



Audit of the
Superior Court of California,
County of Solano

JUNE 2018



JUDICIAL COUNCIL
OF CALIFORNIA

AUDIT SERVICES

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For authorization to distribute this report to any other parties please contact:

Mr. Grant Parks
Principal Manager, Audit Services
Judicial Council of California
Phone: (916) 263-1321
Fax: (415) 865-4337
E-mail: Grant.Parks@jud.ca.gov

Superior Court of California, County of Solano

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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

We found that the Superior Court of California, County of Solano (Court) should be commended for demonstrating compliance with many of the Judicial Council's requirements evaluated during the audit, and for its receptiveness in considering suggestions for improvement. 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 audit finding—were communicated separately to the Court's management in written form.

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

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Cash Handling					
1	Daily Opening Process	Yes	✓		
2	Voided Transactions	Yes	✓		
3	Handwritten Receipts	Yes	1	2017-3-01	Agree
4	Mail Payments	Yes	2	2017-4-01; 02	Agree
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	1	2017-6-01	Agree
7	End-Of-Day Balancing and Closeout	Yes	1	2017-7-01	Agree
8	Bank Deposits	Yes	1	2017-8-01	Agree
9	Other Internal Controls	Yes	✓		
Procurement and Contracts					
10	Procurement Initiation	Yes	✓		
11	Authorization & Authority Levels	Yes	✓		
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	1	2017-15-01	Agree
16	Purchase Cards	N/A	-		
17	Other Internal Controls	Yes	✓		
Payment Processing					
18	3-Point Match Process	Yes	✓		
19	Payment Approval & Authority Levels	Yes	✓		
20	Special Rules - In-Court Service Providers	Yes	1	2017-20-01	Agree
21	Special Rules - Court Interpreters	Yes	1	2017-21-01	Agree
22	Other Items of Expense	Yes	✓		
23	Jury Expenses	Yes	✓		
24	Travel Expense Claims	Yes	2	2017-24-01; 02	Agree
25	Business-Related Meals	Yes	✓		
26	Petty Cash	N/A	-		
27	Allowable Costs	Yes	✓		
28	Other Internal Controls	Yes	✓		
Fine & Fee Distribution					
29	CMS-Calculated Distributions	No	-		
30	Manually-Calculated Distributions	N/A	-		
1% Fund Balance Cap					
31	Calculation of the 1% Cap	Yes	✓		
32	Use of "Held on Behalf" Funds	N/A	-		
JBSIS Case Filing Data					
33	Validity of JBSIS Data	Yes	2	2017-33-01; 02	Agree
Grant Award Compliance					
34	AB 1058 Program	Yes	✓		
Other Areas					
35	[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 demonstrated strong compliance in the areas of reporting on limits to its fund balance (1% fund balance cap) and administering and accounting for its grants. For example, our review found that its 1% fund balance cap calculation and reporting process was sound. Specifically, the Court tracks, monitors, and updates its open encumbrances at least quarterly. At year-end, the Court generates an open encumbrance report and verifies each encumbrance with the associated purchasing documents to make sure that the open encumbrances are accurate and appropriate, and to close-out and liquidate encumbrances on any blanket purchase orders, such as those for office supplies. The Court also verifies that the year-end encumbrances are supported with current executed purchase orders, contracts, or agreements. In regards to grant administration and accounting, we found that the Court follows applicable grant accounting policies and procedures and grant award requirements. Specifically, the Court charges grants for the actual costs and time court staff spend working on grant activities, and for reasonable and supported allowable direct and indirect operating costs.

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 the processing of payments received through the mail. Specifically, the Court does not use two-person teams to open mail payments and does not maintain a log to create a record of the payments received in the mail. When mail payments are not properly safeguarded and accounted for, the Court faces increased risk that these payments may become lost or stolen. Payments received by mail are fundamentally a high-risk process given that the paying member of the public is neither present during the transaction nor is guaranteed to receive a receipt. The Court explained that it does not use a two-person team to open mail payments due to limited staff resources. The Court asserts it takes other precautions, such as not allowing clerks who receive mail payments to modify case files. Nonetheless, the Court indicates it will require clerks to open mail in an open common area visible to other court staff in those divisions that are currently not performing this requirement.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on July 18, 2017, and completed its fieldwork on October 2, 2017. Audit Services shared the draft audit findings with Court's officials on April 10, 2018, and received the Court's final official responses on May 3, 2018. The Court generally 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 Solano (Court) operates four facilities in the cities of Fairfield and Vallejo. 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 Solano Superior Court and Average of all Superior Courts

Statistics	Solano Superior Court	Average of All Superior Courts					All 58 Courts
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts		
Financial Highlights (Fiscal Year 2016-17)							
Total Revenue	\$ 25,566,930	\$ 2,250,083	\$ 10,582,305	\$ 41,232,247	\$ 194,113,750	\$ 43,247,805	
Total Expenditures	\$ 25,297,882	\$ 2,214,461	\$ 10,478,487	\$ 41,316,417	\$ 194,616,764	\$ 43,294,681	
Staff Salaries & Benefits As a % of Total Expenditures	\$ 20,867,383 82.5%	\$ 1,481,300 66.9%	\$ 7,931,905 75.7%	\$ 31,481,920 76.2%	\$ 157,192,180 80.8%	\$ 34,297,139 79.2%	
Judicial Officers and Staff (2017 Court Statistics Report)							
Judges	20	2	8	27	128	29	
Commissioners/Referees	3	-	1	4	22	5	
Non-Judicial Staff (approx.)	203	17	84	276	1,253	288	
Total	226	19	93	307	1,403	322	
New Case Filings (Fiscal Year 2015-16)							
Appeal Filings	60	11	63	141	398	118	
Civil Filings							
Civil	5,997	289	1,913	8,063	57,178	11,341	
Family Law	5,384	270	1,794	6,926	28,299	6,575	
Juvenile Delinquency	372	36	250	1,260	2,449	745	
Juvenile Dependency	265	40	211	669	4,064	859	
Mental Health	422	20	122	615	2,517	569	
Probate	603	46	251	918	3,297	809	
Small Claims	1,172	65	390	1,871	13,998	2,724	
Criminal Filings							
Felonies	8,568	474	2,218	4,960	33,794	7,234	
Misdemeanors / Infractions	43,027	5,164	23,918	86,524	375,861	86,633	
Total	65,870	6,415	31,130	111,947	521,855	117,607	

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 April 18, 2018, 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. Solano Superior Court is a cluster 3 court.

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Solano (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 2016-17, but certain compliance areas noted below required that we review earlier periods. Table 3 lists the specific audit objectives and the methods we used to address them.

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

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

<ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions, including purchase card 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, claim payments, travel expense claim reimbursements—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>Note: We did not select any purchase card transactions because the Court had only 10 purchase card transactions and all were related to travel, of which we selected two to test during our review of travel expense reimbursements.</p> <p>We selected a sample of 40 payments pertaining to various purchase orders, contracts, or in-court services, 10 travel expense claims, and 10 business-related meal expenses, 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. • Whether the payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • Whether the payments for in-court service providers, travel expense claims, and
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		<p>business meals adhered to applicable Judicial Council policies.</p> <p>Note: The Court did not use a Petty Cash fund. Therefore, testing the use of petty cash was not applicable.</p>
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 (fiscal year 2016-2017), 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>During the planning phase for the audit, the Court informed us that it did not have any funds held on behalf of the Court.</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 (fiscal year 2015-2016), 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

		<p>of case numbers supporting each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data.</p> <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.
7	<p>Determine whether the Court spent significant grant awards from the Judicial Council in compliance with the grant award requirements.</p>	<p>We determined whether the Court had any significant grant activity during the fiscal year 2016-17. We inquired court management about its process for tracking and reporting grant award costs. We selected certain grant awards to review, such as the grant awards for each component of the AB 1058 program, and identified the applicable grant award requirements, such as allowable activities and costs, period of availability, matching requirements, and reporting requirements.</p> <p>We then selected grant award expenditures and determined whether the Court had sufficient records to support the expenditures charged to the grant. For example, for personal service costs charged to the grant award, we reviewed the payroll records and employee timesheets to verify the costs and time charged to the grant. We interviewed selected employees to determine how they track and report the time they charged to the grant award. We also reviewed other operating costs and expenditures charged to the grant award to determine whether the costs were supported, allowable, and allocable to the grant award.</p>

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 June 19, 2018, 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 Robert Cabral, Manager:

Dawn Tomita, Senior Auditor (auditor in charge)

Jerry Lewis, Auditor

Joe Meyer, Auditor, CPA, CIA

Veronica Perez, Auditor, CFE

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Generally Followed Required Cash Handling Procedures, But Can Strengthen Its Control Procedures for Some of Its 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 Superior Court of California, County of Solano (Court) should be commended for demonstrating compliance in many of the cash handling areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its daily opening process, void transaction processing, and internet payments processing.

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
2017-3-01	Handwritten Receipts – Receipts Log
2017-4-01	Mail Payments – Mail Opening Process
2017-4-02	Mail Payments – Payments and Payments Receipt Log
2017-6-01	Change Fund
2017-7-01	End of Day Balancing and Closeout – Blind Closeout
2017-8-01	Bank Deposits – Verification

FINDING REFERENCE: 2017-3-01

HANDWRITTEN RECEIPTS – RECEIPTS LOG

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.9 MANUAL RECEIPTS, (4):

- c. When acquired, the trial court will inspect the books to ensure all receipts are complete and in numerical sequence. The trial court Fiscal Office will log the books in a Manual Receipt Book log that will contain information on each book that includes:
 - i. The book number
 - ii. The numerical sequence of receipts (from and to receipt numbers) for each book
 - iii. The date issued to a court facility location supervisor
 - iv. The court facility and supervisor the book was issued to, and
 - v. The date the book was returned from the court facility location supervisor.

CONDITION

The Court does not maintain a complete and accurate accounting of its manual receipt books. Specifically, of the nine manual receipt books that the fiscal division (fiscal) manual receipt books log indicates were issued to an operating division, but that we could not initially verify at those divisions, fiscal was ultimately unable to locate four books and found it did not log two completely used books as “Returned.” Fiscal determined that the Fairfield criminal division completely used the remaining three books, but had not yet returned the books to fiscal. These discrepancies occurred partly because fiscal does not periodically monitor and review the manual receipt books log to ensure it remains current and accurate. In addition, although fiscal’s log indicates the dates it issued the books and the dates operating divisions returned the books, its log does not include columns to capture the names of the supervisors returning the books nor for the initials of the fiscal staff who received and verified the returned manual receipt books. As a result of not monitoring and not accurately accounting for its manual receipt books, the Court has lost track of four manual receipt books and may expose itself to risk that court employees may use manual receipts inappropriately. The FIN manual establishes this monitoring requirement so that courts can mitigate the potential for misuse and fraud by maintaining control and accountability over its manual receipting process.

RECOMMENDATION

The Court should revise its current log to include a column for recording the names of the supervisors returning the books and the names of the fiscal staff receiving the returned manual receipt books. In addition, the Court should consider periodically monitoring and inventorying the manual receipt books in its possession.

COURT’S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with the auditor’s recommendation. The court will revise its Manual Receipt Books log to include columns for names of supervisor returning the books, and initials of fiscal staff receiving the returned books. Additionally, fiscal staff will monitor on a quarterly basis the accuracy of receipt books log to ensure it remains current and manual receipt books are properly accounted for.

Response provided on 4/17/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Gloria Hess, Court Accountant

FINDING REFERENCE: 2017-4-01

MAIL PAYMENTS – MAIL OPENING PROCESS

CRITERIA

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL, (2):

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

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

- a. A two-person team should be assigned to open the mail (or alternatively, one person can open the mail and create the Payment Receipts log if the person is recorded on video and the video is retained for at least 6 months.)
- b. Mail should only be processed when both team members are present (or alternatively, one person starts the process by sequentially numbering the envelopes and recording the envelope number and sender's name in the Payment Receipts log. When available, the second person opens the mail, and completes the Payment Receipts log for each envelope identified by the first person.)
- c. Two-person team combinations should be rotated regularly.
- d. To maintain separation of duties, team members opening and logging mail payments should not also enter the mail payments in the court's cashiering system and/or automated case management system, if possible.

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 Branch Accounting and Procurement Director
Attn.: Trial Court Alternative Financial Policies and Procedures
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102-3688

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

Our observation of the Court's mail payment processing practices found that at four of the five payment collection locations reviewed—Criminal Division, Traffic Division, Civil Division, and Solano Justice Center in Vallejo—none of these locations followed the suggested two-person “team approach” when opening payments received through the mail nor adhered to the suggested alternative procedures, such as opening the mail in an open area visible to others or in front of a

camera, to mitigate the risk of lost or stolen mail payments. Specifically, the individuals who open the mail at these locations do so individually and out of the presence of others and video surveillance. According to the Court, it does not have a sufficient number of available staff to assign two people to open the mail. However, when courts do not use two-person teams to open mail nor implement alternative procedures such as those suggested in the FIN Manual, they are at heightened risk for lost or stolen mail payments. Payments received by mail is an area of high-risk—since the payer is neither present during the transaction nor is guaranteed to receive a receipt—and the FIN Manual’s guidance is intended to mitigate the risk of lost or stolen payments.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should monitor to ensure its payment collection locations either consistently follow a two-person team approach where both individuals are present when opening mail payments, or implement alternative procedures, such as those suggested in the FIN Manual, to mitigate the risk of lost or stolen mail payments. If the Court cannot implement a two-person team approach or the alternative procedures suggested in the FIN Manual, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure for opening and accounting for the payments it receives in the mail.

COURT’S VIEW AND CORRECTIVE ACTION PLAN

The court acknowledges that it does not use two-person team to open mail payments. The court does not follow a two-person team approach to open mail payments due to limited staff resources, however the court implements an internal control where clerks receiving payments by mail are not allowed to modify case files. In addition, the court will require all clerks to open mail in an open common area visible to other court staff although the clerks opening mail in Family Law are already performing this requirement. Given the current funding level of 74.22% of the court’s need, it is not economically feasible for the court to implement a two-person team approach. The court agrees with the recommendation. The court will be requesting approval of an alternate procedure through the Judicial Council.

Response provided on 4/17/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

FINDING REFERENCE: 2017-4-02

MAIL PAYMENTS – PAYMENTS AND PAYMENTS RECEIPT LOG

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.4 CHECK/MONEY ORDER/CASHIER CHECK HANDLING PROCEDURES:

3[9]. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt and acceptance.

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL, (3):

To provide for the strongest oversight and monitoring of payments received through the mail, courts should maintain a Payments Receipt Log. Without a Payment Receipts Log, courts have no record to reference or research should a mail payment become lost or stolen. The following method should be used for processing payments received through the mail:

- a. Payments received through the mail should be listed on a Payments Receipts Log sheet.
- b. The Payments Receipts Log sheet should include the following information:
 - i. Case or docket number;
 - ii. Name of the person making the payment;
 - iii. Cash, check, and money order amount;
 - iv. Check or money order number;
 - v. Date received in the mail; and
 - vi. Name of the person opening the mail and the person recording the payment on the Payments Receipt Log.

CONDITION

The Court did not always restrictively endorse check and money order mail payments immediately upon receipt and did not consistently log mail payments, leaving it with a higher risk of lost or stolen payments. Specifically, at three of the five payment collection locations reviewed—the Criminal Division, Traffic Division, and the Solano Justice Center Division—we observed that staff did not restrictively endorse the checks and money orders immediately upon opening the mail to protect the Court’s interests should the checks become lost or stolen. Although, its local cash handling policies and procedures require locations to stamp checks and money orders with the court deposit stamp upon opening the mail, the locations believe that immediately endorsing checks or money orders could pose a problem if they later determine that they must return the check or money order to the sender. However, we believe there is little to no downside risk to locations endorsing checks immediately upon opening. Specifically, if the location cannot process the endorsed check and later returns it to the sender, staff could “void” the face of the check to prevent further negotiation. On the other hand, if the endorsed check is not defaced, the sender could resend the endorsed check along with any necessary missing information, or send a replacement check. In either case, endorsing checks or money orders “for deposit only” immediately upon receipt protects the interests of courts by limiting the potential for further negotiation. When courts do not immediately restrictively endorse checks or money orders, they risk that unendorsed checks and money orders may be lost or stolen and cashed or deposited in a non-court bank account.

In addition, at four of the five payment collection locations reviewed—the Traffic Division, Family Law and Juvenile Division, Civil Division, and the Solano Justice Center Division—staff did not use a Payments Receipt Log. Instead, the locations use calculator tapes to create a record of the amounts received in the mail and drop box. Although the calculator tapes record the total payments received in the mail and drop-box, they do not capture and record key identifying information that may be useful in tracking lost mail payments, such as the case numbers, the persons making the payment, or the check numbers. In addition, one of these four locations also receives case filings and payments from "court runners" who drop off legal documents at the

counter. Although this location maintains a weekly backlog report with counts of new unprocessed complaint cases, this backlog report does not include the dates the associated payments were received, case or docket identifying numbers, names of the persons making the payments, check payment amounts, check identifying numbers, nor the names of the court staff handling the payments. These locations do not use a mail payments receipt logs because its local cash handling policies and procedures only require the criminal division to use such a log. As a result, the Court does not capture sufficient information to track individual mail or drop box payments and is therefore at increased risk for lost or stolen payments. Without sufficient key identifying information, it is unclear how the Court can effectively monitor whether payments received through the mail or the drop-box are processed correctly and in a timely manner, or how such payments that go unprocessed for significant periods of time are tracked and reported to the Court's management as required by the FIN Manual.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should take steps, such as periodic staff training, to ensure that all staff restrictively endorse checks immediately upon receipt. The Court should also consider revising its local cash handling policies and procedures, as well as periodic training and monitoring, to ensure that staff complete a Payments Receipt Log with all key information necessary to establish a clear record of all the payments, cash and non-cash, received through the mail, drop-box, or counter.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with this finding and recommendation. The court will take corrective actions as follows:

- Additional "train the trainers" session will be provided to leads and supervisors to reiterate the importance of endorsing checks immediately upon receipt in compliance with the local cash handling policies and procedures.
- The court will update its Mail Payment Receipt Log to include all relevant information listed in FIN10.02 section 6.4.b.
- The court will revise its local cash handling policies and procedures describing the steps in utilizing the mail payment receipt log method.
- Supervisors will be tasked with periodic monitoring to ensure that staff are complying with the local cash handling policies and procedures.

Response provided on 4/18/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

FINDING REFERENCE: 2017-6-01**CHANGE FUND****CRITERIA****FIN MANUAL, FIN 10.02, 6.3.1 CASH CHANGE FUND:**

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

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

CONDITION

Two of the five payment collection locations reviewed—the Family Law and Juvenile Division and the Solano Justice Center Division—as well as the fiscal division (fiscal), do not count and verify their respective change funds at the end of the day. In addition, when they do count and verify the change fund, the count and verification is not performed in the presence of a manager or supervisor. This happens because although its local cash handling policies and procedures require change fund custodians to count the fund when making change, it does not require them to also count, verify, and reconcile the change fund monies at the end of each business day in the presence of a manager, supervisor, or designee. As a result, the Court's practice potentially allows a change fund shortage to occur without clear accountability of when the shortage may have occurred.

Further, although individuals who are not the change fund custodians periodically count the change funds, four of the five payment collection locations reviewed— the Criminal Division, the Family Law and Juvenile Division, the Civil Division, and the Solano Justice Center Division—and fiscal did not perform these counts at least quarterly as the FIN Manual requires for their individual \$200 change funds. This practice occurs because although the local cash handling policies and procedures provide for fiscal audits of the change funds, the procedures do not specify, and fiscal did not know, that the FIN Manual requires counts at least quarterly for change funds of \$200 to \$499.99. As a result, the Court may not know for an extended period of time if a location's change fund is short funds.

RECOMMENDATION

To reduce the risk of prolonged unaccountable change fund shortages and overages, the Court should update its local cash handling policies and procedures to align with the FIN manual requirement to count, verify, and reconcile the change fund monies to the day's beginning balance at the end of each business day. In addition to verifying the change fund at the end of

each business day, the Court should ensure that the daily verification is done in the presence of a court manager, supervisor, or designee. Lastly, the Court should ensure its fiscal audits of its change funds are performed at the frequency specified in the FIN Manual, such as quarterly for its \$200 change funds.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with this finding and recommendation. The court will take corrective action as follows:

- The court will revise its local procedure for handling change funds by adding a final step for the custodian to count, verify, and reconcile change fund monies in the presence of a Court Manager, Supervisor, or designee at the end of the business day.
- The court will update its local procedure for auditing change funds to include a process of counting the change fund by a fiscal staff other than the employee responsible for making change from the Cash Change Fund on a quarterly basis.

Response provided on 4/17/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

FINDING REFERENCE: 2017-7-01

END OF DAY BALANCING AND CLOSEOUT – BLIND CLOSEOUT

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.10 DAILY BALANCING AND CLOSEOUT:

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 designee for verification;
 - b. The supervisor or designee verifies with the cashier present that the collections submitted balance with the recap of daily collections report;
 - c. The supervisor or designee will then verify that the collections submitted balance with the associated payments/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 designee must both sign and date the case management system daily collections closeout report.

CONDITION

At four of the five payment collection locations reviewed—the Criminal Division, the Traffic Division, the Family Law and Juvenile Division, and the Civil Division—we observed that cashiers do not complete and sign their end-of-day collections recap report before comparing their daily collections to the collection amounts reported in the CMS, also known as a "blind

closeout." Instead, cashiers query the CMS to see how much the CMS indicates the cashier collected before they count and record their end-of-day collections on the recap report. Cashiers follow this practice because the local cash handling policies and procedures for cashier closing do not require a "blind closeout" process. The Court's current practice allows a cashier to know in advance when an overage occurs and potentially take the overage before completing the recap report, and escape detection of the missing overage amounts when the designated supervisor verifies the end-of-day collections to the recap and then to the CMS reports because all collection amounts would still balance.

In addition, at all five payment collection locations reviewed, the cashier is not present when the designated supervisor verifies that the cashier's end-of-day collections balance with their recap of daily collections, as well as verify that their cash bag contains the correct beginning cash amount during the end-of-day closeout process. This happens because the local cash handling policies and procedures do not specify that the cashier be present when the supervisor verifies the end-of-day collections and the cash bag amount during the end-of-day closeout process. The Court's current practice potentially allows a shortage to occur without clear accountability of who may have caused the shortage as it would be potentially very difficult to resolve any discrepancy that might arise between the cashier's and the supervisor's independent counts of the collections and cash bag funds. Having both the cashier and supervisor present when verifying cash or collections helps protect the integrity of the Court and both employees.

RECOMMENDATION

To better safe guard its funds and ensure clear accountability for shortages and overages, the Court should update its local cash handling policies and procedures as follows:

- Require its cashiers to complete their recap of the collections in their individual cash drawer/bag at the end of each workday without knowledge of the CMS collections, a "blind closeout," before submitting their recap and collections to a designated supervisor for verification of their collections to the recap report, and then the recap report to the CMS collections closeout report.
- Require the cashier be present when their designated supervisor both balances the cashier's end-of-day collections with the recap of daily collections and verifies that the cashier's cash bag agrees with the beginning cash amount.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with this finding and recommendation. The court will update its local cash handling procedures to 1) require cashiers to verify collections and complete their daily close out log without printing the CMS totals; and 2) require verifying and matching the cashier's end-of-day collections with the CMS totals by the supervisor or designee in the presence of the cashier.

Response provided on 4/17/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

FINDING REFERENCE: 2017-8-01***BANK DEPOSITS – 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.

CONDITION

The fiscal division (fiscal) does not require a second person, preferably a supervisor or lead, who did not prepare the deposit to verify the deposit. Instead, one fiscal employee prepares, verifies, and approves the deposit. According to fiscal, it does not have enough staff to assign another fiscal staff person to verify the deposit. As a result, the Court leaves itself susceptible to a greater risk of lost or stolen deposit monies.

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 the 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

The Court acknowledges that it does not require a second person to verify deposits and understands that the method of having a second person verify deposits reduces the risk of stolen collections. However, due to limited staff resources, taking time from already understaffed fiscal staff coupled with the added cost and effort of verifying deposits by a second person is not feasible given the current funding level. Besides, the court already implements an internal control where responsibilities for collection and deposit preparation are segregated from those duties involving the recording of cash receipts into court accounting records, and limits responsibility for receiving and handling cash to as few people as possible. The court agrees with the recommendation that the court request approval of an alternate procedure through the Judicial Council. In addition, the court may conduct unannounced random reviews of coin and paper currency counts for deposits, and investigate and resolve cash discrepancies found by the bank, if any, which barely occurred in the past five years, as soon as is practicable.

Response provided on 4/19/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

PROCUREMENT AND CONTRACTS

The Court Should 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 areas we evaluated during our audit, including demonstrating sound management practices in the areas of initiating procurements, authorization and authority levels, and in soliciting competitive and non-competitive procurements.

Nevertheless, we identified one audit finding that we believe requires the Court's corrective action. The finding pertained to the following specific area of procurements:

Finding Reference	Subject
2017-15-01	Procurement – Contract Terms

FINDING REFERENCE: 2017-15-01

PROCUREMENT – CONTRACT TERMS

CRITERIA

FIN MANUAL, FIN 7.01, 3.0 POLICY STATEMENT:

The trial court must execute a written contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to

commit trial court resources to apply contract principles and procedures that protect the interests of the court.

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 description of 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 description of 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 five of the 22 procurement transactions reviewed for which contracts are applicable, the Court did not execute written contracts for the contract court interpreter and court reporter services it procured. Specifically, the FIN Manual requires courts to execute written contracts when entering into agreements for services, and makes every court employee authorized to commit court resources responsible for applying contract principles and procedures that protect the interests of the court. Although executing written contracts when entering into agreements for services would help protect its interests, according to the Court, its practice is to use an after-the-fact claim form in lieu of documenting the agreed upon services and pay rates in a formal written contract. The Court stated that it selects interpreters and reporters on an as-needed basis as ordered by the courtroom from a list it maintains of contract court interpreters and reporters, and authorizes the coordinators to negotiate with these providers of in-court services. When these in-court service providers later submit claims for payment, the coordinators verify their claim forms by comparing the claimed services to the assignment notes in the coordinators' calendars. However, without written contracts that document the agreed services, payment rates, and any negotiated costs, the Court risks having to pay for services or costs that it cannot later prove it did not agree to pay.

Further, courts need written agreements or contracts to comply with the document matching procedures that the FIN Manual requires prior to issuing payment. In addition, Audit Services believes it is a sound and reasonable business practice to clearly document the details of the terms and conditions that courts and the service providers agreed to before services begin. Without a written contract, courts may have little to no basis to resolve disputes over services or billing rates that may differ from its negotiated or standard rates and that a service provider, such as a contract court interpreter or reporter, may later include in a claim.

RECOMMENDATION

To ensure its interests are fully protected, the Court should execute written contracts when securing services, such as those of in-court service providers. Copies of these contracts should be forwarded to its accounts payable staff for use later when they verify invoices or claims for payment. 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. Contracts for in-court services may also define the Court's process for assigning work and issuing court authorizations, contractor responsibilities for preparing and submitting claims, and payment processing procedures.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court did not enter into individual contracts with pro tem interpreters and pro tem court reporters. The Court understands the Court Executives Advisory Committee (CEAC) has formed a subcommittee to review this as a statewide issue. The Court will review CEAC's recommendations once completed prior to taking any action on this issue.

Response provided on 5/1/2018 by: Brian Taylor, Court Executive Officer

Date of Corrective Action: TBD

Responsible Person(s): Brian Taylor, Court Executive Officer

PAYMENT PROCESSING

The Court Could Better Demonstrate that Payments to In-Court Service Providers are Properly Authorized and Supported, and Travel Expense Claim Reimbursements are Proper and Within Maximum Limits

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.

In addition, trial court judges and employees may be required to travel as a part of their official duties, and may occasionally conduct official court business during a meal period. Courts may reimburse their judges and employees for their reasonable and necessary travel expenses, within certain maximum limits, incurred while traveling on court business. Courts may also reimburse their judges and employees, or pay vendors, for the actual cost of providing business-related meals when certain rules and limits are met.

The 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 its three-point match process, business-related meals, and allowable costs.

Nevertheless, we identified four audit findings in the payment processing area that we believe requires the Court's corrective action. These findings pertained to the following specific areas of payment processing:

Finding Reference	Subject
2017-20-01	Special Rules, In-Court Services Providers
2017-21-01	Special Rules, Court Interpreters
2017-24-01	Travel Expense Claims – Completeness
2017-24-02	Travel Expense Claims – Meal Rates

FINDING REFERENCE: 2017-20-01

SPECIAL RULES, IN-COURT SERVICES PROVIDERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.1 CLAIMS PAYMENT PROCESS, 6.1.1 INTRODUCTION:

1. The trial court regularly uses the services of a variety of skilled professionals in conducting its operations. The services of court appointed counsel, investigators, psychiatrists, court reporters, interpreters, mediators, arbitrators, and others are needed on an ongoing basis. These service providers submit claims for payment to the trial court that must be processed through accounts payable.
2. The basis for a claim is created when the court authorizes services to be provided by an individual or business. The claims payment process assures that proper documentation accompanies each claim and that approval for payment is obtained from authorized staff. At the end of the process, three main functions of accounts payable are completed: 1) supporting documents are reviewed and approved, 2) warrants are issued, and 3) accounting entries are recorded.

FIN MANUAL, FIN 8.02, 6.8 RECONCILIATION OF CLAIMS:

After Accounts Payable 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.

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 description of 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 description of 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.

FIN MANUAL, FIN 8.01, 6.3.3 REVIEW FOR ACCURACY OF INVOICE:

3. To ensure that payments are made according to contract specifications, terms of applicable contracts or purchase agreements shall be compared to the invoice for accuracy.

CONDITION

The Court did not have written court authorizations that detail the appointment, rates, and any hour or dollar limits for the five in-court service provider claims we reviewed. These court authorizations are like work orders issued from a master contract and that identify the specific work assignment and that may provide for any increases in contract or standard rates or costs that are justified due to unusual circumstances. According to the Court, although it does not create a court authorization or similar work order type document for in-court services, its court interpreter and court reporter coordinators use their calendars to track each service provider's assignment, including date, department, and case. However, the coordinator calendars do not include the rates or any negotiated costs or limits they agreed to pay these in-court service providers. Moreover, to meet the FIN Manual document matching and claim reconciliation requirements, courts need both written contracts and court authorizations for in-court services. Without written court authorizations, court accounts payable staff cannot match the in-court service provider claims to their corresponding court authorizations and, thus, cannot properly reconcile and verify the pre-authorized appointment, rates, and hours, as well as court pre-authorization of rates that exceed standard rates or any other extraordinary costs claimed by the interpreters or reporters before processing the claims for payment. As a result, the Court risks overpaying for in-court services when the amounts claimed exceed the negotiated rates or costs.

RECOMMENDATION

To ensure court accounts payable staff have the documents they need to consistently verify the accuracy of in-court service provider claims and invoices prior to payment, the Court should consider the following:

- The Court could issue one-page court authorizations for specific work assignments, detailing the agreed upon appointment, payment rates, and any hour or dollar limits prior to these in-court services contractors providing services to the Court.
- The Court should forward copies of these court authorizations to its in-court services coordinators and accounts payable staff for their files and later reference.
- When in-court service providers complete assignments and submit claims for payment, in-court services coordinators should verify the claims, acknowledge receipt and acceptance of the services provided, and forward the claim and acknowledgement to court accounts payable staff.
- Court accounts payable staff should then retrieve from their files the court authorizations associated with the claims and use them to complete the required document matching and claim reconciliation procedures before processing the claims for payment.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court did not enter into individual contracts with pro tem interpreters and pro tem court reporters. The Court understands the Court Executives Advisory Committee (CEAC) has formed a subcommittee to review this as a statewide issue. The Court will review CEAC's recommendations once completed prior to taking any action on this issue.

Response provided on 5/1/2018 by: Brian Taylor, Court Executive Officer

Date of Corrective Action: 7/1/2018

Responsible Person(s): Brian Taylor, Court Executive Officer

FINDING REFERENCE: 2017-21-01
SPECIAL RULES, COURT INTERPRETERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.6 COSTS:

Before incurring any unusual expense that exceeds a limit set by the court, service providers must obtain the court's authorization by submitting a written request. The request shall be supported by written justification setting forth the need for the cost and an itemized estimate of the proposed expenditure.

FIN MANUAL, FIN 8.02, 6.7 COSTS EXCEEDING NORMAL RATES:

1. In some instances, costs higher than the limits set by the trial court may be justified. Before incurring costs that exceed court-designated limits, service providers must obtain the court's authorization by submitting a written request. The request must be supported by written justification for the higher cost and an itemized estimate of the proposed expenditure. A copy of the court authorization approving the higher costs must be submitted with the claim for reimbursement.
2. In no event shall costs exceeding trial court limits be incurred without the prior written approval of the court.

JUDICIAL COUNCIL OF CALIFORNIA, PAYMENT POLICIES FOR CONTRACT COURT INTERPRETERS, PAYMENT POLICIES:

Mileage reimbursement

Actual mileage is reimbursed when the interpreter travels 60 miles or more roundtrip from his or her place of business (address used for tax purpose). The rate of reimbursement is the rate as authorized by the state. Extraordinary travel costs such as airfare may be reimbursed only with advanced approval of the court executive officer, or his or her designee.

Unusual circumstances

An amount above the daily rate, and/or a cancellation fee may be provided under unusual circumstances. Unusual circumstances are defined as follows:

- There are limited or no available interpreters in the needed language; and
- The alternative is to continue the proceeding.

A trial court and the interpreter may negotiate an amount for travel time in unusual circumstances.

CONDITION

For the three contract court interpreter claims reviewed, the Court did not document the unusual circumstances that prompted it to pay a daily rate that was higher than the rates established in the Judicial Council's *Payment Policies for Contract Court Interpreters* (standard rates), nor did it include the required prior written authorization for the higher daily rates. Although a description

of the unusual circumstance is not included on the claim, the addendum to the claim details the cases, rates, and mileage, including any higher than standard unusual circumstance rate claimed by the interpreter. According to the Court, it authorizes the interpreter coordinator to negotiate with contract court interpreters when cases have unusual circumstances, and verify that the interpreters performed the services they subsequently detailed on the claim form. Although its process may help ensure the Court obtains and receives the services it negotiated, without a written description of the unusual circumstances that prompted it to pay rates that are higher than the Judicial Council standard rates and its prior written authorization, accounts payable staff do not have the documentation they need to verify and demonstrate that the Court is paying only necessary and approved costs.

RECOMMENDATION

To ensure its accounts payable staff pay contract court interpreter rates and costs that exceed the rates set by the Judicial Council and the Court only when pre-authorized and approved, the Court should do the following:

- Consistently document the unusual circumstances and pre-authorization for contract court interpreter services that cost more than the Judicial Council's standard rates and/or include costs for travel time.
- Document and approve in advance, any estimated extraordinary travel costs and limits it agrees to pay the contract court interpreter.
- Consider documenting these unusual circumstance explanations, higher rate authorizations, and extraordinary cost approvals in a one-page court authorization document that is issued to the contract interpreter and shared with accounts payable staff for use in executing their payment processing procedures.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court did not document unusual circumstances for every interpreter assignment. The Court understands the Court Executives Advisory Committee (CEAC) has formed a subcommittee to review this as a statewide issue. The Court will review CEAC's recommendations once completed prior to taking any action on this issue.

Response provided on 5/2/2018 by: Brian Taylor, Court Executive Officer

Date of Corrective Action: TBD

Responsible Person(s): Rebecca Montgomery, Senior Interpreter

FINDING REFERENCE: 2017-24-01

TRAVEL EXPENSE CLAIMS - COMPLETENESS

CRITERIA

FIN MANUAL, FIN 8.03, 6.4.1 SUBMITTAL OF TRAVEL EXPENSE CLAIMS (TEC):

1. Judges and employees who incur reimbursable business travel costs must submit a completed TEC form

FIN MANUAL, FIN 8.03, 6.4.2 ALLOWABLE EXPENSES:

1. The following types of expenses are allowable and reimbursable for trial court business travel:
 - c. Mileage. Personal vehicle mileage is reimbursable at the current federal mileage reimbursement rate established by the Internal Revenue Service that corresponds to the date/s of travel. Parking and toll charges are also reimbursable.
 - e. Meals. Trial court judges and employees may be reimbursed for meals consumed during business travel. Meals to be reimbursed should be itemized as breakfast, lunch or dinner. The maximum allowable reimbursement for each meal is established by the Judicial Branch Travel Guidelines.

FIN MANUAL, FIN 8.03, 6.3.2 PERSONAL VEHICLE MILEAGE:

2. Trial court judges and employees submitting claims for reimbursement for personal vehicle use should note the following:
 - b. When travel commences from home, and the traveler is authorized to use his/her personal vehicle to travel to a business destination other than the traveler's regular place of work, reimbursed mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination. If the traveler departs from the last business destination directly to the traveler's home, mileage reimbursement will be calculated from the last business destination to the traveler's designated headquarters or home, whichever results in the lesser distance. If the first or last business destination is closer to home than the regular place of work, no mileage reimbursement will be allowed.

CONDITION

For seven of the 10 travel expense claim forms (TECs) reviewed, the claimant did not submit a fully completed TEC form. Specifically, all seven TECs did not include the travel start and end times, and five did not include the claimant's headquarters address. Without this key information, reviewers cannot accurately assess and determine the necessity and reasonableness of the claimed business travel expenses.

For example, for three of the seven TECs reviewed that did not include any travel start and end times, the travelers claimed meal and incidental expenses, but the Court could not demonstrate how reviewers and accounts payable staff accurately assessed and determined the appropriateness of the meal expenses claimed. The Judicial Branch Travel Guidelines (Finance Memo AE 2014-002), indicates that for continuous travel of less than 24 hours, the traveler will be reimbursed for actual expenses up to the maximum rates denoted in the guidelines while considering the following: (1) Travel that begins one hour before normal work hours – Breakfast may be claimed and (2) Travel that ends one hour after normal work hours – Dinner may be claimed. According to the Court, it is common for travelers to start and end their travel an hour or more before and after each trip, respectively. However, without contemporaneous evidence on the TECs of the travel start and end times for these trips, the Court does not have the information it needs to demonstrate that these travelers claimed appropriate meal expenses. Similarly,

without both the residence and assigned headquarters addresses on the TECs, reviewers cannot accurately assess whether any personal vehicle use mileage expenses reflect the lesser of the mileage from home or headquarters to the business destination.

When the Court does not require employees to submit complete TEC forms that include all necessary key information, reviewers and accounts payable staff may lack the information they need to properly verify that TECs include only appropriate travel expenses before approving and processing the TECs for payment. As a result, the Court risks paying more than appropriate for travel meals and other unallowable travel costs.

RECOMMENDATION

To ensure it complies with the required travel expense reimbursement policy and procedures, and to ensure its travel expenses are an appropriate and necessary use of public funds, the Court should do the following:

- Require all court employees and officials who travel on court business to provide complete TECs that include the information and documentation necessary—such as the assigned headquarters address, residence address, destination address, and times of travel—for reviewers to properly assess and approve allowable travel expenses,
- Consider requiring claimants to attach online maps or other evidence of the distance travelled to clearly support the mileage claimed on TEC forms,
- Consider providing additional travel rules training for both those who travel on court business and those who are responsible for reviewing and approving TEC forms, and
- Instruct approving supervisors and reviewers to question travelers about any missing information that is needed to fully evaluate the appropriateness of claimed expenses. The supervisors and reviewers should annotate the TEC forms, when necessary, with any additional information that is needed to clarify and demonstrate the propriety of the claimed travel expenses.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The court will revise the Travel Expense Claim form to clarify the definition of specific information and edit the instructions accordingly. The court will restrictively require all court employees and officials who travel on court business to complete Travel Expense Claim form and provide all information and documentation necessary for reviewers to ascertain the accuracy, necessity and reasonableness of the expenses.

Response provided on 5/2/2018 by: Agnes Shappy, Chief Financial Officer

Date of Corrective Action: 6/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

FINDING REFERENCE: 2017-24-02

TRAVEL EXPENSE CLAIMS – MEAL RATES

CRITERIA

FIN MANUAL, FIN 8.03, 6.4.2 ALLOWABLE EXPENSES:

1. The following types of expenses are allowable and reimbursable for trial court business travel:
 - e. Meals. Trial court judges and employees may be reimbursed for meals consumed during business travel. Meals to be reimbursed should be itemized as breakfast, lunch or dinner. The maximum allowable reimbursement for each meal is established by the Judicial Branch Travel Guidelines. Meals provided by a sponsoring organization will not be reimbursed if the traveler chooses to forego the provided meals. It is the traveler's responsibility to communicate any dietary restrictions to a sponsoring organization.

JUDICIAL COUNCIL FINANCE MEMO TC 2004-003, OUT-OF-STATE TRAVEL, MEAL AND INCIDENTAL RATES FOR OUT-OF-STATE TRAVEL:

Receipts are not required for out-of-state travel meals or incidentals actually incurred up to the maximum allowed; however, travelers must retain these receipts for a minimum of three years and have them available for audit, if requested. Out-of-state meal costs are reimbursed at the actual, not to exceed, in-state rates as follows:

For continuous travel of more than 24 hours, the traveler will be reimbursed for their actual expenses (traveler to retain receipts) for breakfast, lunch, dinner, and incidentals for each 24 hours, or fractional part thereof, of travel up to the [current] maximum rate¹ as follows:

- Breakfast up to \$8.00
- Lunch up to \$12.00
- Dinner up to \$20.00
- Incidentals up to \$6.00

CONDITION

For two of the eight travel expense claim forms (TECs) reviewed that included meal and incidental expenses, both travelers claimed meal expenses that exceeded the Judicial Council maximum daily meal rate limits. Specifically, the Court paid each traveler their claimed daily meal rates of \$16 for breakfast, \$17 for lunch, and \$31 for dinner (\$64 per day) while attending the same out-of-state conference. The Court paid more than allowed because its local travel guidelines are not aligned with the required Judicial Council travel guidelines for out-of-state meal costs. Instead, its local travel guidelines allow out-of-state travelers to claim reimbursement for the cost of meals up to the federal per diem limits, which is \$64 per day (\$69 less \$5 for incidentals), or \$16 for breakfast, \$17 for lunch, and \$31 for dinner. In addition, although the Court asserts that its use of the federal per diem rates is based on travel guidelines from the California Department of General Services (DGS), our search of the DGS and the California Department of Human Resources websites found that these agencies limit out-of-state meal expenses to actual costs not to exceed the in-state meal rates, which is consistent with the Judicial Council travel guidelines. As a result of not using the required Judicial Council travel

¹ In 2013, Judicial Council Finance Memo TC 2013-01, increased the maximum rate for Judicial Branch constitutional officers' and employees' travel meals to \$8, \$12, and \$20 for breakfast, lunch, and dinner, respectively. The increased rates are included in the *Judicial Branch Travel Rates and Guidelines*.

guideline meal rates for out-of-state travel, the Court overpaid these two claimants at least \$88 each.

RECOMMENDATION

To ensure it does not reimburse employees for meal expenses that exceed the Judicial Council maximum meal rate limits, the Court should do the following:

- Update its local travel guidelines to align with the Judicial Council travel guidelines and limit the amount out-of-state travelers may claim for reimbursement to the actual cost of meals up to the maximum amounts allowed by the Judicial Council travel guidelines, and
- Inform both those who travel on court business and those who are responsible for reviewing and approving TEC forms of this update to its local travel guidelines.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree: The Court was verbally informed by federal grant administrators that the Court was approved to use federal per diem rates for federal grants. Upon further inquiry, the federal grant administrators indicated the local rates should be used. The Court will use state rates for state funded and federal funded travel.

Response provided on 5/1/2018 by: Brian Taylor, Court Executive Officer

Date of Corrective Action: 5/1/2018

Responsible Person(s): Agnes Shappy, Chief Financial Officer

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 1% 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 2015-16 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 2015-16 calculation form with valid contracts for goods and services not received by June 30, 2016. Finally, we did not review its use of any excess funds because the Court did not request such funds be held on its behalf.

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 and re-ran CMS reports to support other case filings data. Nevertheless, our review identified two JBSIS-related audit findings that we believe requires the Court's corrective action. These findings pertained to the following specific areas of the JBSIS case filings data:

Finding Reference	Subject
2017-33-01	Validity of JBSIS Data – Case Filings Counts
2017-33-02	Validity of JBSIS Data – Data Quality

FINDING REFERENCE: 2017-33-01

VALIDITY OF JBSIS DATA – CASE FILINGS COUNTS

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, 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.

CONDITION

For fiscal year 2015-16, the Court reported nearly 60,200 new case filings to JBSIS using both a manual entry process through the JBSIS web portal for some case types and electronic CMS reporting to JBSIS for other case types. Each month, the Court reported each new case filing as a count in one of 62 possible case categories (such as “civil limited” or “felony”). Audit Services reviewed the Court’s underlying listings of cases supporting its reported case counts for fiscal year 2015-16 and found that the Court reported data that generally matched its listings of new cases. Specifically, in fiscal year 2015-16 the Court provided 742 individual monthly counts of new case filings by category (62 categories per month x 12 months, with slight differences in 4 separate months) and we noted count differences in only 24 of the 742 individual monthly counts (or approximately 3 percent of the time). The differences varied across each of the 24 monthly counts, with the underlying case listings supporting the Court-reported counts at times being higher or lower than the reported JBSIS totals. The sum of all over and under-counted cases in absolute terms and without regard to case weights was 132 cases, or less than .25 percent of the nearly 60,200 case filings reported. As further described below, the cause for the count differences often stemmed from CMS program mapping errors, not retaining detailed records supporting certain case filings counts, and clerical errors.

For example, while reconciling the Court-reported FY 2015-16 JBSIS case filings counts to the counts supported by its monthly case-type filings reports, we identified three count differences. We also identified 21 additional count differences when comparing the Court-reported FY 2015-16 JBSIS case filings counts to its detailed monthly listings of case filings for the six case types and five months randomly selected for review. All 24 count differences ranged from four under-reported case filing counts for a particular case type and month to 20 over-reported case filing counts for another case type and month.

According to the Court, program mapping errors caused many of the count differences for some domestic violence and family support case types, while some count differences occurred either because case types changed from when initially reported or clerks initially miscoded cases. Further, it manually tallied the count of some new mental health case filings without retaining complete records of the associated cases underlying its tallies because the Judicial Council does not specifically require courts to retain detailed case listings to support the monthly JBSIS case filings data they report. Consequently, the Court could not provide complete listings to support its mental health case filings as compiling such listings after the fact or going forward would be burdensome on its limited court staff. As a result, the validity or accuracy of the mental health case filings data the Court submitted to JBSIS could not be fully verified.

The Court acknowledged the various count differences and indicates it subsequently corrected its domestic violence and family support program mapping errors and submitted amended JBSIS case filings data in November 2017 to correct the filing counts for these and other case types. However, it submitted its amended counts after April 2017 when the Judicial Council froze the FY 2015-16 JBSIS case filings data used in subsequent WAFM budget calculations.

Although we commend the Court on its relatively low overall error rate, Audit Services raises these JBSIS reporting discrepancies as an audit finding since the Judicial Council has yet to establish data quality standards that (1) define an acceptable error rate for reporting and (2)

define what steps each court is expected to take to reasonably ensure accurate and complete reporting. Until such standards exist, courts should continue to focus on monitoring and further improving its JBSIS reporting practices to ensure case counts are fully supported by its records and are not double-counted.

RECOMMENDATION

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

- Seek guidance from the Judicial Council on acceptable error rates when reporting JBSIS case counts, so it can determine when its reports are sufficiently flawed and require an amended report.
- Generate and retain detailed listings of case filings that are both contemporaneous and consistent with the Court's monthly JBSIS reporting.
- Periodically review listings of reported case filings, such as monthly or quarterly, to identify individual cases that may have been double-counted in the same reporting period or across previous reporting periods or that may have changed case-types.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The programming errors were identified, mapping has been updated and now reporting correctly. Amended reports were submitted in November of 2017.

DV Prevention/DA Family Support: The programming errors were identified, mapping has been updated and now reporting correctly. Amended reports were submitted on 11/16/17 and 11/17/17. Mental Health Reports: Courtroom clerks keep count manually using a court count form and use hash marks in mental health proceedings.

Response provided on 4/10/2018 by: Robert Oliver, Assistant Court Executive Officer

Date of Corrective Action: 11/2017

Responsible Person(s): Robert Oliver, Assistant Court Executive Officer

FINDING REFERENCE: 2017-33-02

VALIDITY OF JBSIS DATA – DATA QUALITY

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, the Legislature, and other state agencies that require information from the courts to fulfill their mandates.

JBSIS [MANUAL], VERSION 2.3, [CHAPTER 10. MENTAL HEALTH (REPORT 10a)],
MENTAL HEALTH 10a—DATA ELEMENT DEFINITIONS:

MENTAL HEALTH CASES – A broad classification of cases in which a trial court is asked to legally determine probable cause or lack of capacity of an individual due to:

- mental illness
 - developmental disability
 - mental retardation
 - addiction to narcotics
 - or, in the case of an individual who has committed a crime, his or her competency to stand trial
 - and whether the individual should be placed or should remain under care, custody, and treatment.
5. Other Mental Health – Other mental health petitions not defined in columns 10 – 120. Welfare & Institution Code, § 8103 (weapons) A petition filed by an individual requesting the lifting of the restriction placed on his or her ownership, possession, control, receipt, or purchase of a firearm or deadly weapon.

CONDITION

Our review of selected case file records associated with its fiscal year 2015-16 JBSIS case filings data found that the Court reported one of the 60 cases reviewed in a manner that did not agree with the JBSIS Manual data element definitions for the case type. Specifically, for one of the 10 unlimited civil cases reviewed, the case file records indicate that the Court misreported a petition requesting the lifting of firearms restrictions as an unlimited civil case instead of as a mental health case.

According to the Court, this happened because court management instructed staff to report requests for hearings for the relief from firearms prohibition cases under the civil unlimited case type. However, JBSIS reporting requirements define cases dealing with requests for hearings for the relief from firearms prohibitions as mental health cases. As a result, the Court mis-reports to JBSIS "other mental health" case filings associated with these requests to lift restrictions on firearms as "unlimited civil" case filings.

RECOMMENDATION

To ensure it reports JBSIS case filings data to the Judicial Council that are accurate and consistent with the rules established in the JBSIS Manual, the Court should periodically review the accuracy of its monthly case filings data and take steps to amend its JBSIS data, as necessary, when it identifies case filing errors. The Court should also consider pursuing revisions to its case coding instructions to ensure its staff code requests for hearings for the relief from firearms prohibitions as other mental health case types instead of as civil unlimited case types.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The court is in the process of creating new procedures/protocols to file these types of petitions in the Criminal Division and report on the Mental Health report through the web portal.

The court now has a protocol in place to identify coding errors generated by staff. Any errors that are identified are corrected before the report is submitted.

Response provided on 4/10/2018 by: Robert Oliver, Assistant Court Executive Officer

Date of Corrective Action: 4/16/2018

Responsible Person(s): Robert Oliver, Assistant Court Executive Officer

GRANT AWARD COMPLIANCE

The Court Generally Followed Appropriate Grant Accounting and Administrative Procedures

Background

Grant fund awards may substantially benefit a trial court's ability to serve the public. At the same time, the acceptance of grant funds may also represent an area of risk to the court because the grant money received by the court is provided for specific purposes and under conditions that apply to its use. Noncompliance with the terms of significant grant awards may result in the Court losing access to this grant funding in future years, or may result in the Court repaying funds spent inappropriately.

Courts are responsible for separately accounting for its receipt and spending of grant funds in Phoenix by using the appropriate grant coding. Courts are also responsible for following applicable federal, state, or Judicial Council rules when administering grant funds. These rules may pertain to performance reporting, financial reporting, personnel time tracking, among other areas.

Our review of its grant administration practices found that, except for a minor instance of non-compliance communicated separately to the Court, it generally followed appropriate grant accounting and administrative procedures and demonstrated material compliance with the Child Support Services grant and the Family Law Facilitator grant (AB 1058 program components) terms and conditions.

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.
