



Audit of the Superior Court of
California, County of Riverside
Court Innovations Grant

JUNE 2019



JUDICIAL COUNCIL
OF CALIFORNIA

AUDIT SERVICES

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Mr. Grant Parks
Principal Manager, Audit Services
Judicial Council of California
Phone: (916) 263-1321
E-mail: grant.parks@jud.ca.gov

**Superior Court of California, County of Riverside
Court Innovations Grant
Intelligent Self-Help Kiosk Project**

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EXECUTIVE SUMMARY

In June 2016, the Governor signed the Budget Act of 2016, which provided the judicial branch with \$25 million in spending authority for a Court Innovations Grant (CIG) program. The CIG program is intended to temporarily fund practices and programs in the trial and appellate courts that promote innovation, modernization, and efficiency. The legislation directed the Judicial Council to award CIG program funds on a competitive basis, and further specified \$12 million be earmarked for collaborative court programs; \$8 million for self-help, family, and juvenile programs; and \$5 million on other efficiencies across all types of courts. After implementing a competitive grant application and review process, the Judicial Council awarded more than 50 grants that cumulatively totaled around \$23 million¹. The Judicial Council began disbursing grant funds in June 2017 and grant recipients have until June 30, 2020 to fully expend their grant awards. The Legislature requires the Judicial Council to report annually on the progress made in achieving the CIG program's objectives.

The Judicial Council awarded Riverside Superior Court (Court) roughly \$759,000 for its Court Innovations Grant (CIG) Intelligent Self-Help Kiosk Project (Kiosk Project) to purchase and implement 24 self-help kiosks in the Court's 15 courthouses and one stand-alone self-help center. By implementing the self-help kiosks, the Court hoped to improve its customers' access to information and better direct them to where they needed to go, thus eliminating the need to wait in line for the same information. Eight of the 24 kiosks are self-check-in kiosks for jurors.

Overall, our review found the Court demonstrated financial accountability over its CIG Kiosk Project. The Court has generally spent grant funds in accordance with the approved budget plan and consistently used the assigned Work Breakdown Structure (WBS) codes in the Phoenix Financial System to facilitate the tracking and monitoring of the CIG project expenditures. For 14 of the 18 invoices reviewed, the expenditures were clearly allowable and consistent with the purpose of the grant. However, our review of the remaining four invoices resulted in identifying unallowable costs. Specifically, these four payments pertained to IT maintenance fees for service periods after fiscal year 2019-20. According to the terms of the Court's Intra-Branch Agreement (IBA) with the Judicial Council, the Court may not use grant funds for IT maintenance that extend beyond June 30, 2020. We expanded our review of the Court's spending in this area and identified a total of \$57,700 in unallowable grant spending for fiscal year 2020-21 IT maintenance fees.

We also noted one finding related to the Court's non-compliance with the Judicial Branch Contracting Manual (JBCM). The Court did not engage in a competitive procurement when it selected its main contractor for its Kiosk Project. The JBCM generally requires courts to competitively procure goods and services that exceed \$10,000 and further requires courts to use a Request for Proposal (RFP) solicitation process when the expected IT goods and services exceed \$100,000. The Court issued two purchase orders to its primary contractor for \$575,000, citing a sole-source justification to explain the lack of competition. The Court believes the Judicial Council's grant application requirements limited the time available to engage in a competitive

¹ In March 2017, the Judicial Council awarded \$23.5 million to grantee courts - \$11.3 million for collaborative court programs; \$7.5 million for self-help, family, and juvenile court programs; and \$4.7 million for other efficiencies programs - to increase court efficiencies.

solicitation. We respectfully disagree. The CIG program is a multi-year effort spanning a three-year funding period, which would seem to provide sufficient time to engage in a competitive procurement given the significant amount of planned spending.

Our review also found the Court can improve in keeping the Judicial Council informed of grant progress. While the Court appears to be on track towards implementing the 24 kiosks—and has consistently submitted Quarterly Progress Reports in a timely manner—the Court did not always alert the Judicial Council of potential project risks. Specifically, the Court did not report the significant changes to the kiosk’s functionality, which now differs from how the project was described in the IBA and as approved by the Judicial Branch Budget Committee. For example, the kiosks cannot perform 5 of the 9 expected tasks, such as: allowing customers to pay tickets, making appointments, and filing court documents. According to the Court, as the Kiosk Project developed, it became apparent the kiosks were designed to provide information to frequently asked questions, and the benefit would be in serving customers who would typically wait in line to speak with a court employee. The Court hoped the kiosk would include the additional features but feels the timeframe involved in building grant application submissions was too short to fully research kiosk capabilities. While Audit Services realizes there may be times when the expected functionality of a CIG project will not materialize for legitimate reasons that are beyond the Court’s control, it is nevertheless important for the Court to communicate these significant project developments to Judicial Council staff. To ensure both the Judicial Council and the Court have the same expectations with respect to the kiosk’s functionality, the Court should amend its IBA and/or consult with staff from the Judicial Council’s Special Projects Unit.

Finally, we attempted to review the Court’s measurable outcome reporting. We based our audit on the ten measurable outcomes listed in IBA amendment number 2, which was in effect during our review. However, we were unable to complete a review of the measurable outcomes for reasons such as the Court did not submit performance data, the performance measures were changed via the subsequent IBA, or there is no additional source documentation to verify. A further explanation of the challenges we encountered in evaluating the Court’s compliance with reporting measurable outcomes is discussed in the body of the report.

AUDIT AUTHORITY

Government Code, sections 77206(g) and 77009(h) provide the Judicial Council of California (Judicial Council) with the authority to inspect and review superior court records and to perform audits, reviews, and investigations of superior court operations. Each court’s grant agreement under the Court Innovations Grant Program includes an audit provision, while the Judicial Council’s annual audit plan for fiscal year 2018-19 includes these audits. In March 2019, audit staff visited the Court to review its progress towards implementing its grant project. The scope of the audit was generally limited to evaluating compliance in the six areas shown in *Table 1 - Audit Results at a Glance* on the following page.

Summary of Audit Results

Table 1: Audit Results at a Glance – California Superior Court, County of Riverside (Court Innovations Grant – Intelligent Self-Help Kiosk Project)

Areas and Sub-Areas Subject to Review		Reviewed	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Financial Accountability					
1	Grant Funds Received Are Accurately Recorded in Phoenix	Yes	✓		
2	Grant Expenditures Were in Accordance with Approved Budget Plan	Yes	✓		
Allowable Activities & Costs					
3	Personnel Costs are Attributable to Grant Work	No			
4	Contractors' Work is Relevant and Consistent With Grant's Scope	Yes	1	2019-04-01	Disagrees
5	Other Costs Incurred Were for Allowable Activities per the Guidance in the Court's IBA	N/A			
6	Indirect Costs Charged Were Calculated Based on Grant Program Rules	No			
Procurement					
7	Competitive Bidding Rules Followed	N/A			
8	Non-Competitive Procurements Justified	Yes	1	2019-08-01	Disagrees
Timely Deliverables					
9	Expected Deliverables On Time Per Grant Plan	Yes	1	2019-09-01	Partially disagrees
Grant Progress Reporting					
10	Quarterly Progress Reports Submitted Timely	Yes	✓		
11	Quarterly Progress Reports Disclose Progress and Risks To Success	Yes	1	2019-11-01	Disagrees
Quality Measurable Outcomes					
12	Pre-Implementation (Baseline) Performance Measures	No	X		
13	Post-Implementation Performance Measures	No	X		

Key

✓ Court complied, no reportable audit findings in the area noted.

X Audit Services could not complete its review for reasons such as the Court did not submit performance data, the performance measures were changed via the subsequent IBA, or there is no additional source documentation to verify.

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

Notes Audit Services considered the terms and provisions of the grant award reviewed, as well as any other applicable grant requirements (such as adherence to the Judicial Branch Contracting Manual and the Trial Court Financial Policies and Procedures Manual). Audit Services' explanations for why certain compliance areas were not tested, if any, are provided in the Scope and Methodology section of the audit report.

BACKGROUND

The Court Innovations Grant Program

The Budget Act of 2016 appropriated \$25,000,000 for the establishment, operation, administration, and staffing of the Court Innovations Grant (CIG) program for trial and appellate courts and for practices that promote innovation, modernization, and efficiency. The funds are designated for a competitive grant program developed and administered by the Judicial Council. The competitive grant program focuses on high priority innovations, modernizations, and efficiencies in the courts; \$12,000,000 to be spent on collaborative courts, \$8,000,000 on Self-help, Family and Juvenile courts, and \$5,000,000 on other efficiencies across all types of courts. Grant recipients must periodically provide progress updates to the Judicial Council as their projects move towards completion, and further must provide measurable outcomes data to facilitate reporting to the Legislature regarding the efficiencies and other improvements gained. Grant recipients have until June 30, 2020 to fully expend their CIG program awards, after which any unexpended funds will revert to the General Fund.

The Superior Court of Riverside and Its Intelligent Self-Help Kiosk Project

The Superior Court of Riverside (Court) has 15 courthouses, spread over 7,300 square miles in three regions, to serve Riverside County's 2,415,955 citizens². With 80 authorized judicial positions, the Court is defined as a "large" court by the Judicial Council for the purposes of analyzing workload and allocating funding. The Court has a budget of \$172 million for fiscal year 2018-19 and roughly 1,100 employees³.

The Court Hopes to Leverage Technology to Provide Self-Help Solutions That Will Promote Access to Justice for Court Users

According to the Court, it serves a county whose population has grown 44 percent in the last 16 years and statewide studies have confirmed the Court is understaffed and has a severe shortage of judgeships⁴. The Court's CIG Intelligent Self-Help Kiosk Project (Kiosk Project) would involve the deployment of intelligent self-help kiosks, which would be installed in each of the Court's courthouses and one stand-alone self-help center to reduce long lines and waiting times for customers. Some of the functionality provided by the kiosks include providing customers with court locations and maps; simplified "express check-in" for jurors; assistance with forms and paperwork and information regarding facilitator and/or paralegal appointments (via Quick Response (QR) codes).

At the time of our visit in mid-March 2019, the Court reported it has implemented 14 of 24 planned kiosks. Four kiosks are scheduled for implementation starting late March to May 2019, and another

² Superior Court of Riverside Fast Facts (www.riverside.courts.ca.gov)

³ Information from the Court's fiscal year 2018-19 annual baseline budget detail and Schedule 7A (Salary and Position Worksheet)

⁴ IBA, Attachment 1 to Exhibit A, Court's Grant Application, Section 2.1.1 Program Need

six kiosks to be implemented in fiscal year 2019-20. The kiosks provide information in six languages: English, Arabic, Korean, Chinese, Spanish, and Vietnamese.

Table 2: The Court's Kiosk Project - Implementation Schedule

14 Kiosks Implemented in March 2018 to February 2019	4 Kiosks Scheduled for Implementation in Late March to May 2019	6 Kiosks Scheduled for Implementation in Fiscal Year 2019-20
Hall of Justice (3) ^a Southwest Justice Center (3) ^a Banning Justice Center (3) ^a Larson Justice Center (3) ^a Corona Courthouse Palm Springs Courthouse	Riverside Family Law Courthouse Riverside Historic Courthouse Southwest Juvenile Courthouse Riverside Self-Help Center ^b	Riverside Juvenile Temecula Moreno Valley Hemet Indio Juvenile Blythe
<i>Source: Discussion with Court staff in March 2019.</i>		
<i>a. Three kiosks (one self-help kiosk and two juror self-check-in kiosks) were implemented in the four Justice Centers because jury trials are held in these courthouses. Only the self-help kiosks were or would be implemented in the other courthouses and the Riverside Self-Help Center.</i>		
<i>b. The locations listed above consisted of 15 courthouses and one stand alone self-help center.</i>		

Financial Detail of the Court's Intelligent Self-Help Kiosk Project (Agreement 1034175)

The Judicial Council approved the Court's Kiosk Project in March 2017 under the "Self-help, Family, and Juvenile Courts" grant category. The Court's Intra-Branch Agreement (IBA) became effective July 1, 2017 and expires on June 30, 2021, but Court's ability to spend grant funds expires a year earlier on June 30, 2020. Table 3 below provides a high-level overview of the grant awarded and disbursed by the Judicial Council to the Court. Table 4 shows the Court's grant revenues, expenditures, unspent and unencumbered funds. As of January 31, 2019, the Court had remaining unspent grant funds equal to \$137,000. According to the Court and our review of its accounting records, the remaining funds will be spent on payments for the purchase and implementation of kiosks in fiscal years 2018-19 and 2019-20 as well as for personnel, indirect costs, and minor equipment costs budgeted for fiscal year 2018-19.

Table 3: The Court's Kiosk Project – Total Grant Awarded and Disbursed – Judicial Council Records

Grant Award and Disbursements	As of January 31, 2019
Total Cumulative Award	\$ 759,302
Less: Amount Remaining to be Disbursed <i>(Note: FY 19/20 grant award of \$126,679 will not be distributed to the Court until July 1, 2019.)</i>	(126,679)
Total Funds Disbursed to the Court	\$ 632,623

Table 4: The Court’s Kiosk Project – Grant Revenues, Expenditures, Unspent, and Unencumbered Funds - Court Records

Grant Revenues, Expenditures, Unspent, and Unencumbered Funds	As of January 31, 2019
Total Grant Funds Recorded in Phoenix (as of January 31, 2019)	\$ 522,095
Add: Transfer of \$110,528 from SPO725 (Attorney and Litigant Electronic Courtroom Self-Check In) to this Kiosk Project. Approved by the Judicial Branch Budget Committee (JBBC) in September 2018 but was not recorded in Phoenix until March 2019. ^a	110,528
Subtotal - Grant Funds Received by the Court	\$ 632,623
Less: Expenditures Recorded in Phoenix	(495,332)
Unspent Grant Funds at Court	\$ 137,291
Less: Outstanding Encumbrances - Grant	\$ (88,841)
Unencumbered Grant Funds ^b	\$ 48,450

a. The \$110,528 paid for the purchase of an additional four kiosks and the related licensing, software, professional services, and installation costs. Thus, the total number of kiosks to be implemented was increased from 20 to 24 kiosks.

b. It is likely the Court will fully spend its unencumbered grant funds given its planned spending for the remainder of fiscal years 2018-19 and 2019-20.

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated the audit of the Superior Court of California, County of Riverside's (Court) Court Innovations Grant (CIG) Intelligent Self-help Kiosk Project (Kiosk Project) in order to determine whether the Court complied with certain key provisions of the grant agreement, statute, and the policies and procedures adopted by the Judicial Council of California. Our audit was limited to evaluating compliance with those requirements, in our professional judgment, necessary to answer the audit's objectives. The audit is limited to the time period of July 1, 2017 to January 31, 2019. The specific objectives and methods we followed are described in the table below.

Table 5: Scope and Methodology

	Objectives	Methods
1	<p>Financial Accountability:</p> <ul style="list-style-type: none"> • Determine whether Court completely and accurately accounted for the Court Innovations Grant (CIG) funds received from the Judicial Council, in the Phoenix Financial System (Phoenix). • Determine whether Court has spent grant funds in accordance with the approved budget plan. • Determine whether unspent grant funds need to be returned to the Judicial Council. 	<p>Audit Services compared the Judicial Council's CIG budget distributions and Judicial Branch Budget Committee's (JBBC) approved fund transfers from the Court's other CIG projects against the revenues recorded by the Court in Phoenix. We also reviewed revenues and expenditures in Phoenix to ensure the appropriate fund and Work Breakdown Structure (WBS) were used by the Court when recording grant expenditures.</p> <p>We compared the Court's grant expenditures recorded in Phoenix (by type of expenditure) to the most recently approved CIG grant budget. When significant deviations—such as those exceeding 5% by expenditure type—were identified by audit staff, we made inquiries with the Court to understand the nature and appropriateness of the spending variances.</p> <p>We perform this procedure if we consider the Court's unspent funds to be significant (greater than or equal to: 5% of grant funds received or \$10,000). The Court has significant unspent funds of about \$137,000, representing 22% of the \$632,623 grant received. We compared the total award received by the Court against its grant expenditures recorded in Phoenix. We made inquiries with the Court and reviewed its spending plan to understand whether it intends to spend its unencumbered grant funds, if any.</p>

<p>2</p>	<p>Allowable Activities and Costs:</p> <ul style="list-style-type: none"> • <i>Personnel Costs</i> – For a sample of Court employees whose salaries and benefits were charged to the grant, evaluate whether the Court can substantiate that these employees are working on the grant project instead of other Court activities. • <i>Consultant / Contractor Costs</i> – Determine whether the Court’s contractors—who were paid with CIG funds—had scopes of work that were consistent with the goals and objectives of the Court’s CIG project. • <i>Other Costs</i> - Determine whether other costs charged to the CIG project were incurred for allowable activities per the guidance in the Court’s CIG Intra-Branch Agreement (IBA). • <i>Indirect Costs</i> – Determine whether the calculation of indirect costs is in accordance with the CIG program rules. 	<p>Since the Court only charged \$5,239 of personnel costs to this project (1.1% of \$495,332 total CIG expenditures), we passed on further testing in this area.</p> <p>As of January 31, 2019, the Court’s payments to two contractors using CIG funds, totaled \$489,109 (98.7% of \$495,332 total CIG expenditures). One of the contractors was paid \$486,509, representing 99% of the \$489,109 spent on contractors. We reviewed the scope of work for the two contractors. We also reviewed 18 invoices (totaling about \$311,000) pertaining to these two contractors to understand how the contractors’ work corresponded to the particular goals and objectives of the Court’s project. The invoices reviewed represent 64% of the \$489,109 spent on contractors.</p> <p>The Court used CIG funds to pay contractors and for personnel and indirect costs. Thus, there were no “Other Costs” to review.</p> <p>Since the Court only charged \$984 of indirect costs to this project (less than 1% of total CIG expenditures of \$495,332), we passed on further review in this area.</p>
<p>3</p>	<p>Procurement: Determine whether the Court’s procurement transactions— paid for with Court Innovations Grant funds— complied with the Judicial Branch Contracting Manual’s (JBCM) requirements, specifically:</p>	<p>The Court paid two contractors with CIG funds, representing 98.7% of total CIG expenditures. Both were sole source procurements. Because of the low dollar amount of one of the procurements at \$2,600 for juror self-check-in software, the Court added the procurement to its existing purchase order with its jury software contractor. The other procurement valued at \$575,000 is for professional project services, purchase and</p>

	<ul style="list-style-type: none"> • <u>Competitive Solicitations</u> – Determine whether the Court achieved competition as defined in the JBCM, based on the particular solicitation method followed by the Court. • <u>Non-Competitive Bid (NCB) Solicitations</u> – evaluate whether the Court’s decision to engage in an NCB procurement was consistent with the JBCM’s requirements. 	<p>installation of kiosks, and the associated IT maintenance fees.</p> <p>The Court did not procure goods on a competitive basis.</p> <p>The Court issued two purchase orders valued at \$575,000 to the same contractor using a sole-source justification. We interviewed Court staff and reviewed the Court’s justification and available documents to evaluate whether the procurement was consistent with the JBCM.</p>
4	<p>Timely Deliverables:</p> <ul style="list-style-type: none"> • Evaluate whether Court is meeting key milestones (and is receiving key deliverables on time) in accordance with its Project Implementation Plan (PIP). 	<p>From the most recent Project Implementation Plan submitted by the Court in fiscal year 2018-19 (second quarter), we selected three tasks for review. Using auditor judgment, we based our selection on the tasks’ relative importance to the overall goals and objectives of the grant, as well as the Court’s assertion the deliverables are complete or in-progress. One of the tasks selected was the phased implementation of the 24 kiosks. Audit staff were able to observe four kiosks and verified they could be used by the public (e.g. provided information to court customers and allowed jurors to self-check-in).</p>
5	<p>Grant Progress Reporting:</p> <ul style="list-style-type: none"> • Determine whether Court submitted its Quarterly Progress Reports (QPRs) timely. • Evaluate whether Court is disclosing project risks or changes to the project’s objectives in its Quarterly Progress Reports. 	<p>We reviewed the Court’s four Quarterly Progress Reports submitted in the last two quarters of fiscal year 2017-18 and the first two quarters of fiscal year 2018-19.</p> <p>We reviewed the Court’s transmittal of its QPRs to the Judicial Council, noting whether the Court was reporting project status information in a timely manner as required by the grant award.</p> <p>Based on audit staff’s understanding of the project’s risks and challenges, we reviewed the information provided by the Court within its progress reports to determine whether the Court</p>

		<p>was disclosing significant project risks or changes to the project’s objectives. We also considered risks as those areas that could affect the timely completion of the grant project or completion of the project as defined in the Court’s approved Intra-Branch Agreement (IBA).</p>
6	<p>Quality Measurable Outcomes:</p> <ul style="list-style-type: none"> • <u>Baseline Performance Data</u> - Determine whether Court is collecting and reporting to the Judicial Council baseline (pre-implementation) data to eventually contrast with post-implementation data. Determine the source(s) of this data and evaluate whether the Court is compiling this information accurately. • <u>Post-Implementation Performance Outcome Data</u> - Evaluate whether Court is reporting post-implementation data to the Judicial Council and data can be traced to supporting court records. 	<p>In addition to the three standard performance measures required by the Judicial Council, the Court developed ten additional measurable outcomes. These ten measurable outcomes pertain to pre and post-kiosk implementation for juror check-ins and self-help services.</p> <p>Audit Services (AS) was unable to complete a review of the Court’s measurable outcomes. During our audit fieldwork in March 2019, the Court was still working with the Judicial Council to finalize IBA amendment number 3, which resulted in substantial changes to the measurable outcomes in effect during our fieldwork. Since the Court’s measurable outcomes were likely to change, we passed on further review. For more information, see the chapter on Quality Measurable Outcomes.</p>

Report Distribution

The Judicial Council’s *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on June 28, 2019 and approved it for public release.

California Rules of Court, Rule 10.500 provides for the public access to non-deliberative or non-adjudicative court records. Final audit reports are among the judicial administrative records that are subject to public access unless an exemption from disclosure is applicable. The exemptions under rule 10.500 (f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. As a result, any information meeting the nondisclosure requirements of rule 10.500(f) have been omitted from this audit report.

Audit Staff

This audit was completed by the following staff under the general supervision of Grant Parks, Principal Manager:

Sandra Gan, Senior Auditor (auditor in charge), CPA
Lorraine De Leon, Auditor

**SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE
ACTION**

FINANCIAL ACCOUNTABILITY

Background

The courts are responsible for separately accounting for their receipt and spending of grant funds in accordance with the terms listed in their respective grant agreements. The Court's Intra-Branch Agreement (IBA) with the Judicial Council for its Court Innovations Grant (CIG) Intelligent Self-Help Kiosk Project (Kiosk Project), specified the following conditions:

- The Court agrees to track, account for, and report on all expenditures related to the Kiosk Project separately from all other expenditures by using the Work Breakdown Structure (WBS) code in the Phoenix Financial System (Phoenix). If the Court does not use the specified WBS codes and cannot otherwise demonstrate how it spent grant funds, the Judicial Council may—in its sole discretion—seek to recover previous disbursements up to and including the entire award amount.
- The WBS codes specifically designated by the Judicial Council in Phoenix for the specific purpose of tracking the Court's CIG activity are:

WBS code		Fiscal Year
G-331080-1-17	Innovations Grant - Riverside	17/18
G-331080-1-18	Innovations Grant - Riverside	18/19
G-331080-1-19	Innovations Grant - Riverside	19/20

- The Court's expenditures must be consistent with its Judicial Council approved Budget Detail Worksheet.
- The Court's grant funding is available for encumbrance and expenditure until June 30, 2020.
- Within sixty (60) days after the expiration or termination of the agreement, the Court will return to the Judicial Council the portion of the Award Amount that has not been expended for the Kiosk Project. If the Court does not return such funds, the Judicial Council will withhold a like amount from the Court's annual court funding distribution.

Audit Results

Overall, the Court demonstrated financial accountability over its CIG Kiosk Project. The Court has generally spent grant funds in accordance with the approved budget plan and consistently used the assigned WBS code in Phoenix to facilitate the tracking and monitoring of CIG project expenditures. We do not have any reportable audit findings in the area of financial accountability.

ALLOWABLE ACTIVITIES AND COSTS

Background

Grant awards—such as the Judicial Council’s Court Innovations Grant (CIG) program—may specify certain allowable and/or unallowable activities that may or may not be funded with grant proceeds. These grant conditions may further specify certain types of costs that are categorically unallowable pursuant to the grant’s rules. The CIG program is no different and the Court’s Intra-Branch Agreement (IBA) with the Judicial Council defines certain allowable and unallowable activities and costs. Exhibit B of the IBA with the Judicial Council lists certain unallowable activities/costs that include, but are not limited to, the following:

- For any expenditures not directly related to the project.
- To supplant existing funding.
- To contract with a current employee of any judicial branch entity (or with a former employee per California Rules of Court, Rules 10.103 and 10.104).
- For the construction of facilities.
- For rental of facilities, except as specifically allowed in this agreement.
- For the routine replacement of office equipment, furnishings or technology.
- To pay for automated court systems that are not recommended by the Judicial Council.
- For any technology maintenance costs that extend beyond the end of the grant award period (i.e. June 30, 2020).

However, the IBA allows for exceptions to these expenditure restrictions on a case-by-case basis. An exception request must be submitted in writing and approved in writing, in advance, by the Judicial Council’s Program Manager.

Audit Results

As of January 31, 2019, the Court spent \$489,109 (77% of its \$632,623 total grant award received) on two contractors. The Court has one significant contractor—Konica Minolta Business Solutions (KMBS) which it paid \$486,509, representing 98% of the \$495,332 it spent overall for the CIG Intelligent Self-Help Kiosk Project (Kiosk Project). Audit Services reviewed selected invoices for the two contractors to determine whether expenditures were directly related to the Kiosk Project. Specifically, we reviewed 18 invoices roughly totaling a cumulative \$311,000 (or 64% of all spending on contractors). For 14 of the 18 invoices reviewed, the expenditures were clearly allowable and consistent with the purpose of the grant. These expenditures generally pertained to: the purchase and installation of the self-help kiosks and the associated IT maintenance fees (e.g. a three-year enterprise subscription fee); professional project services that included tailoring the content of the visitor management system to the Court’s needs; translation services; and juror self-

check-in software. However, our review of the remaining four invoices resulted in a reportable audit finding. In fiscal year 2018-19, the Court paid \$57,700 in advance for IT maintenance fees covering fiscal year 2020-21. These payments are for services beyond the end of the grant award period (i.e. June 30, 2020) and are unallowable under the terms of the IBA.

Finding Reference	Subject Area
2019-04-01	CIG funds totaling \$57,700 were used for IT maintenance fees that extend beyond the end of the grant award period (i.e. June 30, 2020) – specifically not allowed by the IBA.

FINDING REFERENCE: 2019-04-01

CRITERIA

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT B, SECTION 2 (C) (viii), FUNDS MUST NOT BE USED:

viii. For any technology maintenance costs that extend beyond the end of the grant award period.

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT A, SECTION 4, PROJECT SCHEDULE

- The Court will complete the Project no later than June 30, 2020 (the "Project End Date"). Due to grant restrictions, requests for extensions of time past June 30, 2020 cannot be considered.

CONDITION

In fiscal year 2018-19, the Court paid KMBS \$173,100 for “3 Year Enterprise Subscription Fees” to maintain ten kiosks at an annual cost of \$5,770 per kiosk. The IT maintenance fees cover fiscal years 2018/19, 2019/20, and 2020/2021.

Table 6: IT Maintenance Fees (“3 Year Enterprise Subscription Fees”) Paid in FY 2018/19

IT Maintenance Fees	FY 18/19	FY 19/20	FY 20/21	Total
3 Year Enterprise Subscription Fees - for ten kiosks at an annual cost of \$5,770 per kiosk	\$ 57,700	\$ 57,700	\$ 57,700	\$ 173,100

Four of the 18 invoices reviewed, totaling around \$69,000 (IT maintenance for 4 kiosks), are included in the \$173,100 cost. While the costs incurred are consistent with the purpose of the grant,

the IBA specifically restricts the use of CIG funds for technology maintenance costs extending beyond the end of the grant award period (i.e. June 30, 2020). Therefore, the \$57,700 IT maintenance fees for fiscal year 2020-21 are an unallowable use of CIG funds.

The Court acknowledged the oversight and informed Audit Services it will work with the Judicial Council's Special Projects Unit (SPU) to transfer the \$57,700 fiscal year 2020-21 portion to cover the first year IT maintenance fees for the additional six kiosks scheduled for implementation in fiscal year 2019-20.

RECOMMENDATION

To ensure the Court complies with its IBA, the Court should make accounting adjustments that restores the \$57,700 to the grant fund for its Kiosk Project. As acknowledged by the Court, it should work with the Judicial Council regarding how it intends to spend these funds within the grant period or otherwise indicate whether the funds should be returned.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Court Position: Disagree with Finding

While the court agrees that an oversight occurred with respect to maintenance costs, we do not believe it rises to the level of an audit finding because:

- The original plan was to deploy all kiosks in a single fiscal year, using grant funds to pay for a three-year maintenance subscription.
- As the project unfolded, the court determined a phased approach to deployment was the most practical way to install the kiosks. While this did push maintenance costs out past the end of the grant period, the court will request a budget adjustment, with Judicial Council approval, to move the expenditures within the grant period as mandated in the Intra-Branch Agreement (IBA).

Response provided on June 17, 2019 by: David Gutknecht, Deputy Executive Officer

Date of Corrective Action: Not Applicable

Responsible Person(s): Not Applicable

AUDIT SERVICES' COMMENTS ON COURT'S VIEW

To provide clarity and perspective, we are commenting on the Court's response, which questions why we are reporting this issue as an audit finding. Both the audit finding and the Court's response correctly points out that the Court spent \$57,700 (or nearly 12% of total project spending through January 2019) for planned maintenance costs beyond the authorized grant period. Under the terms of the IBA, grant funds can only be used during the specified period of availability. Our recommendation simply states the Court should make accounting adjustments to fully restore the \$57,700 in its grant fund (using its own operating funds). Requesting a budget adjustment—as stated in the Court's response—will not correct the issue unless the Court also replaces the grant funds it spent in error. Our report also recommends the Court clarify whether it ultimately intends to use the restored grant funds

through discussions with the Judicial Council's staff. Such discussions should include the Court's plans for spending these funds on or before June 30, 2020.

PROCUREMENT

Background

Trial courts are expected to procure goods and services in a manner that promotes competition to ensure the best value. The Judicial Branch Contracting Manual (JBCM) and the Trial Court Financial Policies and Procedures Manual (FIN Manual) provide uniform guidelines for trial courts to follow when procuring goods and services. A court's adherence to these guidelines is still appropriate regardless of whether it is spending grant funds or operating funds allocated by the Judicial Council. The Court's Intra-Branch Agreement (IBA) requires it follow the provisions found in the JBCM and the FIN Manual.

Audit Results

As noted in the scope and methodology section of the report, our audit focused on whether the Court appropriately followed competitive solicitation rules established in the JBCM, or alternatively had valid reasons for engaging in non-competitive procurement (sole source) solicitations when executing its Court Innovations Grant (CIG) project award. We selected one of the Court's procurements valued at around \$575,000 (or roughly 76% of the CIG Intelligent Self-Help kiosk Project (Kiosk Project) award of \$759,302) to evaluate the Court's procurement approach. The Court believes the Judicial Council's grant application requirements limited the time to competitively procure the necessary IT goods and services associated with its Kiosk Project. However, we respectfully disagree given the multi-year funding period associated with the grant.

Finding Reference	Subject Area
2019-08-01	Inadequate Sole-Source Justification

FINDING REFERENCE: 2019-08-01

CRITERIA

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT C, SECTION 4, LAWS AND POLICIES

- The Court must follow applicable federal, state, and local laws, regulations, and policies, including but not limited to the Judicial Branch Contracting Manual and Trial Court Financial Policies and Procedures Manual, as applicable.

JUDICIAL BRANCH CONTRACTING MANUAL (JBCM), CHAPTER 5, NON-COMPETITIVELY BID PROCUREMENTS (NCB) - Effective August 1, 2017:

5.9 - SOLE SOURCE

- Judicial Branch Entities may purchase non-IT goods, non-IT services, and IT goods and services of any value without conducting a competitive procurement if (i) the goods, services, or goods and services are the only non-IT goods, non-IT services, or IT goods and services that meet the JBE's need, or (ii) a grant application submittal deadline does not permit the time needed for a competitive procurement of services.
- A sole source request must be provided to the sole source approver.
- The sole source request should include the following information:
 - Description of the non-IT goods, non-IT services, or IT goods and services to be procured;
 - Explanation of why the non-IT goods, non-IT services, or IT goods and services cannot be procured competitively;
 - The effort made to solicit competitive Bids, if any;
 - Documentation that the pricing offered is fair and reasonable; and
 - Special factors affecting the cost or other aspect of the procurement, if any.

JUDICIAL BRANCH CONTRACTING MANUAL (JBCM), CHAPTER 4C – PROCUREMENT OF IT GOODS AND SERVICES, INTRODUCTION

- In light of the unique aspects of information technology (IT) and its importance to Judicial Branch Entity (JBE) programs, the Public Contract Code (PCC) allows for a flexible and expeditious approach to IT procurements. The most significant difference between IT and non-IT procurements is that IT procurements may be awarded on the basis of “value effectiveness” within a competitive framework. When procuring IT goods and services, JBEs must consider factors other than price, except when acquiring hardware independently of a system integration project. (See PCC 12102.2(b).) In addition, JBEs may use a phased approach of Bid development.

CONDITION

The Court issued two purchase orders totaling \$575,000 (PO # 4400020287 - \$307,000 and PO # 4500107077- \$268,000) to Konica Minolta Business Solutions (KMBS) for a variety of IT goods and services associated with its Kiosk Project: Professional project services; purchase and installation of kiosks; and IT maintenance services. When procuring IT goods and services in excess of \$100,000, the JBCM expects courts to engage in a competitive solicitation through a Request for Proposal (RFP), unless the Court documents its rationale for not doing so through a sole-source justification.

In the Court's sole source justification—as approved by the Court's CEO—the Court noted:

The Judicial Council issued its grant announcement on September 1, 2016, and the Court's notice of intent to apply was due September 26, 2016. The grant application submittal deadline did not permit the time needed for a competitive procurement.

In effect, the Court believes the Judicial Council's grant application requirements limited the time available to engage in a competitive procurement. We disagree. The CIG program is a multi-year effort spanning a three-year funding period, which would seem to provide sufficient time to engage in a competitive procurement given the significant amount of planned spending. When we inquired further with the Court about its sole-source justification, Court staff explained they thought they needed to have a contractor in place in order to submit an application with "concrete pricing and costs," to ensure its budget would be more than an estimate. However, the IBA permits courts to revise their budgets and is flexible to changing budget priorities. For example, we noted the Court had previously revised the budget for its Kiosk Project by obtaining the Judicial Council's approval to transfer grant funds from two other CIG projects.

Although not mentioned on its sole-source document, Court staff also indicated they have familiarity with KMBS—who has a managed print services and maintenance contract with the Court—and further explained the IT goods and services offered by KMBS for this Kiosk Project were the only ones that met its needs. According to the Court, multiple design sessions with KMBS, as well as the entity that created the visitor management software, produced a one-of-a-kind product tailored solely for the Court. Audit Services does not dispute the contractor provided a tailor-made solution for the Court, but that does not mean other firms were not also capable of producing solutions better tailored to the Court's needs. In fact, the point of going through an RFP exercise is to evaluate different proposals and make a vendor selection decision based not only on price but on the overall value of the proposed solution. Although Audit Services commends the Court for its efforts to implement its Kiosk Project promptly, we believe it would have been more prudent to competitively procure these IT goods and services. Audit Services notes there is more than one contractor capable of installing and configuring self-help kiosks.

RECOMMENDATION

To ensure the Court is taking every opportunity to maximize its use of competitive procurements, its procurement staff should limit the use of sole-source justifications to only those cases where it can clearly demonstrate only one contractor is capable of providing the needed goods or services. Additionally, to ensure it does not limit opportunities for competitive procurements in the future, the Court should seek clarification from those who issue grant awards to understand expectations for whether specific contractors and "concrete costs" must be identified upfront.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Court Position: Disagree with Finding

The audit's procurement-related finding was that the Court improperly employed a sole source procurement in order to secure a contractor to carry out the purposes of the grant. More specifically, the audit found that the Court should not have relied on Chapter 5, Section 5.9 of the Judicial Branch Contracting Manual that allows courts to employ a sole source procurement where, "a grant

application submittal deadline does not permit the time needed for a competitive procurement of services.” This finding is premised on two arguments, both of which are flawed.

- The first argument is that the grant, “is a multi-year effort spanning a three-year funding period, which would seem to provide sufficient time to engage in a competitive procurement.” This is a strange argument where the grant application cover page states under, “**SUBMISSION INSTRUCTIONS**” that, “Grant applications are due by 5:00 p.m. on October 31, 2016.” Later on that same grant application cover page it states: “**Proposals must be delivered by October 31, 2016, no later than 5:00 p.m.** (emphasis in original).” It is disingenuous for the audit to claim that the Court had three years to do a competitive procurement and submit a grant application, where the grant application itself clearly stated that the application had to be submitted by October 31, 2016.
- As stated in the audit, the Court explained to the auditors that it employed a sole source procurement under the JBCM-authorized grant-application-deadline exception referenced above. The court did so because it thought that it had to have a contractor and firm budget in place in order to submit its application, and that it had no choice but to proceed with this JBCM-authorized sole source procurement in order for that to happen. The audit argues that the Court did not need to have a fixed budget in place for its application because the IBA allows for budgetary flexibility. What this argument misses is that the IBA was entered into eight months after the grant application deadline. While the Court is grateful that the IBA has allowed for some budgetary flexibility, this budgetary flexibility could not have been apparent at the time the grant application was due/submitted because the IBA did not yet exist until eight months later. Neither of the audit’s arguments support its finding.

Response provided on June 17, 2019 by: David Gutknecht, Deputy Executive Officer

Date of Corrective Action: Not Applicable

Responsible Person(s): Not Applicable

AUDIT SERVICES’ COMMENTS ON COURT’S VIEW

The Court’s response attempts to justify the lack of competition by claiming it had no choice but to select its primary vendor during the grant application stage (i.e. pre-grant award). By doing so, the Court attempts to take advantage of the Judicial Branch Contracting Manual’s definition of a sole-source procurement, which allows courts to avoid issuing competitive solicitations if a grant application deadline “does not permit the time needed for a competitive procurement...” However, neither the grant’s application rules nor guidance from the Judicial Council’s staff limited, in any way, the Court’s opportunity to competitively procure goods and services. Specifically, the grant’s application materials only required the Court to provide “high-level budgetary information” and “cost estimates” by fiscal year. The grant application materials go on to state: “It is expected that some projects may encounter unexpected challenges...courts are not strictly bound by their original budget and timeline...”

Following grant award, the Court first received funding two years ago in 2017 and has three years—through June 2020—to fully execute its project. The Judicial Council anticipated many courts would often seek budgetary changes over this period and several courts have

done so. In fact, this Court obtained approval from the Judicial Council to increase the budget for its Kiosk Project by transferring funds from two other grant-funded projects, thus further demonstrating the consistent budgetary flexibility the Court has enjoyed with this project (i.e. from grant application through project execution).

Ultimately, the IBA states the Court will follow the Judicial Branch Contracting Manual (JBCM), and the manual states that competition “is one of the basic tenets of procurement under the California Branch Contract Law.” Audit Services believes the Court has misapplied the JBCM’s sole-source rules. We stand by our conclusion that the Court missed an important opportunity to competitively procure the goods and services associated with its primary vendor.

TIMELY DELIVERABLES

Background

When the Court accepted the Judicial Council’s Court Innovations Grant (CIG) funds, it agreed to complete certain tasks/deliverables identified in its Project and Implementation Plan (PIP). This plan further specified target completion dates, which allowed the Judicial Council’s staff to monitor the project’s incremental progress towards completion based on the Court’s quarterly progress reports. By defining key tasks and project deliverables in its PIP - along with quarterly progress reporting to the Judicial Council —the Court demonstrates accountability for the full and timely completion of its CIG-funded project.

Audit Results

Table 7: The Court’s Project and Implementation Plan and Status as of January 28, 2019

Task #	Task	Target Completion Date	Court Reported Status	Reviewed During Audit
1	<u>Business Process Discovery</u> . Document the self-help business processes and workflows and the integration of Jury Services Inc. “My Express Check-In” application; identify the desired languages.	9/30/2017	Complete	
2	<u>Business Solution Tailoring</u> . Contract with Konica Minolta, ALICE Receptionist and Jury Systems, Inc. to tailor and develop the self-help workflows and juror check-in processes.	12/31/2017	Complete	
3	<u>Quality Assurance Testing</u> . Court operations staff, interpreters, and jury services staff will work together to develop and implement a comprehensive test plan that ensures all interactive and static workflows are functioning as designed.	4/1/2018	Complete	Yes
4	<u>Training</u> . Familiarize all staff with functionalities of kiosks in advance of implementation. Provide training as necessary (jury staff).	6/1/2020	In progress	Yes
5	<u>Implementation</u> . Phased implementation of 24 kiosks commencing with downtown Riverside courthouses will occur over a period of twenty-six months.	6/1/2020	In progress	Yes
6	<u>Post-Implementation</u> . Compare usage metrics based on customer interaction. Fine tune static and dynamic content and workflows in an effort to optimize kiosk self-help.	6/1/2020		
7	<u>Customer Satisfaction Evaluation</u> . Conduct a customer satisfaction evaluation regarding the Project.	6/15/2020		
8	<u>Project End Date</u> .	6/30/2020		

Audit Services judgmentally selected three items (Tasks # 3, 4, and 5) based on their relative importance to the overall goals and objectives of the grant. Through inquiry of Court staff and observation of available documentation, Audit Services verified the reported status of the tasks shown in the table above. The Court deserves credit for making demonstrable progress by reporting it has implemented 14 of 24 planned kiosks, with four kiosks scheduled for implementation from late March through May 2019 and another six kiosks to be implemented during fiscal year 2019-20. During our visit in mid-March 2019, we verified four kiosks (three in Riverside and one in Corona)

were implemented and could be used by the public. Despite the progress made, we noted a reportable issue with two tasks described in the audit finding below.

Finding Reference	Subject Area
2019-09-01	No documentation available to fully support Task # 3- Quality Assurance Testing was completed and Task # 4-Training is occurring prior to kiosk implementation.

FINDING REFERENCE: 2019-09-01

CRITERIA

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT A, SECTION 3, WORK REQUIREMENTS

- The Court will complete the tasks set forth in the Project and Implementation Plan found at Attachment 2 to Exhibit A ("Tasks") by the applicable target completion dates. As part of the Quarterly Progress Reports described in Section 6 below, the Court will provide a current Project and Implementation Plan highlighting any new information. These reports include identified tasks relating to implementation and ongoing administration of the grant program.

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT A, SECTION 6 (D), SUPPORTING DOCUMENTATION

- The Court agrees to maintain supporting documentation (e.g., timesheets, invoices, contracts, etc.) used to document expenditures, compile reports, and to provide copies of this supporting documentation to the Judicial Council or its designee, as requested.

CONDITION

Despite the Court describing the Quality Assurance (QA) testing (Task # 3) steps they took to ensure the kiosks were functioning accurately before go-live, the Court did not have a documented testing plan available for review. As a result, it is not clear what functionality the Court tested prior to implementation and whether that functionality is working as the Court intended. The Chief Deputy of Information Technology explained there was not a formal test plan because the kiosk is highly intuitive, and testing was completed along the way of developing the base model. The Court explained the QA testing performed included Court interpreters verifying the information on the kiosk screens were translated accurately and staff testing the redirection of the Quick Response (QR) scan codes. Nevertheless, a comprehensive test plan is important because it serves as a roadmap to the testing process containing all the necessary details. The test plan and results also serve as a communication tool between stakeholders and help to reduce the risk of kiosks not

functioning as intended. Without a documented test plan, we had to rely on limited observation and the Court's representation the kiosks function as intended. A documented test plan would have allowed the Court to demonstrate how it ensured the intended functionality was ultimately achieved.

Similar to documentation issues with its test plan, there were also limitations with available documentation to describe and substantiate staff training. Audit Services believes it is important for court employees—who interact with the public—to have adequate training and readily available reference materials to assist customers who may have difficulty using the kiosks. Although the Court provided us with supporting training documentation for its in-house developer and systems administrator, the Court was unable to provide documentation that described and demonstrated the training provided to the Court operations staff (Task #4). Operations staff should be familiar with the kiosk functionality in order to help the public use the kiosks, if requested. On the PIP, the Court reported the task was in progress and will be completed in June 2020. The Court considers this task *in progress* because not all kiosks have been implemented therefore not all staff have been trained. From our discussion with Court managers, kiosk training is provided for applicable staff before a kiosk goes live. However, the Court explained staff training is an informal process where employees gather around the kiosk and the managers show the staff how the kiosk functions. The Court believes this training approach is sufficient because operations staff were involved in requirements gathering and are familiar with kiosk functionality before they go live. Additionally, the Court believes the kiosks are intuitive and do not require formal training.

Notwithstanding the Court's explanations above, Audit Services is reporting this finding because we are unable to verify the status of Tasks #3 and 4 under its Project Implementation Plan.

RECOMMENDATION

To ensure those court employees who assist the public on a daily basis have access to kiosk training and reference material, the Court should consider developing kiosk training and reference materials that can be accessed by Court employees online (such as through the Court's intranet). Such materials should be geared towards positioning court employees to be capable of assisting the public with using the kiosks and answering any frequently asked questions.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Court Position: Agree in Part, Disagree in Part with Finding

Testing - Agree

- The court agrees that it could have done a better job in documenting a comprehensive test plan.

Training - Disagree

- The IBA states, "Familiarize all staff with functionalities of kiosks in advance of implementation. Provide training as necessary (jury staff)." The court did produce documentation to the auditor with respect to the requirements, administrative training and technical support for the project. The court provided training to staff as indicated and thus complied with this requirement.

Response provided on June 17, 2019 by: David Gutknecht, Deputy Executive Officer

Date of Corrective Action: Not Applicable

Responsible Person(s): Not Applicable

AUDIT SERVICES' COMMENTS ON COURT'S VIEW

To provide clarity and perspective, we are commenting on the Court's response. During the audit, the Court provided technical documentation of training materials provided to its in-house developer and systems administrator. However, the Court did not provide evidence of training materials provided to those court employees who are likely to interact with the public daily. As noted in the finding, the Court asserted it provides informal training to its employees who huddle around a kiosk for a visual demonstration of its capabilities. Nevertheless, our recommendation is intended to better position the Court's clerks and other public-facing employees to assist the public with using the kiosks and answering any frequently asked questions. Documented training and reference materials would also be useful for court employees who were unable to attend the Court's informal trainings.

GRANT PROGRESS REPORTING

Background

The Court's Intra-Branch Agreement (IBA) with the Judicial Council for its Intelligent Self-Help Kiosk Project (Kiosk Project) requires it to timely submit quarterly progress reports that summarize grant-related activities including progress toward goals and objectives, program achievements and challenges, changes to key staff or procedures, and measurable outcomes. The quarterly progress reports serve as a communication tool to the Judicial Council since projects may encounter unexpected challenges or opportunities, including changes in timing or resource allocation.

Audit Results

To determine whether the Court submitted its Quarterly Progress Reports (QPR) timely and disclosed significant project risks or changes to the project's objectives, we reviewed the Court's four most recent QPRs submitted to the Judicial Council. We found the Court submitted its QPRs in a timely manner consistent with the terms of the IBA. However, the Court did not always alert the Judicial Council of potential project risks. Specifically, the Court did not report the significant changes to the kiosks' functionality which now differs from how the project was described in the IBA and as approved by the Judicial Branch Budget Committee. Based on our review and discussions with Court staff, the kiosks cannot perform 5 of the 9 tasks described in the IBA's *Project Description*.

Finding Reference	Subject Area
2019-11-01	Court's Quarterly Progress Reports did not always alert the Judicial Council of potential project risk.

FINDING REFERENCE: 2019-11-01

CRITERIA

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT A, SECTION 6 (A)(i), QUARTERLY PROGRESS REPORT

- Quarterly Progress Report (see template at Attachment 3 to Exhibit A): Includes progress toward goals and objectives, program achievements and challenges, and changes to key staff or procedures. Also includes measurable outcomes, as identified in Section 7 of this Exhibit A.

COURT'S INTRA-BRANCH COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, ATTACHMENT 3 TO EXHIBIT A, QUARTERLY PROGRESS REPORT

Question # 2: Any significant changes, challenges, or problems that developed, and how they were or will be addressed (e.g., any changes to staff working on the program, changes to procedures, and changes to the Project and Implementation Plan):

Question # 9: Any potential departures from the Project and Implementation Plan, IBA, and Budget Detail Worksheet occurring in the next quarter.

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, EXHIBIT A, SECTION 2, PROJECT DESCRIPTION

- The kiosks will perform a number of tasks that will reduce long lines at the courthouses. These tasks include: providing court locations and maps; checking children into children's rooms; providing copies of court records, making appointments; filing court documents; providing a simplified "express check-in" for jurors; allowing customers to pay tickets; offering assistance with forms and paperwork; and providing information regarding facilitator and/or paralegal appointments.

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, ATTACHMENT 1 TO EXHIBIT A, COURT'S GRANT APPLICATION, SECTION 1.1, INTELLIGENT SELF-HELP KIOSK (CATEGORY: SELF-HELP/FUNDS REQUESTED: \$629,293)

- These multilingual stations will have the ability to listen and respond to customer questions... and integrate with the daily docket... This solution can be tailored for additional services including accepting court filings and queuing customers for assistance by staff.

COURT'S INTRA-BRANCH AGREEMENT FOR THE COURT INNOVATIONS GRANT – INTELLIGENT SELF-HELP KIOSK PROJECT, ATTACHMENT 1 TO EXHIBIT A, COURT'S GRANT APPLICATION, SECTION 2.1.4, INNOVATION

- Kiosks are innovative because of all of the capabilities that they provide a truly, "one-stop shopping experience". Using kiosks, litigants can request disability accommodations, complete forms, access court records, obtain case information, and request an interpreter in advance of upcoming hearings. Scanning capabilities enable the kiosks to accept documents and date stamp them upon receipt. Filing fees can be paid through a secure portal of the kiosk.

CONDITION

During our visit in mid-March 2019, we verified four kiosks (three in Riverside and one in Corona) were implemented and could be used by the public. However, based on our observations and confirmations from the Court, the kiosks are not performing some of the tasks envisioned to reduce long lines at the courthouses. For example, the kiosks cannot perform five of the nine tasks included in the IBA's *Project Description*.

Table 8: List of Tasks – Can/Cannot be Performed by the Kiosks

Four Tasks that can be performed by the Kiosks:	
1	Providing court locations and maps
2	Providing a simplified "express check-in" for jurors
3	Offering assistance with forms and paperwork
4	Providing information regarding facilitator and/or paralegal appointments
Five Tasks that cannot be performed by the Kiosks:	
1	Checking children into children's rooms
2	Providing copies of court records
3	Making appointments
4	Filing court documents
5	Allowing customers to pay tickets

Additionally, the Court’s grant application listed several other tasks that would make the kiosks innovative, providing a “one-stop shopping” experience⁵. Tasks such as litigants requesting disability accommodations, accessing court records from the kiosks, obtain case information, and scanning capabilities where kiosks can accept documents and date stamp them upon receipt. The Court confirmed the kiosks cannot perform these tasks. According to the Court, as the Kiosk Project developed, it became apparent the kiosks were designed to provide information to frequently asked questions, and the benefit would be in serving customers who would typically wait in line to speak with a court employee. The Court hoped the kiosk would include the additional features but feels the timeframe involved in building grant submissions was too short to fully research kiosk capabilities.

The QPR template provides courts an opportunity to inform the Judicial Council of any significant changes, challenges, or problems⁶ and any potential departures from the Project and Implementation Plan (PIP), Intra-Branch Agreement (IBA), and Budget Detail Worksheet⁷. While the Court is still implementing its kiosks, we expected the Court to report these limitations to the Judicial Council via its QPRs. Audit Services understands the Court’s Kiosk Project (like other Court Innovations Grant awards) are innovative in nature and may not fully achieve the functionality originally envisioned. Nevertheless, it is important for the Court to inform the Judicial Council’s staff of significant changes to the kiosk’s functionality as required by the IBA.

RECOMMENDATION

To ensure both the Judicial Council and the Court have the same expectations with respect to the kiosk’s functionality, the Court should amend its IBA and/or consult with staff from the Judicial Council’s Special Projects Unit.

⁵ IBA, Attachment 1 to Exhibit A, Court’s Grant Application, Section 2.1.4 (Innovation)

⁶ Quarterly Progress Report - Question # 2.

⁷ Quarterly Progress Report - Question # 9.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Court Position: Disagree with Finding

The court disagrees with this finding because:

- The kiosk project involves an emerging technology and as the project developed the court decided to take a methodical approach to adding features that could lengthen lines at the kiosks. This meant not including all features envisioned in the grant application.
- The grant period is only in year two, thus it is premature to evaluate all of the functionality at this time.
- The court was in constant communication with the JCC project managers and discussed project challenges and issues. This process was more difficult because the grant has had four different project managers.
- Nowhere in the IBA does it specify that the court must alert the Judicial Council on potential project risk within a certain time. The court will certainly provide updates as necessary.

Response provided on June 17, 2019 by: David Gutknecht, Deputy Executive Officer

Date of Corrective Action: Not Applicable

Responsible Person(s): Not Applicable

AUDIT SERVICES' COMMENTS ON COURT'S VIEW

To provide clarity and perspective, we are commenting on the Court's response. The Court's response to the finding claims it is not required to alert the Judicial Council of potential project risks within a certain timeframe. We disagree. The Court is required to submit a Quarterly Progress Report (QPR) to the Judicial Council, and item #2 of that report provides a section for the Court to disclose "any significant changes, challenges or problems that developed, and how they will be addressed." The QPR is due 30 days following the end of the quarter.

The audit finding notes that the kiosk's functionality will not include 5 of the 9 functionalities the Court specified in its IBA. Although Audit Services does not question the Court's rationale for modifying the scope of its project, we do believe this is something the Court should have at least communicated to the Judicial Council's staff in its Quarterly Progress Reports. Changing project managers and other factors cited in the Court's response create even greater incentives for it to document and communicate important project developments. Doing so allows new project managers (at either the Judicial Council or the Court) to quickly get up to speed on the project's status. Finally, the Court appears to imply the kiosks' capability will grow over time by stating it is premature to evaluate their functionality. If this is true, the Court, should communicate its plans for further kiosk innovations and enhanced functionality through its Quarterly Progress Reports.

QUALITY MEASURABLE OUTCOMES

Background

The Court’s Intra-Branch Agreement (IBA) with the Judicial Council requires the Court to provide measurable outcomes realized through the implementation of the Intelligent Self-Help Kiosk Project (Kiosk Project), including any potential savings. The IBA specifies, “[t]he measurable outcomes information detailed in this section is vital to the success of the Court Innovations Grant Program.”

The Judicial Council requires the Court to report on three standard performance areas, and any additional performance metrics developed by the Court and approved by the Judicial Council. The three standard performance areas focus on: monetary savings; data demonstrating the sustainability of the project post grant award; and data demonstrating the replicability of the same project at other courts. In addition to these three standard performance measures, the Court developed ten additional measurable outcomes specifically for its Kiosk Project. (See table below for the list of ten measurable outcomes listed in the Court Innovations Grant (CIG) IBA, amendment number 2.)

Table 9: Measurable Outcomes in IBA Amendment Number 2 and Data Collection Status

Measure #	Measurable Outcomes IBA - Amendment Number 2	Data Submitted	Reviewed During Audit
Self-Help: One on one customer assistance interactions at public service windows, counters, and self-help centers (each month/pre and post implementation):			
4a	Total number of interactions to show a reduction in interactions	No	
4b	Average wait time to receive assistance	No	
4c	Staff hours to provide assistance (for calculation of staff savings)	No	
Jury Check-Ins: In person jury check-ins (each month/pre and post implementation)			
5a	Number of in person jury check-ins to show reduction in in-person jury check-ins	Yes	No
5b	Average wait time for in-person check-ins	No	
5c	Staff hours to provide In-person check-ins assistance (for calculation of staff savings)	Yes	No
Juror Self-Check Ins: (each month/Post-Implementation)			
6	Number of jurors who use the kiosk for self check in	Yes	No
Self -Help Services available at the kiosk (each month/Post-Implementation)			
7a	Number of users who used the kiosks for self help services	No	
7b	Number of times the services available at the kiosk were used	Yes	No
8	Number of self-help services available at the kiosk to show continued expansion	Yes	No

Audit Results

Audit Services (AS) was unable to complete a review of the Court's measurable outcomes. During our audit fieldwork in March 2019, the Court was still working with the Judicial Council to finalize IBA amendment number 3 which resulted in substantial changes to the measurable outcomes. We based our audit on IBA amendment number 2. The Court did not submit data for five of the ten measures thus data was not available for us to review. The Court did not submit data because it does not have the means to accurately report on the metrics (measures # 4a, 4b, 4c, and 5b) and its visitor management system limitations do not allow the Court to capture the number of kiosk users for self-help services (measure # 7a) without some level of authentication such as a user identification log-in. Following our fieldwork, these five measures were subsequently removed in the Court's IBA amendment number 3.

We could not review measures # 5a and 6 because the jury software does not distinguish between manual in-person juror check-in by Court staff and juror kiosk self-check-in. While we commend the Court for developing a manual process of collecting data as a workaround to report on the metrics, we could not verify the accuracy of the data reported. The Court tracks the number of in-person jurors checked in (by court staff) by retaining a portion of the juror summons slips and logging the daily total in a Daily Log spreadsheet. For kiosk check-ins, the Court uses the total jurors obtained from Court's Trial Log report and reduces it by in-person check-ins; the remaining balance is assumed to be the number of juror kiosk self-check-ins. According to the Court, the functionality to separately track an in-person juror check-in (by court staff) and a juror kiosk self-check-in is not coded into the jury software and it would incur additional costs to make the programming change.

Measure # 5c was omitted from IBA amendment number 3, therefore, review was not performed because it is no longer a performance measure. We did not review measures # 7b and 8 because the data provided by the Court to the Judicial Council consisted of the metrics pulled directly from the kiosks. Thus there is no additional source documentation for AS to independently verify. In addition, we did not review measure # 8 because the Court is still implementing its kiosks and as noted earlier in the report, the kiosks lack some functionality as described in the IBA.

RESPONSE FROM RIVERSIDE SUPERIOR COURT

The Court requested that its full response to the audit be included in the final report. Generally, the Court disagreed with many aspects of our report's conclusions and we present its full response beginning on the following page. We have placed numbers in the left-side margin of the Court's full response, which correspond to our rebuttal and clarification comments beginning on page 26. In many cases, our rebuttals to the Court's comments cross reference to the audit findings, court perspectives, and our clarifying comments located in the body of the report.

**Superior Court of California,
County of Riverside**

**Court Innovations Grant Audit
Responses to Audit Findings**

- ① *Court Comment for Inclusion in the Audit Report: It should be noted that this audit of the Riverside Superior Court's project began 15 months before the three-year project period had even concluded.*

Finding Reference: 2019-04-01 (Maintenance)

- ② *Court Position: Disagree with Finding*

Comments

While the court agrees that an oversight occurred with respect to maintenance costs, we do not believe it rises to the level of an audit finding because:

- The original plan was to deploy all kiosks in a single fiscal year, using grant funds to pay for a three-year maintenance subscription.
- As the project unfolded, the court determined a phased approach to deployment was the most practical way to install the kiosks. While this did push maintenance costs out past the end of the grant period, the court will request a budget adjustment, with Judicial Council approval, to move the expenditures within the grant period as mandated in the Intra-Branch Agreement (IBA).

Finding Reference: 2019-08-01 (Non-Competitively Bid Procurements)

- ③ *Court Position: Disagree with Finding*

Comments

The audit's procurement-related finding was that the Court improperly employed a sole source procurement in order to secure a contractor to carry out the purposes of the grant. More specifically, the audit found that the Court should not have relied on Chapter 5, Section 5.9 of the Judicial Branch Contracting Manual that allows courts to employ a sole source procurement where, "a grant application submittal deadline does not permit the time needed for a competitive procurement of services." This finding is premised on two arguments, both of which are flawed.

- The first argument is that the grant, "is a multi-year effort spanning a three-year funding period, which would seem to provide sufficient time to engage in a competitive procurement." This is a strange argument where the grant application cover page states under, "**SUBMISSION INSTRUCTIONS**" that, "Grant applications are due by 5:00

p.m. on October 31, 2016.” Later on that same grant application cover page it states: **“Proposals must be delivered by October 31, 2016, no later than 5:00 p.m.** (emphasis in original).” It is disingenuous for the audit to claim that the Court had three years to do a competitive procurement and submit a grant application, where the grant application itself clearly stated that the application had to be submitted by October 31, 2016.

- As stated in the audit, the Court explained to the auditors that it employed a sole source procurement under the JBCM-authorized grant-application-deadline exception referenced above. The court did so because it thought that it had to have a contractor and firm budget in place in order to submit its application, and that it had no choice but to proceed with this JBCM-authorized sole source procurement in order for that to happen. The audit argues that the Court did not need to have a fixed budget in place for its application because the IBA allows for budgetary flexibility. What this argument misses is that the IBA was entered into eight months after the grant application deadline. While the Court is grateful that the IBA has allowed for some budgetary flexibility, this budgetary flexibility could not have been apparent at the time the grant application was due/submitted because the IBA did not yet exist until eight months later. Neither of the audit’s arguments support its finding.

Finding Reference: 2019-09-01 (Documentation Lacking to Support Quality Assurance Testing and Training)

④ *Court Position: Agree in Part, Disagree in Part with Finding*

Comments

Testing - Agree

- The court agrees that it could have done a better job in documenting a comprehensive test plan.

Training - Disagree

- The IBA states, “Familiarize all staff with functionalities of kiosks in advance of implementation. Provide training as necessary (jury staff).” The court did produce documentation to the auditor with respect to the requirements, administrative training and technical support for the project. The court provided training to staff as indicated and thus complied with this requirement.

Finding Reference: 2019-11-01 (Project Reports Did Not Alert JCC of Potential Project Risk)

⑤ *Court Position: Disagree with Finding*

Comments

The court disagrees with this finding because:

- The kiosk project involves an emerging technology and as the project developed the court decided to take a methodical approach to adding features that could lengthen lines at the kiosks. This meant not including all features envisioned in the grant application.
- The grant period is only in year two, thus it is premature to evaluate all of the functionality at this time.
- The court was in constant communication with the JCC project managers and discussed project challenges and issues. This process was more difficult because the grant has had four different project managers.
- Nowhere in the IBA does it specify that the court must alert the Judicial Council on potential project risk within a certain time. The court will certainly provide updates as necessary.

AUDIT SERVICES' COMMENTS ON THE RESPONSE

To provide clarity and perspective, we are commenting on the responses provided by Riverside Superior Court (Court). Audit Services' comments below correspond to the numbers we have placed in the margins of the Court's response.

The Court comments that the audit took place 15 months before the three-year grant period had concluded. While correct, we are unclear as to the implication of this statement or its relevance to the audit findings presented in this audit report. The Court's Intra-Branch Agreement (IBA) provides the Judicial Council with the right to audit the Court's spending and administration of its grant awards. Further, the IBA does not limit the timing of when such an audit takes place. By providing this audit report prior to the end of the grant agreement, the Court has an opportunity to consider the audit's findings while it can still take corrective action. For example, the Court can clarify how it will restore the \$57,700 it misspent on the project and explain to the Judicial Council how those funds will be used for allowable activities within the remaining grant period.

①

The Court disagrees with audit finding #2019-04-01 beginning on page 4. We have copied the Court's response and placed our comments at the end of that finding.

②

The Court disagrees with audit finding #2019-08-01 beginning on page 7. We have copied the Court's response and placed our comments at the end of that finding.

③

The Court partially disagrees with audit finding #2019-09-01 beginning on page 13. We have copied the Court's response and placed our comments at the end of that finding.

④

The Court disagrees with audit finding #2019-11-01 beginning on page 16. We have copied the Court's response and placed our comments at the end of that finding.

⑤