



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

FEBRUARY 2020



JUDICIAL COUNCIL
OF CALIFORNIA

AUDIT SERVICES

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Superior Court of California, County of Sierra

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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 Sierra (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 improvements. Table 1 below presents a summary of the audit's results, including references to any audit findings discussed in the body and a summary of the Court's agreement or disagreement with the noted findings. Other matters such as isolated or minor non-compliance—which in our professional judgement do not rise to the level of a reportable finding—were communicated separately to the Court's management in written form.

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

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Cash Handling					
1	Daily Opening Process	Yes	✓		
2	Voided Transactions	Yes	1	2019-2-01	Agree
3	Manual Receipts	Yes	✓		
4	Mail Payments	Yes	✓		
5	Internet Payments	Yes	1	2019-5-01	Agree
6	Change Fund	Yes	✓		
7	End-Of-Day Balancing and Closeout	Yes	1	2019-7-01	Agree
8	Bank Deposits	Yes	1	2019-8-01	Agree
9	Other Internal Controls	Yes	2	2019-9-01; 02	Agree
Procurement and Contracts					
10	Procurement Initiation	Yes	1	2019-10-01	Agree
11	Authorization & Authority Levels	Yes	1	2019-11-01	Agree
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	1	2019-15-01	Agree
16	Other Internal Controls	Yes	✓		
Payment Processing					
17	3-Point Match Process	Yes	1	2019-17-01	Agree
18	Payment Approval & Authority Levels	Yes	1	2019-18-01	Agree
19	Special Rules - In-Court Service Providers	Yes	1	2019-19-01	Agree
20	Special Rules - Court Interpreters	N/A	-		
21	Other Items of Expense	Yes	✓		
22	Jury Expenses	Yes	✓		
23	Allowable Costs	Yes	✓		
24	Other Internal Controls	Yes	✓		
Fine & Fee Distribution					
25	CMS-Calculated Distributions	No	-		
26	Manually-Calculated Distributions	N/A	-		
1% Fund Balance Cap					
27	Calculation of the 1% Cap	Yes	✓		
28	Use of "Held on Behalf" Funds	Yes	✓		
JBSIS Case Filing Data					
29	Validity of JBSIS Data	Yes	1	2018-29-01	Agree
Other Areas					
30	[None]	N/A	-		

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

Note: Areas subjected to testing are generally based on requirements in the Trial Court Financial Policies and Procedures Manual, the Judicial Branch Contracting Manual, or California Rules of Court, but may also include other Judicial Council policies and directives. Areas not tested are based on audit determinations—such as area not applicable, recently reviewed by others, or no transactions 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 the Court with an opportunity to highlight additional areas for potential review depending on available audit resources.

The Court demonstrated consistent adherence to several different compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court generally demonstrated good compliance in the areas of payment processing and reporting on limits to its fund balance (1% fund balance cap). For example, our review of the Court's payment processing practices found that its payment processing practices ensure the Court pays for only allowable costs. In addition, our review found that its 1% fund balance cap calculation and reporting process was sound.

However, our audit did identify 13 reportable audit findings where we believe the Court should consider taking corrective action to improve its operations and more fully comply with the Judicial Council's policies. These 13 findings are identified in Table 1 under the column "Reportable Findings" and include reference numbers indicating where the reader can view in further detail the specific findings and the Court's perspective.

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over void transactions. Specifically, the Court does not require a supervisor or his or her designee to review and approve void or adjustment transactions before the void takes effect in the Court's CMS. Instead, voids are entered by the administrative assistant, who also reconciles cash receipts to the CMS and prepares the deposit. However, she does not obtain any approvals prior to processing the voids, and no one reviews the voids she enters into the CMS. As a result, the Court is at higher risk of theft without someone reviewing and approving voids and adjustments before or after entry into the CMS each day. The Court indicated that it agreed and that it recently implemented a new CMS that requires the log-in credentials of a designated supervisor in order to void a transaction before it takes effect in the system.

The Court should also focus on ensuring that its procurement process begins with an approved purchase requisition form. The Court does not always use and document written purchase requisitions to demonstrate that an authorized individual approved the purchase request before commencement of the solicitation or vendor selection. When the Court does not have a practice of using written purchase requisitions to document its purchase requests and authorizations, it risks staff initiating and making purchases without the oversight of management, potentially resulting in procurements that may be either inappropriate or not in the Court's best interests. The Court indicated that moving forward, it would update its purchasing procedures to require documentation indicating manager approval of purchase requests.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on July 22, 2019, and completed fieldwork on August 23, 2019. Audit Services shared the draft audit findings with the Court's officials on October 4, 2019, and received the Court's final official responses on October 30, 2019. The Court agreed with the findings and its specific responses for each are included in the body of the report.

BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Sierra (Court) operates one court facility in the county seat of Downieville. 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 Sierra Superior Court and Average of all Superior Courts

Statistic	Sierra Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2018-19)						
Total Revenue	\$ 887,306	\$ 2,535,365	\$ 11,735,803	\$ 45,358,637	\$205,455,132	\$ 46,372,724
Total Expenditures	\$ 906,185	\$ 2,418,934	\$ 11,481,612	\$ 44,497,615	\$204,997,848	\$ 45,997,095
Staff Salaries & Benefits As a % of Total Expenditures	\$ 460,148 50.8%	\$ 1,566,182 64.7%	\$ 8,436,099 73.5%	\$ 33,940,458 76.3%	\$167,723,925 81.8%	\$ 36,653,237 79.7%
Judicial Officers and Staff (2018 Court Statistics Report)						
Judges	2	2	8	27	128	29
Commissioners/Referees	-	-	1	4	21	5
Non-Judicial Staff (approx.)	5	16	87	291	1,281	296
Total	7	18	96	322	1,430	330
New Case Filings (Fiscal Year 2017-18)						
Appeal Filings	3	8	81	190	386	132
Civil Filings						
Civil	51	318	2,291	9,805	67,700	13,485
Family Law	35	284	1,777	6,347	26,237	6,132
Juvenile Delinquency	2	36	230	1,052	2,050	632
Juvenile Dependency	1	34	209	574	3,545	757
Mental Health	-	14	153	731	2,947	670
Probate	8	51	284	972	3,646	888
Small Claims	1	72	413	1,963	13,845	2,730
Criminal Filings						
Felonies	164	419	1,634	4,649	32,109	6,672
Misdemeanors / Infractions	568	5,214	23,304	80,405	359,763	82,649
Total	833	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 information is from the most recent Court Statistics Report, and the case filing counts are from the Judicial Branch Statistical Information System data as of August 15, 2019, and may not agree with other reports as this data is subject to continuous updates.

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

AUDIT SCOPE AND METHODOLOGY

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

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

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

<p>activities. Specifically, our review included the following:</p> <ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual. ▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments and claim payments—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules. 	<p>receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction:</p> <ul style="list-style-type: none"> • Was properly authorized and approved by authorized court management. • Adhered to competitive bidding requirements, when applicable. • Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 FY 2018-19 payments pertaining to various purchase orders, contracts, or in-court services, and determined whether:</p> <ul style="list-style-type: none"> • The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment. • Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix. • The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • The payments to in-court service providers adhered to applicable Judicial Council policies. <p>(Note: We did not review court interpreter claims as the Audit Committee suggested we suspend reviewing these types of claims to allow courts time to develop procedures to address previously reported systemic audit findings related to court interpreter service claims.)</p>
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4	Determine whether the Court properly calculates fine and fee distributions for certain selected case types.	During the planning phase for the audit, the Court informed us that the State Controller's Office (SCO) recently completed a revenue audit of the Court's fine and fee distributions. The SCO reported no findings regarding any Court fine and fee calculation or distribution errors. Therefore, Audit Services did not review any Court fine and fee calculations or distributions.
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 2017-18), and performed the following:</p> <ul style="list-style-type: none"> • Verified significant calculations and balance amounts. • Traced and verified significant inputs on the form (such as year-end encumbrances) to supporting records and the Phoenix accounting system. <p>We obtained any Judicial Council-approved 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"> • Obtained the relevant JBSIS case filings data the Court reported to the Judicial Council and reconciled the case filings counts it reported to its underlying records of cases supporting each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data.

		<ul style="list-style-type: none">• We selected 10 cases from six case types, for a total of 60 reported cases, and reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.• We selected 10 cases from three case types, all nine cases for the year from a fourth case type, and the only case for the year from a fifth case type, for a total of 40 reported cases. We reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing. The Court had no cases for the year from the sixth case type we had planned to review.
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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:

Joe Meyer, Senior Auditor (auditor-in-charge), CPA, CIA

Maria Dooley, Auditor, CPA

Michelle O'Connor, Auditor, CPA

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Certain Payment Collection Processes

Background

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

Overall, the Court demonstrated compliance in many of the areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its manual receipts and mail payments.

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

Finding Reference	Subject Area
2019-2-01	Void Transactions
2019-5-01	Internet Payments – Verification
2019-7-01	End-of-Day Balancing and Closeout – Verification
2019-8-01	Bank Deposits – Deposit Verification
2019-9-01	Other Internal Controls – Separation of Duties
2019-9-02	Other Internal Controls – Access to Safe

FINDING REFERENCE: 2019-2-01

VOID TRANSACTIONS

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.8 VOID TRANSACTIONS:

1. A supervisor or his or her designee must review and approve all voided transactions. Where possible, the security access levels to the trial court's case management system should be adjusted so that a supervisor or his or her designee must review and approve a voided transaction before it takes effect in the system. The trial court will retain all void receipts five years, including the details of any re-receipting of the original voided transaction.

CONDITION

The Court does not require a supervisor or his or her designee to review and approve void or adjustment transactions before the void takes effect in the Court's CMS. According to the administrative assistant, who is the only person that processes the voids, clerks usually do not catch their own infrequent errors and therefore do not typically request that she void any

transactions. Instead, she processes the voids when she catches a mistake during the deposit preparation process. However, she does not obtain any approvals prior to processing the voids, and no one reviews the voids she enters into the CMS. According to the administrative assistant, the Court was unaware that the FIN manual requires that a supervisor or designee must review and approve all voided transactions before they take effect in the CMS. As a result, the Court is at higher risk of theft without someone reviewing and approving voids and adjustments before or after entry into the CMS each day.

RECOMMENDATION

To ensure that all voided transactions are valid and appropriate, the Court should require a supervisor or designee to review and approve all voids, including those voids that are performed after completion of the end-of-day closeout process. If the supervisor or designee initiates the void transaction, then another designated supervisor or manager should review and approve the voided transaction before it takes effect in the system.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court recently implemented a new Case Management System (CMS) on September 16, 2019. The new CMS does not allow the user who generated the receipt to void his/her own transaction. The Court's new CMS requires the log-in credentials of a designated supervisor (the CEO or the Court's Administrative Assistant) in order to void a transaction. The designated supervisor will review the transaction with the clerk; if it is determined the transaction needs to be voided the designated supervisor will ask the CMS to void the transaction. The CMS requires the designated supervisor's log-in credentials to approve the void before it takes effect in the system.

Response provided on 9/24/2019 by: Ann Mendez, CEO

Date of Corrective Action: 9/16/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINDING REFERENCE: 2019-5-01

INTERNET PAYMENTS – VERIFICATION

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.5 CREDIT CARD AND DEBIT CARD PAYMENTS:

5. For payments made by telephone, the customer's name as it appears on the credit card or debit card, telephone number, card number, the card expiration date, and the nonembossed security code printed on the back of the card must be obtained. The customer's case number is also required, so that the case management system can be updated with the payment information.
6. For payments made via the Internet, the same information must be obtained from the customer as for telephone payments.

CONDITION

The Court's non-traffic CMS reports do not include information the Court needs to verify that its staff entered all internet and telephone payments for non-traffic cases correctly. Specifically, internet and telephone payment reports for non-traffic cases do not include the customer's name or case number needed to reconcile the payment reports against the Court's CMS. The Court uses two CMSs – Sustain for traffic cases and Fact5 for non-traffic cases. The Court also uses a system known as Point&Pay to collect payments made over the internet and telephone.

Point&Pay generates reports of daily payment collections. Using these daily payment reports, the administrative assistant enters internet and telephone payments into one or both of the Court's CMSs on a daily basis. These entries are then reviewed for accuracy and completeness during the deposit process. The administrative assistant and the deposit reviewer compare all of the relevant information in the Point&Pay payment report with corresponding information in the Sustain CMS report to ensure everything agrees and to ensure the payments were entered into the CMS accurately.

However, the Court is unable to compare all of the relevant information on the Point&Pay report with the Court's Fact5 CMS report because the Fact5 report does not list specific case information. Although the Facts5 report shows that a payment was entered into the system, it does not report specific case identifying information such as a case number or name. As a result, the Court is unable to verify that internet and telephone payments for its non-traffic cases were applied to the correct cases. The FIN Manual requires using case identifying information to ensure that all payments are entered correctly. Because the Court's Fact5 report does not include case information, the Court is at increased risk of applying payments to the incorrect cases.

RECOMMENDATION

To ensure the accurate accounting of all payments received through the internet and telephone, as the Court transitions to a new CMS, it should ensure its new CMS is able to generate payment reports that include information such as case numbers and names. The Court can subsequently use these reports to reconcile and confirm the entry of internet and telephone payments into its CMS.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court recently implemented a new Case Management System (CMS) on September 16, 2019. The new CMS generates a daily report of credit card deposits (internet and telephone) with the case numbers, names and the actual fund account it should be credited to (i.e. Fines and Fees, etc.). These daily reports will be used to reconcile and confirm the entry of the internet and telephone payments into the CMS.

Response provided on 9/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: 9/16/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINDING REFERENCE: 2019-7-01***END-OF-DAY BALANCING AND CLOSEOUT – VERIFICATION*****CRITERIA****FIN MANUAL, FIN 10.02, 6.3.10 DAILY BALANCING AND CLOSEOUT:**

1. At the end of each workday, each cashier must balance the payments collected in his or her individual cash drawer/bag with the payments and collections recorded in the cashiering system and/or automated case management system. Cashiers may not leave the premises or transact new business until the daily balancing and closeout processes are complete.
2. The balancing and closeout process includes the following steps:
 - a. The cashier completes and signs the recap of daily collections report; attaches a calculator tape for checks; and submits the report, collections, and beginning cash to the supervisor or his or her designee for verification;
 - b. The supervisor or his or her designee verifies in the presence of the cashier that the beginning cash is fully accounted for and the submitted collections balance with the recap of daily collections report;
 - c. The supervisor or his or her designee then verifies that the submitted collections balance with the associated payments and collections reported on the cashier's case management system daily collections closeout report;
 - d. If the collections balance with the amounts in the case management system, the cashier and supervisor or his or her designee must both sign and date the case management system daily collections closeout report.

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

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

Judicial Council of California
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

A written response to the submission of alternative procedures will be returned to the submitting court within 60 business days of receipt of the document. When a Request for Alternative Procedure has been received by Judicial Council of California Staff, an acknowledgement of receipt will be returned to the submitting court. The 60 business-day response time will begin once the court receives that acknowledgement of receipt. Absent a response from Judicial Council of California Staff within 60 business-days, the alternative procedure will be in effect, subject to further review and consideration by Judicial Council of California Staff. Undocumented procedures or those not approved by Judicial Council of California Staff will not be considered valid for audit purposes.

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

CONDITION

The Court does not require a designated supervisor to count and verify each cashier's end-of-day collections to the CMS daily closeout reports while the cashier is present. Instead, depending on the amount of cash collected, the Court reconciles the total collections to its CMS every day to every other day without the cashier present as part of its deposit preparation process. The Court did not realize that performing daily closeouts (reconciling collections to the CMS) in the presence of the cashier was a requirement. Nonetheless, the FIN Manual requires closeout procedures that include a designated supervisor to count and verify each cashier's end-of-day collections to their collections recap forms and to the CMS daily closeout reports while the cashiers are present and before they leave for the day. In addition, both the cashier and the designated supervisor must sign the CMS closeout report to indicate their verification of the collections to the CMS report. As a result, the Court potentially allows a subsequent cash fund shortage to be without clear accountability of who may have caused the shortage or when it may have occurred as it would likely be very difficult to resolve any discrepancy that might arise between the time the cash is collected and the deposit is prepared. Adhering to the daily closeout requirements outlined in the FIN Manual helps protect the integrity of both the Court and all its cash handling employees.

RECOMMENDATION

To better safeguard its funds and ensure clear accountability for cashier shortages and overages, the Court should verify its collections against its CMS at the end of every day. In addition, it should require cashiers to remain present during the counting and verification of their collections, and for the cashiers and designated supervisors to sign and date the closeout reports to indicate their verification that the collections balanced with the case management system. If the Court cannot implement such an approach, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for verifying its cash collections and explain how its alternate procedure still ensures accountability for any cashier shortages and overages.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court recently implemented a new Case Management System (CMS) on September 16, 2019. Each clerk now has their own till assigned to them. At the end of every day the clerks run their individual till reports which are then reviewed with them by a designated supervisor to ensure each clerk's collections for the day match the CMS daily closeout report. The clerks and the designated supervisor then sign and date the CMS closeout report to indicate their verification of the collections to the CMS report.

Response provided on 9/25/2019 by: Ann Mendez, CEO

Date of Corrective Action: 9/16/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

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.
7. An employee other than the person who prepares the bank deposit (preferably a supervisor or higher level of management) must sign and date a voucher verifying that the cash receipts have been deposited in total.

CONDITION

The Court requires one person to prepare and a second person to verify its bank deposits; however, the Court does not require the second person verifying the bank deposit slip to count the cash and checks to verify that the actual amounts being deposited are correct. Instead, the reviewer ensures that the information on the deposit slip agrees to the amount the CMS indicates should be deposited but does not recount and verify the cash and checks that are being deposited. According to the Court, it believes that since the deposits are done with the County, and a County employee counts the checks and cash before accepting the deposit, any overage or shortage would be caught by the County employee. However, the FIN Manual requires courts to have a second person, preferably a supervisor or lead, verify and initial deposits. When the Court does not perform the required review and verification of its deposits, including recounting the cash and checks, there is a risk that the daily deposits may not be intact at the time they are prepared and deposited. As a result, any potential deposit shortage would be without clear accountability of when or who may have been responsible for the discrepancy.

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.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. If the deposit is made by the CEO, the administrative assistant will verify and initial the deposit and vice versa. If the CEO or the administrative assistant is not available, the backup admin security clerk who does not receipt money in the CMS will perform the other duty.

Response provided on 9/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: 9/30/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

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 does not adequately segregate its cash handling duties from deposit preparation duties. Specifically, the administrative assistant prepares the deposit, reconciles cash collections to the CMS without another court employee, and voids transactions without any review. Allowing one person to perform all of these functions provides this person with the opportunity to handle collections without oversight, void a transaction, take the money for the voided transaction from the daily collections, and prepare a deposit without anyone knowing or suspecting that any money was missing or taken. According to the Court, this occurs because it has very limited resources and because it was unaware of the requirement to segregate these duties. Nonetheless, the FIN Manual requires courts to segregate duties so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of their duties. Allowing one person to perform all of the cash handling duties performed by the administrative assistant puts the Court's assets at risk of theft or improper use.

RECOMMENDATION

To safeguard its receipts and reduce the risk of lost or stolen collections, the Court should do the following:

1. Have other appropriate staff perform some of the administrative assistant's duties, such as reconciling the daily collections to the CMS and/or preparing the deposit,
2. Ensure voided transactions initiated and executed by the administrative assistant are reviewed and approved by a designated supervisor, and
3. Ensure that a second person, preferably a higher level of management, verifies and initials the deposits.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court recently implemented a new Case Management System (CMS) on September 16, 2019.

1.) The administrative assistant and CEO will trade off duties. For instance: If the administrative assistant reconciles the daily collections to the CMS, then the CEO will prepare the deposit and vice versa. If one of these two people is not available, the backup admin security clerk who does not receipt money in the CMS will perform the other duty.

2.) The new CMS does not allow the user who generated the receipt to void his/her own transaction. The designated supervisor will review the transaction with the clerk; if it is determined the transaction needs to be voided, the designated supervisor will ask the CMS to void the transaction. The CMS requires the designated supervisors log-in credentials to approve the void before it takes effect in the system.

3) If the deposit is made by the CEO, the administrative assistant will verify and initial the deposit and vice versa. If the CEO or the administrative assistant is not available, the backup admin security clerk who does not receipt money in the CMS will perform the other duty.

Response provided on 9/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: 9/30/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINDING REFERENCE: 2019-9-02

OTHER INTERNAL CONTROLS – ACCESS TO SAFE

CRITERIA

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

1. The preferred method for securing Cash Change Funds, unprocessed payments, or other valuable documents when not in use is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer or bag.
3. When using safes and vaults, the following procedures must be followed:
 - a. The combination will be distributed to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded.
 - b. The combination should be memorized by trial court employees and should not be kept in legible form. If necessary to maintain the combination in legible form, it should not be kept in any written or electronic document that identifies it as the combination to the safe and should be maintained in a secure location not visible or accessible to anyone else. Only the court executive officer or the court executive officer's designee is approved to maintain the combination to the safe in legible form that identifies it as such.
 - d. The court executive officer or his or her designee will maintain a record showing the following information:
 - i. The date the combination was last changed; and

- ii. The names of persons knowing the current combination.
- e. The trial court should change the combination when any of the following occur:
 - i. The combination becomes known to an excessive number of trial court employees;
 - ii. A trial court employee with knowledge of the combination separates from employment in the trial court;
 - iii. A trial court employee with knowledge of the combination no longer requires the combination in the performance of his or her duties; or
 - iv. The time interval (defined by the trial court) during which the combination shall remain valid has expired.

CONDITION

The Court does not always keep the contents of its safe secure. The Court's safe includes, among other items, its daily cash collections, unprocessed checks, and funds in unprocessed deposits. After the safe is opened at the beginning of the day, it remains unlocked and accessible to all staff until the end of the day. Because the Court takes very few counter payments, cash collections are not placed in a lockable cash drawer or bag, but are instead immediately placed in the safe. The Court indicated that it has very few employees and trusts its employees not to steal from the safe. Additionally, the safe is located in a court employee's cubicle that is inaccessible to the public. However, the FIN Manual requires courts to establish internal controls, such as keeping safes locked and monitored, to prevent and detect theft. As a result, the Court is at increased risk for theft or loss of cash or other valuables from this location's safe potentially without clear accountability of who may have taken the items.

In addition, the Court does not maintain a record of the date the combination to the safe was last changed or the names of individuals knowing the present combinations. Also, the Court does not change the safe combination on a periodic basis as defined by the Court. This occurs because the Court does not have local policies and procedures requiring management to track and monitor the safe combination. In addition, management was not aware that it needed to maintain such records of the dates the combination to the safe was last changed and the persons knowing the combinations to the safe, or to change the combination periodically. As a result, the Court may leave itself susceptible to the potential theft of cash and other collections by those individuals with knowledge of the safe combinations and who may have unauthorized access to the safes.

RECOMMENDATION

To ensure it properly safeguards the contents of its safe, the Court should require staff to change the combination to each safe as suggested in the FIN Manual; for example, when the combination becomes known to an excessive number of court employees. The Court should also take steps to better restrict access to its safe and to secure its daily collections in a lockable cash drawer or bag instead of in the safe. Finally, the Court should continuously maintain an accurate up-to-date record of the names of the individuals knowing the current combination to its safe.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. There are three people who now know the combination to the safe. Each court clerk has their own lockable cash bag now that the CMS requires each court clerk to have their own till.

The safe will be kept locked during the day and only opened when the clerk needs exhibits or other items from it. The Court will keep and maintain an accurate list of persons (currently three) who know the combination to the safe on a spreadsheet.

Response provided on 9/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: 10/07/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

PROCUREMENT AND CONTRACTS

The Court Should Ensure It Documents Its Approval of Purchase Requests, Adopt a Local Contracting Manual, and Increase Efforts to Establish Clear Contract Terms

Background

Trial courts are expected to procure goods and services in a manner that promotes competition and ensures best value. 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 in various of the procurement areas we evaluated during our audit, including demonstrating good management practices overall in the areas of soliciting competitive and non-competitive procurements, and in using leveraged purchase agreements.

Nevertheless, we identified three 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
2019-11-01	Authorization and Authority Levels
2019-15-01	Contract Terms

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, 6.10 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 always use and document written purchase requisitions to demonstrate that an authorized individual approved the purchase request before commencement of the solicitation or vendor selection. For instance, the Court has a contract with one vendor to provide accounting services at a maximum contract amount of \$45,000 per year, and a contract with another vendor to provide IT services at a maximum amount of \$25,000 per year. Although the Court has sole-source justifications on file for both these procurements, the Court did not document the need for

the services prior to beginning the procurement process but instead completed these forms after determining that it would procure the services. According to the Court, its general practice is to not use a purchase requisition form to document its purchase requests and associated authorizations before commencing the procurement process. Instead, because the Court has very few employees, procurements are typically discussed and approved verbally. The Court also indicated that it was unaware that use of a purchase requisition form was required. When the Court does not have a practice of using written purchase requisitions to document its purchase requests and authorizations, it risks staff initiating and making purchases without the oversight of management, potentially resulting in procurements that may be either inappropriate or not in the Court's best interests. A potential cause for this issue stems from the Court not having local policies and procedures requiring the consistent documentation of requisition approvals. By consistently documenting these approvals in the procurement file, the Court would better ensure its management is consistently exercising control over all procurement activities by concluding—prior to each procurement—that the proposed purchase satisfies a legitimate business need and that sufficient funds are available.

RECOMMENDATION

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

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. Outlined below are the Court's procedures:

1) Mini Purchases: Purchases of \$500 or less will be initiated by the Court's Administrative Assistant and communicated to the CEO in writing (usually via email) for approval. The communication will contain the reason for the request, the amount requested and the account code in order for the CEO to verify budgeted funds are available. Completion of purchases will be in the form of a check request or purchase card. The request and any correspondence for these purchases will be saved to an electronic file.

2) Low-Value Purchase: Purchases of \$500 to \$4,999 will be initiated by the Court's Administrative Assistant and communicated to the CEO in writing (usually via email) for approval. A purchase requisition form will be used. The form will contain the reason for the request, the amount requested and the account code in order for the CEO to verify budgeted funds are available. At least three offers will be obtained and documented in writing. For efficiency and continuity, purchases in this class will be executed with a purchase order. The purchase order, request and any correspondence for these purchases will be saved to an electronic file.

3) Small Purchase: Purchases of \$5,000 to \$24,999 will be initiated by the Court's Administrative Assistant and communicated to the CEO in writing (usually via email) for approval. A purchase requisition form will be used. The form will contain the reason for the request, the amount requested and the account code in order for the CEO to verify budgeted funds are available. At least three written offers will be obtained. Once the Court has identified the supplier who will be providing the requested goods or services, depending on the complexity

of the services needed, the Court may execute the procurement by contract or by purchase order. The purchase order, request and any correspondence for these purchases will be saved to an electronic file.

4) Competitive Procurement: Procurements that exceed a value of \$25,000 will be initiated by the Court's Administrative Assistant and communicated to the CEO and the Presiding Judge (usually via email) for approval. A purchase requisition form will be used. The form will contain the reason for the request, the amount requested and the account code in order for the Presiding Judge and CEO to verify budgeted funds are available. The Court intends to follow the procurement methods outlined in the FIN Manual at FIN 6.01, 6.5.4. Competitive Procurements – Suggested Value Equal to or Greater Than \$25,000. All documentation relating to the procurement will be saved to an electronic file.

Response provided on 10/21/2019 by: Ann Mendez, CEO

Date of Corrective Action: 10/21/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINDING REFERENCE: 2019-11-01

AUTHORIZATION AND AUTHORITY LEVELS

CRITERIA

PUBLIC CONTRACT CODE 19206:

The Judicial Council shall adopt and publish no later than January 1, 2012, a Judicial Branch Contracting Manual incorporating procurement and contracting policies and procedures that must be followed by all judicial branch entities subject to this part. The policies and procedures shall include a requirement that each judicial branch entity shall adopt a local contracting manual for procurement and contracting for goods or services by that judicial branch entity. The policies and procedures in the manuals shall be consistent with this code and substantially similar to the provisions contained in the State Administrative Manual and the State Contracting Manual.

JUDICIAL BRANCH CONTRACTING MANUAL, INTRODUCTION, 4. LOCAL CONTRACTING MANUAL:

PCC 19206 requires the Judicial Council to include in this Manual a requirement that each JBE shall adopt a Local Contracting Manual for procurement and contracting for goods and services by that JBE. The content of each Local Contracting Manual must be "consistent with" the PCC and "substantially similar" to the provisions contained in the SAM and the SCM.

- Each JBE must adopt a manual consistent with the requirements of PCC 19206.
- Each JBE must identify individual(s) with responsibility and authority for procurement and contracting activities as required by this Manual.
- Each JBE may include in its Local Contracting Manual policies and procedures governing its procurement and contracting activities, and those policies and procedures must not be inconsistent with this Manual or with applicable law.

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 1, 1.1 PURCHASING AUTHORITY OF JUDICIAL BRANCH ENTITIES:

A. Purchasing Authority Basics

Each JBE possesses its own authority to purchase goods and services (both IT and non-IT). The source of authority is reflected in the table below.

JBE	Legal Basis
Superior Courts	Established by article VI, section 4 of the California Constitution. Pursuant to CRC 10.603(c)(6)(D), authority is vested in the Presiding Judge, who may in turn delegate this authority to the Court Executive Officer.

JBEs must ensure that any delegation of purchasing authority is properly documented.

CONDITION

The Court has not adopted a Local Contracting Manual, as required by state law and the Judicial Branch Contracting Manual (JBCM). According to the Court, it was unaware of this requirement. Therefore, the Court has not officially documented various internal control procedures related to delegations of authority, the use of purchase cards, or other required tasks, such as providing notice to certain state agencies when entering into certain large contracts. In addition, the Court does not have a written delegation of duties signed by the Presiding Judge that authorizes the Court Executive Officer (CEO) to approve procurements, contracts, expenditures, and the allocation of funds; these are duties the Court's CEO regularly performs. As a result, the Court is at increased risk of not procuring and reporting the goods and services it procures in a manner consistent with the law, Rules of Court, or the JBCM.

RECOMMENDATION

To ensure its procurement practices are documented and in compliance with the JBCM requirements, the Court should take steps to develop and adopt a Local Contracting Manual that is consistent with the JBCM and applicable state laws for its procurement and contracting activities. The Court should also take steps to ensure it has a written delegation of duties signed by the Presiding Judge that authorizes the CEO to approve procurements, contracts, expenditures, and the allocation of funds.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court drafted Administrative Order No. 2019-02 delegating the duties under California Rules of Court, rule 10.603(c)(6)(D) to the Court Executive Officer. The Court is also in the process of developing and adopting a Local Contracting Manual that is consistent with the JBCM and applicable state laws for its procurement and contracting activities.

Response provided on 10/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: Administrative Order (10/31/2019); Local Contracting Manual (12/01/2019)

Responsible Person(s): Ann Mendez, CEO

FINDING REFERENCE: 2019-15-01

CONTRACT TERMS

CRITERIA

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 8, 8.3 (A) CONTENT OF CONTRACTS:

1. Statement of Work (SOW)

The SOW describes the goods to be purchased and/or the services to be performed. The JBE must include a detailed description of the goods to be delivered or the services to be performed, together with any deliverables required and conditions of performance, if applicable. The contract must specify (as applicable): (i) when goods are to be delivered, (ii) when services are to be performed (start date and end date), (iii) when deliverables must be provided to the JBE, and (iv) when other contract milestones must be completed.

3. Terms and Conditions

The contract must include specified rights and obligations of either party that are not included in the SOW or the pricing and payment section, including additional provisions that apply to performance under the contract, as applicable.

- Standard Terms and Conditions. Contracts typically include the following “standard” or “general” terms and conditions:
 - Contract term, including any options to extend the term;

CONDITION

For three of the 25 procurement transactions reviewed, the Court did not execute written contracts or agreements stipulating the agreed-upon services and pricing. For example, the Court procured the services of an attorney for representation of a minor in Court at a total cost of \$1,830 without any written contract or agreement. The Court also procured printing services for jury summons from one vendor at a cost of \$684, and printing services for business cards from another vendor at a cost of \$376. The Court stated it was unsure why it was unable to find any procurement documents for these transactions. In addition, for another procurement transaction, the Court has a contract to utilize two software licenses from a vendor. However, the contract between the Court and the vendor, which dates back to 2001, does not include pricing or the terms of payment. According to the Court, the contract was entered into by staff who no longer work for the Court, and the Court is unsure why the contract was written the way it is. Without written purchase orders, agreements, or authorizations that specify the expected scope of work, term, and pay, the Court risks paying for unauthorized goods or services or being overcharged without any basis for disputing such work or charges.

RECOMMENDATION

To protect its interests, the Court should institute a practice of ensuring its contracts include clear and complete terms that are in its best interest. Depending on the magnitude and complexity of the services, these contracts could be short one-page contracts that, at a minimum, identify the scope of services, the term of the agreement, and the agreed upon compensation.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The CEO and the Administrative Assistant will review all current vendor files to ensure there is a written contract or agreement in the file that complies with the Judicial Branch Contracting Manual, Chapter 8, 8.3 (A). If there is not a written contract or agreement, the Court will contact the vendor and draft a contract or agreement in accordance with the Judicial Branch Contracting Manual.

Response provided on 10/22/2019 by: Ann Mendez, CEO

Date of Corrective Action: 12/01/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

PAYMENT PROCESSING

The Court Should Strengthen Its Verification of Invoices and Claims Prior to Payment

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 many of the payment processing areas we evaluated during our audit. The Court demonstrated sound management practices in the areas of special items of expense, jury expenses, and allowable costs. Nevertheless, we identified three audit findings in the payment processing area that we believe require the Court's corrective action. These findings pertain to the following specific areas of payment processing:

Finding Reference	Subject
2019-17-01	Three-Point Match
2019-18-01	Payment Approval and Authority Levels
2019-19-01	Special Rules – In-Court Service Providers

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 12 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 all 12 transactions. For six of these transactions, there were no procurement documents for the Court to match the invoices against. In one instance, the Court paid an attorney \$1,830.05 for 26.15 hours of work for minor representation at \$70 per hour. In addition to the calculation error—the invoiced amount should have been \$1,830.50—the Court was unable to provide evidence showing that it had agreed to pay the attorney a rate of \$70 per hour. In another instance, the Court paid \$1,042 to a vendor to replace part of the flooring in the courthouse. However, the Court was unable to provide documentation of the agreed-upon rate.

For the other six transactions, the amount invoiced to the Court and that the Court paid did not agree with the payment terms in the contract or agreement. For one of the transactions reviewed, the Court has a contract to utilize two software licenses from a vendor. However, the contract between the Court and the vendor, which dates back to 2001, does not include pricing or the terms of payment. In fiscal year 2018-19, the Court paid the vendor \$3,391. Also, the Court paid another vendor \$1,804, at \$110 per hour, to set up computers, phones, and printers, as well as for travel time. However, the Court's agreement with the vendor states that the Court will pay the vendor \$95 per hour. Under the terms of the agreement, the Court was responsible for paying the vendor only \$1,558, or \$246 less than the amount actually paid. According to the Court, some of the contracts were entered into, or goods and services were procured by, court staff who are no longer employed with the Court, so it does not know why some procurement documents are missing. The Court is also unsure why some paid invoices did not agree with the terms of the associated contract or agreement. When the Court does not match the invoices it receives against written purchase orders, agreements, or authorizations that specify the expected scope of work, term, and pay, the Court risks paying for unauthorized goods or services or being overcharged without any basis for disputing such work or charges.

In addition, for two of the three court reporter payment transactions reviewed, the Court did not perform a complete review of the claims before approving them for payment. Specifically, court accounts payable staff paid two claims for mileage of \$216 and \$115 submitted by one court reporter, but did not verify the mileage between the court reporter's address and the courthouse location. The two claims included only the court reporter's P.O. Box mailing address and the Court did not have the court reporter's home or business address on file to allow accounts payable staff to verify the claimed mileage. According to the Court, court staff overlooked the requirement to verify the claimed mileage. However, the FIN Manual requires courts to verify quantities, rates, and calculations, as well as verifying they received acceptable goods or services, before approving invoices or claims for payment. When the Court does not require its

staff to verify calculations for which it is being billed, it risks paying for unnecessary items or costs.

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. For instance, the Court should ensure that it has a written contract or agreement with clear pricing terms on file for each of its procurements, and provides these contracts or agreements 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. For example, court staff should verify the number of miles claimed and recalculate the allowable mileage costs prior to approving the court reporter claims for payment.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The CEO and the Administrative Assistant will review all current vendor files to ensure there is a written contract or agreement in the file which clearly indicates the good or services ordered, quantities, unit prices and other applicable charges for that vendor. If the Court finds there is no contract or written agreement in place the Court will take appropriate steps to draft a contract or agreement in accordance with the Judicial Branch Contracting Manual. When products or services are invoiced to the Court the accounts payable will verify the details of the contract or agreement to the invoice to ensure they match and then verify the products or services were received with what the vendor reported (i.e. packing slip, shipping order, receiving reports or form of acknowledgment of delivery of products or completion of work).

Accounts payable will verify and recalculate the items and costs claimed on court reporter claims. The mileage for the court reporter will be verified and the calculator tape used to verify the amounts on the invoice are correct will be attached to the invoice.

Response provided on 10/22/2019 by: Ann Mendez, CEO

Date of Corrective Action: 12/01/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINDING REFERENCE: 2019-18-01

PAYMENT APPROVAL AND AUTHORITY LEVELS

CRITERIA

FIN MANUAL, FIN 8.01, 6.2.1 ROUTING OF VENDOR INVOICES:

3. The court executive officer or an authorized representative must approve all invoices for payment.

CONDITION

Six of the payment transactions we reviewed lacked a signature by an authorized court official approving payment of the invoice. Specifically, the Court paid these invoices although they lacked any signature, initials, or other notation that they had been reviewed and approved by an authorized court official. These six payments were for services and goods such as legal representation of minors, court reporter services, and copy paper, and altogether totaled more than \$4,500. The Court indicated that it is unsure why some of the transactions did not include a signature authorizing payment. Nonetheless, the FIN Manual requires courts to have authorized staff review and approve invoices and claims for payment because not all court staff may have the expertise and knowledge needed to properly assess the appropriateness of the payment transaction, accuracy of the records submitted, and reasonableness of the expenditure. As a result, the Court is at increased risk of disbursing funds that it may later find to be excessive or inappropriate.

RECOMMENDATION

To ensure that all invoices are properly paid, the Court should take steps to ensure accounts payable staff process invoices for payment only when approved by authorized court officials acting within the scope of their authority. The Court should also consider providing refresher training to accounts payable staff regarding the necessary approvals that must be obtained prior to processing invoices for payment.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court has directed all vendors and contractors to submit their invoices to the courthouse located at 100 Courthouse Square, Downieville, CA 95936. The court clerk who processes the mail is to give all invoices to the Court's Administrative Assistant. The Court's Administrative Assistant is responsible for preparing the accounts payable and providing the CEO with all invoices for approval. This is done on or around the 15th and the last day of each month. The CEO reviews and signs each invoice for payment. Along with the original invoices the Administrative Assistant also provides the CEO with a list of the approved invoices, the beginning cash balance and the projected ending balance in the Court's operating account. The Court will review Policy No. FIN 8.01 – Vendor Invoice Processing with the appropriate staff by November 1, 2019.

Response provided on 10/21/2019 by: Ann Mendez

Date of Corrective Action: 11/01/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant.

FINDING REFERENCE: 2019-19-01

SPECIAL RULES – IN-COURT SERVICE PROVIDERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.3 COMPLETE CLAIM DOCUMENTATION:

1. The documentation required to pay a claim consists of a court-approved claim form that includes at least the following information:

- a. The name and address of the person or business submitting the claim,
- b. The tax identification number of the person or business submitting the claim. (If the tax identification number is on file with the court, it need not appear on every claim form.),
- c. The signature of the person making the claim or the person authorized to sign for the business making the claim,
- d. The case number and name, and
- e. The amount of compensation claimed.

FIN MANUAL, FIN 8.02, 6.8 RECONCILIATION OF CLAIMS:

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

CONDITION

For three of the four in-court services claims reviewed, the Court processed and paid claims totaling nearly \$2,700 even though the claimants did not include all the information required for the Court to fully verify the accuracy and validity of the claims. Specifically, court accounts payable staff processed three contract court reporter claims for payment without requiring the claimants to include on their claim forms the case numbers and names for which they provided services. In addition, for two in-court service claims totaling more than \$2,100, the Court was unable to provide written court authorization that indicates the services and rates the Court agreed to receive and pay. According to the Court, it was unaware of these requirements. However, the FIN Manual requires claims to include certain information, including the case numbers and names. When courts do not require claimants to provide case numbers and names to help demonstrate the accuracy of their claims, and when they do not ensure written court authorizations are on file for the services provided, they risk claimants submitting duplicate, invalid, or inappropriate claims, and later asserting that the claim was not theirs or unintended.

RECOMMENDATION

To ensure court accounts payable staff responsible for processing in-court service provider claims have the information they need to reconcile and verify the accuracy of these claims prior to payment approval and processing, the Court should require all in-court service providers to use a claim form that includes at least the following information:

- The name and address of the person or business submitting the claim,
- The tax identification number of the person or business submitting the claim. (If the tax identification number is on file with the court, it need not appear on every claim form.),
- The signature of the person making the claim or authorized to sign for the business making the claim,
- The case number and name, and

- The amount of compensation claimed.

In addition, the Court should ensure it prepares and provides copies of written court authorizations to its accounts payable staff responsible for processing in-court service provider claims so that they are able to reconcile the claims to the associated court authorization and verify the appointment, pay rates, and any hour or dollar limits that may apply.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will continue to use its purchase order form for processing in-court service provider claims. The form has the following information:

- The name and address of the person / business submitting the claim,
- The tax identification number of the person or business will be kept on file with the court, if the court does not have the information, accounts payable will ask the service provider to complete a Payee Data Record which requires the information,
- The signature of the person making the claim or authorized to sign for the business making the claim, and
- The amount of compensation claimed.

In addition to the purchase order form the court will have the in-court service provider attach the court calendar, highlighting the case numbers and names of matters where services were provided. This will allow accounts payable to reconcile and verify the accuracy of the claim prior to payment and approval processing.

Accounts payable will have on file the current pay rates and any hour or dollar limits that may apply to the in-court service provider who is making the claim. The Court will also provide accounts payable with any copies of written orders from the Court authorizing the services.

Response provided on 10/21/2019 by: Ann Mendez, CEO

Date of Corrective Action: 10/21/2019

Responsible Person(s): Ann Mendez, CEO; Jean-Anne Cheatham, Administrative Assistant

FINE AND FEE DISTRIBUTIONS

The Court Received No Fine and Fee Calculation and Distribution Findings

Background

Trial courts must accurately calculate and distribute the monies they collect so that State and local funds receive the amounts State law designates for each. State statutes and local ordinances govern the distribution of the 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 initial audit planning process, the Court informed us that the State Controller's Office (SCO) recently completed a revenue audit of the Court and county. The SCO reported no findings to the Court regarding its fine and fee calculations and distributions. Therefore, Audit Services determined it was not necessary to review any additional Court fine and fee calculations or distributions.

ONE PERCENT FUND BALANCE CAP

The Court Appropriately Supported Its One Percent Fund Balance Cap Calculations

Background

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

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

Our review found that the Court complied with the requirements for its 1% fund balance cap calculations. Specifically, we reviewed the inputs on its final FY 2017-18 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 2017-18 calculation form with valid contracts for goods and services not received by June 30, 2018.

Our review also found that, except for a minor instance of non-compliance that we communicated separately to the Court, it generally complied with the requirements to spend its held funds for the purposes previously approved by the Judicial Council.

JBSIS CASE FILING DATA

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

Background

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

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

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

FINDING REFERENCE: 2019-29-01

JBSIS DATA QUALITY – CASE FILING COUNTS AND DATA

CRITERIA

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

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

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

Error Quantification and Acceptable Error Rates

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

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

CONDITION

To better ensure courts can identify and research potential JBSIS reporting errors, effective July 2018, the JBSIS Manual includes data quality standards that encourage courts to have methods of both routine and non-routine reviews of their data. Examples of these review methods include courts performing random reviews of selected case files to ensure the data reported to JBSIS is consistent with the judicial branch’s agreed-upon case type definitions. However, implementing such an approach requires courts to know which cases they have reported to JBSIS and when. Without this information, neither the courts nor external parties are well-positioned to evaluate the accuracy of the reported case filings data, or determine which of the many monthly JBSIS reports require amendment if errors are found. Despite the JBSIS data quality standards not becoming effective until July 2018—after the Court had already submitted its JBSIS data for fiscal year (FY) 2017-18—we choose 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. Since the Court does not maintain contemporaneous listings of which cases it has previously reported to JBSIS and when, it reconstructed this information for our audit by querying and extracting data from 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 often did not materially agree with the aggregated JBSIS data it reported. Specifically, we noted significant count variances for seven of the 21 different case categories reported by the Court for that year. Overall, the Court’s total case filings count—as reported to JBSIS—was 707 cases, or 9% lower than the 772 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	10	10	0	0.00%
05a	Civil – Limited	15	12	3	20.00%
05a	EDD	0	0	0	0.00%
05b	Civil – Unlimited	13	13	0	0.00%
05b	Civil – Complex	0	0	0	0.00%
05b	Asbestos	0	0	0	0.00%
06a	Family Law – Marital	9	9	0	0.00%
06a	Family Law – Child Support	13	13	0	0.00%
06a	Family Law – Domestic Violence	8	9	-1	-12.50%
06a	Family Law – Parentage	2	2	0	0.00%
06a	Family Law – Other	3	1	2	66.67%
07c	Felony	54	52	2	3.70%
08a	Juvenile Delinquency	2	2	0	0.00%
09a	Juvenile Dependency	1	1	0	0.00%
10a	Mental Health	0	0	0	0.00%
11a	Misdemeanor – Traffic	30	39	-9	-30.00%
11a	Misdemeanor – Non-Traffic	48	52	-4	-8.33%
11a	Infractions	490	548	-58	-11.84%
12a	Conservator / Guardianship	7	7	0	0.00%
12a	Estates / Trusts	1	1	0	0.00%
13a	Small Claims	1	1	0	0.00%
Overall Total		707	772	-65	-9.19%

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, each 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, its outdated CMS and the lack of written local procedures for reporting case information was responsible for these variances. 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 all its FY 2017-18 case filings data to JBSIS since the Court underreported its total case filings by 9%.

Internal Controls to Ensure JBSIS Data Quality

As stated earlier, recent updates to the JBSIS Manual encourage courts to conduct reviews of their case file data to ensure they submit quality JBSIS data to the Judicial Council. Data quality control procedures can include activities such as: comparing the current month’s case filing totals by case type to the prior month’s totals, and the prior year’s data; selecting samples of case files to review in case categories demonstrating large variances compared to prior periods. Currently the Court does not perform such data quality assurance activities.

RECOMMENDATION

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

- Establish a practice of generating and retaining from its CMS systems contemporaneous and detailed case listings that are consistent with the data contained in its monthly JBSIS reports.
- Resubmit updated case filings data to JBSIS for FY 2017-18 via an amended report.
- 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

Agree. The Court recently implemented a new Case Management System (CMS) on September 16, 2019. The new CMS will allow the Court to report JBSIS data directly from the CMS. The Court is waiting for the CMS provider, Journal Technologies Inc., to create the JBSIS reports and give instruction to staff on how to run the reports. Once the reports are created and staff is trained, court staff will then run the reports from the CMS monthly to confirm the data that is being reported from the CMS is accurate. The reports will be saved in electronic format. The Court has reached out to a JCC JBSIS representative to coordinate resubmitting case filing data for FY2017-18 via an amended report.

When the Court is furnished the JBSIS reports and instructions as to how to run the reports from the CMS provider, Journal Technologies Inc., the Court will then prepare a data quality plan that describes the monitoring and review procedures court staff will follow both prior to and after the submission of JBSIS data. The plan will specify both the specific procedures to be performed, as well as the frequency with which they are performed and by whom. The Court's JBSIS data quality plan will also identify any technological limitations and develop a timeline for removing those barriers to data quality.

Response provided on 10/30/2019 by: Ann Mendez, CEO

Date of Corrective Action: Creation of JBSIS reports (est. by 11/30/2019); Amended report FY2017-18 (initiated with the JCC on 10/28/2019, we've been placed on a list. However, they are not sure they can even open the portal up so that courts can update the data); Creation of Data Quality Plan (est. 12/31/2019)

Responsible Person(s): Ann Mendez, CEO

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.
