



# JUDICIAL COUNCIL OF CALIFORNIA

COURT EXECUTIVES  
ADVISORY COMMITTEE

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## COURT EXECUTIVES ADVISORY COMMITTEE

### TRIAL COURT FINANCIAL POLICIES SUBCOMMITTEE

#### MINUTES OF OPEN MEETING

Tuesday, November 16, 2021

2:00 to 3:30 pm

WebEx

**Advisory Body Members Present:** Ms. Sherri R. Carter (Chair), Mr. Robert E. Fleshman, Mr. Jason B. Galkin, Mr. Darrel E. Parker, and Mr. Michael M. Roddy

**Advisory Body Members Absent:** none

**Others Present:** Mr. Robert Downs, Ms. Elaine Siega, Ms. Donna Ignacio, and Mr. Jonathan Sibayan

#### OPEN MEETING

##### Call to Order and Roll Call

Ms. Sherri R. Carter, Chair and Court Executive Officer, Superior Court of California, County of Los Angeles, called the meeting to order at 2:05 p.m. and took roll call.

##### Approval of Minutes

All members reviewed and approved minutes of December 10, 2020 Trial Court Financial Policies Subcommittee meeting.

#### DISCUSSION AND ACTION ITEMS (ITEMS 1-2)

##### Item 1

##### Trial Court Financial Policies and Procedures Manual Revision Process Update (Discussion)

Discussion and update regarding the current Trial Court Financial Policies and Procedures Manual project.

**Action:** Members received an update on the project, which included details on the review of suggested edits of topics and the draft revisions produced by Judicial Council subject matter experts. Staff informed members that the edits were reviewed by the Trial Court Financial Policies (TCFin) working group, and then forwarded to the Court Fiscal Officers (CFO) Roundtable Networking Group for comment.

**Item 2**

**Trial Court Financial Policies and Procedures Manual – 12th edition Edits (Action Required)**

Review of draft edits to the Trial Court Financial Policies and Procedures Manual and feedback from the Trial Court Financial Policies workgroup and Court Fiscal Officer Roundtable networking group.

**Action:** Staff shared with members proposed edits within each topic and stated whether any comments were received. The subcommittee discussed the following edits and the comments received from the courts:

- Clarification of the trial court operations fund and how it operates as a general fund on behalf of the trial courts
- Removal of the words “upon acceptance” in the FIN manual 10.02 requirements to immediately endorse negotiable instruments
- Revisions to escheatment section

The subcommittee also discussed trustee foreclosure sale proceeds language, specifically whether or not courts are required to adjudicate once a petition is submitted. Members agreed that additional research be conducted in an effort to include proposed language into the current draft. The subcommittee approved for staff to obtain clarity from Judicial Council’s Legal Services and attempt to address this item during the current revision cycle.

Members inquired if a court can escheat stale-dated criminal overpayment refund checks after three years. Staff stated that they will continue to track this into the next revision cycle.

Lastly, the subcommittee approved the manual, subject to final approval of the additional language that is currently being researched.

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**INFORMATION ONLY ITEMS (NO ACTION REQUIRED)**

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**Item 1**

**Revision Process Timeline**

Review and discuss current revision process timeline and next steps.

**Action:** Staff presented the timeline and informed members that the next meeting is targeted for February 2022.

**ADJOURNMENT**

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There being no further business, the meeting was adjourned at 2:44 p.m.

Approved by the advisory body on \_\_\_\_\_.

DRAFT



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**Minutes of Action by E-mail Between Meetings for the  
Trial Court Financial Policies Subcommittee of the  
Court Executives Advisory Committee**

**E-mail Proposal**

The Trial Court Financial Policies Subcommittee of the Court Executives Advisory Committee was asked to review and approve the following addition to the *Trial Court Financial Policies and Procedures Manual*, Section 15.03, subsection 6.1 – 12<sup>th</sup> edition draft:

Surplus trustee foreclosure sale proceeds deposited with the court, pursuant to CIV 2924j(c), that become unclaimed should be forwarded to the State Controller's Office for appropriate disposition pursuant to Unclaimed Property Law.

**Notice**

On December 14, 2021, a notice was posted advising that the committee was proposing to act by e-mail between meetings under the California Rules of Court, rule 10.75(o)(1)(B).

**Action Taken**

Members voted unanimously to approve the addition to the *Trial Court Financial Policies and Procedures Manual*, Section 15.03, subsection 6.1 – 12<sup>th</sup> edition draft.

Approved by the advisory body on \_\_\_\_\_.

***Trial Court Financial Policies and Procedures Manual – 12<sup>th</sup> edition draft***

**Comments Received During December 20, 2021 – January 21, 2022<sup>1</sup>**

<b>FIN</b>	<b>Proposed in draft</b>	<b>Responding court</b>	<b>Comment received</b>
3.01 – Fund Accounting	Adding GF to all references of the Trial Court Operations Fund. From TCOF to TCOF-GF.	Merced	The Fin section 3.01 does not make any sense to me. In reading the GC77009, it states Trial Court Operations Fund all through that government code. Until legislative language is changed in the government code then it would make sense to update the language on the FIN manual. I also think all courts are now underneath the JCC funding allocation by way of the monthly TCTF distribution and not part of the county general fund like it was prior to the 1997 Trial Court Act. I would suggest to leave the language as-is until such legislative language is changed.
10.02 – Cash Handling	Removed the words “and acceptance” when dealing with immediate endorsement requirement for check payments.	San Diego	The San Diego Superior Court continues to disagree with removing ‘and acceptance’ as criteria in this policy. It is important to maintain this statement as-is, as it highlights the importance of verifying the checks for completeness and correctness. Whether at the counter or through the mail, our staff does not accept payment until it has been determined that all FIN Manual requirements and criteria in Policy No. 10.02, Section 6.3.4, paragraph 1 are satisfied. Blindly endorsing all negotiable instruments upon receipt alone, and before ‘accepting’ payment, leaves the Court at risk of potentially depositing checks that do not belong to us

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<sup>1</sup> Rule 10.804 states, “Before making any substantive amendments to the *Trial Court Financial Policies and Procedures Manual*, the Judicial Council of California must make the amendments available to the superior courts, the California Department of Finance, and the State Controller’s Office for 30 days for comment.”

			and cause additional work such as processing returned checks, subsequently issue refunds to the payee or determine a way to allocate or forward the funds to the proper individual/ agency for which the negotiable instrument was initially intended. It is not a good use of public funds to allocate resources to correcting errors that could arise from blind endorsement.
15.03 - Escheat	Added additional clarification to the escheat section regarding surplus trustee foreclosure sale proceeds, published notice requirements, and appropriate general ledger account usage.	San Bernardino	We really appreciate the good, added clarification on documentation and surplus funds in this section.

Responses were received representing five trial courts. Two of the five trial courts responded they were good with the proposed changes and had no comments. In addition to the comments cited above, there were a total of eight format related suggestions and five new suggestions for future revisions. No responses received from DOF, or SCO.

13th TCFPPM REVISION LIST

Update (Y/N)	Section Title	§	Policy Name	Policy No. FIN #	Sub-Section	Suggestion/Recommendation	Suggesting Entity/Staff	TCFin Comments
	Binder Cover & Spine					Edit title edition		Change: 12 to 13, "Twelfth Edition" to "Thirteenth Edition", publication date
	INTRO					NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	MANUAL ORG & STRUCTURE					NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	ORGANIZATION	1						
			TRIAL COURT ORGANIZATION RESPONSIBILITIES AND AUTHORITY	1.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
				1.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			INTERNAL CONTROLS	1.03		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	FISCAL MANAGEMENT	2						
			FINANCIAL MANAGEMENT	2.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	FUND ACCOUNTING	3						
			FUND ACCOUNTING	3.01				
				3.01	6.2	At times, the enhanced collections fund (120007) will have expenses that exceed revenues when courts can't fully recover their costs. The solution for some courts has been to transfer funds from the general fund (110001) to the special revenue fund (120007) to make up the difference so fund balance at year-end is zero. This would no longer seem appropriate since 110001 money can only be used for court operations...and court operations does not include enhanced collections per GC 77203. <i>Will you advise courts that they may report negative fund balances in fund 120007...or are transfers in to 120007 (from 110001) still going to be allowed regardless of what the FIN Manual says?</i> Such transfers may conflict with FIN 4.01 (Sec. 6.5.1[3](b)) if state trial court funding is the source of the transferred funds. Ultimately, having state trial court funding (guided by Rule 10.810 and GC 77003) in a special revenue fund may help us keep a clearer picture of how that (restricted / state-provided) money is supposed to be spent and what spending criteria applies.	JCC Audit Services	
				3.01	6.7	Only positive fund balance in "unassigned" can be in the general fund...but I believe you can have negative unassigned fund balance in special revenue funds per GASB 54. This ties into the prior comment on enhanced collections fund and deficits. You may want to research and clarify in the FIN Manual. I believe you can have negative unassigned fund balance in special revenue funds (per GASB 54, paragraph 19)	JCC Audit Services	
			BUDGET DEVELOPMENT	4.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			BUDGET MONITORING AND REPORTING	4.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			POSITION MANAGEMENT	4.03		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	ACCOUNTING PRACTICES	5						
			ACCOUNTING PRINCIPLES	5.01				
				5.01	6.8	I would recommend you add a brief discussion on the appropriate use of the Prior-Year Revenue Adjustment GL (and PY Expenditure Adjustment GL) given the prior SCO audit findings on the topic. Seems like you could add a brief comment following the topic on PY accruals (and that you use PY adjustment accounts when your prior year accrual was incorrect)...such as when the court received more or less...or paid more or less... than it was expecting (i.e. had accrued) and so fund balance is adjusted correctly without misstating CY activity.	JCC Audit Services	
			GENERAL LEDGER	5.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			GRANT ACCOUNTING AND ADMINISTRATION	5.03		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	PROCUREMENT	6						
			PROCUREMENT	6.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	CONTRACTS	7						
			CONTRACTS	7.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	ACCOUNTS PAYABLE	8						
			VENDOR INVOICE PROCESSING	8.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			CLAIM PROCESSING	8.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			REIMBURSEMENT FOR TRIAL COURT JUDGES AND	8.03		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			PETTY CASH	8.04				
				8.04	7	Requesting form for Increase/Decrease/Closing Petty Cash and/or Change Fund	San Diego	
			BUSINESS MEAL EXPENSE GUIDELINES	8.05		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		

13th TCFPPM REVISION LIST

Update (Y/N)	Section Title	§	Policy Name	Policy No. FIN #	Sub-Section	Suggestion/Recommendation	Suggesting Entity/Staff	TCFin Comments
	<b>FIXED ASSETS</b>	<b>9</b>						
			FIXED ASSET MANAGEMENT	9.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>COLLECTIONS</b>	<b>10</b>						
			UNIFORM CIVIL FEES, AND CRIMINAL, TRAFFIC FINES, FEES COLLECTIONS AND DISTRIBUTION	10.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			CASH HANDLING	10.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>AUDITS</b>	<b>11</b>						
			AUDITS	11.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>RECORD RETENTION</b>	<b>12</b>						
			RECORD RETENTION	12.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>BANKING &amp; TREASURY</b>	<b>13</b>						
			BANKING SERVICES	13.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>SECURITY</b>	<b>14</b>						
			COURT SECURITY	14.01		PENDING FURTHER GUIDANCE FROM JCC LEGAL SERVICES		
	<b>MISCELLANEOUS</b>	<b>15</b>						
			GIFTS OF PERSONAL PROPERTY	15.01		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			INDIRECT COST RATE PROPOSAL	15.02		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			ESCHEAT	15.03				
				15.03	?	Further clarification under section 15.03 "Escheat" on the treatment of eminent domain funds.	San Bernardino	
					?	Clarification on how to handle FTB overbarnishment refunds that stale date.	LA	
					?	Continue discussion on criminal and traffic overpayment refunds that stale date	LA	
			CHANGE OF VENUE	15.04		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			TCTF FUNDS HELD	15.05		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			AB 2695 - SERVICE PROCESS REIMBURSE	15.06		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			REIMBURSE COSTS - STATE PRISONS	15.07		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			REIMBURSE COSTS HOMICIDE TRIALS	15.08		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
			REIMBURSE ELDER/DEP PETITIONS	15.09		NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>GLOSSARY</b>							
			Glossary			NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		Edit as needed
	<b>Index</b>							
			Index			NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>Misc</b>							
			Table of Contents			NO SUGGESTIONS/RECOMMENDATIONS RECEIVED		
	<b>Unknown</b>		<b>Unknown</b>			Update to Include Court Facilities: Court-Funded Facilities Request Policy/ CFR Procedure from August 15, 2016	San Diego	
	<b>Unknown</b>		<b>Unknown</b>			Update to Include Guideline 17 Building and Security Systems Funding Responsibility	San Diego	



## TRIAL COURT FINANCIAL POLICIES AND PROCEDURES MANUAL REVISION PROCESS TIMELINE

