



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

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FEBRUARY 2020



JUDICIAL COUNCIL  
OF CALIFORNIA

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AUDIT SERVICES

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**Superior Court of California, County of San Mateo**

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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 Mateo (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 Mateo

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
<b>Cash Handling</b>					
1	Daily Opening Process	Yes	✓		
2	Voided Transactions	Yes	✓		
3	Manual Receipts	Yes	1	2019-3-01	Agrees
4	Mail Payments	Yes	1	2019-4-01	Agrees
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	1	2019-6-01	Agrees
7	End-Of-Day Balancing and Closeout	Yes	✓		
8	Bank Deposits	Yes	1	2019-8-01	Agrees
9	Other Internal Controls	Yes	1	2019-9-01	Agrees
<b>Procurement and Contracts</b>					
10	Procurement Initiation	Yes	1	2019-10-01	Agrees
11	Authorization & Authority Levels	Yes	✓		
12	Competitive Procurements	Yes	1	2019-12-01	Agrees
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	✓		
16	Other Internal Controls	Yes	✓		
<b>Payment Processing</b>					
17	3-Point Match Process	Yes	1	2019-17-01	Agrees
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	✓		
<b>Fine &amp; Fee Distributions</b>					
25	CMS-Calculated Distributions	Yes	✓		
26	Manually-Calculated Distributions	N/A	-		
<b>1% Fund Balance Cap</b>					
27	Calculation of the 1% Cap	Yes	✓		
28	Use of "Held on Behalf" Funds	Yes	✓		
<b>JBSIS Case Filing Data</b>					
29	Validity of JBSIS Data	Yes	1	2019-29-01	Agrees
<b>Other Areas</b>					
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 to several 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 payment processing. For example, our review of the Court's procurement practices found that it demonstrated good management practices in the areas of authorization and authority levels, non-competitive procurements, and leveraged purchase agreements. In addition, the Court's payment processing practices ensure the Court pays for only allowable costs.

However, our audit did identify 9 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 9 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 cash handling. For example, the Court has not sufficiently segregated certain incompatible cash handling duties in order to help safeguard its payment collections. The Court must assign work to court employees so that no one person is able to initiate and conceal errors and/or irregularities in the normal course of his or her duties. However, the Court allows the same person who verifies the cashier's closeout to also prepare the deposit. In addition, the Court did not always require a court employee who did not prepare the deposit, preferably a supervisor or manager, to review and verify the daily deposits before tendering the collections for deposit with the bank. The Court agreed with our findings and recommendations in this area and indicates taking action to strengthen its controls over the closeout process, and deposit preparation.

### **Summary Perspective of Court Officials**

Audit Services initiated its audit of the Court on September 27, 2019, and completed its fieldwork on October 25, 2019. Audit Services shared the draft audit findings with the Court starting on November 21, 2019, and received the Court's final official responses on January 10, 2020. The Court agreed with the findings. 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 Mateo (Court) operates four court facilities in the cities of Redwood City, San Mateo, and South San Francisco. 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 Mateo Superior Court and Average of all Superior Courts

Statistic	San Mateo Superior Court	Average of All Superior Courts					All 58 Courts
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts		
<b>Financial Highlights (Fiscal Year 2018-19)</b>							
Total Revenue	\$ 49,138,789	\$ 2,535,365	\$ 11,735,803	\$ 45,358,637	\$207,404,531	\$ 46,675,217	
Total Expenditures	\$ 46,264,129	\$ 2,418,934	\$ 11,481,612	\$ 44,497,615	\$206,076,586	\$ 46,164,485	
Staff Salaries & Benefits As a % of Total Expenditures	\$ 37,376,226 80.8%	\$ 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%	
<b>Judicial Officers and Staff (2019 Court Statistics Report)</b>							
Judges	26	2	8	27	129	29	
Commissioners/Referees	7	-	1	4	20	5	
Non-Judicial Staff (approx.)	261	16	85	289	1,268	293	
Total	294	18	94	320	1,417	327	
<b>New Case Filings (Fiscal Year 2017-18)</b>							
<b>Appeal Filings</b>	53	8	81	190	386	132	
<b>Civil Filings</b>							
Civil	10,357	318	2,291	9,805	67,700	13,485	
Family Law	3,887	284	1,777	6,347	26,237	6,132	
Juvenile Delinquency	1,008	36	230	1,052	2,050	632	
Juvenile Dependency	200	34	209	574	3,545	757	
Mental Health	427	14	153	731	2,947	670	
Probate	1,289	51	284	972	3,646	888	
Small Claims	1,767	72	413	1,963	13,845	2,730	
<b>Criminal Filings</b>							
Felonies	7,760	419	1,634	4,649	32,109	6,672	
Misdemeanors / Infractions	107,222	5,214	23,304	80,405	359,763	82,649	
<b>Total</b>	133,970	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 August 15, 2019, 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 Mateo Superior Court is a cluster 3 court.

## AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of San Mateo (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

	<b>Audit Objective</b>	<b>Method</b>
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"> <li>▪ Determine whether the Court complied with the mandatory requirements in the FIN manual for internal controls over cash (payment) handling.</li> <li>▪ 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.</li> </ul>	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"><li>▪ 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.</li> <li>▪ 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.</li></ul>	<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"><li>• Was properly authorized and approved by authorized court management.</li><li>• Adhered to competitive bidding requirements, when applicable.</li><li>• Had contracts, when applicable, that contained certain terms required to protect the Court’s interests.</li></ul> <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"><li>• 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.</li><li>• Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix.</li><li>• The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810.</li><li>• The payments to in-court service providers adhered to applicable Judicial Council policies.</li></ul> <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"> <li>• Verified significant calculations and balance amounts.</li> <li>• Traced and verified significant inputs on the form (such as year-end encumbrances) to supporting records and the Phoenix accounting system.</li> </ul> <p>We obtained any Judicial Council-approved requests by the Court to hold excess prior year fund balances. To the extent that the Court had and spent any of these held funds, we verified that such spending was limited for the purposes previously approved by the Judicial Council.</p>
6	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"> <li>• 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.</li> <li>• We selected 10 cases from six case types, for a total of 60 cases, and review the</li> </ul>

		relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.
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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 February 10, 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)  
Michelle O’Connor, Auditor, CPA  
Veronica Lee, Auditor, CFE  
Usamah Salem, Auditor, CFE

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

## CASH HANDLING

### The Court Must Strengthen Its Controls Over Several of Its Payment Collection Processes to Better Safeguard Its Collections

#### 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 and its processing of internet payments. However, we identified five audit findings in the cash handling area 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
2019-3-01	Manual Receipts – Control of Books and Use of Receipts Log
2019-4-01	Mail Payments – Mail Opening Process and Receipts Log
2019-6-01	Change Fund – Daily Counts
2019-8-01	Bank Deposits - Deposit Verification
2019-9-01	Other Internal Controls – Separation of Duties

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#### FINDING REFERENCE: 2019-3-01

#### *MANUAL RECEIPTS – CONTROL OF BOOKS AND USE OF RECEIPTS LOG*

#### CRITERIA

FIN MANUAL, FIN 10.02, 6.3.9 MANUAL RECEIPTS:

5. Issuance of manual receipt books by trial court to court facility supervisor:
  - a. When the court facility supervisor receives the manual receipt books, the facility supervisor must record each book on a log for the facility.
  - b. The log must include the date received, book number, and receipt number sequence (from and to receipt numbers).
  - c. The supervisor must ensure the completeness of the manual receipts in the book by verifying that all receipts and receipt numbers are accounted for in the book. The supervisor will initial the log to document the verification.

- d. Once verified, the supervisor must store and secure the receipt books in a locked cabinet or safe.
6. Issuance of manual receipt book by court facility supervisor or his or her designee to cashiers:
    - a. The supervisor or his or her designee must maintain control and oversight of the manual receipt books. When the cashiering system and/or case management system is not available to process automated receipts, the supervisor or designee will retrieve and issue books of prenumbered receipts to cashiers. Manual receipt books should only be used when the cashiering system and/or case management system is down.
    - b. The supervisor or his or her designee issuing the prenumbered manual receipt books must monitor and maintain an accounting of the receipt books, including:
      - i. The receipt books issued;
      - ii. To whom the receipt book was issued;
      - iii. The date issued;
      - iv. The name of the person returning the book;
      - v. The date the books were returned (should be the end of the same day); and
      - vi. The receipt numbers used within each book.

## **CONDITION**

The Trial Court Financial Policies and Procedures Manual (FIN Manual) establishes mandatory requirements over the issuance and control of manual receipts. These requirements are intended to limit the risk of lost, stolen, or misapplied payments made by the public. By not following the FIN Manual's requirements, courts are at greater risk that an employee may accept a payment from the public and then keep that payment by destroying the court's only evidence of the transaction (i.e. the court's copy of the manual receipt). As a result, it is important for each court to: maintain control over who has access to manual receipt books; to whom these books are issued and when they are returned; and up-to-date records of the receipts used.

Our audit noted that the Court's Family Law/Probate payment collection location at the Hall of Justice (HOJ) does not have a supervisor or designated employee assigned to maintain control, oversight, and to safeguard its manual receipt books when they are not in use by the Court's clerks. Specifically, the auditor observed that each clerk at the Family Law/Probate payment location had a manual receipt book that was kept in unsecured desk drawers. Additionally, the assistant supervisor produced two additional manual receipts books she found at the payment location that she was unaware of before our site visit. With such uncontrolled access to the Court's manual receipt books, clerks may inappropriately issue manual receipts instead of recording the public's payments—and issuing standard receipts—through its CMS.

In addition to unsecured manual receipt books, we noted certain payment locations where the Court's management were not keeping adequate records or logs of to whom the manual receipt books were issued—when the Court's CMS was unavailable—and when these receipt books were returned along with records of the specific receipts used. These payment locations without appropriate logs were:

Hall of Justice payment locations

- Records
- Criminal
- Family Law/Probate
- Civil/Small Claims

Northern Branch location

- Traffic

As noted in the criteria section of this audit finding, the FIN Manual requires location supervisors to maintain clear control and oversight of their manual receipt books. All of the above locations were unaware of the FIN Manual's requirement to maintain such a log. However, without such records, the managers and supervisors at these payment locations cannot monitor the clerks' use of manual receipts and cannot easily investigate or determine which court employees may be responsible for irregularities when issuing manual receipts.

**RECOMMENDATION**

To ensure that all manual receipt books are properly safeguarded, the Court should require that all manual receipt books remain locked in each payment collection location's safe until they are needed for issuing manual receipts. In addition, to ensure the Court is monitoring and tracking the use of its manual receipts, the Court should require supervisors at all payment collection locations to create and maintain a manual receipt book log for the books under their control.

**COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. As of December 19, 2019, the Court will require that all manual receipt books be kept in a safe. In addition, the Court will require the Cash Change Fund Custodians to maintain a manual receipt book log no later than February 3, 2020. Court Finance staff will work with custodians to develop a standard log template that will be used courtwide. All these requirements will be reflected in the Court's updated cash handling policy and procedure manual no later than March 1, 2020. Although not part of the recommendation, the court is looking into ways to preempt and/or detect the use of fake receipts.

**Response provided on 12/18/2019 by:** John Cruz, Senior Accountant

**Date of Corrective Action:** 2/3/2020

**Responsible Person(s):** John Cruz, Senior Accountant; Leila De La Rosa, Senior Accountant

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**FINDING REFERENCE: 2019-4-01**

*MAIL PAYMENTS – MAIL OPENING PROCESS AND RECEIPTS LOG*

**CRITERIA**

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL:

2. To provide for the strongest protection of trial court assets and to protect the integrity and reputation of the trial court, a team approach should be used to maintain accountability for

payments received through the mail and drop boxes. When processing such payments, the court should adhere to the following procedures:

- a. Mail and drop box payments should only be processed when both team members are present. Alternatively, if two people cannot be present during mail and drop box payment opening, then one person may open the mail or drop box payments and create the payments receipts log if he or she is being recorded on video camera and the video is retained for at least six months. Another alternative if two people cannot be present is one person—without opening the envelopes—may start the payment receipts log by sequentially numbering the envelopes and documenting the envelope number and the sender's name in the payment receipts log. When the second person opens the mail and/or drop box payments, he or she should complete the payment receipts log for each envelope identified by the first person. A field should be added to the payment receipts log to indicate when an envelope does not contain a payment; not all fields listed in Paragraph 3(a) below will be completed.
  - b. Two-person team combinations should be rotated regularly.
  - c. To maintain separation of duties, team members who open and log mail and drop box payments should not also enter the mail and drop box payments in the court's cashiering system and/or automated case management system, if possible.
3. To provide for the strongest oversight and monitoring of payments received through the mail, courts should maintain a payments receipt log. Without a payment receipts log, courts have no record to reference or research should a mail payment become lost or stolen...
- 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 or money order;
    - iv. Date received in the mail or drop box; and
    - v. Name of the person opening the mail or drop box payments and the person recording the payment on the payments receipt log.
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...must review on a daily basis all payments held over from the previous day's work to determine if any of the held payments can be processed. This requirement can be met by reviewing the payments receipt log.
  - b. The supervisor/manager responsible for staff who process payments must identify and log any payment that has been held for more than 5, 15, and 30 calendar days.
  - c. The supervisor/manager responsible for staff who process payments must provide a report, at least monthly, to the court executive officer and court fiscal officer that lists the age of any payment that has been held for more than 15 and 30 calendar days without being processed...

## FIN MANUAL, FIN 1.01, 6.4 TRIAL COURT OPERATING STANDARDS:

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

Judicial Council of California  
Director of Branch Accounting and Procurement  
Attn.: Trial Court Alternative Financial Policies and Procedures  
2850 Gateway Oaks Drive, Suite 300  
Sacramento, CA 95833-4348  
E-mail: [TCFin@jud.ca.gov](mailto:TCFin@jud.ca.gov)

A written response to the submission of alternative procedures will be returned to the submitting court within 60 business days of receipt of the document... **Undocumented procedures or those not approved by Judicial Council of California Staff will not be considered valid for audit purposes.**

**CONDITION**

The Court does not consistently follow the two-person “team approach” suggested in the FIN Manual when opening mail, nor does it always follow the FIN Manual’s suggested alternative procedures to mitigate the risk of one person taking mail payments without the knowledge of other court employees. At the Hall of Justice (HOJ) Records payment collection location, we observed a single individual opening the mail in a small back room that is only visible to someone walking by. According to staff at the Records payment location, they were unaware of the FIN Manual’s suggested two-person team approach or the manual’s alternative procedures. Payments received by mail is an area of high-risk—since the payer is neither present during the transaction nor is guaranteed to receive a receipt—and the FIN Manual’s guidance is intended to mitigate the risk of lost or stolen payments.

In addition to not consistently following the FIN Manual’s guidance for opening the mail, the Court also did not maintain the suggested “payment receipts log.” The log is intended to track: when the payment was received; who made the payment; the case or docket number for which payment was made; the payment amount; and the individuals opening the mail and recording the payment on the log. As noted in the FIN Manual, without a log, courts have no record to reference or research if a payment is lost or stolen. The HOJ and Northern Branch payment collection locations that open the mail do not use and maintain such logs because the Court's local cash handling policies and procedures do not require their use. Also, per staff at these payment collection locations, they were unaware of the FIN manual guidance suggesting the use of the log. According to a supervisor at the Court’s Northern Branch Traffic payment location, Traffic receives a large volume of mail payments each day—roughly 100 to 150 mail payments—and does not have the resources to log each mail payment.

Notwithstanding the Northern Branch Traffic supervisor’s perspective, maintaining a log also helps the Court demonstrate compliance with the FIN Manual’s mandatory requirement that supervisors notify the Court’s CEO and CFO of mail payments that have not been processed for significant periods of time. Without a log to track how long payments have gone unprocessed—

or which payments have been received—it will be difficult for the Court to demonstrate that it is processing mail and drop box payments promptly.

### **RECOMMENDATION**

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should consider doing the following:

1. Require its staff to either follow a two-person team approach where both individuals are present when opening and logging mail payments, or implement alternative procedures, such as those suggested in the FIN Manual, to mitigate the risk of lost or stolen mail payments. If the Court cannot implement a two-person team approach or the alternative procedures suggested in the FIN Manual, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for opening and accounting for the payments it receives in the mail.
2. Require the persons who open the mail to 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. The Court can subsequently use these logs to reconcile and confirm entry of these mail payments into its CMS during the end-of-day closeout process.

### **COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. Regarding Recommendation 1, by no later than January 2, 2020, the Court will require that two people are present when opening payments sent by mail. Regarding Recommendation 2, the Court will require that a payment receipt log for cash and non-cash payments be kept and that the log will contain the information necessary to establish a clear record of all payments. Court Finance staff will work with the custodians to develop a log template that will be used courtwide by no later than March 2, 2020.

The Court will make it the responsibility of the Cash Change Fund Custodian to monitor compliance. The Court will update its cash handling policy and procedure manual to require the presence of two people when opening payments sent by mail by no later than March 2, 2020.

**Response provided on 12/18/2019 by:** Leila De La Rosa, Senior Accountant

**Date of Corrective Action:** 3/2/2020

**Responsible Person(s):** Leila De La Rosa, Senior Accountant

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### **FINDING REFERENCE: 2019-6-01**

*CHANGE FUND – DAILY COUNTS*

### **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.

## CONDITION

The Court does not require individuals responsible for change funds to count, verify, and reconcile Change Fund monies to the day's beginning balance. The Court maintains change funds in the following locations, which are maintained by supervisors at each location along with the Court's Finance Division.

### Hall of Justice (HOJ) payment collection locations

- Records,
- Criminal,
- Family Law/Probate, and
- Civil/Small Claims

### Northern Branch payment collection locations

- Criminal, and
- Traffic

Based on our interviews with location supervisors and staff from the Finance Division, they count and verify the change fund with different frequencies. Some only count and verify the change fund when it is used. Others—such as the payment location supervisors at HOJ Records and Criminal—generally count and verify the fund weekly. In one case, we noted the HOJ Family Law/Probate location last counted and verified the change fund in April 2019, or more than six months before our audit's site visit. According to a supervisor at the Northern Branch's Traffic payment location, the change fund is not counted and reconciled each day because it is used infrequently.

Court staff at all of the payment locations we visited—along with staff from the Finance Division—indicated they were unaware of the FIN Manual's requirement to count and verify the change fund at the end of each day. In addition, the Court's Cash Handling Manual does not address this requirement from the FIN Manual. As a result, the Court is at increased risk of a change fund shortage occurring without clear accountability of when the shortage may have occurred and who may have caused the shortage. Not following the FIN Manual's requirements can result in the loss of court funds. For example, prior to the start of our audit, the Court explained that it appears to have lost \$250 in change funds that were to be transferred from one payment collection location to another. Specifically, one location with a \$550 balance was to have \$250 of its funds taken to another payment location (which only had a \$50 balance), resulting in new ending balances of \$300 at each location. However, nobody at the Court remembers taking the \$250 from the originating fund (where the balance is now \$300) while, at the time, the other fund continued to maintain a balance of only \$50. Stronger controls through adherence to the FIN Manual's requirements would have reduced the likelihood of the Court's funds being misplaced and unaccounted for.

**RECOMMENDATION**

To reduce the risk of prolonged unaccountable change fund shortages or overages, the Court should require at the end of each business day, individuals responsible for making change from the Cash Change Fund—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. In addition, the Court should consider whether it needs a change fund at all those locations that do not consistently use the fund.

**COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. By no later than January 2, 2020, the Court will require that the Court's cash change funds be counted, verified, and reconciled on a daily basis in the presence of a lead, assistant supervisor, supervisor, or manager. The Court will make it the responsibility of each Cash Change Fund Custodian to monitor compliance. The Court will update its cash handling policy and procedure manual to require the daily counting, verification, and reconciliation of all cash change funds in the presence of a lead, assistant supervisor, supervisor, or manager by no later than March 2, 2020.

**Response provided on 12/18/19 by:** Leila De La Rosa, Senior Accountant

**Date of Corrective Action:** 3/2/2020

**Responsible Person(s):** Leila De La Rosa, Senior Accountant

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**FINDING REFERENCE: 2019-8-01***BANK DEPOSITS – DEPOSIT VERIFICATION***CRITERIA**

FIN MANUAL, FIN 13.01, 6.4 DEPOSITS

3. Deposits consisting of coin and paper currency in excess of \$100 will be prepared as follows:
  - b. The coin and paper currency portion of any bank deposit must be counted by one person and verified and initialed by a second person (preferably a supervisor or lead) prior to tendering the deposit to an armored car service, a court employee for deposit to a bank night deposit drop safe, or a bank teller within the lobby of the bank.
  - c. Paper currency and coin (unrolled) will be placed in the deposit bag and sealed in the presence of two court employees who will sign a court copy of the deposit slip indicating they have verified the coin and paper currency amount contained in the deposit bag.

**CONDITION**

The Court does not consistently follow the FIN Manual's requirements for the preparation of deposits. Supervisors at the following four payment collection locations did not require a second person to count and verify the amount of the deposit before tendering it to the bank. Supervisors at these four payment locations indicated they were not aware of the FIN Manual's requirement that one employee counts the deposit while the other verifies the amount.

**Hall of Justice (HOJ) payment locations**

- Criminal
- Family Law/Probate

**Northern Branch payment locations**

- Criminal
- Traffic

In addition to not performing both the initial count and subsequent verification of the deposit amounts, we also observed court employees who did not consistently sign the deposit slip to demonstrate accountability for the deposit procedures performed. Specifically, for the other two payment locations we observed at the Hall of Justice (Records and Civil/Small Claims), the second person who verified the amount did not also sign the deposit slip to acknowledge the verification of funds. Similarly, an individual who initially counted and prepared the deposit at the Hall of Justice (Family Law/Probate location) did not sign the deposit slip. Court employees were generally unaware of the FIN Manual's deposit-signing requirements while the Court's Cash Handling Manual requires only one person to sign the deposit slip, contrary to the FIN Manual's requirements. Without clear indications of who prepared and verified the Court's deposit amounts, it would be difficult for the Court's management to determine who was responsible for any shortages or discrepancies with the amounts deposited.

**RECOMMENDATION**

To safeguard its receipts and reduce the risk of lost or stolen collections, the Court should ensure that a lead or supervisor verifies and initials its daily bank deposits after they are prepared by another court employee. If the Court cannot perform this deposit verification process, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for verifying the daily deposits. The Court should also ensure deposit slips are consistently signed by both employees.

**COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. By no later than January 2, 2020, the Court will require, that after a Court employee prepares a deposit and initials a deposit slip, a lead, assistant supervisor, supervisor, or manager will verify the deposit and initial the deposit slip. Specifically, the Court will make it the responsibility of each Cash Change Fund Custodian to monitor compliance. The Court will update its cash handling policy and procedure manual to require the signature of two people, one of whom must be a lead, assistant supervisor, supervisor, or manager, on deposit slips by no later than March 2, 2020.

**Response provided on 12/18/2019 by:** John Cruz, Senior Accountant

**Date of Corrective Action:** 3/2/2020

**Responsible Person(s):** John Cruz, Senior Accountant; Leila De La Rosa, Senior Accountant

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**FINDING REFERENCE: 2019-9-01**

*OTHER INTERNAL CONTROLS – SEPARATION OF DUTIES*

**CRITERIA**

FIN MANUAL, FIN 1.03, 6.3.3 CONTROL ACTIVITIES:

6. Appropriate Segregation of Duties

- a. An organization plan should be established that provides for an appropriate segregation of duties; this will help safeguard trial court assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction.
- b. Work must be assigned to court employees in such fashion that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties.

**CONDITION**

The Court's Hall of Justice (HOJ) Records payment collection location allows staff who process mail payments to also process counter payments without any mitigating control to prevent or detect the staff from replacing counter payments with mail payments. Specifically, the staff who processes mail payments may also process counter payments as a backup to counter staff who are on break or lunch. According to Court staff, they were unaware that these duties should be separated to protect court assets. However, without separating these duties or implementing some mitigating factor, such as the use of a mail payments log to track mail payments, which the Court does not use, there is no way to prevent or detect the person from pocketing a counter payment and covering it with a mail payment.

In addition, the Court does not adequately segregate court staff duties when preparing its deposits. Specifically, except for the Northern Branch Traffic payment location, all of the other Court's payment collection locations including the Hall of Justice (HOJ) locations—Records, Criminal, Family Law/Probate, and Civil/Small Claims—and the Northern Branch Criminal payment location—have the person who verifies the cashier's closeout also prepare the deposit. All of these payment locations' supervisors stated that they were not aware of the FIN manual requirement to have someone other than the person who closed out the cashier to prepare the deposit. In addition, the process performed was as described in the court's Cash Handling Manual which required a department lead to perform both the close-out verification and to prepare the daily deposit, which is contrary to the FIN manual. As a result of the lack of segregation of duties, potential fund shortages and thefts may occur and go undetected.

**RECOMMENDATION**

To ensure the safe and complete processing of mail payments, the Court should periodically monitor to ensure that the same employees do not both accept and enter into the CMS over-the-counter payment transactions and process and enter into the CMS payments received by mail on the same day and at the same time. Alternatively, the Court could maintain and use a mail payments receipt log to verify and reconcile that staff completely entered all the logged mail payments into its CMS.

In addition, to reduce the risk of potential fund shortages and thefts, the Court should require someone other than the person who verifies the cashier's closeout to prepare the deposit. Implementing this recommendation will require the Court to modify its Cash Handling Manual to align with the FIN manual segregation of duties requirements.

#### **COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. By no later than March 2, 2020, the Court will require either that (1) one employee can only accept and enter into the Court's case management system either mail or over-the-counter payments but not both on the same day and at the same time or (2) one employee can accept and enter into the Court's case management system both mail and over-the-counter payments only when a mail payment receipt log is used. In addition, the Court will require that the employee who closes out a cashier and the employee who prepares that cashier's deposit not be the same person. The Court will make it the responsibility of each Cash Change Fund Custodian to monitor compliance. The Court will update its cash handling policy and procedure manual to require the cashier closing and deposit preparation functions be performed by different people by no later than March 2, 2020.

**Response provided on 12/19/2019 by:** Steven Chang, Director of Finance

**Date of Corrective Action:** 3/2/2020

**Responsible Person:** Steven Chang, Director of Finance

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## PROCUREMENT AND CONTRACTS

### The Court Complies with Most Applicable Requirements for Procuring Goods and Services, But Can Strengthen Some of Its Controls Over Procurement Processing

#### 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.

The Court demonstrated compliance with most of the procurement areas we evaluated during our audit, including demonstrating sound management practices in the areas of authorization and authority levels, in its use of non-competitive procurements, and in entering into leveraged purchase agreements. Nevertheless, we identified two audit findings that we believe require the Court's corrective action. The findings pertained to the following specific areas of procurement:

Finding Reference	Subject
2019-10-01	Procurement Initiation
2019-12-01	Competitive Procurements - Solicitation and Documentation Practices

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#### FINDING REFERENCE: 2019-10-01

##### *PROCUREMENT INITIATION*

#### CRITERIA

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 2, 2.1 FORMULATING THE PROCUREMENT APPROACH, C:

The Buyer's first step in the planning and scheduling of a procurement effort is the initial review of a purchase request. Reviewing the request in terms of the following information will assist the Buyer in determining any impact to the procurement planning and scheduling activities.

1. Internal review and approvals: Consider the following:

- Have the proper approval signatures been obtained to conduct the procurement in conformance with the Judicial Branch Entity's Local Contracting Manual?
- Is the request in compliance with applicable equipment standards?
- Is there documentation in sufficient detail to support and justify conducting the procurement?

FIN MANUAL, FIN 6.01, 6.1 STANDARD PROCUREMENT PROCESS:

1. The procurement process begins with the completion and submittal of a written or electronic purchase requisition to the trial court employee who has been given the responsibility for approving the requisition. This is a separate and distinct process from approving the purchase order or executing the contract. Requisition approval authority may be delegated by organizational structure (e.g., manager of a unit) or by the type of goods or services requested (e.g., equipment or services under \$5,000). The individual who approves the requisition is responsible for assessing the need for the requested good or services and assuring that funds are available in the court's budget and that appropriate account codes are provided for the proposed purchase. See Section 6.3, Purchase Requisition Preparation and Approval for suggested requisition approval.

FIN MANUAL, FIN 6.01, 6.3 PURCHASE REQUISITION PREPARATION AND APPROVAL:

1. A written or electronic purchase requisition is used to initiate all procurement actions. The requestor identifies the correct account code and verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the trial court employee responsible for approving the requisition. After performing an assessment of the need, verifying that the correct account code is specified, and assuring that funding is available, the *requisition* is forwarded to the trial court's buyer.

FIN MANUAL, FIN 6.01, 6.10 ADMINISTRATION AND DOCUMENTATION:

2. A properly documented procurement file for purchase orders and/or contracts provides an audit trail from the initiation of the requirement to the delivery of goods. The file provides a complete basis for informed decisions at each step of the acquisition process. A well-documented file also supports the actions taken, provides information for later review and facts in the event of litigation or an investigation. Depending on the nature and value of the procurement, procurement files must contain:
  - a. Approved purchase requisition.

## CONDITION

The Court does not consistently complete a purchase requisition that an authorized approver reviewed and approved before commencing the solicitation and procurement process.

Specifically, for 11 of the 25 procurement transactions reviewed, the Court did not prepare any purchase requisition form on which the requestor identified and documented the necessity for the requested goods or services, and on which an authorized manager verified the necessity for the goods or services and that sufficient funds were available for the purchase given its local budget priorities. According to the Court Policy Analyst, the Court does not always use purchase requisitions when it plans procurements because the Court does not know the price, terms, or conditions until they receive a contract for signature. Also, the Court did not consistently require all staff to complete a purchase requisition because the Court has allowed Court divisions to directly purchase items without submitting a purchase requisition to its Finance division. Without a promptly-approved purchase requisition to demonstrate that authorized court management reviewed and approved the purchase request before staff initiate and make the purchase, the Court is at increased risk of staff initiating purchases before fully assessing the business need and available funding for the items or of making unauthorized purchases.

### **RECOMMENDATION**

To ensure it can demonstrate that its purchases are appropriately justified, funded, and approved, the Court should take steps to ensure it consistently obtains and documents in its procurement files the purchase requisitions that document the approved purchase requests prior to its staff starting the purchasing activity.

### **COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agrees. The Court recognized the concern and had already taken steps to prevent procurement actions from being initiated prior to a verification of need and available funding. All bona fide procurement actions are required to be routed through an approval flow. Some procurement actions begin as a paper/electronic PDF form that is routed for conversion into a purchase order. Other procurements begin with an alternative requisition placed through a vendor's web portal and reviewed by Court management prior to order. It is the Court's belief that an alternative method of purchase request and review of an order prior to expense meets the obligation of "electronic purchase requisition to the trial court employee who has been given the responsibility for approving the requisition".

The Court has revised policy to require additional justification that a procurement is necessary and that budget is available by requiring a Purchase Request form be submitted along with a single quote to initiate a formal procurement process. Additionally, complex procurements require the submission of a project charter additionally outlining available funds. A finalized purchase request is required prior to initiation of an encumbrance, and annually for each following fiscal year.

**Response provided on 1/10/2020 by:** Katrina McDonald, Court Public Policy Analyst

**Date of Corrective Action:** 7/1/2019

**Responsible Persons:** Nathanael Frank, Senior Procurement Specialist; Katrina McDonald, Court Public Policy Analyst

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### **FINDING REFERENCE: 2019-12-01**

*COMPETITIVE PROCUREMENTS – SOLICITATION AND DOCUMENTATION PRACTICES*

## **CRITERIA**

### **JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 2, 2.3 CREATING THE PROCUREMENT FILE:**

The Buyer should create a procurement file for each transaction. This section provides guidance on what should be included in the procurement file. Please note that the following list is not exhaustive. A JBE may adopt policies respecting the creation and contents of procurement files in its Local Contracting Manual.

Document decisions: Buyers should develop a strategy of how the procurement activity will be accomplished, and document the rationale for developing that strategy. In simple terms, Buyers should maintain a diary of the events and decisions that lead up to and complete the purchase transaction, providing a timeline and history of the actions and decisions made throughout the procurement process.

Provide the basis of the decisions: Buyers should also describe how competition will be sought, promoted, and sustained throughout the course of the purchasing activity. If open competition is not the method of choice, document the basis of the decision.

Public record: Buyers should create and maintain their procurement files keeping in mind that most procurement records are subject to disclosure under CRC 10.500.

### **JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 4, COMPETITIVE SOLICITATION OVERVIEW:**

#### **4.1 THE BASICS OF COMPETITION**

Competition is one of the basic tenets of procurement under the California Judicial Branch Contract Law. The type of competition will vary depending on the type of goods or services to be procured, as well as the value of the procurement.

##### **A. General Requirements**

Judicial Branch Entities (JBEs) must conduct competitive procurements in a manner that promotes open, fair, and equal competition among Prospective Bidders. Generally speaking, a procurement must be competitive unless it falls into one of the categories covered in chapter 5 of this Manual.

Buyers conducting competitive procurements must provide qualified Prospective Bidders with a fair opportunity to participate in the competitive solicitation process, stimulating competition in a manner conducive to sound fiscal practices without favoritism, fraud, or corruption.

#### **4.7 SUMMARY DOCUMENT**

The evaluation and selection process for every procurement effort should be documented and referenced in a procurement summary. The purpose of the procurement summary is to create a single document that provides the history of a particular procurement transaction and explains the significant facts, events, and decisions leading up to the contract execution. The procurement summary should be included in the procurement file.

Procurement summaries should be written clearly and concisely to support the soundness of the purchasing decision.

Procurement summary information includes but is not limited to:

- Document the prices offered by the Bidders;
- Documenting that the selection process occurred in accordance with the Solicitation Document;
- Determining that the selected Bidder is responsible and the Bid is responsive; and
- Attaching the scoring sheets, if applicable.

#### JBCM, CHAPTER 4A, STEP-BY-STEP GUIDE FOR THE PROCUREMENT OF NON-IT GOODS:

##### STEP 1—DETERMINE THE PROCUREMENT VALUE

The value of the procurement directly affects the processes to be used in the procurement. The JBE employee requesting the procurement should estimate the total value of the procurement, including:

- Value of the non-IT goods to be procured;
- Value of any associated incidental services (such as installation);
- Delivery costs;
- Taxes (if applicable); and
- Other associated costs, as applicable.

JBEs may not split a single transaction into a series of transactions for the purpose of evading procurement requirements. In particular, a series of related services that would normally be combined and bid as one job cannot be split into separate tasks, steps, phases, locations, or delivery times to avoid adhering to competitive solicitation requirements.

#### JBCM, CHAPTER 4C, STEP-BY-STEP GUIDE FOR THE PROCUREMENT OF IT GOODS AND SERVICES:

##### STEP 4—SELECT SOLICITATION DOCUMENT TYPE

Three types of Solicitation Documents are used in the procurement of IT goods and services:

- Request for Quotes (RFQ);
- Invitations for Bid (IFB); and
- Requests for Proposal (RFPs).

The table below provides guidance on when to use the three types of Solicitation Documents.

<b>Solicitation Document</b>	<b>Procurement Size</b>	<b>Type of Procurement</b>
RFQ	Up to \$100,000 <sup>2</sup>	IT goods, IT services, and any combination of IT goods and services

IFB	Any size	Acquisition of hardware independently of a system integration project
RFP	Any size	IT goods, IT services, and any combination of IT goods and services

<sup>2</sup> A JBE may adopt a higher or lower threshold for the use of RFQs in its Local Contracting Manual. If the JBE adopts a higher threshold, the JBE must ensure that (i) the higher threshold is reasonable and appropriate, and (ii) the JBE provides adequate oversight for the use of larger-value RFQs. Also, note that procurements under \$10,000 may be conducted without a competitive solicitation; see chapter 5, section 5.1 of this Manual.

## JBCM, CHAPTER 5, NON-COMPETITIVELY BID PROCUREMENTS:

### INTRODUCTION

In certain circumstances, Judicial Branch Entities (JBEs) may procure non-IT goods, non-IT services, and IT goods and services without going through a competitive process (advertising, receiving Bids, etc.). In these non-competitively bid (NCB) procurements, a single entity is afforded the opportunity to provide the specified non-IT goods, non-IT services, or IT goods and services. The following are the categories of allowed NCB procurements:

- Purchases under \$10,000 (or \$5,000 prior to August 1, 2018);
- Emergency purchases;
- Purchases from governmental entities;
- Legal services;
- Certain Leveraged Procurement Agreements (LPAs);
- Purchases from a business entity operating a Community Rehabilitation Program (CRP);
- Licensing or proficiency testing examinations;
- Subvention and local assistance contracts; and
- Sole source.

### CONDITION

We reviewed five procurement transactions for which the competitive solicitations rules contained in the Judicial Branch Contracting Manual (JBCM) apply. Based on this review, we noted noncompliance in the areas noted below:

#### Lack of Justification for One Non-Competitive Procurement

The Court purchased office supplies at a cost exceeding \$49,000 (which is beyond the \$10,000 limit where competition is generally required). The Court did not have justification in its procurement files to explain why it did not engage in a competitive procurement. According to a Court official, the Court had allowed staff in the past to directly order supplies from a vendor without secondary reviews to ensure competitive solicitation rules are followed. To the Court's credit, it also identified this issue on its own and has since clarified purchasing rules to its procurement staff. Competition is one of the basic tenets of the JBCM, and the Court should periodically monitor whether its staff are promoting competition on procurements when required.

#### Incorrect Solicitation Method and Lack of Advertising on One Procurement

The Court issued a Request for Quote (RFQ) for IT goods exceeding \$100,000 instead of issuing an Invitation for Bid (IFB) or a Request for Proposal (RFP). The Court's solicitation method is important because different requirements apply under each method. For example, how the Court is required to select the winning bidder—and whether or not the Court must post a “notice of intent to award”—is influenced by the chosen solicitation method. Since the Court's local contracting manual does not establish alternative thresholds defining when to use an RFQ, we applied the JBCM's thresholds during our review.

In general, the RFQ solicitation method is intended for straightforward, uncomplicated and low-risk procurements. In contrast, IFB and RFP solicitation methods are appropriate for high-value and/or complex procurements. During our review of this procurement, the Court's employees informed us they had solicited bids by email, which is allowable with an RFQ (but not for an IFB or RFP). Further, the Court could not demonstrate it had advertised the solicitation, which is required for all procurements greater than \$100,000. Had it done so, the Court might have reached a larger number of potential bidders. According to a Court official, the Court's staff had decided to begin the solicitation as an RFQ; however, when the bids came in over \$100,000 the Court continued with the RFQ instead of re-bidding. If the Court believes it is remotely possible that the bids received will exceed \$100,000, it should consider using the IFB or RFP solicitation process and ensure it advertises the solicitation. Finally, the inappropriate use of RFQ solicitations on high-value procurements can lead to complaints from vendors, since the Court is not required to post a “notice of intent to award” under the JBCM's requirements.

#### Lack of Documentation to Substantiate Compliance on Other Procurements

- For three other procurements, the Court also had difficulty producing documentation to demonstrate compliance with key components of the competitive solicitation process. Specifically:
  - For two procurements we reviewed, the Court did not retain copies of its advertising to promote competition,
  - For two procurements, the Court could not locate copies of the offers it received from responsive bidders, and
  - For one procurement, the Court could not demonstrate in its procurement files how it had selected the winning bidder. We were similarly unable to reconstruct the Court's vendor selection approach given the lack of documented bids in the procurement file.

By consistently documenting these items in its procurement files, the Court will be better positioned to demonstrate to others that it is appropriately engaging in competitive procurement practices and can justify its selection of the winning bidder.

## RECOMMENDATION

To increase transparency to the public and to demonstrate it performed its due diligence to consistently procure goods and services through a fair and competitive procurement process, the Court should ensure it uses the solicitation appropriate for the amount and type of procurement. It should also retain appropriate procurement documents in a procurement file to substantiate its compliance with all applicable JBCM requirements.

## COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agrees. The Court had already taken action to correct all items found prior to the initiation of the audit as of August 1, 2019. Where information was missing, at least in a few procurements made in fiscal year 2018-19 we believe proper documentation was kept by previous staff, but current staff could not locate them. The Procurement Unit has initiated educational campaigns to help Court users understand the importance of the procurement policy and the protections provided by contract purchasing. It should be noted that the staff responsible for placing office supply procurements was acting in good faith after determining that the pricing for certain supplies, especially toner cartridges, was significantly less expensive off contract. In addition, to prevent the procurement of goods and services exceeding thresholds the court implemented policy mandating the use of the contracted office supply vendor and prohibiting the procurement of similar supplies from other sources except in emergency circumstances. The Procurement unit will continue to take an active role in ensuring that de-centralized procurements remain in compliance through ongoing education efforts and reviews. The court acknowledges that it used the wrong solicitation vehicle for the IT purchase.

To ensure advertising compliance, in November of 2018 the Court opted to utilize the California State Contract Register (CSCR) through the Fi\$cal system to advertise all formal solicitations. This method ensures compliance with JBCM requirements while affording the court the greatest coverage and competition. A copy of the advertisement will be put in the electronic solicitation file for accurate record keeping by the Procurement Unit along with other relevant solicitation documentation

**Response provided on 1/7/2020 by:** Nathanael Frank, Senior Procurement Specialist

**Date of Corrective Action:** 8/1/2019

**Responsible Person:** Nathanael Frank, Senior Procurement Specialist; Katrina McDonald, Court Public Policy Analyst

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## PAYMENT PROCESSING

### The Court Generally Complied with Most Payment Processing Requirements, But Could be More Consistent with the Three-Point Match 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.

The Court demonstrated compliance in most of the payment processing areas we evaluated during our audit. The Court demonstrated sound management practices in the areas of its payment approval and authority levels, jury expenses, and allowable costs. Nevertheless, we identified one audit finding in the payment processing area that we believe requires the Court's corrective action. This finding pertains to the following specific area of payment processing:

Finding Reference	Subject
2019-17-01	Three-Point Match

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#### FINDING REFERENCE: 2019-17-01

#### *THREE-POINT MATCH*

#### CRITERIA

FIN MANUAL, FIN 8.01, 6.3.2 DOCUMENT MATCHING:

1. At the scheduled time and depending on the court's invoice payment cycle, an accounts payable employee will match the vendor invoices to all appropriate supporting documentation. The court will adopt the "three-point match" procedure to process vendor invoices.
2. A three-point match procedure consists of matching a vendor invoice to a purchase agreement and to proof of receipt and acceptance of goods or services. For example:
  - a. All details of the invoice, including a description of the goods and services ordered, quantities involved, unit prices billed, and other applicable charges, must be matched to the details and terms and conditions of the court's purchase agreements or contracts.

- b. All invoice details, including a description of the goods or services ordered and quantities invoiced must be matched to the details of packing slips, shipping orders, receiving reports, or other forms of acknowledgement of delivery of products or completion of work by an authorized court employee.

### **CONDITION**

For two of the 40 payment transactions reviewed, the Court could not demonstrate completing the entire three-point-match verification process when paying invoices and claims. Specifically, accounts payable staff could not demonstrate how they matched and agreed the invoices or claims to the terms in an applicable contract or equivalent court authorization for these transactions. For example, accounts payable staff paid a vendor \$4,050 for Communication Access Realtime Translation (CART) captioning services without a written contract or court authorization specifying the pay rates. According to the Court, there is no written agreement establishing the rate, but the rate was verbally approved by Human Resources since it was an Americans With Disabilities Act request.

For another payment transaction (less than \$900), accounts payable staff paid the vendor without an agreement or contract specifying the approved rate. According to the Court, the person who placed the order is no longer with the Court, and the Court was unable to access the order information on the former employee's computer. The Court also did not have a copy of the order confirmation in the vendor file. Without written agreements or authorizations that specify the expected goods or services to be received and the associated terms of payment, accounts payable staff cannot fully perform the required three-point match. As a result, the Court risks paying for unauthorized goods or services or being overcharged without any basis for disputing such work or charges.

### **RECOMMENDATION**

To ensure that it can demonstrate it pays the proper amounts for the goods and services it receives, the Court should take steps to strengthen its process for approving vendor payments. Specifically, the Court should ensure that it has a written contract or agreement with clear pricing terms on file for each of its procurements. Further, these agreements should be provided to its accounts payable staff so that they are able to fully perform the required three-point match and verify the accuracy of vendor invoices prior to payment approval and processing.

To ensure that it pays only for the goods or services it receives, and to minimize the risk of paying for unnecessary items or costs, the Court should also ensure that staff verify and recalculate the items and costs claimed on court reporter claims.

### **COURT'S VIEW AND CORRECTIVE ACTION PLAN**

Agree. The Court's accounts payable manager has reviewed and discussed the audit findings and FIN 8.01 with all accounts payable staff. The manager also provided specific training on the three-point match requirement. The Court has also communicated with relevant Court staff that accounts payable staff will not pay for goods and services unless a written contract or court authorization exists.

**Response provided on 1/3/2020 by:** Andy Wang, Budget Analyst

**Date of Corrective Action:** 12/16/2019

**Responsible Person:** Andy Wang, Budget Analyst; Joyce Leung, Senior Accountant

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## FINE AND FEE DISTRIBUTIONS

### **The Court Corrected the Calculation and Distribution Issues Reported by the State Controller's Office in its Recently Completed Revenue Audit of the Court**

#### **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.

During the audit planning process, the Court informed us that the State Controller's Office (SCO) recently performed a revenue audit of the Court, although the final report has not been issued yet, for the period of July 1, 2014 through June 30, 2018. The Court provided us a copy of the SCO preliminary audit report and our review noted that the SCO had preliminary findings with recommendations related to fine and fee distributions. Therefore, we limited our review to the SCO's preliminary audit report findings. Our review found that the Court took appropriate corrective actions to resolve these preliminary issues reported by the SCO.

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## ONE PERCENT FUND BALANCE CAP

### The Court Generally 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 generally complied with the requirements that were in place for its 1 % fund balance cap calculations. Specifically, we reviewed the inputs on its final FY 2018-2019 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 2018-2019 calculation form with valid contracts. Finally, we did not review its use of any excess funds because at the time of our review the Court had not incurred or paid any expenditures from its held-on-behalf funds.

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## 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 Judicial Council’s Office of Court Research (OCR). 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 JBSIS case filings data:

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

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#### **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. Our review compared the Court's JBSIS case filings data for FY 2017-18 with its underlying listings of cases generated by its CMS. Table 1 compares the JBSIS case filings data the Court reported for FY 2017-18 (reported as of March 2019) against the case-specific listings generated by its CMS at the time of our audit. As shown in the table, the Court's underlying case detail sometimes did not materially agree with the aggregated JBSIS data it reported. Specifically, we noted significant count variances for three of the 21 different case categories reported by the Court for that year. However, overall, the Court's total case filing count—as reported to JBSIS—was 125,937 cases, or 0.22% higher than the 125,665 cases the Court was able to identify from its own records.

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

JBSIS Report	RAS Case Category	A	B	C	(C / A)
		JBSIS Filing Counts	Court Filing Counts	Net Count Difference	Error Rate
05a	Unlawful Detainer	1,175	1,175	0	0.00%
05a	Civil – Limited	3,703	3,710	-7	-0.19%
05a	EDD	0	0	0	0.00%
05b	Civil – Unlimited	2,765	2,704	61	2.21%
05b	Civil – Complex*	0	0	0	0.00%
05b	Asbestos	0	0	0	0.00%
06a	Family Law – Martial	2,036	2,036	0	0.00%
06a	Family Law – Child Support	346	346	0	0.00%
06a	Family Law – Domestic Violence	854	855	-1	-0.12%
06a	Family Law – Parentage	132	132	0	0.00%
06a	Family Law – Other	519	519	0	0.00%
07c	Felony	2,494	2,494	0	0.00%
08a	Juvenile Delinquency	1,008	788	220	21.83%
09a	Juvenile Dependency	200	171	29	14.50%
10a	Mental Health	427	427	0	0.00%
11a	Misdemeanor – Traffic	4,448	4,448	0	0.00%
11a	Misdemeanor – Non-Traffic	7,530	7,530	0	0.00%
11a	Infractions	95,244	95,274	-30	-0.03%
12a	Conservator / Guardianship	237	237	0	0.00%
12a	Estates / Trusts	1,052	1,052	0	0.00%
13a	Small Claims	1,767	1,767	0	0.00%
<b>Overall Total</b>		<b>125,937</b>	<b>125,665</b>	<b>272</b>	<b>0.22%</b>

**Source:** The JBSIS filing counts are from the Judicial Council’s Office of Court Research and represent the case filings data the Court reported to JBSIS for FY 2017-18 and that the Judicial Council used in the WAFM for FY 2019-20. The Court filing counts are from its CMS reports and represent the case filings for FY 2017-18 that its underlying court records supported.

Although JBSIS data quality standards did not exist at the time the Court reported its FY 2017-18 case filings data to JBSIS, all three of these variances exceed the recently-adopted 2% tolerable error rate published in the July 2018 update to the JBSIS Manual. According to the Court, the variance for the 05b Civil - Unlimited case category resulted from the employee responsible for reporting case filings data to JBSIS incorrectly reporting the FY 2016-17 case filing data as FY 2017-18 case filing data. Additionally, for the 08a Juvenile Delinquency and 09a Juvenile Dependency case categories, the court incorrectly included case filings—Welfare and Institutions Code (WIC) § 777, WIC § 387 Supplemental, and Petitions to Seal—that do not meet the JBSIS Manual case definition for reporting as new case filings. According to the Court, it was unaware of this JBSIS Manual requirement. Since the Judicial Council will be using this

case filings data—as part of its 3-year rolling average of case filings between FYs 2016-17 and 2018-19—when determining trial court budget allocations for FY 2020-21, the Court should resubmit its FY 2017-18 case filings data to JBSIS that exceed the 2% error rate.

Review of Case Files for JBSIS Data Quality

Aside from reconciling JBSIS case filings data to its underlying case-specific records, we also selected a sample of 60 case files to determine whether the Court had followed the JBSIS Manual’s case-type definitions. Our review of 60 case filings from FY 2017-18 found examples where the Court did not follow the JBSIS manual’s definitions, as 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	10	0	
Juvenile - Dependency	10	0	
Mental Health	10	4	Incorrectly reported Temporary Conservatorships as filings.
<b>Total</b>	<b>60</b>	<b>4</b>	

The specific error noted for the four of 10 Mental Health cases reviewed resulted from the court incorrectly including Temporary Conservatorship petitions pursuant to WIC 5352 and 5352.1 as filings under the category LPS Conservatorships pursuant to WIC 5350. Per the JBSIS Manual—and as confirmed by OCR—only LPS Conservatorships petitions pursuant to WIC 5350 are reportable as new case filings. According to the Court, it was unaware that Temporary Conservatorship petitions pursuant to WIC 5352 and 5352.1 should not be reported as new case filings in JBSIS. When courts do not classify and report case filings in the correct case type, not only may the Judicial Council report flawed JBSIS case filings data to internal and external stakeholders, it may also use filings data that can negatively affect annual budget allocations of both the Court and/or other superior courts.

**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 certain JBSIS case type definitions and the required case file records.

- Develop a local JBSIS data quality plan that describes the monitoring and review procedures court staff will follow both prior to and after the submission of JBSIS data. Such a plan should specify both the specific procedures to be performed, as well as the frequency with which they are performed and by whom. To the extent the Court has any technological limitations that impairs its ability to review the quality of its data, the Court's JBSIS data quality plan should identify these weaknesses and develop a timeline for removing those barriers to data quality.

## **COURT'S VIEW AND CORRECTIVE ACTION PLAN**

### **Civil Unlimited - *Agree***

#### **Background:**

The reporting of our FY 16-17 data as our 17-18 data was a data entry error. At the time of our 16-17 reporting we were not JBSIS 2.3 certified and were instead reporting our filings through the web Portal. Portal data submission was a complex process that required us to manually count filings of varied cases and then consolidate those counts when reporting. We would then provide those counts in an Excel spreadsheet that sorted the data in a format matching the portal website layout.

In the instance of our Civil Unlimited FY 17-18 data the correct counts were listed on the spreadsheet to the left of an unlabeled column of our previous fiscal year's data. The result was that the person entering the information into the Web Portal pulled the data from the unlabeled FY 16-17 column. The Court will resubmit the correct FY 17-18 numbers.

### **Dependency/Delinquency - *Agree***

#### **Background:**

Regarding the inclusion of WIC 777, WIC 387 supplemental, and petitions to seal filings in data submitted for audit, at the time our court reported these numbers we were not JBSIS 2.3 certified and were instead reporting our filings through the web Portal. Portal data submission was a unique process that required us to manually count filings of varied cases and then consolidate those counts when reporting. Because of the complexity of this process the three case types above were erroneously captured as inventory. The Court will resubmit the correct FY 17-18 numbers.

Being a certified JBSIS 3.0 court, the Court's case types are now accurately mapped. It was our JBSIS 3.0 mapping that allowed the source of our portal count discrepancy to be identified. Going forward our mapping properly separates the 777s, 387 supplemental, and petitions to seal in their JBSIS 3.0 identified columns.

### **Mental Health - *Agree***

#### **Background:**

The Court's LPS Conservatorship case type was configured to treat the filing of a Temporary LPS Conservatorship petition as the initiating document. We have changed our case management system's code mapping to not record a new filing of an LPS Conservatorship case until a 5350 petition is received. The Court will resubmit the correct FY 17-18 numbers.

Because the only necessary change was to our code mapping the only impact to staff is a change to how a Temporary LPS Conservatorship appears in our case management system when dismissed, an e-mail went out to staff on December 26<sup>th</sup> explaining the change and how dismissed Temporary LPS Conservatorships would appear going forward.

**Local JBSIS Data Quality Plan - Agree**

Being a certified JBSIS 3.0 court the Court's case types are accurately mapped and data is reported in an automated fashion, removing the opportunity for human error. We have also instituted a monthly JBSIS check in meeting where the previous month's data entry is compared with the previous month's trend as well as the reported numbers from the previous year. This monthly check in serves dual purposes, subject matter experts of each case type are immersed in JBSIS reporting standards to a level that we have not done in the past and data is reviewed monthly rather than annually.

**Response provided on 1/3/2020 by:** Elizabeth Evans, Chief of Court Operations

**Date of Corrective Action:** 3/1/2020

**Responsible Person(s):** Elizabeth Evans, Chief of Court Operations; Cedric King, Court Operations Business Analyst

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## **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.

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