The Manager of Courtroom Services reviewed these errors with the courtroom staff.	Cheryl Pender, Fiscal Specialist	October 2015
		Log	For the Health and Safety case reviewed, the Court used a distribution code that describes the State Restitution Fine as stayed instead of the intended PC 1202.44 Probation Revocation Restitution Fine.	I		Agree. The Court fiscal office will work with operations to clarify the CMS code description so that it is clear the Court stayed the PC 1202.44 Probation Revocation Restitution Fine and not the PC 1202.4 State Restitution Fine.	Cheryl Pender, Fiscal Specialist	March 2016
		Log	Although we did not specifically review the Court's installment distributions, our review found that the Court may not have correctly configured its distribution priorities. Specifically, the Court provided CMS distribution summary reports that categorize by priority the court-ordered fines, penalties, assessments, and fees. However, the Court incorrectly describes priority number one as "Fees" instead of as "Victim Restitution." In addition, the Court configured some fines and assessments in priority number one when priority distribution one is reserved solely for court-ordered victim restitution. Similarly, the Court describes priority number three as "Fines and Fees" instead of as "Fines, Penalties, and Assessments." In addition, the Court configured some fees within priority number three when "fees" are assigned a priority four distribution.		C	The distribution tables in Odyssey have been corrected.	Cheryl Pender, Fiscal Specialist	December 2015
		Log	The Court does not have a current written business continuity plan. (Repeat)	I		Effective Dec. 31, 2015 we are without an IT Director. The Court will work with the Network Analyst to address these log issues. Whatever items remain unanswered will have to wait the hiring of an IT Manager or contracting services with a 3rd party vendor for IT services.	IT Director/Manager	June 2016
		Log	The Court does not have a current disaster recovery plan. (Repeat)	I		See above.	IT Director/Manager	June 2016
		Log	The Court allows county employees remote access to its system, but has not established in its MOU with the county a requirement that the county must adhere to the Court's IT policies.	I		See above.	IT Director/Manager	June 2016
		Log	The Court MOU with the county does not require the county to notify the Court within 48 hours of any county employee who separates from the county and therefore no longer requires remote access to the Court's system.	I		See above.	IT Director/Manager	June 2016
		Log	We could not review the Court's access to DMV data because the Court was unable to provide a list of user IDs with access to DMV data and was unable to generate the requested FTA and FTP reports from the new CMS.	I		See above.	IT Director/Manager	June 2016

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7 Banking and Treasury								
		Log	Although it reconciles other trust accounts, such as the civil trust condemnation account, the Court does not reconcile the cash bail trust monies to the associated county general ledger account that includes these trust deposits. Specifically, according to the Court, the cash bail monies are deposited in the county account and commingled with other fine and fee deposits, making it difficult for the Court to identify and separate the cash bail trust monies from other monies in the county general ledger account. As a result, the Court has not been able to reconcile the cash bail trust deposits to the county general ledger account.		C	Finance is pulling reports in Odyssey, Registry and Trust Accounts with Balances and the Receipt Journal Report to perform monthly reconciliation of all cash bail payments taken. These reports are compared to a spreadsheet maintained by the Fiscal Specialist. She will also reviewing cases to verify as to whether that case was refunded to the defendant or converted to the fines and fees.	Cheryl Pender, Fiscal Specialist	October 2015
8 Court Security								
		Log	For all three court locations, court management does not have a process to periodically review cardkey access to ensure access assignments remain appropriate.		C	This will be resolved with the move to the new courthouse.	Monika Newman, DCA Facilities and Security	February 2016
		Log	At two outlying locations, the Court has not conducted a building evacuation drill within the past 12 months. (Repeat)	I		True. Due to reduced staffing, furloughs, and the time spent on the new courthouse construction, the annual drills were not performed. A new plan will be implemented in the new facility.	Monika Newman, DCA Facilities and Security	April 2016
		Log	The MOU with the County Sheriff for bailiff and court security services does not specifically identify the court locations to receive security services.		C	The MOU specifies the number of bailiffs and that they will work in all courts, but does not specifically name each location. The MOU is being rewritten to conform to the needs of the court in the new facility. All courtrooms will be in one building.	Monika Newman, DCA Facilities and Security	February 2016
9 Procurement								
		Log	The Court does not consistently encumber contracts greater than \$500. Specifically, three of 20 vendor transactions reviewed did not have purchase orders established in the Phoenix Financial System to encumber and reserve fund balance for the contract or procurement commitments ranging from nearly \$1,000 to \$72,000.		C	This has now been done. It is the Court's intent to follow FIN 5.01 for all procurement and has a procedure in place.	Rayleen Berard, Fiscal Specialist	March 2016
		Log	For the purchase card transactions reviewed, the Court did not authorize the purchase requisitions prior to staff procuring the goods or services. Specifically, all five purchase card transactions reviewed revealed that court staff purchased goods prior to an authorized individual signing their approval on the purchase requisition.		C	Training issue. This will be reviewed. Credit card purchases are matched to the approved procurement document. Currently the authorized purchaser is allowed to use the card (signed out and returned to Finance) and returns it with an approved "Request for Goods" signed and approved. All purchases on the invoice are matched to the Goods Request prior to payment of the invoice from the vendor. The Court Finance Division has implemented a procedure requiring any authorized purchaser to provide an approved Goods Request prior to signing out a purchase card.	Sandy Salyer, Finance Director	January 2016
10 Contracts								
		Log	A Court representative with the appropriate approval authorization level did not sign and execute two of the five contracts reviewed. Specifically, the former CEO executed a contract in July 2012 and the current CEO executed a contract in June 2014 with payments in FY 2014-15 that totaled more than \$365,000 and \$72,000, respectively. However, according to the court authorization matrices, the CEO is authorized to sign contracts with values up to \$50,000, whereas the PJ is authorized to sign contracts with values exceeding \$50,000.		C	This was an oversight and so noted for future. The Court Finance and Admin Division maintains a matrix of approval levels and will verify all contracts signed as per the matrix.	Jeff Lewis, Court Executive Officer	January 2016
		Log	For one of five contracts reviewed, the Court did not enter a purchase order in the accounting system to encumber and reserve fund balance for the \$72,000 contract commitment.		C	See above. The contract is paid from restricted grant funds and not the general fund. The court has a contract with the JC for AB1058 and an InterBranch Agreement for Self Help. All expenses are paid as reimbursement based on time cards and expense claims. The Court Finance Division will create a Purchase Order for all contracts.	Rayleen Berard, Fiscal Specialist	January 2016

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		Log	For two of five contracts reviewed, the contract files did not contain the required insurance certificates with the minimum insurance coverage amounts. Specifically, one contract file included a current insurance certificate; however, the commercial general liability insurance limit and the automobile liability insurance limit were less than the minimum insurance coverage amounts required by the contract. In addition, for another contract, the contract file included a certificate for professional liability insurance; however, the insurance certificate did not include the automobile liability insurance coverage required by the contract.	I		The current insurance certificates will be reviewed for compliance.	Sandy Salyer, Finance Director	April 2016
		Log	For one of two MOUs reviewed, the MOU with the Kings County Law Library for Small Claims Advisor services does not include a provision allowing the Judicial Council or its delegate to audit the county figures to ensure compliance with GC 77212 and does not have a provision stating that costs charged to the Court may not contain cost items that are not otherwise allowable Court operations costs as defined in California Rules of Court, Rule 10.810.	I		The current MOU was signed in 2000 and has not had any revisions. If required the court will address amending the current MOU to add the requested language. The Law Library nor the Small Claims Advisor submit invoices to the courts for payments. The Court will review the current MOU and work with County Council to revise the MOU to add the required audit clause and the provision regarding CRC, Rule 10.810. The MOU for the Law Library and Small Claims Advisor does not require the county to submit invoices. It is an annual contract to be paid in monthly installments.	Jeff Lewis, Court Executive Officer	May 2016
		Log	For four of five county invoices reviewed, the Court could not demonstrate how it matched and agreed the services and costs billed to the terms in the MOU with the county.	I		Printing services are per order and records are kept by Rayleen. Berard, Fiscal Specialist. Mail is not "counted" at the court prior to taking it for processing at county central services. County IT costs are based on a per user matrix developed by the county. It would be impossible to match. Print jobs generated by county IT were standard reports from the CMS. The Court is in the process of terminating services with the county for mainframe usage with an expected termination date of June 30, 2016. Printing service invoices will be reviewed and matched by Rayleen Berard, Fiscal Specialist and IT invoices will be reviewed and approved by the IT Manager for accuracy in billing based on services provided in the MOU.	IT Director/Manager	June 2016
		Log	For one of five county invoices reviewed, the Court paid the county without a written MOU. Specifically, the Court paid the county more than \$350,000 for dependency counsel services in fiscal year 2014-15, but does not have a written MOU with the county for these services.	I		The Court entered into an MOU with Kings County on July 1, 2002. This MOU is still in effect. Unfortunately, the Court nor the County is able to locate any additional MOU. The Court is confident that it is only paying costs related to CAC for minors and parents.	Sandy Salyer, Finance Director	NA
		Log	For two of five county invoices reviewed, the invoices did not provide sufficient detail for the Court to verify that the amounts billed were reasonable. In addition, the Court did not use alternative procedures, such as requesting additional supporting information from the county, to assess and determine the reasonableness of the billed costs.		C	Agreed. Invoices for mail processing do not have back up. Printing jobs require a work order from the court. The Fiscal Specialist will perform a 3 point match for printing service orders.	Rayleen Berard, Fiscal Specialist	March 2016
		Log	For three of the five county invoices reviewed, we could not determine whether the amounts billed agreed to the MOU, and for one, the rates billed did not consistently agree to the price sheet in the MOU with the county.		C	See above. IT/EDP services are based on a per user cost matrix. This matrix was provided to the auditor. The court currently has 31 users on the county mainframe. County IT invoices will be reviewed and approved by the IT Manager.	Sandy Salyer, Finance Director	March 2016

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11	Accounts Payable							
		Log	Accounts payable transactions are not consistently matched to an authorization document and proof of accepting services prior to processing the transactions for payment. Specifically, of the 40 transactions reviewed, the Court could not demonstrate that it matched eight claim transactions to a document authorizing the services, such as a court order or purchase requisition; and that it matched five vendor invoice and five claim transactions to proof of accepting the services.	I		Disagree. When invoices for transcripts on appeal are received the Finance Dept. verifies with Appeals that the transcripts were ordered and received. Interpreter logs are verified by the court interpreter coordinator prior to submission for payment. The coordinator verifies that the interpreter was in court. A court order is not required or purchase requisition. The invoice to pay State Bar dues for the research attorneys was approved by the Court Executive Officer and the email was attached to the SAP coding strip. Transcripts are received via E-file and logged with the case. This review is conducted by a court services clerk and checked for accuracy. The Court will secure written approval from the CEO for all approved payments. The Court does follow the 3 point match for services. Interpreters are not ordered by court order, but noticed on the calendar. We will continue to follow our current procedure.	Rayleen Berard, Fiscal Specialist	N/A
		Log	The Court processed 10 claim transactions for payment without requiring the claimants to include their addresses upon the claim.		C	Vendor addresses are stored in SAP and were verified at the time of vendor set up. The Finance Division will review and request addresses on all invoices that are submitted without addresses.	Rayleen Berard, Fiscal Specialist	January 2016
		Log	The Court does not consistently compensate court interpreters in accordance with the Judicial Council of California Payment Policies for Contract Court Interpreters. Specifically, of the four court interpreter claims reviewed, one claim included extraordinary travel costs (1/2 day per diem paid for travel time) that the CEO did not approve in advance. The Court paid another interpreter claim for 60 miles of travel, but upon closer review of the distance between the recorded addresses of home and worksite, the mileage was equal to only 37 miles round-trip. According to JCC policy, contract court interpreter travel mileage must be at least 60 miles round-trip to be eligible for reimbursement.		C	The Court Interpreter Coordinator seeks the approval from the CEO prior to paying all expenses that exceed the normal rates. This is done via phone, email or in person. Due to our remote location it is very difficult and costly to engage interpreters in Kings County. The Court Interpreter Coordinator will seek written approval for all expenses that exceed the normal rates.	Gabriel Torres, Court Interpreter Coordinator	February 2016
		Log	For two of the ten TEC forms reviewed, the appropriate-level supervisor did not review and approve the TEC reimbursement forms. Specifically, the CEO rather than the PJ approved the TEC reimbursement forms submitted by a temporary judge and commissioner.		C	This was an oversight and has been corrected. The Court's standard operating procedure is to seek the appropriate level of approval. This was a single incident.	Hope Hernandez, Admin Assist II and Nancy Rizo, Sr. Executive Services Coordinator	January 2016
		Log	For one of ten TEC forms reviewed, the Court reimbursed a lunch meal on a business trip that was less than 24 hours in duration, which is contrary to the Judicial Council travel expense guidelines.		C	This was an oversight due to the way the TEC was completed. It appeared that the travel took place over 2 days. The Court staff is well aware travel expense reimbursement policy. The invoice in question was reviewed by all that were involved in the processing.	Hope Hernandez, Admin Assist II and Nancy Rizo, Sr. Executive Services Coordinator	January 2016
12	Fixed Assets Management		Not Reviewed.					
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					
15	Domestic Violence							
		Log	For one of the 30 cases reviewed, the Court did not assess the PC 1203.097(a)(1) Domestic Violence fee and did not state the reason for not assessing this fee on the record. (Repeat)		C	The transcript was reviewed and the DV fee was not assessed. This was a clerk error and the clerk has been noticed.	Liz Rocha, DCA Courtroom Services	March 2016
		Log	For one of the 30 cases reviewed, the Court did not assess the applicable PC 1202.44 Probation Revocation Restitution Fine.		C	The minutes do not reflect this assessment. This was a clerk error and the clerk has been noticed	Liz Rocha, DCA Courtroom Services	March 2016
		Log	For one of the 30 cases reviewed, the Court did not assess the Court Operations Fee and Criminal Conviction Assessment.		C	The transcript was reviewed and the fees and assessments were not assessed. This was a mistake made by the clerk and the employee has been noticed.	Liz Rocha, DCA Courtroom Services	March 2016

Key as of close of fieldwork:
I = Incomplete
C = Complete

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16 Exhibits								
		Log	The Court does not review who has electronic (Fob) key access to the exhibit rooms at least annually to ensure the access remains appropriate. (Repeat)		C	During the past 2 years the court has lost 3 manager/supervisors. Combined with staffing shortages, furloughs and the implementation of the new CMS system it has become apparent that the court needs to review and enforce policies and procedures. This will occur with the move to the new courthouse. Fob access is maintained by IT. They are notified when a change is needed to add or delete a person to/from the system. This is done in writing.	Court IT & Barbara Torres, Division Manager	February 2016
		Log	The Court does not conduct periodic inspections of the exhibit room. (Repeat)	I		Due to lack of staffing there are not inspections being done. It is planned to do inspections at a minimum on a quarterly basis when we relocate to the new courthouse.	Barbara Torres, Division Manager, Supervisor and Exhibit Clerk	March 2016
		Log	The Court does not conduct an inventory of the exhibit room at least annually. (Repeat)		C	Due to lack of staffing and the number of storage locations there has not been an inventory done recently. A complete inventory will be made upon relocation to the new courthouse and annually thereafter.	Barbara Torres, Division Manager, Supervisor and Exhibit Clerk	February 2016
		Log	The Court does not require two court employees to be present when opening the safe containing sensitive items.	I		Due to staffing the Exhibit Clerk, Lead Clerks, Supervisor and Deputy Court Administrator have access without a second employee present. Clerks assigned as back up clerks are required to have a second employee when in the safe. No change is foreseen with our current staffing levels.	Barbara Torres, Division Manager	N/A
		Log	The Court allows individuals other than the exhibit custodian to add, modify, and delete exhibit information in the exhibit database.	I		Due to staffing only one clerk is assigned as Exhibit Clerk, backup clerks are available to accept, review and add exhibit information in a data base. Backup clerks do not modify and/or delete any exhibit information. They will prepare a document and leave it for the Exhibit clerk to update/modify. No change is foreseen with our current staffing levels.	Barbara Torres, Division Manager	N/A
		Log	Individuals other than the exhibit custodian also move the exhibits that are stored within the exhibit room.	I		Due to staffing the Exhibit Clerk, Lead Clerks, Supervisor and Deputy Court Administrator have access and do move items as needed to accommodate exhibits if needed. If assistance is needed another clerk may be called in to assist in moving items. No change is foreseen with our current staffing levels.	Barbara Torres, Division Manager	N/A
17 Bail								
		Log	Our review of selected bail bonds revealed two of eight cases where the defendant posted bail and was released from custody but had bail bond disposition errors. Specifically, one case reflected a bail bond status of "forfeited" in the CMS bail bond register and bond section of the case summary, while the case history detail in the case summary recorded that the bail bond had been reinstated and later exonerated. This discrepancy occurred because court staff did not properly update the bail bond status within the CMS. The second case reflected a bail bond status of "posted," yet the defendant failed to appear and an active bench warrant was issued. Moreover, the bail bond listed as posted may no longer hold value as the surety may no longer have an obligation under the bond because the Court did not forfeit the bail and send notice within the time period prescribed by law.		C	Training issue to be corrected. The Courtroom Services Manager conducted additional training for all courtroom staff.	Liz Rocha, Courtroom Services Manager	January 2016
		Log	The Court has not yet developed a process to review and ensure the accuracy of the bond register within its new CMS system.	I		Currently the court limits the addition of Agents, Bond Company or Surety to Managers and Lead Clerks. Once staff scans and inputs information there is no check of information. CMS system does allow us to run a report of Bond Activity and Outstanding Bond (inform: status(es) within specified date range or a list of all current active bonds.) Criminal and courtroom services can work together to review this report monthly or quarterly in the future.	Barbara Torres, Criminal Division and Liz Rocha, Courtroom Services Manager	March 2016