



**Audit of the
Superior Court of California,
County of San Diego**

JULY 2020



JUDICIAL COUNCIL
OF CALIFORNIA

AUDIT SERVICES

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Superior Court of California, County of San Diego

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EXECUTIVE SUMMARY

Introduction

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

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

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

Summary of Audit Results

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

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

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Cash Handling					
1	Daily Opening Process	Yes	✓		
2	Voided Transactions	Yes	✓		
3	Manual Receipts	Yes	✓		
4	Mail Payments	Yes	3	2019-4-01; 02; 03	Partially agrees
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	1	2019-6-01	Partially agrees
7	End-Of-Day Balancing and Closeout	Yes	✓		
8	Bank Deposits	Yes	✓		
9	Other Internal Controls	Yes	1	2019-9-01	Partially agrees
Procurement and Contracts					
10	Procurement Initiation	Yes	✓		
11	Authorization & Authority Levels	Yes	✓		
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	✓		
16	Other Internal Controls	Yes	✓		
Payment Processing					
17	3-Point Match Process	Yes	✓		
18	Payment Approval & Authority Levels	Yes	✓		
19	Special Rules - In-Court Service Providers	Yes	✓		
20	Special Rules - Court Interpreters	N/A	-		
21	Other Items of Expense	Yes	✓		
22	Jury Expenses	Yes	✓		
23	Allowable Costs	Yes	✓		
24	Other Internal Controls	Yes	✓		
Fine & Fee Distributions					
25	CMS-Calculated Distributions	Yes	✓		
26	Manually-Calculated Distributions	N/A	-		
1% Fund Balance Cap					
27	Calculation of the 1% Cap	Yes	✓		
28	Use of "Held on Behalf" Funds	N/A	-		
JBSIS Case Filing Data					
29	Validity of JBSIS Data	Yes	1	2019-29-01	Agrees
Other Areas					
30	[None]	N/A	-		

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

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

The Court demonstrated consistent adherence with many of the different compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court demonstrated good compliance in the areas of procurement and in calculating its one-percent fund balance cap. For example, our review of the Court's procurement practices found that it demonstrated good management practices in the areas of procurement initiation, competitive procurements, and leveraged purchase agreements. In addition, the Court properly supports the expenditure amounts used in calculating its 1% fund balance cap.

However, our audit did identify six reportable audit findings where we believe the Court should consider taking corrective action to improve its operations and more fully comply with the Judicial Council's policies. These six findings are identified in Table 1 under the column "Reportable Audit Findings" and include reference numbers to assist the reader in locating and viewing in further detail the specific findings and the Court's perspective. One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over the payments it receives in the mail. Specifically, the Court did not consistently use a payment receipts log to record and track the payments received in the mail and did not restrictively endorse checks or other negotiable instruments received in the mail immediately upon receipt and acceptance. Without a mail payment receipts log, the Court has no record to reference or research should mail payment become lost or stolen. Furthermore, not immediately endorsing mail payments heightens the risk of theft or loss of these payments. The Court indicated that although it agreed that a receipt log would assist in oversight, monitoring, reconciliation and theft prevention, it believes that the cost in additional staffing required to maintain such a log outweighs the potential risk for loss and theft. The Court also indicated that it uses other mitigating measures listed in the FIN Manual. Finally, the Court stated that its current process for endorsing checks complies with how it interprets the FIN Manual criteria, specifically in regards to the phrase "receipt and *acceptance*." The Court explains that it does not endorse checks until it "accepts" them for processing and deposit, which as we explain in the finding may be days or weeks after the Court originally took possession of the check. However, the longer checks go unprocessed without restrictive endorsements, the greater the risk that these unprocessed checks can become lost or stolen and then further negotiated for payment at a bank by unauthorized parties.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on November 7, 2019, and completed its fieldwork on January 10, 2020. Audit Services shared the draft audit findings with the Court starting on January 29, 2020, and received the Court's final official responses on March 20, 2020. Overall, the Court agreed or partially agreed with the findings and its specific responses are included in the body of the report after each finding.

BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of San Diego (Court) operates seven court facilities in the cities of San Diego, El Cajon, Vista, and Chula Vista. The Court operates under the authority and direction of the Presiding Judge, who is responsible for ensuring the effective management and administration of the Court, consistent with any rules, policies, strategic plan, and the funding provided by the Judicial Council.

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

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

Statistic	San Diego Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2018-19)						
Total Revenue	\$190,739,171	\$ 2,535,365	\$ 11,735,803	\$ 45,358,637	\$207,404,531	\$ 46,675,217
Total Expenditures	\$181,342,677	\$ 2,418,934	\$ 11,481,612	\$ 44,497,615	\$206,076,586	\$ 46,164,485
Staff Salaries & Benefits As a % of Total Expenditures	\$144,715,827 79.8%	\$ 1,566,182 64.7%	\$ 8,436,099 73.5%	\$ 33,940,458 76.3%	\$167,723,925 81.4%	\$ 36,653,237 79.4%
Judicial Officers and Staff (2019 Court Statistics Report)						
Judges	135	2	8	27	129	29
Commissioners/Referees	19	-	1	4	20	5
Non-Judicial Staff (approx.)	1,191	16	85	289	1,268	293
Total	1,345	18	94	320	1,417	327
New Case Filings (Fiscal Year 2017-18)						
Appeal Filings	258	8	81	190	386	132
Civil Filings						
Civil	66,353	318	2,291	9,805	67,700	13,485
Family Law	27,919	284	1,777	6,347	26,237	6,132
Juvenile Delinquency	1,670	36	230	1,052	2,050	632
Juvenile Dependency	1,432	34	209	574	3,545	757
Mental Health	1,509	14	153	731	2,947	670
Probate	2,977	51	284	972	3,646	888
Small Claims	11,140	72	413	1,963	13,845	2,730
Criminal Filings						
Felonies	53,404	419	1,634	4,649	32,109	6,672
Misdemeanors / Infractions	420,256	5,214	23,304	80,405	359,763	82,649
Total	586,918	6,450	30,376	106,688	512,228	114,747

Source: Financial and case filings data maintained by the Judicial Council. The date ranges differ for the above information due to the different sources of data. The financial data is from the Judicial Council's Phoenix financial system, the judicial officer and staff counts are from the most recent Court Statistics Report, and the case filing counts are from the Judicial Branch Statistical Information System data as of January 21, 2020, and may not agree with other reports as this data is continuously updated.

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

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of San Diego (Court) in order to determine whether it complied with certain key provisions of statute and the policies and procedures adopted by the Judicial Council of California. Our audit was limited to evaluating compliance with those requirements that, in our professional judgment, were necessary to answer the audit's objectives. The period covered by this audit was generally limited to fiscal year (FY) 2018-19, but certain compliance areas noted below required that we review earlier periods or current practices. Table 3 lists the specific audit objectives and the methods we used to address them.

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

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

<ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual. ▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments and claim payments—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules. 	<p>receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction:</p> <ul style="list-style-type: none"> • Was properly authorized and approved by authorized court management. • Adhered to competitive bidding requirements, when applicable. • Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 FY 2018-19 payments pertaining to various purchase orders, contracts, or in-court services, and determined whether:</p> <ul style="list-style-type: none"> • The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment. • Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix. • The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • The payments to in-court service providers adhered to applicable Judicial Council policies. <p>(Note: We did not review court interpreter claims as the Audit Committee suggested we suspend reviewing these types of claims to allow courts time to develop procedures to address previously reported systemic audit findings related to court interpreter service claims.)</p>
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4	Determine whether the Court properly calculates fine and fee distributions for certain selected case types.	<p>We reviewed the Court’s process for updating and controlling access to its distribution tables.</p> <p>We also reviewed the Court’s calculations and distributions of fines, penalties, fees, and assessments for certain high volume or complex case types.</p>
5	<p>Determine whether the Court properly calculates its one percent fund balance cap for the most recent completed fiscal year.</p> <p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>We obtained the Court’s final <i>1% Fund Balance Cap Calculation Form</i> for the most recently completed fiscal year at the time of our testing (FY 2018-19), and performed the following:</p> <ul style="list-style-type: none"> • Verified significant calculations and balance amounts. • Traced and verified significant inputs on the form (such as year-end encumbrances) to supporting records and the Phoenix accounting system. <p>The Court has not requested to hold any funds on its behalf in either the current or the previous fiscal years. As a result, no further review was deemed necessary.</p>
6	Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).	<p>We obtained an understanding of the Court’s process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (FY 2017-18), we performed the following:</p> <ul style="list-style-type: none"> • Obtained the relevant case filings data the Court reported to JBSIS and reconciled the reported new case filings counts to its underlying records of cases that support each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data. • We planned to select 10 cases from six case types, for a total of 60 reported cases,

		<p>and review the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing. However, because the Court could not provide a detailed list of cases supporting the case filing counts it reported to JBSIS for the Mental Health case type, we selected and reviewed a total of 50 cases from five of the six case types.</p>
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Assessment of Data Reliability

The U.S. Government Accountability Office (GAO) requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. In performing this audit, we obtained and reviewed financial transaction data from the Phoenix financial system—the statewide accounting system used by the superior courts—for the limited purpose of selecting transactions to test the Court’s compliance with its procurement and related payment activities. Prior to making our selections, we independently queried the Phoenix financial system to isolate distinct types of non-personal service expenditure transactions relevant to our testing—such as by general ledger code—and reconciled the resulting extract with the Court’s total expenditures as noted on its trial balance report for the same period. Our analysis noted no material differences leading us to conclude that use of the Phoenix financial transaction data was sufficiently reliable for the limited purpose of selecting transactions for testing.

Report Distribution

The Judicial Council’s *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on July 14, 2020, 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 Dawn Tomita, Audit Supervisor:

Jerry Lewis, Senior Auditor (auditor in charge)
Joe Meyer, Senior Auditor, CPA, CIA
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Michelle O'Connor, Auditor, CPA, CFE
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SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Certain Payment Collection Processes

Background

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

Overall, the Court demonstrated compliance in some of the cash handling areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in its daily opening process, its end-of-day balancing, and its closeout process.

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

Finding Reference	Subject Area
2019-4-01	Mail Payments – Endorsement
2019-4-02	Mail Payments – Receipts Log
2019-4-03	Mail Payments – Prompt Payment Processing
2019-6-01	Change Fund – Accountability
2019-9-01	Other Internal Controls – Safe Combinations

FINDING REFERENCE: 2019-4-01

MAIL PAYMENTS – ENDORSEMENT

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.4 CHECK, MONEY ORDER, AND CASHIER'S CHECK HANDLING PROCEDURES:

9. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt and acceptance. Endorsements must contain the following information:
 - a. The name of the bank and branch number in which the deposit will be made.
 - b. The statement "For Deposit Only" followed by the name of the trial court.
 - c. The account name and number.

CONDITION

Eleven of the Court's 12 payment collection locations we reviewed do not restrictively endorse checks and money orders received through the mail immediately upon receipt and acceptance.

Instead, the payment collection locations endorse the mail payment checks when entering the payments into the CMS, which may be subsequent to the day received. For example, according to the Civil payment collection location at the Central Courthouse, due to the large volume of mail payments and a shortage of staff, it can take a few days or up to a few weeks to process mail payments. In addition, the Court does not immediately restrictively endorse checks because it uses a machine to endorse the checks when they are processed. However, endorsing checks and money orders "for deposit only" into the court bank account immediately upon receipt protects a court's interests by limiting the potential for further negotiation of the checks and money orders.

In addition, most of the Court's payment collection locations do not include the bank name and branch number when they endorse checks and money orders, and the Civil payment collection location at the Hall of Justice does not include the words "For Deposit Only" in its endorsements. However, the FIN manual requires checks and money orders to be fully and properly endorsed before deposit which includes noting the bank name and branch number on all checks and money orders, as well as the words "For Deposit Only." According to the Court, its practice is to endorse checks when processed and the omission of the "For Deposit Only" was an oversight that will be immediately corrected. When courts do not endorse checks and money orders with all relevant information, they risk that checks and money orders may be lost or stolen and cashed or deposited in a non-court bank account.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should take steps, such as updating local cash handling procedures and periodic staff training, to ensure that all staff consistently restrictively endorse all checks, money orders, and other negotiable instruments immediately upon receipt in the mail and acceptance. Additionally, the Court should ensure that its endorsements contain all the required information.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially agrees. The Court's current process complies with how it interprets both endorsement criteria in FIN 10.02 concerning receipt and acceptance.

The Court does not accept a payment until it has determined that the payment is for the Court and that the FIN Manual requirements and criteria are satisfied regarding payments. Blindly endorsing all negotiable instruments upon receipt alone leaves the Court at risk of endorsing and potentially depositing checks that do not belong to us and causing additional work to subsequently issue refunds to the payee or determine a way to allocate or forward the funds to the proper individual/agency for which the negotiable instrument was initially intended. In addition, the Court understands the risks of not endorsing checks upon receipt and feels it has sufficient mitigating factors in place to prevent lost or stolen checks.

This approach is further supported by the FIN Manual as stated below. This excerpt supports the fact that the Court must review the case to know if the payment is for the Court before endorsing and depositing.

FIN MANUAL, FIN 10.02, 6.3.4 CHECK, MONEY ORDER, AND CASHIER'S CHECK HANDLING PROCEDURES:

6. Checks received by the trial court that are made payable to another state government entity may be endorsed and deposited by the trial court when they are known to be a proper payment to the court.

Before depositing a negotiable instrument that is determined to be for the Court, a Clerk must ensure that a legitimate case exists in which to apply the payment. For example, a payment for bail/fine on a traffic citation may be received by the Court but the issuing authority may not have filed it. In addition, in Family and Civil case types, paperwork such as Writs of Execution, Motions, and Petitions must be reviewed by a Clerk prior to accepting payment for filing fees.

The court agrees that not all endorsements contained the FIN manual required information. Therefore, the Court will work with its IT department to ensure that all requirements are met going forward.

Response provided on 02/20/2020 by: Miranda Niederle, Accounting Manager (East County Division)

Date of Corrective Action: June 30, 2020

Responsible Person(s):

Caroline D. Idos, Accounting Manager (South County Division)

Miranda Niederle, Accounting Manager (East County Division)

Divina Tejada, Accounting Manager (North County Division)

Jimmy Vasquez, Accounting Manager (Central Division)

AUDIT SERVICES' COMMENTS ON THE COURT'S VIEW

To provide clarity and perspective, we are commenting on the Court's response. The Court explains that it does not endorse checks until it "accepts" them for processing and deposit, which as we explain in the finding may be days or weeks after the Court originally took possession of the check. However, the longer checks go unprocessed without restrictive endorsements, the greater the risk that these unprocessed checks can become lost or stolen and then further negotiated for payment at a bank by unauthorized parties. This is especially true since the Court is not consistently maintaining payment receipt logs to track and maintain accountability over these unprocessed checks—which we discuss in a separate finding—and we noted the Court can have hundreds of unprocessed checks 15-30 days following receipt.

In Audit Services' view, it would be more prudent for the Court to restrictively endorse all checks immediately upon receipt, which is consistent with the FIN Manual's banking procedures at FIN 13.01, section 6.4.1. Once all checks are restrictively endorsed, the Court may then decide to only deposit those checks where the payment can be properly applied in its case management system (CMS). For those remaining checks where the Court cannot readily apply the payment in its CMS, the Court can separately secure those already-endorsed checks onsite while using a payment receipts log (as suggested by the FIN Manual) to maintain accountability over the public payments that are in the Court's

possession. There is little downside risk to immediately endorsing checks that courts may later return. If after endorsement the Court later determines that a mail check should be rejected or returned, it still may deface and return the check, thus avoiding the refund process the Court asserts it would be at risk of having to perform.

Ultimately, restrictively endorsing a check upon receipt does not mean the Court must then immediately deposit that check at the bank. Instead, the restrictive endorsement simply protects both the Court and the payee from having that check stolen and then cashed. We agree with the Court that it should not deposit a check at the bank until the payment can be applied in its CMS. Nevertheless, if the Court continues to believe it lacks the staffing resources to follow the FIN Manual's guidance, it should request approval from the Judicial Council's accounting office for "alternative procedures."

FINDING REFERENCE: 2019-4-02***MAIL PAYMENTS – RECEIPTS LOG*****CRITERIA**

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL AND DROP BOXES:

3. To provide for the strongest oversight and monitoring of payments received through the mail and drop boxes, courts should maintain a payments receipt log. Without a payment receipts log, courts have no record to reference or research if a mail or drop box payment is lost or stolen. The following method should be used for processing payments received through the mail and drop boxes:
 - a. The payments receipts log sheet should include the following information:
 - i. Case or docket number;
 - ii. Name of the person making the payment;
 - iii. Amount of cash, check, and money order;
 - iv. Check or money order number;
 - v. Date received in the mail or drop box; and
 - vi. Name of the person opening the mail or drop box payments and the person recording the payment on the payments receipt log.

CONDITION

Eight of the 12 payment collection locations we reviewed do not maintain the suggested Payment Receipts Log. The eight payment locations not utilizing a payment receipts log were:

- Central Division, Civil
- Central Division, Probate
- Central Division, Family Law
- Central Division, Traffic
- North County Division, Criminal
- North County Division, Traffic

- North County Division, Civil/Family Law
- East County Division, Criminal/Traffic

Further, two of 12 payment locations we reviewed keep incomplete logs. Specifically, these two locations only log those payments that were received but went unprocessed during the day. The value of the log entries at these two locations are further diminished because they do not always contain all of the information outlined in the FIN Manual. For example, the log entries often lacked the check or money order number associated with the payment, and/or the court employee who recorded the entry on the log. The two payment locations with incomplete logs were:

- South County Division, Criminal/Traffic
- South County Division, Family Law

To the Court's credit, our audit also noted the remaining two of the 12 payment locations we reviewed use payment receipt logs in a manner consistent with the FIN Manual.

According to the Court, the payment locations highlighted in this finding receive and process a high volume of mail, which takes the mail clerks hours to open and sort each day. Filling out a payments receipt log for non-cash payments—according to the Court— would greatly slow down this process.

Without a Payments Receipt Log of all mail payments received—and without important information such as the check or money order number included in the log—these payment locations do not have a complete record to reference or research should a mail payment become lost or stolen. As a result, the Court does not capture sufficient information to monitor and track individual mail payments nor does it have a record that managers can use to reconcile with and ensure the prompt entry of all the mail payments into the CMS. The Payment Receipt Log discussed in the FIN Manual is intended to reduce the risk of lost or stolen mail payments.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail or drop boxes, the Court should consider updating its local cash handling policies to include procedures for addressing the handling, accounting for, and processing of mail/drop box payments, as well as periodic training and monitoring, to ensure that staff at its payment locations consistently complete a Payment Receipts Log with all key information necessary to establish a clear record of all the payments, cash and non-cash, received through the mail or drop boxes. The Court can subsequently use these logs to reconcile and confirm entry of these mail and drop box payments into its CMS during the end-of-day closeout process.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with the finding, citing however, that the FIN manual states that this measure is a "should", not a "shall". While the court generally agrees that a receipt log would assist in oversight, monitoring, reconciliation and theft prevention; the cost in additional staffing required to maintain a receipt log outweighs the potential risk for loss and theft. The court will continue to monitor the risks of potential loss and weigh future policy decisions accordingly. The court will

continue to use its limited personnel resources in areas where access to justice for the public is most important.

The court would also like to note that even though a payments receipt log is not in use, other risk mitigating measures listed in the FIN manual are including using a team approach for opening and sorting mail, placing checks in dual control, separation of duties, processing payments as soon as practicable, notifying supervisors when payments are not transacted on the day of receipt, and safeguarding outstanding payments under lock and key.

Response provided on 02/25/2020 by: Jimmy Vasquez, Accounting Manager (Central Division)

Date of Corrective Action: N/A

Responsible Person(s):

Caroline D. Idos, Accounting Manager (South County Division)

Miranda Niederle, Accounting Manager (East County Division)

Divina Tejada, Accounting Manager (North County Division)

Jimmy Vasquez, Accounting Manager (Central Division)

FINDING REFERENCE: 2019-4-03

MAIL PAYMENTS – PROMPT PAYMENT PROCESSING

CRITERIA

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL AND DROP BOXES:

4. To provide for strong oversight and monitoring of payments not processed on the day they were received in the mail or drop boxes, courts must adhere to the following steps:
 - a. Trial court staff responsible for processing payments must review on a daily basis all payments that are held over from a previous day's work to determine if any of the held payments can be processed. This requirement can be met by reviewing the held payments receipt log sheets and associated payments to determine if the payment can be processed.
 - b. The supervisor/manager responsible for the trial court staff who process payments must identify and log any payment that has been held for more than 5, 15, and 30 calendar days without being processed. The log must specify the reason why the payment cannot be processed. The log must identify any cash payment being held in suspense for more than 5, 15, and 30 calendar days.
 - c. The supervisor/manager responsible for the trial court staff who process payments must provide a report, at least on a monthly basis, to the court executive officer and the court fiscal officer, and/or to his or her written designee, that lists by age (length of time held) any payment that has been held for more than 15 and 30 calendar days without being processed. The report must provide the following details, if known, for each payment being held:
 - i. Case or docket number;
 - ii. Name of the person mailing the payment;

- iii. Payment amount;
- iv. Check number (if applicable);
- v. Date received in the mail; and
- vi. Reason why payment cannot be processed.

CONDITION

Contrary to FIN Manual requirements, eight of the 12 payment collection locations we reviewed do not identify and log any mail or drop box payments not processed within five calendar days, or report to the CEO and CFO and/or designee payments that have been held unprocessed for more than 15 and 30 days. According to the Court, due to the volume of mail and drop box payments it receives, it would not be feasible to maintain a log at this time but the Court will continually monitor its current process. Some locations have significant amounts of unprocessed mail and drop box payments. For example, according to the supervisor at the Civil payment collection location at the Central Courthouse (Civil Central), at the time of our observation there were approximately 525 and 1,074 filings/mail payments that had been unprocessed for 15 and 30 days respectively. Although Civil Central maintains a spreadsheet that tallies the number of unprocessed case filings/payments, it does not track any other information about the unprocessed mail payments. Moreover, a senior accountant at the North Division informed us that the North Division has a log to track unprocessed mail, but it is not being used. Because the Court does not maintain the suggested held payments receipt log, the Court is unable to easily determine payments that have not been processed in five, 15, or 30 days. Not processing mail payments promptly for deposit in the bank and not reporting these unprocessed mail payments to the CEO and CFO as the FIN Manual requires places these payments at increased risk of loss or theft.

RECOMMENDATION

The Court should take steps to ensure all court staff working in payment collection locations strive to enter mail and drop box payments into its CMS systems by the next business day. Such steps might include additional training for court staff and periodic monitoring by court management to ensure that payments received by mail or drop box are appropriately logged, promptly processed, and reported to appropriate management when processing delays occur.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the finding. The Court will consider the implementation of a "held payment receipt log" and consult with management regarding the costs and resources required to implement such a log, given the criteria/details requiring notation. However, the court will continue to use its limited personnel resources in areas where access to justice for the public is most important.

The court may also consider submitting an alternative policy to capture the essence of the requirement as closely as possible, given the volume of outstanding checks and presumed resources it would require to log and report them at the indicated intervals. The court cites that this condition is not due to lack of training.

Response provided on 02/25/2020 by: Jimmy Vasquez, Accounting Manager (Central Division)

Date of Corrective Action: June 30, 2020

Responsible Person(s):

Caroline D. Idos, Accounting Manager (South County Division)

Miranda Niederle, Accounting Manager (East County Division)

Divina Tejada, Accounting Manager (North County Division)

Jimmy Vasquez, Accounting Manager (Central Division)

FINDING REFERENCE: 2019-6-01

CHANGE FUND – ACCOUNTABILITY

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.1 CASH CHANGE FUND:

7. At the end of each business day, individuals responsible for making change from the Cash Change Fund must—in the presence of a court manager, supervisor, or his or her designee—count, verify, and reconcile the Change Fund monies to the day’s beginning balance, and initial and date the verification/reconciliation
8. A trial court employee, other than the individuals responsible for making change from the Cash Change Fund, should count the Cash Change Fund in accordance with the following schedule and report the count to the Fiscal Officer.

Size of Cash Change Fund	Frequency of Count
• Less than \$200	Annually
• \$200 to \$499.99	Quarterly
• \$500 or more	Monthly

CONDITION

The Court does not consistently require its change fund custodians to count and verify their respective change funds at the end of each business day. Specifically, the custodian over the \$500 change fund at the Probate payment collection location at the Central Courthouse (Probate Central) and the custodian over the \$450 change fund at the Criminal payment location at the North Division (Criminal North) do not count and verify their change funds at the end of each day. Instead, the custodian at Probate Central counts and verifies its change fund once a week. While the custodian at Criminal North performs this task only when the change fund is accessed throughout the day, at the time of our review we observed that the change fund custodian did not perform the count and verification at the end of the day after closeout, as required by the FIN manual. According to the Court, the non-compliance in Probate Central was due to an oversight as personnel changes recently occurred. In Criminal North, the custodian thought that counting immediately after the last change activity which usually occurs in the morning qualify as compliance with the requirement of the FIN manual.

In addition, at six of the 12 payment collection locations we reviewed, individuals who are not the change fund custodians do not periodically count the change funds as frequently as stated in

the FIN Manual. Specifically, the Court does not have someone other than the change fund custodian count and verify its change funds of \$500 or more on a monthly basis. Although someone other than the change fund custodian audits the Court's change funds quarterly, this is less frequent than the schedule listed in the FIN Manual. According to the Court, the Accounting Department which is in-charge of the quarterly audits overlooked the frequency of counts required for change funds amounting to \$500 or more. In addition, the Court does not have local cash handling policies and procedures written for change funds that could help align its change fund administration practices closer to the FIN Manual. As a result, the Court is at an increased risk of not knowing for an extended period of time if its change funds are short of funds.

RECOMMENDATION

To reduce the risk of prolonged unaccountable change fund shortages and overages, the Court should create local cash handling policies and procedures that align with the FIN manual requirement to count, verify, and reconcile the change fund monies to the day's beginning balance at the end of each business day. In addition to verifying the change fund at the end of each business day, the Court should ensure that an individual other than the custodian counts and verifies its change funds at the frequency specified in the FIN Manual, such as monthly for its \$500 change funds.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court partially agrees with the finding. Central Courthouse (Probate) and North Division (Criminal) are complying effective 2/3/2020 regarding the counting of the change fund at the end of the day. On the monthly independent counts of change funds \$500 or more, Accounting will conduct monthly counts to comply with this requirement. As of January 31st, the monthly count has commenced. The Court would also like to remind the audit team that it is compliant with its Alternative Policy on Change Fund which was approved by the AOC (now JCC) on 2/8/2012.

Although not explicitly required by the FIN Manual to have a policy and procedure for change fund administration, the Court will consider implementing such a policy in the future.

Response provided on 01/30/2020 by: Caroline D. Idos, Accounting Manager (South County Division)

Date of Corrective Action: January 30, 2020

Responsible Person(s):

Nina Henson, Court Operations Manager (Probate Central)

Mary Anne Martin, Court Operations Manager (Criminal North)

Caroline D. Idos, Accounting Manager (South County Division)

Miranda Niederle, Accounting Manager (East County Division)

Divina Tejada, Accounting Manager (North County Division)

Jimmy Vasquez, Accounting Manager (Central Division)

FINDING REFERENCE: 2019-9-01

OTHER INTERNAL CONTROLS – SAFE COMBINATIONS

CRITERIA

FIN MANUAL, FIN 10.02, 6.1.1 USE OF SAFES AND VAULTS:

3. When using safes and vaults, the following procedures must be followed:
 - a. The combination will be distributed to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded.
 - e. The trial court should change the combination when any of the following occur:
 - i. The combination becomes known to an excessive number of trial court employees;
 - ii. A trial court employee with knowledge of the combination separates from employment in the trial court;
 - iii. A trial court employee with knowledge of the combination no longer requires the combination in the performance of his or her duties; or
 - iv. The time interval (defined by the trial court) during which the combination shall remain valid has expired.

CONDITION

Contrary to the FIN Manual requirements, four of the 12 payment collection locations we reviewed allow an excessive number of trial court employees access to their safes. For example, at the North Division, 25 employees know the combination to the Civil/Family Law department's safe, 24 employees know the combination to the Criminal department's safe, and 20 employees know the combination to the Traffic department's safe. According to the Court, 17 of these employees are accounting office staff who need the combinations because the accounting office rotates the staff who pick up the previous day's collections from the safes. In addition, 11 trial court employees at the Central Division know the combination to the mailroom/deposit safe in which unprocessed mail payments, cash bags, the \$835 change fund, and the previous day's collections are stored overnight. According to the Court, these individuals need access to the safe in order to retrieve the prior day's collections in order to prepare the bank deposit, as well as to distribute mail payments for processing. However, the FIN manual states that when using safes, the Court must distribute the combination to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded. Although having multiple staff with knowledge of each safe's combination is not unreasonable considering the volume of the Court's operations, we believe that 20 or more staff knowing the combination at the North Division, and 11 staff knowing the combination at the Central Division's Traffic department, is potentially excessive. With so many staff having the combination to the safes, the Court is at an increased risk to the potential theft of cash without knowing who may have accessed a safe and taken the cash or other documents being safeguarded.

In addition, most of the Court's payment collection locations do not change their safe combinations on a prescribed periodic basis as defined by the Court. According to the Court, this occurred because it currently does not have a set periodic schedule for changing the safe combination at this time. In addition, the supervisor at the Criminal payment collection location at the North Division indicated that prescribed periodic changes of the safe combination are not needed due to the frequency of other events, such as an employee leaving employment with the

Court, which causes the Court to change the safe combination. However, the FIN manual states that the Court should change the safe combination at a time interval defined by the Court during which time the combination shall remain valid until it has expired. As a result, the Court may leave itself susceptible to the potential theft of cash and other collections by those individuals with knowledge of the safe combinations and who may have unauthorized access to the safes.

RECOMMENDATION

To ensure it properly safeguards the contents of its safes, the Court should distribute its safe combinations to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded. If the Court believes that is appropriate for a large number of employees to have access to its safes, the Court should consider preparing an analysis demonstrating that its operational needs require all these employees to have access to the safes. This analysis should then be reviewed and approved by the Presiding Judge or the Court Executive Officer.

In addition, the Court should require staff to change the combination to each safe as suggested in the FIN Manual; for example, when the combination becomes known to an excessive number of court employees and at a time interval defined by the Court.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Partially agree. The Court limited the number of employees with access to the safe in the North County Division as of October 2019. However, the change was not adequately documented at the time of the audit. Proper documentation of the change was completed on February 6, 2020 and there are only six accounting employees with access to the safe.

At the Kearny Mesa Facility (Central Division) location, there are six Accounting employees and five Operations employees with access to the safe in the mail room. The court justifies this amount due to the manner in which collections are balanced and deposited to the safe (by Operations staff members) and how receipts and banks are retrieved and issued (by Accounting staff). However, the Court will reevaluate its process specific to this safe, which will likely include reducing the amount of persons with access.

Additionally, the Court agrees to update its operational directive related to safe combinations to better align with the requirements in the FIN manual. The requirement for changing the safe combination on a periodic basis will be added.

Response provided on 2/21/2020 by: Miranda Niederle, Accounting Manager (East County Division)

Date of Corrective Action: June 30, 2020

Responsible Person(s):

Caroline D. Idos, Accounting Manager (South County Division)

Miranda Niederle, Accounting Manager (East County Division)

Divina Tejada, Accounting Manager (North County Division)

Jimmy Vasquez, Accounting Manager (Central Division)

PROCUREMENT AND CONTRACTS

The Court Complied with Applicable Requirements for Procuring Goods and Services

Background

Trial courts are expected to procure goods and services in a manner that promotes competition and ensures best value. To achieve this expectation, the Judicial Branch Contracting Manual (JBCM) and the Trial Court Financial Policies and Procedures Manual provide uniform guidelines for trial courts to use in procuring necessary goods and services and in documenting their procurement practices. Trial courts must demonstrate that their procurement of goods and services are conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and to document approval of the procurement by an authorized individual. The requestor identifies the goods or services, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager authorized to approve purchase requests. The court manager is responsible for verifying the necessity and appropriateness of the requested items, that the correct account codes are specified and assuring that funds are available before approving and forwarding the requisition form to the staff responsible for procuring goods and services. Depending on the type, cost, and frequency of the goods or services to be procured, court staff responsible for procuring goods and services may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court procurement staff may need to also prepare and enter the agreed-upon terms and conditions into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction, and maintain a procurement file that fully documents the procurement transaction.

Our review found that the Court complied with applicable requirements for procuring goods and services. Specifically, the Court demonstrated compliance in various areas we evaluated during our audit, including demonstrating sound management practices in the areas of procurement initiation, in soliciting competitive procurements, and in using leveraged purchase agreements.

PAYMENT PROCESSING

The Court Complied with Applicable Payment Processing Requirements

Background

Trial courts must institute procedures and internal controls to ensure they pay for appropriate goods and services in an economical and responsible manner, ensuring that they receive acceptable goods and services prior to payment. Thus, the FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices and in-court service provider claims. 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 respective agreements. Staff must match all invoices to the proper supporting procurement and receipt documentation, and must ensure approval for payment is authorized by court management acting within the scope of their authority.

Our review found that, except for one minor instance of non-compliance that we communicated separately to the Court, it complied with the applicable payment processing requirements. Specifically, the Court demonstrated compliance in various areas we evaluated during our audit, including demonstrating sound management practices in the areas of its three-point match process, allowable costs, and other internal controls.

FINE AND FEE DISTRIBUTIONS

The Court Calculated Accurate Fine and Fee Distributions for the Case Types Reviewed

Background

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

Our review of its fine and fee distributions found that the Court configured its automated case management systems to accurately calculate and distribute the fines, penalties, assessments, and fees collected to the appropriate funds and entities.

ONE PERCENT FUND BALANCE CAP

The Court Appropriately Supported Its One Percent Fund Balance Cap Calculations

Background

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

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

Our review found that the Court complied with the requirements for its 1% fund balance cap calculations. Specifically, we reviewed the inputs on its final FY 2018-19 1% fund balance cap calculation form and found that the Court used expenditure amounts that agreed to its accounting records. In addition, the Court supported the encumbrances it reported on its final FY 2018-19 calculation form with valid contracts for goods and services not received by June 30, 2019.

Finally, we did not review its use of any excess funds because the Court has not requested the Judicial Council to hold any such funds on its behalf in the past four fiscal years (FYs 2015-16 through 2018-19).

JBSIS CASE FILING DATA

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

Background

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

Our review found that the Court maintained documentation to support the JBSIS case filings data it submitted to the Office of Court Research. Nevertheless, our review identified one JBSIS-related audit finding that we believe requires the Court’s continuous monitoring. This finding pertained to the following specific area of the JBS case filings data:

Finding Reference	Subject
2019-29-01	JBSIS Data Quality – Case Filing Counts and Data

FINDING REFERENCE: 2019-29-01

JBSIS DATA QUALITY – CASE FILING COUNTS AND DATA

CRITERIA

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

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

JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM MANUAL – VERSION 3.0, APPENDIX H—DATA QUALITY ASSURANCE;

Error Quantification and Acceptable Error Rates

The error rate is determined by the difference of the reported value and the correct value, divided by the reported value. The magnitude of the error relative to the number of filings in a given period affected determines how courts should remedy the error. The JBSIS subcommittee determined that a 2% error rate met the criteria of being rigorous enough to ensure high data quality without posing an undue burden for courts.

The committee determined that an error rate of 2% or more in any one data element for a specific case type or cumulative across case types for one data element—limited at this time to filings, dispositions, trials, and time to disposition, when reported—should be established as the threshold above which courts must submit amended data correcting the report and that amended reports to resolve the error must be submitted within 60 days of error discovery.

CONDITION

To better ensure courts can identify and research potential JBSIS reporting errors, effective July 2018, the JBSIS Manual includes data quality standards that encourage courts to have methods of both routine and non-routine reviews of their data. Examples of these review methods include courts performing random reviews of selected case files to ensure the data reported to JBSIS is consistent with the judicial branch's agreed-upon case type definitions. However, implementing such an approach requires courts to know which cases they have reported to JBSIS and when. Without this information, neither the courts nor external parties are well-positioned to evaluate the accuracy of the reported case filings data or determine which of the many monthly JBSIS reports require amendment if errors are found. Despite the JBSIS data quality standards not becoming effective until July 2018—after the Court had already submitted its JBSIS data for fiscal year (FY) 2017-18—we chose to evaluate the Court's JBSIS data against these standards since no other comparable criteria exists. Applying the recently adopted standards allows the Court to review the audit's results and potentially take steps to improve its JBSIS reporting.

Reconciliation Between JBSIS Case Filing Counts and Court-Based Records

JBSIS data contains aggregated counts of new case filings, which should be supported by case-specific records at the trial court level. Columns A through D from Table 1 compare the Court's aggregated JBSIS data for fiscal year 2017-18 against its own corroborating CMS data. As shown in columns A through D, we found 51 variances in total (or less than 0.01% of all reporting filings). Nevertheless, the Court's reported filings for juvenile delinquency cases was overstated by 49 filings (or 2.93% of all filings in that case category). Since the amount of error exceeds the council's tolerable error rate for JBSIS reporting, the Court will need to amend its reported filings on JBSIS report 8a.

Our audit also reviewed the Court's ability to support the 2017-18 case filings data that existed in March 2019 when it was used by the Judicial Council as part of the trial court budget allocation process. We performed this analysis in columns E through G on Table 1, identifying instances

when CMS records at the Court did not fully support the filings counts used for budget allocation purposes.

Table 1 - Comparison of JBSIS Case Filings Data to Underlying Court Records for FY 2017-18

JBSIS Report / Case Category		JBSIS versus Court Records				WAFM versus Court Records			
		A	B	(A-B)		E	F	(E-F)	
				C	D			G	H
Filings in JBSIS(*)	Court Records(#)	Net Difference	Error Rate	Filings WAFM(^)	Court Records WAFM (^)	Over / (Under)	Case Weight (&)		
05a	Unlawful Detainer	9,230	9,230	0	0.00%	9,230	9,230	-	
05a	Civil – Limited	20,693	20,693	0	0.00%	20,693	20,693	-	
05a	EDD		-	0	0.00%	-	-	-	
05b	Civil – Unlimited	18,396	18,396	0	0.00%	18,396	18,396	-	
05b	Civil – Complex	-	-	0	0.00%	-	-	-	
05b	Asbestos	-	-	0	0.00%	-	-	-	
06a	Family Law – Martial	12,342	12,342	0	0.00%	12,342	12,342	-	
06a	Family Law – Child Support	4,996	4,996	0	0.00%	4,996	4,996	-	
06a	Family Law – Domestic Violence	7,386	7,386	0	0.00%	7,386	7,386	-	
06a	Family Law – Parentage	1,311	1,311	0	0.00%	1,311	1,311	-	
06a	Family Law – Other	1,884	1,884	0	0.00%	2,263	2,323	(60)	571
07c	Felony	12,200	12,200	0	0.00%	12,200	12,200	-	
08a	Juvenile Delinquency	1,670	1,621	49	2.93%	1,670	1,621	49	646
09a	Juvenile Dependency	1,432	1,430	2	0.14%	1,053	991	62	1,211
10a	Mental Health	1,509	1,509	0	0.00%	1,509	1,509	-	
11a	Misdemeanor – Traffic	14,087	14,087	0	0.00%	14,087	14,087	-	
11a	Misdemeanor – Non-Traffic	28,808	28,808	0	0.00%	28,808	28,808	-	
11a	Infractions	334,466	334,466	0	0.00%	334,466	334,466	-	
12a	Conservator / Guardianship	952	952	0	0.00%	952	952	-	
12a	Estates / Trusts	2,025	2,025	0	0.00%	2,025	2,025	-	
13a	Small Claims	11,140	11,140	0	0.00%	11,140	11,140	-	
Overall Total		484,527	484,476	51	0.01%	484,527	484,476	51	

Source: Judicial Branch Statistical Information System (JBSIS) and the Court's CMS records.

Notes:

* Reported case filings for fiscal year 2017-18, by JBSIS report and case category, as accessed by Audit Services in January 2020.

Court CMS data provided by the Court to substantiate the aggregate filings data reported to JBSIS.

^ Aggregate counts of the Court's filings, by case type, used by the Judicial Council for the purpose of calculating WAFM allocations.

These numbers may vary from columns A and B for a variety of reasons, including timing differences between when the Judicial Council "freezes" and combines certain cases from different JBSIS reports that have the same case weight and subsequent data updates from the Court.

& Applicable case weight (shown as minutes per filing), which is eventually applied to filings to determine WAFM budget allocations.

In short, columns A through D illustrate whether the Court can support its JBSIS filings data for fiscal year 2017-18 based on the summary CMS data provided at the time of our fieldwork in January 2020; while columns E through G evaluate whether the Court can support the 2017-18 filings data that was used by the council several months earlier in March 2019 when determining

trial court budget allocations for fiscal year 2019-20. We noted the following discrepancies in the filings data (column G) that was used for trial court funding purposes.

- *Family Law – Other (571 minutes/filing)*: For filings applicable to this case weight, the Court’s filings are understated by 60. Specifically, the Court misreported juvenile dependency adoptions on the JBSIS 9a report as another type of filing, resulting in those 60 adoption filings not being applied to this case weight. The Court acknowledged these adoption cases were classified incorrectly on the report 9a.
- *Juvenile Delinquency (646 minutes/filing)*: For filings applicable to this case weight, the Court overstated this total by 49 filings. Specifically, the Court reported these cases in October 2017 as a “W&I 602 Subsequent Petition;” however, the Court’s records reflected no activity during this month. The Court acknowledged this was a clerical error.
- *Juvenile Dependency (1,211 minutes/filing)*: For filings applicable to this case weight, the Court overstated this total by 62 filings. 60 of these 62 resulted from the Court misreporting 60 adoption cases (as noted earlier), resulting in these adoption cases being applied incorrectly against this higher-valued case weight. Further, the Court also double-counted two of its dependency case filings from March 2018.

Review of Case Files for JBSIS Data Quality

We also selected a sample of case files to review and determine whether the Court correctly classified case filings based on the definitions contained in the JBSIS Manual. Our review of 50 case filings from FY 2017-18 found the issues noted in Table 2 below.

Table 2 - Misclassification and Other Errors Identified During Review of Case File Records

Selected Case Type	# of Case Files Reviewed	# of Case Files With Errors	Error Description
Civil – Unlimited	10	0	
Family Law – Child Support	10	0	
Family Law – Domestic Violence	10	0	
Felony	N/A	N/A	Unable to provide detailed case listing.
Juvenile - Dependency	10	0	
Mental Health	10	6	Petition file dates for the case filing list and supporting case documents do not agree.
Total	50	6	

The specific errors noted above are as follows:

- **Felony:** Although the Court compiled summary documents of the total new case filing counts it reported to JBSIS for all case types and all months of fiscal year 2017-18, we could not complete our audit procedures because the Court could not provide detailed lists of specific cases to support some of the monthly case filing counts it reported to JBSIS. Having this detail is necessary in order to select and review case files and evaluate whether the Court consistently followed the JBSIS Manual case type definitions. Specifically, we requested from the Court detailed listings of the case numbers supporting the monthly case filing counts it reported for the six case types we selected for review in fiscal year 2017-18. However, the Court could not provide such detailed listings for one of the six case types, 7c Felony, representing 12,200 counts of the approximately 484,500 new case filing counts the Court reported in fiscal year 2017-18. According to the Court, the CMS used for its felony cases is antiquated and the Court was unable to obtain a detailed case listing from the CMS. The Court indicated that it will be replacing the CMS used for its felony cases in the near future with a CMS that will be able to generate detailed listings that include case numbers.
- **Mental Health:** For 6 of the 10 Mental Health cases reviewed, the dates that cases were filed did not always agree to the dates the Court used in compiling the case counts to report to JBSIS. Specifically, the “Petition Filed Date” that the Court uses to determine how many cases to report to JBSIS each month did not agree to the dates the cases were actually filed. For four of the cases, the “Petition Filed Date” was between one to seven days after the case was filed, and for a fifth case the difference between the dates was 35 days. According to the Court, this occurred because the “Petition Filed Date” in the case listing—which is an Excel spreadsheet that is updated manually—represents the date the Mental Health office received the petition for processing. Therefore, the date can vary by a few days. In addition, a sixth case had a “Petition Filed Date” that was three days before the case was actually filed. According to the Court, the Mental Health office will sometimes receive requests for and pre-assign case numbers prior to the date the petition is filed. Therefore, the “Petition Filed Date” can be the date the case number was pre-assigned instead of the date the petition was filed. While five of these six cases were ultimately reported in the correct month, one of the cases was reported to JBSIS in September 2017 instead of in the month the petition was filed, August 2017. As a result, the Court runs the risk of reporting Mental Health cases in the incorrect fiscal year as well as the incorrect month. The Court also potentially runs the risk of reporting cases for which case numbers were pre-assigned but that were ultimately not filed.

RECOMMENDATION

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

- Resubmit updated case filings data to JBSIS for FY 2017-18 via an amended report.
- Provide training to clarify for staff that the dates used in compiling the Mental Health case counts to report to JBSIS should be the dates the cases were filed, not the dates the

Mental Health office received the petition for filing or the date a case number was pre-assigned.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the first recommendation and will work with the Judicial Council, Office of Court Research on the submission of an amended 08a Juvenile Delinquency and 09a Juvenile Dependency report for FY2017-18.

The Court agrees with the second recommendation and will amend tracking documents to include the date the case was filed and use that date for case filing reporting purposes. The Court will also train staff on the proper use of the tracking documents to ensure reporting requirements are met and maintained.

Regarding the 60 cases that were incorrectly reported on the 09a Juvenile Dependency Report, Column W&I 300 Subsequent Petitions, they should have been reported on the Dependency Adoptions Column on the same report. As part of using 09a Report data for RAS purposes, the data in the Dependency Adoptions Column is transferred by the Office of Court Research to the 06a Family Law Report, causing an additional variance of -2.65% and 60 cases in that report, and increasing the percentage of the variance in the 09a Juvenile report from 0.14% and 2 cases, to 5.89% and 62 cases. The court believes only two variances should have been reported by the audit team and not three.

Response provided on 02/21/2020 by: Tonya Hollis, Senior Administrative Analyst

Date of Corrective Action: Per the Office of Court Research, we would be allowed to submit amendments by approximately March 3, 2020. Mental Health tracking documents will be amended and staff trained no later than March 31, 2020.

Responsible Person(s):

Tonya Hollis, Central Business Manager

Michelle Johnson, Central Criminal Operations Manager

AUDIT SERVICES' COMMENTS ON THE COURT'S VIEW

In response to the Court's comments regarding Table 1 and how we report variances and errors, we have modified the table and surrounding text to better reflect our audit finding. Previously, our table only provided the information shown in columns E and F with the net difference and error rate.

Table 1 now more clearly illustrates how many filings the Court had reported to JBSIS (by report and case type) for fiscal year 2017-18 at the time of our fieldwork in January 2020, and whether the Court needs to resubmit any of its JBSIS reports based on the council's data quality standards (column D). The reader can also more clearly see whether the filings used by the council during the trial court budget allocation process is consistent with the Court's CMS records for fiscal year 2017-18 (column G). Based on a recent review of the Court's JBSIS data in June 2020, it appears the Court has taken the steps necessary to properly amend its filings data.

OTHER AREAS

Background

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